



Board of Directors May 4, 2007 Meeting Minutes

The PNUCC Board of Directors met on May 4, 2007 from 9:00 a.m. to noon at the Portland Airport Sheraton. The list of attendees is attached.

Next Board Meeting June 8, 2007

Corporate Business

The Board unanimously approved the April meeting minutes after acknowledging the Antitrust Compliance statement and doing a round of introductions.

Member News

Leading off the member news was all the buzz about the May 3rd decision by the U.S. 9th Circuit Court of Appeals on several aspects of past BPA rates and contracts including the residential exchange and the level of salmon funding. Paul Norman, BPA, said that the implications of the ruling were unclear and that even though the 9th Circuit granted many of the petitions from plaintiffs, they offered little guidance to BPA on future actions. He also said that the ruling was a step backward in the push for more certainty in the regional dialogue. PNUCC Chairman Jack Speer, Alcoa, said that this issue is the type of regional issue that PNUCC can discuss whether or not all members are in agreement. Jack also urged the Board to provide leadership to the region as we work together on the issue

Regional Resource Adequacy

Terry Morlan, Director of the Power Planning Division at the NW Power and Conservation Council, updated the Board on the activities of the Northwest Resource Adequacy Forum – a joint Council/BPA effort. Terry noted that there had not been as much involvement for the utility community as they had hoped and wanted to update the Board on their activities to date.

The Forum began its work because of the 2001 energy crisis, the North American Electric Reliability Corporation's evolving adequacy standards, BPA's long-term power supply contracts, and the development of a significant amount of non-utility owned generation in the Northwest. At the heart of the Forum's effort is a computer model that estimates the future regional loss-of-load probability. Both energy and capacity adequacy standards have been developed with a target of not exceeding a 5% probability that the Northwest will be unable to meet its future load. These standards have been converted into more familiar load/resource balances that represent the same 5% probability. Terry emphasized that one of the main differences from PNUCC's Northwest Regional Forecast approach is the inclusion of generation from independent power producers. Several Board members expressed their concerns about relying on power from these independent power producers when it is not contractually a firm resource, committed to serving NW load. They also acknowledged the role the real-time power market plays in meeting customers' needs. From a longer-term utility planning perspective, it may not be prudent to count on them because they are not firm resources.

Terry shared with the Board the future work of the Forum. It includes developing an economic standard for resource adequacy – similar to the Council's analysis in their 5th Power Plan. In addition they continue their work to develop guidelines for individual utilities to use, so that they can compare their utility situation with the region. Terry emphasized that all of these standards are voluntary. Later this year, the Forum will assess the region's adequacy using these new standards and will compare their analysis with PNUCC Northwest Regional Forecast. Shauna McReynolds reminded the Board that the Northwest Regional Forecast was just published and distributed to the membership. A copy of it can also be found on the PNUCC web page at www.pnucc.org.

Renewable Portfolio Standards

John Prescott, PNGC shared with the Board that a PNUCC position paper had been drafted during the past few months based on the work done last year by PNUCC's Renewable Portfolio Standards Work Group. He reminded the Board that this paper had been discussed at previous Board meetings and that Board member ideas had been incorporated. At Jack Speer's request, the Board adopted the position paper and asked that the staff post it on the PNUCC web page.

It was noted that the Oregon legislature is expected to pass a renewable portfolio standard for electric utilities in Oregon – centered around a target of 25% of retail electricity sales being met by new renewable resources by the year 2025. Board members indicated that there appears to be significant activity at the national level for a federal renewable standard and suggested that we keep our eye on the national activity. There appears to be an overlap between these state-mandated standards for developing renewable resources and the global climate change legislation that is focused on reducing carbon emissions. It is not clear how all of these requirements will work together.

Biological Objectives Report & Council Amendments

Shauna McReynolds began by updating the Board on our contract with BioAnalysts to produce a background document on salmon biological objectives. She told the Board that the report was completed and that it provides a good foundation for the effort that PNUCC staff is engaging in with the Council on amending their fish and wildlife program. Shauna did not walk through the lengthy report for the Board, but provided highlights in the meeting materials. She told the Board that she planned to distribute the report by posting it on the PNUCC webpage and by sharing it with federal agency staff, the Council's fish and wildlife committee and the Council's ad hoc biological objectives work group.

Shauna then told the Board about the larger context for the BioAnalysts report. She reported that the Council is beginning a process to amend their fish and wildlife program and to ask for amendment proposals this October. One aspect of amendments will be the formation of intermediate level biological objectives to help guide the solicitation and selection of fish and wildlife projects as well as provide a metric for measuring the success of the program. For the past few months PNUCC staff, along with PPC staff and Northwest RiverPartners, have participated in an ad hoc work group, facilitated by Council staff, to investigate the form of the biological objectives and the function they should serve. Shauna told the Board that the group has drafted an informal mission statement, including goals and is currently working through identifying and agreeing on overall goals for the fish and wildlife program. She also said that she sees all of this as gearing up for our recommendations for program amendments.

