



Winter 2002

Striking a Balance Between Energy and the Environment in the Columbia River Basin

Welcome to Council Quarterly, the newsletter of the Northwest Power Planning Council. Council Quarterly replaces NWPPC News and is part of our ongoing effort to inform you about Northwest energy and fish & wildlife issues and involve you in our decision-making. Four times a year, Council Quarterly will be published with articles about the Council's power planning and fish and wildlife mitigation efforts, one or more feature articles about specific fish and wildlife projects or power planning initiatives, and regular installments including a list of Council decisions and a calendar of upcoming events. We will distribute printed copies of Council Quarterly free of charge, and also post it on our website, www.nwcouncil.org. We hope you enjoy our new publication, and we welcome your comments.

Reduced Demand for Power, Coupled With Increased Supply, Improves Winter Power Outlook



The Pacific Northwest should have an adequate electricity supply through the winter of 2001-2002 thanks to actions taken this year to increase the supply

and reduce demand for power, the Northwest Power Planning Council reports.

In the last year, power plants capable of generating more than 900 megawatts - nearly enough for the city of Seattle - have been added to the region's power supply; demand for power has been reduced by 20 percent; and hydroelectric storage reservoirs have filled to normal levels. But the improved outlook comes at a cost to the region's economy and environment, according to the latest installment of an ongoing Council analysis.

For example:

- A large portion of the demand reduction was in industries responding to high power prices and the economic recession, and that translated into lost jobs.
- Temporary power generators, most of them burning diesel, helped boost the energy supply, but proved to be expensive as wholesale power prices dropped. These diesel generators also pollute the air more than other types of power plants.

- Reduced water spills at Columbia and Snake river dams increased the amount of stored hydropower, but also took a toll on migrating salmon and steelhead by forcing those that could not be collected for barge transportation downriver to go through turbines.

"According to our analysis, there is less than a 1 percent probability of power deficits this winter," said Tom Karier of Spokane, chairman of the Council's four member Power Committee. "That is a vast improvement over the 12 percent probability we predicted just last spring. The region's response to the energy crisis was impressive. The actions taken this year should help keep the power supply adequate and make it less likely that we will face a similar crisis, and the difficult decisions that came with it, in the future."

Traditionally, the power system has been considered adequate if there is no more than a 5 percent probability of a deficit that cannot be resolved with the existing power supply. According to the analysis, the impact of drought reduced the region's hydropower supply by about 4,000 megawatts - nearly enough power for four Seattles. Last spring, as tight power supplies drove wholesale prices to 10 times the normal price, the Council warned that the region's deficit could worsen significantly by

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Council Decisions

Beginning with this inaugural issue, Council Quarterly will include a synopsis of recent Council decisions. In this edition, we provide a review of Council decisions since January 2001.

January

[Performance standards for artificial production](#)

The Council approved performance standards for fish hatcheries in the Columbia River Basin. The standards are being utilized in a thorough review of artificial production programs that is being conducted by the Artificial Production Review Committee, which was appointed by the Council. The committee will recommend a coordinated artificial production plan for the Columbia Basin.

February

[Funding for innovative projects](#)

The Council approved \$2 million in innovative fish and wildlife projects

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the end of 2001 unless emergency actions were taken.

The region responded in many ways. Construction of new power plants was accelerated, both in the Northwest and in California, and that boosted the Northwest power supply and may also make more available to the region from the south. Water spills at Snake and Columbia river dams to assist fish migration were reduced, and that had the effect of both increasing hydropower generation and permitting water storage for future hydropower purposes. The region also significantly reduced its demand for power, but much of the reduction was in industries that responded to high power prices and the developing recession by cutting production and, in some cases, shutting down. Citizens also contributed by reducing their demand for power through actions such as installing compact fluorescent light bulbs, turning down electric water heaters and simply using less electricity in response to rate hikes, but

the precise savings from these efforts is not known. The economic downturn also played a significant role.

As a result, the region's demand for electricity last summer was 4,000 megawatts lower than it was a year before, a 20 percent reduction. Nearly 70 percent of that reduction was attributable to the idled Northwest aluminum industry, according to the analysis. The analysis anticipates that the economic recession, and demand for power as a consequence, will begin to rebound by the middle of 2002 but that demand for power will continue to be about 3,000-4,000 megawatts lower each month through next May, compared to last year.

Increased supply and reduced demand, coupled with mild summer weather, allowed the region to avoid brownouts and blackouts. In hindsight, the Council's prediction last June of a 12 percent probability of deficits by the winter might have been too con-

servative, Karier said, but it was based on the best available information at the time.

"This has been a bad year for fish, for aluminum company employees and for ratepayers who have seen their rates go up dramatically. But there is every indication now that we are back on track for a better year," Karier said. "Some will say that our analysis last summer was too pessimistic, but what we did was encourage a cautious operation of the power system. There is a lot of uncertainty in this kind of analysis. In hindsight, it's easy to look back and say we could have done something differently in our analysis, but we didn't know how the cards would fall, and it just turns out they fell in the region's favor. They could have fallen the other way, and if they had we might be in a worse position today."



