

Rock Island Relicensing Board of Commissioners Update February 1, 2021



Why We're Here

- Update of Ongoing Work
- Share the Outreach Presentation
- Describe a Proposed Feb. 16th Resolution
- Answer any Questions

Ongoing Work...

We are progressing with the Relicensing planning by:

- Articulating governance and advisory roles for internal staff and consultants.
- Hiring staff – 2 new employees to begin on Feb. 22.
- Developing an economic model.
- Putting information management tools in place.
- Collecting existing background information.

Ongoing Work (cont.)...

- Evaluating expected studies.
- Beginning Early Action projects:
 - Horan Natural Area (proponent: NCW Audubon Society)
 - Malaga Park (proponent: Chelan County)
- Initiating the collection and management of spatial data (topography of the reservoir).
- Identifying consultants to aid in the effort.
- Planning outreach, including the following presentation.....

FERC Project No. 943
Rock Island Hydroelectric Project
Relicensing Overview



About Chelan PUD

Location: North Central Washington State

Ownership: Citizens of Chelan County

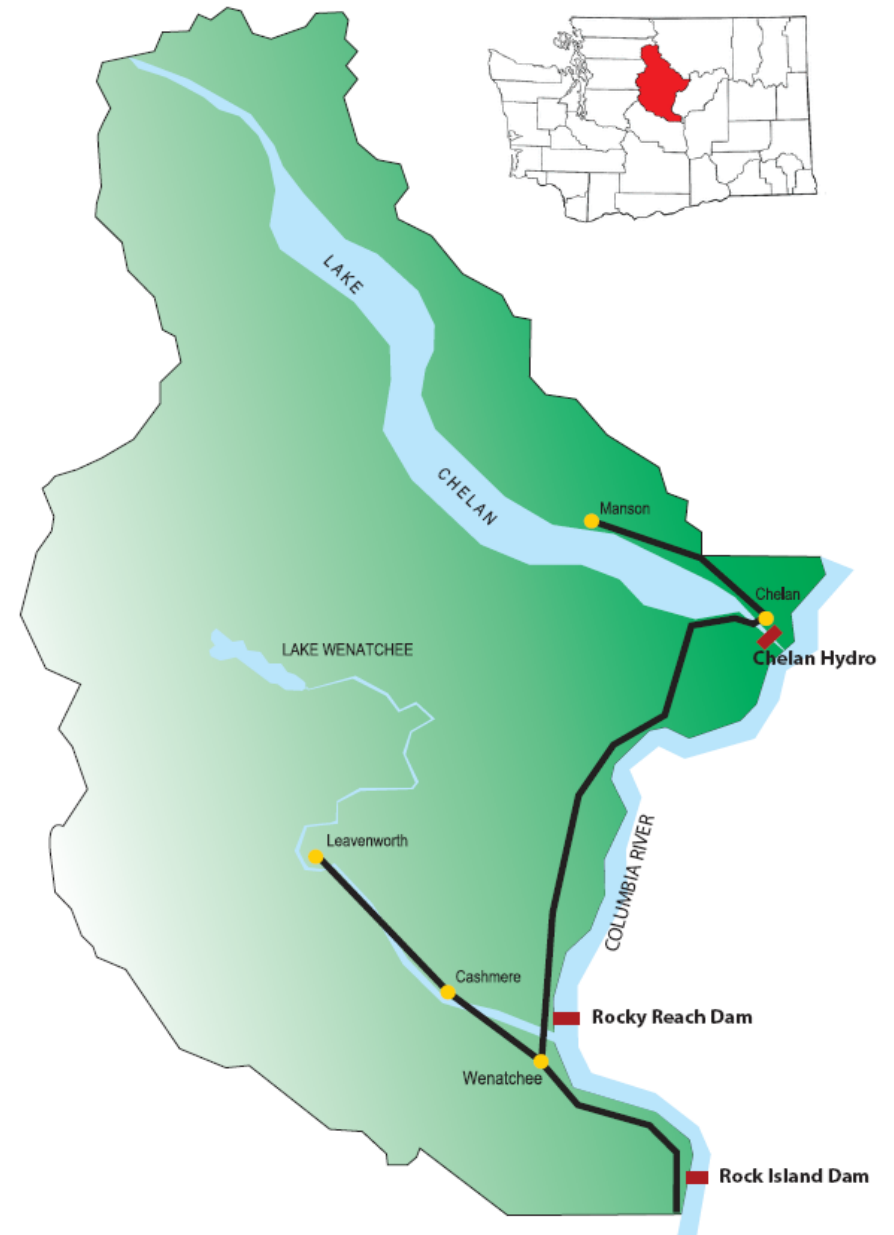
Generation: Rocky Reach (1300 MW)

