

**Bill Bradbury**  
Chair  
Oregon

**Henry Lorenzen**  
Oregon

**W. Bill Booth**  
Idaho

**James A. Yost**  
Idaho



## **Northwest Power and Conservation Council**

**Jennifer Anders**  
Vice Chair  
Montana

**Pat Smith**  
Montana

**Tom Karier**  
Washington

**Phil Rockefeller**  
Washington

### **Council Meeting Portland Oregon**

**August 5-6, 2014**

### **Minutes**

**Northwest Power and Conservation Council chair Bill Bradbury called the meeting to order at 1:30 p.m. on August 5, 2014. He asked for reports from the committee chairs.**

#### **Reports from Fish and Wildlife, Power and Public Affairs committee chairs:**

Phil Rockefeller, chair, fish and wildlife committee; Pat Smith, chair, power committee; and Henry Lorenzen, chair, public affairs committee.

Power Committee chair Pat Smith reported that the committee received an update on redesign of the Regional Portfolio Model. He noted that the RPM contractor is preparing a guidance document to be out next week for review that will explain how the RPM functions. The Council's System Analysis Advisory Committee will review the document when it meets next.

The committee also had a presentation on proposed high-level indicators for the power system, Smith continued. Staff put together a list of potential indicators based on the Council's purposes as set out in the Northwest Power Act, he said. Smith described the 14 metrics proposed by the staff as indicators. He said the committee discussed the indicators and staff will work on another draft for the September meeting.

Smith said the committee next addressed the discount rate to be used in the Seventh Power Plan. There are a lot of policy issues involved in developing a discount rate, he said, adding that it is a key financial assumption in the power plan. Smith said staff recommended a four percent discount rate, which the committee discussed. There was a consensus to go forward with a four percent rate, he stated. An additional item on the committee's agenda was several contracts totaling \$100,000 for assistance with the Seventh Power Plan, he stated.

Fish and Wildlife Committee chair Phil Rockefeller said the committee had a briefing by Jan Bayer, the staff coordinator for the PNAMP program. He recapped the briefing that covered PNAMP's data site, which contains a uniform set of metrics and language for monitoring that is used by many fish and wildlife (F&W) agencies. Rockefeller said Bayer reported on several other PNAMP activities.

He went on to report on a briefing by the Corps of Engineers on its acoustic tag studies. The Pacific Northwest National Laboratory works as a Corps contractor to provide data from the acoustic tags to determine how well the hydro system changes are responding to the survival needs of juvenile salmon, Rockefeller said. The Corps' presenters addressed the tagging program being carried out under the Biological Opinion for the Federal Columbia River Power System, he said, noting that some work has been completed but the program is ongoing. A similar approach is planned for survival studies required under the Biological Opinion for the Willamette Basin, Rockefeller said.

The committee also discussed negotiations between Idaho and BPA on a southern Idaho wildlife mitigation settlement, he said. Bill Booth received accolades for his efforts as a catalyst to move the negotiations forward, Rockefeller said. Booth reported that the agreement is close to being final and an information packet on it will be made available to Council members and staff. We expect to have a final draft within a week and it will go out to the region for comment, he said.

Public Affairs Committee chair Henry Lorenzen reported that the committee will meet to finalize plans for a congressional staff tour that begins August 11 in central Oregon. He said there will be 16 participants and he described the activities planned.

#### **1. Panel discussion on possible El Niño effects on snowpack/precipitation, salmon and ocean food web:**

Phil Mote, Director, Oregon Climate Change Research Institute at Oregon State University (OCCRI-OSU); and Bill Peterson, Oceanographer, NOAA Fisheries Science Center, Newport, Oregon.

Staffer Jim Ruff introduced Phil Mote, director of the Oregon Climate Change Research Institute at Oregon State University and Bill Peterson, a NOAA Fisheries Science Center oceanographer, to present the outlook on an El Niño event developing in the tropical Pacific Ocean. The term El Niño originated with South American fishermen who first recognized the weather phenomenon that develops over a period of time and peaks around Christmas, Mote explained.

