



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Schlossberg, Brown, Carlson, Barofsky and McRae
FROM: Jason Heuser, Public Policy and Government Affairs Program Manager
DATE: April 23, 2021
SUBJECT: 2021 State Legislative Session Update
OBJECTIVE: Information Only

Issue

The 2021 State Legislative Session convened on January 21st. This memo is to apprise the Board of the status in the legislative process of issues key to EWEB's adopted 2021 legislative agenda and legislative principles. The progress of the legislative session has slowed as of late due to failure by legislators to reach agreement to a waiver of a requirement that the full text of each bill be read aloud during floor sessions. Additionally, instances of exposure to positive Covid-19 cases have resulted in several days of canceled floor sessions.

Background

Prior to the start of each legislative session, the Board adopts general policy directives for advocacy at the Capitol, which guide the work of EWEB's lobbying activities. When political considerations test the applicability of those directives, the General Manager makes a determination as to whether a fundamental shift in direction is required. The Board may be asked to reaffirm its policy or direct staff to make necessary adjustments.

Discussion

The following is a summary of the status of key legislation of interest to EWEB:

HB 2021 (previously HB 2995) – 100 Percent Clean Energy Standard – Recommendation: MONITOR

There has been a tentative agreement reached between stakeholders on key elements of clean energy legislation. Utilities, ratepayer advocates, environmental groups, and independent power producers have agreed on a conceptual amendment to HB 2021 including the following elements:

Clean Electricity Targets – requires Oregon's largest investor-owned utilities to reduce greenhouse gas emissions by 100 percent below baseline levels by 2040. Interim goals are 80 percent emissions reduction by 2030 and 90 percent reduction by 2035.

Consumer Protection and Reliability Offramps – utilities would be allowed temporary exemptions from emission reduction targets if compliance with the policy violates a cost cap or undermines the reliability of the electric grid.

Local Government Energy Supply – a process would be established for local governments to work with an investor-owned utility to achieve their local climate action plan’s electric sector goals.

New Gas Generation Siting Ban – the Oregon Energy Facilities Siting Council would be prohibited from allowing new or expanded natural gas power plants.

While the stakeholder agreement increases the likelihood of approval, the Republican Caucus has expressed their frustration with having few if any of their proposed changes reflected in the tentative stakeholder agreement.

HB 2121 was referred without recommendation on April 15 to the House Revenue Committee. It has not yet been scheduled for a hearing there.

SB 5555 – Use of American Rescue Act Plan Funds for Fire-Affected Watersheds: SUPPORT

The American Rescue Act Plan (ARPA) approved by Congress will send significant funding to state to allocate at their discretion. EWEB has worked with our local state legislative delegation and Lane County to submit a proposal to allocate ARPA funds for McKenzie River watershed restoration work. The proposal is comprised of funding for 1) Septic System Repair/Replacement; 2) Riparian Restoration; 3) Large-Scale Floodplain Restoration and Property Acquisition; and 4) Revegetation in ODOT’s Highway 126 Right of Way.

SB 333 – Hydrogen Study – Recommendation: SUPPORT

EWEB staff testified before the Senate Energy and Environment Committee on February 11th in support of SB 333 a bill that would direct state agencies to study the potential of and benefits to Oregon from Renewable Hydrogen. The bill was approved out of committee unanimously on March 23rd and approve by the Senate on a 28-1 vote. The bill is scheduled for a public hearing at the House Energy and Environment Committee on April 26th.

HB 3103 – Municipal Access to Federal Stored Water – Recommendation: SUPPORT

For over 30 years, municipal water providers in the Willamette Basin have been working with the U.S. Army Corps of Engineers, the Oregon Water Resources Department (OWRD), and other state agencies and stakeholders in the Basin to develop an integrated water resources management strategy to effectively plan for community water needs, agricultural irrigation needs, and endangered species protection. Significant progress has been made to reallocate the storage space in the 13 Willamette Basin Project reservoirs. This stored water is one of the few remaining water supplies to meet future needs within the basin.