Questions and Answers about the Council's 2001-2002 Winter Power Supply Outlook

Q. In May the Council predicted a 12-17 percent probability of power deficits this winter, depending on the amount of water storage in Canada. In October, the Council said the probability is less than 1 percent. Why did the probability drop so much?

A. Five key factors contributed to the improved outlook: 1) Milder than expected summer weather reduced demand for power; 2) Reduced spill at Columbia and Snake river dams allowed more water to be stored behind Keenleyside Dam in British Columbia than the Council anticipated in May; 3) The effects of the economic recession, which were just beginning to be apparent last spring, continued to drive down demand for power, particularly in the industrial sector – about 4,000 megawatts total, with 2,800 of that in the aluminum industry – and the result was an unprecedented 20 percent reduction in demand for power in July, compared to

July 2000. The Council expects demand to remain 3,000-4,000 megawatts lower each month through next May, compared to the normal demand for power in that timeframe; 4) About 1,650 megawatts of new, permanent generation has been added to the Northwest power supply in 2001, about a 7 percent increase, and that is a little more than was anticipated in May; and 5) Region-wide appeals for energy conservation, including high-profile messages from the region's governors, had an effect, although the precise amount is difficult to calculate.

Q. Last winter, wholesale power prices were over \$200 per megawatt-hour, and today they are down around \$30. Why did my utility raise its rates?

A. Power rates went up an average of 9 percent throughout the region by July, and some utilities raised rates again later in the summer. Rates went up

to cover the high prices utilities paid for power last winter and spring. Many utilities borrowed money to buy power, and many installed temporary generators to augment their supply – also at a cost. Since then, wholesale power prices have dropped back to normal levels, but the debt incurred last winter remains.

Q. How can conservation help?

A. Increased conservation reduces demand for power and makes us less susceptible to price spikes in the volatile wholesale power market. The Council has proposed an interim regional goal of acquiring 300 megawatts of conservation at the rate of 100 megawatts per year, and this could be acquired for an average cost of less than 2.5 cents per kilowatt-hour, which is less than the price of power from a new gas-fired power plant.

Power Planning Council Analysis Proposes Challenging the Northwest to Develop a 300 Megawatt 'Conservation Power Plant'

Over the next three years, the Pacific Northwest could acquire an amount of energy conservation equal to the output of a large natural gas-fired power plant, about 300 megawatts, at a lower cost than building such a plant, according to a Council staff analysis. New energy conservation would save electricity now and also help moderate future price spikes such as those that battered the region's utilities and consumers in the last year.

The 300 megawatts, which the analysis calls an "efficiency power plant" is an interim target to be pursued while the Council works on revising its Northwest Power Plan, which dates to 1998. Among other issues, the next power plan will address how to maintain investments in conservation in a competitive energy market. The interim target is intended to encourage utilities and others responsible for conservation implementation to maintain the conservation momentum developed over the last year in response to high power prices.

During the last few years of the 1990s, utilities developed conservation at half the rate the Council had determined to be cost effective. Had the cost-effective conservation been fully developed, it would have displaced approximately 180 megawatts of power, enough for about 100,000 average Northwest homes. Because it was not developed, the region's utilities had to pur-

chase that much more power, often at extraordinarily high prices. By establishing an interim conservation target, the Council seeks to ensure that the region is not in the same position when prices become volatile again.

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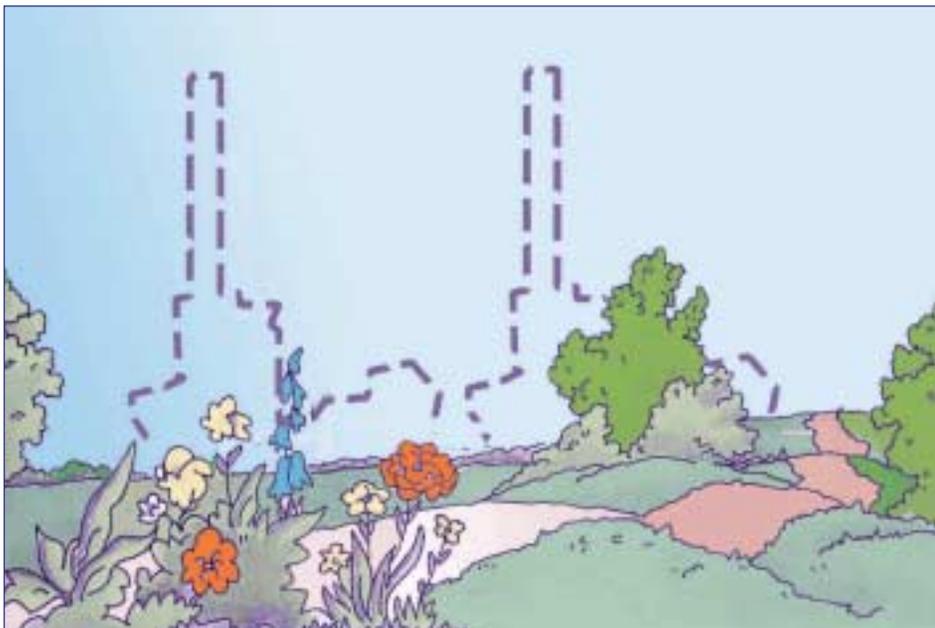
for the next three years for less than the cost of power from a new combustion turbine — about 2 to 2.5 cents per kilowatt-

