



Board of Directors April 6, 2007 Meeting Minutes

The PNUCC Board of Directors met on April 6, 2007 from 9:00 a.m. to noon at the Portland Airport Sheraton. The list of attendees is attached.

Next Board Meeting May 4, 2007

Corporate Business

The Board acknowledged the PNUCC Antitrust Compliance statement before a round of introductions. The March meeting minutes were then unanimously approved.

PNUCC Member News

There were announcements about staffing changes, but first the Board welcomed PPC's Executive Director Scott Corwin and congratulated him on his new position. Bill Dearing, Grant Co. PUD reported that Chuck Berrie from Okanagan PUD has been hired as their new Assistant General Manager and Jim Miller of Idaho Power told the Board that Judi Johansen has been appointed to their Board of Directors.

Heads Up on FERC Order 890

Chairman, Jack Speer added this to the agenda to provide PNUCC members with a heads up on the potential impacts of the final ruling of *FERC Order 890: Preventing Undue Discrimination and Preference in Transmission Service*. This order amends regulations and the *pro forma* open access transmission tariff adopted in Orders 888 and 889. According to FERC the purpose of the final rule is to ensure that undue discrimination is remedied by adding more specifics to reduce opportunities, make it easier to detect and facilitate the commission's enforcement.

Jim Lobdell, PGE said that he is concerned about the potential impact to Northwest utilities including BPA, especially when they are in the nonfirm power market. Jim

gave a few examples of how this new order could create situations including where utilities would be forced to hold undesignated resources from the market place during a winter or summer peak situation. He said that the Western Systems Power Pool has submitted a request for a rehearing of this order as the 260 members of this group feel that FERC Order 890 needs to be fixed.

Bill Dearing, Grant PUD observed that the requirements of this FERC order create a double whammy for utilities in June given the already existing mandatory reliability standard utilities have to meet.

Jack Speer said that the implementation of this order will begin in May and he encouraged parties to become educated on the issue and weigh in with their Congressional delegation. Hearing no opposing views about this Order he suggested that when people are talking to decision makers, they should acknowledge the universal concern in the Northwest.

It was suggested that the investor-owned utility comments be posted on the PNUCC web page and that to prepare for future events such as this the PNUCC staff create an Ad Hoc Transmission Workgroup. This group would be on stand by for any new transmission related issues and/or FERC orders that need immediate attention. Staff agreed to do both.

Global Climate Change

Scott Brattebo, PacifiCorp, updated the Board on the work of the PNUCC Global Climate Change Taskforce. The taskforce has written a set of principles on proposed climate change legislation which Scott proposed the PNUCC Board adopt. The next step for the taskforce is to discuss more detailed aspects of proposed legislation. Scott told the Board that even if the taskforce cannot reach a consensus position on these issues they will be able to inform the Board on the various views and reasons.

Driven by a concern voiced by BPA, the Board discussed how the principles address the issue of differing rates of load growth but did not take action to change the principles. The Board did agree to a change suggested by BPA resulting in the deletion of one word from the document. The Board voted to adopt the amended Principles which can be found at www.PNUCC.org/ClimateChange.htm.

Kyle Davis, PacifiCorp, presented a proposal from PacifiCorp's parent company (MidAmerican) for legislation to address climate change and shared excerpts from MidAmerican Chairman and CEO David Sokol's testimony before the U.S. House of Representatives Subcommittee on Energy and Air Quality. Kyle began by telling the Board that one intention of this proposal is to encourage Congress to be more creative when considering this issue. One aspect of the proposal is that carbon control should be economy-wide in order to achieve the least-cost approach to reducing carbon emissions. The MidAmerican proposal recommends a "phased-in, technology and policy-driven approach to reduce greenhouse gas emissions

while minimizing the costs and risks to our economy.” Kyle told the Board that the initial two phases of the proposal are designed to provide certainty on the cost of carbon control while the final phase provides certainty on the level of carbon emissions.

Technology development is central to the first phase of the MidAmerican proposal. Kyle shared analysis done by the Electric Power Research Institute that identifies the key technology challenges to reducing carbon emissions from electricity generation including the improvement of grids, the expansion of nuclear generation and the development of advanced CO₂ capture and storage. EPRI has estimated the cost to research and develop these technologies to be \$2 billion each year. Kyle told the Board that EPRI’s analysis showed a substantial decrease in carbon emissions by implementing those strategies but added that the analysis did not account for institutional barriers to implementation.

The first phase of MidAmerican’s approach includes a wires fee that will be capable of funding the needed research and development of new technologies. It will also address the legal and regulatory barriers to implementing new technologies, establish more stringent energy efficiency mandates and institute flexible renewable and clean technology portfolio goals.

During Phase 2 the MidAmerican proposal will establish goals for carbon intensity and provide a mechanism for trading with an economic safety valve to avoid severe impact on the economy. This approach would also create performance standards for generation in order to phase out old and inefficient resources.

The MidAmerican proposal forecasts a dramatic reduction in CO₂ emissions (25% below levels from the year 2000) by the beginning of its Phase 3 in 2030. That initial goal for 2030 will be followed by an additional reduction of 10% every 5 years.

