# Meeting Summary
# Huffman Potter Valley Project Ad Hoc Committee

Meeting held October 17, 2018
Summary prepared by the Consensus Building Institute

## Key Outcomes

PG&E continues with the auction process and the FERC relicensing process on separate trajectories. The Ad Hoc process outcomes could inform the FERC relicensing process studies.

The Fish Passage and Water Supply Working Groups presented options for fish passage and water supply under consideration. The groups also proposed tools to evaluate advantages, drawbacks, and uncertainties for different approaches. The Water Supply Working Group recommends the model is suitable for comparing scenarios and use in the relicensing process based on model validation tests and expected minor refinements.

The Ad Hoc Committee supports the Water Supply and Fish Passage Working Groups' progress thus far and continued efforts to evaluate and narrow options for Ad Hoc consideration. The group agreed to use the Mead & Hunt and the McMillen Jacobs Associates reports for general cost estimates.

Ad Hoc members agreed to continue the Ad Hoc process into early 2019 while acknowledging concerns about continuing to commit staff time and capacity.

The next Ad Hoc Committee meeting is likely to occur in February / March 2019.

## Action Items

| Assignee | Task |
|---|---|
| Design Team / Water Supply Working Group | Discuss next steps for evaluating a 'Raise Coyote Valley Dam' scenario. |
| CBI | Post relicensing timeline, meeting presentation slides, and revised fish passage scoring matrix. |

## Context

*(Refer to the Briefing Document Overview section [p.2] for additional information.)*

At the request of several entities, Congressman Jared Huffman has convened stakeholders in this process referred to as Congressman Jared Huffman's Potter Valley

Project (PVP) Ad Hoc Committee, which complements the formal Potter Valley Project Federal Energy Regulatory Commission (FERC) relicensing process. The Ad Hoc Committee's goal is to agree on potentially viable scenarios for the project's future that build on technical working group recommendations and the associated opportunities and impacts.

The Congressman in cooperation with the Ad Hoc has developed goals and principles for a "Two-Basin Solution" that focus on crafting a future for the project that encompasses interests of both the Eel River and Russian River basins.

The Ad Hoc Committee has previously identified two key topics that are fundamental to the project's future: (1) fish passage above Scott Dam and (2) water supply. The Ad Hoc Committee formed two technical working groups to examine these issues in a rapid, focused manner using existing information. Both working groups finalized their objectives per Ad Hoc feedback in May (*view objectives for Fish Passage and Water Supply Working Groups*). The working groups have been meeting regularly to evaluate various fish passage and water supply options and are beginning to narrow options that will receive further examination.

## Update: Auction Process

In September 2018, PG&E launched an auction process, publicly issuing a request for offers. The sale includes the project assets and the existing license.

Approximately 20 entities have expressed interest and signed a non-disclosure agreement to receive additional information. Although PG&E cannot release specific names of interested parties, PG&E staff noted that a wide range of entities expressed interest (e.g., governments, tribes, public water agencies, independent parties, etc.).

PG&E will develop a framework to evaluate submitted indicative proposals that will consider factors such as price, qualifications, and demonstration the new owner can execute project activities. PG&E has not set a hard deadline for proposals in order to provide applicants sufficient time to understand the project and develop robust proposals. PG&E will work with applicants to create an appropriate proposal schedule; PG&E staff estimate the whole process will take 1.5-2 years.

| **PVP Auction Process Overview** |
| --- |
| ➢ Broadly advertise and distribute marketing materials<br>➢ Parties sign a nondisclosure agreement to access in-depth information<br>➢ Interested parties submit an indicative proposal<br>➢ PG&E evaluates the indicative proposals<br>➢ Parties submit a letter of intent to acquire the project<br>➢ PG&E evaluates letters of intent<br>➢ PG&E selects counter-party (approximately 6 months)<br>➢ PG&E negotiates a purchase and sale agreement (6-12 months)<br>➢ Licensee and transferee jointly apply for FERC approval to transfer the FERC license (3-6 months)<br>➢ Licensee and transferee seek CPUC approval, which is required (6 to 12 months), simultaneous with the FERC approval process |