hour. The cost of a new gas-fired plant is in the range of 3 to 3.5 cents per kilowatt-hour. Almost 60 percent of the conservation potential is in commercial and industrial structures and applications, according to the analysis.

"While electricity prices are low today compared to earlier this year, we need to recognize that demand for power also is significantly lower than it was a year ago, and that contributes to lower prices," Council Chairman Larry Cassidy said. "However, there is false security in those low prices because the region's power supply still is not as adequate as it should be. Acquiring 300 megawatts of efficiency improvements would help insulate utilities and their customers from volatile wholesale prices, which we have seen rise and fall dramatically with demand for power."

Cassidy said the investment in conservation would be good for the environment by displacing a natural gas-fired combustion turbine, and also good for the economy by improving the efficiency of energy use and, therefore, helping to reduce operating costs of businesses and industries. Acquiring 300 megawatts of cost-competitive conservation also would show that the region's utilities and governments are committed to a diverse portfolio of power resources, he said. That amount of conservation would be a little less than 10 percent of the 3,400 megawatts of new, gas-fired generation that is either recently completed or under construction in the Northwest.

There already is a significant commitment by many of the region's utilities to acquire new conservation, and the acquisition envisioned in the Council's proposal would give that effort further impetus. Additionally, acquiring the new conservation would be consistent with the conservation policy adopted earlier this year by the Western Governors Association.



Court Ruling on Oregon Coast Coho Listing Could Result In Greater Collaboration on Subbasin Planning

A federal judge's ruling that the National Marine Fisheries Service erred in its decision to list Oregon coast coho salmon as a threatened species under the Endangered Species Act could have the effect of encouraging greater collaboration between the federal agency and the Northwest Power Planning Council in working to improve salmon and steelhead stocks in the Columbia River Basin.

If the decision causes the Fisheries Service to rethink its listing decisions for salmon and steelhead in the Columbia River Basin – listing decisions similar to that for the Oregon coast coho – then one possible result could be fewer listed species and closer integration of planning to meet the requirements of the Endangered Species Act and the Northwest Power Act.

On September 10, U.S. District Court Judge Michael Hogan ruled in a lawsuit brought by the Alsea Valley Alliance that the Fisheries Service's 1998 decision to list Oregon coast coho was unlawful and remanded the decision to the agency for further consideration. Under the Endangered Species Act, the Fisheries Service has responsibility for determining whether anadromous fish such as salmon and steelhead are endangered or threatened. The law defines "species" to include any "distinct population segment" of a species but does not provide further guidance. To apply this concept in listing decisions, the Fisheries Service established the Evolutionary Significant Unit (ESU) policy. According to the policy, an ESU is a distinct stock or group of fish that is reproductively isolated from other stocks and represents an important component in the evolution of the species. Thus, there are few species of salmon but hundreds of distinct populations or ESUs.

In the case of the Oregon coast coho, the Fisheries Service defined the ESU to

include not only the naturally spawning fish but also the coho from nine hatcheries in coastal streams. The hatchery fish were included, consistent with the ESA, because they are of the same origin as the naturally

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*Bob Lohn
NMFS Regional Administrator*

spawning fish and have similar life histories. But in determining whether to list the ESU, NMFS segregated the two components and listed only the naturally spawning fish. Judge Hogan concluded that the ESA does not allow this additional distinction and that the Fisheries Service must consider the ESU as a whole. Thus, if the hatchery fish are included in the definition of the ESU, they also must be considered together with the natural spawners in deciding whether to list the ESU.

Only that bifurcation was at issue in the lawsuit. The judge was not asked to rule on whether there is a difference between hatchery fish and naturally spawning fish or whether the Fisheries Service was right or wrong to list the fish in the first place.

However, seven of the 12 ESA-listed populations in the Columbia River Basin were defined by the Fisheries Service in a fashion similar to the Oregon coast coho ESU. That is, hatchery fish were included in the definition of the ESU and then excluded

from the listing. These include Snake River steelhead, middle Columbia steelhead, lower Columbia chinook, lower Columbia steelhead, upper Willamette chinook, upper Willamette steelhead, and Columbia chum. Hatchery fish were included in the ESU and listed along with the naturally spawning component in two other ESUs, the Upper Columbia steelhead and chinook.

On November 9, the Fisheries Service decided not to appeal Judge Hogan's ruling. Instead, the agency will conduct a public review of its hatchery policies and increase its support for local recovery efforts while maintaining current protections for listed salmon species.

