Northwest Power and Conservation Council

January 28, 2008

MEMORANDUM

TO: Power Committee

FROM: Terry Morlan

SUBJECT: Comments on Issues for the Sixth Power Plan and Proposed Response

The comment period closed Friday, January 25 on the paper *Issues for the Sixth Pacific Northwest Power and Conservation Plan*. We received nine formal comments; four were from large utility organizations, three from individual utilities, one from a renewable resource organization, and one from an individual citizen.

Nearly all comments began with a statement of general agreement with the issues identified in the paper and then added additional aspects of the issues that the Council should address and, in some cases, added new issues for Council consideration. I have attached a summary of the comments from each organization, plus a few ideas that I heard in discussing the paper with regional organizations. The comments also will be posted on the Council's web site.

The following points characterize the comments we received:

- The Council should investigate the climate change issue broadly and develop strategies for addressing it, while preserving the adequacy and reliability of the power system. The plan should identify the costs and economic impacts of these strategies and communicate the results widely to legislators, policy makers, and the general public.
- The Council should analyze the various uses of the hydroelectric system and the tradeoffs involved in decisions about prioritizing those uses.
- The Council should consider whether its own policies restrict the ability of utilities to achieve conservation in their own service territories. Each utility has different avoided costs and opportunities for efficiency improvements.
- The Council should consider the value of carbon reduction technologies, such as carbon sequestration or nuclear generation, not just the costs.
- The Council should treat the direct use of natural gas as an electricity and carbon saving measure.
- The Council should coordinate with Bonneville's 2008 Resource Program.
- The Council should make its plan flexible so that it can be kept current with changing conditions.

851 S.W. Sixth Avenue, Suite 1100
Portland, Oregon 97204-1348
www.nwcouncil.org

Steve Crow
Executive Director

503-222-5161
800-452-5161
Fax: 503-820-2370

I propose that the Council rephrase the theme of the plan in the issue paper, but otherwise leave the paper as it is, with the exception of some minor editing. Instead of changing the paper, I propose adding an addendum to the paper that summarizes the interests of the region as reflected in the comments we received. We would clarify that the paper is not intended to limit the issues that could be addressed in the plan, rather it is to help focus our analysis and ensure that the plan addresses issues of importance to the region.

Summary of Comments on Issues for the Sixth Power Plan

PNGC Power	• Analyze the impact on demand and supply of various new and proposed policy directives • Periodically update carbon footprint assessment • Refrain from assessing the cost effectiveness of climate change measures themselves • Consider a broad range of possible futures with regard to carbon emissions and suggest actions that would be a prudent no regrets strategy • Analyze the competing uses of hydro flexibility; develop a uniform hydro capacity standard with BPA • Recognize the importance of a diverse resource portfolio • Examine efficiency measures; examine policies that might impede adoption; develop a more flexible cost effectiveness standard • Refrain from undertaking detailed transmission expansion studies, but assess progress and identify barriers
Public Power Council	• Rephrase theme as "meeting Northwest loads while cost-effectively reducing the carbon dioxide footprint of the Northwest power system" • Offer a thorough analysis of pros and cons of existing generating options • Analyze alternative capacity resources that may be available to the region. • Provide analysis that will inform future choices regarding climate change and appropriate policies rather than simply accepting and analyzing existing policies • Examine whether efficiency cost-effectiveness would better be determined at the local level • Continue the Council's role in transmission identified in the Fifth Plan. Council should not attempt to guide transmission investment. • Continue to evaluate reduced hydrosystem flexibility effect on carbon emissions and inform F&W program with that analysis, including effect of wind integration on F&W operations and other hydro system uses
Northwest Requirements Utilities	• Coordinate the Council's plan with BPA's 2008 Resource Program development and vice versa • Find ways to keep the Council's Plan current and helpful to public utilities who must make decisions on BPA contracts for post-2011 • Recognize that individual utilities face different avoided

	costs and efficiency opportunities than the region • Clearly identify policy choices made in the Power Plan, those including methodologies adopted in the Plan
Snohomish PUD	• Issue paper touches on all the relevant issues they are concerned with • Request to be involved and have an opportunity to comment on issues as the plan is developed
Pacific Northwest Utility Conference Committee	• Focus on translating analysis into useable input to elected officials, policy makers, and consumers as well as to the utility community • Focus the major theme of the plan on maintaining an adequate and reliable power supply at an affordable cost • Include estimated costs of a range of alternative scenarios, including analysis of the effects of some potential policies aimed at other sectors that could affect power as well • Focus on meeting peak demands • Discuss the resource acquisition criterion and consider its application in utility planning • Highlight the role of the hydro system in its many uses, communicate it clearly to illustrate the nature of the tradeoffs involved in policy decisions • Evaluate the potential amount and cost of wind; how much can be developed • Identify additional cost effective efficiency choices that may be available to utilities
George Hughes	• Consider onsite power storage technology at wind sites; provided references and information sources
Northern Wasco County PUD	• Analyze the cost of RPS to utilities customers • Analyze the share of GNP that is used to purchase energy • Assess the economic impacts of increased energy costs
Renewable Northwest Project	• Motivate action by explaining the urgency of climate action and the cost of not acting • Talk about other benefits of RPS than just climate change mitigation • Consider CO2 emissions reduction if coal instead of natural gas were displaced by newables (CO2 dispatch) • Replace the term “intermittent” with “variable” • Increase the Council’s involvement in transmission planning

Puget Sound Energy	• Council plan should address how legislation and policies related to climate change will affect cost and reliability • Address renewable portfolio standards and climate change policies as separate issues • Should address implications of no intraday natural gas market and limited natural gas storage on ability to integrate wind • Estimate level of investment needed to meet proposed green house gas limits • Estimate the value of carbon sequestration as well as the cost; that is, what is the cost if we can't do it? • Consider long-term nuclear waste storage as comparable to carbon sequestration for coal; responsible nuclear requires it • Encourage direct use of natural gas for energy efficiency and for carbon reduction • Consider concentrating solar with thermal storage, even if located in desert Southwest • Consider transmission needs to connect renewables to grid, renewable energy zones approach?
Verbal comments from discussions with utilities and other interest groups	• Consider the impacts of electric vehicles on power system • Consider smart grid potential and other dispersed technologies • Assess the economic impacts of RPS and climate change regulations • Find a way to keep the plan flexible and up to date • Consider nuclear power as an alternative • Consider direct use of natural gas • Assess the supply and deliverability of natural gas