



## **NORTHWEST POWER AND CONSERVATION COUNCIL**

**June 9-11, 2009**

The Council embarked on a marathon Sixth Power Plan session in Whitefish, Montana, foregoing the lure of the scenic town in favor of conservation, carbon, and capacity. A panel of utility reps said a 1,200-megawatt conservation target may be too steep for the first five years of the plan and questioned whether it makes sense to embed an average \$50 per ton carbon tax in the portfolio analysis. Fish and wildlife approvals launched two multimillion-dollar Columbia Basin Fish Accord projects. Next meeting: July 14-16 in Portland, OR.

### **IN THIS ISSUE**

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The Plan that Conservation Built.....	1
Utilities Push for Link Between Planners and Implementers.....	3
Council Plumbs Depths of Power Plan.....	7
Region High on Indicators.....	11
Accord Projects Approved.....	11
Review Makes Tracks on Wildlife.....	12

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### **THE AGENDA**

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#### **The Plan that Conservation Built**

Staffer Terry Morlan teed up a host of issues in the Sixth Power Plan with an overview of the draft that is taking shape. The challenge, he said, is to find a plan for meeting the region’s electricity needs over the next 20 years that is “lowest cost” and factors in future unknowns like fuel supplies and price, economic growth, climate change policies, and the capacity and flexibility needed to integrate wind.

Morlan described the thrust of the draft as supporting aggressive conservation; improving the ability to integrate wind; acquiring cost-effective local small-scale resources; reducing use of existing coal plants; and preparing for the future with support for developing carbon-neutral generation and encouraging efficiency. The plan is being developed against a backdrop of conditions, including slower demand growth, higher fuel prices, risk of significant carbon-control costs, and an increasing share of variable output resources like wind, he said.

Analyses for the plan show significantly increased potential for cost-effective conservation and energy efficiency measures, Morlan

continued. Factors contributing to the increase include the availability of new measures and technologies, higher avoided costs, rising cost of new generating resources, and constraints imposed by renewable portfolio standards (RPS), he said.

The aggressive approach to conservation outlined in the draft “has created consternation in the region” among those who will have to meet the target and those who are subject to the requirements of Washington’s RPS, Morlan acknowledged. But conservation is the lowest-cost resource and reduces the risk of higher fuel prices and potential carbon-control costs, he said. “It’s a solid finding,” Morlan added. Conservation has the potential to meet load growth, delay and reduce the need for new generating resources, and lower consumers’ bills by reducing the amount of electricity used, he pointed out.

Staff found that in the face of future carbon costs, it would be prudent to develop wind and geothermal resources in the region, even if there were no RPS requirement, Morlan reported. Integration of wind will require more reserves for capacity and within-hour balancing, but improved wind forecasting and changes in system operations could mitigate the need, he said.

Natural gas is the best alternative for fossil-fuel generation, and on a regional basis, gas generation doesn’t show up in the analysis for five years, Morlan said. But individual utilities might need to acquire gas resources sooner to meet their load, he added.

Electricity rates are expected to increase about 30 percent over 20 years due to increasing fuel costs, carbon penalties, and more expensive generating resources, Morlan continued. Efficiency acquisitions affect rates, as does generation, but the effects vary, depending on factors like how much of the cost is borne by the utility versus

conservation paid for by customers or induced by codes and standards, he explained.

#### Climate and Carbon Uncertainty

Climate policies are another major focus of the plan, Morlan went on. The proposed resource strategy reduces expected carbon emissions from 57 million tons per year today (MMtpy) to 40 MMtpy by 2030, he said. This is lower than the 1990 level of 44 MMtpy, Morlan pointed out. Emissions vary significantly, however, depending on future conditions, and without retirement of existing coal plants, carbon reduction is not assured, he indicated.

Retiring existing coal plants would reduce carbon emissions to 64 percent below the 1990 level, Morlan said. If there were a \$100 per ton carbon cost, emissions would fall to 35 percent below the 1990 level, he said. Morlan acknowledged the difficulty of analyzing the cost of climate policy because “it is hard to tell where the costs will lie” or where the revenues from a carbon tax would be directed.