FERC Order 890 Follow Up

At last month's Board meeting, several concerns were identified with FERC's Order 890. This recent Order amends the Federal Energy Regulatory Commission's regulations and the *pro forma* open access transmission tariff to remedy opportunities for undue discrimination – according to their fact sheet. These new requirements could affect the way BPA's Power Business Line uses federal transmission to meet its Northwest customers' loads. BPA has also identified a concern about the priority of transmission use when it signs new long-term contracts with its public power customers. Several other Board members expressed a concern that this Order could dampen the real-time power markets – a market that many utilities rely on to meet their customers' needs. This Order is expected to become effective in July, and given last July's "white knuckle" day with power supply, people questioned the wisdom of implementing this Order before several of these issues are resolved.

Regional utilities and BPA have formally requested clarification and a rehearing on this Order and are awaiting FERC's response. Parties continue to work with FERC and its staff to address these concerns that appear to be unique to the Northwest. A copy of the FERC fact sheet and utility requests to FERC can be found on the PNUCC webpage under Current Topics.

Climate Change Activities

Scott Brattebo, PacifiCorp, updated the Board on the activities of the PNUCC Climate Change Task Force. He said that the group met to discuss the distribution of carbon emission allowances but were unable to come to a consensus on how allowances should be distributed. Scott pointed out that the Task Force had planned to summarize the various views on this issue, but the group believes there are adequate documents available that articulate the points of view, and thus another summary is not warranted. Scott told the Board that the next topic for discussion with the Task Force will be new technologies to reduce carbon emissions and the legal and institutional barriers preventing the development and implementation of those technologies.

The Board also discussed a recent meeting on climate change between several Board members and Congressman Jay Inslee. The Congressman has requested a “unified position” and “suggestions or draft legislative proposals” from PNUCC on the subject of climate change. The Board agreed that it would be better to engage with the Congressman sooner rather than later and that staff to staff discussions would probably be better than a written response. They identified several topics to discuss with Congressman Inslee including the principle that legislation should be economy-wide, the integration of electric vehicles, loss of hydropower capacity and the relatively large growth expected in the Northwest.



Attendance List

May 4, 2007 Board of Director's Meeting

Ken Sugden	Flathead Electric Cooperative
Jack Speer	Alcoa
Kelly Norwood	Avista Corp.
Jim Sanders	Benton PUD
Jim Lobdell	Portland General Electric
Dick Adams	PNUCC
Steve Klein	Snohomish PUD
Pat Egan	Pacific Power
Jean Ryckman	Franklin PUD
John Prescott	PNGC Power
Paul Norman	Bonneville Power Administration
Jim Miller	Idaho Power
Gerry Miller	Cowlitz PUD
Bill Gaines	Tacoma Power
Scott Brattebo	PacifiCorp
Tim Culbertson	Grant PUD
Phil Obenchain	Idaho Power
Dick Helgeson	EWEB
Scott Corwin	Public Power Council
Michael Early	Industrial Customers of NW Utilities
Terry Morlan	NW Power & Conservation Council
Edwin Jenkins	Tillamook PUD
Ken Phillips	Tillamook PUD
John Fazio	NW Power & Conservation Council
Shane Scott	S. Scott & Associates
Tom Karier	NW Power & Conservation Council
Rob Sirvaitis	TEA
Barbara Miller	Corps of Engineers
Jim Litchfield	Litchfield Consulting Group
Luanna Grow	Grant PUD Consultant
Jay Fintz	Chelan PUD
Debbie Bone-Harris	Franklin PUD
Cyrus Noë	Newsdata
Mark Ohrenschall	Newsdata
Jerry Rust	Northwest Power Pool
Dave Fitzsimmons	BPA Transmission
Dana Toulson	Snohomish PUD
Kevin O'Meara	Public Power Council
Paul Murphy	Cowlitz PUD
Joe Piedmont	Alcoa Consultant

Dan Peterson
Margie Gardner
Larry La Bolle
Ken Canon
Dirk Borges
Richard Jackson-Gistelli
Mark Johnson
John Goroski
Harry Hewitt
Mary Johannis
Frank Brawner
Lee Corum
Shauna McReynolds

Pend Oreille PUD
NEEA
Avista
Industrial Customers of NW Utilities
Canby Utility
Emerald PUD
Flathead Electric Cooperative
Flathead Electric Cooperative
Tillamook PUD
Bonneville Power Administration
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