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April 2, 2024

### MEMORANDUM

**TO: Council Members**

**FROM: Washington Office**

**SUBJECT: Reflections on the NW Power Act: Accomplishments, Challenges, and Opportunities**

### BACKGROUND:

**Presenters:** Randy Hardy, Randy Hardy Associates, LLC  
Nancy Hirsch, Policy Director, Northwest Energy Coalition  
Rob Lothrop, Policy Development/Litigation Support, Columbia River Inter-Tribal Fish Commission

**Summary:** The Council is preparing for the next planning cycle at a time of unprecedented change in the energy landscape. With Governor Evans joining us in the evening, this panel will open the Council meeting with a group of senior regional leaders who have long histories of active engagement with regional energy and fish and wildlife issues. Each of them will offer perspectives on the Council's history and contributions to date and look forward at how the region and the Council might approach the challenging period ahead.

**Background:** John Harrison, retired Information Officer for the Northwest Power and Conservation Council, developed a [Columbia River History project](#) that captures the events surrounding the Northwest Power Act and the Columbia River Basin. His page on the Northwest Power Act is provided in its entirety below. Be sure to read the message about Adaptive Management at the end and the excerpt from Kai Lee that we must

“...have the fortitude to balance the needs of today against the possibilities of finding better answers tomorrow.”

## **Northwest Power Act**

On December 5, 1980, Congress passed the [Pacific Northwest Electric Power Planning and Conservation Act](#), which authorized the four states of Idaho, Montana, Oregon, and Washington to form the Northwest Power and Conservation Council (Council). President Jimmy Carter signed the bill into law in one of his last acts as President. The Northwest Power Act directs the Council to prepare a plan to protect, mitigate and enhance fish and wildlife of the Columbia River Basin that have been affected by the construction and operation of hydroelectric dams while also assuring the Pacific Northwest an adequate, efficient, economical and reliable electric power supply. Between 1976 and 1980, the Act evolved in response to three crises in the Pacific Northwest.

The first resulted from the culmination of the hydropower system and, as a result, the certainty that no more large dams would be built. The last mainstem dams of the 31-dam Federal Columbia River Power System, Lower Granite on the Snake, and Libby on the Kootenai in Montana, were completed in 1975. It was widely perceived that the Northwest soon would run out of electricity unless new power plants were built to augment the hydropower supply. Because power from new plants would be more expensive than the federal hydropower, an allocation dispute developed over access to the low-cost federal hydropower. At one point, state of Oregon officials considered declaring the entire state a public utility district — the Domestic and Rural Power Authority of Oregon — in order to qualify all of the state’s ratepayers as preference customers of the Bonneville Power Administration, which sold the output of the federal dams. In the 1970s, regional energy officials and politicians sought a legislative fix to the energy crisis, a means of dividing the federal power supply pie.

The second crisis was one of electricity demand forecasting. The fear of shortage was real, and the scramble for access to Bonneville’s power was real, but the energy crisis was not; the problem was with inaccurate energy forecasting by the region’s electric utilities and Bonneville. But that would not be evident until the 1980s, when the predicted shortage would fail to materialize. In fact, the Northwest would experience an electricity surplus in the early 1980s. But through the 1960s and ‘70s, electric utilities and Bonneville were predicting future shortages. As it became evident in the late 1970s that nuclear power plants then under construction by the Washington Public Power Supply System might not be needed in the early 1980s as planned, public distrust grew. Several studies showed that [energy efficiency](#) could forestall the need for new power plants and do so at a cost equal to or lower than building new plants. It was time to let someone else — a neutral agency like the Council, for example — prepare the region’s long-range energy demand forecasts.

The third crisis was the decline of salmon runs in the Snake River. While hydropower was a reason for the decline — in fact, the major reason — it was not the only reason. Yet the dams were perceived as the primary cause of the decline, which probably had as much to do with poor environmental conditions, such as drought in the mid-1970s

and changes in the ocean environment that affect salmon survival, as any other impact. Environmental groups filed petitions to protect the fish under the federal Endangered Species Act in 1979, and these were put on hold when Congress included fish and wildlife mitigation in the Northwest Power Act. The petitions eventually were filed, anyway, and the fish later were listed.

Thus, the Northwest Power Act evolved from a power-allocation dispute, inaccurate energy demand forecasts, public distrust of utilities and Bonneville, public interest in [energy efficiency](#), and a desire to address the root cause of the decline of Columbia River Basin salmon, particularly those that spawned in the Snake River Basin. In response to the growing public distrust of long-range energy forecasting, the Act directed the Council to produce 20-year demand forecasts as part of its power planning responsibilities. In response to public concern that Bonneville should not be allowed to buy the output of new power plants without some form of oversight, the Act directed the Council to oversee any future acquisitions. In response to studies in the late 1970s that showed the region could meet much of its future energy needs through energy efficiency at a lower cost than through nuclear power, the favored new generating technology at the time, the Act directed Bonneville to acquire all cost-effective conservation before buying the output of any new power plants in the future. In fact, the Act established priorities for future resource acquisitions by Bonneville, and traditional thermal resources — coal and nuclear — are at the bottom of the list. Finally, in response to the salmon crisis, and to the impacts of hydropower on other fish and wildlife as well, the Act directed the Council to prepare a program, funded by Bonneville, to protect, mitigate and enhance fish and wildlife of the Columbia River Basin, and related spawning grounds and habitat, that have been affected by hydropower. At the same time, the Act directs the Council to prepare a power plan that assures the region an adequate, efficient, economical and reliable power supply.

