

The Week In Summary

[1] Lawsuit Victory Will Prompt Temperature Controls at Dams, Groups Say

The EPA has 60 days to comply with a judge’s order that will ultimately require dams and other sources that contribute to warming water in the Snake and Columbia rivers to control their temperature impacts. A federal judge in Seattle ruled that the EPA failed in its mandatory duty to issue a plan examining the sources of increased water temperature in the two rivers. Once that’s complete, Washington and Oregon can begin to develop solutions to address temperatures when they exceed safe levels for fish. *A massive sockeye die-off in 2015 prompted the lawsuit by five conservation and fishing groups, at [11].*

[2] BPA IPR Makes ‘Meaningful Shift’ in Cost Curve Ahead of Rate Cases

BPA’s final projected program costs for the upcoming two-year rate period are \$66 million lower per year compared to the current rate period, allocated as roughly \$56 million from Power Services and \$9.5 million from Transmission. These reductions are in addition to \$77 million of inflation that was also absorbed. *Rate cases starting next month will also fold mandates for financial reserves and debt policy into the revenue requirements, at [13].*

[3] BPA Calls for ‘More Science’ as Comments to Breach Dams Flood Task Force

As a Washington governor’s task force meets to develop immediate recommendations to recover endangered killer whales, competing interests are pushing for a variety of actions, from dam breaching to temporarily closing fishing seasons to restricting whale-watching vessels. While the loudest voice is coming from groups pushing to tear out the four lower Snake River dams, those in charge of salmon recovery have cautioned against major actions that could have unintended consequences. *One thing is certain: the killer whale task force has its work cut out for it, at [12].*

[4] NorthWestern Asks FERC to Overturn PSC Ruling

NorthWestern Energy wants FERC to overturn a 2017 Montana PSC ruling requiring the utility to pay for QF energy—at the forecasted market price—even if it didn’t help the utility actually avoid any costs. In an Oct. 2 petition for a declaratory order from FERC, NorthWestern argued that the Montana commission fundamentally misapplied FERC rules and even language in the PURPA statute. *NWE says it shouldn’t pay a QF if it can’t avoid any cost, at [10].*

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Energy alphabet soup got you confused?
Click here for a list of acronyms we use.

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Price Report

FERC: Winter Gas Constraints, Price Volatility Possible in SoCal **Details on Page 5.**

Energy Jobs Portal

Go to www.EnergyJobsPortal.com for the latest in regional energy career opportunities.

[5] PSE Fills Second Offering of Green Direct Program

It didn't take long for the second offering of Puget Sound Energy's Green Direct program to be fully subscribed. Within a few hours of opening on Aug. 31, all 120 MW were gone, the utility announced Oct. 16. PSE's experience with corporate renewable energy buying mirrors the popularity of corporate appetites for renewable energy around the country. *At [9], subscribers will finance the largest solar project in Washington.*

[6] POTOMAC: Wash. Gov. Inslee: West Coast Coal/Gas Exports Proposal 'Reckless'

Exporting coal and natural gas from West Coast military facilities is a "reckless, harebrained proposal," Washington Gov. Jay Inslee said Oct. 15 in response to Interior Secretary Ryan Zinke's floating of the idea in an Associated Press interview. Meanwhile, FERC on Oct. 18 approved grid supply-chain reliability standards. *Public power fighting Federal Communications Commission pole attachment order, at [14].*

Briefs

[7] Reconsideration Sought on Montana Community Renewables Mandate

Two environmental groups have asked the Montana PSC to reconsider its decision giving NorthWestern Energy a pass on meeting a state mandate to buy power from locally owned renewable-energy projects in 2015 and 2016. Montana Environmental Information Center and NW Energy Coalition filed their [motion for reconsideration](#) in late September *[D2016.4.33]*.

MEIC and the coalition argue that the PSC should reconsider its ruling because NWE "did not take all reasonable steps to comply" with the state's "community renewable energy projects" (CREP) requirement in 2015 and 2016, was not prevented from complying by reasons beyond its control, and used an incorrect reading of the law to reject potentially viable projects.

NWE [responded](#) in an Oct. 17 filing, asking the commissioners to reject the motion.

The utility argues that MEIC and the coalition do not put forward any new argument about how the PSC's final order granting waivers to NWE from the CREP obligation should be overturned.

The Montana PSC voted 3-2 in September to grant the waivers. Commissioners Travis Kavulla and Roger Koopman dissented from the majority (CU No. 1870 [12]).

"The commission should again reject their arguments," NWE argued in the filing. "Nothing has changed." *[Dan Catchpole]*

[7.1] Washington Governor OKs 25-MW Columbia Solar Farm in Kittitas County

Gov. Jay Inslee on Oct. 17 approved site certification agreements for the Columbia solar farm, a 25-MW cluster of five 5-MW projects to be sited near Ellensburg, Wash., in Kittitas County.

The state's Energy Facility Site Evaluation Council reviewed the proposal in July (CU No. 1860 [7]) and submitted its recommendations to the governor in August.

In his [letter](#) approving the project, Inslee acknowledged concerns raised about visual impacts and the potential loss of agriculture land, and praised steps to minimize them by the developer, Seattle-based TUUSSO Energy.

"As one who has raised hay, I recognize the value of agricultural land to rural communities," he wrote. "Preserving rural landscapes and agricultural land is important, and . . . I do not take that lightly when considering the need and appropriateness of projects such as this."

The developer's mitigations include site restoration and financial assurance requirements to ensure the sites can be returned to agricultural use at the project's end of life, Inslee noted. Another is the use of solar panels designed to absorb about two-thirds of the sunlight that feature an anti-reflective layer to minimize glare.

Inslee also "encouraged" EFSEC to further mitigate the project's visual impacts on the landscape "to the extent practicable, given other site-specific constraints," when it finalizes its vegetative management plan. This should include working with TUUSSO "to consider exceeding the legal requirements" in response to concerns raised by Kittitas County and others, he wrote.

This is the first energy project approved by Inslee under EFSEC's expedited review process, and one of the state's first solar farms. [R. A.]

[7.2] Seattle City Light Still Sees Conservation as 'First and Best Resource'

Conservation remains Seattle City Light's "first and best resource choice as the most environmentally responsible way to meet growing energy demands," according to the latest progress report on the utility's Integrated Resource Plan.

In 2016 and 2017—the first two years of the current 20-year plan—City Light saved 29.4 aMW through various conservation programs. That is almost 3 percent of the utility's customer demand. The utility's forecast has average load falling from about 1,125 aMW in 2018 to about 1,025 aMW by 2027, despite the city's growing population and economy.

Even as load falls, Seattle City Light may have to buy additional RECs to meet the 15 percent RPS required in Washington by 2020. More RECs may be purchased by 2024 to make up for RECs that will have expired by then, according to a Seattle City Light presentation at a public meeting about the IRP progress report in April.

Buying RECs could be cheaper than buying renewable capacity. While renewable generation costs have declined, adding more renewable resources to Seattle City Light's portfolio could incur higher delivery costs, according to the utility's own analysis.

"Going forward, regional and local discussions about who pays for investments in transmission and distribution systems . . . will be as important as evaluating power supply options," SCL said in the progress report issued in late September.

While there is significant concern about the growing gap between BPA rates and secondary market rates, SCL said in the progress report that renewing its BPA contract

in 2028—the agency provides about 40 percent of City Light’s power supply—“is a good option to keep City Light’s costs down relative to available options.”

Seattle City Light will develop a new IRP in 2020. *[D. C.]*

[7.3] Idaho Power Rejects Wind Developer’s Claims in Lawsuit

Responding to wind developer Franklin Energy’s complaint in U.S. District Court for the District of Idaho, Idaho Power asked the judge to dismiss the lawsuit and order the developer to pay attorney fees for the utility.

Idaho Power denied Franklin Energy’s allegations that the Idaho PUC improperly limited the developer’s four proposed QF projects to two-year rather than 20-year power purchase agreements with the utility. Further, Idaho Power asserted in its response that the proposed projects “are not qualifying facilities under PURPA and/or FERC’s regulations.” The utility’s answer was filed Oct. 10.

Franklin Energy wants to build four QFs with solar panels and battery systems in Twin Falls County. The panels will charge the batteries, which will then dispatch the energy to the utility’s grid at scheduled times.

Therefore, the developer says, the projects are not solar QFs, as defined by the Idaho PUC, but rather should be categorized under the commission’s catch-all ‘other’ energy source category, which includes biomass, hydro and geothermal facilities. QFs in that category can get 20-year PPAs, while the IPUC has limited solar and wind QF contracts to only two years.

In 2017, the IPUC said the projects are solar QFs and only eligible for the two-year contracts *[IPC-E-17-01]* (CU No. 1809 [9]).

