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August 30, 2007

MEMORANDUM

TO: Power Committee Members

FROM: Terry Morlan

SUBJECT: Revised CO2 Footprint Paper

Release of the paper on the "Carbon Dioxide Footprint of the Northwest Power System" for public comment was delayed at the August Power Committee meeting. The paper has been revised and the Power Committee will discuss the paper and develop a recommendation for the Council's action.

The revised paper is attached. The paper contains many editorial changes from the draft reviewed by the Power Committee in Spokane. Most significantly, the summary has been rewritten completely to reflect the summary presented at the August Power Committee meeting, as requested by members.

The other important substantive change is to the lower Snake River Dam removal scenarios. We show results only for the replace with natural gas scenario. It is noted as being the most consistent with the base case and the Council's Plan. It is also consistent with the treatment of the additional summer spill in the preliminary injunctive relief operation. In both cases, the lost generation is replaced by the next available resource in the Fifth Power Plan. The replace with market purchases case is dismissed as resulting in a less adequate and reliable power system. The replace with conservation and renewables scenario is described, but rejected, for the reason that it mixes alternative resource development scenarios and the dam removal scenario. The effects of changes in conservation and renewable resource strategies are addressed directly in the scenarios about resource development.

Staff believes that this paper provides some extremely valuable insights into the amount and sources of CO2 from power generation and how susceptible that CO2 production is to various future changes in resource choice intended to reduce climate change, and to some policies intended to serve other goals, but that have impacts on CO2 production.

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