

March 5, 2010

Dear Northwest Member of Congress,

There appears to be some confusion with respect to the Northwest Power and Conservation Council's analysis and conclusions relating to value of the federal hydrosystem and Snake River dam removal. I thought it would be helpful to simply provide you with direct quotes from the Council's plan to clarify the record. The following statements can be found in Chapter 10 of the Resource Strategy, "VALUE OF THE HYDROSYSTEM," pages 10-28 through 10-30.

Issue: role and energy value of the lower Snake River dams:

From the Council's Plan:

"The lower Snake River dams provide 1,110 average megawatts of energy under average hydro conditions, about 5 percent of regional annual electric energy needs. In addition, the dams provide 3,500 megawatts of short-term capacity, a little more than 10 percent of the total hydroelectric system capacity, and as part of the Automated Generation Control (AGC) System, they provide system reserves to maintain the reliability of the power supply. They also provide reactive support for the stability of the transmission system."

Issue: additional carbon emissions if the dams were removed.

From the Council's Plan:

"Replacement of the lower Snake River dams energy and capacity results in increased carbon emissions of 3.0 million tons year, a 7.6 percent increase. To place this number in context, it is an amount five times greater than the amount of carbon saved by renewable portfolio standards between the Carbon Risk and the No RPS scenarios."

Issue: resources that would be replacing the dams' lost generation.

From the Council's Plan:

"In total, Table 10-4 shows that 1,103 MWa would be required to replace the dams with 437 average megawatts coming from carbon producing resources, not including increased imports that would also most likely come from carbon producing resources.

"Dam removal increases the carbon emissions, cost, and risk of the power system. The projected changes to the power system to accommodate the loss of hydroelectric capability are not a simple energy and capacity replacement. Small increases in conservation and renewable resources occur in this scenario, but the primary replacement

of the dams is provided by changes in the construction of new gas-fired resources, changes in the operation of existing and new generating plants, and changes in net exports. Existing natural gas-fired and coal-fired generation is used more intensively. In addition, the region exports less energy and imports more energy. The combination of these changes makes up for the lost 1,100 average megawatts of energy.”

Issue: Costs to replace the energy from the dams.

From the Council’s Plan:

“Annual cost of the power system increases in 2020 by over \$530 million dollars and remains higher. Further, since the Lower Snake River dams serve Bonneville public-utility customers, those utilities and their consumers would bear the cost increases. Using a rate-making rule of thumb that a \$65 million to \$80 million cost increase translates into a \$1 per megawatt-hour increase in Bonneville rates, a \$530 million increase in Bonneville costs would raise rates by between \$6.60 and \$8.15 per megawatt-hour. Based on Bonneville’s priority firm rate of \$28 per megawatt-hour, dam removal causes an increase of 24 percent to 29 percent.”

Issue: Council’s analysis is limited and does not include costs of removing the dams or economic or other benefits provided by the dams.

From the Council’s Plan:

“No estimate was made of the cost of replacing the other services provided by the dams. There are many other implications and costs of dam removal including the cost of removing the dams, future operating cost and replacement savings, substitution of other transportation modes for barge transportation (including fish transportation), changes in irrigation sources, and other factors. Dam removal increases the carbon emissions, cost, and risk of the power system.”

I hope these quotes help clarify any confusion about the analysis or its conclusions. I also would encourage you to contact the Northwest Power and Conservation Council directly. Thanks for your time.

Sincerely,



Terry Flores, Executive Director

cc: Sara Patton, Northwest Energy Coalition
Northwest Power and Conservation Council members
Steve Wright, Bonneville Power Administration