

Richard Devlin
Chair
Oregon

Ted Ferrioli
Oregon

Guy Norman
Washington

Patrick Oshie
Washington



Northwest **Power** and **Conservation** Council

Bo Downen
Vice Chair
Montana

Jennifer Anders
Montana

Jim Yost
Idaho

Jeffery C. Allen
Idaho

Committee Meetings and Council Meeting
Council Central Offices
851 SW Sixth Avenue, Suite 1100
Portland, OR 97204
January 14, 2020

Tuesday, January 14, 2020

Vice-Chair Richard Devlin called the meeting to order at 1:03 p.m. Council Members Ted Ferrioli, Jeffery Allen, Bo Downen, Guy Norman and Patrick Oshie were in attendance. Chair Jennifer Anders joined by phone. Member Jim Yost was absent due to illness.

Due to concerns about inclement weather, the meeting agenda was adjusted to fit into one day.

Reports from Fish and Wildlife, Power and Public Affairs committee chairs

Power Committee

Member Devlin, Power Committee chair, reported on four items:

- There was a review of the 2020-2021 Power Plan Scenarios, which will be analyzed with the help of the regional portfolio model. Staff described some of the scenarios, such as what the future will look like should coal plants close early, the impact on resource adequacy and the impact on BPA and if they need to acquire new resources. Work has commenced but it has not been completed.
- The Power Plan timeline was reviewed. Member Devlin reported that they're still on schedule, but interested parties were advised to clear their calendars as it will get intense over the next several months. There will be a lot more agenda items on the Power Plan going forward. Members of the Power Committee will be working very hard, as have Fish and Wildlife Committee Members on the Addendum.

- There was a report on upstream methane emissions. Member Devlin said that most of us think natural gas is preferable to coal because there are less greenhouse gas (GHG) emissions, but it's not as clean as portrayed. Methane also is a GHG. Recent studies have shown that the natural gas supply system might be leaking more methane than previously thought. Staff is trying to apply a methodology to incorporate estimated methane leaks to better understand the effects of each power plant type, and to compare them in a consistent way. According to the Natural Gas Advisory Committee, when examining the fuels at their point of generation, coal has 1.8 times the emissions of natural gas, but when upstream methane is incorporated, it's actually less: 1.5 times natural gas. When factoring in modern plants, it's 1.4 times.
- The committee reviewed enhancements to the Renewable Portfolio Model methodologies in preparation for the Power Plan. Some of the updates include generation changes due to climate change and accounting for the costs associated with GHG emissions.

Public Affairs

Council Member Allen, Public Affairs Committee chair, said there was nothing to report. He said there would be no meeting today due to the truncated schedule.

Vice-Chair Devlin said the Fish and Wildlife Committee report would be given later.

1. Council Business

Northwest Power and Conservation Council Motion to Approve the Minutes of the November 12-13, 2019, Council Meeting

Member Ferrioli moved that the Council approve for the signature of the Vice-Chair the minutes of the November 12-13, 2019, Council Meeting held in Portland, Oregon, as presented by staff.

The motion passed without objection.

Northwest Power and Conservation Council Motion to Approve the Minutes of the December 10, 2019, Council Meeting

Member Ferrioli moved that the Council approve for the signature of the Vice-Chair the minutes of the December 10, 2019, Council Meeting held in Portland, Oregon, as presented by staff.

The motion passed without objection.

Northwest Power and Conservation Council Motion to Approve the Appointment of Patrick Connolly and James Seeb to the Independent Scientific Review Panel for terms of January 15, 2020, to September 30, 2022; the Appointment of Alisa Wade to the Independent Scientific Review Panel for a Term of October 1, 2020, to September 30, 2023; and Appoint a List of 26 Scientists to the Independent Scientific Review Panel's Peer Review Group

Erik Merrill, independent science manager, asked for the appointments of Patrick Connolly, James Seeb and Alisa Wade to the ISRP, and 26 scientists to the ISRP Peer Review Group. He read background information on the three scientists. He said appointees are screened by National Academy of Sciences. There are already 200 scientists in the pool and they are used as-needed.