Rock Island (630 MW)

Lake Chelan (59 MW)

Employees: 700-800 employees

Businesses: Fiber, Generation, Distribution,
Transmission, Water, Wastewater



Today's Discussion



Rock Island Project

- What is Relicensing
- What is the “HCP”
- Rock Island License Facts
- Brief Overview of FERC Relicensing Process Options
- Anticipated Schedule
- Contact Information
- Questions / Discussion

What is “Relicensing”?

- An original hydropower license authorizes the construction and operation of a project for a term of up to 50 years. A new license, also called a relicense, authorizes the continued operation of an existing (previously licensed) project, and the license term may be 30 to 50 years (40 years is default.)
- In addition to flood control, dam safety, power generation, cultural resources, and other public uses of a waterway, the Federal Power Act requires FERC to ensure that licenses:

“... give equal consideration to the purposes of energy conservation, the protection, mitigation of damage to, and enhancement of, fish and wildlife (including related spawning grounds and habitat), the protection of recreational opportunities, and the preservation of other aspects of environmental quality.”

What is “Relicensing” (cont.)?

- At least 5 years, but no more than 5.5 years, before license expiration, the owner of an existing hydropower project must file a notice of intent and a pre-application document with FERC stating the intent to seek a new license.
- Initial relicensing coordination with stakeholders often begins prior to the formal relicensing process.

What is the “HCP”?

The Habitat Conservation Plan (HCP):

- Unique plan to protect and enhance salmon and steelhead returns on the Upper Columbia River and its tributaries
- Achieve and maintain “No Net Impact (NNI)” for “plan” fish (including *Threatened and Endangered*)
 - ❖ 91% combined adult and juvenile survival through the project
 - ❖ Up to 7% compensation provided through hatchery programs
 - ❖ 2% compensation provided through tributary habitat programs
- Goes “Above and Beyond” using adaptive management and includes “No Surprises”
 - ❖ Consensus decision making, based on best available science
 - ❖ Rock Island becomes “invisible” to fish
 - ❖ Power operations have greater certainty
 - ❖ Careful resource management supports clean, renewable, carbon-free power



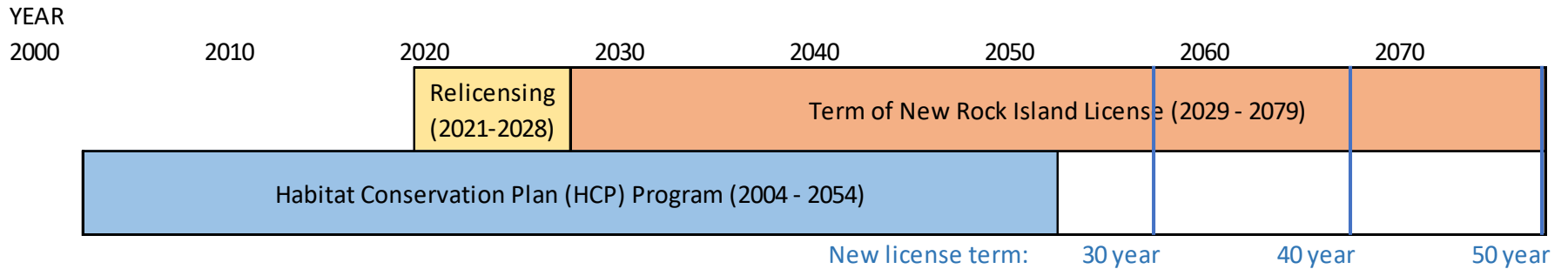
Rock Island Adult Fishway

HCP Plan Species – All Meet NNI

HCP Plan Species		ESA Status	NNI Met
Spring Chinook		Endangered	All Species have: <ul style="list-style-type: none"> Achieved Passage Survival Standards Hatchery Compensation Tributary Funding
Steelhead		Threatened	
Sockeye		Not Listed	
Summer/Fall Chinook		Not Listed	
Coho		Not Listed	