This is the most important climate variation we experience in the southern Pacific Ocean, and we have found that it is predictable, he said. In an El Niño year, there is a departure from normal conditions in the water temperatures in the southern hemisphere, and with the warming water temperature, rainfall shifts to the central Pacific, Mote explained. This shift of tropical rains has global repercussions, he said.

If we know an El Niño is coming based on the departure from normal ocean temperatures, we can look at past events and see what is likely to happen, Mote continued. NOAA's climate center has developed considerable capability in predicting what will happen with an El Niño, he added.

So far, we are not seeing an El Niño event in the Pacific, but things are heading in that direction, Mote said. When we have an El Niño, there is a departure from normal temperatures across the country, he said, explaining the variations that occur. In the Northwest, El Niño creates an approximately 1 degree difference in winter temperatures, according to Mote.

Cross sections of the equatorial ocean temperature anomaly earlier in the season showed an El Niño was forming, he indicated. But the latest cross section shows closer to average temperature, Mote said. "It looks like nature has backed off an El Niño event," he stated. Right now, the indices are trending back to more normal conditions, Mote added.

Typically, El Niño peaks in the northern hemisphere in December through February, he explained. Now it looks like a weak El Niño event that some say will be slight and others say could be larger, Mote stated.

He went on to give the NOAA three-month outlook for conditions related to El Niño, including precipitation and streamflow forecasts for the Columbia River. During an El Niño, the likelihood of high flows is reduced and the likelihood of low flows is higher, Mote said. If an El Niño occurs, the 2015 spring flows are likely to be lower than normal, he reported.

NOAA is forecasting a 70 percent chance of a weak El Niño and that figure is likely to go lower, Mote said. An El Niño increases the odds for a warmer drier winter and a lower spring snowpack and summer streamflow, he said, adding "there's some chance of nothing" happening.

There is a question about whether there will be an El Niño or not, Peterson agreed. In the 1997-98 event, the waters off the coast of Oregon became very warm, up to 65 degrees Fahrenheit, he said. If there is a big El Niño, you might enjoy a swim in the Pacific Ocean, Peterson stated. In addition, with water temperatures high, warm water fish are sighted off the Oregon coast, he added. Salmon do poorly in these warm conditions, Peterson said, adding that there are big differences in the food chain between cold and warm water.

As of yesterday, this year's El Niño "has been a real enigma," he continued. Many of us were thinking that it would be a big event this year, but now the signal is pretty weak, and "a strong event seems quite unlikely," Peterson added. NOAA is predicting a weak to moderate event, he said, noting that things have changed again in the past week.

The signs of an El Niño are definitely weakening, but other problems in the ocean haven't gone away, Peterson went on. The Pacific Decadal Oscillation (PDO) is in a positive warm phase and the Gulf of Alaska is very warm, he stated. Neither of these

conditions is good for salmon, especially for types that migrate to the Gulf of Alaska, Peterson added. The PDO is the tendency of the Pacific to oscillate between cold and warm phases, he explained. In the cold phase, salmon do well, but not so well in the warm phase, Peterson said.

According to temperature records for the Pacific, he said the Gulf of Alaska was warm in January, became warmer by May, and by July, it was warmer across the entire North Pacific. The fish we worry about “are out in super warm water,” and we have a big problem on our hands regardless of whether we have an El Niño, Peterson said. We’ve never seen temperatures like these in the Gulf of Alaska, he stated, pointing out that the declining weight of southeast Alaska chinook salmon could be due to the warm water.

You guys sound disappointed that there isn’t an El Niño brewing, Yost commented. We have “a purely scientific interest in El Niño,” Mote responded. In April and May, “it looked like a humdinger” with the big oceanic precursor to an El Niño, he said. Every El Niño is different, Peterson added, and we learn a lot from looking at each one.

