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July 30, 2007

MEMORANDUM

TO: Council

FROM: Terry Morlan

SUBJECT: Public Comment of Revised Fuel Price Forecasts

At the July Council meeting, a draft paper describing revised fuel price forecasts was released for public comment. The revision included higher price forecasts for oil, natural gas, and coal than were contained in the Council's Fifth Power Plan. It is the staff's belief that these higher prices would have little effect on the near-term actions in the Power Plan, which were focused on conservation and wind. The amounts of conservation and wind in the Plan were both limited by implementation constraints that would not be affected by higher fuel prices.

As a result, the higher price forecasts do not require Plan revision. They have been provided as information about the Council's current views on fuel prices in the future. They will also provide some starting assumptions for the early stages of the development of the Sixth Power Plan.

Most importantly, these revised forecasts will make the Council's latest thinking about future fuel prices available to organizations that use the Council's forecasts in other processes. The Power Committee will make recommendations about how these forecasts should be modified in light of comments we receive, and the process for publishing the results.

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