Rock Island License Facts - Dates

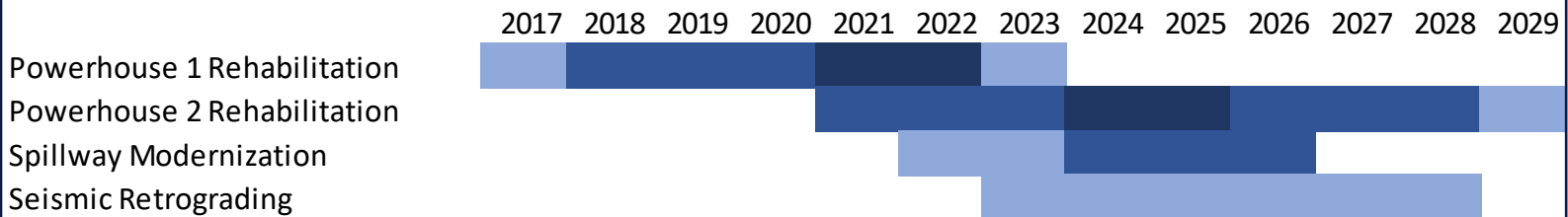
Rock Island HCP and Future License Dates



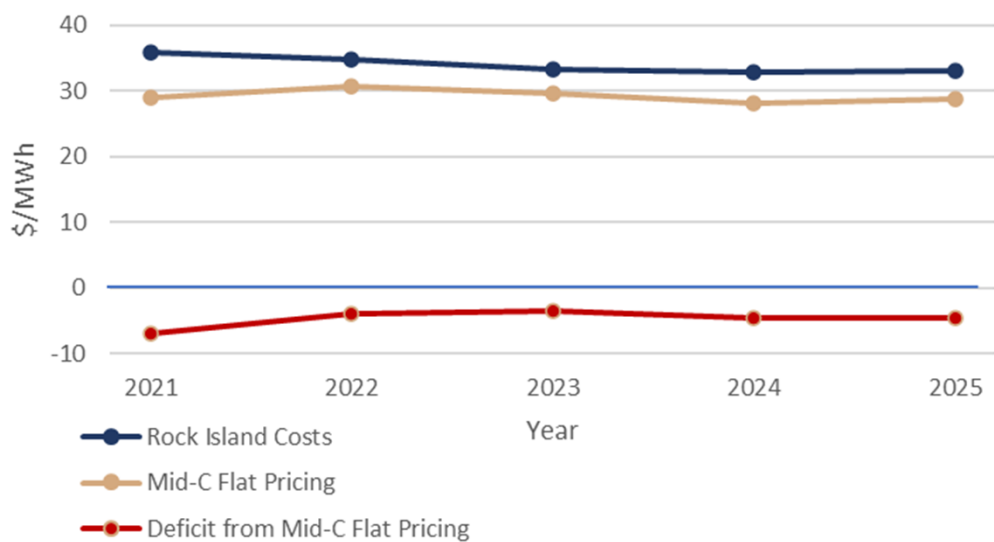
Project History	
1930 – 1980	1st license (50 years)
1933	Powerhouse 1 Units B1-B4 completed
1951	Powerhouse 1 Units B5-B10 completed
1974	Powerhouse 2 FERC amendment to construct
1979	Powerhouse 2 Units U1-U8 completed
1981	New FERC license issued, challenged due to insufficient environmental consultation
1981 – 1989	Annual licenses as issues go through court and settlement
1989 – 2028	2nd license (40 years)
2004	License Amendment and Environmental Review to Add HCP

Rock Island License Facts – Economics

Large Capital Investments - Repayment Starts when Projects are Complete



Rock Island Expected Economics 2021-2025



Rock Island has fragile economics:

- Rehabilitation investment projects protect the reliability of the plants but increase costs
- Costs are forecasted to exceed the Mid-C Flat price for power
- Long-term power prices are uncertain, the further out, the more uncertain

