



March 6, 2009

Bill Booth, Chairman
Northwest Power and Conservation Council
450 West State St.
Boise ID 83720-0062

Subject: Concerns regarding *Appendix C: Draft Demand Forecast*

Dear Chairman Booth,

This is a critical time for power planning in the Pacific Northwest and the Council's 6th Power Plan is poised to play an important role. In addition to recent nationwide political and economic changes, our region is experiencing a shift in power supply and changes in the longstanding operation of the hydro system. These changes will require coordination across the region between the utilities and government agencies. It is important that we all have a similar and accurate view of the Northwest power supply and demand picture.

PNUCC has reviewed your recent draft demand forecast and we are concerned about several of its components. Our review consisted of comparing the peak and energy loads presented in *Appendix C* with that of PNUCC's *2009 Northwest Regional Forecast*, which is comprised of forecasts from individual regional utilities. We evaluated the ten-year forecast as well as the near-term seasonal shape.

The Council's ten-year forecast of annual energy load is very similar to that of the utilities. Both analyses reflect an expectation that energy demand will grow by 350-400 average megawatts per year, not accounting for savings due to energy efficiency measures. The similarity in these two forecasts sets the stage for a 6th Power Plan that will likely be similar to the sum-of-utilities integrated resource plan.

The seasonal shape of the Council's energy forecast should be examined. In our review of the seasonal energy shape, we found that the Council's forecast is noticeably different from the utilities'. Graph 1 depicts the seasonal shape of energy for the first year of the forecasts. The Council is forecasting higher energy demand for the winter and spring, and a lower amount for the summer than the utilities' forecast. It is important that we reconcile these differences. The seasonal nature of wind generation and requirements of the Northwest hydropower system underscore the importance of addressing the seasonal needs of the region, not just the annual demand. We encourage the Council to review your forecast for seasonal energy in light of the differences from the utilities' forecast.

The Council should suspend any further regional capacity analysis until your forecast of peak demand is re-estimated. We have great concern about the magnitude and seasonal shape of your peak load forecast. The Council's estimate is significantly lower than that of the utilities as seen in Graph 2. It shows that the Council's forecast for January 2010 is almost 5,000 MW below the utilities'. This trend of lower peak estimates is seen across all months. In addition, the seasonal shape shown in Graph 2 raises significant questions. For example, the draft forecast for the October peak is higher than both November and December. This seems unrealistic, since normally December peak loads are higher than the fall loads. A Plan built on this peak load forecast will have questionable value. The elements influencing the forecast need immediate investigation.

PNUCC agrees with the Council's view that capacity planning is increasingly important and we must collectively strive to better understand the challenges it presents. The region's ability to meet peak demand must be maintained as the Northwest expands its reliance on intermittent resources, such as wind. In order to move forward and respond to these challenges we must have a common understanding of the peak demand for electricity in the Northwest and we are committed to working with you and others to assess the region's capacity needs.

On behalf of the PNUCC Board of Directors, I urge the Council to revisit the *Draft Demand Forecast* and review the assumptions used to generate the load forecasts. This forecast is the foundation upon which your 6th Power Plan is based. I look forward to continue collaborating with you and your staff on a regional Power Plan.

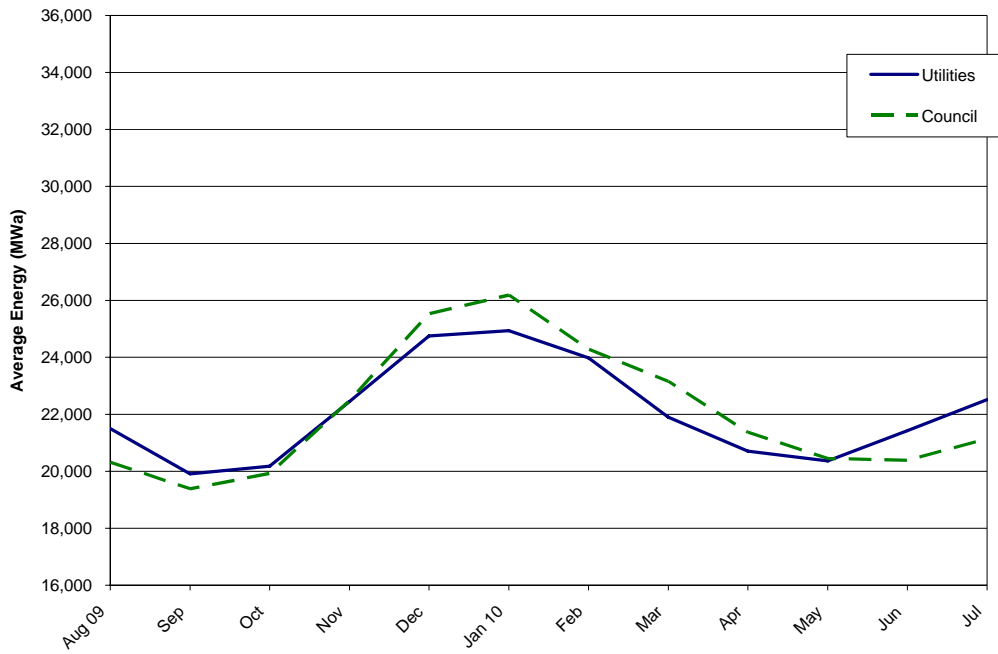
Sincerely,



Jim Sanders, Chairman
PNUCC Board of Directors

cc: Council Members
Terry Morlan
PNUCC Board of Directors

Graph 1: Regional Energy Load



Graph 2: Regional Peak Load