The Action Plan calls for accelerating efficiency acquisitions, he stated. It’s the low-cost, low-risk strategy, and we are in a better position than ever to do it – “there’s a lot of activity and momentum,” Morlan said.

Tom Karier said the plan should be clearer about the role of natural gas and the difference between the regional and individual-utility need for resources. Council chair Bill Booth agreed. We’re saying we don’t need new natural gas generation for five years in the region, yet there are specific places that do, he said. Karier also said the plan should be clear about the role of independent power plants (IPPs).

Melinda Eden suggested the role of natural gas be elaborated on in the resource portfolio chapter. We have counted the IPPs as available to the region, “and they are,” she stated. It’s a question of price, Eden said.

Jim Yost said the language in the plan about the regional situation versus the individual utility circumstances must be clear. I'm struggling with how to characterize it, he said. Some utilities don't need new generation in the short term, but several do, and our plan could "disenfranchise" them, Yost stated. "It's a major discussion point," he added.

"I'm willing to say this is a plan for part of the region, but not the rest" or to say some utilities and geographic areas don't fit within it, Yost went on. Let's provide exceptions, so we don't disadvantage anyone, he suggested. We need to assure the plan "isn't used against utilities" that need something different from what is laid out, Yost said.

We aren't able to do a plan for every utility, but we can recognize the differences and distinctions, Morlan responded. Our job is to do a regional plan and provide guidance about the lowest-cost resources and their availability, he said. But we do not tell utilities what they need to meet their loads, Morlan said, adding that the plan could include more in the way of an explanation.

Our explanation "is weak now, and it's important," Yost said. Our plan needs to accurately reflect what's going on, and if the language we have now "isn't clear to utilities, it won't be clear to the public or to regulators," he stated.

Yost also said he thought building conservation so there is surplus electricity to sell "is risky." We're exposing the region to the risk of a volatile market, and we should be judicious about how much we depend on that, he advised.

The least-risk plan is for aggressive conservation, with options for natural gas, Eden said. Regulators know about the regional power plan and that it does not dictate to utilities, she said. "We don't tell utilities what to do, and we don't

want to," Eden stated. We can work to strengthen the language, but we should not change our choices, she said.

Dick Wallace said the message he heard at a PNUCC board meeting is "demand is growing and electricity will cost more." We should reflect that in the overview and point out that carbon control could add 3 to 20 percent to costs, he said. As we work through the pieces, we should indicate that the growing demand will be costly, Wallace said.

It would be good to be upfront about future costs and bring the discussion down to the consumer level, Booth agreed. I have concern that a 30 percent rate increase over 20 years "sounds low," he added. But if we meet the conservation targets, it's doable, Booth said. Did we meet the price forecasts in the Fifth Power Plan? he asked.

Prices have been significantly higher than we forecast, mainly due to higher gas prices, Morlan responded. It has become more costly to develop new sources of natural gas, and gas costs directly affect electricity price, he said.



### **Utilities Push for Link Between Planners and Implementers**

A panel that included Dick Adams of PNUCC, Scott Corwin of the Public Power Council, Bill Gaines of Tacoma Power, and Craig Smith of Snohomish PUD offered a utility perspective on the Sixth Power Plan. Corwin kicked off the panel by thanking the Council and staff for their hard work and engagement with the region in developing the plan. He said utilities view the Sixth Power Plan as more important than ever before.

The plan guides some BPA actions with regard to resources for its customers, and for investor-owned utilities, the plan is used in regulatory venues, Corwin said. The tie between the plan

and Washington's I-937 is also important for utilities, he added. The utilities on this panel implement what you plan, and "we want to make sure there is a link between those who plan and those who implement," Corwin told the Council.

There are complex issues addressed in the plan, and a lot of assumptions are made, he continued. It is important to take the time to get it right, Corwin added. "We are here to help get it right," he said, urging the Council to devote time to more discussions before it puts a draft out on the street. While it can be helpful to have "a straw proposal" out, it can also cause people "to dig in" to their positions, Corwin said. "An informal back-and-forth" on issues can be more productive, he advised.