"This decision affords the Northwest region the ability to reevaluate and improve salmon protection efforts," NMFS Regional Administrator Bob Lohn said in a prepared statement. "By working with local communities to strengthen existing state and federal protections and learning from the successes, including tribal programs, we can build a broad community-based approach to protection of salmon and their critical ecosystems."

At a meeting with the Power Planning Council in October, Lohn said subbasin planning, through which the Fisheries Service and the Council can integrate their efforts, would be "absolutely essential" in the future. He said he would look for opportunities to bring the two efforts together.

While the debate will continue about whether and how to use hatcheries as a tool in rebuilding naturally spawning stocks, "the administration is not comfortable with the idea that you can walk away from stocks that are in poor condition," Lohn said. "What is not in question is doing something for them."



Success Stories — John Day River

Preserving a River's Run

Central to the Northwest Power Planning Council's efforts to protect and enhance Columbia Basin fish and wildlife affected by the hydrosystem is to invest in preserving core populations. One project that illustrates this strategy in action is the Oxbow Ranch Project in the John Day subbasin.

The John Day River, located in the north central part of Oregon, is important because it is the second longest free-flowing stream in the continental United States, and one of only two river systems in the entire Columbia River Basin managed exclusively for wild anadromous fish. The upper Middle Fork John Day River, where Oxbow Ranch is located, has been identified as a high priority area in the John Day subbasin since the early 1970s. In 2001, the Council approved the Confederated Tribes of Warm Springs' proposal to purchase the ranch with funding from the Bonneville Power Administration. Since then, project efforts have focused on improving fish passage over irrigation diversions, the installation of riparian corridor fences to prevent grazing, and the acquisition of other, adjacent critical habitat areas.

The Oxbow Ranch is 1,022 acres, split about evenly between upland and river corridor lands (see map). Besides its critical habitats for fish and wildlife, the ranch also holds water rights totaling approximately 5.5 cubic feet per second (cfs) to the Middle Fork and key tributaries. Over six miles of streams provide important spawning and rearing habitats for summer steelhead, red-band trout, pacific lamprey and spring chinook salmon. Also, Granite Boulder Creek, which enters the Middle Fork on the property, is one of only three known areas where bull trout populations exist in the Middle Fork subbasin. Both bull trout and summer steelhead are listed under the federal Endangered Species Act as threatened species. The property represents the third highest spawning density of spring chinook on private lands in the entire Middle Fork watershed.

The upland habitats, primarily semi-wet meadow and mixed conifer, are home to many other wildlife as well, including the sandhill crane, Canadian geese, rocky mountain elk, mule and whitetail deer, grouse, and other small mammals. The riparian/wetland/river corridor areas provide additional important resources for wildlife, while also contributing benefits to the stream systems, such as shade to moderate water temperatures.



While both the upland and river habitats are in relatively good condition, there are some problems that continue to hurt productivity in certain areas. Remaining concerns are mostly associated with historically unmanaged grazing and gold mining, as well as expanding noxious weed populations. The project's future goals include restoring the channel and riparian areas harmed by mining, regulating irrigation diversions on the property, and containing the spread of weeds.

In the early 1940s portions of the Middle Fork and the lower end of Granite Boulder Creek were dredged for gold, creating tailing piles--the leftover rocks, refuse and dirt from the mining process--that damaged the stream channel and riparian areas. In some areas, the river channel has been almost completely disconnected from the floodplain, resulting in very little natural function. The floodplain itself provides little or no water storage, scant vegetation, and is perched so high above the stream channel that flood waters are unable to reach it as they normally would. Usually, when the water is high, stream flows widen out onto the flood plain, accommodating the greater volume of water and thereby reducing the stream's velocity and movement of sediment. Since the mine tailings are so high, they essentially block the water from reaching the flood plain, increasing the velocity and flow of sediment which then scours the area downstream. As a result, that section suffers from degraded banks and erosion. Another

problem caused by mining has been the straightening of the channel. The natural meanders of the river have been eliminated, destroying the parts of the river--its shallows and eddies--where fish can rest and spawn. Although the mined channel provides limited spawning and rearing habitat, project sponsors would like to restore the natural conditions by removing the tailing piles and restoring the stream and riparian habitats.

Their other goal is to regulate the irrigation diversions on the property. Currently, none of the ditches on the ranch have headgates or structures to keep water from entering them, meaning water can enter the ditches during unauthorized times, or when fish screens are not operational. The installation of headgates and water control devices to regulate the flow of water will correct these problems. Continued weed control and the maintenance of fencing is also part of the ongoing management of the property.

"The Middle Fork has always represented the best opportunity in the John Day basin to not only restore anadromous fish runs to productive conditions, but also to demonstrate that true watershed restoration is a possibility," says Shaun Robertson, manager of the project. "The Oxbow Ranch acquisition is the foundation of that restoration program and, over time, should prove that acquiring critical spawning and rearing habitat is an important watershed management tool."

