

Energy Insider by William Engdahl

Northwest's power supply in jeopardy

A strong BPA chief is needed to reverse the Carter antidevelopment policies.

The post of administrator for the Bonneville Power Administration (BPA) is the patronage "plum" of the chairman of the Senate Energy Committee. Under Carter, that chairman was Henry Jackson of Washington State. Now, under the Reagan White House, the new chairman is pronuclear Republican James McClure of Idaho. His chairmanship could be the single most important ingredient in reversing a disastrous course of events that jeopardizes strategically vital sections of our aluminum and aerospace industries, located in the Pacific Northwest.

One of the more unfortunate final acts of the last Congress was passage of a bill first introduced by Jackson in 1978, the Pacific Northwest Electric Power Planning and Conservation Act, passed on Dec 5.

The bill was amended by pro-environmentalist congressmen like Jim Weaver of Oregon to produce a time-bomb that could choke future energy growth in the Northwest region served by the BPA.

The BPA was established by an Act of Congress in 1937 to harness the Columbia River system for land reclamation, flood control, and electric power generation through hydroelectric dams. The Army Corps of Engineers and the old Bureau of Reclamation created one of the largest multiple-use river systems in the world. BPA was directed to build and operate transmission lines to deliver power from the dams and to market the electricity

at rates just high enough to repay the federal investment in a reasonable time period.

Harnessing the immense hydroelectric power of the Columbia River drew major aluminum producers into the region during World War II with cheap electricity and ample water for process use. Major aerospace industries like Boeing, heavily dependent on aluminum, followed. Now, more than one-third of the nation's aluminum is produced here, thanks to the BPA.

In the 1960s, a U.S.-Canada treaty was signed for cooperative use of dams built by Canada on the upper river. Three dams have been completed, with additional power downstream sufficient to supply Seattle for more than 15 years.

But as early as the 1970s, the demand for power began to outstrip even this extended hydroelectric capacity. Bonneville Power Administration and the region's utilities produced the Hydro-Thermal Power Plan for development of nuclear- and coal-generated power to avert a shortfall conservatively estimated at 2,000-4,000 megawatts.

BPA and the utilities agreed on a plan to meld the lower-cost hydropower with the higher-cost nuclear and coal plants being built, to lower rates and secure supply.

BPA also guarantees the utilities lower bond interest by being a guaranteed power purchaser.

Under this plan, Portland General Electric build the Trojan nuclear power plant, and Washington

Public Power Supply System is building three nuclear plants besides the Hanford nuclear reactor turbine.

But an Internal Revenue Service ruling, issued shortly after the plan was introduced, jeopardized it by denying utilities tax-exempt status for their bonds because power was being sold to BPA, a federal body. Then the Environmental Protection Agency got a federal court injunction that required the BPA to complete an "environmental impact statement of BPA's role in the region" before it could undertake nuclear and coal project management.

This has kept certain long-term BPA customers in supply uncertainty since 1973. And by 1976, BPA projections showed they could no longer guarantee their load growth could be met even for preference customers beyond 1983.

An eleventh-hour amendment to the 1980 act (Section 4(e)(1)), puts the BPA on the least efficient track by setting an order of priorities: conservation first; nuclear last. In addition, the amendment calls for "public" involvement in estimating load-growth forecasts and in any BPA decision to acquire an energy resource over 50 megawatts!

All of this leaves crucial judgmental decisions up to the BPA administrator. A wishy-washy, soft-headed conciliator could unwittingly set the stage for economic disaster in this vital region.

This is why it is crucial that Sen. James McClure insist on a BPA administrator committed to using nuclear energy as the preferred way to "produce" our way out of the energy crisis. We have to watch this one with more than passive interest.