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October 31, 2007

## MEMORANDUM

**TO:** Power Committee Members

**FROM:** Tom Eckman and Charlie Grist

**SUBJECT:** Agreement with Bonneville on conservation accounting under Regional Dialogue policy

Bonneville seeks to clarify how energy savings from its conservation efforts will be counted both now, and after 2011 when tiered rates are in place. On October 11, 2007, Bonneville's Vice-President for Energy Efficiency, Mike Weedall, sent the attached letter to Council Chair Karier setting forth how the agency intends to establish its energy efficiency targets and count savings toward achieving those targets now and in the post-2011 period.

Mr. Weedall's letter clarifies four key areas regarding conservation accounting. First, Bonneville commits to a more expansive view of its conservation responsibilities in the post-2011 period, consistent with its recently adopted Long-Term Regional Dialogue Policy. Second, it also proposes to continue to base its conservation targets on conservation recommendations in current and future Council power plans. Third, it proposes to continue to count, towards its conservation targets, all cost-effective conservation that it funded or helped to fund, or that its customer utilities do with their own funding. Finally, Bonneville's approach addresses two time periods, before and after 2012, when the Regional Dialogue takes full effect. Staff agrees with Bonneville's approach and is recommending that the Council respond to the agency with a letter endorsing Bonneville's proposal.

A Decision Memo outlining the staff's recommendation, Bonneville's letter, and a proposed letter from the Council to Bonneville are in the Council meeting packet.

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