

**Testimony of the Honorable Jim Matheson  
Chief Executive Officer  
National Rural Electric Cooperative Association**

**To the United States House of Representatives, Energy and Commerce Committee  
Subcommittee on Energy, Climate, & Grid Security**

**“Exposing President Biden’s Plan to Dismantle the Snake River Dams and the Negative Impacts to  
the United States.”**

**Tuesday, January 30, 2024**

Chairman Duncan, Ranking Member DeGette, and members of the Committee, thank you for inviting me to testify. My name is Jim Matheson. I am the Chief Executive Officer of the National Rural Electric Cooperative Association (NRECA). I am testifying today on behalf of America’s nine-hundred, not-for-profit, community-owned and operated electric cooperatives including the fifty-five cooperatives in eight Western states that get hydropower from the Bonneville Power Administration (BPA) system.

Electric cooperatives operate in 48 states, and they serve 56 percent of the land in this country. Co-ops are owned by the people they serve and operate at cost and without a profit which helps keep our rates affordable - an important consideration because electric co-ops serve 92 percent of the nation’s persistent poverty counties. In short, electric co-ops are motivated by people, not profits.

The ill-conceived Lower Snake River Dams (LSRDs) settlement agreement was brokered in secret, without contributions from electric providers. As a result, it threatens electric reliability for communities in the Pacific Northwest that rely on hydropower. It also violates the trust these communities put in the federal government.

The importance of electric reliability is high on the minds of the American public. Recent winter storms have once again shown the life-sustaining importance of always-available electricity. And make no mistake, hydroelectric power is a key always-available energy resource. Hydropower is America's oldest and most reliable source of renewable energy. It accounts for nearly 37 percent of renewable electricity generation in the United States, 93 percent of commercial energy storage, and more than 7 percent of total U.S. electric generation.<sup>1</sup>

Making full use of our nation's hydropower resources is critical to ensuring a resilient, reliable, and secure electric grid that can meet the increasing demands of our ever-more electrified economy.<sup>2</sup> More than 600 electric co-ops in 34 states purchase electricity at-cost from the Power Marketing Administration's federal hydropower facilities. In total, co-ops purchase over 10 gigawatts of federal hydropower.

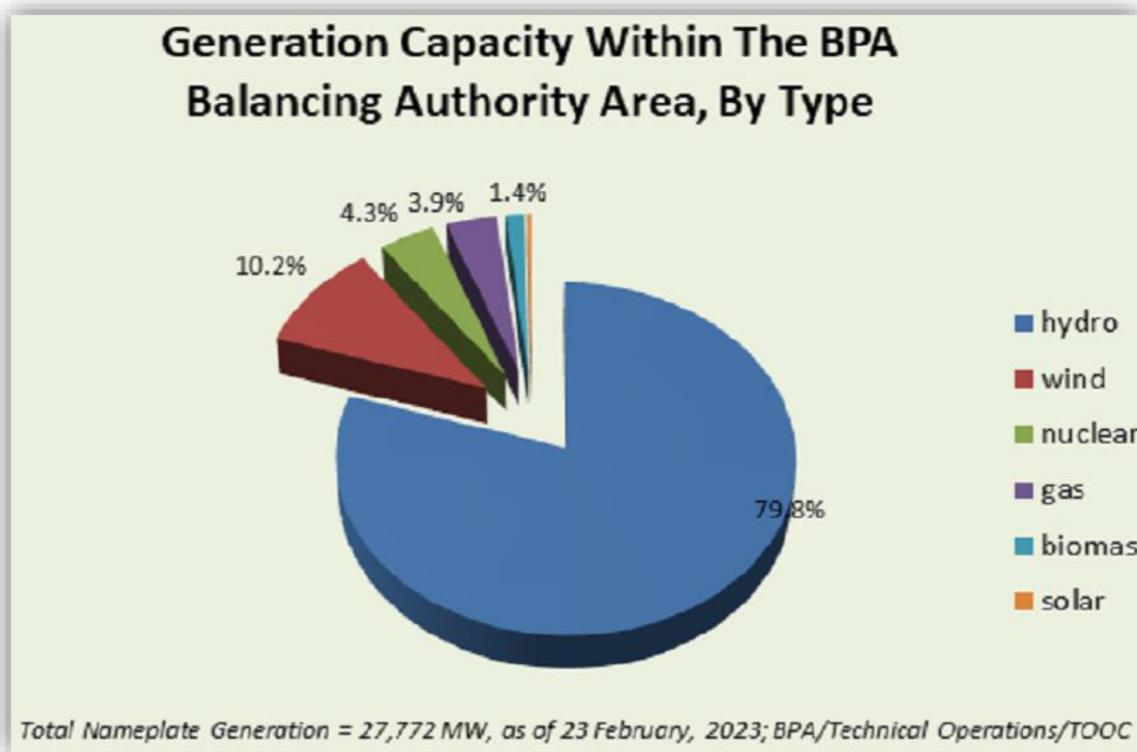
While hydropower is an important part of our nation's overall energy mix, it is absolutely vital to the Northwest where it makes up nearly 80 percent of the BPA's generation capacity.<sup>3</sup> The following chart shows BPA existing generation capacity by type:

---

<sup>1</sup> See Rocio Uria-Martinez, *et al*, *U.S. Hydropower Market Report* (2021); U.S. Dept. of Energy, *Hydropower Market Report* (2021) <https://www.energy.gov/eere/water/hydropower-market-reports>; U.S. Department of Energy, *Hydropower Vision: A New Chapter for America's 1st Renewable Electricity Source* (2016).

<sup>2</sup> Office of Energy Efficiency and Renewable Energy, *Solar Futures Study*, U.S. Dept. of Energy (2021) (Demand for energy is expected to grow by 30% from now through 2035, and an additional 34% between 2035 and 2050).

<sup>3</sup> Bonneville Power Administration



As the Committee examines the Administration’s plan to set in motion the breaching of the Lower Snake River Dams, it is important to point out that the LSRDs are part of a complex multipurpose river system that, since the 1930s, has been the backbone of the Pacific Northwest’s economy. The 31 federally owned dams on the Columbia and its tributaries that comprise the Federal Columbia River Power System (FCRPS) provide about 60 percent of the region’s hydroelectric generating capacity.

Notably, the FCRPS is a unique collaboration among three U.S. government agencies - BPA, the U.S. Army Corps of Engineers (the Corps) and the Bureau of Reclamation (Reclamation). Collectively, these agencies maximize the use of the Columbia River by generating power, protecting fish and wildlife, controlling floods, providing irrigation and navigation, and sustaining cultural resources. The Lower Snake River Dams (LSRDs) are a critical part of this vast multipurpose, Congressionally authorized river system with the capability to generate over 3,000 megawatts of carbon-free power. The combination of

benefits from these projects cannot currently be matched or replaced by other energy sources, whether fossil-fueled or renewable.

Given the complex history of these projects and their place in the economic fabric of the Pacific Northwest, this settlement agreement threatens the future of the region's power supply. And it puts electric cooperatives, and the people they serve, at great risk.

I ask this Committee and other policymakers to consider several key points as we discuss the importance of the Snake River Dams and the Administration's flawed settlement agreement:

- The settlement threatens access to carbon-free reliable and affordable power in the Pacific Northwest and the broader Western Interconnection at a time when our nation needs more electricity, not less.
- The four LSRDs are particularly valuable as a flexible, controllable carbon free resource – able to be ramped up or down with precision to integrate intermittent renewables and account for changing demands on the system.
- While the dams are not physically breached by the agreement, the mandated spill and flow requirements chip away at the economic viability of the dams with the goal of making them uneconomical to operate. And the agreement specifically calls for “replacement power” which is a clear indication that the agreement is designed to ensure the dams will be breached.
- The intermittency of renewables creates inescapable challenges for the electric grid, and they cannot replace always-available LSRD hydropower.
- Important stakeholders were left out of the negotiation which sets a dangerous precedent. Not a single person with the responsibility to keep the lights on was in the room when this deal was cut.

