

Bill Bradbury
Chair
Oregon

Henry Lorenzen
Oregon

W. Bill Booth
Idaho

James A. Yost
Idaho



Northwest Power and Conservation Council

Jennifer Anders
Vice Chair
Montana

Pat Smith
Montana

Tom Karier
Washington

Phil Rockefeller
Washington

September 3, 2014

MEMORANDUM

TO: Council Members

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

SUBJECT: Staff Briefing on Draft Issue Paper on the Methodology for the Seventh Power Plan for Quantification of Environmental Costs and Benefits

BACKGROUND:

Presenter: John Shurts, General Counsel

Summary: As part of the Council's work on the Seventh Power Plan, staff has developed a draft issue paper on the methodology required in the power plan for determining the quantifiable environmental costs and benefits of new resources. Staff is proposing that the Council release this issue paper for a public comment period at the September Council meeting in order to receive feedback from regional stakeholders before a methodology for analysis is approved by the Council and incorporated into the development of the draft Seventh Power Plan.

Staff will discuss the issue paper at the Power Committee meeting and seek a recommendation from the Committee to the Council to release the issue paper for comments. The full Council will discuss this as part of Council Business and make a decision on releasing the issue paper for comment.

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 paper includes several questions to consider when providing comments.

More Info: The **tentative schedule** for the environmental cost methodology is as follows:

- September 9, 2014 – Power Committee: Discussion of issue paper and recommendation to Council to release for public comment
- September 9, 2014 – Council Business: Discussion and decision on release of issue paper for public comment

If Council approves release of issue paper, then:

- September 10, 2014 – October 31, 2014 – Public Comment Period
- October 7-8, 2014 – Council Meeting: Reserve time on the agenda for public comment
- October 29, 2014 – Resource Strategies Advisory Committee (RSAC): Discussion of issue paper
- November 4-5, 2014 – Council Meeting: Summary of comments received by close of comment period
- December 9-10, 2014 – Council Meeting: Council decision on methodology for quantifying environmental costs and benefits

Attachments:

Draft Issue Paper, Decision Memo,

See also: Presentation in Power Committee packet