Franklin Energy asked FERC to step in, but the federal commission declined (CU No. 1838 [8.7]). So the developer filed suit in U.S. District Court in May. Idaho Power was granted intervenor status and is named as a co-defendant with the Idaho PUC. The commission in July asked the judge to throw out the developer’s lawsuit (CU No. 1862 [14]). *[D. C.]*

[7.4] Idaho Power Trims Load Forecast in Latest PUC Filing

Idaho Power expects slower load growth over the next 20 years than it anticipated in its last load forecast from one year ago, the utility said in its latest load and natural gas forecasts, filed with the Idaho PUC on Oct. 15 *[IPC-E-18-13]*. The filings are used to update the utility’s incremental cost IRP avoided-cost methodology.

The biggest drop comes in the current year. Twelve months ago, Idaho Power forecast its average annual load in 2018 would be 1,850 aMW. Now, it projects that it will be 1,805 aMW—a drop of 45 aMW.

The gap between the two forecasts narrows in future years, but it does not go away. The utility’s latest forecasted load for 2036 is 2,168 aMW. That is 24 aMW less than the 2,192-aMW average annual load projected for 2036 in last year’s forecast *[IPC-E-17-15]*.

Idaho Power also revised down its natural gas prices forecast, which is based on the U.S. Energy Information Administration’s forecast for Henry Hub prices. The new

forecast puts the average annual price this year at \$3.04 per MMBtu. That is down from \$3.22/MMBtu in the 2017 forecast.

The annual average price is projected to be \$4.89/MMBtu in 2036, according to the new forecast. That is down from the \$5.47/MMBtu projected in last year’s forecast. *[D. C.]*

[7.5] Idaho Takes Over BPA-Funded Hagerman Hatchery

The Idaho Department of Fish and Game has assumed operations of the Hagerman National Fish Hatchery, which raises about 1.6 million juvenile steelhead that are released annually in the upper Salmon River Basin. The hatchery had been operated by the U.S. Fish and Wildlife Service, with funding from BPA. It’s one of 10 Lower Snake River Compensation Plan hatcheries funded by BPA.

In a [news release](#), IDFG said no spawning or adult holding occurs at the Hagerman national hatchery. Eggs are collected at adult trapping facilities that are already operated by Fish and Game staff in the Salmon River Basin, and delivered to the hatchery.

The agency said that the transfer of operations will allow for greater efficiency and better integration with fisheries management and research programs. The state agency owns and operates an adjacent trout hatchery and also operates five other salmon and steelhead hatcheries that are funded by BPA as part of the Lower Snake River Compensation Plan. Three others are operated by the Oregon Department of Fish and Wildlife, and two are operated by the Washington Department of Fish and Wildlife.

All of the facilities are still owned by the U.S. Fish and Wildlife Service, with operations funded by Bonneville.

Jim Fredericks, Fish and Game’s fisheries bureau chief, said in the release that he’s confident the transition will be smooth. *[K.C. M.]*

[7.6] Groups Threaten Lawsuit Over Idaho Steelhead Fishing

Five conservation groups have filed a notice of intent to sue the state of Idaho for opening a fishing season on hatchery steelhead when returns of wild steelhead are “critically low.” The groups claim that Washington and Oregon closed their steelhead seasons due to low returns, and are asking Idaho to take immediate action to halt fishing in the Snake River Basin.

The state does not have the proper approval from federal regulators to allow the incidental take of wild steelhead, the groups claim.

On Sept. 3, Idaho issued rules for a steelhead season beginning Oct. 15, allowing anglers to take one hatchery steelhead per day on the Snake and Salmon rivers. The limit was put in place due to poor returns, which, according to a Fish and Game [news release](#), are as low as they’ve been since 1978. But, “Although these returns are poor, enough steelhead are projected to make it back to our hatchery traps to allow some harvest opportunities,” the release says. The limit was extended until Dec. 31 in order to reduce harvest on hatchery steelhead and protect wild steelhead, it says.

Groups intending to sue the state are The Conservation Angler, Idaho Rivers United, Wild Fish Conservancy, Snake River Waterkeeper, and Friends of the Clearwater. Their [letter](#) was addressed to Idaho Fish and Game officials, its commissioners and Idaho Gov. Butch Otter.

“One of the main limiting factors in the recovery of Snake River Basin steelhead is harvest, particularly of the B-Index steelhead,” the letter states, referring to the B-run steelhead that are generally larger after remaining in the ocean for two years. The groups claim anglers fishing for hatchery steelhead sometimes kill, wound or injure natural-origin steelhead when catching and releasing them. It says that IDFG estimated that 26,816 natural-origin steelhead entered Idaho in the 2014-2015 run, and 16,062 were captured and released during that fishing season. The agency estimated that 2.99 percent of those fish, or 803, died from the catch-and-release activities, according to the letter.

It also says the Idaho steelhead fishery does not currently have an approved Fishery Management and Evaluation Plan covering the incidental take of wild Snake River steelhead, or any other authorization for the steelhead, which are listed as threatened under the Endangered Species Act in 1997. *[K.C. M.]*

[7.7] Brief Mentions: News Roundup

Oregon District Judge Michael McShane agreed on Oct. 16 to stay a deadline for expert discovery in

Willamette Riverkeeper et al. v. U.S. Army Corps of Engineers et al. [17-801] to allow the parties to work toward a settlement in the lawsuit, which claims that hatchery summer steelhead are preventing recovery of Willamette River wild winter steelhead. The plaintiffs stated in an Oct. 15 filing that they intended to submit a settlement offer related to some or all of the claims, which the defendants agreed to review and evaluate. A joint status report is due by Nov. 30.

Scott Armentrout, a forest supervisor for the U.S. Forest Service, has been named as BPA’s new executive vice president of Environment, Fish and Wildlife. He replaces Lorri Bodi, who retired in July after 10 years at the post. Armentrout is currently supervisor of the Grand Mesa, Uncompahgre and Gunnison National Forests in Montrose, Colo. He will oversee BPA’s Fish and Wildlife Program, and will serve as the agency’s top policymaker and strategist to ensure environmental compliance. He begins on Oct. 29.

Montana Fish, Wildlife & Parks was awarded an \$837,000 grant to combat invasive mussels in Montana. A news release from the state agency says the funds from the U.S. Bureau of Reclamation will help improve inspection and decontamination stations; provide campsites with inspection staff; purchase materials; and pay for sampling and analysis. The money will be used to prevent the spread of quagga and zebra mussels, which were detected in 2016 at the Tiber and Ferry Canyon reservoirs. *[C. U.]*

Opinion & Perspectives



Bearing Down

[8] Community Choice Aggregation Coming to Oregon

SUMMARY: Community Choice Aggregation is coming to the Northwest, and the Oregon Legislature will be the first body to debate the merits of CCAs in the region. The CCA model has been embraced in California, and it could add another layer of choice for Oregonians. Much to the chagrin of PacifiCorp, Puget Sound Energy, Portland General Electric and Avista, CCAs seem tailor-made for Oregon and Washington.

The winds of energy policy blow north out of California. Whatever takes root in the Golden State will eventually—for better or worse—find its way into the Pacific Northwest.

Although it’s not uniquely a California idea, community choice aggregation (CCA) is spreading across California and is about to drift up the coast and cross the border into Oregon.

Community choice aggregation, also known as community choice energy or municipal aggregation, allows cities, counties or groups to band together to procure energy, usually from a renewable resource. The energy is transmitted by the local utility, which continues to bill customers and maintain the distribution system.

Once a community decides to form a CCA, the utility is kept whole through cost recovery surcharges and exit fees paid to cover the cost of the departing load.

It’s not uniquely a California idea: the CCA model started in Massachusetts in 1997 and has since spread to eight states. Eight other states have shown interest in CCAs, including Washington and Oregon, according to LEAN, the Local Energy Aggregation Network, a nonprofit CCA advocacy group that has been making the rounds in Oregon.

Since California passed CCA legislation in 2002, 19 CCAs have formed, based on membership in the California CCA trade association, or CalCCA. They serve 2.5 million customers. And at least 11 more communities are considering forming CCAs in California, according to LEAN.

By the end of 2018, LEAN says that 25 percent of California load will be unbundled from IOUs and served by either rooftop solar, CCAs or a direct access supplier.

Much to the chagrin of PacifiCorp, Puget Sound Energy, Portland General Electric and Avista, CCAs seem tailor-made for Oregon and Washington. And it will be the Oregon Legislature that gets the first chance to debate the merits of CCAs in the upcoming session.

A pair of Northwest energy policy veterans have been doing the groundwork for CCAs in the state, and say they have a pool of potential sponsors for a bill to be introduced in the upcoming session.

Alan Hickenbottom, Oregon project manager for LEAN, said the CCA concept checks a lot of boxes for Oregonians.

