



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

FREEDOM OF INFORMATION ACT/PRIVACY PROGRAM

April 24, 2024

In reply refer to: FOIA #BPA-2023-00619-F

SENT VIA EMAIL ONLY TO: aschick@opb.org

Tony Schick
Oregon Public Broadcasting
Potential PII Removed

Dear Mr. Schick,

This communication is in regards to your request to the Bonneville Power Administration (BPA) for agency records made under the Freedom of Information Act, 5 U.S.C. § 552 (FOIA) with tracking number BPA-2023-00619-F.

Supplemental Release of Records

As communicated to you in Department of Energy (DOE) Office of Hearings and Appeals (OHA) Case No. FIA-24-0018 (April 17, 2024), BPA is directed to release a new determination and explanation for Exemption 5 redactions made to certain records, and release one record in full.

Meeting Notes

In the first partial release, BPA withheld information found on record number **27641497** concerning conversations that involved internal deliberations among employees about how to handle discussions with external parties. As directed by OHA, BPA will release this record in full.

Record Context

The records described below contain data used to formulate BPA's response to the Army Corps Water Resources Development Act (WRDA). The WRDA authorizes the Army Corps to conduct studies, construct projects, and research activities that can lead to the improvement of rivers. Part of the WRDA concerns the Willamette Valley dams, where BPA has hydropower generation. The overarching decision process in these records and associated data is to evaluate the possibility of de-authorizing hydropower at the Willamette dams.

Draft Documents: Scoping of Disposition Outcomes

Record numbers **27650865** and **27650876** are related to early scoping of disposition outcomes. The redacted data represent early assumptions to be used for an economic analysis. The information represents the beginning of the process to formulate strategy, but, ultimately, was never used beyond these documents. As such, the records are pre-decisional because no decision

has yet been made to authorize or de-authorize; and they are deliberative because the records show the agency's economic analyses and processes being used to formulate a response to the WRDA. Because this data was not used, they will mislead the public regarding BPA's overall strategy and response to the WRDA. BPA asserts its right to withhold these records under Exemption 5.

Draft Documents: Preliminary Economic Analyses

Records numbers **27640883**, **27640906**, **27641093**, and **27650883** are preliminary economic analyses, used to inform BPA's response to the WRDA. Both the response and the economic analysis are still in draft form. The economic analysis is used to assess the merits of de-authorizing hydropower at the Willamette dams. The analysis numbers are changing and have not yet been finalized for use in a response to the WRDA. As such, the records are pre-decisional because no decision has yet been made to authorize or de-authorize; and they are deliberative because the records show the agency's economic analyses and processes being used to formulate a response to the WRDA. Because the numbers used in the draft analyses continue to change and evolve, releasing these data will mislead the public regarding BPA's overall strategy and response to the WRDA. BPA asserts its right to withhold records **27640906** and **27650883** under Exemption 5. However, BPA determined there is no harm in the release of records **27641093** and **27640883**; therefore, the agency will release these two records in in full.

Summary of Records Being Released

The following records are being released to you in full:

- Record 27641497, *Recap of Meeting with Chavez-DeRemer's staff today*
- Record 27641093, *BPA Background and Willamette Dams Cost Effectiveness*
- Record 27640883, *Willamette Valley System –Future of Hydropower Analysis (Draft)*

Questions about this communication or the status of your FOIA request may be directed FOIA Program Lead Jason E. Taylor at jetaylor@bpa.gov or 503-230-3537.

Sincerely,

/ Signature On File /

Candice D. Palen
Freedom of Information/Privacy Act Officer

[Responsive agency records accompany this communication.](#)

From: Marker,Doug R (BPA) - AIR-7
Sent: Thursday, March 30, 2023 3:03 PM
To: Dondy-Kaplan,Hannah A (BPA) - AIR-7; Baskerville,Sonya L (BPA) - AIN-WASH
Subject: RE: Recap of Meeting with Chavez-DeRemer's staff today

It was a good discussion and they were very engaged. Colin is doing Willamette tour with Corps this spring. The invite to help with T&I was best outcome.