We focus mostly on the PDO, Booth said. We like to see the upwelling off the mouth of the Columbia River, and we see much better salmon returns when this happens, he said. What’s the connection between the PDO and an El Niño and La Niña? he asked.

The El Niño is a tropical phenomenon and the PDO is geographically distinct from it, Mote responded. Statisticians have come up with a predictive model that indicates El Niño is the “pacemaker,” and the PDO responds to what the tropics are doing, he said. They can do different things, and we can look at what each does separately to stream flows and fisheries, Mote said, adding that “they are related but different.”

Despite this fizzle of El Nino, there is no doubt about unprecedented warming in the Gulf of Alaska, Rockefeller said. By itself, you are saying this is an adverse factor for spring Chinook, steelhead, and sockeye, he stated. Rockefeller asked about the source of the temperature data. Do you get it from satellites or cruises? He noted that BPA cut funding for the NOAA cruises. Are you lacking data you would have with another cruise? Rockefeller asked.

Peterson responded that the data comes from cruises out of Newport; other data comes from cruises from the mouth of the Columbia that conduct juvenile surveys. The cruises used to take place in May, June, and September, but we’ve lost lots of funding, he said. We still have the June cruise, but “September nails it for us,” Peterson said. We really miss the May cruise, we need all three, he added.

Rockefeller asked about the cost of each cruise, and a NOAA representative said the total cost is about \$250,000 per cruise.

The Council had other comments and questions related to modeling the PDO and temperature conditions and the fish affected by the abnormally warm ocean temperatures.

## **2. Update on BPA Energy Efficiency Action Plan 2010-2014 and 2015-2017,** Richard Génécé; and Danielle Gidding, Bonneville Power Administration.

The Council's Sixth Power Plan calls for developing 6,000 megawatts of energy efficiency between 2012 and 2030, staffer Charlie Grist said. The plan also found that acquiring conservation at a faster pace reduces system costs, he said. The Council asked BPA how it would achieve the accelerating goals given the flat trajectory of its capital spending budget for efficiency, and Richard Génécé and Danielle Gidding of BPA are here to talk about that and how the agency will monitor the achievements, Grist said.

BPA is committed to achieving the public power share of the energy efficiency target, Génécé began. The target is 504 average megawatts (aMW) from 2010 to 2014, he said. BPA is back to normal energy efficiency budgets and is where it wants to be for meeting efficiency expectations in 2015, 2016, and 2017, Génécé reported.

BPA has multiple sources of energy efficiency savings, he continued: programmatic, non-programmatic, federal standards, market transformation, carryover, and baseline adjustments. BPA funds about 75 percent of the programmatic savings, with utilities self-funding the other 25 percent, Génécé said. An update of BPA's 2010 to 2014 energy efficiency action plan illustrates how we plan to achieve the 504 aMW across the different sources, he added.

The "good news" is that BPA and the public power utilities are on track to exceed their share of the Council target, Génécé said. Through our collaborations and work with utilities, we see no risk that we won't succeed in achieving the target, he stated. We have seen higher than expected achievements in non-programmatic savings; slightly higher than estimated achievements in total program savings; and the self-funded utility achievements are in line with our forecast, Genece said.

If there was any question about whether utilities would deliver savings, the "resounding answer is yes," he stated.

BPA is in the process of setting annual savings goals for 2015 to 2017 based on public power's share of the numbers from the Council's Sixth Plan, Génécé continued. BPA's total goal is 400 aMW for the three years, he said. Génécé presented estimates of how the savings would be achieved from the various sources, saying "this is why we are comfortable with our ability to reach the targets." There is lots of research on non-programmatic savings and the degree to which they contribute to the total, he noted. "These are real savings and we need to be able to prove that they are there," Génécé added.

Phil Rockefeller asked how BPA captures the impacts of codes and standards accurately since states have their own codes that are adopted at different times. How can you be so confident? he asked.

