

Study Session: Update on PG&Es Potter Valley Project

City Council Meeting
November 1, 2022

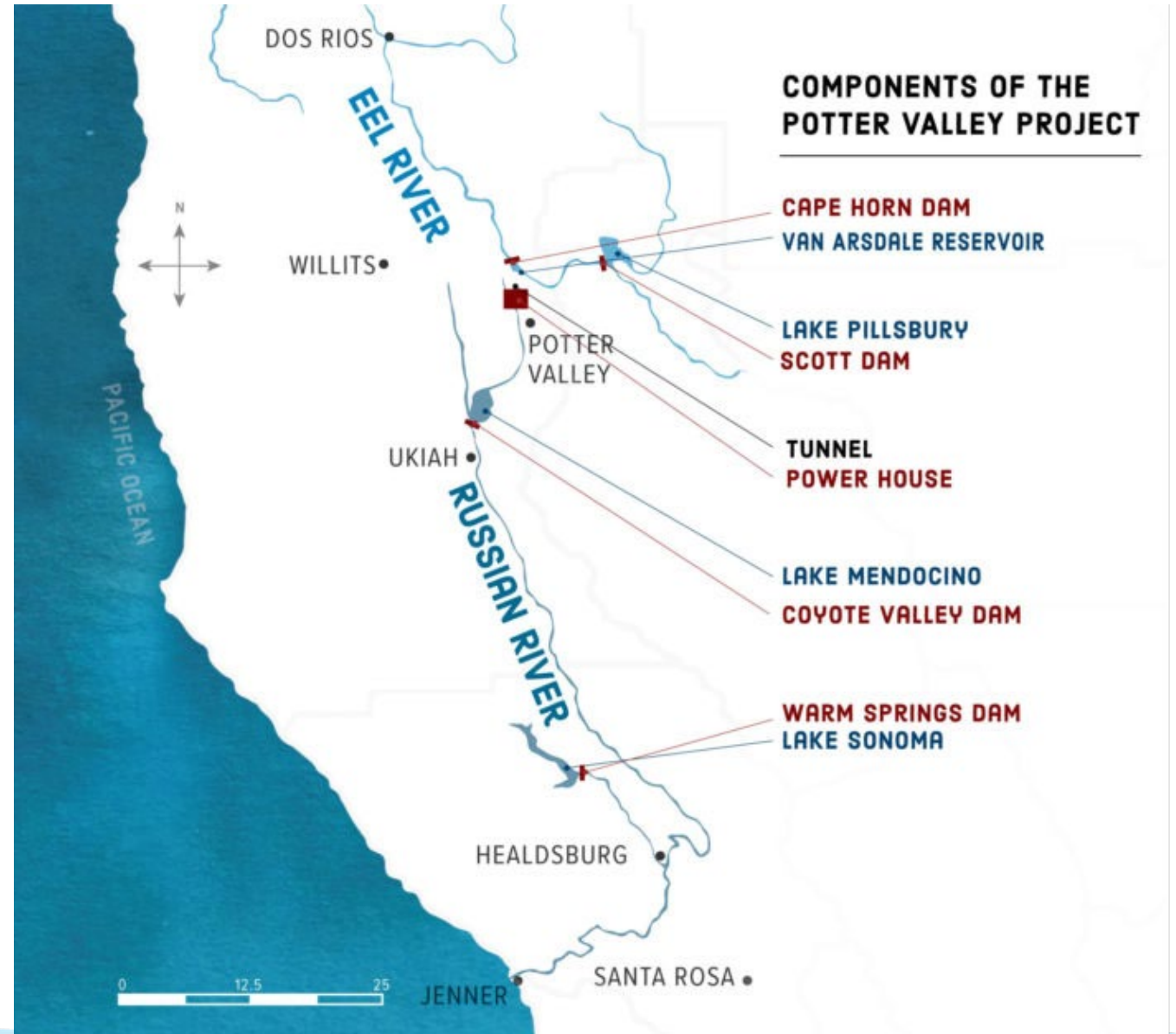
Jennifer Burke – Santa Rosa Water Director

Peter Martin – Deputy Director Water Resources

STILL
DROUGHT IS HERE
SAVE WATER 

Potter Valley Hydroelectric Project

- ~9.4 MW hydroelectric project owned and operated by PG&E
- In operation for more than 100 years
- On average, 60,000 acre-feet of water transferred from Eel River into Upper Russian River watershed
- Transfers have reduced over time, but remain critical to the economies of the upper Russian River in Mendocino and Sonoma County



