

October 31, 2014

via e-mail: comments@nw.council.org

Subject: 7th Power Plan Environmental Methodology

The Eugene Water & Electric Board (EWEB) thanks you for the opportunity to comment on this important topic.

EWEB serves 90,000 customers and purchases half of its electricity from BPA as a preference customer, while also self-supplying the remaining half from its own owned and contracted for generation resources. EWEB takes a triple-bottom-line approach to resource decisions. We consider economic, environmental and social costs, and we understand the importance of holistic evaluation of different resource types and measures.

EWEB is supportive conceptually of market-based economy-wide carbon pricing legislation either at the federal or state level. However, we urge the Council to refrain from utilizing EPA's proposed 111(d) rule and urge you to hew closely the Environmental Methodology framework of the 6th Power Plan, comprised of scenario analysis incorporating: 1) Cost of existing regulations; 2) Potential cost of new regulations; 3) Consideration of environmental benefits; and 4) residual environmental costs.

EWEB has concerns about the implications of the 111(d) rule's sole focus on the electric sector and the potential inefficiencies of this indirect method of pricing carbon. The rule appears complex and subject to substantive modification still, and the same appears true of future state compliance plans which will not be started in earnest nor completed for some time. It would require many leaps and assumptions to utilize the proposed 111(d) rule.

We urge the Council to refrain from estimating some carbon tax or social cost of carbon and instead encourages the Council to conduct scenarios of carbon reduction relative to current carbon levels and develop a carbon abatement cost curve tool. EWEB recommends that the Council use some form of scenario analysis to discern the most economic way to reduce carbon in the regional electric sector on a dollars per ton basis, based on our existing regional power supply and forecast of future changes to supply and demand. Also, this scenario analysis should seek to identify whether there are cheaper carbon reductions achievable elsewhere in the regional economic system. These kind of tools would prove very useful to the development of public policy in the region.

Thank you for the opportunity to comment, EWEB looks forward to collaborating with the Council to achieve the objective of developing a meaningful and useful 7th Plan.

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Eugene Water and Electric Board