Continued on page 6

Price Report

FERC: Winter Gas Constraints, Price Volatility Possible in SoCal

Southern California natural gas infrastructure issues will likely affect both regional natural gas and power markets this winter, according to FERC’s Winter 2018-19 Energy Market Assessment, released Oct. 18.

Restricted natural gas flows and outages in Southern California will likely increase the risk of gas and electricity price volatility this winter when natural gas demand peaks, according to the report.

The warmer, El Niño weather forecast could temper demand, but does not eliminate the possibility that prolonged cold weather could increase short-term natural gas and power demand.

“Winter power system flexibility and cooperation between SoCal Gas and [the California ISO] should help maintain electric reliability,” the agency said.

Southern California Gas Co. had a total of 79.8 Bcf of gas in storage as of Oct. 18, according to data on ENVOY, the utility’s electronic information bulletin board. The system’s capacity is 83 Bcf.

Northwest energy prices continue to fluctuate following the Oct. 9 rupture of a natural gas pipeline in British Columbia, which interrupted flows into the Pacific Northwest.

Enbridge Inc., the owner and operator of the ruptured 36-inch TSouth pipeline near Prince George, [said Oct. 18](#) it expects to bring the line back into service at 80 percent of its normal operating pressure by mid-November. A parallel, 30-inch TSouth line is now operating, although at a reduced pressure.

Alberta natural gas dropped 97 cents between Oct. 11 and Oct. 18, ending at 31 cents/MMBtu.

In the U.S., natural gas prices were higher in regions that normally receive gas from the Enbridge line, the U.S. Energy Information Administration said in its weekly natural gas report, noting that cold temperatures in the Northwest and the Rockies helped drive prices higher.

Trades of Sumas natural gas resumed Oct. 15 at \$4.96/MMBtu, ending at \$6.87/MMBtu Oct. 18. PG&E CityGate and Southern California Border gas values increased roughly 40 cents to \$3.89/MMBtu and \$3.24/MMBtu, respectively, while SoCal CityGate gas gained the most among Western hubs, up \$1.46 to \$5.02/MMBtu.

Western power prices continued to vary as well. From a \$110/MWh high Oct. 11, Columbia-Oregon Border dropped \$62.25 to end at \$47.75/MWh. Mid-Columbia daytime power fell from \$109.20/MWh to \$44.60/MWh by Oct. 18, a 59-percent decrease. South of Path 15 daytime power gained \$4.60, ending at \$44.25/MWh.

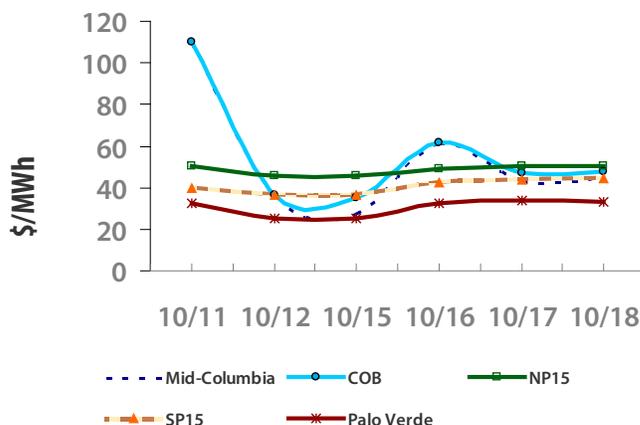
Off-peak prices fared similarly, with Northwest hubs down roughly \$20; however, Palo Verde night-time power jumped \$10.25 to end at \$33.50/MWh.

CAISO demand reached 29,535 MW Oct. 18; the grid operator expects demand to reach 30,692 MW on Oct. 19.

Total renewables on the CAISO grid reached 12,085 MW Oct. 12, supplying roughly 42 percent of demand. *[Linda Dailey Paulson]*

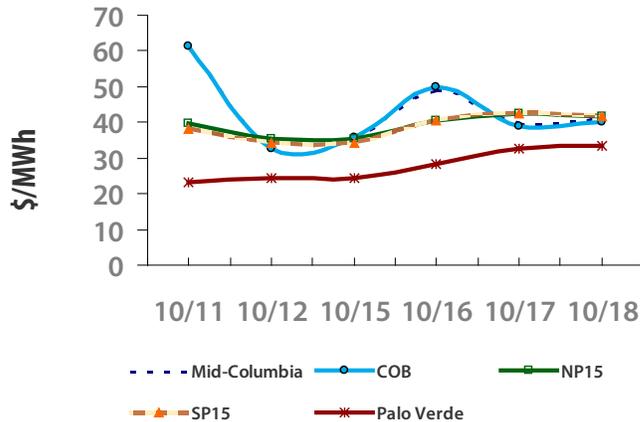
Average Peak Power Prices

Thurs., 10/11 - Thurs., 10/18



Average Off-Peak Prices

Thurs., 10/11 - Thurs., 10/18

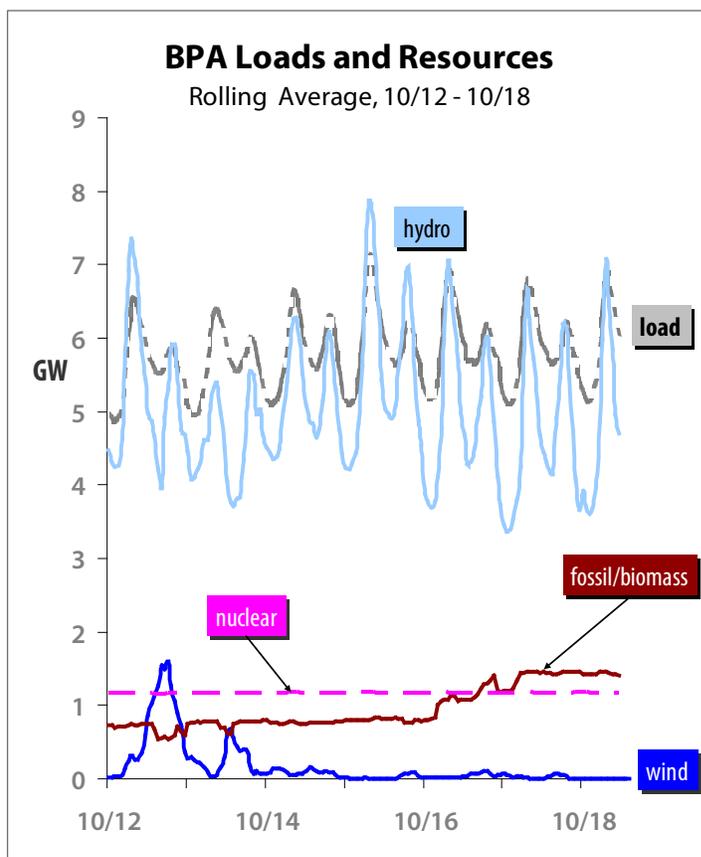
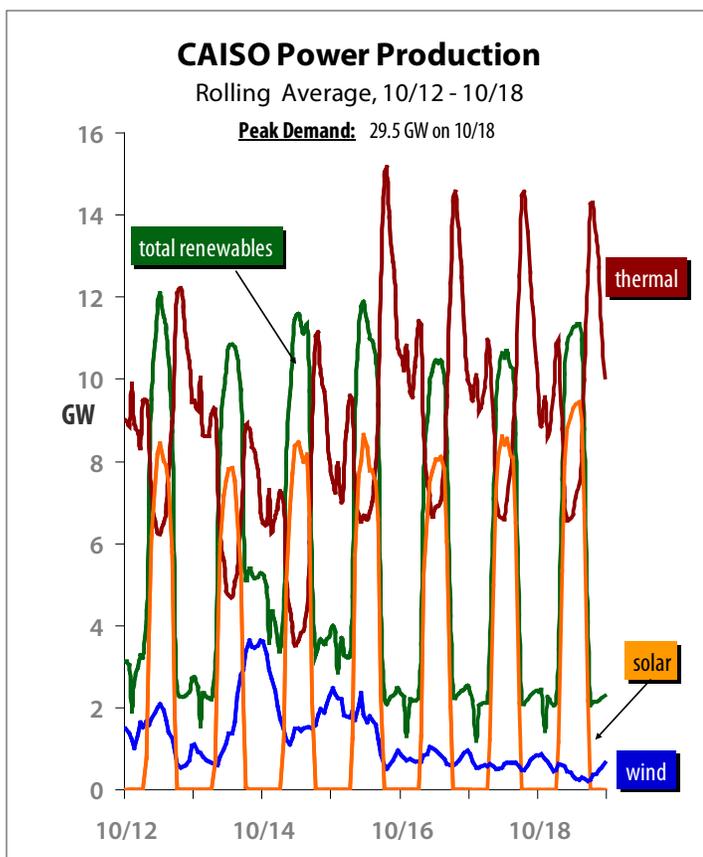


Average Natural Gas Prices (\$/MMBtu)

	Th., 10/11	Tue., 10/16	Th., 10/18
Henry Hub	3.19	3.27	3.28
Sumas	N/A	4.56	6.87
Alberta	1.28	0.48	0.31
Malin	2.92	3.19	3.21
Opal/Kern	2.87	3.11	3.11
Stanfield	2.94	3.15	3.20
PG&E CityGate	3.50	3.75	3.89
SoCal Border	2.84	3.22	3.24
SoCal CityGate	3.56	4.91	5.02
EP-Permian	1.94	2.32	2.57
EP-San Juan	2.60	2.56	2.62

Power/gas prices courtesy of Enerfax

Power Gauge



Sources: CAISO and BPA

Continued from page 4

“This cuts across a lot of political boundaries,” Hickenbottom told me. “When I’m in communities on the eastside, they want to talk about making energy and building things. When I’m in the [Willamette] Valley, it’s about rooftop solar and advanced transportation. On the coast, people get really excited about resiliency.”