All of our numbers are estimates, and there is some uncertainty in them, Grist responded. The Northwest Energy Efficiency Alliance (NEEA) does an analytical study

of what the codes will achieve, he said. I don't know if there is a lot of independent review, but the NEEA advisory committee looks over the study, Grist said.

We've seen a big jump in the non-programmatic savings, G  nec   said, noting that there is a small field of experts involved in the complex work of estimating the savings. BPA staff are very conservative with the estimates, he added.

G  nec   went on to provide a comparison of actual savings from 2010 to 2013 with the projections and estimates for 2014 to 2017. What ensures that BPA will make the target is the growth in federal standards and non-programmatic savings, he said.

As for capital costs, BPA has budgeted slightly over what it believes the costs will be to assure achieving the targets G  nec   said. The projection for programmatic savings is \$277 million and the budget is \$284 million, he explained.

BPA has also considered how to mitigate for uncertainties and risk, G  nec   continued. The current projects have the potential for falling short of the goals, but we believe the risk is minimal, he said. BPA has consistently achieved the energy efficiency targets and new utility reporting procedures allow for increased transparency into the savings achievements, G  nec   stated. He also noted that BPA is investing in market research to better identify savings and is diversifying its energy efficiency portfolio across many savings types and markets. Given the variety of offerings, when we see a shortfall in one area, we can increase the achievement in another area, G  nec   explained.

In terms of mitigating the uncertainties and risk, we have the potential to pursue additional funding if needed through third-party financing, as well as in the 2018-2019 rate case, he said. BPA has already identified a third-party lender if one is needed, G  nec   added. He outlined a series of next steps, including continued research into non-programmatic estimates; participation in development of the Council's Seventh Power Plan supply curves and targets; and reassessing the budget when the curves and targets are available.

This is part of the energy efficiency success story in the region, Karier said. We need to think about the timing we have on the targets going into the next plan, he said. We set a five-year target, but there wasn't an explicit target for 2015, Karier pointed out, reiterating that timing is a consideration for the Seventh Power Plan.

Once codes are adopted on the state level, there is a huge process to make sure they are being implemented, Yost pointed out. There shouldn't be any problem with getting data from the states, he said.

In Washington, new standards were adopted, but the building industry rebelled, and the Governor delayed implementation, Rockefeller reported. In that case, adoption did not guarantee implementation, he said.

The region has done code compliance studies in the past, Grist said. It may be a good time to look again at the real-world compliance, he stated.

Jennifer Anders said the savings goals for 2015 to 2017 are aggressive. Are they achievable? she asked. Yes, the achievements are consistent with what has happened in the past, G  nec   said. And we are adding new markets for savings, Gidding added.

Grist said BPA will get quarterly reports from utilities and will track achievements. That is an improvement, and we'll also monitor as we go along, he said. There are also opportunities if more money is needed, Grist added.

Referring to comments about synching up the Council's conservation targets with BPA's rate case schedule, Grist said that would be tough to do. There will always be budgets set at BPA years ahead, and they won't be in synch with the Power Plan targets, he added. We have "an early warning device" and ways to cope with timing, Grist stated.

### **3. Fish and Wildlife program amendment process (breaks as needed):**

#### **– Review of comments received**

Staffer Patty O'Toole introduced the review of comments on the Council's draft Fish and Wildlife Program. She said the discussion would not be wrapped up in a single session and more meeting time would be scheduled. The deadline for written comments was July 25 and the Council received 1,400 pages of comment, O'Toole said. She recapped where the written comments had come from and noted that the administrative record includes public comment received by other than written means.

There is a broad scope of comments and we will take on a couple of comment areas today, O'Toole said. She described the staff process for digesting and organizing the comments as well as the organization of the comment document that has been sent to Council members. Staffer Tony Grover said staff will send updated versions of the document as needed during the Council's review. Karier suggested the document include a table of comments.

