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October 1, 2008

DECISION MEMORANDUM

TO: Council members

FROM: Terry Morlan
Director, Power Planning

SUBJECT: Contract approval

PROPOSED ACTION: Approve a contract with EcoSecurities' Global Consulting Services (GCS) to provide analysis of the alternatives for reducing greenhouse gas emissions and their costs.

SIGNIFICANCE: Climate change policies, and their effects on the power system and its costs, are one of the major issues for the Council's power plan. This contract would provide the Council with information needed to address this issue.

BUDGETARY/ECONOMIC IMPACTS

The cost of the proposed contract is \$45,000. It would come from the Power Division's FY2009 contracting budget.

BACKGROUND

The Council has identified greenhouse gas emissions policies and their impacts on the power system as one of the key issues for the Sixth Power Plan.

ANALYSIS

Climate change policies are in a great state of flux in the region, the nation, and the world. It is not clear how controls on carbon dioxide and other greenhouse gasses will be implemented, what the reduction targets will be, or what kinds of policies might be put in place. In the face of this uncertainty, it is important to understand the possible effects of alternative greenhouse gas control policies, the many actions that could be pursued to reduce greenhouse gas emissions, and the likely cost of those actions. Armed with such information, the Council can identify the necessary actions and estimate the cost of responding to different target levels. Such information is needed to predict future power system costs and wholesale and consumer prices for electricity.

ALTERNATIVES

1. The Council could decide not to contract with GCS, and ask the staff to glean information from other studies.
2. The Council could decide to have the staff do a competitive RFP for the proposed work.
3. Recommended approach: The staff recommends that the Council approve the GCS contract. This approach would result in a more timely and complete product. It would free Council staff to do the other work necessary to develop a power plan.

ATTACHMENTS

See the Power Committee packet material for this proposed contract. It includes a cover letter and proposed statement of work.