## Update: FERC Relicensing Process

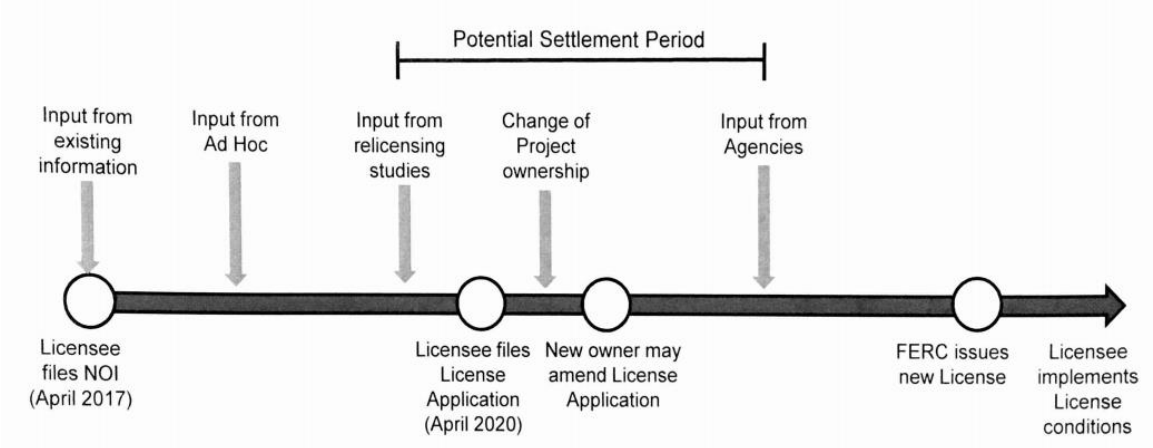
PG&E launched the FERC relicensing process in April 2017 and is currently in the studies phase. PG&E has been collaborating with several interested parties and subject-matter experts (many of whom serve on the Ad Hoc Committee and/or the working groups) to develop the study plans and technologies to use in the studies. FERC has approved 21 studies, and most are underway. The study plans require PG&E to develop technical working groups to address issues, such as water supply, fish passage, hydrologic modeling, etc. These technical working groups align well with the work of the Ad Hoc working groups and will facilitate a smooth transition from the Ad Hoc process to implementing the study plans.

PG&E will develop an evaluation report of the studies' progress and meet with stakeholders to help develop the plan for 2019 studies. The draft relicense application is due November 2019. The application for a new FERC license is due April 2020.

## How Processes Relate: PVP Auction, Relicensing, and Ad Hoc Committee

David Moller, PG&E, explained how the Ad Hoc process feeds into the FERC relicensing process, and possible implications of the auction process (*see diagram below*). He reemphasized that the auction process is separate process from the relicensing process. He said the level of the new owner's engagement in the relicensing process remains unknown at this point. Until the sale closes, PG&E will remain as the lead for relicensing. Moller added that a settlement could also occur, but not likely before the relicensing studies conclude to provide interested parties with the most updated information.

**Diagram - Relationship of the Ad Hoc and Relicensing Processes**




**PG&E Responses to Clarifying Questions**

PG&E staff do not see the buyer having much influence on the relicensing application, as the sale will likely take longer than the relicensing process. However, the new owner has the right to amend the license application.

PG&E expects to identify a qualified transferee based on the number and quality of interested parties. However, PG&E would need to evaluate appropriate next steps in the event that PG&E does not receive a viable bid. One option would be to "orphan" the project, in which case FERC would widely notify the status of the project.

Interested parties then have 18 months to file an application; afterwards, the new owner goes through the FERC license process. If no one timely files an application, FERC may order the licensee to develop a decommission plan.

If the new owner wishes to use the project solely for water transfer and not energy generation, the project still requires a FERC process to change the license to a non-power license. The process steps are very similar to relicensing and involve input from the same regulatory agencies.

The decommissioning process would look very similar to the relicensing process.

**Discussion Insights**
Several raised concerns about the new owner disagreeing with recommendations developed by the Ad Hoc effort and/or potential settlement.

An attendee noted that settlement negotiations may occur once regulatory agencies provide their input (e.g., new terms and conditions), and that the buyer may wait until agencies provide input to have a clearer cost estimate.

Participants indicated they wanted more specifics on how the "orphaning the project" scenario might unfold and associated implications.

An attendee reminded the group that decommissioning does not necessarily mean removal of facilities.