O'Toole suggested the Council begin with the many comments on Protected Areas. Staffer Peter Paquet gave an overview of the comments and noted the issue of whether the Council should retain language about the exemption process in the Protected Areas section of the document. The Oregon and Washington F&W agencies commented on that issue and were split, with Washington supporting retention of the process and Oregon opposed, he said. Language pertaining to the exemption process includes the phrase "exceptional benefits" and some commenters asked for further definition, according to staffer John Shurts.

Bradbury asked about comments directed toward expanding the protected areas beyond hydro to wind and solar projects. Shurts said there is concern over the environmental effects of renewables development, including associated transmission. The commenters suggested the Council take a protected areas approach to wind and solar, he said, adding there is a question about whether this is a F&W program or Power Plan issue.

Lorenzen asked Shurts to describe the exemption process. Shurts explained the process and said the F&W program calls on FERC and others to decline to license projects in designated protected areas. With the exception process, if someone proposes a project and shows it has exceptional benefits to F&W, it can be exempted, he said. When the Council revised its F&W program in 2000, the intent was to keep the protected areas section like it was, Shurts said. But in the printing, we didn't capture all of the pieces and the question now is whether to re-insert the exemption language, he explained. People are concerned about the exemption process undermining protected areas, Shurts said.

Rockefeller asked how the process works with regard to FERC. Shurts explained that FERC is to take into account the Council's program in granting licenses. It is a requirement that FERC consider the program, but it ultimately makes its own decision, he said. Shurts went on to explain other details about the role of the Council's program in the FERC licensing proceedings.

Whether we import the exemption process, FERC can act independent of what we advise, Rockefeller clarified.

Tom Karier explained his support for the exemption and the exceptional benefit language. If a project would leave F&W better off, why would we oppose it? he asked. It is not a good idea for the Council to get into the issue of property values and aesthetics, Karier stated. I think the exemption process makes sense, he said, adding that the Council could define more precisely what is meant by exceptional benefits.

Rockefeller asked about comments from the F&W managers. In addition to the Oregon and Washington agencies, the U.S. Fish and Wildlife Service and National Park Service weighed in against the exemption, staff said.

Jim Yost pointed out that in Idaho, several people want to develop in stream generation that would float on the water. That is the only issue that has come up in the last few years with regard to exemptions in protected areas; no one is talking about a dam, but people are looking at ways to create renewable energy, he said.

Piquet said there was comment about considering new technologies and how they would fit under the protected areas provisions. The F&W managers say there isn't a good database to see whether there would be damage to fish, he said, adding that preliminary studies indicate such projects would be much less harmful than traditional hydro generation.

If a project is proposed in a protected area, FERC has the final say and the Council is in an advisory role, Bill Booth said. If there were a project that provided exceptional benefits, and the tribes and states agreed, why wouldn't we want the opportunity to consider it? he asked. We would want the ability to value it based on our perspective of benefits to F&W, Booth said.

The exemption would provide the opportunity for us to build a record and have it considered by FERC, Jennifer Anders said. That would be of benefit, she said. It would



be beneficial for us to have the first stab, Anders said. My concern is that we don't have a definition to work with for exceptional benefits so if staff could put something together for us to consider, that would be helpful, she added.

We would like the opportunity to work with the F&W managers to come up with a definition for the program, Grover said. There were some concerns expressed about how such a definition would be crafted.

Bradbury asked whether the staff is clear on what to propose back to the Council. We think the draft language is close and we will consider the language on exceptional benefits, Grover responded.

Rockefeller said virtually everyone who commented was opposed. "We are flying in the face" of citizens whose views are worth considering, and if we go against those views, we need to explain what value we are adding, he advised. The key may be in what Jennifer Anders said about getting on the record with FERC, Rockefeller said. That is value added if we have a thoughtful process that focuses on F&W benefits or lack thereof as the basis for making a licensing decision, he said. That could lead to a better decision by FERC, Rockefeller stated.

My take on this lines up well with what member Anders and others have said, Grover commented. If we have no right to appeal, those who propose a project will go directly to FERC and we will have no influence on the decision, he said.