In California, the Redwood Coast Energy Authority is focused on resiliency with much of the same concerns as Oregon’s coastal communities. [Marin Clean Energy](#), in the Bay Area, is developing renewable energy projects to meet its clean energy goals and create jobs, similar to the goals of Portland.

The [RCEA](#) is a joint power agency founded in 2003 whose members include the County of Humboldt; the cities of Arcata, Blue Lake, Eureka, Ferndale, Fortuna, Rio Dell and Trinidad; and the Humboldt Bay Municipal Water District.

RCEA is working on building a microgrid to be powered by a 2.3-MW photovoltaic array covering 9 acres—the largest in Humboldt County—and an 8-MWh battery storage system that will support 18 electric accounts on the microgrid, including the hospital, airport and the U.S. Coast Guard Air Station at Humboldt, as well as police and fire stations.

RCEA is also working to develop a 100-MW to 150-MW offshore wind project, which would help revitalize the Port of Humboldt Bay.

Last Call: Northwest Power Markets Design Informational Seminar Oct. 25

A valuable continuing-energy-education opportunity is less than a week away, and we encourage you to sign up today (if you haven’t already).

NewsData and CJB Energy Economics are co-sponsoring an informational seminar Thursday, Oct. 25, in Portland titled “Northwest Power Markets Design.” The all-day event will help attendees better understand bilateral markets and RTOs/ISOs, as the Northwest and greater West consider the future of wholesale power markets in the region.

A stellar lineup of expert speakers will provide timely, objective and useful information in three primary areas: 1) Context and key objectives for transmission and power market design in the Northwest; 2) Structure and functions of bilateral markets and RTOs/ISOs; and 3) Comparisons and contrasts in how bilateral markets and RTO/ISO approaches work in practice.

The conference [website](http://newsdata.com/nwpm�)—newsdata.com/nwpm�—has details on registration, agenda, location, cost and more.

For questions or more information about the seminar, please contact me (marko@newsdata.com; 206-285-4848 x 204) or Charlie Black of CJB Energy Economics (cjbenergy@msn.com; 425-765-3321).

Thanks for your consideration. **[Mark Ohrenschall]**

These are exactly the kinds of projects that would work on the Oregon coast, Hickenbottom said.

“I tell people that by the time the diesel runs out and the time it takes to get a line over the mountains to you, you could have your police station, hospital, fire station and high school all up and running,” he said. “The

‘This is a pro-community effort that allows the IOUs to continue to do what they do best—manage the grid.’

technology is there; what is in the way right now are rules and regulation, and we can fix that.”

Brian Skeahan, executive director of Community Renewable Energy Association (CREA), said resiliency is becoming a priority for his members.

“We are supportive of renewable energy development for a whole host of reasons—local economic development, jobs, increasing the tax base, and providing local control and allowing communities to chart their own energy future,” Skeahan told me. “But the issue around community resiliency is more of a concern to my members all the time. They want the ability to have critical local infrastructure up and running in the wake of an earthquake. We think the CCA is a good mechanism to better achieve these local community goals.”

Resiliency is also on Oregon Gov. Kate Brown’s mind. The same day I spoke with Skeahan and Hickenbottom, Brown announced [plans](#) to prepare Oregon for a massive earthquake.

Skeahan said CCA legislation wouldn’t be a big stretch for Oregon, given its history with direct access. Exit fees and cost-recovery surcharges are already part of the utility lexicon in Oregon. He said potential Oregon CCAs would need to comply with the state’s renewable portfolio standard and would need to do their integrated resource planning with some Oregon PUC oversight, while also funding and working with the Energy Trust of Oregon.

“This isn’t an anti-IOU initiative,” Hickenbottom said. “This is a pro-community effort that allows the IOUs to continue to do what they do best—manage the grid. They could still rate-base and earn shareholder return on capital projects.”

The passage of CCA legislation would acknowledge the current state of technology and meet community desires to chart their own energy course, he said. “This just wasn’t possible in the past, but with technology that’s available today it allows for community-based solutions,” Hickenbottom said.

It’s safe to say that PGE and PacifiCorp aren’t likely to embrace a bill that could potentially cause them to lose customers, and they will likely counter any CCA talk by touting their work expanding green energy buying opportunities. PGE also has aggressive plans to build out a microgrid, with storage, in the Portland area, and has proposed a green energy tariff to allow customers deeper access to renewables.

Any potential CCA bill—or any energy bill—dropped in the upcoming session will likely stand in the shadows of the expected debate over putting a price on carbon. But it’s easy to see how the CCA model would appeal to Oregon’s independent political personality.

Hickenbottom has been traveling Oregon for the past year talking to communities about the CCA model.

“Whether it’s rural or urban, dry side or wet side, Democrat or Republican—it doesn’t matter—everybody wants to talk about the opportunities for their community and wants to know more about CCAs,” he said. “Nobody tells me to go away.”

You also don’t have to stretch your imagination too far to see how this might play out in Washington, especially when local city or county councils begin to debate renewing Puget Sound Energy franchise agreements.

While they’ve died down in recent years, PSE has grown accustomed to putting down public power revolts within its service territory. The latest skirmish was with Bainbridge Island, which wanted resiliency, green energy, microgrids and local control—all tailor-made for a CCA.

Regardless if a CCA bill passes the Oregon Legislature this year, it’s a good bet that the debate over Community choice aggregation in the Northwest is only beginning. *[Steve Ernst]*

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Mark Ohrenschall
Publisher/Editor-in-Chief
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Supply & Demand

[9] PSE Fills Second Offering of Green Direct Program • from [5]

It didn't take long for the second offering of Puget Sound Energy's Green Direct program to be fully subscribed.

The utility opened the second phase of its corporate renewable energy buying program on Aug. 31. By the end of the day, 19 corporations, municipalities and state government offices had claimed all 120 MW of the offering, PSE announced Oct. 16.

"We sold out immediately," Heather Mulligan, manager of customer renewable energy programs at PSE, told *Clearing Up*. "We had been working with customers for quite a while ahead of the open enrollment period. Some needed a little tutorial, but many were ready to go and wanted it right away."

As if more proof were necessary to show that corporate renewable energy buying in the Northwest is popular, subscribers in the second offering will finance development of the state's largest solar project, a yet-unannounced 150-MW project planned for eastern Washington that is expected to be in operation in 2021.

On Oct. 19, the Washington UTC approved expanding the program by 10 aMW, capping it at 85 aMW, to accommodate four customers that are "currently on the waiting list," according to the WUTC filing [UE-180851].

The popularity of PSE's Green Direct program mirrors the historic growth of corporate renewable buying in the U.S. this year.

Rocky Mountain Institute announced on Aug. 8 that so far this year U.S. corporations had purchased 3.57 GW of renewable energy, exceeding the record set in 2015 of 3.12 GW and easily topping last year's total 2.89 GW of contracts (CU No. 1864 [12]).

Permitting is under way for Green Direct's 120-MW Skookumchuck wind project, planned for Lewis County, which is scheduled to begin operation in 2019. The wind project is being financed by corporations that signed up for phase one of the Green Direct program, which include Starbucks, REI, Target, Sound Transit, Western Washington University, King County, and the municipalities of Anacortes, Bellevue, Snoqualmie and Mercer Island.

The second round brought telecommunication giant T-Mobile and Walmart into the program, along with eight Washington state government agencies, which made what amounts to the largest green energy purchase in state government history.

T-Mobile announced it will be powering 100 percent of its Bellevue, Wash., campus with renewable energy by 2021. Walmart will receive enough renewable energy to power 12 stores, which is approximately 72 percent of the company's load on an energy basis under Puget Sound Energy.

Gov. Jay Inslee announced that eight state agencies will purchase over 100 million kilowatt-hours of electricity by 2021 from wind and solar projects built in Washington state.

