



Meeting Summary

Huffman Potter Valley Project Ad Hoc Committee

Meeting held May 30, 2018
 Summary prepared by Consensus Building Institute

Key Outcomes

The Ad Hoc Committee approved the Fish Passage objectives. The Fish Passage Working Group will continue explore options for future Ad Hoc Consideration.

PG&E will be putting the project up for auction, but the FERC relicensing process will continue.

The Ad Hoc explored a set of guiding principles for a two-basin solution, provided feedback on elements that could shape future scenarios for the Potter Valley Project, and refined its working charter.

The next meeting will take place in October 2018 at the Ukiah Valley Conference Center.

Action Items (organized by person)

All		Send any edits to the list of Ad Hoc participants (from Ad Hoc Charter) to Julia Golomb
Curtis Berkey, Emily Luscombe, Congressman Huffman	done	Craft language re: tribal rights in the Goals and Principles document
Congressman Huffman		Update Goals and Principles document based on Ad Hoc input
CBI	done	Post and distribute draft goals and principles document - view
CBI		Revise draft Ad Hoc Charter based on Ad Hoc input <ul style="list-style-type: none"> ➤ Strike language regarding visitors ➤ Ensure that consistent language re: consensus

About the Huffman Potter Valley Project Ad Hoc Committee

At the request of several entities, Congressman Jared Huffman has convened stakeholders in a process referred to as **Congressman Jared Huffman's Potter Valley Project (PVP) Ad Hoc Committee**, which complements the formal Potter Valley Project FERC relicensing process. The Ad Hoc Committee has no formal authority, yet it also has no constraints - thereby enabling constructive dialogue among stakeholders

and consideration of a broad range of scenarios for the future of the Potter Valley Project.

At the request of Congressman Huffman, PG&E, Sonoma County Water Agency, and California Trout teamed to contract the Consensus Building Institute to provide impartial facilitation of the Ad Hoc Committee. The Ad Hoc Committee offers a promising venue for regional water planning alongside consideration of salmonid population recovery. PG&E, the licensee, supports and participates in the Ad Hoc discussion of the Project outside of the FERC process while the formal FERC process proceeds.

The Ad Hoc Committee identified two key topics that are fundamental to the Potter Valley Project: (1) fish passage above Scott Dam and (2) water supply options. At its January 2018 meeting, the Ad Hoc Committee formed two technical working groups to examine these issues in a rapid, focused manner. Throughout 2018, the Fish Passage and Water Supply Working Groups will examine these issues and then report their findings to the full Ad Hoc Committee for consideration.

Proposed Goals and Principles for a Two-Basin Solution

[Download draft guiding principles](#)

Congressman Huffman outlined the following draft guiding goals and principles for a two-basin solution.

We as interested parties in the Potter Valley Project Ad Hoc Committee are committed to joint problem solving and working toward a resolution of the PVP relicensing application that reflects the following goals and principles:

Co-Equal Goals

- Improve fish passage and habitat on the Eel River sufficient to support recovery of naturally reproducing, self-sustaining salmon and steelhead populations, including fish passage past Scott Dam;
- Minimize or avoid adverse impacts to water supply reliability, fisheries, and water quality in the Russian River basin

Other Goals

- Respect tribal rights
- Minimize and mitigate adverse impacts to Lake County, including Lake Pillsbury businesses and residents
- Ensure accountable governance and financially viable operations, including addressing potential liabilities
- Jointly pursue public funding based on environmental and water supply benefits
- Ensure that implementation of fish passage improvements in the Eel River basin happens in parallel and ideally simultaneously with water supply improvements in the Russian River basin

Ad Hoc participants support the two co-equal goals and provided the following input on the document:

Consider changing introductory language such that it speaks to **outcomes** (*i.e. the goal of the Ad Hoc is to look for a relicensing process outcome that aligns with these principles*).