Kyle told the Board that the proposal also includes “shock absorbers” and “off ramps” that will allow for mid-course adjustments based on periodic reviews of climate science, technology development, economic impacts and international cooperation. Kyle’s entire presentation, along with the David Sokol’s testimony and MidAmerican’s proposal are available at www.PNUCC.org/ClimateChangeBibliography.

Regional Resource Adequacy

BPA and the NW Power and Conservation Council have jointly spearheaded an effort to explore the questions surrounding resource adequacy for the NW power system. After nearly two years of discussion and analysis, Dick Adams believes that people are still talking past each other as this analysis is compared to the bottom line of BPA’s *WhiteBook* and PNUCC’s *Northwest Regional Forecast*.

To prompt the conversation, Paul Norman with assistance from Dick authored a list of “Heard it on the Street” quotes demonstrating the wide range of perspectives on the regional resource adequacy standards process, the need for power in the Northwest and the need for Northwest utilities to acquire resources.

The Board acknowledged that this work effort is suffering from a lack of attention. There were several questions about what this regional effort would provide as utilities have the real responsibility to meet load. Tom Karier, NW Power & Conservation Chairman and Co-Chair of the Resource Adequacy Forum suggested that the Council/BPA work would provide information to utilities that have not done integrated resource planning in the past. When he was asked if the output of this work would help utilities make decisions about their future power supply, he suggested that it could help them with some of the assumptions they might be making about the market, transmission constraints, hydropower capability and other resource capacity.

It was suggested that discussion of the Council and BPA work be elevated from a technical to a policy forum. Tom Karier said they would appreciate more input from the power industry and agreed it is time for a check-in. Terry Morlan, NWPCC staff suggested he bring a presentation to the PNUCC Board next month to feed the conversation. In addition, a suggestion was made to get a smaller group together with Paul Norman and Tom Karier to get steeped in the issue as they discuss the purpose and implications of the Council’s energy and capacity metrics and targets. The Board thanked Tom and Paul for the work thus far and said they look forward to more in depth discussions.

Northwest Regional Forecast

Briefly, the staff summarized the work of the last month to prepare the 2007 *Northwest Regional Forecast*. Dick Adams told the Board that he needs a nod of approval from them to finalize the report, including the executive summary.

Shauna McReynolds explained that the System Planning Work Group helped frame the information to be included in the executive summary. They discussed how to present the seasonal load/resource picture, gather and figure out how to display the future resource picture based on utilities’ most recent integrated resource plans and made suggestions for what information to weed out of the executive summary.

The draft also includes, as requested at last month’s Board meeting, a short explanation of how the *Northwest Regional Forecast*, BPA’s *White Book*, and the Council’s Resource Adequacy Analysis compare. Shauna said that she sought input from Council and BPA staff to help with this language and believes that they are comfortable with the general description.

The Board had no concerns about the executive summary and agreed staff should finalize the report and get it posted on the PNUCC web site.

Renewable Portfolio Standards

This agenda item was postponed until the May 4th Board meeting.

Council Amendments & Biological Opinion Update

This agenda item was postponed until the May 4th Board meeting.



Attendance List

April 6, 2007 Board of Director's Meeting

Jack Speer	Alcoa
Kelly Norwood	Avista Corp.
Jim Sanders	Benton PUD
Jim Lobdell	Portland General Electric
Ken Sugden	Flathead Electric Cooperative
Jim Miller	Idaho Power Company
Bill Gaines	Tacoma Power
Jean Ryckman	Franklin PUD
Dick Helgeson	EWEB
Gerry Miller	Cowlitz PUD
Wayman Robinett	Seattle City Light
Ruth Bennett	Bonneville Power Administration
Scott Corwin	Public Power Council
Steve Klein	Snohomish PUD
John Prescott	PNGC Power
Steve Eldrige	Umatilla Electric Cooperative
Scott Brattebo	PacifiCorp
Paul Norman	BPA
Kyle Davis	PacifiCorp
Bolyvong Tanovan	Corps of Engineers
Ray Kindley	Schwabe, Williamson & Wyatt
Richard Jackson-Gistelli	Emerald PUD
Jessica Wilcox	Snohomish PUD
Mark Ohrenschall	Newsdata
Cyrus Noë	Newsdata
Doug Grob	Flathead Electric Cooperative
Bill Dearing	Grant PUD
Margie Gardner	NW Energy Efficiency Alliance
Joe Piedmont	Consultant for Alcoa

Jim Litchfield
Dave Fitzsimmons
Jim Sanders
Shane Scott
Mark Walker
Loren Baker
Jack Janda
Steve Johnson
Tom Karier
Ken Corum
Larry La Bolle
Terry Morlan
Bo Downen
Mark Johnson
Janelle Schmidt
Mary Johannis
Dirk Borges
Ken Canon
Harry Hewitt
Dick Adams
Lee Corum
Shauna McReynolds

Litchfield Consulting Group
Bonneville Power Administration
Clark Public Utilities
S. Scott & Associates
NW Power & Conservation Council
Consultant
Mason PUD #1
Washington PUD Association
NW Power & Conservation Council
NW Power & Conservation Council
Avista Utilities
NW Power & Conservation Council
Public Power Council
Flathead Electric Cooperative
Bonneville Power Administration
Bonneville Power Administration
Canby Utility
Industrial Customers of NW Utilities
Tillamook PUD
PNUCC
PNUCC
PNUCC