



## **Board of Directors October 5, 2007 Meeting Minutes**

The PNUCC Board of Directors met on October 5, 2007 from 9:00 a.m. to noon at the Portland Airport Sheraton. The list of attendees is attached.

### **Annual Meeting November 2, 2007**

RSVP [shauna@pnucc.org](mailto:shauna@pnucc.org)

### **Corporate Business and Member News**

The Board acknowledged the PNUCC Antitrust Compliance Statement, unanimously approved the September meeting minutes and made a round of introductions before moving on to member news.

Jack Speer reminded the Board about the upcoming Annual Meeting November 2<sup>nd</sup> to be held at the Portland Airport Sheraton and asked those planning to attend to contact Shauna McReynolds. Shauna said formal invitations were in the mail and she encouraged members to extend an invitation to potential business partners.

John Prescott reported that PNGC Power had a ribbon cutting at their Coffin Butte biomass project to celebrate the doubling of the project output now at 6 MW. The new turbines are 30 percent more efficient he said.

Steve Klein said Snohomish PUD is reviewing the multitude of proposals they received in answer to their recent renewables request for proposals. They received 3 biomass projects and the rest were wind power. He said they are looking to acquire about 100 MW.

Steve Johnson announced that the Washington PUD Association is doing their part to keeping the Northwest green and invited everyone to their new building dedication set for October 17<sup>th</sup>, at 4 pm in Tacoma, Washington. Steve said that the building has been awarded the Platinum level of Leadership in Energy and Efficiency Design (LEED) certification. It is the first building of that ranking in the state of Washington.

Bill Gaines confirmed that he will step into the job of Director of Tacoma Public Utilities following Mark Crisson on November 1<sup>st</sup>. He will be responsible for water, rail and power issues. And in other personnel news, Phil Obenchain announced that after 25 years at Idaho Power he has accepted a position with Pacific Power and will start there October 22<sup>nd</sup>. Congratulations Bill and Phil!

## Portland General Electric Integrated Resource Plan

For context, Jim Lobdell began by describing Portland General Electric's customer base and power supply. All of PGE's service territory is in Oregon, serving 43% of the population. Currently they have a diverse power supply portfolio including 31% hydropower, 32% natural gas-fired generation, 18% coal and a small amount of other renewable generation (wind contracts). Jim noted that the first phase of Biglow Canyon wind project should be on line very soon. Biglow Canyon is their newest project and will be 450 MW (152 MWa energy) when the third phase is complete.

PGE is a transmission dependent utility, Jim said. They need access to the market and are limited in ability to reach potential new generation. PGE is proposing a new transmission line they are calling the Southern Crossing that would bring power from northeast Oregon to the southern part of the company's service territory.

This Integrated Resource Plan demonstrates that PGE is a deficit utility. It predicts an 818 MWa energy resource shortfall by 2012 with a 1,540 winter capacity shortage for the same time. Summer capacity needs are growing and will eventually surpass the winter capacity needs. For now PGE is focusing on the winter picture. With these needs for power identified, PGE evaluated the options for filling the gap they are forecasting. They asked customers what their preferences are for new resources; they studied the ramifications of the renewable portfolio legislation recently passed in Oregon, and compared different resource mix portfolios. The goal was to balance risk and cost to choose the preferred portfolio.

The result was a preferred portfolio that maximizes energy efficiency opportunities, meets Oregon's 2015 Renewable Energy Standard target, proposes long-term contracts and provides flexibility. They plan to add 904 MWa to meet energy needs and another 750 MW of capacity to meet their peak needs in the winter.

The resulting energy resource mix in the preferred portfolio is 18% hydro, 23% natural gas, 21% coal, 16% renewables, 17% power purchase agreements, 5% energy efficiency and 0.3% plant upgrades.

The Board asked questions about what would change PGE's plan. Jim said that new legislative requirements associated with reducing PGE's carbon footprint would have a dramatic impact. He can't see how PGE could get back to a 1990 level of carbon dioxide without huge advances in technology.

Others agreed that it is incumbent on the utilities to communicate the facts about the individual power systems to the general public as well as policy makers.

## Northwest Regional Forecast - Capacity Analysis

PNUCC staff is preparing for the 2008 Northwest Regional Forecast, an indicator of adequacy from the utilities' perspective. They are recommending to the Board that more information be made available than in the past few years. Shauna McReynolds explained that staff wants to update the capacity analysis, including both a winter and summer peak load/resource picture.

Historically, this report included both energy and capacity analysis. However, we stopped reporting the capacity data because we needed to reevaluate how to reflect the capability of the hydropower system, Shauna said. She wanted to confirm with the Board that providing capacity assessments make sense, and to alert the members of this work as we send out the request for information.

The real challenge, Dick Adams added is how to capture the contribution from the hydropower system for the capacity analysis while maintaining the same measure of adequacy as was done in the past. One task that could lead to more information in the report will be to understand how individual utilities assess their own adequacy for energy and capacity. Staff will survey utilities on how they evaluate their capacity needs and potentially provide a summary of their findings in this year's report.

Steve Eldrige asked how PNUCC can take the messages from the Northwest Regional Forecast analysis and provide the region and especially policy makers with the whole story. The interpretation of the data and communicating the complexity of this incredible system is important. Steve believes it is up to the utilities to get this message out. This conversation led to questions about what others are planning in the region and it was suggested that Dick Parrish from Energy Northwest be invited to meet with the Board to discuss their plans for the future. Dick was asked to follow up.

## Council's CO<sub>2</sub> Paper

The Council's draft paper, "Carbon Dioxide Footprint of the Northwest Power System" was released in September and the Council is seeking comments by October 19<sup>th</sup>. Dick Adams said that the paper evaluates the carbon dioxide emissions of the Northwest power industry today as well as what we thought it was back in 1990. They conclude that it will be a major challenge for the region to reduce emissions to the 1990 level. The paper further evaluates some potential future river operations and the impacts those operations have on CO<sub>2</sub> production.

Dick said that PNUCC's Climate Change Workgroup will meet with the Council staff next week to learn more about the analysis and to discuss possible comments on the paper. Dick said he thinks that this is great work by the Council staff that translates national CO<sub>2</sub> policy into numbers. Information about what it will take from the Northwest to get back to 1990 levels of emissions will be very useful to our decision makers. The paper also highlights how the Northwest is different and

that the Northwest produces less CO<sub>2</sub> per megawatt compared to other regions. On an annual basis the amount of CO<sub>2</sub> produced is highly dependent on the Northwest water supply.

Dick said staff will work with the workgroup to develop comments for the Board and/or Board officers' approval. The deadline for comments is just around the corner requiring a very efficient process for reviewing proposed comments to the Council.

On a related subject, EPRI is continuing to look for sponsors for a study on the possible economic impacts to WECC of carbon regulation legislation. Dick said that he talked to an EPRI representative and confirmed that PNUCC as an entity is not eligible to be a sponsor.

A couple PNUCC members have already signed on and EPRI is moving forward with the study, Dick said. He urged any that have an interest in this work to lend their support right away. In addition, Dick reported that EPRI is offering to do utility specific analysis for supporters of this effort. The preliminary timeline is to have results by the end of the year with the final analysis completed in first quarter of 2008.

## Clean Renewable Energy and Economic Development Act

Dan James of PNGC Power provided the Board with a summary of a bill recently introduced by Nevada Senator, Harry Reid called the Clean Renewable Energy and Economic Development Act.. According to Dan this bill authorizes \$10 billion of bonding authority for transmission investment for each federal transmission agencies (e.g. BPA) to improve the access to renewable energy sources. The bill requires the designation renewable energy zones new transmission to bring the renewable energy to the load centers. If a privately-funded entity does not commit to finance the identified new transmission within three years, federal transmission agencies must build the lines.

Although this bill is being strongly supported by renewable resource developers Dan questions the likelihood of it passing. He knows that Congress is enamored with promoting renewable resource development and Reid's position as majority leader of the Senate is influential. However, the end of the year is near and there may not be time to get anything done this year. It is likely that this concept will stay alive even though it doesn't get dealt with in 2007. The Senator is now looking for cosigners to the bill.

Utility lobbyists are reviewing the bill and working to improve the legislation to address questions about who pays and who benefits from this transmission system development and to move it from a mandate for action to a study of the concept.

Board members expressed concern about what it might mean to electric customers. They fear it could be very costly with little benefit to the consumer. It could be a huge transmission investment to move clean renewable power from the Northwest.

## Interstate Transmission Discussions

Washington HB 1038 was passed this summer for the purpose of developing regional compacts for siting electric transmission lines. Jim Luce, Washington Energy Facilities Site Evaluation Council told the Board that he is working with others to determine the level of interest in creating such a compact. He said that an interstate compact would keep FERC from exerting its authority over transmission permits if three or more contiguous states enter into an interstate compact establishing a regional transmission siting agency.

Jim said that a group of interested parties will be meeting in the next few weeks to further consider the pros and cons of a compact. He noted that there are utilities anxious to build new transmission and that this might be helpful. He said that the states need to decide what they might want to do in this regard including what kind of role they would want to play in building new transmission. Jim will also be interested in hearing what the utilities want the states' roles to be in this arena.