Utilities are concerned about how carbon is treated in the plan, Corwin continued. "It's a very uncertain area," and there is a legitimate question about whether to load a carbon cost into the base case or treat it in a sensitivity analysis, he said. Including carbon as a random variable in the base case "produces a carbon-driven plan," Corwin pointed out.

He reported that a recent Congressional budget analysis concluded "the Waxman bill" would result in a carbon cost of \$16 to \$26 per ton. Corwin suggested the Council use a base case that excludes carbon, with adjustments to be made as the issue clarifies.

With regard to other issues, utilities are concerned about conservation, the role of capacity, and a strategy that leads to a planned surplus, he said. "To John Q. Public, a planned surplus looks like we're sitting on thousands of megawatts," Corwin said. But when the surplus is only on paper, it is not necessarily available when needed, he added.

Your treatment of the Lower Snake dams may be a communications issue, Corwin went on. It's a complex question with both biological and

economic elements, he said. Corwin urged the Council to take care in how it displays both the emissions and cost results of its dam removal scenario. For example, a four-million ton increase in emissions may not look that big, "but it is," he stated. And the issue looks different regionally than it does for BPA customers – losing 3,000 MW of system capacity is big, Corwin added.

Have you not had the opportunity to engage with our staff on these issues? Joan Dukes asked. I thought utilities had interacted with us, she said.

Corwin said utilities have participated on the Council's resource advisory committees but not all issues have been addressed as thoroughly or in as timely a fashion as needed. Your staff has been open to questions, "but when things start to solidify, that's when you have to have a meeting of the minds on assumptions," he stated.

Smith agreed, saying utility staff has had the opportunity to engage, but not enough time has been spent to resolve the differences between "our views of the world." The plan needs to reflect a consensus between "the planners and the implementers," he stated.

### IRPs Reflect Planning Rigor

Adams explained how utilities plan their loads and resources, offering a presentation titled "Plan Today, Power Tomorrow." Utilities put together integrated resource plans (IRPs) that have a lot of the same elements as your plan, he said: a load forecast, resource options, needs assessment, and scenario analysis. The IRPs "show a lot of the same rigor" the Council puts into its plan, Adams added.

Many utilities produce IRPs on a two-year cycle and make frequent and regular adjustments to them to reflect changes that occur, he continued. Once a year, PNUCC puts together the Northwest Regional Forecast (NRF), which is a sum of 25

load forecasts that “paints a picture of the region,” Adams said. With the most recent NRF, we got to the same view of the region as you did – we see requirements going up about 1.2 percent annually over time, he added.

Utilities view their energy need in terms of requirements versus available resources, Adams said. The load-resource comparison they make is based on firm resources without assumptions about what’s available in the marketplace, he went on. “That’s a significant difference” from your plan, Adams said. From our viewpoint, the region needs about 4,500 MWa of energy over the next decade – “that picture is different from something that shows 6,000 MW of surplus,” he stated.

Utilities are planning to acquire about 4,600 MWa of energy to meet their needs, Adams continued. The biggest piece, 1,800 MWa, is conservation and efficiency, he said, adding that “the biggest challenge is getting inside the conservation measures to see what the savings are.” Renewables are next, with about 1,200 MWa of resources like wind, geothermal, and biomass planned, and about 1,100 MWa of natural gas are on tap, Adams reported. Some utilities that face planning shortages also have “bridging contracts” for purchases that extend five to 10 years, he said.

The region is on a quest to understand capacity needs, Adams said. “We have been a region of energy planners, but now we are looking at capacity,” he acknowledged.

Adams said utilities are also working to articulate a vision statement that captures where they are going. He said utility IRPs create an opportunity for comparisons between the Council’s plan and what utilities are planning to do. If it’s a different picture, we need to see what the differences are and what they mean, Adams stated.