Overall, the purchase represents nearly one-quarter of the electricity demand required for state agency operations, or enough electricity to power more than 6,000 homes. Participating in one or both programs is estimated to save agencies more than \$15,000 per year on their electricity bills, and reduce emissions by 22,000 metric tons per year.

"We are walking the talk when it comes to stepping up to the challenge of reducing emissions across state government," Inslee said in a news release. "One way we are doing this is by purchasing clean, renewable energy from projects built right here in Washington state. Not only does this get us closer to meeting our emissions reduction goals, but it will also save us money over the long term."

King County remains the largest customer of the Green Direct program, enrolling nearly all its facilities in PSE service territory, including new chargers at the Eastgate Park-and-Ride that will power battery electric buses.

"By shifting to Green Direct electricity, we are making the smart choice for our environment, health, and finances. Our transition to wind and solar energy will reduce King County's direct greenhouse gas emissions by an estimated 20 percent and will save a projected \$5 million in utility costs over 10 years," King County Executive Dow Constantine said in a statement. "The strong response to PSE's latest offering of Green Direct and the falling prices for renewable sources of energy demonstrate the viability of clean electricity for our region."

The Green Direct program started in 2017 with a cap of 75 aMW (CU No. 1768 [11]). But the overwhelming popularity of the program caused PSE to ask Washington regulators to extend the program by 10 aMW, which begs the question—Does the utility plan to extend the program even further?

"That's a good question," Mulligan told *Clearing Up*. "It depends on how our discussions with the commission go. For now, we'll take this opportunity to stop and evaluate and figure out how we should move forward. But we are very happy with how it's gone so far." [Steve Ernst]

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Courts & Commissions

[10] NorthWestern Wants to Pay Nada for Excess PURPA Power • from [4]

NorthWestern Energy has asked FERC to issue a declaratory order allowing it to pay nothing to a QF when the utility is forced to take its output, even when doing so is economically painful for the utility. NWE also asked the commission to issue an order that QF purchase rates cannot be above a utility's avoided cost.

The petition, which NWE filed Oct. 2, is in response to a 2017 Montana PSC ruling that requires the utility to take QF power even when it does not need it and cannot back any other generation down, and pay the forecasted market price to avoid discrimination against QFs [D2016.7.56].

The utility asked FERC to “confirm that if there are periods where a utility can avoid no costs by purchasing from the QF, the avoided cost rate paid to the QF for any energy delivered during those periods necessarily must be zero.”

That could happen in a scenario when NWE's load is relatively light, it is generating excess energy, and has no resources that can be backed down due to contractual obligations or reliability requirements. “In those situations, the utility cannot ‘turn off’ its existing power supply without incurring large and potentially prohibitively expensive costs,” NorthWestern said in its petition. “The utility cannot ‘avoid’ costs by taking additional energy from the QF.”

In its petition, NorthWestern pointed to a 1980 FERC order that stated when a utility must buy QF energy it does not need to meet its total system load, “the purchase rate should only include payment for energy or capacity which the utility can use to meet its total system load” [Order No. 69, FERC Stats. & Regs. ¶ 30,128 (1980)].

The PSC did not share NWE's interpretation, and ordered that in such situations, the utility has to pay a QF rate based on the forecasted market price.

The Montana PSC's ruling essentially was that so long as NWE was incurring some variable energy cost, the QF should be paid at a rate more than zero.

“This interpretation is directly contrary to PURPA and Order No. 69, which require a utility to make payments

to a QF when that QF allows the utility to ‘avoid’ costs,” NorthWestern said in its petition.

The Montana commissioners said in their final order in the case that NWE had to use the forecasted market price for the QF rate to avoid discrimination.

In the ruling, the state commission pointed to NWE's purchase of 11 hydro units in 2014, noting that the purchase price did not account for the scenario when the utility has excess energy and cannot back down any generation. The PSC reasoned that it would be unduly discriminatory to pay a QF nothing in that situation.

The two resources—hydro units owned by an IOU and a QF—are not comparable as applied by the PSC, NorthWestern told FERC.

Utility-owned resources are carefully selected and priced with an eye toward providing “service at the lowest long-term total cost and risk,” NWE said in its petition.

“QFs, on the other hand, are not selected to meet resource needs, are acquired without regard to need, are not tested against alternatives, and or not paid cost-of-service rates,” the utility said.

FERC has made clear that an avoided cost rate in terms of QF contracts must “meet several guiding principles,” NWE said in the petition.

Citing language from the 1978 PURPA legislation, NWE said these principles include that the rate “be just and reasonable to the electric consumers of the electric utility and in the public interest,” and the principle that the rate “shall not discriminate against qualifying cogenerators or qualifying small power producers.”

The legislation also states that FERC rules cannot allow for a rate “which exceeds the incremental cost to the electric utility of alternative electric energy,” the utility said.

“These principles are not alternatives to each other—all of these principles must be satisfied for a rate to satisfy PURPA,” NorthWestern argued. “The guiding principles of justness and reasonableness and non-discrimination cannot be used to overcome the prohibition on a rate above avoided cost.” [Dan Catchpole]

Environment



Fish

[11] EPA in Hot Water Over Temps in Columbia and Snake Rivers • from [1]

A federal judge in Seattle ordered the EPA on Oct. 17 to identify the sources of high water temperatures in the Columbia and Snake rivers, and take the first steps toward developing a plan to reduce those temperatures to protect fish.

“Because of today's victory, EPA will finally write a comprehensive plan to deal with the dams' impacts on water temperature and salmon survival,” Brett VandenHeuvel, executive director of Columbia Riverkeeper, said in a news release.

The summary judgment by Chief U.S. District Judge Ricardo Martinez gives EPA 60 days to comply with his order favoring five conservation and fishing groups that filed a lawsuit against the agency last year. *Columbia Riverkeeper et al. v. Scott Pruitt et al.* [17-289] claims the EPA violated the Clean Water Act by failing to issue a TMDL, or Total Maximum Daily Load, for temperatures in the Columbia and lower Snake rivers, and the judge agreed.

The EPA declined to comment on the order. “We received the decision, we're reviewing it, and we're not commenting further,” said EPA spokesman Mark MacIntyre.

Matt Rabe, spokesman for the U.S. Army Corps of Engineers—which operates some of the dams blamed for warmer temperatures—said his agency was also reviewing

the decision. “We just received a copy of the court’s order, and even though we are not a party to the lawsuit, we will review the order in an effort to determine how it might affect our operations,” he told *Clearing Up*.

The order applies to the lower Snake River, from its confluence with the Columbia River to Lewiston, Idaho; and in the Columbia River from its mouth to Grand Coulee Dam.

Joining Columbia Riverkeeper in filing the lawsuit were Snake River Waterkeeper, Idaho Rivers United, Pacific Coast Federation of Fishermen’s Association and the Institute for Fisheries Resources. They filed the suit about

‘With climate change, as we get hotter and hotter, and less water in the system during drought years, it’s turning a bad situation into a crisis.’

a year and a half after warm water temperatures in the Snake and Columbia rivers left roughly 250,000 adult sockeye dead as they attempted to migrate back upstream.

Miles Johnson, attorney for Columbia Riverkeeper, told *Clearing Up* that conditions are only expected to worsen. “With climate change, as we get hotter and hotter, and less water

in the system during drought years, it’s turning a bad situation into a crisis,” he said.

Johnson said the reservoirs created by dams are believed to be the major cause of warmer water in the Columbia and Snake rivers, especially on the lower Snake, and at the John Day and McNary dams on the lower Columbia. “They are big, shallow, slow-moving reservoirs out in a really hot part of Oregon and Washington, and they soak up the sun and become too hot,” he said. Washington and Oregon have already set water temperature standards at 68 degrees, which, when exceeded for extended periods, can be harmful to salmon and steelhead.

Johnson said the TMDL is a study that identifies all the causes of warming water temperature in the two rivers, and develops a budget on how much each source will have to reduce temperatures in order to meet the standards. Washington and Oregon will then work to develop specific plans so the rivers can meet the standard for water temperature.

Colleen Keltz, spokeswoman for the Washington Department of Ecology’s water quality section, said that once the EPA issues the TMDLs, the state agencies will still need to conduct lengthy studies and monitoring, and work with the public to develop a path forward. That [process](#) will have to be approved by the EPA, she said.

Johnson noted that Washington and Oregon had identified water temperature as a problem in the Columbia River Basin in the 1990s, and listed both rivers as impaired by water temperature. Because EPA was at the forefront of modeling and scientific studies needed to develop the TMDL, the responsibility given to states under the Clean Water Act went to the EPA instead. In 2000, the states signed a memorandum of agreement with EPA, which agreed to issue TMDLs for water temperature, while the states retained the TMDLs for total dissolved gas standards.