The Northwest Power Act is a unique piece of legislation, one that responded to crises in a unique part of the country, balancing the public interest in mitigating the impacts of hydropower on fish and wildlife against the public interest in an affordable, reliable electricity supply.

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### ***A Message About Adaptive Management***

[An Uncertain Parting](#), Kai Lee.

From 1983 to 1987, Kai Lee was a Washington member of the Northwest Power Planning Council (since 2003 the Northwest Power and Conservation Council). A college professor at the time he was appointed, Lee was known for his insightful thinking about the Northwest Power Act, the Council, and the challenges of long-range energy and environmental planning in the face of uncertainty.

In his 1993 book, [Compass and Gyroscope, Integrating Science And Politics For The Environment](#), Lee described the planning process as similar to using those two instruments: a compass to find the way – if it produces a wrong bearing you can retrace your steps and try again – and a gyroscope, as a metaphor for the collaborative political

process, to discuss a policy that is not working and develop a better one, as a gyroscope directs a ship's course without external influences.

When he left the Council in 1987, he took a few minutes at the November Council meeting to reflect on those challenges. His prescient observations, particularly about adaptive management, are as relevant for the present and future Councils as they were then.

Here's an excerpt:

*Uncertainty actually does have a clear meaning for managers: learning from experience is essential. This is a troublesome idea, for it demands a thoughtful flexibility that bureaucracies and single-minded interest groups alike find problematic. Like physicians faced with uncured disease, those responsible for the Columbia River and its resources are bound to do what they can when they can. But they must also have the fortitude to balance the needs of today against the possibilities of finding better answers for tomorrow.*

This page is part of the [Columbia River History project](#), a collection of pages on the history of the Columbia Basin and housed at the Council's website for archive and educational purposes.

## Presenter Biographies



**Nancy Hirsh** is Executive Director for the NW Energy Coalition. Since 2015, Nancy has directed the Coalition's efforts to enhance investments in energy efficiency, renewable resources, and low-income energy services through work with utilities, commissioners, regulators, and legislators. She serves on the board of Renewable Northwest and the Centralia Coal Transition Board. She is also on the advisory committee for the Institute for Energy Studies at Western Washington University. From 1996 through 2014 she served as the Coalition's policy director.

Before joining the Coalition, she spent twelve years in Washington, DC working on national energy policy issues for the Environmental Action Foundation and the National Wildlife Federation. She lives in Seattle with her family. When not advocating clean energy solutions, she is an avid backpacker and hiker.

The NW Energy Coalition is an alliance of more than 100 environmental, civic, and human service organizations, progressive utilities, and clean energy businesses in Oregon, Washington, Idaho, Montana and British Columbia. We advance clean, equitable, and affordable energy policies by leveraging our analytic expertise and convening a broad alliance of people and organizations. Our vision is for Northwest communities to lead the development of an emissions-free energy system that

equitably meets the needs of people, brings economic value to communities, addresses the climate crisis, and preserves the region's natural resources.

## **RANDALL W. HARDY**

Randy Hardy provides strategic advice to utilities, wind/renewable generators, and other organizations in the current rapidly changing electricity environment. His experience has covered regulatory, legislative and transactional work, including thirteen years as CEO managing two large electric utilities - Seattle City Light and Bonneville Power Administration (BPA). He has dealt with the full range of challenges companies face in today's electricity markets, from dramatically downsizing formerly large workforces to developing flexible, innovative marketing and transmission strategies to resolving complex wind and solar integration problems.

As CEO of BPA from 1991 to 1997, Mr. Hardy managed a \$2.4 billion public corporation which supplies 40 percent of all electricity and over 75 percent of the high voltage transmission in the Northwest. Mr. Hardy made significant cost and marketing changes to stabilize that agency's financial position during fierce wholesale competition. He also managed BPA's recovery from the August 1996 West Coast power outage. At Seattle, from 1984 to 1991, Mr. Hardy instituted a comprehensive productivity improvement program, negotiated natural resource issues for the successful relicensing of three major dams on the Skagit River, and arranged for an ownership interest in the third AC transmission line between the Northwest and California.



**ROBERT C. LOTHROP** manages the Policy Development and Litigation Support Department at the Columbia River Inter-Tribal Fish Commission, where he has worked since 1981. The Commission was established by the Yakama, Warm Springs, Umatilla, and Nez Perce Indian tribes in 1977. The Commission assists these tribes with gravel-to-gravel management of the Columbia Basin's salmon resources. The Commission's Policy Department deals with the salmon management aspects of international fisheries, federal land management practices, coordination with state and federal fishery agencies in the Columbia Basin, and mitigation of hydroelectric project impacts. An overview of Columbia Basin hydroelectric project impacts to salmon and related mitigation programs is contained in Lothrop, [The Misplaced Role of Cost-Benefit Analysis in Columbia Basin Fishery Mitigation](#), 16 *Envtl. L.* 517 (1986). In 2004, Lewis and Clark Law School presented Mr. Lothrop with its Distinguished Environmental Graduate award, honoring those who have gone on to distinguished careers in environmental law. Mr. Lothrop has a B.A. in Biology from Cornell College, a J.D. from Lewis and Clark Law School with a Certificate in Environmental and Natural Resources Law, and is a member of the Oregon State Bar.