Member Ferrioli moved that the Council approve the appointment of Patrick Connolly and James Seeb to the Independent Scientific Review Panel for terms of January 15, 2020, to September 30, 2022; the appointment of Alisa Wade to the Independent Scientific Review Panel for a term of October 1, 2020, to September 30, 2023; and appoint 26 scientists to the pool of potential Independent Scientific Review Panel Peer Review Group as recommended by staff.

The motion passed without objection.

Northwest Power and Conservation Council Motion Authorize the Staff to Enter into a Contract with Nokes Communications, Inc., to Prepare Council Meeting Minutes

Andrea Goodwin, senior counsel, talked about the proposal to continue contracting with Nokes Communications to write Council Meeting minutes.

Member Ferrioli moved that the Council authorize the staff to enter into a contract with Nokes Communications, Inc. to prepare Council Meeting minutes for calendar year 2020, and for an amount not to exceed \$37,560 as presented by staff.

The motion passed without objection.

Northwest Power and Conservation Council Motion Authorize the Staff to Enter into a Contract with PSR, Inc. for Maintenance and Support Services for the GENESYS Model

Ben Kujala, Power Division director, and John Ollis, planning and analysis manager, talked about the use of GENESYS and hydro models.

Member Ferrioli moved that the Council authorize the staff to enter into a contract with PSR, Inc., for one year for maintenance and support services for the GENESYS model, in an amount not to exceed \$86,400, as presented by staff.

The motion passed without objection.

Northwest Power and Conservation Council Motion Authorize the Staff to Amend the Current Contract with Systematic Solutions, Inc. to Add \$79,111 to the Current Budget for a Total Amended Budget Not to Exceed \$104,016

Massoud Jourabchi, economic analysis manager, requested additional funds for contracting with Systematic Solutions, Inc.

Member Ferrioli moved that the Council authorize the staff to amend the current contract budget with Systematic Solutions, Inc. for Energy 2020 Model Maintenance and Enhancements in an amount of \$79,111, for a total amended Contract budget for Fiscal Year 2020 not to exceed \$104,016.

The motion passed without objection.

Northwest Power and Conservation Council Motion Authorize the Staff to Enter into a Contract with Cadeo Group to Develop Supply Curves for Energy Efficient Air Compressors and Motors in an Amount Not to Exceed \$35,000

Kevin Smit, senior energy analyst, asked for approval of funds to contract with Cadeo Group. He said they will help staff in developing their energy efficiency estimates.

Member Ferrioli moved that the Council authorize the staff to enter into a contract with Cadeo Group to develop supply curves for energy efficient air compressors and motors in an amount not to exceed \$35,000, as presented by staff.

The motion passed without objection.

Fish and Wildlife Committee report

Council Member Norman, Fish and Wildlife Committee chair, reported on three items:

- There was an update on the collaborative work between Council staff and fish and wildlife managers concerning the extension of Part 1 of the 2020 Addendum to the Council's Fish and Wildlife Program, which the Council approved last month. They met January 8 and 9 to discuss goals and objectives, and to gather input. Several Council members attended the meetings. The meetings were well attended and the Council received positive feedback. Staff will consider the comments received, make

revisions and share a new draft with managers. Staff has scheduled five dates to work with managers on strategies and indicators. Those workshops start February 10 and go through April 13. There might be a sixth workshop scheduled for resident fish.

- The committee heard an update on the Habitat Research, Monitoring and Evaluation (RM&E) Strategy, a process that has been underway for a couple of years. There were meetings with fish and wildlife managers and technical representatives to get input on RM&E processes initiated with BPA. After the initial draft was completed, there were concerns about participation from managers and tribal states. Outreach has been conducted and that process will continue. They expected the process to be completed last year, but it will continue indefinitely while they try to work out issues with the other sovereigns.
- There was an update on the Resident Fish and Sturgeon Categorical Review. It was launched last November and will continue until a decision is made August 2020. There are 47 projects associated with resident fish and sturgeon. The sponsors have been given the opportunity for early review by staff on the project objectives. Feedback on proposals are due by the end of this month. Project presentations are scheduled for March 3–5. The ISRP report on project proposals will occur in April.