Martinez pointed to that MOA as a reason for his order, along with subsequent communications between the states and EPA. “[T]he Court concludes that Washington and Oregon have clearly and unambiguously indicated they will not produce a TMDL for these waterways,” he wrote. “Whether rightly or wrongly, they placed the ball in the EPA’s court, and the subsequent 17-year delay is strong evidence that the states have abandoned any initial step the EPA could possibly be awaiting.”

The decision also notes that by 2003, the EPA had issued a draft TMDL for temperature which indicated that, while the responsibility to develop TMDLs generally falls to states, due to the interstate and international nature of waters in the Columbia basin, its relationship with tribal-trust duties, and the expertise required, the EPA agreed to take responsibility. According to the judge’s decision, the draft stated that after a 90-day comment period, the agency would issue a final temperature TMDL for the Columbia and Snake rivers, but the final document was never released.

Johnson said that when the EPA found that dams were the major cause, the plan was shelved.

While ruling in favor of plaintiffs, the judge opted not to address their claim that the EPA violated the Administrative Procedure Act by failing to act for more than 17 years. He also declined to set a court-ordered deadline, writing that the court must abide by the timeline in the Clean Water Act, which allows a total of 60 days. According to his ruling, the plaintiffs expressed concern that EPA would delay issuing the TMDL for temperature, but the judge suggested the parties should work together to resolve the issue and avoid further court action.

Johnson said since the lawsuit was filed, the EPA has been working to update the draft TMDL from 2003. “It’s not as though they’re starting from scratch,” he said. [*K.C. Mehaffey*]

[12] Dam Breaching Is Top Comment to Orca Task Force • from [3]

If popular opinion and sheer volume of comments prevail, a task force charged with proposing the most effective actions to save endangered orcas will recommend the immediate removal of four Snake River dams.

With 365 comments in favor, newspaper headlines and the last-minute release of a letter from whale researchers all pushing for dam removal, pressure mounted on the task force in the days leading up to its two-day meeting in Tacoma Oct. 17-18. That’s when members planned to sort through more than 50 potential [recommendations](#) written by three working groups, and begin choosing those that would have the biggest and most immediate impact on the dwindling population of the Puget Sound whales.

While some are pushing for major changes in a single river, others—such as the Council of Recovery Regions—urged the Southern Resident Killer Whale Task Force to “fully consider the complexity of orca and salmon recovery” as it works to develop final recommendations to help save orcas. The council, which represents the seven salmon and fish recovery boards and partnerships in Washington state, [asked](#) the task force to utilize existing salmon recovery plans; to take an all-H approach by understanding the interrelated aspects of

habitat, hatcheries, hydropower and harvest; and to avoid unintended consequences from major actions that could impact recovery progress related to the other Hs.

In its own [comments](#), BPA—which had a representative on the prey working group—said little about breaching dams. But in a letter attached to comments on the task force’s potential recommendations, Kieran Connolly, BPA’s vice president of generation and asset management, expressed dismay that the salmon recovery boards were not consulted as part of the process. “We remain concerned that the Task Force’s process was not more science focused,” the letter states. “Ideally, the Prey Working Group would have started with reviewing the top recommendations for Chinook recovery from each of the state’s regional salmon recovery boards,” it said. “Disappointingly, the hard, thorough work of the recovery boards was not shared or discussed.”

A [summary of public comments](#) on the potential recommendations shows that requests to tear out Snake River dams were the top comment among 3,405 responses to a survey. Although it was the most numerous, dam breaching wasn’t the only controversial request. Comments also showed major public support for closing fishing for one or more years, a moratorium or restrictions on commercial and recreational whale-watching vessels, and both concerns and support for lethal removal of California sea lions and other predators.

The working group on prey availability could not agree about whether to support breaching the dams, and instead hosted a webinar (CU No. 1870 [15]) and offered two alternative recommendations to either support the Columbia River System Operations EIS process, which will examine removing the dams, or hire an independent group to study the issue. The task force could, however, decide to choose an action from a list of potential recommendations in the working group’s appendix. One includes advocating that the U.S. Army Corps of Engineers unilaterally make a decision to stop operating the lower Snake River dams and seek authority to breach them. Another would recommend that the governor pass an executive order in favor of removing the dams and replacing the power they generate with carbon-free alternatives.

Still, the suggestion to immediately take out the dams flooded the task force’s request for feedback on the potential recommendations, most of them a variation of a single-sentence statement, “Breach the lower four Snake River dams in 2018!” The sentiment was included in 36.7 percent of the 994 comments on hydropower actions, while 118 commenters, or 11.9 percent, asked the task force not to breach the Snake River dams.

By contrast, allowing higher levels of spill and total dissolved gas—another potential recommendation on hydropower actions to help orcas—garnered a total of 42 comments—less than 5 percent of the total comments on hydro operations—including 23 comments against increasing TDG levels, and 19 in favor.

Pressure to remove the dams came, too, from environmental groups, which released a [letter](#) to the

task force signed by six regional killer whale researchers stating that, while orcas depend on many stocks of Chinook, removing the Snake River dams would provide access to more than 5,000 miles of upstream habitat and offers the best potential for large-scale spring Chinook restoration in the region. The scientists state in the letter that they do not specialize in fisheries biology, but know from studying whales that increasing the abundance of spring, summer and fall Chinook is vital to the whale’s recovery. Calling habitat in the Snake River an “essential piece” of that recovery, they concluded, “Indeed, we believe that Southern Resident orca survival and recovery may be impossible to achieve without it.”

Release of the letter two days before the task force’s meeting prompted several news headlines, including one in *The Seattle Times* proclaiming, “Orca survival may be impossible without Lower Snake River dam removal, scientists say.”

Meanwhile, BPA’s comment to the task force thanked it for convening a webinar on the question of breaching the four lower Snake River dams, and mentioned key information provided at the event by federal agencies, such as the process for breaching dams, the capacity and zero-carbon value of energy from the dams, and the fact that just two of 15 stocks of Chinook salmon deemed important to orcas pass through the Snake River dams.

Bonneville also commented on several other potential recommendations, particularly an action item that would allow for increased spill. The recommendation says the state Department of Ecology should move to immediately eliminate a 115 percent total dissolved gas standard for the forebays of eight dams on the lower Snake and Columbia rivers, and instead allow up to 125 percent TDG “to create flexibility to adjust spill regimes to benefit Chinook salmon and other salmonids.”

BPA commented that spilling to TDG levels of 120 percent would provide additional flexibility on spill regimes. “However, the net effect on salmon and steelhead migrating through the Columbia and Snake Rivers is still unknown,” it says. It notes that juvenile survival estimates were not significantly higher this spring, when the dams were under a court order to spill to gas cap levels. Whether the higher spill will result in more adult returns will not be known for two or three years, and “even then there will be uncertainty around the cause of any changes to adult return rates.”

Increasing spill to a TDG allowance of 125 percent could result in a spill regime that is significantly different compared to current operations, Bonneville’s comment states. “The hypothesis that increased spill as a result of this proposed change in allowable gas levels would increase higher adult Chinook returns is untested,” the comment says. “From Bonneville’s perspective, this operation would likely increase the risk of harm to both juvenile and adult salmonids as well as infrastructure at the dams, and it would further erode the ability to generate carbon free energy.” *[K.C. Mehaffey]*

‘The net effect on salmon and steelhead migrating through the Columbia and Snake Rivers is still unknown.’

Clearing It Up

[13] BPA Program Review Beats Flat-Plus-Inflation Cost Reduction • from [2]

BPA’s final projected program costs for the BP-20 rate period—fiscal years 2020 and 2021—are \$66 million lower per year compared to the current FY 2018-2019 rate period, the agency said in the close-out [report](#) of its 2018 integrated program review.

This does not include an additional \$77 million of inflation that was absorbed, the agency said, adding that there may be additional adjustments needed to meet cost management and reliability objectives outlined in its strategic plan, which was released in January (CU No. 1836 [13]).

These numbers not only meet the goal of keeping program costs at or below the rate of inflation, said Bonneville Administrator Elliot Mainzer, they also exceed the additional target of holding program costs flat compared to the current rate period.

“While the [initial IPR] proposal we released in June met this goal—a challenge that included taking \$77 million of inflation per year out of our program costs and an additional \$3 million reduction compared to the FY 2018-2019 rate period—we also acknowledged that keeping costs close to flat may not go far enough,” Mainzer said in a letter on the final numbers.

“And over the summer, we continued to refine our spending proposal. The result is a \$63 million per year reduction from the initial IPR spending levels. In total, the reductions we’ve made this IPR equate to a 4 percent reduction in annual spending compared to the FY 2018-2019 rate period—a meaningful shift in the cost curve.”

Compared to BP-18 spending levels, the IPR has Power Services reducing its spending by an average of \$56 million per year, an additional \$50 million in savings beyond those proposed in June when the IPR was rolled out (CU No. 1857 [18]; 1854 [10]).