Booth asked why there is such a difference between the Council and the utilities’ assessment of surplus. Most of the difference is related to the way we treat IPP resources – only those that are contractually committed to Northwest load are counted in our forecast, Adams responded. We do not include those located in the region but contractually committed to California, he added.

Your numbers view the market as a risk, and utilities would rather build more resources than count on the market, Wallace commented. He noted the risk in slowing down conservation achievement to build resources and the difference in “risk assessment” on a local versus a regional scale.

Gaines said that from a utility planning point of view, “I can only count resources I can depend on.” If I have no ability to access a resource, it’s not part of my plan, he clarified. At a minimum, “we ought to put together a crosswalk that goes between the two views” – the individual utility and the regional, Gaines added.

He went on to explain the utilities’ view of the Council’s conservation target. “There’s scuttlebutt in the region that utilities are trying to dodge their responsibility and are not on board with conservation,” he said. In my 30 years in this business, “there has been a transformation” in thinking, and you would have a hard time finding a manager within a utility that does not fully embrace conservation, Gaines stated.

“It just makes sense,” he said, adding that Tacoma has quadrupled its conservation spending in recent years. We are on board, but we want the Council to set a target that is achievable, Gaines said.

Smith said Snohomish has set aggressive targets and doubled its conservation staff. All of public power has stepped up on conservation and is “poised and ready” to meet the challenge, he said. We support the Act and our mandate to meet the

conservation targets – we want to be sure they are achievable, Smith reiterated.

Gaines presented results of a utility staff analysis of measures the Council considers available to meet conservation targets. In terms of “measure readiness,” we found 60 percent of the measures are ready, some are partially ready, and others “are out there a ways,” he said. This is important for how fast we can ramp up for implementation, Gaines explained. It’s an area we need to spend more time on, he advised.

### Role of CFLs Debatable

Karier said the Council has been going through the details of its staff’s conservation assessment, including issues surrounding compact florescent light bulbs (CFLs) and their role in conservation savings. Minus CFLs, the region is saving about 160 MWh annually, and if we went with the utilities’ assessment of available measures, we’d drop the target below 100 MWh, he commented.

Our staff would not agree that 160 MWh of the savings is exclusive of CFLs, Smith responded. We think their contribution is much larger, he added.

Smith raised the issue of targets based on emerging technologies that are outside of utilities’ control and savings that come from codes and standards set by others. He suggested that while emerging technologies should be part of the Council’s plan, they should not be part of the conservation targets.

The targets in the Sixth Power Plan are a significant increase over the previous plan, Gaines stated. We need to reconcile the contribution that CFLs, as opposed to other measures, have made to our success, he said. CFLs have been “a huge part” of the achievement, and “it’s a diminishing resource,” Gaines said. There’s a question about whether we can step up the pace enough to meet the target without CFLs, he added.

The conservation targets proposed by Council staff would require a 250 percent increase with non-CFL measures, Smith pointed out. This is a big issue and “one we need to run to ground,” Karier responded.

There are a range of possible scenarios with carbon, Gaines continued. The Environmental Protection Agency’s assessment of costs in various legislative proposals is quite different from what’s included in your proposal, he said. We don’t know what carbon regulation and pricing will be like, and studying various scenarios is important, Gaines said.

We don’t agree with resource modeling that embeds a \$50 per ton cost for carbon, he stated. That assumption affects other things in the plan, Gaines added. Why not take out the carbon and run the possibilities as a sensitivity analysis, he suggested.

“We’re not here to bash the plan,” Gaines summed up. We want to collaborate with you to come up with a plan we can all support and implement, he stated.

Part of this process is gathering information, Booth told the panel. There are three areas we need to clarify, he said: surplus, conservation, and carbon.

### Don’t Use the S Word

Paul Norman of BPA joined the discussion with praise for “the high-quality technical work” that has been done for the Sixth Power Plan. “First and foremost,” Norman said he is concerned about the idea of “surplus” in the plan. We have to get this part right and reflect our need to acquire resources, he stated.