## **The LSRD settlement threatens electric reliability**

Hydroelectric power generated by the Columbia River System is the foundation of the electric grid in the Northwest. It is the key to electric reliability, economic prosperity, and public safety. Put simply, hydropower is the reason why the lights stay on in the Pacific Northwest. Breaching or chipping away at the LSRDs pulls a critical, dispatchable, carbon-free renewable resource out of the mix at a time when electric demand continues to grow.

The four LSRDs can produce over 3,000 megawatts of reliable, always available, carbon-free hydropower. The settlement agreement proposes adding significant amounts of renewable energy to replace that hydropower. Not only would this energy be far more expensive than hydropower, but renewable energy alone will not provide the same level of reliability as hydropower, which would likely make additional carbon-based resources necessary in the region.

In addition to reliability issues, we have significant concerns about the costs of the settlement agreement and who would be responsible for shouldering these costs. BPA and its ratepayers could be responsible for covering approximately \$370 million in cost commitments to implement the agreement's new management plan which includes new capital costs, construction projects and hatchery improvements. On top of that, the federal government also obligates itself to a \$2 billion "Mid-Columbia Restoration Plan" but does not provide information on how this unauthorized plan would be funded.

The above numbers do not include all the costs to replace the LSRDs. A 2022 report developed by Senator Patty Murray (D-WA) and Governor Jay Inslee (D-WA) pegged LSRDs replacement costs in excess of \$31 billion. According to recent testimony from the Public Power Council, local utilities could

see rates increase as much as 43 percent if the settlement moves forward.<sup>4</sup> As not for profit electric cooperatives, all those costs will be borne by our consumers.

The region's hydropower is also a major attraction for economic investment in the Northwest. Companies locate their operations in the Northwest to take advantage of the reliable, affordable, and carbon free hydropower. Small family-owned business, electric vehicle manufactures<sup>5</sup>, agricultural producers, and tech giants have all based operations in the Northwest because of hydropower.<sup>6</sup> And though the LSRDs are physically located in Washington State, they are part of a critical resource mix that supports the Western Interconnection, a power grid that encompasses parts of 14 U.S. states and stretches from Western Canada to Mexico.

### **The four LSRDs keep the power on when other renewables can't**

As part of the Bonneville Power Administration's system, the four LSRDs are particularly valuable as a flexible and adaptable resource. Automatic generation control technology on these dams allows them to be ramped up or down with precision to account for real-time changes in demand on the system. That makes the LSRDs a very valuable partner with intermittent resources and critical to keeping the lights on during times of peak demand.

The second week of January saw the Northwest and many parts of the U.S. hammered by a record setting cold snap. Temperatures in the Northwest dropped to record breaking lows coupled with freezing rain,

---

<sup>4</sup> "Left in the Dark: Examining the Biden Administration's Efforts to Eliminate the Pacific Northwest's Clean Energy Production.", 118<sup>th</sup> Congress (December 12, 2023) (testimony of Scott Sims)

[https://naturalresources.house.gov/uploadedfiles/testimony\\_simms.pdf](https://naturalresources.house.gov/uploadedfiles/testimony_simms.pdf)

<sup>5</sup>Ferris, David, E&E News ENERGYWIRE, "How EV trends turned this town into a 'phenomenal little hub'" <https://www.eenews.net/articles/how-ev-trends-turned-this-town-into-a-phenomenal-little-hub/>

<sup>6</sup> Joseph Hathaway, April 2022, Wells Rural Electric Co., "Hydropower: The Northwest's Most Abundant Clean-Energy Resource". <https://www.wrec.coop/hydropower-the-northwests-most-abundant-clean-energy-resource/>

snow, and ice. At the same time, the demand for electricity also broke previous records as families turned thermostats up to stay warm. The BPA system hit 11,396 MW of demand between 11 a.m. and noon January 13, setting a record in the decades since the region's aluminum smelters shut down.

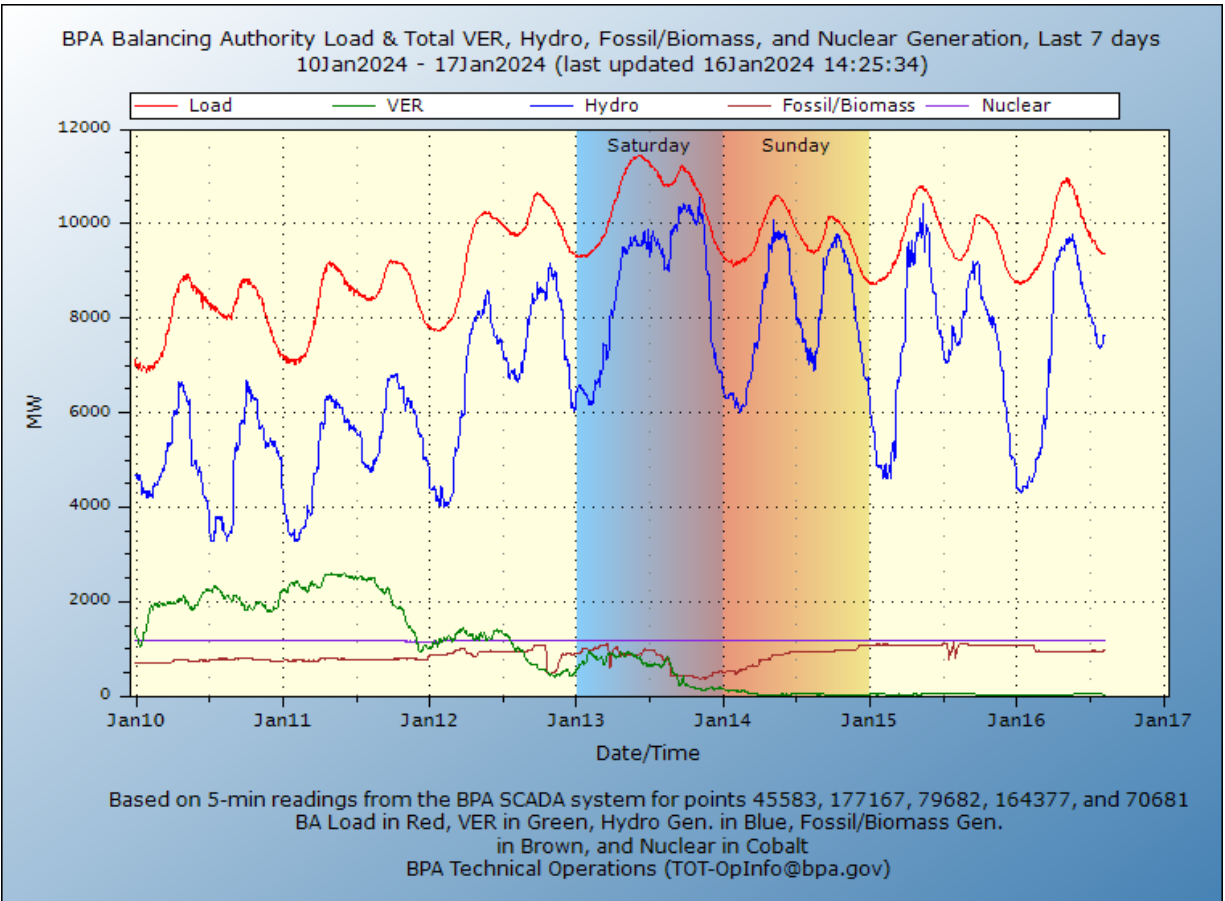
Unfortunately, as demand for electricity went up, the wind stopped blowing. On January 11<sup>th</sup> wind was producing approximately 2,500 MWh across the BPA system. By 9am on the 13<sup>th</sup>, wind generated electricity had fallen to 876 MWh, and by 9pm it had dropped to 129 MWh. That equates to a 94 percent drop in wind generation during a time power was needed most.

