



WRECA
Washington's Electric Cooperatives

PO Box 7219
Olympia, WA 98507
360.357.6048
www.wreca.coop

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The Columbia River Treaty

The Columbia River Treaty is an agreement between Canada and the United States guiding the development and operation of some water resources in the Columbia River Basin for flood control and power needs. The Treaty was first implemented in 1964. Either country may terminate some Treaty provisions after September 16, 2024 by providing a ten year advance notice. Some provisions terminate on that date without any action being taken.

Today, the Treaty is grossly imbalanced, with some estimates showing Canada receiving almost ten times the benefits that Northwest interests receive from coordinated system operations according to studies by the U.S. Army Corps of Engineers (ACOE) and Bonneville Power Administration (BPA), who serve as the U.S. Entity representing the United States in Treaty discussions with Canada. The ACOE operates many of the federal dams in the Columbia River basin. BPA markets federal hydropower, mostly to the preference utilities including the electric cooperatives in Washington state.

In December, 2013, the U.S. Entity sent its Final Recommendations on the Columbia River Treaty to the U.S. State Department. The document appropriately emphasizes the need to rebalance the sharing of power benefits.

In October, 2016, the State Department officially notified the Canadian government of its desire to engage in discussions on the Columbia River Treaty. That notification remains valid with the change in administrations. It is our hope that revisions to the Treaty can be reach expeditiously. But, with Canada slow to act on their negotiating authority, *termination of the power provisions*, as set out in the Treaty terms, may be the only way to facilitate a successful negotiation. Without agreement, the Northwest region faces a loss of approximately \$1 million every two to three days.

Outdated Treaty Assumptions and Impacts on Northwest Electricity Ratepayers

The Treaty obligates the United States to send hydropower benefits annually to Canada (called the Canadian Entitlement). This cost is paid by electricity ratepayers in the Northwest receiving power from BPA and the Mid-Columbia PUDs, and has a clear impact on power rates paid in the Northwest.

Analysis by the federal agencies indicates that the U.S. does not receive much of the reciprocal benefit originally anticipated due to changes in river system operations since the 1960s, including the basic economic assumptions that led to the terms of the power sharing agreement. Large factors, such as defining “useable” energy that would be developed across the region or the water storage available in the U.S. and Canada are, as was expected, drastically out of synch with the reality that has developed over 50 years.

In addition, much of the *flood control* allowance received from Canada expires in 2024 even if the Treaty continues. So, Canada will be looking to negotiate for payment for flood control measures, which should be the obligation of the general taxpayer (not electricity ratepayer). Meanwhile, electricity consumers in the U.S. would remain obligated to pay the Canadian Entitlement unless the Treaty is terminated or renegotiated.

Notice of Termination of the Power Provisions — The record clearly illustrates the treaty’s benefits were calculated on a 60-year lifespan, and that eventual termination of the commercial provisions was fully considered by the drafters and an important option to have ready. With the lack of a start to negotiations so far, and with the potential for them to drag out indefinitely, the United States should serve Canada with formal notice of intent to terminate the provisions that require the U.S. to pay Canada for downstream power benefits in the form of a “Canadian Entitlement.”

The notice of intent to terminate the power provisions of the Treaty would merely set a firm 10-year period to reach a modernized structure. It is our hope that a mutual agreement with Canada could be reached much sooner. It is incumbent upon the State Department and National Security Council – with guidance from the Northwest congressional delegation and regional stakeholders – to expedite formal discussions with Canada.

Summary of Power Issue — Inequity to electricity ratepayers in the current Treaty implementation begs for correction as soon as possible, and rebalancing power benefits should be the top priority in Treaty negotiations. WRECA wants to ensure that there is a fair and equitable arrangement for Northwest electricity consumers, and that federal negotiators stay focused on objective analysis of Treaty-related scenarios as the process moves forward.

Hydropower Operations — Under any scenario, the Treaty or associated agreements must not threaten the operational flexibility of hydropower projects covered by the Treaty, which are the largest sources of clean, renewable power in the region. The Grand Coulee and Chief Joseph projects are particularly critical to the hydropower system, representing about 46 percent of U.S. Columbia River generating capacity and 80 percent of active U.S. Columbia river storage capacity.

Ecosystem — In light of the extensive ecosystem effort underway pursuant to the Endangered Species Act for the Federal Columbia River Power System and the BPA fish and wildlife program, it is critical that ecosystem measures discussed in the Treaty context are limited to issues truly international in scope. As with other regional efforts, ecosystem measures must be based on sound science, be subject to cost and benefit analysis, provide practicable, measurable outcomes, and not adversely impact electric system reliability, navigation, or irrigation needs.

About the Washington Rural Electric Cooperative Association –Established in 1942, WRECA provides its members with a variety of services. Its main function is to serve as a single, cohesive voice for its members. Its mission is to proactively influence the regulatory environment in the best interest of the consumer-owned electric utilities in the state of Washington. Furthermore, WRECA identifies and monitors issues potentially affecting the membership and serves as a resource center for issues concerning its membership. For more information, see www.wreca.coop.