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March 8, 2005

## MEMORANDUM

**TO:** Council Members

**FROM:** John Fazio, Senior Systems Analyst

**SUBJECT:** 2005 Hydro Conditions and Power Supply Outlook

The current snow pack forecasts are still low for the Northwest, except in Canada. The Canadian snow pack is between 90 and 100 percent of normal, whereas for Washington, Oregon and northern Idaho, the forecast is between 25 to 50 percent of normal. Overall, this translates into a January-to-July runoff volume forecast (at The Dalles) of 71.2 million acre-feet, which is about 67 percent of normal. But that forecast assumes normal precipitation from now through the end of August. The forecast drops to 65.5 million acre-feet if 75 percent of normal precipitation is assumed. For reference, the runoff in 2001 was about 58 million acre-feet and in 1977 it was about 54 million acre-feet.

Because the region is currently about 1,500 average megawatts surplus (based on a critical water calculation) there is very little risk of curtailment due to poor water conditions. Nor should the region see extreme price spikes, as occurred in 2001. In that year, the region was nearly 4,000 average megawatts deficit and California had little, if any, energy to export. The poor water conditions, however, will likely cause electricity prices to rise and BPA's revenues from spring and summer surplus energy sales are likely to be much lower than average. However, BPA projects that it can still make its Treasury payment this year.

Reservoir elevations should be at planned levels by the end of summer, however, biological opinion flow objectives for both the lower Snake and lower Columbia rivers will not be met. Historically those flow objectives (200,000 cubic feet per second at McNary and 50,000 cubic feet per second at Lower Granite) are not met very often -- in July about 60 percent of the time at McNary and about 50 percent at Lower Granite. In August it gets worse -- under simulated operation, Lower Granite never achieves the objective and at McNary, the objective is met 40 percent of the time in the first half of August and only 8 percent in the second half.

More details (and a new forecast) will be available at the Council meeting next week.

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