



September 17, 2013

Mr. Bill Bradbury, Chairman  
Northwest Power and Conservation Council  
851 SW Sixth Avenue, Suite 1100  
Portland, OR 97204-1348

RE: Recommendation to Amend the Northwest Power and Conservation Council's Columbia River Fish and Wildlife Program

Dear Chairman Bradbury:

Thank you for the opportunity to provide recommendations for amending the Northwest Power and Conservation Council's (Council) Columbia River Basin Fish and Wildlife Program. The Columbia Basin Water Transactions Program (CBWTP) was established by the Bonneville Power Administration (Bonneville) and the Council in response to Provision A.8 of the 2000 Columbia River Basin Fish and Wildlife Program amendments and Action 151 of the 2000 Biological Opinion (Bi-Op) for the Federal Columbia River Power System. The intent of these directives was to establish a basinwide program to support and promote voluntary water transactions as a tool for restoring instream flows in dewatered tributaries throughout the Columbia Basin. The CBWTP has worked cooperatively with water rights holders, Native American tribes, government agencies and non-profit organizations to develop and implement this successful program. Since 2002, Bonneville and the Council have partnered with the National Fish and Wildlife Foundation (NFWF) to manage the CBWTP through a cooperative funding agreement. There are 11 entities participating in the CBWTP as qualified local entities (QLEs), including four state water agencies and seven non-profit organizations.

During the past 11 years the CBWTP has restored nearly 1,056 cubic feet per second and over 6 million acre-feet of water through a full range of water transaction types and terms (from annual to permanent). Through 2012, Bonneville has invested nearly \$39.35 million in the CBWTP in support of these efforts. These water transactions have improved habitat and water quality conditions in high priority stream reaches throughout the basin. In addition, the CBWTP has been successful in fostering a market for instream water while developing new transaction-based approaches to flow restoration that produce quantifiable benefits to fish habitat and water quality while also providing water right holders new tools for meeting their water management objectives. Over the past 11 years, through the successful implementation of over 340 distinct transactions across four states, the CBWTP has

demonstrated that a programmatic approach to flow restoration is a credible and cost-effective means of addressing limiting factors caused by the over-allocation of basin water supplies.

Based on its demonstrated success, the CBWTP recommends that the Council continue to implement the program as it has under the current Fish and Wildlife Program while working in partnership with Bonneville, the Columbia Basin Fish Accord partners and NFWF to enhance efforts in three key areas:

- 1) Develop a flexible mechanism that allows CBWTP to access additional funding in years when high priority flow restoration transactions exceed the program's annual budget. Due to the nature of negotiating and implementing flow transactions, it is difficult to predict the amount of transaction funding that will be necessary within any particular year. Given the maturation of the CBWTP and the scale of new and emerging opportunities to acquire water in high priority stream reaches, it is possible that the CBWTP's budget in the coming years will require forgoing water acquisition opportunities that would otherwise assist in meeting the objectives of the Fish and Wildlife Program. To avoid this outcome, the CBWTP would like to work with Bonneville to explore a process by which CBWTP can access additional funding within a particular budget year.
- 2) Consider utilizing the CBWTP transaction review process to evaluate proposed Fish and Wildlife Program investments in capital projects that propose to enhance instream flows. The CBWTP has worked with the Independent Scientific Review Panel to develop a set of criteria to evaluate potential transactions based on their ability to address key limiting factors for target species according to sound biological, economic and legal principles. These criteria are applied to all transactions proposed to CBWTP for funding but are currently not being applied to flow restoration activities conducted under the Fish and Wildlife Program outside of the CBWTP. Adopting the CBWTP's criteria and process would assist the Council in ensuring that consistent metrics for evaluating outcomes are being applied to the review and approval of all Fish and Wildlife Program investments relating to flow restoration.
- 3) Provide technical and financial support for the establishment of a framework for prioritizing flow restoration activities with respect to the anticipated effects of climate change on tributary streamflows. Based on the existing body of climate change science, it is generally understood that future flow conditions will deviate from historical flow patterns. Flow restoration transactions can help mitigate the impacts of climate change on target species, but more work is needed to prioritize where these investments should be made relative to the Council's priorities. The CBWTP would like to explore partnering with Bonneville to develop an assessment of climate change impacts specifically on streamflows and coordinate the development of a strategy for prioritizing actions to mitigate those impacts through flow restoration transactions.

In partnership with the Council and Bonneville, the CBWTP has made great strides over the past 11 years in developing and implementing a programmatic approach to flow restoration in the Columbia Basin. We believe that the Council's existing Fish and Wildlife Program does an excellent job of supporting this

work but have identified a few areas where we see opportunities for advancement. We look forward to our continued partnership.

Thank you for your support.

Sincerely,

A handwritten signature in blue ink, appearing to read "Scott McCaulou". The signature is stylized with a large initial "S" and a prominent "M".

Scott McCaulou

CBWTP Program Director