Council Decisions for 2001

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for 2001 funding. The innovative project funding category was designed to invite proposals to explore new methods and technologies for fish and wildlife recovery in the basin. The project category was suggested by the Independent Scientific Review Panel in past reviews of the Council's program. Innovative projects also were funded in fiscal years 1998 and 2000.

March

Columbia Gorge and Inter-Mountain Province reviews

For Fiscal Year 2001, fish and wildlife mitigation projects in the Columbia Gorge and Inter-Mountain provinces were subject to in-depth review by the Council, the Independent Scientific Review Panel and the Columbia Basin Fish and Wildlife Authority. In response to the project solicitations and reviews, the Council approved for Bonneville funding \$13.8 million in projects for the Columbia Gorge Province, which includes the Columbia River and all tributaries between and including Bonneville and The Dalles dams; and \$11.7 million in projects for the Inter-Mountain Province, which includes the Spokane River downstream of Lake Coeur d'Alene, and the Columbia River and all tributaries between and including Chief Joseph Dam and the U.S./Canada border.

High-priority fish and wildlife projects

The Council approved \$19.3 million in actions designed to immediately assist Endangered Species Act-

listed anadromous fish in the Columbia River Basin.

Request for recommendations for mainstem hydrosystem amendments

Following up on a commitment in the 2000 Fish and Wildlife Program, the Council voted to seek recommendations for the elements of an operations plan for the mainstem Snake and Columbia rivers. The Council subsequently received a number of recommendations and is continuing to work on the plan, with completion anticipated in 2002.

April

Oversight board for Fish Passage Center

The Council recommended a new composition for the board of directors that oversees the Fish Passage Center, a Portland-based agency that implements flow for fish migration in the Snake and Columbia rivers. The five-member board will include state, federal, tribal and Council representatives. The matter remained under discussion late in 2001.

Recommendations for 2001 hydrosystem operations

In response to the low-runoff conditions that resulted from the drought of 2001, the Council recommended a reservoir-operating strategy for the Columbia and Snake river dams. The strategy, which included limited water spills at some dams and increased barging of juvenile fish, was in the form of recommendations to the federal agencies that generate and sell power from the dams.

May

Less spill at Wanapum and Priest Rapids, more spill downriver

The Council recommended that the Federal Energy Regulatory Commission approve the Grant County Public Utility District's request to reduce water spills at Priest Rapids and Wanapum dams, which would allow increased spills at federal dams downriver, as long as the reliability of the region's power supply would not be impaired. The spills were intended to help juvenile salmon and steelhead migrate to the ocean.

June

Approval of projects in the Mountain Columbia Province

The Mountain Columbia Province, which includes Lake Coeur d'Alene and the Pend Oreille and Kootenai river basins, was one of the three provinces that were subject to in-depth review by the Council, the Independent Scientific Review Panel and the Columbia Basin Fish and Wildlife Authority in 2001. In June, the Council approved a set of projects totaling about \$20 million in Fiscal Year 2001 for this province.

Approval of emergency offset action projects

The Council recommended \$24 million in projects to offset emergency hydropower operations imposed because of the drought, such as reduced spill at federal dams on the Columbia and Snake rivers. Many of the projects were directed at improving habitat for fish and

wildlife affected by the emergency hydro-power operations.

Summer spill at federal Snake and Columbia river dams

The Council recommended summer spills at the federal dams to help salmon and steelhead migrate to the ocean, but – consistent with its May spill recommendations – only to the extent that reliability of the regional power supply would not be jeopardized.

Install PIT tag detectors at mainstem dams

The Council approved \$759,000 to install adult PIT tag detectors at mainstem dams to track returning adult fish.

August

Subbasin planning templates and guidelines

The Council approved two documents for use in subbasin planning, an overview of subbasin planning and a technical outline that offers more detailed guidance and serves as a template for preparing a subbasin plan.

Innovative projects budget in 2002

A budget of \$2 million for innovative projects in Fiscal Year 2002 was approved, the same budget as in 2001. A project solicitation was planned for late in 2001.

September

Fuel conversion policy

The Council decided not to support the concept of subsidizing consumers to switch from electricity to natural gas in their homes. The Council reasoned that while for some consumers, natural gas may be a more efficient and lower-cost fuel than electricity for home water heaters and furnaces, the decision to switch from electricity to gas should be based on individual financial considerations and not subsidized by Bonneville. The policy is one for the Council's next Northwest Power Plan.

Provisional Fiscal Year 2002 budget for fish and wildlife program

Bonneville announced a funding target of \$186 million per year for the next five

years for the Council's fish and wildlife program. In response, the Council approved a provisional start-of-year budget of \$159.2 million for Fiscal Year 2002, recognizing the significant ongoing program investment in projects that satisfy a variety of state, tribal and ESA-related priorities. That figure includes money for new and ongoing projects in three of the 11 ecological provinces that were reviewed by the Council in 2001; the remainder of the budget will be apportioned among the other eight provinces.