## FCRPS Biological Assessment Proposed Actions

The federal action agencies, Bonneville Power Administration, Corps of Engineers and the Bureau of Reclamation recently submitted a Biological Assessment of Proposed Actions on the Federal Columbia River Power System to NOAA Fisheries and are awaiting NOAA Fisheries' findings in the form of a Biological Opinion on river operations for listed salmon. Holly Harwood, BPA and Dave Ponganis from the Corps spoke to the Board about what the federal agencies recommended in the Biological Assessment in terms of river operations and funding commitments.

Dave said that the bottom line is that their recommendation is a continuation of the adaptive management framework included in the 2004 Biological Opinion. And they have included operation of Libby and Hungry Horse dams as described in the Mainstem Amendments of the Council's fish and wildlife program. He says that the region has learned a great deal from what they have been doing and the studies that are now being completed. The federal agencies are putting the fine points on operations and are focusing now what they want to achieve. They are continuing to install new surface bypass facilities such as removable spillway weirs. The schedule is to have new facilities at all 8 dams by 2012 Dave said.

The major focus is on the April through August juvenile salmon migration to the ocean. In the new plan the agencies are recommending passage survival performance standards. They will target 96% passage survival at each of the dams during the spring migration and 93% passage survival for the summer migrants.

Making adjusting to operations of the hydro system alone doesn't achieve these standards, leading the agencies to funding projects away from the river Dave noted. This translates to more habitat improvement projects being funded.

The additional funding is focused on improving habitat for spawning and in the estuary. Improving access to the tributaries with actions such as building fences to protect waterways and improving conditions in the estuary, including reducing consumption of juveniles by predators such as cormorants, terns and sea lions. These actions are complemented by robust research monitoring and evaluation Dave said.

NOAA Fisheries is expected to have a draft Biological Opinion to Federal District Court Judge Redden by the end of October. Then the region will know what additional actions may be required. There will be a review by the states and tribes before NOAA Fisheries responds again with the expectation that a final Biological Opinion would be released in January.

The Board asked questions about how and if the federal agencies are pressing for hatchery and harvest reform. Dave said there are some actions related to hatcheries in their plan. As for harvest, others are involved in the regulation of that activity.

There were also questions about the expected power and budget impacts of the actions proposed in the Biological Assessment. Holly and Dave said that there still conversations underway with state and tribal interests about specific projects. The budget implications aren't firm yet. The power impacts are expected to be about the same as the 2004 plan and maybe less over time with the installation of the new surface bypass facilities.

The Board reiterated their concern about the potential "sticker-shock" of this new plan. They would like to know sooner than later so that they can better inform their constituents.



## Attendance List

October 5, 2007 Board of Director's Meeting

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Jack Speer	Alcoa
Jim Sanders	Benton PUD
Jim Lobdell	Portland General Electric
Dick Adams	PNUCC
Tim Culbertson	Grant PUD
Steve Eldrige	Umatilla Electric Cooperative
Ken Sugden	Flathead Electric Cooperative
Phil Obenchain	Idaho Power Company
Scott Corwin	Public Power Council
Gerry Miller	Cowlitz PUD
Jack Mayson	Seattle City Light
Bob Huber	Alcoa
Paul Norman	Bonneville Power Administration
Michael Early	Industrial Customers of NW Utilities
Jean Ryckman	Franklin PUD
Dick Helgeson	Eugene Water & Electric Board
John Prescott	PNGC Power
Larry La Bolle	Avista Energy
Bill Gaines	Tacoma Power
Steve Klein	Snohomish PUD
Cyrus Noë	NewsData
Steve Ernst	NewsData
Rob Currier	Emerald PUD
Steve Johnson	Washington PUD Association
Jack Janda	Mason PUD #1
Bob Geddes	Pend Oreille PUD
Stefan Brown	Portland General Electric
Barbara Miller	Corps of Engineers
Frank Brawner	Tillamook PUD
Loren Baker	Consultant
Debbie Bone-Harris	Franklin PUD
Ken Phillips	Tillamook PUD
Barbara Trout	Tillamook PUD
Jim Litchfield	Litchfield Consulting Group
Luanna Grow	Consultant
Ken Canon	Industrial Customers of NW Utilities
Terry Morlan	NW Power & Conservation Council
Suzanne Grassell	Chelan PUD
Dan James	PNGC Power
Edwin Jenkins	Tillamook PUD
Harry Hewitt	Tillamook PUD

Jay Fintz  
Pat Egan  
Jim Luce  
Scott Brattebo  
Holly Harwood  
Dave Ponganis  
Lee Corum  
Shauna McReynolds

Chelan PUD  
PacifiCorp  
Washington EFSEC  
Public Generating Pool  
Bonneville Power Administration  
Corps of Engineers  
PNUCC  
PNUCC