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September 5, 2018

MEMORANDUM

TO: Fish and Wildlife Committee Members

FROM: Tony Grover

SUBJECT: Discussion of alternatives for Economic Review of Fish and Wildlife Topics

In developing the fish and wildlife program, the Act requires (among other things) that the Council "...utilize, where equally effective alternative means of achieving the same sound biological objective exist, the alternative with the minimum economic cost." (Section 4(h)(6)(C)). The Council also oversees a project review process as part of the implementation of the Fish and Wildlife Program, and as part of that review process the Act directs the Council to "determine whether the projects employ cost-effective measures to achieve program objectives." (Section 4(h)(10)(D)(vi).

Presenter: Tony Grover

Summary: As discussed earlier in this Committee meeting, Council members have expressed an interest in an economic review of the Council's Asset Management Strategic Plan and a combined science and economic review of some aspects of predation on salmon and steelhead in the Columbia Basin. However, the IEAB has not been given a Council task since 2015, and the charter for the IEAB lapsed in early 2018. The Committee and the Council can now rethink how economic reviews should take place.

Therefore, staff recommends the Committee consider the following three options for economic review of fish and wildlife topics:

1. Use ISAB members that have economic expertise.

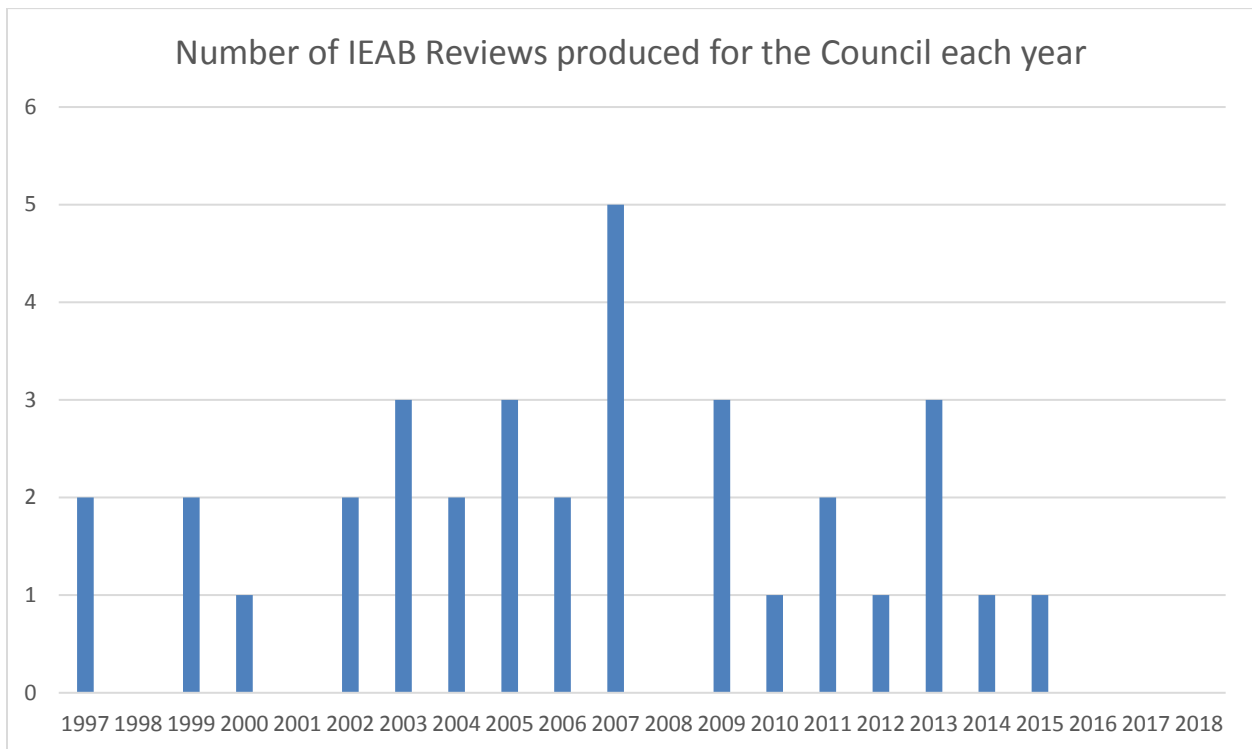
2. Contract services of a qualified natural resource economist. This alternative would require either
 - a. Targeted Request for Proposals (RFP) or
 - b. identify sole source qualifying economist(s) with a natural resources background.
3. Reestablish the Independent Economic Analysis Board.

