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## MEMORANDUM

**TO:** Power Committee

**FROM:** Terry Morlan

**SUBJECT:** Review of Council's 6c Policy

Section 6c of the Pacific Northwest Electric Power and Conservation Act addresses the determination of the consistency of Bonneville's resource acquisitions with the Council's power plan. Section 6c applies to Bonneville's acquisition of "major" resources, which are defined in the Act as resources greater than 50 average megawatts for a period of more than 5 years.

Bonneville and the Council each adopted policies for implementing of the provisions of section 6c. These policies were originally adopted in 1986 and were revised in 1993. Although the Council and Bonneville agreed to review their 6c policies every five years, the policies have not been reviewed since 1993.

The reason for this lack of review has probably been that there has been little need for 6c review due too Bonneville not acquiring major resources. That in turn is a result of Bonneville not serving the role of regional resource provider as was envisioned in the Act. In fact, the trend has been the other way with investor-owned and customer-owned utilities increasingly acquiring their own resources and Bonneville cutting back on supply to the direct service industries. This trend is likely to continue if the Council's call for Bonneville not to acquire generating resources is heeded, and if aggressive conservation is pursued.

The staff's feeling is that although there may be a few tweaks that could be made to the 6c policy, it is adequate to serve its intended purpose. Since revision of the policy requires an extensive public process it would require substantial time on the part of the Council and Bonneville. Given that the policy is generally adequate, and unlikely to be used, the staff recommends that the Council consider the policy to be reviewed and not in need of revision.

During the development of the power plan, however, some Council members raised the issue of whether the 6c policy was adequate. Therefore, we would like to have a discussion of this issue in the Power Committee.