Norman advised the Council to explain the gap between the results of its portfolio model and the utilities’ forecast. You are counting 5,500 MWh

of energy that no utility is including as available in its plans, and there are 8,500 MW of peaking capacity in your model that is not committed to Northwest load, he added. Including these uncommitted resources is appropriate for an adequacy analysis, but in terms of what utilities need to acquire to meet load, “there’s a big disconnect,” Norman cautioned.

Don’t make this explanation in the plan as, “by the way,” he added. It needs to be stated strongly, Norman urged.

I understand the impulse to get the draft plan out, he continued. BPA has faced the same dilemma in various processes, but holding things up “paid dividends,” Norman said. There is the risk of polarization if you rush something out, he said. “It’s a tough call,” but allowing the time for collaboration is important, Norman said. We need to build consensus between the planners and implementers on conservation, he stated.

Morlan asked how delaying the Council’s plan would affect BPA’s resource program. It is a problem, Norman acknowledged, but on balance, it’s outweighed by the need to keep the discussion from getting polarized. “I would err on the side of a collaborative plan,” he said. Spend a little more time, but not a lot, Norman added.

It is important to have aggressive conservation targets, according to Mike Weedall of BPA. But it’s also important to have targets that are achievable, he said. I look forward to continuing to work to settle on a target that is “a good stretch for the region,” but that doesn’t “set us up for failure,” Weedall added. We need to reach an agreement on the target and an implementation strategy, he concluded.



## Council Plumbs Depths of Power Plan

Staff provided an in-depth briefing on the analytical pieces that are shaping the Sixth Power Plan. Staffer Michael Schilmoeller outlined key assumptions in the resource portfolio model, explaining that the base case assumes the following: utilities meet the requirements of the RPS in acquiring resources; carbon costs range from \$0 to \$100 per ton, averaging \$50 by 2030; uncertainty exists for economic variables like the cost of materials and fuel and production tax credits; and hydro generation and forced plant outages occur according to historical patterns.

As it cranked through 750 future cases, the model could select from available resources up to set maximums in set timeframes, he said, including the following: conservation; single and combined-cycle combustion turbines (SCCT and CCCT); wind generation; geothermal; woody biomass; advanced nuclear; supercritical pulverized coal; integrated gasification combined cycle; Montana wind imports; and demand response.

The model produced least-cost and least-risk plans, Schilmoeller explained. The least-cost plan is basically conservation, 5,500 MWa, and the least-risk plan is an even greater amount of conservation, 5,800 MWa, with 830 MW of CCCT, 170 MW of SCCT, 104 MW of geothermal, and 3,000 MW of wind by 2019.

Schilmoeller reported that the plans are so similar in most years that the likelihood of significant cost and rate variations between the two is small. The least-risk plan is likely to have higher fixed costs due to siting, licensing, and resource construction costs, but would provide some advantages with imports and exports of power, he explained.

There is very little difference between the least-cost and least-risk plans in the five-year Action Plan, Schilmoeller stated. A plan with more resources (least-risk plan) reduces dependence on the market and increases price and rate stability, he said. It also provides more guidance to the region about resources that promote an efficient and reliable system, Schilmoeller concluded.

Morlan ran through the alternative scenarios analyzed, including low and high conservation and several carbon policy cases. Analyses of a plug-in electric hybrid vehicles scenario and possible climate change policies are yet to be run, he reported.

Morlan explained the purpose behind each of the scenarios and the outcome of the analysis.

Among the highlights of the analysis:

- A lower conservation acquisition rate would increase costs and carbon emissions, and a higher rate would have relatively little effect on total conservation, since there is a limit to what's available.
- The no-carbon-policy case resulted in reducing the cost of the power system by almost half (47 percent), increasing carbon emissions by 14 percent above the 2005 level, and increasing development of natural gas generation. The case reduced conservation by 7 percent, showing conservation to be cost-effective even in the no-carbon case.
- A carbon cost of \$100 per ton increases the cost of the power system by 36 percent; carbon emissions go down 29 percent from the base case, significantly more CCCTs and SCCTs are optioned, and base-load coal is displaced.
- The no-RPS case produces no big changes. It reduces power system costs slightly; increases carbon emissions slightly; increases conservation slightly; doesn't affect wind development; and causes natural gas resources to be optioned slightly earlier.
- Results are difficult to gauge in the case to retire coal plants early, but in general, it

increases system costs; reduces carbon significantly; increases conservation; maintains wind generation at RPS levels; and significantly increases CCCTs to replace lost generation.