Recently, this work led to Congressional approval of the Willamette Reallocation in the reauthorization of the Water Resources Development Act (WRDA) at the end of 2020. Now the state must implement a water right transaction called a “transfer” in order to access the stored water for multiple beneficial uses. This “transfer” to a “multi-purpose” use is also a requirement

to protect fish flows allocated for the Endangered Species Act.

OWRD recently determined they lacked statutory authority to accept and process character (type) of use transfer applications after decades of established practice. This issue came about as an unintended consequence of a legislative change in 1995 that changed water “right” to water “use.” OWRD’s determination eliminated a crucial administrative process needed for efficient and cost-effective transfers of water from one use to another. This leaves municipal water providers in the Willamette Basin, including EWEB, without a viable path to access stored water for future needs. HB 3103 clarifies that OWRD has the ability to resume accepting and processing applications to change the use of stored water. HB 3103 will allow municipal water providers to access critical stored water to meet future demands without purchasing a new water right.

EWEB staff testified in support of HB 3103 at a public hearing at the House Water Committee on March 8. Although the bill has some opposition from agriculture interests who demand that location (controversial) authority be addressed in tandem with character of use authority, HB 3103 was approved by the House Water Committee on April 16th and referred to the Joint Ways and Means Committee where it awaits further action.

Recommendation/Requested Board Action

No action is requested at this time. This is a monthly informational update.



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TO: Commissioners Schlossberg, Brown, Carlson, Barofsky and McRae
FROM: Lisa Krentz, Generation Manager, and Rod Price, Assistant General Manager
DATE: April 23, 2021
SUBJECT: Walterville Canal Flow Restrictions for 2021
OBJECTIVE: Information Only

Issue

Based on below median McKenzie River summer streamflow forecasts, following a planned outage (June 5-28), EWEB will voluntarily maintain at least 10% more flow in the McKenzie Bypass of the Walterville Canal than in the canal itself through October 31, 2021.

Background

In a Record of Decision implemented on January 10, 2018, General Manager, Frank Lawson formalized an operational decision regarding summer flows in the Walterville Canal, which is part of the Leaburg/Walterville Hydroelectric Project (FERC #2496). The decision states that, “In years with below median expected summer stream flows/snowpack, from May 20th through October 31st, EWEB will voluntarily adjust the power canal intake in order to maintain at least 10% more flow in the McKenzie bypass reach of the Walterville hydroelectric project than flows exiting the tailrace of the project.”

EWEB owns and operates the Walterville hydroelectric project, with a nameplate capacity of 8 MW, on the lower McKenzie River under a license issued by the Federal Energy Regulatory Commission on April 27, 2000. Up to 2,577 cubic feet per second (cfs) can be diverted into the Walterville canal at the Walterville diversion under normal operations. Under the terms of the operating license, EWEB is required to maintain minimum instream flows of 1,000 cfs in the bypassed reach of the McKenzie River.

In accordance with the Record of Decision, in low flow years EWEB will adjust the flow going into the Walterville canal during the summer to maintain 10% more flow in the river than in the canal. Maintaining more flow in the river than in the canal will improve fish migration, water quality, and recreational use conditions in the bypassed reach. The primary impact to EWEB is financial through lost generation.

Discussion

Based upon snowpack data and summer stream forecasts available in early-April, the McKenzie Basin is projected to experience below median stream flows during the upcoming summer. Although SnoTel data from the Natural Resources Conservation Service indicates that current snowpack in the basin is roughly 108% of median, McKenzie River streamflow forecasts for the April to September

period at Vida (the closest forecast station) are 99% of average. Considering these projections were made before April's warm temperatures, staff expect that summer flow projections will be reduced further when the May streamflow forecast is released.

Accordingly, EWEB Generation will implement the Walterville Canal flow restrictions identified in the January 2018 Record of Decision following the annual Walterville Project maintenance outage that is currently scheduled for June 5 to June 28, 2021. Through October 31, 2021, EWEB will voluntarily maintain at least 10% more flow in the McKenzie Bypass of the Walterville Canal than in the canal itself.

Requested Board Action

No Board Action is required. This memo is for informational purposes only.