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January 5, 2016

MEMORANDUM

TO: Council members

FROM: Tom Eckman and Ben Kujala

SUBJECT: Updated Scenario Analysis Results

BACKGROUND:

Presenter: Tom Eckman and Ben Kujala

Summary: At the December Council meeting staff recommended and the Council agreed that at least three of the scenarios analyzed during the development of the draft 7th Plan be re-run using updated data and assumptions based on public comments. These included the following scenarios:

- Existing Policy (1B)
- Social Cost of Carbon – Mid-Range Carbon Prices (2B)
- Coal and Inefficient Natural Gas Plant Retirement (3A)

In addition to re-running the above scenarios, the Council also agreed analyze three additional scenarios in the RPM based on public comment and consultations with parties in the region. For the most part of these scenarios focus on the potential role and cost of using renewable resources to reduce carbon dioxide emissions or other policies that are aimed at reducing such emissions. These scenarios include the following:

- Coal plant retirement, without inefficient natural gas plant retirement
- Coal plant retirement, without inefficient natural gas plant retirement and without new natural gas plant development

- Coal plant retirement, with carbon cost set sufficient to develop renewable resources rather than natural gas

Since the December Council meeting staff re-ran the Existing Policy (1B) and Social Cost of Carbon – Mid-Range (2B) scenarios. A review of the initial results from those scenarios, particularly with respect to demand response development, indicated that at least two-additional scenarios should be updated. These are the Existing Policy Scenario without Demand Response (Sensitivity S3) and the Existing Policy Scenario with Increased External Market Reliance (5B). Staff will brief the Council on the results of the updated and new scenario analysis at the January Council meeting.

Relevance: Scenario analysis serves as one of the primary tools used to develop the Council plan. Conducting a wide range of such analysis leads to a more robust resource strategy.

Workplan: 1. B. Develop Seventh Power Plan and maintain analytical capability

- Complete draft plan resource strategy and draft action plan

Background: N/A

More Info: