Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

POWER SERVICES

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In reply refer to: P-6

Mark Walker
Director of Public Affairs
Northwest Power and Conservation Council
851 SW. 6th Avenue, Suite 1100
Portland, Oregon 97204-1348

To the Council:

Thank you for taking up the important task of estimating amounts and sources of greenhouse gas emissions associated with electric power generation in the Pacific Northwest. We would appreciate continued focus and leadership from the Council on this and would encourage you to incorporate the following considerations and issues in subsequent analyses:

- ***State, Regional and National Emission Targets****:* It would be very helpful to compare the region's current and projected emission levels with the targets that have been set in Northwest states and by the Western Climate Initiative.
- ***Technical Potential for CO_2 Reduction:*** It would be helpful to estimate the full technical potential for CO_2 reduction in the Pacific Northwest, at least through 2020. An understanding of the stack of low-carbon resources and their cost will help policy makers and consumers better understand the challenges of a carbon-constrained future.
- ***Policy Choices:*** It would helpful for the Council to more fully develop a list of potential policy choices and actions that would reduce CO_2 emissions to 1990 levels by the year 2020, consistent with the targets recently set by Oregon, Washington, and the Western Climate Initiative.
- ***Cost of Response:*** The cost, both short- and long-term, associated with different CO_2 response strategies and scenarios should be made explicit.
- ***Potential effect of carbon cost*** (in the form of tax or emission credit costs) on demand for electricity.
- ***Change Modeling Assumptions:*** Limitations associated with existing and pending regulations should be incorporated into market modeling assumptions (i.e., limitations associated with the performance standard in Washington state).
- ***Capacity Considerations:*** We would urge that future analysis take into account that additions of large amounts of wind or other intermittent resources will very likely require addition of other resources to provide dependable capacity, and that those resources currently appear most likely to be gas-fired.

Finally, we appreciate the approach you settled upon for addressing the CO_2 impacts associated with removal of the four Lower Snake River dams. Some stakeholders have suggested that, if removed, the dams' output could be replaced with conservation and renewables. Such an assumption would present a false choice to the region. The Council's Fifth Power Plan called for *all* the cost-effective conservation and renewable resources to be developed through 2024. These amounts of conservation and renewables were insufficient, alone, for meeting regional load growth. Accordingly, your analysis projects continued increases in regional greenhouse gas emissions even with development of all cost-effective conservation and renewables. Consequently, removal of the dams would cause further increases in those emissions. Until the region identifies a workable strategy for reversing this trend toward greater emissions, it does not make sense to assume that there would be untapped non-emitting resources available to replace the output of the Lower Snake River dams.

Once again, we appreciate this work and encourage you to continue to explore this subject. A thorough understanding of our baseline emissions and reduction options is an essential component of sound CO_2 policy development.

Sincerely,

/s/ Paul E. Norman

Paul E. Norman
Senior Vice President
Power Services