- The dam removal case increases system costs 7 percent; increases CCCT options three-fold; and increases carbon emissions by a small amount. It has little effect on conservation or renewable generation.

Bruce Measure asked why the no-carbon analysis did not include the existing RPS, "which are a reality." Why not start with what's happening today? he asked.

In sensitivities conducted on various carbon costs, Morlan said the base case reduces carbon emissions below 1990 levels by 2030. Without a carbon policy, emissions would continue to grow, but more slowly due to conservation and renewable development, he said. The RPS is consistent with the least-risk plan in the face of carbon-cost uncertainty, Morlan reported.

Measure said he wanted to see model results that incorporate carbon capture and sequestration for existing coal plants. "It may be a remote possibility, but it's no more remote than dam removal," he stated.

### Conservation Rules

Staffer Tom Eckman rolled out conservation targets in the plan, pointing out that "near-term conservation targets determine the medium-term action plan on other generating resources." Conservation dictates what happens with the rest of the portfolio, he said.

The proposed overall target of 1,200 MWa over five years includes both "lost-opportunity" and "discretionary" measures, Eckman explained. Discretionary conservation is in the model at a steady 160 MWa per year, and lost-opportunity is added at various levels, producing a total target

between 200 and 270 MWa per year over five years, he said.

Staff received comments from the Conservation Resources Advisory Committee (CRAC) in support of lowering and raising the conservation target, according to Eckman. Staff analyzed conservation acquisition rates that were 20 percent slower and 20 percent faster than the proposal, he said.

Eckman defended the proposed 1,200 MWa target, saying it is the fastest “realistically achievable” acquisition schedule. All of the portfolio’s sensitivity analyses support the proposed targets or higher, and they are in line with historic achievements, he said. The “ramp rate” reflected in the proposal is based on a “ground-up, measure-by-measure estimate” of achievable savings, Eckman stated, and “most importantly,” the region is in a better position today than it has ever been to achieve conservation.

The staff’s “armadillo graph” depicts a declining amount of discretionary conservation and a significant increase in lost-opportunity savings over time, he continued. If the region does not in the early years meet the ramp rate needed to achieve the target, “we will have a steeper hill to climb,” Eckman acknowledged.

He reiterated that recent history in the region indicates the proposed target is “doable,” pointing out the following:

- Changes in state codes and federal standards will boost conservation savings.
- Activities outside utility programs, such as the push in the private sector to be “green,” will aid achievement.
- The region faced a 700 MWa goal in the Fifth Power Plan and is likely to get to 1,000 MWa in actual achievement.

- In 2007, the region captured 200 MWa, and preliminary results suggest the figure could be over 230 MWa for 2008.

CFLs play a large role in the conservation achievement, accounting for 160 MWa in 2008, Eckman said. Karier urged the Council to reconcile whether the targets can be achieved without the CFL contribution, which is declining. BPA reported that 40 of the 71 MWa it achieved in 2008 was a result of CFLs, and it would have a large gap to fill without them, he commented.

With regard to cost-effectiveness, lost-opportunity measures are considered cost-effective up to an avoided cost of \$120 per megawatt-hour (MWh) and discretionary measures up to \$70 per MWh, Eckman said. The \$70 figure includes “a lot of \$10 and \$20 measures,” he added.

Staff estimated the impact on utility revenue requirements, assuming 2008 regional electricity sales revenue of \$11.4 billion, Eckman went on. Of that, 2.6 percent (\$300 million) went toward conservation, he said. With the proposed target, the investment could go up to just over 4 percent of revenues, Eckman said, adding the estimate “is probably on the high side.”