Hydropower filled the gap left by wind by ramping up from 6,800MWh on January 11<sup>th</sup> to over 10,300MWh on the 13<sup>th</sup>.<sup>7</sup> The LSRDs, in particular, played a critical role in meeting electric needs by producing 1,000 MW or more multiple times per day to match peak electric needs.<sup>8</sup> The following chart shows how hydropower was able to fill the deficit as wind generation ebbed during that time. The red line is demand, the blue line is hydropower, and the green line represents wind and solar resources. As highlighted by the chart hydropower saved the day, keeping the lights on and homes warm.

---

<sup>7</sup> Todd Myers, Washington Policy Center, “Cold weather reveals wind’s vulnerabilities and the need to empower energy consumers.” Jan. 14, 2024 <https://www.washingtonpolicy.org/publications/detail/cold-weather-reveals-winds-vulnerabilities-and-the-need-to-empower-energy-consumers>

<sup>8</sup> Public Power Council. (January 19, 2024). “Northwest hydro comes to the rescue (again) during region’s record cold” (Press Release). [https://www.ppcpx.org/wp-content/uploads/PPC-Cold-Weather-News-Release-1.19.24\\_FINAL.pdf](https://www.ppcpx.org/wp-content/uploads/PPC-Cold-Weather-News-Release-1.19.24_FINAL.pdf)



BPA load and energy generation Jan 10-17, 2023 \*"VER" means Variable Energy Resources, which are primarily wind and solar

This isn't the first time Northwest hydropower has been critical in response to a weather emergency. In September of 2022, hydropower generated in the Northwest helped keep Californians from experiencing blackouts during a heat wave. On September 6, 2022, and September 7, 2022, the Northwest was exporting between 7,500 and 8,000 MW to California.<sup>9</sup> Much of this energy came from a ramping up of Bonneville Power Administration (BPA) hydropower resources.

<sup>9</sup> Steve Ernst, November 15, 2022. Northwest Hydro 'Major Factor' Keeping California's Lights on During Heat Wave, *Water Power West*. [https://www.newsdata.com/water\\_power\\_west/hydro\\_news/northwest-hydro-major-factor-keeping-californias-lights-on-during-heat-wave/article\\_dc7d1e30-651c-11ed-95f4-77aac4e93b8d.html](https://www.newsdata.com/water_power_west/hydro_news/northwest-hydro-major-factor-keeping-californias-lights-on-during-heat-wave/article_dc7d1e30-651c-11ed-95f4-77aac4e93b8d.html)



### **Breach by a thousand cuts**

Although the authority to breach the dams rests exclusively with Congress, the operational uncertainty surrounding this agreement filed with the Court puts the region's carbon-free, reliable power supply at risk. Mandates overseen by a federal Court such as untested levels of spill chip away at the economic viability of the dams with the goal of making them uneconomical to operate, even if Congress never authorizes dam removal.

The settlement would establish interim hydropower operations dictating how and when water is released regardless of energy needs. These interim guidelines would remain in place for 10 years. Devaluing the hydropower assets will not just affect electric markets, it will adversely impact agricultural producers, the transportation sector, and economically-disadvantaged rural communities.

Throughout the settlement agreement, the Administration clearly states that dam removal is its ultimate goal. The agreement calls for replacement power – that means the dams are assumed to go away. This sentiment was echoed in a press release from environmental litigants that was issued shortly after the settlement was announced. Their press release was titled “U.S. Government Sets a Path to Breach the Four Lower Snake River Dams.”

