



## The Columbia River Treaty

September 2015

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 most Treaty provisions on or 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 that make up the membership of the Public Power Council (PPC).

On December 13, 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. To date, there has not been an official engagement with Canada on this matter. *Continued work and coordination are needed to encourage that the U.S. Interagency Policy Committee and the State Department act expeditiously on the region's recommendation.*

### **Treaty Impacts on Northwest Electricity Ratepayers**

The Treaty obligates the United States to send an estimated \$250 to \$350 million in clean 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 by this arrangement.* Much has changed in the river system since the 1960s. 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. *And, meanwhile the U.S. would remain obligated to pay the Canadian Entitlement unless the Treaty is terminated or renegotiated.*

## **Treaty Recommendation: Moving Forward**

It is incumbent upon the State Department and National Security Council– with guidance from the Northwest congressional delegation and regional stakeholders – to *expedite* initiation of formal discussions with Canada on the future of the Treaty. PPC continues to believe that if a reasonable outcome with Canada cannot be achieved soon, the United States must consider all available options including providing *notice of intent to terminate* as was envisioned during the original Treaty negotiation and drafting.

The inequity to electricity ratepayers in the current Treaty implementation begs for correction as soon as possible. Rebalancing power benefits should be the top priority in Treaty negotiations. PPC 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.

In light of the extensive ecosystem effort underway pursuant to the Biological Opinion (BiOp) 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 or irrigation needs.

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