In summing up, he said:

- The region has acquired 3,600 MWa of conservation savings through 2007.
- Another 1,200 MWa by 2014 could meet 50 percent of the region’s load growth.
- A total of 5,800 MWa by 2029 could meet 85 percent of the load growth and keep most publics out of BPA’s Tier 2 resources for the next 20 years.

“You might be optimistic in view of the economy,” Yost commented. There’s a risk the recession will continue or get worse, and utilities may not make the investment, he said.

We have a check-in point in two years, and we can evaluate the progress, Eckman replied. Staffer Charlie Grist pointed out that utility expenditures on conservation are going up significantly, even with the recession. “No one is going down,” he stated.

Morlan asked for “a read” on where Council members stand on the targets. Eden said she is comfortable with the proposal, stating that staff “has been conservative every step of the way.” We’ve met 1,000 MWa in the last five years, and the stretch to 1,200 MWa “isn’t a huge one,” she stated. “I hope the other members can accept this,” Eden added.

Measure said he is optimistic about the targets, but it would be preliminary to adopt them without hearing from utilities that “actually implement” them. Karier said he is anxious to release a draft plan and get broader distribution of the proposals. We’ve got a good starting point to go with, he added.

I have two or three concerns, Yost commented. “Long term, we don’t have a problem, but short term, we might,” he said. We need a plan that provides a transition from the high achievement of the CFLs and through a recession period, Yost said.

In addition to utilities, the public needs to respond to the targets, Wallace said. It is incumbent on us to go out and explain this to the public, he said. It’s “a powerful message” for these times, Wallace stated, adding that it’s an opportune time, with interest high in green energy, to take the proposal and explain it in ways people can understand.

Dukes said she favors aiming high. “We can’t afford to do less than this,” she said, adding “the alternative to conservation is another power plant.” I am impressed with what the public is doing toward conservation, Dukes continued. As we worry about what the utilities are doing, we

can see that a lot is coming from the public itself, she said.

Booth said he wanted to hear more about the analysis. The conservation goal is “the bedrock” of the plan, and it drives everything else, he pointed out. We need goals that stretch our efforts, but we have to be realistic, Booth said, adding that he wanted to hear from the utilities.

### Unknowns Shade Actions for BPA

Staffer Wally Gibson described the chapter in the plan that deals with BPA. The Council’s plan has an impact on BPA in the area of resource acquisitions, which BPA may need to make to supplement its Tier 1 load, provide service to the direct service industries, meet Tier 2 load obligations, and provide flexibility for wind integration, he explained. The power plan identifies principles and recommendations to guide BPA’s acquisitions, Gibson said.

He cited several factors that affect BPA’s resource acquisition plans, including uncertainty about what will be needed and the availability of solutions to BPA’s balancing authority needs, and the interactions among energy, capacity, and flexibility attributes of particular resources.

These considerations led us to the following principles for BPA acquisitions, Gibson said:

- aggressively pursue Sixth Power Plan conservation goals
- aggressively pursue use of existing system resources and institutional solutions for wind integration
- look broadly at cost-effectiveness and reliability of new capacity and flexibility sources, if they are needed.

Staffer Bill Hannaford pointed out that the policy and contractual decisions BPA has reached about its 20-year contracts and tiered rates are subject to legal challenge. If these decisions are overturned,

BPA should pursue these objectives in a different form, he said.

Staff explained various items in the action plan for the Sixth Power Plan. The following are some highlights:

- Conservation: near-term savings target of 1,200 MWa; market transformation; building codes; federal standards; other enhancements; mechanisms to identify high-priority actions; Regional Technical Forum; research and development; market and technical research; and regulatory changes.
- Generating resources: acquire cost-effective resources when needed; ensure adequate system flexibility; expand menu of low-carbon resources; and provide support for planning and decisionmaking.
- Transmission: participate in Western Electricity Coordinating Council activities and assessments; track transmission expansion proposals; and assess transmission needs for wind development.

Wallace suggested the Council’s draft plan should hit a mark between “a fait accompli” and a premature document that “takes us down unintended paths.” He said the Council needs to conduct “meaningful outreach” on the draft.

