

Update on Russian River Water Forum and Potter Valley Project

Board of Public Utilities Meeting
August 17, 2023

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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 (AF) of water transferred from Eel River into Upper Russian River watershed
- PG&E decided not to re-license the project, going through license surrender and decommissioning process
- Without transfer of water, 8 out of 10 years not enough water to meet all the needs of the upper Russian River
- In 2 of those 8 years, Lake Mendocino predicted to go dry



Sonoma Water Grant Projects

- Sonoma Water received funding from the California Department of Water Resources Urban and Multi-benefit Drought Relief Grant Program to support water supply resiliency planning
 - Creation of the Russian River Water Forum
 - Potter Valley Water Supply Reliability
 - Potter Valley Project Facility Assessment

Russian River Water Forum (RRWF)

- RRWF focus on exploring a solution to continue the diversion with the pending PVP license surrender and decommissioning
- Planning Group
 - Technical Staff
 - Lake, Humboldt, Mendocino and Sonoma county governments
 - Tribal governments in Russian River and Eel River basins
 - Water suppliers, Environmental NGOs, Agriculture interests , Resource Conservation Districts, Public and private recreation interests
- Leadership Council
 - May be formed later this year
 - Comprised of Tribal, local, county, state, and federal elected officials or designee
 - Consider options and alternatives from the Planning Group, share information, build understanding, and strive for consensus
 - WAC Chair and WAC Vice Chair participating



RRWF Planning Group

- Initial meeting – May 17th
 - Reviewed purpose of the RRWF, draft charter, overview of proposed working groups
- Second meeting – June 12th
 - Reviewed charter, revised PG&E decommissioning schedule, discussed working groups and steering committee
- Third meeting – July 13th
 - Summary of Water Supplies & Fisheries technical briefing, Water Rights technical briefing, and presentations on Russian River water supply resiliency efforts
- Fourth meeting – August 17th
 - Overview of Proposal for Eel-Russian Facility and role of planning group



Council Policy Direction

BPU recommended and Council supported 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

WAC/TAC Interest Statement

1. Continued diversion of water from the PVP into the Russian River watershed supports overall Russian River water supply reliability and fisheries.
2. Diversion provides benefits, particularly during dry periods, by providing water volume to supplement releases from Lake Sonoma thereby preserving storage. Recognize that Russian River water supply is significantly different north and south of the Russian River confluence with Dry Creek. Water supplies north of the Confluence are almost entirely reliant on the PVP diversion and Lake Mendocino storage, while supplies south of the Confluence principally rely on Lake Sonoma storage,
3. Water Contractors have significant, state-mandated obligations to continuously provide safe and reliable water supplies for the communities that they serve.
4. California Constitution places limits on what can be included in each Water Contractor's retail water rates, and thereby ensures that any costs to the Water Contractors related to the continued diversion will be proportionate to the benefit received by their customers.
5. Support the modification of water rights orders that more clearly align water rights with supply sources.

WAC/TAC Interest Statement

6. Ensure any outcomes or recommendations from the RRWF maintain water supply reliability of the Russian River and support the significant investments made by Sonoma Water and the Water Contractors in Russian River ecosystem and fishery restoration initiatives.
7. Ensure any decisions regarding the PVP are consistent with the Restructured Agreement for Water Supply between Sonoma Water and the Water Contractors, including, but not limited to, Section 2.4, Potter Valley Project.
8. Ensure any outcomes or recommendations from the RRWF result in pragmatic, implementable actions that support the shared interests of the RRWF participants
9. Ensure the RRWF continues to explore funding options, from local, state, and federal sources to reduce the overall cost of implementing recommendations.
10. Recommend establishment of a Regional Entity to negotiate potential acquisition, operation, and maintenance of PVP facilities and water rights, as needed, to ensure long-term water supply reliability.
11. Continue to have opportunities for meaningful input and representation in any forum that realistically evaluates water supply resiliency solutions for the Russian River.