Karier said the Council should emphasize that it is setting a high bar. The exceptional benefits would leave the conditions better, he said. For example, there may be a manmade structure in the river that could be removed as a result of a project, Karier said. If it can be established that condition is better, why wouldn't we support it? he asked.

O'Toole proposed the next topic, anadromous fish mitigation in blocked areas. We received a lot of comment on this, she said. Staffer Laura Robinson said the Council received 62 comments on the blocked areas and they were essentially split down the middle between those who support or oppose the Council's general strategy. Robinson described issues raised in the comments in favor and opposed.

Grover pointed out that NOAA asked what the point is of reintroduction and said the Council ought to have a clear idea of that if it advocates for it.

Anders said the first issue to address is whether the Council has legal authority to look at reintroduction. Shurts explained why he believed the topic was within bounds for the Council. It is an issue related to Grand Coulee Dam and mitigation for the hydro system, he said.

The NOAA question is intriguing, Karier said. NOAA suggested the issue be part of a regional dialogue discussion, he said, adding that it is worth the Council thinking about the kind of discussion and questions to be addressed. Karier noted that the issue is highly polarized and there is a question of congressional authority over the issue

because of the proximity of Grand Coulee to Canada. A regional process and dialogue to sort this out would be helpful, he said.

Is there a reason for us to doubt that salmon were extirpated by Grand Coulee and Chief Joseph dams? Rockefeller asked. Our obligation under the Northwest Power Act is clear, he said. We are not in a position to supplement or rebuild the depleted stocks because they are gone, and the only option is reintroduction of alternative species that are suitable for the habitat, Rockefeller said. What we've heard from the co-managers is that we cannot indefinitely prolong the day we begin to reckon with this reality, he said. The tribal communities said it is time for us to make a measured analysis of what is feasible, Rockefeller said. We can't bring back the original salmon runs, but we have to mitigate to the best of our ability if we are to be responsible to the tribes, he said. We said in the draft that a priority area should be above Grand Coulee and that is fully justified under the Power Act, Rockefeller stated.

Booth pointed out that the mitigation issues have been handled in the past with resident fish. There are hatcheries and multiple projects that address our mitigation responsibility, he said.

We have spent a lot of money evaluating the habitat above Hells Canyon and NOAA has determined it is not suitable for salmon at this time, Yost said. There is an effort to improve the habitat and see if it will support introduction of some type of fish, he said. There is a process for that at Hells Canyon, and we couldn't add anything in our program that wouldn't be done already, Yost said. Sometimes you have to look at the economies of scale and consider whether there is "more bang for the buck" in doing other things that are in our program, he said. We can't put it as a high priority unless we balance it with the rest of the program, Yost said. It's taken 30 years to figure out passage in the Columbia, and I don't know what we will come up with to address these high head dams, he added.

The region has reacted to this in a polarized way, Grover said. He suggested it is possible to have a thoughtful step-by-step approach. People are afraid of "the slippery slope," but if you have a logical process, it doesn't need to be such a polarizing issue, Grover stated. He said staff recommends adding language that describes a regional process to clarify exactly what people mean. Right now, there is a lot of flag waving and positioning, but the details are elusive, Grover said.

Karier said the process could be as simple as a couple of panel discussions at Council meetings to get to something more explicit about what this means. More of this discussion in a public setting would be helpful, he said.

Are we in the ballpark with the current language and the addition of the discussion we just had? Grover asked. We have to look at the language after it is developed, Yost said. People think the Council supports reintroduction and that BPA should fund it, he said. We need to be cautious about our language so it reflects what we discussed here today, Yost stated.

The next topic up for discussion is hatcheries, and this is an issue where we had extensive comment, Paquet said. He explained that a consortium of managers worked together on new language and submitted it through the Columbia River Inter-Tribal Fish Commission comments. This is substitute language for that in the current draft, Paquet said. Grover noted that he had distributed the proposed replacement language.