Booth concluded that conservation, carbon policy, and surplus and capacity are the topics that still need more work. It would be nice to meet our July schedule for releasing a draft, but if we can’t, we can’t, he said. The July meeting will again be dedicated to power, and we’ll delay F&W issues where possible, Booth wrapped up.

### Region High on Indicators



Karier reminded the Council that the process to develop high-level indicators for the F&W program goes back a year. The region

said it “could continue endlessly” to put together research, monitoring, and evaluation plans, but until we told them what we wanted to measure and what to count, they didn’t know how to proceed, he explained.

We put out proposed indicators in May and got “an overwhelming response,” Karier said. “The Council should be encouraged – people are very interested in this,” he stated.

Staffer Nancy Leonard characterized the responses as “a nice spectrum of comments,” and said most respondents supported the indicators. Suggestions fell into the following categories, she explained: reorganize and/or add new indicators; include mid-Columbia salmonids; report abundance at the population level; report on spawner, juvenile, and harvest numbers for wild and hatchery fish; provide consistent hatchery reporting; assure harvest data is adequate; and delete the indicator on life-stage survival.

Leonard said there are now two sets of indicators, four biological and six implementation, which will be finalized in a workshop. The goal of the workshop is to refine the list and come up with “ready to go” indicators that can be adopted by the Council in July or August, she said.

There are nine remaining indicators that will undergo additional assessment, Leonard stated. The goal is to have these complete by May 2010, she concluded.

Karier said the group of indicators not included in the biological and implementation categories is important. “Let’s not lose track of them,” he commented.

### Accord Projects Approved



The Council approved two Columbia River Inter-Tribal Fish Commission (CRITFC) projects that stem from the Columbia Basin Fish Accords. A

basinwide evaluation of supplementation and a study of limiting factors for Okanagan and Wenatchee sockeye stocks could cost a combined \$10.6 million over the next 10 years.

For the supplementation evaluation, the Council asked CRITFC for more information on a project objective that involves sonar monitoring in the Klickitat. And they approved a one-year \$644,735 request to carry out three other objectives in the evaluation. The Council also voted to endorse \$251,671 in funding for the first year of the Okanagan and Wenatchee limiting factors project.



### Review Makes Tracks on Wildlife

Dr. Linda Hardesty of the Independent Scientific Review Panel (ISRP) outlined the results of the first categorical F&W review, which focused on 36 wildlife proposals. In the end, 22 proposals met scientific review criteria, 11 met the criteria with qualifications, and two were determined not to meet the review criteria, she reported.

Hardesty explained the ISRP process and listed the benefits of the categorical reviews. She explained the programmatic issues that arose in the process, and said that overall, the program is benefiting F&W, which is “the bottom line.” There are good quality managers, and the project sponsors are committed and creative, according to Hardesty.

Staff is working on issues that have bubbled up from the review and will use the information developed to improve the way projects are proposed and carried out, staffer Lynn Palensky said. Staff hopes to make recommendations to the Council for wildlife projects that warrant a five-year funding commitment, she said.

## END NOTES

**F&W Findings Final.** The Council adopted findings on the F&W program amendments, which explain the relationship between the Council’s decisions and recommendations that were submitted in the process. Program amendments were adopted in February, and the findings, which will be noticed in the Federal Register, complete the cycle.

Eden asked the Council to delay adopting the proposed adequate, efficient, economical, and reliable power system (AEERPS) statement that accompanies the F&W program. I have questions about it, she said. The Council agreed to a postponement.

**Report on BPA F&W Outlay.** The Council voted to release for public comment its annual report to the governors on BPA’s expenditures to implement the F&W program. Staff incorporated new language on foregone revenues and power purchases prior to releasing the report, which is now subject to 30 days of comment. The expenditures report will be finalized in July.

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### Council 2009 Calendar

July 14-16	Portland, OR
August 11-13	Spokane, WA
September 9-10	Oregon
October 7-9	Ketchum, ID
November 12-13	Teleconference
December 8-10	Portland, OR