Fish and Wildlife Budget Memorandum of Agreement Expires; Council Seeks to Balance Expanding Program with Biological Opinion Activities

A six-year memorandum of agreement that established the Bonneville Power Administration's annual fish and wildlife program budget expired at the end of September, and a new agreement has not been negotiated. In the absence of a formal agreement, the Bonneville Power Administration established a funding target of \$186 million per year for the length of Bonneville's next five-year rate period, which began on October 1, 2001.

It represents the first increase in spending since the now expired six-year memorandum of agreement was negotiated, an increase of about \$44 million over the 2001 budget and \$59 million above the six-year annual average in the old agreement. Earlier this year, with the expiration of the memorandum agreement imminent and the new rate period about to begin, Bonneville said it would not commit to a budget figure but would keep its options open for the new rate period and fund a

unified plan that integrates the Council's fish and wildlife planning with that of federal fish and wildlife agencies.

The \$186 million figure will challenge the Council in several ways in the future.

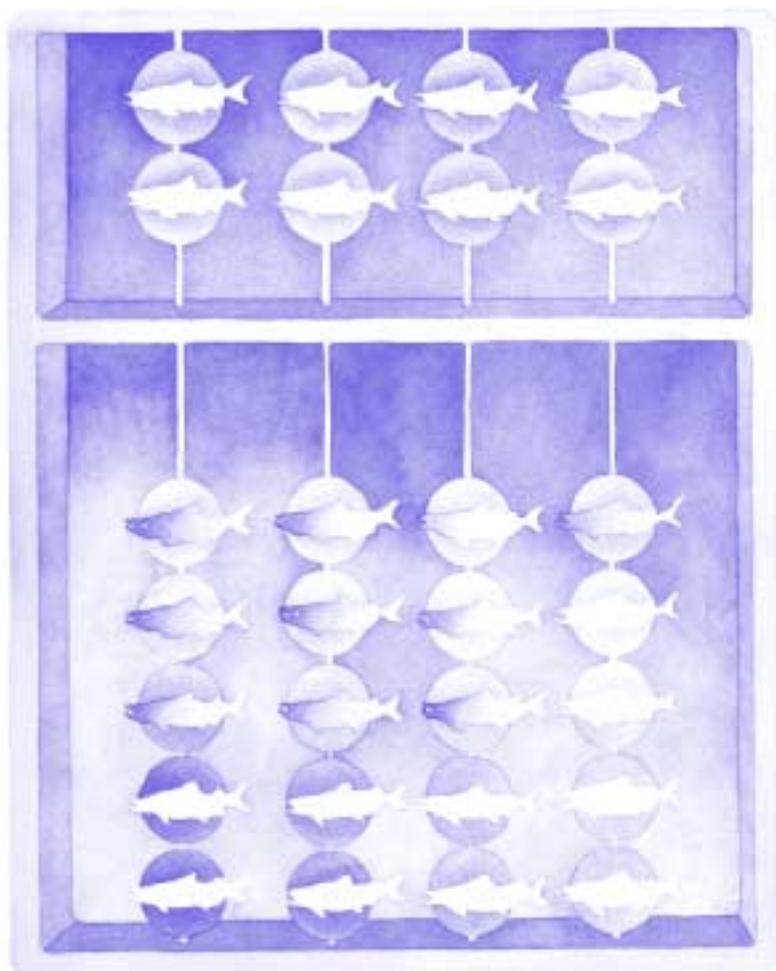
The \$186 million figure will challenge the Council in several ways in the future. First, as the program grows, its base expenses for ongoing projects will increase, too. Second, each year the Council will receive recommendations for new, scientifically sound projects that will have to compete with ongoing projects for funding. Third, some of the new projects will be designed to address both the Council's program and requirements of the

2000 Biological Opinion on hydropower operations. Integrating those two planning efforts is an important long-term goal for the Council.

The 1996-2001 Memorandum of Agreement among the federal departments of the Army, Commerce, Energy and Interior, established Bonneville's average annual budget for the Council's Columbia River Basin Fish and Wildlife Program (the so-called "direct program" budget) at \$100 million per year for activities and \$27 million for capital expenses related to those activities. Separately, the memorandum of agreement allowed for \$125 million annually in fish and wildlife expenses that Bonneville reimburses other federal agencies, and estimated Bonneville's annual foregone revenues – lost hydropower sales as the result of river operations to improve fish survival – of \$183 million. Since the agreement expired, Bonneville has indicated the activities portion of the direct-program budget will rise to \$150 million and the capital expenses to \$36 million.