Paquet described the language, listed those who supported it and recapped their comments. Grover explained that the language he distributed is consensus language from the F&W managers. He went over the proposed language.

Rockefeller suggested that the Council not rush to work through the language with time running short. O'Toole said staff has been trying to find additional times for all members of the Council to meet and came up with the Monday before the September Council meeting.

Booth said Idaho is prepared to support the draft language from F&W managers, but there are technical inaccuracies that needed to be sorted through. Bradbury suggested members study the proposed language and submit comments to staff. We can go through it together in early September, he said.

The Council discussed the process for getting through the rest of the comment discussion. Bradbury concluded by saying staff will try to find a time for a conference call.

#### **4. 6th Plan Scenarios and EPA 111(d) Rule:**

Tom Eckman, director, power division; Gillian Charles, energy policy analyst; and Massoud Jourabchi, manager, economic analysis.

Staff conducted an assessment of how projected carbon emissions rates for the Sixth Power Plan's resource portfolio compare to limits in the Environmental Protection Agency's (EPA's) proposed rule on existing power generators, Eckman told the Council. The assessment has implications for development of the Seventh Power Plan, he said. The assessment isn't about the cost or feasibility of individual state-level compliance with EPA, a critique of the timing or levels in the EPA proposal, or a recommendation that states seek a regional solution rather than state compliance plans, Eckman clarified.

The starting point is the total Northwest power system carbon emissions, he said. There is a significant connection in the region between annual hydro production and carbon emissions, Eckman pointed out. EPA uses 2012 as the base year for its rule, and that was a good water and low emissions year in the Northwest, he said. To comply with the proposed year, the Northwest would have to lower its emissions below those in 2012, Eckman explained.

The use of a single year as the baseline is problematic for the Northwest and for the rest of the nation, he said. The trend in carbon emissions in the Northwest has been downward since 2001, as it has been in the rest of the United States, Eckman noted.

EPA's proposed rule limits carbon emission rates for individual states, but the rule can be met by regional compliance plans, he continued. Eckman clarified other aspects of the compliance options, pointing out that the emission rates are calculated on "in-state" resources and ignore imports and exports. Existing hydroelectric resources are also excluded from the EPA calculation, he said.

Staff selected four policy scenarios from the Sixth Power Plan to compare with the EPA carbon reduction targets, Eckman explained: current policy, carbon risk, coal retirement, and no conservation. According to graphics he presented, hydro has made up 60 percent of the Northwest's resource mix since 2002, with coal and energy efficiency taking up the next two spots. The resource mix varies when projected out to 2020 under the four Sixth Plan policies, Eckman explained.

He described the four scenarios and how they measure up to EPA's interim, 2020, and 2029 targets. In general, things look best under the carbon-risk and coal-retirement scenarios, and "things get dire" if we lose conservation under the no-conservation scenario, Eckman explained.

In listing staff observations on the analysis, he said the resource portfolio in the Sixth Plan has a high probability of meeting EPA's proposed emissions regulations at the regional level. In addition, failure to achieve the conservation goals in the Sixth Plan significantly reduces the probability of meeting the EPA regulations at the regional level, Eckman said.

Strategies that produce zero carbon to serve load have a much greater impact on meeting the regulations than replacing existing fossil fuel generation, like coal, with lower emitting fuels, like natural gas, he noted. Adding non-emitting resources, like energy efficiency and renewables, has a much greater impact, Eckman added.

But the analysis doesn't reflect the different impacts of east versus west and publics versus investor-owned utilities in the region, he acknowledged. There are limitations under our analysis and those limitations would have to be addressed on the sub-regional level, Eckman said, adding that institutional arrangements would have to change to get the desired results.

This analysis is "the Council in Wonderland," Yost commented. It doesn't reflect reality, he said.

