

TESTIMONY OF JOHN HAIRSTON

ADMINISTRATOR AND CHIEF EXECUTIVE OFFICER

BONNEVILLE POWER ADMINISTRATION

PREPARED FOR THE HEARING ENTITLED

*The Northwest at Risk: The Environmentalist's Effort to Destroy Navigation, Transportation,
and Access to Reliable Power*

BEFORE THE

SUBCOMMITTEE ON WATER, WILDLIFE AND FISHERIES

COMMITTEE ON NATURAL RESOURCES

UNITED STATES HOUSE OF REPRESENTATIVES

Richland, Washington

June 26, 2023

Good afternoon, Chairman Bentz and members of the Subcommittee. I am John Hairston, Administrator and Chief Executive Officer of the Bonneville Power Administration (Bonneville). Bonneville is a Federal Power Marketing Administration within the United States Department of Energy and is headquartered in Portland, Oregon. I am pleased to be with you today to describe the role that Bonneville plays in marketing affordable electricity to its customers in the Pacific Northwest and for operating a reliable transmission system.

Bonneville serves a 300,000 square mile area that includes Oregon, Washington, Idaho, western Montana, and parts of northern California, Nevada, Utah, and Wyoming. Bonneville markets the electric power produced from 31 Federal hydroelectric projects operated by the U.S. Army Corps of Engineers (Corps) and the Bureau of Reclamation (Reclamation). Bonneville also acquires non-Federal power to meet the needs of its customer utilities, including the power from one nuclear power plant, the Columbia Generating Station, located just north of Richland, Washington.

Bonneville maintains and operates over 15,000 circuit miles of transmission lines and associated facilities over which this electric power is delivered. Its system is a substantial majority of the Northwest's high-voltage electric grid.

It is important to emphasize that Bonneville is not for profit. Bonneville recovers its costs from sales to its power and transmission customers, and finances capital expenditures, that also are recovered through rates, through the U.S. Treasury. Bonneville finances its operations with a business-type budget based on the self-financing authority, including U.S. Treasury borrowing authority, provided by the Federal Columbia River Transmission System Act of 1974 (Transmission Act, Public Law 93-454) and other various organic legislation, for energy conservation, renewable energy resources, capital fish facilities, and other purposes. Bonneville does not receive annual appropriations.

OVERVIEW OF FEDERAL HYDRO OPERATIONS AND FISH AND WILDLIFE MITIGATION

Congress authorized the U.S. Army Corps of Engineers and Bureau of Reclamation to construct, operate, and maintain the 31 Federal dams of the Federal Columbia River Power System (FCRPS). These dams are operated to meet multiple specified purposes, including flood risk management, navigation, hydropower generation, irrigation, fish and wildlife, recreation, and municipal and industrial water supply. BPA is authorized to market and transmit the power generated by coordinated system operations and mitigation of the effect of their construction and operation on fish and wildlife.

Built and put into service between 1938 and 1976, the FCRPS provides valuable social and economic benefits to the region: flood risk management, navigation, and water supply. Each of these services support both the regional and national economy. And of importance to Bonneville, the system is the source of affordable, reliable and renewable carbon-free power generation and provides the region with some of the least carbon intensive electricity in the country. On average, the FCRPS produces 8,500 average megawatts of power (equivalent to the power needs of eight cities the size of Seattle).

At the same time that the system has brought benefits to the region, the FCRPS has also had adverse impacts on salmon, steelhead, and other native fish populations in the Basin. These fish have tremendous value to the region and to the Tribal Nations in the Basin. As a result, the FCRPS has made extensive modifications and operational changes to protect and mitigate the impacts of the system's construction and continued operation on fish and wildlife. Since the 1980 Northwest Electric Power Planning and Conservation Act, BPA has invested billions of dollars in improved configuration and operation of the dams, as well as in offsite restoration efforts for the benefit of fish and wildlife sponsored by tribes, states, and rural communities.

