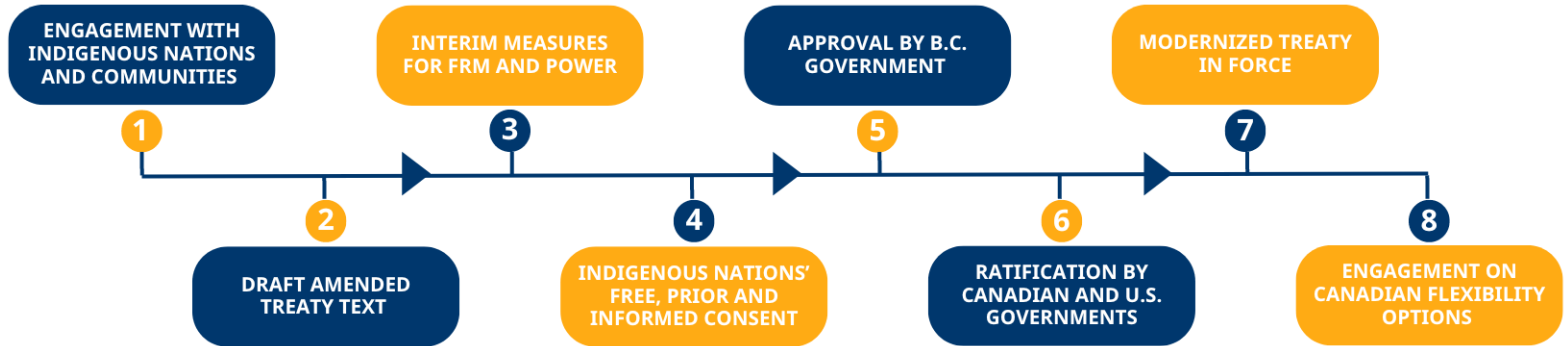




Next Steps Following the AIP





Key Priorities Achieved for Canada

- Increased **flexibility** in the operation of the three Canadian Treaty dams for domestic priorities such as for ecosystem improvements and supporting Indigenous cultural values, and community interests
- A new **pre-planned flood risk management** regime for the U.S. replacing the expiring one. The U.S. pays USD\$37.6 million per year (indexed to inflation)
- Ongoing **power coordination**, including a stabilized **Canadian Entitlement**
- **Additional Compensation** reflecting other benefits the U.S. receives. USD\$16.6 million per year (indexed to inflation)
- All the monetary benefits received stay in the Province of B.C.



Key Priorities Achieved for Canada

- FRM, power coordination operation and compensation: **20 year term**
- Creating **transboundary body** on ecosystem benefits, Indigenous cultural values, adaptive management and work to study salmon reintroduction
- Provision of **augmented flows for anadromous fish** for Canada and the U.S.
- Creation of a **Kootenay Basin body** and an enhanced voice for Canada on Kootenay River system issues



Interim Period Entity Agreements

- To bridge the gap between the Agreement-in-Principle and a modernized Treaty
- The Canadian Entity (BC Hydro) and U.S. Entity (U.S. Army Corps of Engineers and Bonneville Power Administration) have entered into agreements under the existing Treaty through exchanges of diplomatic notes between Canada and the U.S.
- These agreements will ensure:
 - the Canadian Entitlement set out in the AIP will continue until 2044
 - the pre-planned flood risk management operations as outlined in the AIP are implemented for a three-year period and B.C. is compensated as set out in the AIP



Feedback on the Agreement-in-Principle

Much of the feedback received to date include requests for more information. People want to understand:

- What the AIP means for B.C. Basin reservoir levels
- What reduced flood-risk management storage means for B.C.
- How Canadian flexibility will be used and decided on
 - How objectives for ecosystems, fish and socio-economic interests will be considered



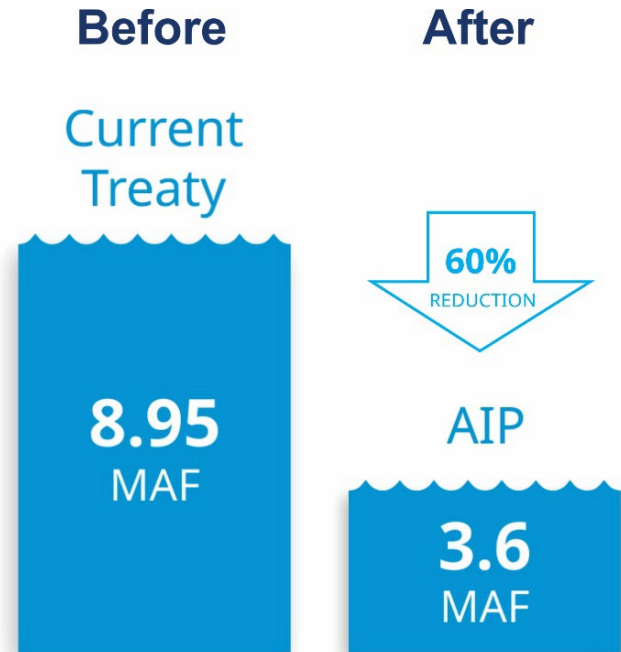
Feedback on the Agreement-in-Principle

People have also expressed:

- A desire to see a more formal inclusion of ecosystem health as a third pillar of a modernized Treaty, along with flood risk management and power generation
- Support for the objectives of the Kootenay/Kootenai Transboundary Collaborative Workgroup, which will address common interests in the Kootenay/Kootenai river system and the Koocanusa Reservoir
- Support for the Joint Ecosystem and Indigenous and Tribal Cultural Values Body (JEB), with recommendations that its role be elevated beyond an advisory body
- Questions related to how Basin residents, local governments and western scientists will have a voice as part of both transboundary bodies
- Concerns about the reduction in the Canadian Entitlement – B.C./Canada's share of additional power potential south of the border resulting from operation of B.C.'s Treaty dams – at a time when electricity demand is increasing.

Flood Risk Management Under a Modernized Treaty

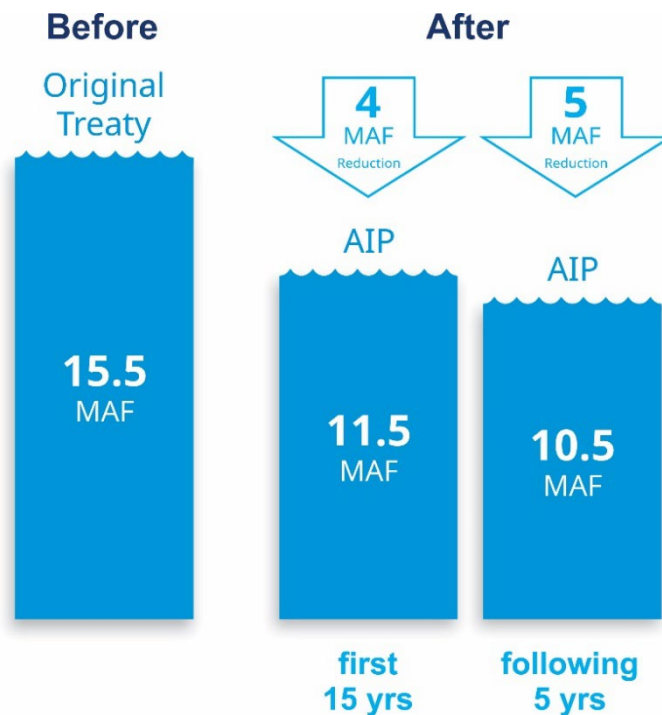
- Under the original Treaty, Canada provides the U.S. with 8.95 million acre-feet (MAF) of preplanned flood-risk management storage in Canadian Treaty reservoirs
- In a modernized Treaty, Canada will provide 3.6 million acre-feet of FRM storage, a 60% reduction from the current level
- Storage is in Arrow Lakes Reservoir, which is the most effective storage for mitigating flood risk in the U.S.
- In dry years, if Arrow Lakes Reservoir levels are already low, it would not be drafted another full 3.6 MAF
- The reduction in flood storage space lessens restrictions to how B.C.'s Treaty reservoirs may be operated
- U.S. will need to operate their reservoirs more conservatively than they do currently





Canadian Flexibility

- In the current Treaty Canada and the U.S. annually coordinate 15.5 million acre-feet (MAF) to optimize hydropower generation in both countries. A modernized Treaty allows Canada to unilaterally decide to reduce the coordinated power storage by up to 5 MAF, or almost a third of the Treaty storage space, for B.C.'s own domestic purposes.
- Canadian flexibility will be used to address impacts resulting from the treaty to ecosystems, Indigenous cultural values and socio-economic interests.





Flexibility/Specified Operations (SO)

- Studies and modelling to develop and evaluate changes in hydro system operations (SO) began in 2019
- Public sessions were held on ecosystem and socio-economic goals, objectives and performance measures
- Modelling of a 0-4 MAF range of SOs underway
- Commitment to local government and public consultation prior to a decision being made and seek feedback



Flexibility/Specified Operations (SO)