2. Presentation by John Francisco, CEO, Northwest Requirements Utilities.

Ben Kujala introduced John Francisco. Francisco said he's new to the leadership role, but he's not new to public power. He spent all of his career in public power, most at Inland Power & Light in Spokane, Washington. He's trained in accounting. During the last 10 years, he's worked in the public policy arena at the state level on carbon, beneficial electrification and renewable portfolio standards. He had a brief foray into banking, but it wasn't for him, he said.

Northwest Requirements Utilities (NRU) has been around since 1985. It started as Northwest Irrigation Utilities. It was formed in 2002 following the energy crisis to represent the interests of full requirements utilities. We're now load following, he said.

They have MUNIs, PUDs and co-ops. NRU is a trade organization. They do technical advocacy and not as much in the political arena. He said from a four-state perspective, it's not the I-5 corridor that defines public power, it's the smaller utilities. He read NRU membership data from a slide:

- 53 utility members, 39 are below 50 aMW
- 27% of BPA's Tier 1 load
- 39% of BPA's preference customers by count

- Combined total retail load over 2,100 aMW
- 652,000 end users served
- Majority of members serve rural communities

Francisco said the Council's regional perspective sets it apart. The industry is challenged as never before. There are disparate carbon policies, NEPA, the Columbia River EIS and looming resource adequacy concerns. The Council is ideally situated to be independent. The 2020 Power Plan is a valuable tool to evaluate policies. It's one thing to formulate a policy that works for your interest, he said. It's another to have it work with the region and with policies already in place. He added that the Council has a role to play in energy efficiency and demand response, as most work better at a higher aggregated scale. Looking at Fish and wildlife, are we getting done what we planned to do, and for the right cost?

He asked the Council not to make BPA its sole focus. Under Administrator Elliot Mainzer's strong leadership, it is doing a great job.

Member Downen asked what are NRU's big concerns as the Council works on the Power Plan? Primary is loss of load probability (LOLP) and carbon, Francisco replied. Another concern is the removal of the Snake River Dams and derating the river system. Look at coal retirements, he said. What will be the impact? It depends who you ask. I'd like the Council to say what the science is on a per-hour basis. Provide the best estimate of LOLP. State what it means to power customers from an economic perspective.

Member Allen asked, if BPA should not be our sole focus, what else should we be looking at? Coming from resource adequacy perspective, BPA is not the solution to that problem, Francisco replied. We can pull all the coal off, and I agree with that, but don't assume BPA can ramp up to cover that. So, we should be very careful at how we peel things off. He said we need to understand how renewables work. He expressed concern with reliability over the region in the face of cold temperatures.

Member Devlin asked about the difference between lowest cost and the most economic. He said entities can produce products for lowest cost while deferring liabilities. BPA is caught in a difficult situation, he said. They have a monopoly in transmission, but not in providing power. Other lower-cost power is coming in, and BPA has built up significant, long-term liabilities. Addressing them will increase the cost, which decreases competitiveness. How does BPA remain competitive and not just cut its costs so low that its background liabilities just continue to grow?

Francisco said that when he was the voice of Inland Power, it wasn't about lowest cost, it was about affordable. There's a balance point between long-term durability (what you pay now), versus what you defer through debt, he said. We're trying to get our membership to use the word affordable. There's a misnomer that the lowest cost is best for the region. Lowest cost might not be the right solution.

In terms of long-term costs, or debt, we deferred many rate increases through capitalization when we shouldn't have, Francisco said. With the newer systems, we have to correctly value the attributes that every generation source brings. I'm a tremendous fan of wind, solar and batteries. BPA has attributes beneficial to those technologies. BPA can help the deployment of renewables and renewables raise the value of BPA. He hopes to see a region that values the attributes of hydro with other policy desires.

Member Ferrioli asked about system reliability and the dispatch ability of hydro. We worry about how to monetize things that have always been taken for granted, he said. The challenge for BPA is to monetize those in a different way. Are your members discussing these questions? All these things translate into a value greater than the current cost.

Francisco said when he worked in banking, he learned how valuable their rates are. In Alaska and Colorado, they envy our lower-priced, carbon-free energy. Our members realize the value of what we have. It's about regulatory certainty — what will happen in 10 years. Can I implement a rate strategy, leverage debt and manage to my retail consumers? We're struggling with that.