FERC Licensing Process Options

<i>source: www.ferc.gov</i>	Integrated Licensing Process (ILP)	Traditional Licensing Process (TLP)	Alternative Licensing Process (ALP)
Consultation w/ Resource Agencies and Indian Tribes	- Integrated	- Paper-driven	- Collaborative
FERC Staff Involvement	- Pre-filing [beginning at filing of Notice of Intent (NOI)] - Early and throughout process	- Post filing (after the application has been filed) - Available for education and guidance	- Pre-filing (beginning at filing the NOI) - Early involvement for National Environmental Policy Act (NEPA) scoping as requested
Deadlines	- Defined deadlines for all participants (including FERC) throughout the process	- Pre-filing: some deadlines for participants - Post-filing: defined deadlines for participants	- Pre-filing: deadlines defined by collaborative group - Post-filing: defined deadlines for participants
Study Plan Development	- Developed through study plan meetings with all stakeholders - Plan approved by FERC	- Developed by applicant based on early stakeholder recommendations - No FERC involvement	- Developed by collaborative group - FERC staff assist as resources allow
Study Dispute Resolution	- Informal dispute resolution available to all participants - Formal dispute resolution available to agencies with mandatory conditioning authority - Three-member panel provides technical recommendation on study dispute - OEP Director opinion binding on applicant	- FERC study dispute resolution available upon request to agencies and affected tribes - Office of Energy Projects (OEP) Director issues advisory opinion	- FERC study dispute resolution available upon request to agencies and affected tribes - OEP Director issues advisory opinion
Application	- Preliminary licensing proposal or draft application and final application include Exhibit E (environmental report) with form and contents of an EA	- Draft and final application include Exhibit E	- Draft and final application with applicant-prepared environmental assessment or third-party environmental impact statement
Additional Information Requests	- Available to participants before application filing - No additional information requests after application filing	- Available to participants after filing of application	- Available to participants primarily before application filing - Post-filing requests available but should be limited due to collaborative approach
Timing of Resource Agency Terms and Conditions	- Preliminary terms and conditions filed 60 days after Ready for Environmental Analysis (REA) notice - Modified terms and conditions filed 60 days after comments on draft NEPA document	- Preliminary terms and conditions filed 60 days after REA notice - Schedule for final terms and conditions	- Preliminary terms and conditions filed 60 days after REA notice - Schedule for final terms and conditions

FERC's Consideration of Process

The Integrated Licensing Process (ILP) is FERC's default

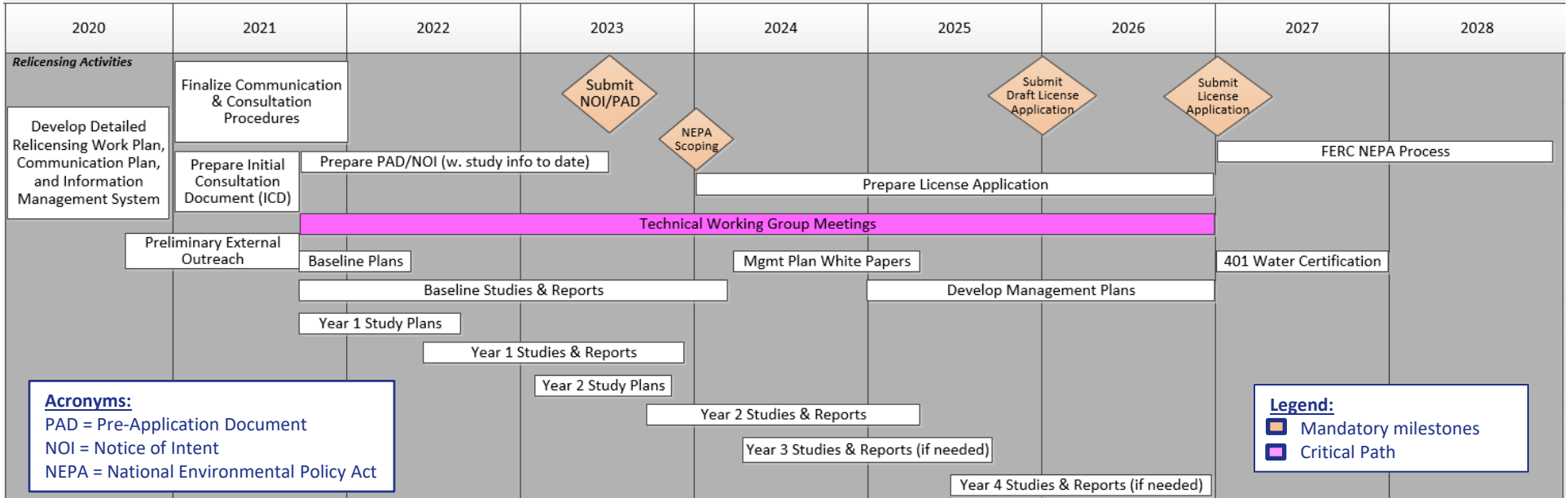
When FERC is deciding to approve a process other than the ILP they consider:

- Complexity of resource issues
- Anticipated controversy
- Amount of available information
- Potential for significant disputes over studies
- Comments by interested parties related to the request

Anticipated Schedule

Rock Island Relicensing, Expires 12/31/2028 – High Level Work Plan, Subject to Change

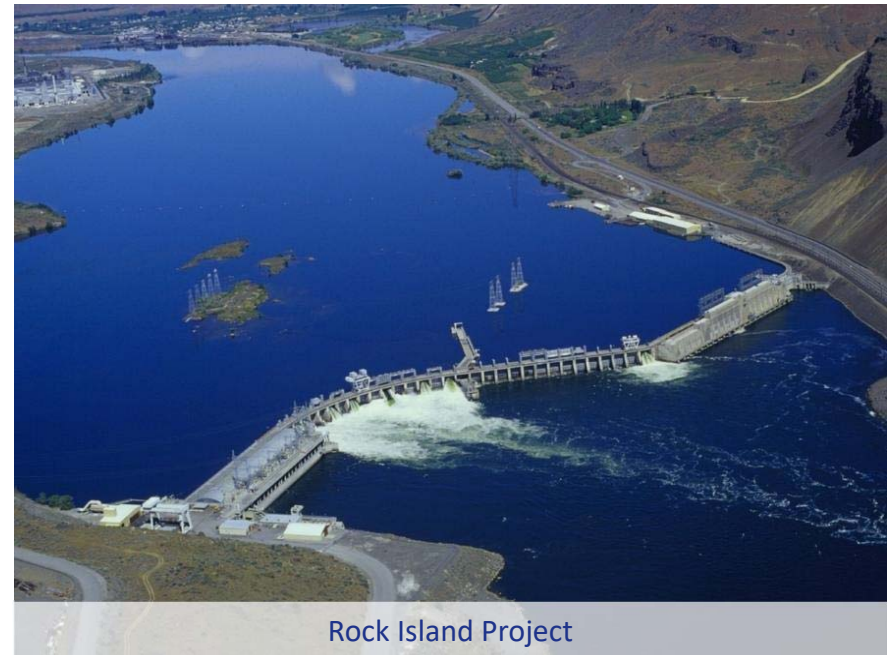
(WORKING DRAFT – Do Not Cite – 10/19/2020)



- This schedule is for early planning purposes only and will evolve as more is learned.
- **Technical working groups are slated to engage starting in Sept 2021, starting with a kick-off week.** These groups will conduct as much consultation and cooperative scoping as possible relevant to the project, the environment, and potential project effects to inform the NOI/PAD.
- The use of the ALP or ILP will be discussed. If the ALP is chosen, Chelan PUD will follow FERC procedures to request the alterative process when the NOI/PAD are filed.
- The intention is to strive for a highly transparent and collaborative process by all parties.

Next Steps

- Chelan PUD will make a formal request for additional relicensing information
- Stakeholders identify contacts for:
 - 1) Executive Level
 - 2) Policy Level
 - 3) Participants for Natural Sciences and Social Sciences Working Groups, as applicable
- Begin Technical Working Groups in September 2021



Chelan PUD Contacts

RELICENSING

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HCP

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Rock Island Project Adult Spillway

Thoughts / Questions?



Rock Island Forebay

February 16th Resolution

Requesting that the Kleinschmidt Group assist us by:

- Developing “Initial Consultation Document”
- Supporting Public Outreach
- Coordinating Technical Working Groups
- Developing Notice of Intent & Pre-Application Document
- Supporting Communications and Data Management
- Providing Relicensing Advice
- Conducting and Subcontracting Baseline and Formal Studies
- Providing Ongoing Licensing Compliance Support

Proposed funding \$5.3M over 3 years