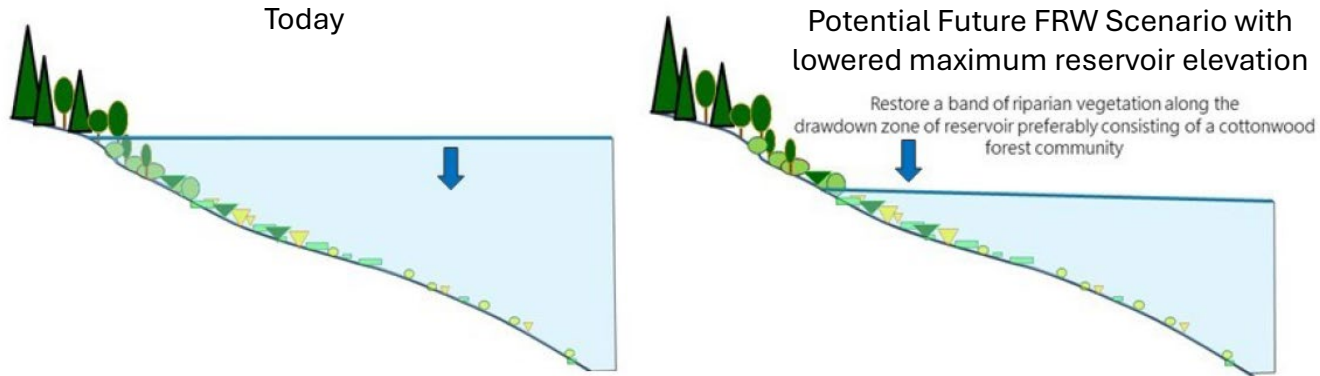
- Studying how to support ecosystems and Indigenous cultural values through changes in operations
- Focusing on the rejuvenation of wetlands, riparian and floodplain areas, and better flows for fish populations, including salmon reintroduction
- Considering the improvement of socio-economic values, such as flooding, navigation and recreation
- Adapting to climate change is also being incorporated



Flexibility/Specified Operations (SO)

Expansion of Riparian Ecosystems

- Looking at the possibility of establishing vegetation along shoreline at one or more Treaty reservoirs with a change in the reservoir regime.





Flexibility/Specified Operations (SO)

Indigenous Cultural Values

Gatherings and workshops are underway to express Indigenous Cultural Values.

Themes may include:

- Salmon
- Cultural work and spirituality
- Community wellbeing
- Access to traditional foods and medicines
- Environmental stewardship obligation
- Knowledge transmission, education and language



Flexibility/Specified Operations (SO)

Socio-economic interests

Considering the improvement of socio-economic values, such as flooding, navigation and recreation





Canadian Entitlement

- Canada's share of the incremental power generation potential in the U.S. resulting from the management of Treaty reservoirs
- Sent by the U.S. to Canada in the form of electricity delivered to the border
- Sold at market value to either BC Hydro or utilities in the U.S.
- Revenue goes to the Province's general revenue fund and helps to support programs and services delivered across B.C.
- A portion of the Canadian Entitlement is also shared with the Canadian Columbia First Nations



Canadian Entitlement

- The volume was established through formulas included in the original 1964 Treaty
- In the AIP, the Canadian Entitlement is reduced by a prescribed schedule over 20 years
- The Entitlement was always projected to decline over the life of the Treaty
- While the AIP reduces the amount of power delivered to B.C. by the U.S. in the shorter term, there is more certainty to B.C. in the longer term, over the next 20 years
- The Entitlement energy decreases by 33% in year 1 of the AIP period, reducing to 50% by year 20
- B.C. retains sufficient capacity to maximize the value of that energy; the exact figures are in the AIP document on the B.C. Columbia River Treaty website
- In addition, for every million acre-feet that is used for Canadian flexibility, the Entitlement will be further reduced by 6.5% as there is no corresponding power benefit to the U.S.



Kootenay/Kootenai Transboundary Collaborative Workgroup (KTCW)

- Bi-national workgroup that will provide recommendations to the U.S. Army Corp of Engineers on variations to Libby Dam operations that affect both upstream and downstream of Libby Dam in the Kootenay/Kootenai Basin
- Will evaluate approaches to addressing ecosystems needs, Indigenous values, flood risk management, recreation and hydropower operations within both countries
- Intended to include direct participation from the federal and provincial governments on both sides of the border, Canadian Basin First Nations and U.S. Tribes, as well as input from communities, scientific organizations and other interest groups
- Is in the early stages of development



Joint Ecosystem and Indigenous and Tribal Cultural Values Body (JEB)

- Purpose is to enhance ecosystem health and integrate Indigenous and Tribal cultural values in decision-making by making formal recommendations in line with its terms of reference and workplan and applying a One River approach in its work
- Includes an adaptive management program as a key component of the JEB workplan, to monitor and make changes in operations where needed to respond to future climate change
- Includes equal representation from Indigenous Nations and the Tribes and between Canada and the United States (for Canada that includes representation from the Province of British Columbia)
- Intention is to include interaction with communities, scientific organizations and other interest groups
- Is in the early stages of development