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Mark Walker  
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851 SW 6th Avenue, Suite 1100  
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**Re: *Issues for the Sixth Pacific Northwest Power and Conservation Plan, Council Doc. 2007-22***

Northwest Requirements Utilities (NRU) appreciates this opportunity to provide comments on the issues outlined by the Northwest Power and Conservation Council staff for the Sixth Power Plan. NRU's membership is comprised of 53 consumer owned utilities that are power and transmission customers of Bonneville Power Administration. Therefore our focus is on the relationship between the Power Plan and what it means for BPA and its customers. In general, while we are in accord with this list of issues described by the Council staff we would like to add the following thoughts.

At the same time as the Council is developing its Sixth Power Plan BPA will be developing its 2008 Resource Program that will guide BPA resource acquisitions as BPA moves into the Tiered Rates environment. Since the Power Plan has major implications for BPA resource acquisition it is essential that BPA and the Council work together in a coordinated fashion so that the end result works for the region, BPA and BPA's customers. The issue of timing is important as BPA will use the Resource Program to inform its choice of resources to fulfill its Tier 1 augmentation objectives and Tier 2 resource acquisitions. Some of these acquisitions may need to occur before the Council's Power Plan is completed in 2009.

The acquisition of renewable resources will be essential for meeting the RPS requirements of a number of BPA customers. In addition, the acquisition of high capacity factor resources is also critical to maintain the reliability of the power system. While the Council's focus on capacity issues is essential it is also important that we carefully consider the implications of the addition of lower capacity factor renewable resources. As renewable resources are developed it is important to recognize that the cost effective integration of these resources is critical.

The Power Plan will be an important source of information as BPA's customers consider non-federal power suppliers. A way must be found to make sure the Power Plan and information supporting that plan is current and is available in readily useable form especially as we face the key BPA contract signing and resource commitment dates of December 2008 and November 2009.

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The Sixth Power Plan will need to address Bonneville's role in energy efficiency. Tiered rates will substantially change the way the region has historically dealt with energy efficiency and Bonneville's obligation to meet regional efficiency targets. For example, the logic of a single regional avoided cost for determining the cost-effectiveness of efficiency programs fails because each public utility faces its own set of non-federal resource alternatives. Because each utility will have its own avoided cost, it will also have its own set of cost-effective efficiency measures. Consequently, setting an energy efficiency target for Bonneville's customers becomes far more difficult as it will be the sum of the targets for each individual customer, each with its own avoided cost and cost-effective measures. In addition, the role of the Regional Technical Forum under Tiered Rates will also need to be addressed since utilities will be developing programs with measures tailored to their own cost-effectiveness standards.

The Council in its deliberations will make a number of policy determinations regarding approaches and assumptions relevant to the methodologies used in preparing a Power Plan. These policy determinations should be clearly noted in the Council's Plan. Also it is important to note that local utilities will have circumstances that could lead to reasonable policy determinations that are different from those made by the Council. Some of these policy factors are: individual utility risk/cost tradeoffs, selecting between various options regarding the pace at which conservation should be undertaken, which load growth scenarios are the most appropriate to use, and what a realistic rate of penetration (success rate) is for various sectors and lost opportunities. We would like to emphasize that the methodologies used by Council staff to perform the analyses are in part a function of a number of important policy determinations made by the Council on a region wide basis. These policy determinations may not be uniform or applicable for all utilities across the region.

We appreciate the opportunity to comment on the issues for the Sixth Power Plan and look forward to working with the Council as the Power Plan is developed.

Respectfully,



John Saven, CEO  
Northwest Requirements Utilities

Cc: Terry Morlan