Staff recommends either option 1 or 2, depending on the nature of the economic review needed.

Relevance: The Council identified seven emerging priority areas in the 2014 Fish and Wildlife Program. The first emerging priority is to “Provide for funding [long-term maintenance](#) (Appendix P) of the assets that have been created by prior program investments.

Background:

IEAB: Between 1996 and September of 2015 the Council utilized the services of the Independent Economic Advisory Board (IEAB) to assist with difficult economic issues associated with the Council’s Fish and Wildlife Program and rarely the Council’s Power Plan. The IEAB also provided economic advice on analysis of other fish, wildlife and energy issues at the Council’s request. During that 19 year span, the IEAB produced 36 [reports](#) for the Council.



The [last report](#) produced by the IEAB helped the Council and BPA understand how to implement the first emerging priority in the 2014 Fish and Wildlife Program, and was titled: *Long-term Cost Planning for the Fish and Wildlife Program, September 12, 2015*.

The five IEAB members that produced the 2015 report remain interested in serving on the IEAB, if the Council decides to renew the IEAB charter. Additionally, if the charter is renewed, then the Council and region could make use of the IEAB for additional review tasks.

Discussion

The Council created the IEAB as a chartered advisory group in 1996. The Council made more use of the IEAB in the past than over the last several years. Within the first decade of creating the IEAB, the Council authorized the IEAB to develop twenty-two reports. In the second decade, the Council requested twelve reports from the IEAB, none since 2015. As use of the IEAB declined, the IEAB meeting frequency went from many times per year to quarterly, and then to an as needed basis. The IEAB last met on June 3rd, 2016.

Although the Northwest Power Act requires the Council to “...utilize, where equally effective alternative means of achieving the same sound biological objective exist, the alternative with the minimum economic cost.” (Section 4(h)(6)(C)), this has rarely, perhaps never, happened. Nevertheless, the Council found many opportunities to inform better regional decision-making through economic review and analysis.

The need for economic review within the fish and wildlife program may be less prominent than in the past, but still exists. Going forward, staff recommends the Committee consider the following options for economic review of fish and wildlife topics:

1. Use ISAB members that have economic expertise.
2. Contract services of a qualified natural resource economist. This alternative would require either
 - a. Targeted Request for Proposals (RFP) or
 - b. identify sole source qualifying economist(s) with a natural resources background.
3. Reestablish the Independent Economic Analysis Board.

Earlier in this Committee meeting two specific needs for economic review were identified. These two, described in draft form, are:

1. *Economic review of the Asset Management Strategic Plan, including the identification of potential changes to the plan that will improve its implementation through time.*

Staff recommends option 2.b. would be the most efficient means to address need 1.

2. *Integrated ISAB and economic review of some aspects of predation in the Columbia River basin.*

Staff recommends either option 1 or 2 would function equally well to address need 2.

Staff are not recommending the reestablishment of the IEAB for several reasons:

- It is not clear the Council has a need for the IEAB on an ongoing basis. Several factors drive this going as far back as the early 2000's when the Council realized a Council recommendation Bonneville need not, and likely ought not, to include a do-fund/do-not-fund recommendation. The Council clearly does have a need to recommend a project on the basis of policy and scientific adequacy.
- The Council has had declining needs for the IEAB's assistance for the last decade and none for three years.
- The process to reinstate the IEAB involves updating the charter for the IEAB, seeking Committee and Council approval for the charter, obtaining conflict of interest (COI) declarations from each of the proposed members, legal review of the COIs, convening the IEAB, developing Task descriptions for proposed work, seeking Committee and Council approval for the Tasks, execution of the Tasks, and development of reports for each Task, for presentation to the Committee and Council.
- Economic reviews through the IEAB will not likely be available for the Council to consider before the Council releases a draft amended fish and wildlife program.
- Economic review using options 1 or 2 identified above, will be available in time for the Council to consider during development of a draft amended fish and wildlife program.