

Sponsors: Chelan County Public Utility District; Seattle City Light; Benton Public Utility District; Grant Public Utility District; Douglas County Public Utility District; Public Power Council; and Tacoma Public Utilities

In Support of Modernizing the Columbia River Treaty, Preparing for Changes to Flood Control Operations, and Reducing U.S. Power Obligations to Canada

1 The United States and Canada agreed to jointly develop the Columbia River Basin under the Columbia
2 River Treaty (Treaty), which was signed in 1961 and implemented in 1964. The United States paid
3 Canada for building new storage dams, reducing the need for alternative flood control in the United States
4 and providing 60 years of guaranteed flood control through 2024. The Treaty also established a negotiated
5 method for sharing downstream power benefits with Canada called the Canadian Entitlement (CE). Under
6 the Treaty, the United States is required to return hydropower capacity and energy to Canada until (at
7 least) 2024. Starting in 2014, either Canada or the United States could have given 10-year notice to
8 terminate the power provisions. Neither country chose to do so.

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10 After five decades of implementation, however, it had become clear that the Treaty was based on
11 predictions about the future electric grid that did not come true. In December 2013, after input from a
12 broad group of stakeholders, the U.S. Entity responsible for implementing the Treaty (the Bonneville
13 Power Administration and U.S. Army Corps of Engineers) released the Regional Recommendation to the
14 U.S. State Department. A key item was the need to rebalance the CE and related aspects of transmission
15 delivery to Canada. Further, it said that renegotiation of the Treaty should be accomplished by 2015, or
16 “other options to create a post-2024 modernized Treaty should be evaluated.”

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18 Now, 10 years after the Regional Recommendation, public power utility ratepayers are still waiting for
19 change. The United States still has chosen not to issue a notice to terminate the power provisions of the
20 Treaty. In 2018, Treaty negotiations commenced between the United States and Canada with no decisions
21 to date. Today, the United States is not getting what it pays for from Canada’s storage projects. The
22 burden of the CE costs an estimated \$300 million a year in lost hydropower value. Continuing to return
23 this hydropower to Canada makes no sense when the United States is transitioning to a cleaner electric
24 grid and needs clean, baseload generation more than ever.

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26 Despite pleas to the U.S. State Department from public power utilities in the Pacific Northwest, Treaty
27 power provisions remain in effect. However, guaranteed flood control protection ends automatically in
28 September 2024. This year, flood control protocols transition into a “called-upon” approach that leaves
29 the United States responsible to take potentially drastic measures before asking (and paying) Canada for

30 assistance. Regional river users, power utilities, and downstream dam operators have no insight into how
31 the river will be operated for flood control later this year, or who will pay for it.

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33 Congress has passed several provisions related to the Columbia River Treaty, attempting to advance the
34 issue. For example, there is a provision in the Infrastructure Investment and Jobs Act of 2021 (IIJA)
35 establishing a new Treasury account, essentially equal to five years of the CE, to improve bilateral
36 transfers of energy between the United States and Canada through transmission construction – but it is
37 contingent upon the CE being reduced or terminated. Further, the IIJA authorizes \$10 million for BPA to
38 conduct a power coordination study to consider the potential value of better coordinating hydropower and
39 water storage facilities on rivers in the United States and Canada. Congress also asked the U.S. Army
40 Corps of Engineers in the Water Resources Development Act of 2022 to conduct a study to determine the
41 feasibility of a domestic alternative to Canadian flood control and to report and consult with Congress on
42 future funding needs.

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44 Despite congressional attention, the United States continues to pay an outsized CE with no end in sight.
45 While negotiations drag on, inaction has cost electric ratepayers upwards of \$1 billion since 2014, the
46 earliest date under the Treaty that the U.S. could have issued a notice of termination. It remains extremely
47 difficult for regional utilities to conduct integrated resource planning because it is unclear whether the CE
48 will be rebalanced. More immediately, regional utilities and dam operators are in the dark about how the
49 river system will be operated for flood control. These unknowns could have impacts on power planning,
50 fish programs, and dam safety operations.

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52 The operation of the Columbia River hydropower system and availability of domestic hydropower is
53 critical for the clean energy transition. Immediate attention to these issues is critical for Northwest electric
54 ratepayers.

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56 **NOW, THEREFORE, BE IT RESOLVED:** That the American Public Power Association (APPA)
57 urges the U.S. State Department and White House to reduce the Canadian Entitlement (CE) to reflect the
58 actual downstream power benefits of coordinated operations to the United States under the Columbia
59 River Treaty or to seek other options, such as termination of the power provisions; and

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61 **BE IT FURTHER RESOLVED:** That APPA recommends immediate action by the Army Corps of
62 Engineers (the Corps) to define its flood control strategy and work with Congress to identify and fund a
63 post-2024 flood control strategy; and

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65 **BE IT FURTHER RESOLVED:** That APPA supports using federal appropriations, not ratepayer
66 dollars, to subsidize paying Canada for flood control or developing a domestic alternative; and

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68 **BE IT FURTHER RESOLVED:** That APPA supports the Corps providing public power utilities the
69 information they need to plan for post-September 2024 flood control protocols; and

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71 **BE IT FURTHER RESOLVED:** That APPA supports U.S. and Canadian interests working together to
72 reduce and rebalance the CE so that funds authorized in the Infrastructure Investment and Jobs Act (IIJA)
73 can be directed to improving transmission capacity to better optimize inter-regional delivery of emissions-
74 free hydropower; and

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76 **BE IT FURTHER RESOLVED:** That APPA supports the Bonneville Power Administration working
77 expeditiously with British Columbia, the Department of Energy, Bureau of Reclamation, and
78 Mid-Columbia Public Utility Districts to conduct the \$10 million power coordination study authorized by
79 Congress in the IIJA.

Adopted at the Legislative & Resolutions Committee Meeting

February 27, 2024

Sunsets in March 2032