

Update

What's Happening With the Sixth Power Plan

June 2009

We had the opportunity this month to talk to the Council face-to-face and deliver a joint utility message about how the draft Sixth Power Plan is taking shape. I joined Scott Corwin of the Public Power Council, Bill Gaines of Tacoma Power, and Craig Smith of Snohomish PUD on a panel to educate the Council about the way utilities plan, and to point out disconnects between the Council's modeling and what utilities need to do to meet load.

Our panel urged the Council to give more thought to several issues before it releases a draft plan: the characterization of the region as *surplus*, treatment of potential carbon regulation, conservation targets that can realistically be achieved. In the past, not much has changed once the Council puts out a draft, and I'd like to be sure the issues are thoroughly considered before they get into a plan.

Council staff has conducted a lot of high-quality analyses to develop a resource strategy and action plan. We are in agreement on the load forecast and recognize the thorough job that's been done to estimate the potential and cost of various generating resources. But I still see a few challenges before the draft is issued. For example –

- The Council characterizes the region's load/resource situation as significantly surplus. They assume we can count on about 6,000 MWa of resources to which no regional utility has firm rights. It would be a mistake for the Plan to suggest the region is sitting on thousands of megawatts of surplus without presenting the load/resource picture from a firm planning perspective. I believe the Plan should also reflect a future resource mix based on firm needs.
- The Council has investigated a range of possible carbon policy scenarios that provide a wealth of information on their effects. Currently their "base case" assumes a particular policy for reducing emissions- a carbon tax of \$50 per ton. It would be more enlightening to reflect current rules and policies in their base case, and then use their scenario analyses to assess the implications of a future policy.
- Like most utilities, the Council sees conservation as a high priority and is on a path to set the conservation target at 1,200 MWa for the next 5 years. The region has been bringing on conservation at an impressive clip, but there are big questions about the future. Can the region attain this amount this quickly, regardless of the economy? Are the actions assumed commercially available?

Is the market ready? Is the infrastructure in place? Perhaps the Council should provide a range of conservation targets with a discussion of what is required to achieve them.

- The Council is struggling to describe the costs of the Plan in a way that consumers and policy makers can understand - "net present value to 2009 in 2006 dollars" doesn't do it. I am hopeful that as their staff continues to work with PNUCC's System Planning Committee we can find a way to appropriately communicate future costs in a meaningful way.

There continues to be lots of interest in a Power Plan that adds value. The PNUCC membership has really stepped up. Council members talked with the PNUCC Board in June and several power staffers engaged with our System Planning Committee last week. Our sleeves are rolled up as we continue to hash through the analysis.



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