### **Intermittent wind cannot replace LSRD hydropower**

The settlement envisions replacing LSRD hydropower with other renewables. However, as previously highlighted in this testimony, hydropower is not interchangeable with wind or solar. Hydropower is a dispatchable resource, meaning it can be adjusted to meet demand and is ever ready as a source of baseload power. Wind and solar, on the other hand, are unpredictable. Electric cooperatives strongly support renewable energy, but they must fit correctly into a reliable, diversified electric generation mix.

Wind and solar simply don't work as direct, one-to-one replacements for hydropower in the Pacific Northwest.

The LSRDs hydro resources are irreplaceable at any reasonable cost. The settlement agreement envisions building up to 3 GW of renewable energy, largely expected to be a combination of wind and solar. Even if this replacement generation was coupled with massive battery storage, it would not produce the same reliability as hydropower. Batteries are a storage tool, not a generation resource. Current battery technologies can provide approximately 4 hours of reliable storage. The wind stopped blowing for approximately 72 hours between Jan 12<sup>th</sup> and 15<sup>th</sup>.

Renewable energy and battery technologies have made significant gains in recent years, but they are a long way from where they need to be. This point was emphasized in the 2020 Columbia River System Operations Environmental Impact Statement (CRSO EIS). It noted that: *“based on currently available technology, other renewable resources (e.g., solar and wind) are variable; that is, they cannot always be dispatched on demand because they are reliant on external factors, such as sun exposure or wind speed. Therefore, renewable fueled resources must be balanced and integrated by operating other flexible (dispatchable) capacity resources to maintain system reliability”*<sup>10</sup>.

Meeting the same level of reliability provided by the LSRDs will either require significant technological advances that may not occur or the addition of other dispatchable resources like nuclear or natural gas, which may never get permitted.

---

<sup>10</sup> U.S. Army Corps of Engineers, July 2020. *Columbia River System Operations Environmental Impact Statement*. <https://www.nwd.usace.army.mil/CRSO/Final-EIS/#top>

## **Backroom deal and breach of trust**

No one from the electric sector was included in the final closed-door negotiations that led to this settlement. The people that keep the lights on were purposefully kept in the dark. We were not the only ones. Family farmers, transportation representatives, and key state government stakeholders were also excluded. What started as an open process morphed into an opaque process of exclusion.

Entities representing electric utilities including NRECA, the Public Power Council, and entities representing power and broader regional interests like the Northwest River Partners were cut out of the settlement process. The Northwest River Partners alone submitted nearly 40 comments and studies without receiving any response. NRECA also submitted comments on behalf of our 42 million members. In addition, NRECA and the American Public Power Association (APPA) sent a letter to the Administration when a draft of the settlement was made-public highlighting our significant concerns with both the substance of the settlement and the process that was used to develop it. We never received a response.

The Administration may state that they were only dealing with government entities (Tribes and states) but even this logic is faulty. It fails to recognize that only a handful of tribal interests in the Northwest were represented and the states of Idaho, Montana, Nevada, Wyoming, Utah, and California were also largely excluded from the process. A brief opportunity to provide comments and several hastily scheduled and poorly organized virtual meetings do not cut it.

This settlement process sets a dangerous precedent of exclusion. CEQ, the federal mediation team, and the individuals that were given the privilege to negotiate should not be proud of this settlement. It undermines trust in the federal government, will lead to additional litigation, and will harm electric reliability.

## **Conclusion**

Providing reliable, affordable, and responsible electricity remains the shared commitment of all NRECA's members. For over 80 years, electric cooperatives have responded to the needs of their communities and adapted to numerous challenges to meet that commitment. We regularly work with federal partners in Congress and the Administration to meet the ever-changing electric needs of our nation.

Policymakers must continue to balance realism with aspiration while recognizing that meeting future energy needs requires thoughtful solutions, adequate time, and technology and an approach that is inclusive of all energy sources to maintain the reliability and affordability that is the cornerstone of American economy and our national security. The LSRD settlement does not strike this balance. NRECA and the nation's electric cooperatives look forward to working with this Committee and others in Congress to address our concerns.

Thank you for the opportunity to testify. I would be happy to answer questions.