These savings are mostly from BPA’s fish and wildlife program, which was reduced by \$30 million each year to keep program costs at or below inflation, including offsetting costs associated with additional spill (CU No. 1854 [11]).

“This approach is consistent with our strategic goal to prioritize investments to achieve the greatest biological benefit and focus on projects directly linked to mitigating the impacts of the Federal Columbia River Power System,” Mainzer noted.

An additional \$18 million in cost savings per year is related to the operation of the federal hydropower projects and the Columbia Generating Station nuclear plant, due to the “ongoing collaboration of the U.S. Army Corps of Engineers, Bureau of Reclamation and Energy Northwest,” Mainzer said.

The IPR proposes reductions of \$9.5 million per year for Transmission Services compared to BP-18, \$12 million per year less than the spending proposed in June, BPA said. “Through efficiencies and other business improvements, we will be able to achieve these savings without sacrificing our commitment to customer service,” Mainzer said.

Significant savings for this division are associated with a new supply chain cost-management initiative aimed at providing cross-agency savings related to supplemental labor, contracting, inventory procurement and supplies.

Most of these savings, which amount to \$40 million over the rate period, will go toward the capital program. Compared to the initial IPR, Bonneville says it has reduced planned capital spending levels by \$15 million per year as a result of the supply chain initiative. “This was the most significant change in our capital spending program,” Mainzer said.

Looking beyond the upcoming rate period, BPA plans to ramp up its investment in the hydropower system to \$300 million per year by 2023, even while finding \$14 million in savings in the BP-20 rate period from the Corps and BuRec.

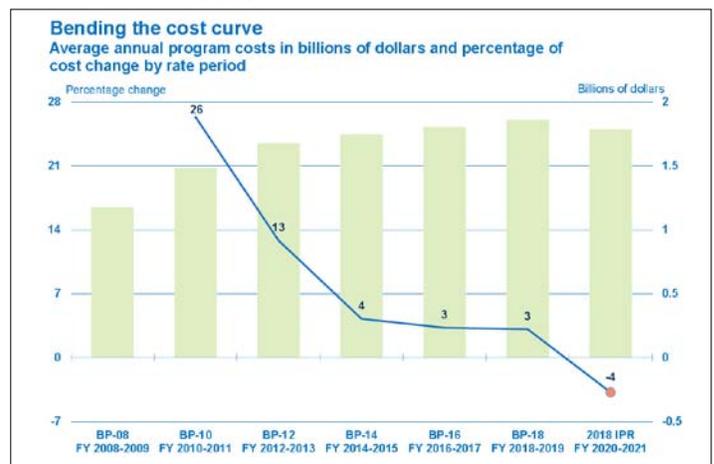
Moving forward, Bonneville said, it plans to tighten execution of these agencies’ budgets from the historical 95 percent level to 100 percent, eliminating the underspend that it has typically repurposed as an “undistributed reduction.”

This pursuit of “improved accuracy and rigor in budgeting and execution” addresses some customer concerns. For example, Snohomish County PUD said in comments filed while the IPR was in development that with “low market prices coupled with under execution, it is hard to see the justification for a \$300 million capital investment.”

BPA said it would further address these issues as it works through the development of its 10-year capital financing plan, which covers how it will finance the capital spending outlined in the 2018 IPR “while still meeting the financial health objectives outlined in the strategic plan.”

These financial health objectives represent other rate components stemming from the agency’s financial reserves and leverage policies. These policies, finalized in records of decision issued in September (CU No. 1871 [17]), lay out procedures for maintaining reserve levels and reducing debt, which in turn support its high credit rating.

“These policies call for us to take action in the next rate period to bolster Power Services’ financial reserves and potentially pay down Transmission Services’ debt



Courtesy BPA

more quickly than planned,” Mainzer said. “The rate at which we phase in the leverage policy will be decided in the rate case.”

In addition to customer concern about under-spending in Power Services capital plan, other worries include cuts to energy efficiency spending, and more transparency on why 65 percent of the grid modernization costs will be allocated to Transmission Services.

In its IPR comments, the NW Energy Coalition noted that the \$4.6 million cuts to energy efficiency, which have been retained in the close-out report, are in conservation purchases. Bonneville says this is offset by accelerated early achievements in 2016 and 2017 toward the Northwest Power and Conservation Council’s Seventh Power Plan goals.

This comes with a risk, NWECC said, that the agency will not meet its NWPCC obligation due to a shift in programs to reflect these early achievements. “An intact budget would allow BPA to acquire the efficiency it needs to best meet customer and system needs, while also meeting its federal obligation,” NWECC said.

However, in the close-out report, BPA said it “expects” the reduced funding level will be sufficient, a conclusion it said is supported by “insights” from its recently completed resource program [assessment](#).

The resource study modeled conservation needs by increasing the “granularity” on both the timing and magnitude of needs, as well as evaluating conservation given other available supply- and demand-side resources. This approach helped BPA “better align energy efficiency and demand response initiatives with its long-term power supply needs,” per the strategic plan (CU No. 1855 [21]), the IPR noted.

Regarding grid modernization, Bonneville has not changed the cost allocation, saying the 35/65 percent allocation is based on its “best historical information and expectations over the 2020 and 2021 period.”

In addition, it will provide routine status updates on the grid initiative at quarterly business reviews, and to some extent through a dashboard website.

BPA is slated to kick off the [power](#) and [transmission](#) rate cases on Nov. 15. [Rick Adair]

[14] POTOMAC: Inslee Calls West Coast Coal/Gas Export Idea ‘Harebrained’ • from [6]

Exporting coal and natural gas from West Coast military facilities is a “reckless, harebrained proposal,” Washington Gov. Jay Inslee said Oct. 15 in response to Interior Secretary Ryan Zinke’s floating of the idea in an Associated Press interview.

Inslee said what he called the Trump administration’s “attempt to ignore and subvert state environmental laws will fail—miserably.”

Zinke said in the interview that exporting coal and gas from military facilities would be justified on national security grounds. “It’s in our interest for national security and our allies to make sure that they have access to affordable energy commodities,” AP quoted him as saying.

In the interview, Zinke did not specify which military facilities could be included in the proposal, except for the Naval Air Facility Adak in the Aleutian Islands off Alaska, which the Navy closed in 1997. About 5,600 acres of the former base remain under Navy control.

The controversy was the latest skirmish in a dispute over energy exports, pitting West Coast states against coal-producing states in the northern Rockies. In 2017, the Washington Department of Ecology rejected a Clean Water Act certificate for the proposed Millennium Bulk Terminals-Longview coal export facility.

Sen. John Barrasso (R-Wyo.) and four other Republican senators, including Montana’s Steve Daines, on Oct. 4 asked EPA Acting Administrator Andrew Wheeler to clarify the extent of states’ authority to block fossil-fuel energy projects under the law. Barrasso also has introduced legislation, S. 3301, to limit states’ certification authority to regulate “discharges” from proposed projects, including hydropower dams.

U.S. coal exports have risen substantially in the past year, according to Energy Information Administration figures. In the first six months of 2018, coal exports totaled nearly 58.1 million tons, up 31.7 percent from the same period in 2017, EIA said. Exports to Asia soared 53.6 percent, led by growth in shipments to India and Pakistan that more than doubled year over year, EIA said.

FERC OKs Electric Supply-Chain Standards

FERC on Oct. 18 approved mandatory supply-chain reliability standards aimed at protecting the bulk electric power system from cyber threats in software and equipment that vendors provide to grid operators.

FERC approved an 18-month implementation period.

“Supply chain risks include insertion of counterfeits or malicious software, unauthorized production, tampering or theft, as well as poor manufacturing and development practices,” FERC’s order said.

The commission noted, however, that the standards do not cover electronic access control and monitoring systems, including firewalls, authentication servers and monitoring systems. FERC gave the NERC two years to propose changes to address those risks.

Public Power Fighting FCC Pole Attachment Order

Seattle officials on Oct. 2 said the city plans to fight a recent Federal Communications Commission order they said could compromise electric power safety and reliability.

The American Public Power Association has raised concerns that the Sept. 26 action could result in FCC regulation of public-power utilities over “pole attachments,” the co-location of telecommunications wires on poles owned by electric utilities.

APPA pointed to a Sept. 26 FCC declaratory ruling and report governing fees charged to telecommunications providers for pole wire attachments and establishing “shot clock” deadlines for local governments to authorize small wireless facilities enabling 5G broadband service. The FCC action established a 60-day deadline for local governments to approve attachments on existing poles and a 90-day limit for new cellular infrastructure.

5G technology depends on installation of small wireless antennas.

Seattle Mayor Jenny Durkan and City Attorney Pete Holmes said, “we are particularly concerned about how the order will compromise the safety, security, and reliability of critical electrical infrastructure, City Light’s utility poles.”