From: Dondy-Kaplan,Hannah A (BPA) - AIR-7 <hadondy-kaplan@bpa.gov>
Sent: Thursday, March 30, 2023 2:55 PM
To: Baskerville,Sonya L (BPA) - AIN-WASH <slbaskerville@bpa.gov>
Cc: Marker,Doug R (BPA) - AIR-7 <drmarker@bpa.gov>
Subject: Recap of Meeting with Chavez-DeRemer's staff today

Hi Sonya

Doug and I had a good meeting with local staff today (Rebecca Wright and Colin Swanson and Alex Lopez). Colin had knowledge of BPA and water issues generally, but the others didn't have much. We did focus on the Willamette largely—caught them up to speed on the history, process, and what we're hoping for in terms of disposition study timeline, eventual deauthorization, etc.

We didn't ask for anything specifically, but Colin offered up help if we need it. He said if there are asks for the T& I committee to let him know. We did not mention the meeting with Suzanne etc. that we had the other week but did say we would let them know if there's anything, and we left them prepared with enough knowledge if Chavez-DeRemer should ask (or her constituents).

What am I missing Doug?

Hannah



B O N N E V I L L E P O W E R A D M I N I S T R A T I O N

**BPA background and Willamette
dams cost effectiveness**

BPA-USACE coordination meeting
7/11/22



Background



For discussion purposes only. Not for distribution

- BPA markets power from the 31 USACE and Reclamation projects in the Federal Columbia River Power System (FCRPS)
- 8 Willamette projects = ~170mw of power
- Willamette projects = among the highest cost of generation projects in the FCRPS

Willamette dams = ~4% of FCRPS system's power

The math problem

$$\frac{\text{COST}}{\text{GENERATION (mw)}}$$


- Cost of generation ratio
 - BPA repays power share of multi-purpose costs based on cost allocation percentages.
 - Increasing costs due to:
 - Court expert panel recommendations
 - \$1B+ proposed EIS structures plus O&M
 - Decreasing generation due to:
 - Court injunction measures
 - Proposed EIS operational measures

For discussion purposes only. Not for distribution

Economic analysis - COG

Table 5.2-3. 2024 Cost of Generation (\$/MWh) by Alternative (Median of 1600 iterations).^{3,4}

	NAA	ALT1	ALT2a	ALT2b	ALT3a	ALT3b	ALT4	ALT5	PA
Detroit/Big Cliff ¹	\$25.24	\$57.39	\$57.38	\$57.41	\$81.26	\$41.13	\$57.53	\$31.95	XX
Green Peter/Foster ¹	\$33.86	\$65.86	\$62.49	\$62.42	\$58.56	\$86.67	\$51.84	\$50.40	XX
Lookout Point/Dexter ¹	\$22.96	\$57.90	\$30.19	\$30.19	\$67.79	\$45.36	\$57.17	\$44.86	XX
Cougar	\$32.49	\$38.11	\$56.13	\$337.91	\$80.32	\$343.48	\$52.36	\$42.76	XX
Hills Creek	\$21.85	\$34.58	\$21.54	\$21.95	\$44.80	\$63.74	\$46.47	\$21.57	XX
Combined WVS Projects²	\$26.68	\$55.08	\$45.72	\$48.77	\$65.03	\$59.72	\$54.46	\$38.35	XX

For discussion purposes only. Not for distribution

Avg COG for FCRPS dams: ~\$11, estimated COG on open market: varies, currently ~\$34

Economic analysis - NPV



HYDROPOWER CRITERIA RESULTS



All action alternatives result in a negative NPV.

