
BACKGROUND

July 11, 2024

Ministry of Energy, Mines and Low Carbon Innovation

Summary of agreement-in-principle with the United States regarding modernization of the Columbia River Treaty regime

The term “agreement-in-principle” refers to a milestone in negotiations. Elements of an agreement-in-principle do not have the force of law. It means the U.S. and Canada agree, in principle, on core issues and have a joint commitment to draft text of a treaty amendment and related arrangements.

- **Canadian flexibility:** The treaty requires Canada and the United States to annually co-ordinate 15.5 million acre-feet (MAF) of reservoir storage space behind Canadian treaty dams to optimize hydropower generation in both countries.
 - Canada can unilaterally decide to reduce the co-ordinated storage to a minimum of 11.5 MAF in each year through 2039, and 10.5 MAF from 2039-2044 for their own domestic purposes.
 - Domestic flexibility will be used to address impacts resulting from the treaty to ecosystems, Indigenous cultural values and socio-economic interests.
 - For every MAF co-ordinated storage is reduced, the Canadian Entitlement that the United States is required to deliver to Canada will be reduced by 6.5%.
- **Canadian Entitlement:** The Canadian Entitlement (CE) is Canada’s share of the downstream power benefits provided under the treaty. The CE for the current (2023-2024) operating year is 1,141 megawatts (MW) in hydropower generation capacity and 454 average MW (aMW) of energy. The anticipated schedule that reduces the CE at the beginning of the 2024-2025 operating year (beginning Aug. 1, 2024), starts from 660 MW capacity and 305 aMW of energy, stabilizing in 2033-2034 at 550 MW of capacity and 225 aMW of energy, and ending in 2044.
- The reduction of the CE takes into account the decrease expected when the treaty was originally entered into.
- **Preplanned flood control:** Following the modernized treaty’s entry into force, Canada will provide the United States with 3.6 MAF of preplanned flood-risk management (FRM), a reduction from the current 8.95 MAF. The U.S. and Canada are working to identify arrangements under the existing treaty to implement the preplanned FRM for the upcoming flood season (spring of 2025).
- **Compensation to Canada for flood-risk management and other benefits:** Annual payments will be made to Canada:
 - 1) Preplanned FRM payments are anticipated to be \$37.6 million (USD) and indexed to inflation, using the consumer price index (CPI), through 2044. This compensation will be owed the first year Canada provides the preplanned FRM.
 - 2) The United States also recognizes that it receives additional benefits from in the operation of the Canadian reservoirs and will provide an additional \$16.6 (USD) million to Canada annually once the modernized treaty enters into force, indexed to inflation using the CPI, through 2044.

- **Transmission:** The Bonneville Power Administration (BPA) and Powerex (BC Hydro's energy marketing and trading arm) will enter into an agreement to allow Powerex to assume, in a manner consistent with BPA's transmission tariff that applies to other BPA contract-holders, and pay for existing transmission capacity of 1,120 MW currently held by BPA to deliver the Canadian Entitlement. This long-term arrangement will contribute to British Columbia's system reliability and energy security.
- **New transmission:** BPA and Powerex will conduct a study on expansion of new transmission and, based on that study, BPA will determine whether to proceed to necessary domestic processes to implement the expansion. If realized, this would further expand British Columbia's transmission capacity to optimize market opportunities to benefit its energy system.
- **Indigenous and Tribal advisory body:** The United States and Canada will form an Indigenous-led advisory body that will provide recommendations on how treaty and other hydrosystem operations can better support ecosystem needs and Indigenous and Tribal cultural values. This body will integrate a "One River" approach to ecological health along the Columbia River and adopt an adaptive-management framework.
- **Flows for salmon:** Canada will provide 1 MAF of water flows in all years and an additional 0.5 MAF in dry years to support salmon survival and migration, contributing to maintaining and enhancing downstream salmon populations, including Okanagan salmon.
- **Salmon reintroduction:** The United States and Canada acknowledge that the Tribes and Indigenous Nations on each side of the border are conducting salmon reintroduction studies and will co-ordinate on these studies. The goal is to maximize synergies from efforts on both sides of the border and to facilitate information sharing.
- **Kootenay/Kootenai working group:** A multiparty transboundary working group will be formed to work towards addressing common interests in the Kootenay/Kootenai river system such as ecosystems and aquatic objectives, recreation and flood-risk mitigation on both sides of the border.