In September, the Council approved a provisional 2002 budget for the direct program of \$159,261,426, including:

- \$41,773,677 for projects in three of the 11 provinces, or groups of related subbasins, where projects and budgets were approved by the Council this year. These are the Columbia Gorge, \$6,187,811; Intermountain, \$12,052,971; and Mountain Columbia, \$23,532,895;
- \$96,708,826 for ongoing projects in the other eight provinces;
- \$8 million for Bonneville's program support;
- \$7.5 million for subbasin planning activities;
- \$2 million for innovative projects;
- \$1 million for the Artificial Production Advisory Committee, which is conducting a review of all fish hatcheries in the Columbia River Basin for purposes of setting new artificial production plans and goals;
- \$700,000 for the Council's share of the budget of the Independent Scien-



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Subbasin Planning

At the Northwest Power Planning Council's October meeting, staff members presented to the Council a proposal outlining the administrative structure, contract management structure and a placeholder budget for the subbasin planning process, which was then approved.

Subbasin planning, which focuses on the implementation of local initiatives to help fish and wildlife in a particular geographic area, began about a year ago. Ultimately, each subbasin in every province will produce a plan to help prioritize projects and act as a road map for fish and wildlife recovery in the basin.

The administrative structure that the Council agreed upon has three levels. The first level involves grassroots stakeholders participating in the development of subbasin plans--local governments, tribes, state and federal agencies, private landowners, and others. The lead entities in this effort are responsible for the development of the plan. The next level represents the geographic state or provinces and involves tribal and state coordination groups and/or recovery boards to provide guidance on technical and

policy issues within the state. The last level involves the creation of a regional advisory committee to advise the Council and make recommendations on overall budget allocation, federal coordination issues, and overall subbasin planning scheduling, as a start. Another function of this third level is to provide technical information that exists regionally. The Regional Assessment Advisory Committee (RAAC) will act, initially, as the coordinator for gathering this data.

The Council also approved a two-year planning budget of \$15,250,000 as a starting point for the subbasin planning infrastructure. Each state will have \$200,000 available for coordination at the state and province level; funding will also go to subbasin planning groups, the regional advisory committee, and toward technical assistance and analysis.

Next steps include developing and finalizing the review process for subbasin plans, including the scientific review, to fulfill the Council's fish and wildlife program amendment requirements. Specifically, the Council will determine how the Independent Scientific Review Panel (ISRP) will evaluate plans and what the

timelines for adoption will be. The contract administration structure will continue to be refined, and the formation of the advisory committee, and how it will operate, is also on the immediate agenda. In the meantime, ongoing meetings with states and tribes have been an effective way to keep the lines of communication going until contracts are worked out, which is expected to be sometime in early 2002.



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tific Advisory Board, which the Council shares with the National Marine Fisheries Service;

- \$500,000 for the Independent Scientific Review Panel, which reviews projects proposed for funding by Bonneville through the Council's fish and wildlife program.

That leaves \$26,738,574 unallocated within Bonneville's \$186 million funding target. In October, Doug Marker, the Council's acting fish and wildlife director, reviewed the budget with Council members and proposed a method of allocating budget planning targets among the eight provinces where reviews have not been completed. Marker proposed that each province receive a percentage of the \$26.7 million for new projects based on its percentage of the provisional budget approved in September.

Meeting in Idaho Falls, Idaho, in

November, the Council listened to representatives of fish and wildlife agencies and Indian tribes express concern that the \$186 million funding target may be too low. In response, the Council decided to address the issue at its December meeting in Portland. The Council's four-member Fish and Wildlife Committee planned to invite representatives of the agencies, tribes and Bonneville to discuss the funding target.

Meanwhile in November, the Council approved \$34.6 million in projects for funding in Fiscal Year 2002 in the Columbia Plateau Province, which includes Columbia River tributaries in central and southern Washington and central and northern Oregon. These include the Yakima and Walla Walla rivers, and Crab Creek in Washington, and the Umatilla, John Day and Deschutes rivers in Oregon. Some \$66 million in projects had been recommended by the Independent Scientific Review Panel to

the Council for the Plateau Province, where the 2001 budget was \$27.9 million.

Another budget issue for the Council is Bonneville's mandate to fund activities required by the 2000 Biological Opinions on hydropower operations issued by the National Marine Fisheries Service and the U.S. Fish and Wildlife Service to protect threatened and endangered species. Some of the projects proposed for funding through the Council's program, including some in the Columbia Plateau province, could satisfy Biological Opinion requirements.

Meanwhile, work is continuing on project reviews for the Blue Mountain and Mountain Snake provinces, which are scheduled for funding decisions in March 2002.

Efficiency and Personal Finances, not Subsidies, Should Guide Decision to Switch from Electricity to Natural Gas, Council Recommends

Natural gas may be a less expensive fuel than electricity for home water heaters and furnaces, at least for some consumers, but the decision to switch fuels should be left to consumers and not encouraged with subsidies offered by electric or gas utilities, according to the Northwest Power Planning Council.

“We believe consumers should decide for themselves whether to switch fuels,” Council Chairman Larry Cassidy of Vancouver said. “What makes economic sense for some consumers may not make sense for others.”

Fuel switching is an issue for the Council as it prepares to review and possibly amend its Northwest Power Plan, which dates to 1998. The Power Plan describes the changing electric industry, analyzes some of the consequences of the increasingly competitive electricity market and suggests alternative strategies that policy-makers in the Northwest may adopt in response to industry changes.