	NAA	Alt1	Alt2a	Alt2b	Alt3a	Alt3b	Alt4
	Net Present Value (\$ millions)						
Detroit/Big Cliff	\$53	-\$419	-\$385	-\$386	-\$236	-\$111	-\$425
Green Peter/Foster	\$24	-\$283	-\$179	-\$179	-\$148	-\$243	-\$160
LookoutPoint/Dexter	\$33	-\$405	-\$99	-\$102	-\$255	-\$190	-\$400
Hills Creek	\$65	\$21	\$69	\$65	\$11	-\$11	-\$2
Cougar	\$5	\$24	-\$82	-\$135	-\$74	-\$121	-\$68
WV Total	\$178	-\$1,111	-\$682	-\$740	-\$701	-\$672	-\$1,054
Levelized Cost of Generation (\$/MWh)	\$29.79	\$56.30	\$47.55	\$50.40	\$65.24	\$60.69	\$55.86

Definitions of Criteria

Net Present Value (NPV) – Primary Criteria

- Compares the expected revenue produced at each hydropower facility versus expected costs. Presented as a total for the Willamette Valley and by project.

Levelized Cost of Generation (LCOG) - \$/MWh

- The incremental cost of producing power at each project. A measure of cost competitiveness that can be compared to other generating resources or market purchases.

For discussion purposes only. Not for distribution.

What's next

- Disposition study
- De-authorization of power and/or cost allocation updates?

For discussion purposes only. Not for distribution

Draft cost allocation principles

Draft principles to resume collaboration between BPA and Corps on Willamette cost allocation updates.

1. **Updating cost allocations is warranted for certain FCRPS projects in the Willamette Valley.**
2. **Corps and BPA will, as part of this effort:**
 - a. Commit to exploring options beyond a formal cost allocation study and options under existing BPA and Corps authority.
 - b. Utilize a modified SCRB methodology, or other similar, simplified methodology to conduct updates.
 - c. Discuss and determine funding options by the next quarterly report to Congress.
3. **Cost allocation analysis will make best use of and coincide with Willamette Valley System EIS and proposed studies supporting deauthorization of power as a project purpose at Willamette dams.**
4. **Corps and BPA will provide quarterly reports to Congress and OMB.**
5. **Corps and BPA commit to completing the first allocation update by June 2023.**

For discussion purposes only. Not for distribution

***Willamette Valley System –Future of Hydropower
Analysis
(Draft)***

PROJECT GOAL

Does BPA see a federal interest in commercial hydropower production at any of the eight power producing dams in the Willamette Valley?

-If not, are there recommended steps that could achieve federal interest?

Guiding Principles for Project Goal:

- Common perspective supported by all BPA.
- Comprehensive decision to meet responsibilities and needs of communities and rate payers.
- Robust analysis to gain support of various stakeholders.

Measurement: The following categories will be tracked to measure whether the goal is met:

SCOPE

- Analysis needed:
 - Financial analysis – NPV - with sensitivities around key assumptions such as costs, power prices.
 - Cost of generation update vs other sources
 - Financial health impact
 - Carbon financial impacts of losing clean energy from portfolio
 - Long term adequacy needs assessment to include loss of WVS generation.
 - Intersection with post-2028 / Provider of Choice effort
 - Carbon financial impacts of losing clean energy from portfolio.
 - Transmission impacts

BACKGROUND

The Willamette dams represent a portion of the Federal Columbia Power System federal facilities that we market power from. There are 13 dams in the Willamette, all owned and operated by the Corps of Engineers, and 8 of them produce power – about 171 aMW based on Willamette EIS modeling, which represents about 2% of the total FCRPS power marketed by BPA. BPA pays roughly 40% of the joint costs (i.e. spillways, cranes, fish mitigation, etc.) at Willamette dams and, over 60% of the total costs (power specific equipment like turbines plus joint costs) of the Willamette overall.

Due to many factors, protected fish species haven't been doing great in the Willamette in recent decades. Related to these struggles, the Corps and National Marine Fisheries Service (NMFS) were sued by some environmental groups and found liable for violating the Endangered Species Act. The lawsuit resulted in a final Oregon District Court ordered "injunction" in September 2021 which mandated changes to how the Corps operates the dams, including drawdowns of water levels (sometimes below the power generation levels) and use of regulating outlets (instead of power turbines) to pass water through the dams. These changes are intended to help fish until more permanent actions are put in place.

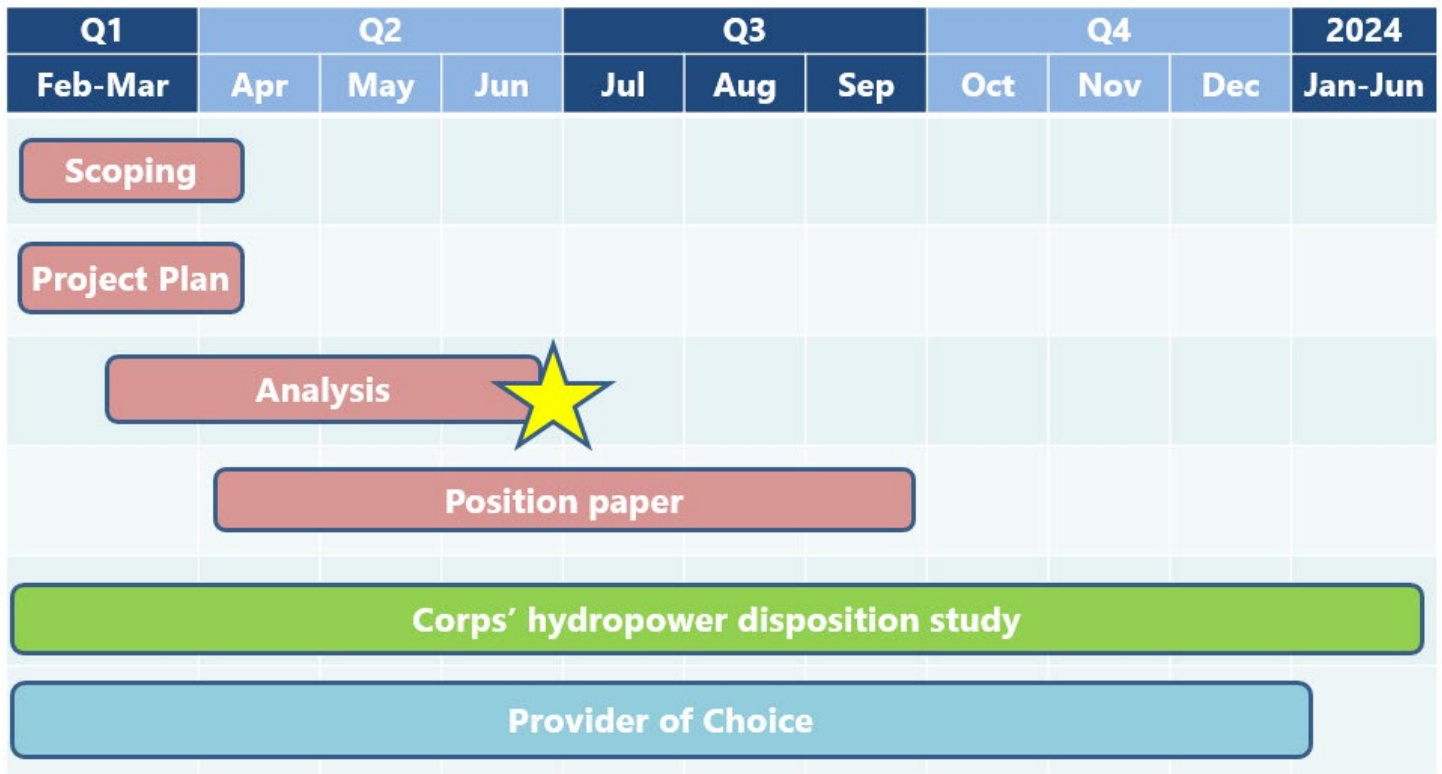
Speaking of those permanent actions, the Willamette NEPA EIS process is in the works along with an associated Biological Opinion – and the Court ordered that both be completed by the end of 2024. The Willamette EIS process is essentially a "mini-CRSO" – it assess environmental impacts of the Willamette system on the environment and identifies a set of alternatives, one of which will be chosen via a Record of Decision. The Corps is the lead agency for this process and BPA is a "cooperating agency" who provides input (Note: This is different than CRSO where BPA was a co-lead agency). The Corps has shared a draft EIS with a preferred alternative and is currently in the middle of a public review

