



January 24, 2008

Mark Walker  
Director of Public Affairs  
Northwest Power & Conservation Council  
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Portland, OR 97204-1348

Subject: Issues for the Sixth Pacific Northwest Power and Conservation Plan

Dear Mark,

On behalf of the PNUCC Board of Directors and members, I would like to compliment the Council members and staff for focusing on scope, themes and issues as a vital first step toward developing the Sixth Power Plan. While many of the issues associated with a regional power plan remain the same, there are several new challenges that electric utilities and their customers face today and in the near future.

**The Power Plan is an opportunity to inform a variety of audiences about the state of the Northwest power system and its future direction.** Your issue paper talks about “interested parties” who “help implement the Council’s power plans.” We suggest that “interested parties” include not only the electric utility community, but also the key audiences of elected officials, policy makers and consumers of electricity. The Council is well suited to translate the detailed and complex analyses into bottom lines for these audiences. It is imperative that the broader community be informed about the future envisioned by your regional Plan.

**The major theme of the Sixth Power Plan should be about maintaining an adequate and reliable power supply at an affordable cost.** The issues paper suggests that the major theme of the Plan be the “cost-effective reduction of the carbon dioxide footprint of the Northwest power system”. Because national and state concerns about climate change and carbon dioxide continue to evolve, we believe that climate change and its related policies is a major issue that must be addressed in the Plan. However, reducing the Northwest carbon footprint should not be the main theme of the Plan. The main focus and theme of the Plan should be keeping the lights on at an affordable price.

The Council has done a great job of identifying the main issues and questions that should be addressed in the next Power Plan. Climate change, meeting peak demands, the menu of resource choices, transmission adequacy and cost-effective are all very relevant topics that must be addressed. And of course all non-power obligations, such as river operation for salmon, must be reflected in a credible plan. There are several topics that we would

like to highlight as significant and therefore need special attention as you develop your Plan.

**Power costs associated with actions required to meet future power demands should be highlighted in the Sixth Power Plan.** The Plan should address the future cost of power from the Northwest consumer's perspective. While it is beyond the scope of the Power Plan to identify the expected power rates of individual consumers, or even individual utilities, a broad analysis of current power costs as compared to a range of costs that are expected under various scenarios would be helpful to individuals and to businesses as they make decisions that impact their energy use. The Council's Power Plan is a great opportunity to inform not only policy makers, but also consumers about the expected future cost of electricity.

**Climate change policies and their effect on the power industry is a significant issue that must be addressed.** Your recent Carbon Dioxide Footprint paper was a good start to assess the consequences of existing and potential national and state policies directed toward climate change. The Council should build on this analysis and develop plausible scenarios that identify the specific actions needed to meet these targeted carbon levels. We encourage the Council to also use its analytic capability to evaluate the impact on system reliability and cost associated with recommendations such as the Western Climate Initiative's. In addition, your analysis should identify the potential impact on electric power demand associated with other sectors of our economy (e.g. transportation) meeting these carbon dioxide policies.

**Meeting peak demands should be addressed by the Council to ensure the Northwest power system continues to be reliable.** Concern continues to grow as the shape of the seasonal power demand changes and the mix of generating resources evolves. As the Northwest expands its reliance on intermittent generating resources, such as wind, we need to ensure that the ability to meet peak demand is maintained. Your issue paper does a good job of defining the challenges that must be addressed.

**The criterion for acquiring resources requires a significant amount of consideration.** The criterion that the Council uses for acquiring resources can have a profound affect on major elements of your Plan. For example, the resource acquisition criteria you choose will determine the avoided cost for resource decisions, including conservation cost-effectiveness. Although the Council has adopted an adequacy standard based on the work of the Regional Resource Adequacy Forum, as noted in the standard, it is to be used for guidance in long-term resource planning. The resource acquisition criterion is a major issue that requires considerable discussion and analysis.

**The role of the Northwest hydropower system should be highlighted.** There are many responsibilities placed on the Northwest river systems that include flood control, recreation, irrigation, transportation, fish and wildlife and power production. The Council's Power Plan is a great opportunity to shed light on the many uses of the

Columbia River system and to illustrate the trade-offs required as additional uses for the river are contemplated.

**The amount and characteristics of wind energy need to be re-assessed.** The potential amount and price of wind power need to be re-evaluated, given the increasing demand for developing wind energy. The knowledge gained from the Northwest Wind Integration Action Plan as well as individual utility experiences should be folded into the next Plan. If wind power is to play a key role in meeting future demand, we must understand how this renewable resource will best contribute.

**Conservation and other demand-side resources are high-priority areas that need to be front and center in the next Power Plan.** The Plan must identify the options available to the region for additional energy efficiency measures. Efficient approaches to achieving a high level of energy savings need to be identified as well as any barriers that must be addressed. As the costs of new sources of power continue to climb and the national movement toward climate initiatives grows, energy efficiency amounts, costs and approaches to capturing the savings are of prime importance. Recent state legislation addressing utility conservation acquisition and BPA's movement toward allocation of the federal system and tiered rates illustrate the need to explore best practices for acquiring energy efficiencies.

PNUCC members are devoted to work with both the Council members and staff to develop a Plan that captures the nature of our current system as well as meeting the future challenges. We encourage you to continue to talk about these issues with PNUCC members not only in your monthly Council and Power Four meetings and meetings of your various technical committees, but also to continue the conversations in other settings. The PNUCC membership has benefited from Tom Karier, Terry Morlan and his staff's regular participation at the monthly PNUCC Board of Directors meeting and we see this as another venue to collaborate as the analyses and Plan develop.

Sincerely,



Dick Adams  
Executive Director

cc: PNUCC Board of Directors  
Council Members