For the first co-equal goal on improving fish habitat, consider:

- Specifying anadromous fish (includes lamprey)
- Broadening Scott Dam to include “project dams”
- Specifying “migratory access” in place of “fish passage”
- Aiming to integrate harvest as a concept for fisheries
- Including water quality

For the second co-equal goal on minimizing or avoid adverse impacts, consider:

- Addressing native fisheries
- Adding recreation
- Considering speaking to water supply issues in both the Russian River and Eel basins

Consider:

- Adding recreation for both rivers under coequal goals
- Narrowing and characterizing tribal rights, e.g. “tribal fishing and water rights and traditional connections the river.” [Curtis Berkey, Emily Luscombe and Congressman Huffman will craft this language].
- Rephrase “respect tribal rights” such that it addresses cultural and traditional connections
- In final bullet, revisiting “water supply improvements” to consider whether to sharpen the language or leave it vague

Next Steps

Congressman Huffman will update the Goals and Principles document to reflect the above Ad Hoc input.

PVP Auction Process

On May 10, 2018, PG&E filed a letter to inform the Eel-Russian River Commission of its decision to auction the Potter Valley Project in the fall of 2018. PG&E evaluated options for the future of the project—including sale through bilateral negotiation or auction; withdrawal of notice of intent and orphaning; decommissioning; continued PG&E ownership and operation—and determined that the continued ownership and operation of PVP is not in the best interest of PG&E’s customers due to declining demand for PG&E power as well as operational costs given the remoteness of the project relative to PG&E’s other hydroelectric projects.

Based on recent experience, PG&E expects to be able to sell the project through auction. Auction is open to any qualified entity and may draw interest from power generators, conservation groups, tribes, water supply groups, or a combination thereof. PG&E anticipates that auction will provide the opportunity for all interested

parties to pursue their interests in the project. PG&E is open to exploring with local, county, and state government entities possible transfer of the project to a regional entity as an alternative to the auction so the region can make its own decisions regarding resource management. The application for a new FERC license is due April 2020, regardless of the project owner at that time. This decision will have minimal impact on the Ad Hoc process, as the relicensing process will proceed in the same way.

Auction Process

Moller emphasized that the auction process is a business process—not a relicensing process—with the following steps:

- Broadly advertise (via trade journals, etc.)
- Distribute marketing materials (publicly available materials about the project)
- Parties that sign a non-disclosure agreement can access more in-depth information via a virtual data room.
- Interested parties submit an indicative proposal that outlines the party's qualifications and how it proposes acquiring the project from PG&E
- PG&E evaluates the indicative proposals and identifies the most qualified candidates, who may in turn inspect facilities and conduct due diligence
- Parties then submit a letter of intent to acquire the project, with their proposed terms and conditions
- PG&E evaluates letters of intent, selects a counterparty, and commences negotiations
- Based on experience, it should take approximately six months to select a counter-party (required if sold via auction) and another 6-12 months to negotiate a purchase and sale agreement.
- The licensee and transferee jointly apply for FERC approval to transfer the FERC license (takes 3-6 months).
- CPUC approval is also required (takes 6 to 12 months) simultaneous with the FERC approval process.

Engagement in the auction process is limited to potential buyers that are actively trying to purchase the project; public engagement with the auction process takes place via CPUC and FERC processes.

Discussion Insights

- Protections' documentation are set by FERC and will apply to any licensee.
- All water rights permits needed to own and operate the project transfer with the project.
- There will likely be no interruption to preparation of the FERC relicensing application; upon close of the sale the buyer will step into PG&E's place with regard to preparation of the application and the relicensing process.
- Merced Irrigation District is an example of a public agency with a regional resource management role that in 2017 purchased a PG&E hydroelectric project (Merced Falls) while it was in relicensing.

2018 Work Plan

The Fish Passage Working Group (Chair: Joshua Fuller, NMFS) met twice to-date and its work informs that of the Water Supply Working Group (Chair: Don Seymour, SCWA). All

working group outputs will come to the Ad Hoc for discussion and approval. At its next meeting, in autumn, the Ad Hoc Committee will look at the possible scenarios and consider what scenarios may make sense for the future of the Potter Valley Project. Working Groups will continue to craft viable scenarios for the future of the Potter Valley Project and assess the opportunities and impacts of those scenarios; ultimately, the Ad Hoc's outcomes, in the form of recommendations, will feed into the relicensing process.