History of PVP FERC License Efforts

- PG&E's current Federal Energy Regulatory Commission (FERC) license expired in April 2022
- 2017 – PG&E files notice of intent and initial documents to relicense the project
- 2019 – PG&E withdraws their intent to relicense the project
- 2019 – “Two Basin Solution Partnership” is formed
- 2019 - 2020 – Partnership submits notice of intent to relicense project and pursues pathway for license that is “mutually beneficial” to the Eel and Russian River basins needs

“Two-Basin Solution Partnership”

Members

- CalTrout
- County of Humboldt
- Mendocino Inland Power and Water Commission
- Round Valley Indian Tribes
- Sonoma Water



**TWO-BASIN
PARTNERSHIP**
POTTER VALLEY

Partnership Activities

- Feasibility Study Completed in 2020
 - Preferred Project - Total Estimated Costs: \$100M to \$400M (rounded)
 - Estimated Relicensing Costs: \$20M to \$30M
- Pursued funding to complete necessary studies to meet relicensing requirements by April 2022
- In early 2021, Partnership determines it can't secure enough funding to complete relicensing studies by April 2022 deadline and requests a time extension from FERC
- In Sept 2021, FERC denies the Partnership's request for extension

PG&E FERC license: Surrender and Decommissioning of PVP Project

- February 2022 – PG&E notifies FERC of its intention to surrender the license and decommission the project
- May 2022 – FERC issues PG&E a request for plan and schedule for surrender application
- July 2022 – FERC accepts PG&E 's proposed plan and 30-month schedule for submitting the PVP surrender application and decommissioning plan

Factors That May Affect PVP Surrender and Decommissioning

- Legal challenges re: Endangered Species Act (ESA) coverage for ongoing PVP operations
- Fisheries groups seeking expedited surrender and decommissioning
- Round Valley Indian Tribes (RVIT) and Wiyot Tribe seeking private consultation with FERC
- Potential intervention by other interests (e.g. Lake County)
- Transformer failure and PG&E repair at hydroelectric facility
- Timely formation of a regional entity to negotiate and acquire necessary elements of the PVP to continue diversions

Potential Impacts on Lake Mendocino

Sonoma Water: without future PVP transfer to Russian River...

- In 8 out of 10 years there will not be enough water supply to meet all the needs of the upper Russian River region
- In 2 of those 8 years, predicted to be a 30,000 AF shortage; Lake Mendocino predicted to go dry
- All supply scenarios with future climate change would be more constrained



Sonoma Water - California Department of Water Resources Grant Funded Studies

Sonoma Water has secured state grant funding to:

- Study acquisition and potential modification of key components of the PVP Project for delivering water supplies
- Analyze and develop concepts to improve water supply reliability for Potter Valley
- Establish a Russian River Water Forum that aims to preserve the flow of water from the Project into the Russian River and support water supply resiliency in the Russian River watershed



Russian River Water Forum Goals

- Develop a plan for strategic engagement
- Conduct outreach to and educate stakeholders
- Facilitate the creation of a leadership structure
- Engage in solutions for the Russian River watershed



Russian River Water Forum Process

- Sonoma Water developed in Advisory Team
- Identified and invited stakeholders to participate in interviews
- Santa Rosa WAC member, Councilmember Rogers, and TAC member, Water Director Burke, invited to participate

Policy Direction / Discussion

- BPU Study Session on October 20th and recommended the following:
 - Support continued flow of water from the Project into the Russian
 - Maintain water supply reliability of the Russian River
 - Support the significant investments made by Sonoma Water and the water contactors in restoration
 - Generally support establishment of a Regional Entity to acquire elements of the Project and water rights
 - Indicate receptiveness to contributing funding proportional to the benefit received
 - Ensure any decisions regarding the continued flow of water from the Project are consistent with the Restructured Agreement for Water Supply
 - Continue to seek opportunities for meaningful input on the Russian River Water Forum and water supply resiliency projects evaluation

Recommendation

It is recommended by the Board of Public Utilities and Santa Rosa Water that the Board hold a study session to receive information, ask questions, discuss, and provide direction regarding the future of the Potter Valley Project to inform Santa Rosa's WAC and TAC member for participation in the Russian River Water Forum

Questions and Direction