and comment period which runs through mid-January 2023. They will then work towards completion of a final EIS with a preferred alternative selected, by 2024. The estimated cost of the measures proposed in the Corps' preferred alternative would be over \$1.3 billion (BPA would pay ~40% of this) and seem likely to increase over time.

Given the above developments, the economics of power in the Willamette are in trouble. Prior to the injunction and the pending EIS, power from the Willamette is already among the higher cost of generation projects in the FCRPS system. The Court injunction and the pending EIS actions are having a double whammy effect on the economics of power— they are both decreasing power generation (due to operations to help the fish) and also, increasing costs (building structures and other actions to help the fish). Looking at long term economics using Net Present Values, the Willamette projects are projected to cost more than the revenue they're projected to make. Because of this, BPA is pursuing options to be able to maintain an economic power supply going forward. The two primary options BPA is pursuing are updating the joint cost allocations at the Willamette projects (which would reduce the percentage of the total costs that BPA would pay) or working with Congress to de-authorize power generation (or at least removing BPA's role in marketing commercial power) altogether. Neither of these are things that happen every day! The most likely paths to implement one or both of these options are via the Corps taking action, Congress taking action, or some combination of the two. BPA doesn't have direct ability to take these actions in a vacuum, which makes things challenging. Congress has asked for some information and most recently, passed the 2022 Water Resources and Development Act (WRDA) directing the Corps to do a disposition study of hydropower by June 2024. Going forward BPA will continue to work with our stakeholders on these options to avoid being stuck with power that is not economical.

This paper is needed to prepare and organize BPA analysis to help assess whether we can get future value out of Willamette power under different scenarios, and inform the discussions with the Corps, Congress and other stakeholders.

PROJECT TIMELINE



KEY MILESTONES

Completed By (consider Corps PDT schedule, EIS, provider of choice):	
Feb/Mar 2023	Project plan and scoping BPA analysis
April 2023	First round of BPA analysis complete
April 2023	Corps disposition study scoping meeting (tentative)
May 2023	Second round of BPA analysis complete
June 2023	BPA executive decision point - position on federal interest / "OK to walk"
July 2023	Provider of Choice concept paper and draft policy release
Sept 2023	Position paper complete
June 2024	Disposition study due date

KEY DELIVERABLES:

- Project plan (this document)
- Position paper

TEAM: ROLES AND RESPONSIBILITIES

Role	Members	Responsibility
Project Manager	Jesse Glen	<ul style="list-style-type: none"> • Write draft paper • Set up meetings • Lead resolution of key questions and issues • Keep executive sponsor informed
SMEs	Gordon PGS, PGP TO, TP	<ul style="list-style-type: none"> • Perform analysis • Write narratives describing qualitative factors
Reviewers	Birgit, Jesse, Glen, PG managers	<ul style="list-style-type: none"> • Review key deliverables prior to seeking executive approval
Executive Sponsor	Bill Leady	<ul style="list-style-type: none"> • Provide high level oversight and guidance • Assist in addressing risks as needed

TOP RISKS:

- SME resources may have to compete with other large agency initiatives (EIS, Provider of Choice, etc.)