In September, the Council reiterated its existing fuel-switching policy in response to public comments on a July issue paper, which can be found on the Council’s website, at www.nwccouncil.org/library/2001/2001-17.htm. The policy recognizes the benefits of competition between providers of electricity and natural gas and supports individual choices on fuel-switching. The policy does not consider fuel-switching a form of electricity conservation. However, the “market-oriented” approach to fuel switching endorsed by the Council might translate to some electric utilities providing subsidies to their customers to switch to gas as a means of reducing electricity demand because it would be less expensive than building new power plants or buying new electricity supplies on the wholesale market.

“Although we have decided not to change our policy, this doesn’t mean we will be silent on the issue,” Cassidy

Fuel switching is an issue for the Council as it prepares to review and possibly amend its Northwest Power Plan.

said. “There is a role for the Council in providing information to help consumers make informed fuel-choice decisions, analyzing electricity pricing practices for ways to encourage efficient fuel choices and working to improve coordination between the electricity and gas industries. These are issues for our next power plan.”

The Council prepared the issue paper in response to a proposal from Cascade Natural Gas and Northwest Natural to alleviate the regional electricity shortage by encouraging electric utilities to pay their customers to switch to natural gas. The comments, however, generally opposed the strategy on the grounds that consumers should decide whether fuel-switching makes sense for them without financial incentives that favor one fuel over another. Some comments, particularly from public utilities, encouraged the Council to promote renewable energy resources to help meet future power needs rather than the direct use of natural gas because gas is not a renewable resource. The Council’s power plan encourages the development of renewable resources.





Don't be left in the dark about energy, fish and wildlife in the Columbia River Basin.

www.nwcouncil.org



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Calendar

Upcoming conferences, public meetings and other events concerning fish and wildlife, and energy, in the Pacific Northwest are compiled at these websites by the Columbia Basin Fish and Wildlife Authority and Energy News Data Corporation:

Fish and Wildlife:

www.cbfga.org/calendar.asp

Energy:

www.newsdata.com/enernet/kiosk/index.htm

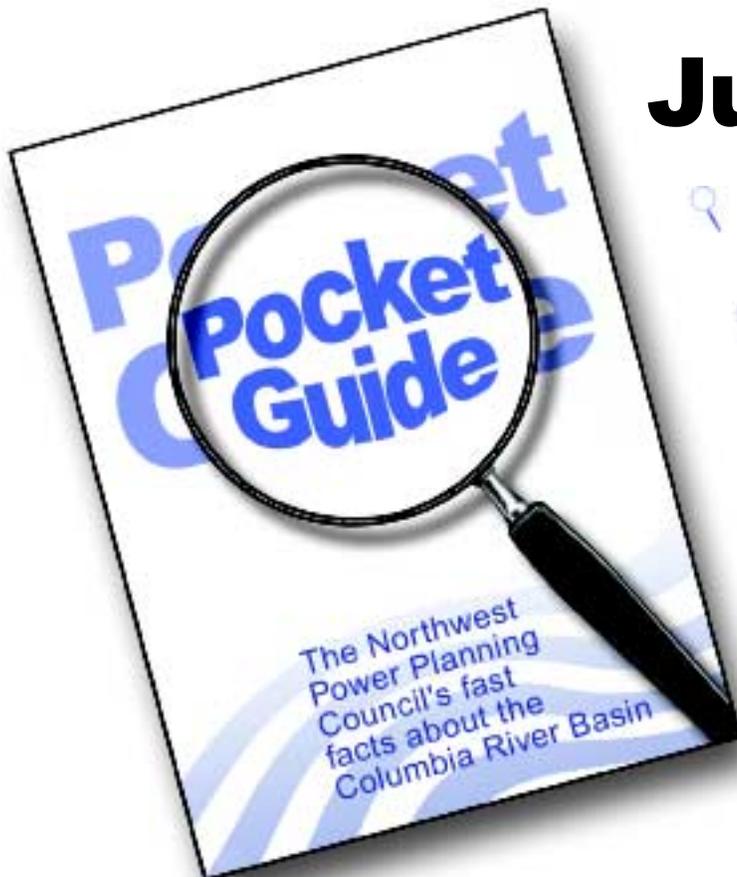
Energy Conservation:

www.newsdata.com/enernet/conweb

In each edition we will compile information about upcoming fish and wildlife and energy events in the Pacific Northwest.

Please send information on upcoming events or publications to:

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Just the facts.

- 34% of all U.S. wheat exports were shipped on the Columbia River in 1999.
- About 71 percent of the Northwest region's generating capacity comes from the federal hydroelectric system. Under normal precipitation, it produces 60 percent of the region's electricity.
- The Council uses independent scientific review to improve and discipline the region's efforts to protect and restore fish and wildlife.

All these facts and many more.

Coming soon to the Council's website:

www.nwcouncil.org/pocketguide.

Or telephone 1-800-452-5161 and ask for the Pocket Guide.

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