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WA-18

Hydropower and the Columbia River Treaty



In 1961, the United States and Canada signed the Columbia River Treaty to provide flood control on the Columbia River and increase hydroelectricity production from better coordination of water flows.

This agreement allowed Canada to build several projects—including dams—in British Columbia that increased water storage. That storage allows the state to control water flows, reducing flood damage and increasing power generation.

In the treaty, Canada is paid for flood control and is entitled to a portion of the increased power production because of both the impact of building the dams on the British Columbia environment and to repay the cost of the projects themselves. This could be paid in money or power returned to Canada. To date, this has always been a monetary payment.

Through the years, many things have changed, including the volume of water used to generate hydropower and the value of the power produced. Current models in the U.S. suggest the U.S. is overpaying Canada by more than \$100 million annually. This is the equivalent of about 5% of the Bonneville Power Administration's wholesale power sales.

Beginning in 2014, either side in the Columbia River Treaty could send a termination notice with 10 years notice. With this 10 years notice there is time to plan for the impacts of terminating the treaty. The flood control arrangement changes in 2024, but the power component does not.

The U.S. has tried to engage Canada in renegotiating the Columbia River Treaty, but little progress has been made. The U.S. believes payments to Canada should be reduced to match the current value of power. Canada—or more precisely, British Columbia—is not moving quickly, as the treaty provides significant value to the British Columbia provincial government, which receives all payments into its general funds. There is little to bring them to the table, so many in the region believe the U.S. needs to send a termination notice to the Canadians to spur negotiation.

Public power industry representatives met with White House officials earlier this year, and our local congressional delegation has tried to engage with President Biden to urge action on the Columbia River Treaty. To date—and this includes previous administrations—there has been very little action. With no action, there will be no ability to discuss the actual value of the treaty, impacting BPA and our wholesale power costs.

Why is this important? Hydropower has a huge positive impact on our region (see the article on page 25). If the treaty was renegotiated, wholesale power pricing could be reduced while continuing to provide value in other areas.

Jim Smith
General Manager