## Fish Passage Working Group

*(Refer to Briefing Document, Fish Passage section [p.9] and presentation slides.)*

The Ad Hoc reviewed the Fish Passage Working Group's progress to date. The working group identified four general "scenarios" for evaluation: (1) fish passage (via fish ladder, natural channel, etc.), (2) trap and haul, (3) partial Scott Dam removal, and (4) removing Scott Dam and modifying Cape Horn Dam. The working group has developed a high-level qualitative filtering tool / scoring matrix to help evaluate different approaches.

| 1 Fish Passage at existing Scott Dam | 2 Trap & Haul | 3 Partial Scott Dam Removal | 4 Remove Scott Dam and Modify Cape Horn Dam |
|---|---|---|---|
| **Fish Ladder**<br><br>**Natural Channel**<br><br>**Fish Surface Collector** (downstream)<br><br>**Fish Elevator** | **Short Term** (10-15 years)<br><br>**Long Term**<br>Needs evaluation | **Lower Scott Dam**<br><br>1) Meet PVID demand and environmental flows<br><br>2) Retain accumulated sediment | **Remove Scott Dam and Modify Cape Horn Dam**<br><br>**Remove both Scott Dam and Cape Horn Dam**<br>1) With Diversion (provides another baseline for flows and fish)<br><br>2) No Diversion |

**Discussion Insights**
Attendees expressed high interest in better understanding the fish passage options (i.e., walk through the scenarios in greater depth). The working group has formed two sub-groups that are developing and scoring specific fish passage scenarios for a select number of approaches.

Of the approaches considered thus far, two scenarios – 1) lower Scott Dam while meeting current Potter Valley Irrigation District (PVID) demand, and 2) removal of both dams without diversions – do not appear to satisfy the two-basin solution goal. Other management options would need to occur to make these more feasible (e.g., modified diversions or PVID demand).

The group identified several unknowns and issues that require further consideration. Some issues may be beyond the scope / timeline of the Ad Hoc, but the working group should document these uncertainties:

- How Scott Dam removal may impact groundwater recharge
- Impacts from accumulated sediment from the 2017 fires
- Impacts on recreation without the reservoir
- Clearer understanding of the sediment issues behind Scott Dam.
- Estimated fish production for each scenario

An attendee encouraged the group members to actively and immediately pursue strategies to reduce pike minnow populations (e.g., fishermen partnerships, fish derbies, and chromosome Y introduction). PG&E staff noted it formed a predatory fish working group as part of the relicensing study plans.

**Outcomes**
The Fish Passage Working Group is moving forward with developing specific scenarios to qualitatively evaluate the pros, cons, and uncertainties using the filtering tool / scoring matrix. The working group will document the pros, cons, and uncertainties for the different scenarios as part of its final report; the group has not decided whether to or the most appropriate approach for comparing across scenarios.

## Water Supply Working Group

*(Refer to Briefing Document, Fish Passage section [p.6] and presentation slides.)*

The Water Supply Working Group shared its progress to date in developing a water and operations computer model to help compare different project operation scenarios. The working group formed a Model Sub-Group to develop / validate the model and run modeling scenarios per the input from the Water Supply Working Group. The working group recommends the model as suitable to use in the relicensing process based on the model validation tests and expected minor refinements.

The Model Sub-Group shared preliminary modeling results for three scenarios: current operations, Scott Dam decommission, and run-of-the river. These preliminary results indicate that river flows and Lake Mendocino water supply reliability are significantly impacted under the PVP decommission scenario as compared to the current operations. The run-of-the-river scenario preliminary results indicate potential sufficient water supply and fish flow conditions; however, the Modeling Sub-Group cautioned the scenario assumptions are significant (e.g., expensive capital PVID pump-back project), and results may change under difference climate change scenarios.

| Modeling Scenarios (Updated 10.3.2018) | | Russian River / Lake Mendocino Alternatives | | | | |
|---|---|---|---|---|---|---|
| | | Baseline / Current Ops | Lake Mendocino FIRO (Hybrid) with fish flow EIR Ops | Raise Coyote Valley Dam | Reduce Russian River Water Demands | PVID Storage |
| Potter Valley Project Alternatives | Baseline / Current Ops | 1 - **Done** | | | | |
| | PVP Decommission | 2 - **Done** | 5 - NEXT | | | |
| | PVP Revised Ops (RPA E-5, Reduce EBRR flows, etc.) | | 4 - **NEXT** | | | |
| | Lowered Scott Dam | | | | | |
| | Run-of-the-River+ | | 3 - Done<br>6 - NEXT:CLIMATE | | | |