Ad Hoc Charter

[View draft Ad Hoc charter](#)

Ad Hoc participants reviewed and provided input on the draft Ad Hoc Charter.

Discussion Insights

Some participants expressed concern that the frankness of Ad Hoc discussions could be inhibited if meetings are not treated as confidential. In response, the Ad Hoc Committee agreed that meeting summaries would remain high level and without attributions. Meeting summaries are intended to advance the Ad Hoc's work and inform the working groups' efforts.

The Ad Hoc is exploring consensus while not making binding decisions. If a consensus recommendation for a two-basin solution emerges out of Ad Hoc process, it will inform the relicensing process. The Ad Hoc is tackling only a few items of the license. The FERC process will need to address a broader list of issues.

If any participants have a fundamental concern with an aspect of an item that the Ad Hoc agrees to move forward, it will be recorded.

In response to concerns and discussion, the facilitator noted the concept of "living in two worlds," noting that the political reality is such that participants are crafting scenarios around the table while simultaneously working elsewhere and engaging in other conversations. All parties, including Congressman Huffman may engage in sidebar conversations.

The Committee affirmed the importance of continuity among Ad Hoc participants. Representatives Jim Wood and Mike McGuire have standing invitations to attend the Ad Hoc meetings.

Participants agreed to the following changes to the draft Ad Hoc Charter:

- Strike language regarding visitors from charter
- Gina will ensure that language on consensus is consistent with the Ad Hoc's input
- Send any edits to the list of Ad Hoc participants to Julia Golomb

Fish Passage Working Group

The Ad Hoc reviewed Fish Passage Working Group's **fish passage objectives** ([view objectives](#)) and fish passage filtering criteria ([view filtering criteria](#)). Representatives from the Fish Passage Working Group summarized the working group's key discussion points to-date:

- In the first meeting, participants delved into what is required to reestablish viable fish populations.
- Some working group members are wary of implementing a short-term option that may remain for the long-term.
- The working group is looking at the full range of passage options –both volitional and non-volitional. The third Fish Passage Working Group meeting will further focus on the range of passage technologies.
- This working group has brought together many people who have not previously worked together and offers a valuable opportunity to network with each other to improve habitat elsewhere along the Eel River.

Outcome

All Ad Hoc committee members can live with the existing fish passage objectives; the Fish Passage Working Group is moving forward on a trajectory to realize its objectives.

Water Supply Working Group

The Water Supply Working Group met once to-date and developed preliminary concepts that will be shaped into objectives. The Working Group formed a subgroup with substantial modeling experience; participants include Scott McBain, Craig Adley, SCWA modelers, Michelle Lent (PG&E hydrologist), and Andres Ticlavilca (NMFS hydrologist). The subgroup will: (1) outline a modeling approach to bring to the Water Supply Working Group and in turn to the Ad Hoc and (2) develop baseline conditions.

A participant noted that the working group might consider dam safety as a water supply issue; it may be an instructive modeling scenario to assume and see the impact of diversions stopping.

PVP Scenario Elements

[View draft PVP Scenario Elements](#)

The Ad Hoc Committee reviewed draft PVP Scenario Elements and provided the following input:

- The diversions section should include water for the Eel River.
- A portion of the diversion is currently monetized (sold to PVID). All the other water that passes through the PVP is discharged and considered abandoned by PG&E once it leaves the project. Others have applied for and secured water rights for that abandoned water.
- A participant suggested adding public (non-bond) funding as a sixth category.
- Under license status, add FERC non-power license.
- Under project ownership, include “no owner” (project decommissioned).
- A participant suggested the importance of considering major capital costs and investments (i.e. in dam safety, fish passage, etc.) that will affect the future of the project.

Next Steps

Working groups will aim to develop scenarios for review at the next Ad Hoc meeting.