Member Ferrioli added that it's hard to sell the value of avoided costs. I understand people seeing the value of a \$28 MW. We'll see this as long-term contracts come up for renewal.

3. Final review and Council decision on Part II of the 2020 Addendum to the Council's Fish and Wildlife Program

Patty O'Toole, Fish and Wildlife Director, asked the Council to approving Part 2 of Addendum to the Fish and Wildlife Program. She reviewed the path taken with the Addendum over the past 18 months. The Council called for recommendations last May 18, and they received 51 sets of recommendations and 21 sets of comments on those recommendations.

The Council released a draft last July 2019. It held eight hearings and heard from 72 people. There were public hearings in Oregon, Idaho, Montana and Washington. In Seattle, they heard from 30 people and had a great turnout in Boise. They received 115 written comments on the draft from a variety of publics. They held 14 Fish and Wildlife Committee work sessions and 10 Council work sessions.

O'Toole said the next step is to consider the findings on Part II this coming February. The Council also is on an extended path for Part 1 – the goals, objectives and performance indicators. There will be a brief public review of that phase and then the Council will consider the findings.

Member Devlin asked O'Toole to go through the amendments, see if there's agreement, and then hear a motion.

Member Norman discussed the three recommended amendments. He said they are clarifications to what's intended. Edits were made to the sections on trap and transport fisheries in blocked areas, pinniped predation and avian predation.

Member Allen thanked to Member Norman. The clarifications are great and help with funding predation. Member Anders had no comments or questions, and she supports the changes.

Member Devlin asked if there were any objections. There were none.

O'Toole asked Member Norman about adding specificity to the legislation referred to. Member Ferrioli remarked that adding a PL reference would help. John Shurts, general counsel, asked if they have editorial latitude to put it in. Member Devlin said yes.

Member Devlin asked if there were any additional changes.

Member Oshie asked for clarification on the term "action agencies." Shurts replied it is shorthand for the Bureau of Reclamation, the Army Corps of Engineers, and Bonneville Power Administration.

Northwest Power and Conservation Council Motion to Adopt Part II of the Proposed 2020 Addendum to the Council's 2014 Columbia River Basin Fish and Wildlife Program

Member Norman moved that the Northwest Power and Conservation Council Motion to Adopt Part II of the Proposed 2020 Addendum to the Council's 2014 Columbia River Basin Fish and Wildlife Program.

Member Downen second.

A roll call vote was taken:

Member Oshie: Aye.

Member Downen: Aye.

Member Allen: Aye.

Member Ferrioli: Aye.

Member Norman: Aye

Member Anders: Aye

Member Yost: not present

Member Devlin: Aye

Member Ferrioli said that Patty answered the question of what you do when you come to a fork in the road: you take it. It sets the tone for the next five meetings. He appreciates the hard work of staff and participants.

Member Norman also praised the staff and other participants.

O'Toole thanked the staff and Council Members.

4. Continuation of Council Business – Election of Officers

Member Devlin asked for nominations for Council Chair.

Member Anders nominated Member Devlin to serve as Council Chair. He said has served as Vice Chair and had double duty as the Power Committee Chair after Member Tim Baker left. He's a hard worker who has stepped in many times under difficult circumstances.

Member Devlin was elected unanimously.

Member Devlin told Member Anders that he appreciated her service as Chair, as he appreciated Member Yost before her. We have a challenging year coming up, he said, and he's looking forward to making very few committee assignments. They will remain the same, except Member Oshie will chair the Power Committee. Member Devlin will attend the Executive Committee and Member Ferrioli will attend the Public Affairs Committee.

Member Devlin asked for nominations for Council Vice-Chair.

Member Ferrioli nominated Member Bo Downen for Vice-Chair. He's our newest and youngest member and may not know there's no pay increase associated with the job, Member Ferrioli said.

Member Downen was elected unanimously. He expressed his appreciation for the opportunity to serve as Council Vice-Chair.

Northwest Power and Conservation Council Motion to Meet in Executive Session

Member Downen moved that the Council meet in Executive Session at the close of business to discuss an internal personnel matter.

Motion passes without objection.

Member Devlin adjourned the meeting at 2:42 p.m.

Approved February _____, 2020

Vice Chair