+ Run-of-the-River Assumptions: Remove Scott Dame, carry out Van Arsdale diversions with excess flows, and meet Potter Valley Irrigation District (PVID) demands from Lake Mendocino

**Discussion Insights**

Several individuals commended the efforts of the working group and Model Sub-Group to develop a model that appears to simulate future project scenarios with sufficient accuracy for evaluating water supply and ecological management approaches for both basins.

Much of the discussion focused on better understanding the factors that enable the run-of-the-river scenario to successfully support both water supply and fish passage (e.g., how much of the Lake Mendocino water supply improvement is due to diversion facilities vs. forecast-informed reservoir operations [FIRO]). The Model Sub-Group

reemphasized the substantial scenario assumptions, that these are preliminary model results, and that the group still needs to apply the climate change scenarios. Other factors like cost, administrative coordination, etc. may also hinder this run-of-the-river option's feasibility.

Several Ad Hoc members expressed interest to explore a raising Coyote Valley Dam scenario. The US Army Corps of Engineers would need to be involved in developing feasible options.

The group briefly discussed options for reducing water demand, specifically opportunities to meet PVID demand besides an expensive pump-back project (e.g., more storage opportunities along Russian River). PVID said it explored storage facilities in the past, but local landowners showed little support at that time due to costs. Participants suggested exploring reducing Russian River demand at a later date (rather than through the current modeling process).

An Ad Hoc member raised a concern regarding how the model will incorporate recent and future hydrology due to changes such as reduced vegetation in the upper watershed and modified US Forest Service management activities.

Under the run-of-the-river scenario, participants speculated power production would generally be unreliable due to predicted increased / more intense flash flows.

Someone suggested that considering different management options for Lake Mendocino (improving cold water pool, getting water from different depths, etc.) is important even though this is probably beyond the scope and timeline of the Ad Hoc.

Several individuals stated they want the Ad Hoc and working groups to continue to consider Scott Dam removal as an option.

**Outcomes**
The Water Supply Working Group and Model Sub-Group will move forward with running the next round of prioritized scenarios (*refer to modeling scenarios table above*).

The group agreed to remove one of the options ("Raise Coyote Valley Dam with FIRO"), as the group deemed this redundant with the "Raise Coyote Valley Dam" option.

## General Feedback on the Options

Several attendees wanted to include some associated cost estimates for the fish passage and water supply scenarios. Attendees shared differing viewpoints on level of confidence that the available information is sufficiently accurate and/or if this group has the appropriate expertise to make those judgments. PG&E consultant CARDNO and PG&E are exploring general cost estimates; these will likely not be available during Ad Hoc timeline. The group agreed to use the Mead & Hunt and McMillen Jacobs Associates reports for general cost estimates.

A few questioned who would be responsible for operations and maintenance of facilities and equipment (e.g., fish screen maintenance) under the decommission scenario.

Several stated the water benefits need to be monetized to help fund much of options under consideration to be truly feasible.

The group acknowledged water quality is important, but that data will not be available until after the Ad Hoc process concludes.

**Outcomes**
The group agreed to use the Mead & Hunt and the McMillen Jacobs Associates reports for general cost estimates, acknowledging the limitations of the available information and expertise of the Ad Hoc and working group members.

## Next Steps for the Ad Hoc Committee

Several voiced support for continuing the Ad Hoc process past December. A few shared concerns that the group needs to narrow down the options, as they cannot continue to allocate so much of their staff time at the current level.

A participant expressed a desire for stakeholder input to continue during the relicensing process after the Ad Hoc process ends.

Ad Hoc members offered a few suggestions regarding the desired format for presenting the working groups' findings:

- Once the working groups have narrowed down the options, the Ad Hoc would like to walk through the specific scenarios to help envision the options more clearly and to understand exactly what fish technologies are being considered (fish elevator can entail different things to different people).

David Moller from PG&E will retire December 1; Mike Schonherr will serve as his replacement for the PVP.

Ad Hoc is expected meet again in February/March. Both Water Supply and Fish Passage Working Groups expect their work will take them through January.