

Backgrounder

Columbia River Treaty 2014/2024 Review Phase 1 Report

The 1964 Columbia River Treaty (Treaty) is an international agreement between Canada and the United States for the cooperative development and operation of water resources in the Columbia River basin. Under the Treaty, Canada and the United States jointly manage the Columbia River for power and flood control.

The Entities designated with the responsibility for implementing the Treaty are BC Hydro (in Canada), and Bonneville Power Administration and the U.S. Army Corps of Engineers (in the United States).

Some of BC Hydro's key heritage assets -- Mica, Arrow/Keenleyside, and Duncan -- were built as part of the Columbia River Treaty for flood control and to increase hydroelectric power generating potential in both countries. The Canadian Columbia basin region generates over 40 percent of the total electricity produced in B.C., producing low-cost, low-carbon reliable electricity. In addition, the Canadian Entitlement from the Columbia River Treaty provides the Province with \$200 to \$300 million annually.

The Province of British Columbia initiated its own Columbia River Treaty 2014 Review process to study the Treaty's possible continuation, renegotiation or termination.

Report Highlights:

The Phase 1 Report is a joint effort between BC Hydro, Bonneville Power Administration and the U.S. Army Corps of Engineers to examine how power and flood control could be affected post-2024 under various scenarios.

The Treaty currently has two provisions that take effect on and after September 16, 2024, that will change the current flood control obligations and may change the power benefits:

1. Canadian flood control obligations automatically change from a pre-determined annual operation to a "Called Upon" operation.
2. The Columbia River Treaty can be terminated no earlier than 2024, with a minimum of ten years' notice (2014) by either country. The Treaty will not expire and can continue with its current terms indefinitely (other than item 1 above).

The purpose of the Phase 1 studies is to provide information about post-2024 conditions both with and without the current Treaty and from the limited perspective of the two primary purposes of the Treaty: power and flood control. The studies of the Phase 1 Report began in 2007 and evaluated the impacts on power and flood control under three scenarios after 2024:

- The Treaty continues (with a change in flood control operations in 2024);
- The Treaty is terminated; and
- the Treaty continues but (contrary to the existing agreement) the flood control operations do not change from their current obligations. This third study

provides a basis to compare and investigate the Canadian Entitlement under pre-2024 conditions.

The three studies included 13 scenarios to examine both Canadian and U.S. power operations, Canadian Entitlement, flood control operations, outflows from Arrow/Keenleyside and Duncan, and elevations and storage at Canadian and U.S. reservoirs.

Some of the Report findings, from a Treaty continuation scenario, include:

- the Canadian Entitlement that generates \$200 - \$300 million annually for the Province would be retained. The generation value of the Entitlement is projected to decline more slowly and to level out at higher amounts than anticipated in previous studies. Canadian operating flexibility at Arrow/Keenleyside (primarily) would continue to be restricted by Treaty operations; and
- the U.S. would continue to receive power and flood control benefits from the Treaty operation.

In a Treaty termination scenario:

- Canada would gain some flexibility in dam operations but would no longer receive the Canadian Entitlement. Operation of Mica and Duncan Dams for Canadian interests would likely continue providing the U.S. with some power and flood control benefits; and
- Canadian dam operations would not function as they currently do under the Treaty. This would present planning and operating uncertainties to U.S. power, flood control and other interests. The operation of the Arrow reservoir is particularly important due to its size and proximity to the U.S.; water flows could vary significantly from the current operating regime.

Regardless if the Treaty continues or is terminated, there is a need to clarify the interpretation and implementation protocol of Called Upon flood control that would take effect after 2024. The Report also highlights the need for areas requiring further study including other societal interests such as climate change, fisheries, First Nations/archeological, wildlife habitat, recreation, and irrigation interests.

Next Steps:

A decision has not been made by either Canada or the U.S. to terminate the Treaty or to modify the current terms of the Treaty. The U.S. and Canadian Entities will continue to collaborate to implement the existing Treaty within their authorities.

The Province is committed to a measured and comprehensive approach to study the potential future of the Treaty, and is currently reviewing the results of these studies to evaluate the next steps in this process.

For more information about the Columbia River Treaty 2014/2024 Review: Phase 1 Report please go to:

<http://www.empr.gov.bc.ca/EPD/ColumbiaRiverTreaty/Pages/default.aspx>