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October 28, 2014

MEMORANDUM

TO: Council Members

**FROM: John Shurts, General Counsel
Tom Eckman, Power Division Director
Gillian Charles, Energy Policy Analyst**

**SUBJECT: Summary of Public Comment on Method for Quantification of
Environmental Costs and Benefits**

BACKGROUND:

Presenter: John Shurts and Gillian Charles

Summary: At the September 9 Council Meeting, the Council approved the release of the issue paper on "Methodology for Determining Quantifiable Environmental Costs and Benefits" for public comment. The comment period was open from September 10 to October 31. At the November Council Meeting, staff will present a summary of the comments received.

Relevance: The environmental cost and benefits methodology is a key piece of the Council's power plan and is integrated into analyses such as the generating resources assumptions and costs and the conservation supply curves.

Workplan: 1D - Prepare for Seventh Power Plan and maintain analytical capability; Approve environmental method for analysis

Background: The Northwest Power Act requires the Council's power plan to include "a methodology for determining [the] quantifiable environmental costs and benefits" of electric generating and conservation resources. This issue paper a) describes the requirements and relevant provisions of the Northwest Power Act, b) describes the primary method the Council has

used and will use for quantifying environmental costs and benefits of new resources (estimating the costs of compliance with environmental regulations); and c) highlights four topics that raise issues for public comment. These topics are:

- Residual environmental effects beyond regulatory controls
- Environmental effects of resources not yet subject to regulatory control, especially carbon dioxide emissions
- Quantifiable environmental benefits
- Environmental effects of new renewable resources

The schedule for the power plan has the Council, at the December Council meeting, providing the necessary guidance to the staff on the methodology the staff should use to quantify environmental costs and benefits in the resource analysis for the draft Seventh Power Plan.

More Info: The issue paper can be found on the Council's website, <http://www.nwcouncil.org/media/7137910/NWPCC-Env-Methodology-Issue-paper-Sept-10-FINAL.pdf>