BPA recognizes that salmon, steelhead, and other native fish and wildlife species are particularly significant to Northwest tribal communities and are an integral part of Northwest ecosystems. BPA is committed to working with tribes in the region and alongside its federal interagency counterparts on a comprehensive and collaborative approach to protect, mitigate, and enhance

fish and wildlife populations that are affected by the construction and operation of regional Federal hydropower system.

In late 2020 and early 2021, plaintiffs filed complaints in the district court in Oregon and the Ninth Circuit challenging the decisions of the Corps, Reclamation, Bonneville Power Administration, the National Marine Fisheries Service, and the U.S. Fish and Wildlife Service. The United States negotiated a stay of the district court litigation so that the parties could work collaboratively on addressing basin-wide solutions that could resolve the litigation. The District Court granted the stay in October of 2021, and then extended the stay through August of this year. The stay that these parties negotiated has allowed the parties in the litigation and the regional sovereigns, which includes the region's tribes and four states, to continue to work on developing comprehensive, basin-wide solutions to recover native fish populations. Under the court ordered stay, Bonneville and other affected Departments and agencies are participating in confidential mediation conducted by the Federal Mediation and Conciliation Service to achieve this goal. Bonneville is committed to the confidential mediation and a whole-of-government approach to addressing these important matters.

THE ROLE OF FEDERAL HYDROPOWER FOR REGIONAL ECONOMY AND CLEAN ENERGY GOALS

Low-cost hydroelectric power has been an asset for this region's economy since the Great Depression and the days of World War II. Today, Federal power continues to serve remote rural communities across the Northwest that have few other economic advantages to offer industry and businesses. The Northwest's manufacturing and technology economies are more technologically advanced than ever, and these manufacturers depend on reliable electricity with stable voltage and near-zero interruptions.

Responding to state mandates, Federal incentives and the declining cost of technology, the Nation and much of the West is attempting to meet clean electricity goals through other renewable resources, particularly wind and solar. Because these resources are dependent on the wind blowing and sun shining, hydropower is one way – but not the only way – to offer adaptable operational capability to integrate these variable resources, thereby enabling the Western Interconnection's growing reliance on them.

SIGNIFICANCE OF LOWER SNAKE DAMS FOR BONNEVILLE'S ELECTRIC SYSTEM RELIABILITY AND INTEGRATING NEW GENERATING RESOURCES

The four lower Snake River dams play a role in keeping the region's Loss of Load Probability low —currently around 6.6%, or one year in every 15 years. Our analysis finds that breaching the four lower Snake River dams would require Bonneville (or regional utilities) to contract for or build substantial amounts of new resources to meet projected increases in demand and to achieve decarbonization goals. Extreme weather events, including heat waves last August and September and cold snaps last December, provide examples of the capabilities of the lower Snake dams to respond to days of peak electricity demands. During last August and September's heat events, for example, the lower Snake dams produced sustained output adding between 500 and 700 megawatts continuously over multiple days. At each dam, additional water is held in

reserve to be called upon if additional generating capacity is needed or if energy use demands it. Similar operations occur in the winter when extreme cold weather drives energy demand up for days at a time.

In 2022, Bonneville contracted for an independent economic study of the value of the Lower Snake River dams to the Northwest power system. According to this study, replacing the four lower Snake River dams while meeting clean energy goals and system reliability is possible but comes at a substantial cost even assuming emerging technologies are available. In this study, E3, the firm Bonneville contracted, concluded that replacing these resources would require:

- 2,300 – 4,300 MW of replacement resources
- An annual cost of \$415 million – \$860 million by 2045
- A total net present value cost of \$11.2 - \$19.6 billion based on 3 percent discounting over a 50-year time horizon following the date of breaching
- An increase in costs for public power customers of \$100 – \$230 per household per year (an 8% – 18% increase) by 2045.

Other energy studies in the region have concluded that the energy replacement needs would be less.

In conclusion, Mr. Chairman, I would again like to express my appreciation for the opportunity to participate in this hearing. The Federal Columbia River hydropower system continues to benefit the people of the Pacific Northwest, while also powering our modern economy and contributing to the quality of life that people so greatly value in our region today.