Spring snow too little, too late to keep BPA prices down

Local News

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Posted on : May 7, 2010 at 7:55 am

Portland, Ore. - The Bonneville Power Administration now estimates it will likely finish the fiscal year with negative net revenues of approximately $230 million. This shortfall was reported in BPA’s second quarterly review published April 30 and is a direct result of the Northwest’s low snowpack. Reduced stream flows have resulted in $450 million less revenue than BPA anticipated at the beginning of the fiscal year.

Traditionally, BPA’s sales of surplus power – power available beyond BPA’s commitments to its customers – have represented about a fifth of the agency’s revenues. Snowpack is the fuel that typically provides surplus power from the hydro system, and revenues from these sales help keep Northwest electricity rates down.

“This is a bad situation that has just gotten worse,” said BPA Administrator Steve Wright. “We had hoped a wet spring would help snowpack across the Columbia River Basin, but that didn’t happen. We are now looking at the fifth lowest runoff since the hydro system has been in existence.”

BPA does not expect to make significant changes in the short term because the agency is dipping into its reserves to cover costs. This depletion of reserves, however, reduces BPA's ability in the future to handle additional financial risks, such as another below-average water year.

BPA’s internal expenses are projected to be at or modestly below start-of-year estimates and hence are not contributing to the problem.

The Northwest is unique in its reliance on hydropower, which in good years provides ample clean, renewable and low-cost electricity. Snowpack, rather than rain, is most critical since the hydropower system has limited storage for water. In an ideal spring, the snow melts gradually so that water is available to power generators at federal dams throughout the summer. This surplus generation can provide upwards of a fifth of BPA’s total revenue in an average year. With reduced snowpack, the fuel to power the dams is running low. By April, snowpack building season is pretty much over.

The April forecast from the National Weather Service’s Northwest River Forecast Center called for 69 million acre-feet of runoff from January through July as traditionally measured at The Dalles, Ore. The reduced runoff results from a persistent El Niño weather pattern that brought unusually dry conditions to the Northwest this past winter.

BPA has been aware of the El Nino pattern and the likelihood of low runoff. Because of this, the agency has worked with the U.S. Army Corps of Engineers and the Bureau of Reclamation to manage reservoir storage very conservatively.

BPA is a not-for-profit federal electric utility that operates a high-voltage transmission grid comprising more than 15,000 miles of lines and associated substations in Washington, Oregon, Idaho and Montana. It also markets more than a third of the electricity consumed in the Pacific Northwest. The power is produced at 31 federal dams operated by the Army Corps of Engineers and Bureau of Reclamation and one nuclear plant in the Northwest and is sold to more than 140 Northwest utilities. BPA purchases power from seven wind projects and has more than 2,800 megawatts of wind interconnected to its transmission system.