PG&Es License Surrender and Decommissioning Schedule

- November 2023 – PG&E to share draft surrender application and decommissioning plan
- May 2024 – Final draft surrender application and decommissioning plan
- January 2025 – Final surrender application and decommissioning plan submitted to Federal Energy Regulatory Commission (FERC)
- PG&E has said that its application would:
 - Propose to remove Scott and Cape Horn Dams and
 - End any operations, including water diversions to the Russian River,
 - Unless it received a complete and credible proposal in July 2023

Proposal – New Eel-Russian Facility

- Submitted to PG&E July 31st, with an update on Aug 3rd
- Project Proponents are:
 - Mendocino County Inland Water & Power Commission
 - Round Valley Indian Tribes
 - Sonoma Water



Proposal – New Eel-Russian Facility

- Proponents requested PG&E include in the final license surrender application, if consistent with the schedule outlined, a Regional Entity that has:
 - Been formed and has the legal, and is developing the financial, capacity to own, construct and operate the facility (Dec 2023)
 - Selected a design that fully implements co-equal goals of fish migration and water diversions
 - Agreed with PG&E on a Purchase and Sale Agreement for specific project facilities (Nov 2024 – agreement on terms)
 - Received support from NMFS, CA DFW, representative governmental and non-governmental entities in Russian and Eel River basins

Proponents requested that PG&E include in the decommissioning plan:

- The final license surrender application will request that FERC create a nonpower license for the PVP facilities to be held by the Regional Entity
- The nonpower license will authorize construction of the Facility
- The nonpower license will be effective once FERC issues the license surrender order for the remaining PVP facilities
- PG&E and the proponents confirm that the license surrender order and nonpower license are consistent with the relevant terms of the Purchase and Sale Agreement

Proposal Attachments

- Attachment 1 – Schedule
- Attachment 2 – Project Facilities to be Transferred/Partially Transferred
- Attachment 3 – Design Options
- Full proposal and attachments available on Sonoma Water website:
<https://www.sonomawater.org/RegionalPartnership>

Proposed Schedule

August 15, 2023	Sonoma County Water Agency, Mendocino County Inland Water and Power Commission, and Round Valley Indian Tribes (Proponents) and PG&E begin discussions on a Purchase and Sale Agreement (PSA). Proponents are proxy for the Regional Entity.
October 31, 2023	Proponents report to PG&E on outcome of preliminary consultation with NMFS, CDFW, and stakeholders in the Russian and Eel River Basins to support incorporation of proposal in draft license surrender application. Proponents consult on the options described in Attachment 3. By this time, Proponents also convene a table to negotiate a settlement with respect to the approach to the Eel-Russian Facility in the license surrender application.
November 30, 2023	PG&E releases draft license surrender application for its own stakeholder consultation.
December 31, 2023	Proponents form a JPA as Regional Entity. This entity and original Proponents coordinate with respect to subsequent steps. This entity becomes PG&E's counter-party in the PSA negotiations.

Proposed Schedule (continued)

May 31, 2024	PG&E releases revised draft license surrender application. Before this date, Proponents submit to PG&E a draft of the license surrender application that deals with Eel-Russian Facility, proposing a nonpower license. This application reflects progress on Proposal paragraphs (1) – (4) as needed for a complete draft application.
November 30, 2024	PG&E and Regional Entity reach agreement on the PSA terms (binding Term Sheet).
November 30, 2024	Proponents reach agreement (Term Sheet or Agreement in Principle) with agencies and representative stakeholders on key terms related to the license surrender application dealing with the Eel-Russian Facility.
January 31, 2025	PG&E files the license surrender application with FERC. Regional Entity is co-applicant for that part of the application dealing with Eel-Russian Facility.

Project Facilities and Design Options

- List of various facilities and appurtenances associated with Cape Horn Dam and Van Arsdale Diversion to be transferred to the Regional Entity
- List of facilities and appurtenances for partial transfer and/or where further discussion is needed to determine whether to transfer
- Two design options for the New Eel-Russian Facility being considered
 - Control section with pump station: Modify and lower Cape Horn Dam, and construct a pump station to divert water
 - Roughened channel with gravity supply: Remove the concrete gravity portion of Cape Horn Dam and construct a roughened channel and weir near diversion facility

Next Steps

- Formation of Regional Entity by end of year
- 30% design options anticipated May 2024
 - Sonoma Water applied for Bureau of Recreation Grant to continue design effort
- RRWF Planning Group
 - Continue to meet monthly
 - Provide input to Project Proponents
- RRWF Leadership Council
 - Tentative formation by end of year



Questions?



<https://russianriverwaterforum.org/>