In comments filed with the FCC, APPA said public power is exempt from FCC regulation under the 1934

Communications Act, and argued against “top-down, one-size-fits-all attachment practices” that “would further subsidize private industry at the expense of consumer electric ratepayers.”

A 2017 APPA resolution said the FCC “has never provided any evidence that this exemption is an impediment to broadband deployment.”

In a statement following the commission’s action, FCC Chairman Ajit Pai said “installing small cells isn’t easy, too often because of regulations. There are layers, sometimes unnecessary and unreasonable rules that can prevent widespread deployment.”

Report: Coal, Nuclear Payment Plan on Ice

The White House has put on ice a proposal to order payments to coal-fired and nuclear plants facing economic pressure from low-cost natural gas and renewables generation, according to a report published Oct. 16 in *Politico*.

The report said President Donald Trump’s economic and national security advisers have raised concerns about invoking the Federal Power Act and/or the Defense Production Act to order centralized wholesale power markets to buy power from specified coal and nuclear plants.

The proposals have drawn fierce opposition from trade groups representing gas producers, renewable energy generation and industrial power consumers.

Dan Farber, co-director of the University of California, Berkeley law school’s Center for Law, Energy and the Environment, said invoking the statutes to achieve the proposal’s purpose rests on shaky legal ground. “The biggest single issue with any of these provisions is that they require some kind of emergency or threat to national security,” Farber wrote in the *Legal Planet* blog. “The purported emergencies are that coal might be needed as a power source during a polar vortex and that a cyberattack might interrupt the supply of natural gas. But the factual basis for these claims was thin,” Farber wrote.

EPA Opens Comment on Methane Emissions Proposal

EPA on Oct. 15 formally opened a two-month comment period on its proposal to ease fugitive methane-emissions standards for new and modified upstream oil and gas production facilities.

EPA published the proposal in the Federal Register, opening a comment period that expires Dec. 17.

Twenty-two Democratic senators asked EPA Acting Administrator Andrew Wheeler for a 75-day comment period, and denounced what they called Trump administration plans to eliminate methane-emissions standards. Western senators signing the letter included California’s Dianne Feinstein and Kamala Harris, Oregon’s Ron Wyden and Jeff Merkley, New Mexico’s Tom Udall and Martin Heinrich, and Michael Bennet of Colorado.

EPA’s proposed changes to a 2016 rule would reduce the frequency of required emissions monitoring from semiannually to annually at well sites producing at least 15 or more barrels-equivalent per day. For compressor stations, the monitoring schedule would be changed from quarterly to semiannually or yearly.

In addition, the proposal would give facility operators twice as much time to fix leaks, changing the deadline from 30 days to 60 days after leaks are found.

EPA estimated the proposals would save the oil and gas industry between \$380 million and \$484 million, depending on discount rate, from 2019 through 2025, if compressor station monitoring is required semiannually.

Tailpipe, GHG Rules Set for 2019 Finalization

The Trump administration plans to finalize by next March proposed regulations replacing the Clean Power Plan and freezing tailpipe greenhouse gas emissions standards, according to a semiannual regulatory agenda published Oct. 17.

In addition, the administration plans to reinstate by next March the 1980s-era regulation that the 2015 “Waters of the United States” rule replaced. The waters rule, which aims to clarify Clean Water Act jurisdiction over tributary streams and wetlands, is in place in 26 states following court rulings. The administration also plans to finalize a revised definition of waters subject to Clean Water Act jurisdiction by next September.

Other rule finalization targets in the agenda include:

- Repeal of the Clean Power Plan, by March.
- Revised fugitive methane-emissions standards for new and modified upstream oil and gas facilities, by April.
- Energy-efficiency standards for commercial water heaters, by January.

Carper Warns EPA on Tailpipe Proposal

The Trump administration proposal to freeze tailpipe greenhouse gas emissions limits and block California from setting its own standards is vulnerable to legal challenges, Sen. Tom Carper (D-Del.) warned Oct. 16 in a letter to heads of the EPA and Transportation Department.

In a letter to EPA Acting Administrator Andrew Wheeler and Transportation Secretary Elaine Chao, Carper listed 10 “deficiencies” that he said “could leave the rules vulnerable to legal challenge” if they are included in a final rule. Carper is the top Democrat on the Senate Environment and Public Works Committee.

Carper noted the 1975 Energy Policy and Conservation Act requires the National Highway Traffic Safety Administration to set the “maximum achievable fuel economy standard each year.” He said, “it is simply implausible” that the standard “could legally be left unchanged for seven model years.”

The administration has proposed freezing fuel-economy and tailpipe GHG emissions standards at 2020 levels until 2026. The proposal would undo a 2012 rule, jointly agreed to by the federal government and California, harmonizing state and federal tailpipe GHG limits and federal fuel-economy standards.

Carper also said the proposed pre-emption of California’s authority to set its own tailpipe emissions standards and its blocking of California’s zero-emission vehicles mandate depend on “pre-emption analysis that has been rejected by the courts.”

He said the proposal’s arguments “are starkly contradicted by the body of case law interpreting the interplay between the [Energy Policy and Conservation Act], the Clean Air Act [CAA], state waivers under the CAA, and the legislative history of both acts.”

Carper said the proposal does not “reflect the almost universally-shared view that a consensus approach is within reach and should be pursued.”

Transportation IG to Audit Pipeline Agency

The Transportation Department's inspector general plans to begin auditing the federal pipeline safety agency this month to ensure it can handle oversight responsibilities in connection with projected increases in liquefied natural gas exports, Department Assistant Inspector General Barry DeWeese said Oct. 16.

The Pipeline and Hazardous Materials Safety Administration has regulatory authority over design and operation of gas export terminals. DeWeese noted LNG exports are projected to increase from 3 Bcf per day this year to 15 Bcf by 2030.

EPA Reports Fall in GHG Emissions

EPA reported U.S. greenhouse gas emissions fell 2.7 percent between 2016 and 2017.

The report said large power-plant emissions fell 4.5 percent during the same period and decreased 19.7 percent between 2011 and 2017.

EPA Acting Administrator Andrew Wheeler said "these achievements flow largely from technological breakthrough in the private sector, not the heavy hand of government. The Trump administration has proven that federal regulations are not necessary to drive CO2 reductions."

In a report released last month, the Energy Information Administration attributed the replacement of some coal-fired generation with low-cost natural gas and renewables for the decline in the power sector's emissions. Between 2005 and 2017, CO2 emissions in the sector declined by a cumulative 3.855 billion metric tons, EIA reported, attributing the shift from coal to gas for 61.2 percent of the decline and the remainder to growth in "non-carbon energy sources," chiefly wind and solar.

EIA also noted that coal's share of generation fell from 52 percent in 1990 to 30 percent in 2017, while the gas share soared from 12 percent to 32 percent in the same period.

"Growth in wind and solar generation since 2008 has contributed to a decline in the carbon intensity of electricity generation," EIA also said.

EIA: Wind, Solar Up 20 Percent in 10 States

Wind and solar made up 20 percent of generation in 10 states last year, the Energy Information Administration said in a report released Oct. 11.

Western states on the list included California, at 22 percent, and Colorado, coming in at 20 percent, EIA figures show. Iowa led at 37 percent, according to EIA.

In-state solar generation in California last year totaled 24,331 GWh, while in-state wind generation totaled 12,867 GWh, according to California Energy Commission figures.

DOE to Fund Solar Power Resilience R&D

The Department of Energy on Oct. 15 announced \$46 million in available funding for researching improved grid resilience in connection with increased solar photovoltaics deployment.

DOE said it would award funds for studying ways that solar PV systems could provide power to critical loads during grid outages. In addition, funding would support identifying "strategic location" of PV systems to ensure that "critical infrastructure" has power during widespread grid disruptions.

Lawmakers Question Pace of NRC Reforms

The leaders of congressional committees overseeing the Nuclear Regulatory Commission on Oct. 9 asked the Government Accountability Office to look into the NRC's efforts to adopt budgeting and financial management changes recommended by GAO.

In their letter to GAO, the lawmakers said the extent of NRC's reforms are "unclear." They asked GAO to study the impact of NRC budgeting reforms on nuclear licensees.

Signers included Rep. Greg Walden (R-Ore.), chairman of the House Energy and Commerce Committee, and Sen. John Barrasso (R-Wyo.), who heads the Senate Environment and Public Works Committee.

NRC OKs Korean Reactor Design Safety Report

The Nuclear Regulatory Commission on Oct. 5 approved a safety evaluation for a Korean reactor design, the Advanced Power Reactor 1400.

NRC said it is readying a rulemaking to certify the design for use in the U.S.

The design was submitted by Korea Electric Power Corp. and Korean Hydro & Nuclear Power.

The 1,400-MW design features safety enhancements, including independent AC power generation sources to reduce the likelihood of a station blackout, NRC's safety evaluation said. *[Jim DiPeso]*