It is important to run the scenarios to address how the Council should deal with the proposed EPA regulations in the Seventh Power Plan, staffer John Shurts said. What should the Council assume in its plan about whether we aim for regional or state compliance? Should we consider a cap on emissions? Karier asked. Those are issues on the table, Shurts agreed.

The proposed EPA rule could change before it is final, and there will be lots of litigation, Eckman concluded.

## **5. Presentation of Regional Technical Forum Annual Report:**

Charlie Grist, conservation resources manager; and Jennifer Anziano, manager, Regional Technical Forum.

Staffer Jennifer Anziano gave an overview of the Regional Technical Forum's 2013 Annual Report. She said the RTF adopted enhanced guidelines to increase the applicability and transparency of its decisions; shifted the organizational structure to streamline workflow; made significant progress on updating measures and added a quality control process; and advanced a variety of important measures for the region through subcommittees. The guidelines were consolidated into a single volume, which was a significant effort, Anziano said.

The RTF has created a dedicated team of analysts, which has enhanced the workflow, she continued. The RTF members expressed satisfaction with the staffing change, Anziano said. She provided details on the status of measure updates and added that the RTF has identified a contractor to provide third-party review of work products.

RTF subcommittees continued to make progress on tailoring offerings for small/rural utilities and one is finalizing a report on whether measures that reduce wood smoke, such as ductless heat pumps, should get non-energy benefits as part of the savings benefits, Anziano said. She provided the RTF's year-end financials, noting that the RTF spent 95 percent of its allocated budget. Anziano went on to give highlights of the RTF's 2014 work, including completion of an operations and procedure manual and securing a five-year funding commitment from sponsors. She also presented a 2014 work plan status.

Yost asked if the third-party reviewer is allowed to bid on RTF contracts, and staffer Charlie Grist said they were not. He explained the new staffing arrangement with a team of dedicated analysts. It's been a huge improvement to the work flow, Grist said. Smith added that the RTF Policy Advisory Committee agreed having the contracted positions on the RTF staff was a good change.

## **6. Council business:**

### **– Approval of minutes**

Anders made a motion that the Council approve for the signature of the Vice-Chair the minutes of the July 8-9, 2014 Council meeting held in Portland, Oregon. Karier seconded the motion, which passed unanimously.

### **– Contract modification for Michael Schilmoeller**

Anders made a motion that the Council approve the modification of the existing contract with Michael Schilmoeller to provide transitional support and project work for the Power Division's redevelopment of the Regional Portfolio Model for an additional not-to-exceed

amount of \$25,000, as presented by staff. Smith seconded the motion, which passed unanimously.

– **Notice of financial disclosure statements**

Shurts explained the Council's financial disclosure requirement. We collect the disclosures every year and I review them, he said. Shurts said the Council's policy requires that all members report outside earned income. Both Booth and Lorenzen reported outside income, he said, describing the nature of the income.

**Public comment on any issue before the Council**

Several members of the public offered comment.

Bill Drumheller of the Washington Department of Ecology said the Council's work on the proposed EPA 111(d) rule on carbon emissions and a regional response is very useful. The multistate option for a response is under consideration by those affected by the proposed rule, and individual states lack the resources to do a regional analysis. The Council is the right venue for this work. This also responds to Washington Governor Inslee's request regarding coal. I encourage the Council to continue its work on 111(d).

Deb Reynolds of the Washington UTC said it is helpful to have the Council working on the response to EPA.

Charles Hayes said the Council should stick to the definition of the region in the Northwest Power Act, which does not include Montana east of the Continental Divide. When you come up with a regional approach to the proposed EPA rule, stick to this definition of the region.

Colin McConnahey echoed Bill Drumheller's comments. We are grappling with how to address 111(d) and the modeling exceeds our capability. There are compliance opportunities that exist regionally and we thank you for your work as we evaluate this option.

The meeting adjourned at 12:16 p.m. on August 6, 2014.

Approved September \_\_\_\_, 2014

---

Vice-Chair

x:\jh\ww\minutes\aug 2014.docx