

**Northwest Energy Coalition Renewable Northwest Project Sierra Club
Natural Resources Defense Council Citizens' Utility Board of Oregon**

December 9, 2002

Mark Walker, Public Affairs
Northwest Power Planning Council
851 SW 6th Avenue, Suite 1100
Portland, OR 97204-1248

Dear Mr. Walker:

The Northwest Energy Coalition, Renewable Northwest Project, Sierra Club, Natural Resources Defense Council, and Citizens' Utility Board of Oregon (public interest groups) appreciate the opportunity to comment on the Council's November 25, 2002 draft recommendations pertaining to the marketing of federal power by the Bonneville Power Administration after 2006. While the public interest groups may offer individual comments regarding the broader issues surrounding the sale of power from the FCRPS, this submission focuses solely on the recommendations pertaining to how regional stewardship obligations should be met for energy efficiency, conservation, renewables, RD&D and low-income services. In general, the public interest groups are supportive of the conservation and renewables related recommendations, and offer here only brief comments.

The Council's draft states that "[i]t is time to re-examine how conservation and renewables are developed, and the role of Bonneville in that development." The public interest groups not only share this belief, it forms the basis for our own proposal in this dialogue. And, as is recognized by the Council draft, this statement applies in light of the current environment, regardless of the post 2006 design. We also share most of the draft's stated goals, but especially the goals to ensure satisfaction of Bonneville's responsibilities with respect to conservation and renewable resource development, and fish and wildlife.

Conservation

While some differences exist, the conservation recommendations in the Council draft are largely consistent with the public interest proposal. In our proposal, as in the Council draft, Bonneville retains a strong and active role in coordinated planning and implementation of conservation efforts across the region. In addition, conservation savings targets and mechanisms would be designed to capture conservation on all loads, not just the part served by Bonneville. We also support the draft's recommendation that Bonneville use its authorities to the fullest extent possible to ensure the region attains conservation goals established for the entire retail load of customers that can place load on Bonneville. We believe that this is a crucial element to ensuring satisfaction of Bonneville's responsibilities.

While the Public Interest Proposal indicated that the conservation and renewables discount would continue as a mechanism for conservation compliance, with modifications, the

proposal did not specify modification details. The Council draft supports continued use of this mechanism and recommends specific redesigns necessary to ensure cost-effective acquisitions. We support the immediate redesign of this mechanism as recommended in the draft.

The Council draft recommends that rates discounts be given incrementally based on demonstration of conservation program progress in order to reduce the incidence and magnitude of any Bonneville “backstop” needed. While this recommendation is different from that in the Public Interest Proposal, it is consistent. This recommendation may in fact be an improvement, since it avoids many of the tracking and enforcement complexities of our proposal. In addition, the draft recognizes Bonneville’s existing “backstop” authority, but indicates that the pressures on Bonneville make a “collection after the fact” mechanism (similar to that in the Public Interest Proposal) a less than optimal design.

Renewables

The public interest groups appreciate the Council’s support for “some level of acquisition of renewable resources whose cost may be above market.” We also support the inclusion of risk management, diversity, and environmental benefit analysis in the Council’s planning process. Many of those issues are covered in the comments of Angus Duncan, which we support. As stated in our Public Interest Proposal, we believe that BPA and the region’s utilities would serve their customers well with the sustained, orderly development of substantial new renewables in the region.

We note that PacifiCorp has published the draft results from their Integrated Resource Planning process, which show that the predominately renewables portfolio was least cost and lowest risk to the company. PacifiCorp’s draft renewables portfolio resulted in 2500 MW of renewables and their action plan recommends the acquisition of 1100 MW of renewables over the next ten years. In addition, Eric Hirst has just completed an analysis for BPA detailing the modest cost of integrating wind into the BPA system. We urge the Council to include similar analyses into the regional planning process.

Regional Plan, RD&D and Low Income

The public interest groups support the draft recommendation that the Council periodically prepare a regional power plan that incorporates both conservation and renewables. In fact, one of the principles included in the public interest proposal was that “[s]trong, regional least-cost planning must continue with a commitment to providing adequate funding to support Planning Council responsibility to carry out planning activities.” We urge the Council to include a recommendation for adequate funding for these activities in the final set of recommendations to Bonneville.

The Council draft recognizes the importance of maintaining RD&D for conservation. We urge the Council to include a similar recommendation for renewables. Finally, the draft does not directly include a recommendation for the provision of low-income weatherization. We urge the Council to include a recommendation that the Council determine the level of funding that is needed for low-income weatherization.

We appreciate this opportunity for continuing dialogue and look forward to continuing discussions.

Sincerely,

A handwritten signature in black ink that reads "Sheryl Carter". The signature is written in a cursive, flowing style.

Sheryl Carter

Natural Resources Defense Council

On behalf of:

Northwest Energy Coalition [Sara Patton]

Renewable Northwest Project [Rachel Shimshak]

Sierra Club [Fred Heutte]

Citizens' Utility Board of Oregon [Jason Eisdorfer]