Pacific Northwesterners have contentiously debated the benefits and damaging effects of the four lower Snake River dams since before their construction in the 1960s and 70s.
The looming extinction of Southern Resident Killer Whales and collapsing Snake River salmon and steelhead runs have recently brought this simmering debate to a boil.

This presentation focuses on hydropower.
The four LSR dams combined produce less than 4% of the Pacific Northwest’s power supply. If all four LSR dams were breached, the region would still have an energy surplus.

Projected regional load for operating year 2020 is 23,906 average Megawatts (aMW).

Projected generation in OY 2020 under critical water conditions is 28,820 aMW, leaving a surplus of 3,950 aMW, more than four times the average production of the LSR dams combined.
The amount of hydropower generated in a given operating year depends on the volume of water available in the rivers.

- Critical water 1937 represents the lowest recorded river flow; 1958 flows represent an average water year; 1974 provides an example of a high water year.

- Bonneville Power Administration uses 1937 water levels in its energy forecast, understating the volume of surplus power that will likely be available.
During an *average* water year PNW surplus energy increases by an estimated 3,779 aMW, four times the average output of all four lower Snake River dams.

- Compared to an *average* water year, a high water year would produce another 3,127 aMW, more than 3 times the average output of all four LSR dams.

- The use of critical water year 1937 for power projections consistently underestimates the amount of surplus energy in the PNW.
The Northwest Power & Conservation Council projects increased efficiency will meet future growth in Northwest load demand.

- By 2020 the NWPCC projects additional power resulting from efficiency gains will be 1000 aMW, equal to the annual output of 4 LSR dams.

- By 2030 NWPCC projects energy efficiency alone will have saved 4,000 aMW, the equivalent output from 16 LSRDs.
BPA historically relied on the sale of surplus energy for an important part of its revenue stream.

- In the March dates depicted in the graph, BPA’s combined power generation is approximately twice as great as its contracted power demand.

- During spring run-off, surplus power will increase significantly, causing BPA to shut down or reduce wind and other power sources through its Oversupply Management Protocol. BPA sometimes is forced to sell surplus power at negative prices.
Dramatic change is underway in the Pacific Northwest and West Coast energy markets.

“We’ve taken huge hits in the secondary revenues market, with cheap gas, low load growth, and the oversupply conditions. It’s been a bloodbath for folks in the wholesale market” — Elliot Mainzer, Administrator BPA

- Prior to 2009 the price of surplus power averaged around $60 per Megawatt hour (MWh).
- Since 2009 the average price for surplus power has been about $22 MWh.
- When surplus power sold for $60 MWh, power from the LSRDs had an annual market value of $506 Million. That amount of energy in today’s surplus market would earn $186 Million, representing a projected drop in revenue of $320 Million.
Beginning in 2008, BPA responded to its loss of revenue by drawing down its fiscal reserves, from $917 million in 2007 to just $5 million in 2017.

Beginning in 2011, BPA began raising the price of power for its contracted Tier 1 customers. Price increases totaled 30% over a period of eight years.

Declining prices for surplus energy have created a fiscal crisis for BPA.
The price BPA charges its contracted customers continues to rise while the price at which BPA can sell its surplus power continues to fall.

- Public Utility Districts (PUDs) that purchase BPA power are under contract until 2028.
- BPA currently charges $35.57 per MWh for firm (guaranteed) power.
- If BPA is unable to offer power at a competitive price, PUDs will reduce their power purchases from BPA or not renew their contracts at all.
Declining 62% in price since 2010, wind power is now cost competitive with BPA’s rate for firm contracted power.

- Pacific Northwest wind power produces nearly 3 times the output of all four LSRDs combined.
- New wind power projects in Montana are expected to reach 5,000 aMW by 2030.
- The Wheatridge project near Pendleton, Oregon will include 292 turbines with a peak capacity of 500 aMW. This project combines wind, solar and battery backup to offer firm power at competitive pricing.
From 2010-2017 the average price of solar energy declined by 76% to $38.50 per MWh.

BPA’s proposed rate for contracted firm power for 2020-2022 is $37.63

- Between 2018 and 2023 California, once a major market for BPA’s surplus power, intends to add 14,037 aMW of new solar energy.

- BPA’s Connection Queue for its transmission grid now includes 16,054 aMW of solar energy. Gaining access to the grid is the first step in many potential projects.

- Idaho Power Company recently signed a long-term contract to purchase 120 aMW at a price of $21.75.
From 2008 to 2017 BPA’s cost for Fish and Wildlife mitigation in the Columbia Basin averaged $727 Million per year, or about 24% of BPA’ annual budget.

• Since 2001 the Army Corps of Engineers has spent at least $1.8 Billion on “structural improvements” to lower Snake and Columbia River dams in an attempt to increase juvenile fish survival. Overall survival rates has shown little change.

• After 20 plus years and a cost of over $15 Billion, no Columbia or Snake River threatened or endangered salmon or steelhead is on a path to recovery.
The Corps of Engineers projects the design life of LSRD turbines at 35-45 years.
By 2030, 9 LSRD turbines will be over 60 years of age, and 12 turbines will be between 50-60 years old.

- In its FY2016-2030 Hydro Asset Strategy for Large Capital Forecast, BPA budgeted approximately $42 Million per turbine for rehabbing 14 turbines at the McNary Dam on the Columbia.
- This same Capital forecast includes only $2.8M-$3.0 per year until 2030 for turbine reliability at Little Goose, Lower Granite, Lower Monumental and Ice Harbor dams.
- The estimated cost after 2030 to rehab 21 turbines in the LSRDs likely exceeds $1 Billion.
- Current and projected market conditions make highly improbable that these turbines will ever be rehabbed.
In Conclusion

Bonneville Power Administration is $15 Billion in debt, and in the last 10 years has burned through over $900 Million of financial reserves.

On May 1, 2019 Moody’s Investment Service downgraded BPA’s investment rating from stable to negative.

BPA faces major recurring costs for fish mitigation as Snake River threatened and endangered salmon and steelhead species slide toward extinction.

BPA hydropower assets will require ever greater amounts of costly repairs as well as major capital investments.

In 2028, BPA’s long-term contracts with most or all of 140 Public Utility Districts come to an end. If BPA is unable to offer competitive pricing — by 2023, according to the agency’s administer—BPA’s captive customers will find other sources for part or all of their energy needs.

Idaho Congressman Mike Simpson recently told a reporter with Boise’s KIVITV “The Bonneville Power Administration is going broke. I don’t know what other word to use.”
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