

# Update

## What's Happening With the Sixth Power Plan

June 2008

PNUCC was in Spokane this month to talk to the Northwest Power and Conservation Council about the Northwest Regional Forecast (NRF) and the upcoming Sixth Power Plan. We want the plan to capture our view of what's happening with loads and resources in the Northwest, and we briefed the Council on the NRF, what it says about load growth, and how utilities are planning to meet future needs.

We are making a concerted effort to work with the Council members as they update the plan. The Power Committee members came to our board meeting earlier this month, and they want to engage with utilities to get our perspective on issues. They're looking to us at a good time in their process – while things are still fluid in the analyses and approach.

The Council staff is running studies that will shape the resource portfolio and set targets for conservation in the plan. They have recently completed several analyses that provide food for thought.

- **CO<sub>2</sub> Regulation Costs:** Council economists are assessing the impacts of potential climate change regulation on the power industry with an analysis of carbon cost (in the form of a tax or emission allowances) and its interaction with higher natural gas prices. Their analysis indicates that it will take a hefty carbon price tag – between \$40 and \$70 per ton – to move coal-fired generation to the margin and reduce emissions in the Northwest. Higher gas prices work against reduced emissions by keeping coal economical. This analysis will help us all understand the costs of reducing our carbon emissions.
- **Art of the Possible:** There are multiple steps in establishing a conservation target for the power plan, including selecting metrics, formulas, and inputs to models. Once the technical and economic potential are calculated, there's a determination for what's achievable. In the past, the Council used 85 percent achievability. Staff recently compared historical achievements and found support for 85 percent – and maybe something higher. The achievability target will come up for review in the Sixth Power Plan. That could be an interesting discussion, and utilities will have valuable info to share.
- **Adequacy Tool Adequacy:** The Council's recent Regional Resource Adequacy Assessment continues to raise questions about the numbers coming out of the analysis. Last year, the projection for summer capacity in 2013 was

about 4,000 MW surplus; the initial results today indicate that's down to 500 MW. And last year the energy surplus was estimated at 4,000 MWa, but now it's fallen to 1,900 MWa. What accounts for these swings? The technical committee of the Resource Adequacy Forum will meet July 8 to give folks an opportunity to scrub the numbers. On July 21, the steering committee meets. For those of you that have been active in the Resource Adequacy Forum, these July meetings are opportunities to assess the implications of the results.



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