

Bruce A. Measure
Chair
Montana

Rhonda Whiting
Montana

W. Bill Booth
Idaho

James A. Yost
Idaho



Joan M. Dukes
Vice-Chair
Oregon

Bill Bradbury
Oregon

Tom Karier
Washington

Phil Rockefeller
Washington

**Council Meeting
Via Webinar
Council Central offices**

December 6, 2011

Minutes

On December 5, Bill Bradbury moved that the Council meet in Executive Session on Monday, December 5, 2011 at 9 am Pacific Time to discuss internal personnel matters. Phil Rockefeller seconded, and the motion passed on a roll-call vote.

Council Chair Bruce Measure called the Council Meeting to order at 10:10 am and adjourned it at 11:52 am on December 6th. All members participated by telephone and GoToMeeting.

Reports from committee chairs:

Bill Booth, chair, fish and wildlife committee; Tom Karier, chair, power committee; and Rhonda Whiting, chair, public affairs committee.

Bill Booth reported that the Fish and Wildlife (F&W) Committee discussed the category reviews for resident fish/blocked areas, data management, and program coordination and found that the process is on track. We also had staff briefings on future science policy conferences and the Fish Tagging Forum, which is making good progress, he noted. The committee reviewed one Accord F&W project, which will come before the Council in January, Booth said.

Tom Karier reported that the Power Committee reviewed the revised resource adequacy standard for the Northwest and recommended the Council approve it. We talked about the Regional Technical Forum (RTF) work plan and budget and discussed adding language defining more clearly the role of small and rural utilities in RTF activities, he said. The committee also reviewed a work plan for the Power Division, including activities related to implementing the Sixth Power Plan and getting ready to start on the next plan, Karier stated.

Rhonda Whiting said the Public Affairs Committee had not met, but that its recent activities included development of a website product on the high-level indicators, which is now under review. The fall Council *Quarterly* is out, and we are about to start work on the winter issue, she noted. Our next big product will be a redesign and update of the Council website, Whiting reported.

1. Council decision on adoption of a revised Northwest Adequacy Standard (Council document 2011-14):

John Fazio, senior power systems analyst.

Staffer John Fazio presented a proposed new resource adequacy standard for Council adoption. The standard the Council approved in 2008 had some confusing metrics, and when it was compared with BPA's White Book and PNUCC's *Northwest Regional Forecast*, there were differences, he said. They were different because they were designed for different purposes, but every year, it took a lot of time to explain why the documents did not match up, Fazio added.

Other reasons for revising the 2008 standard include the fact it did not check for summer energy problems, the screening method was too general, and it didn't have enough information about potential shortfalls, markets, and non-firm resources, he said. The new standard eliminates the translation of loss-of-load probability (LOLP) into static metrics, a change aimed at removing the confusion when comparing the standard to other reports, Fazio noted.

Under the new standard, the power supply is deemed adequate if the LOLP, five years into the future, is 5 percent or less, he explained. We will keep the "green, yellow, and red alert system," with red indicating a LOLP of greater than 5 percent, Fazio said.

The new standard is "intended to be a smoke alarm to indicate when supply falls dangerously short," but it does not take economic factors into account and "will not necessarily reflect a 'cost-effective' power supply," he noted. It is not intended to be a resource needs assessment, but could be used to support one, Fazio added.

The new standard uses an hourly simulation and "runs many games" using different values for "future unknowns," like water supply, temperature variation, wind generation, and forced outages, he continued. We will identify all stand-by emergency resources that are not intended to be used often, but could be during emergencies, and use the aggregate capability of stand-by resources to screen events, Fazio said. We also decided to publish an annual *State of the System* report with detailed information about potential shortfalls, market supply, and non-firm resources, he stated.

Bill Bradbury asked how the standard would handle a scenario involving "no water, it's hotter than hell, and the wind isn't blowing." The standard tries to correlate random variables, replied Fazio. We don't link wind generation to temperature variations now, but we are working on doing that in the future, he said.

Joan Dukes moved that the Council adopt the proposed new adequacy standard set out in Council Document 2011-14, "A New Resource Adequacy Standard for the Pacific Northwest." Karier seconded, and the motion passed.

2. Council decision on RTF work plan and budget:

Tom Eckman, conservation resources manager; Charlie Grist, senior analyst; and Gillian Charles, energy policy analyst.

Staffer Tom Eckman made a presentation on the Regional Technical Forum's 2012 work plan and budget, noting how it was developed and explaining how the RTF's work is integrated with

that of other entities in the region engaged in evaluating savings from energy efficiency. He noted that evaluators from utilities, the Northwest Energy Efficiency Alliance (NEEA), and the Energy Trust of Oregon “spend most of the money and do most of the work,” while the RTF relies on and uses the results of these other entities. The RTF “harvests” this work to develop approved unit energy/deemed savings and savings estimation methods, Eckman said.

He described the benefits of the RTF, which include the fact it is an open process, that its independent peer review provides quality assurance because “many eyes” scrutinize measures, and that it offers economy of scale and helps avoid duplication. The budget for the RTF is proposed to be \$1.5 million a year from 2012 through 2014, Eckman noted.

BPA provides the biggest share of RTF funding at 36.1 percent, followed by the Energy Trust of Oregon at 20 percent, with the rest provided by utilities, he said. We are using the same funding allocations that NEEA uses, with the exception of NorthWestern, which is using a different contribution basis, Eckman stated.

Measure said the Power Committee had discussed the need to better integrate the conservation work of small and rural utilities with the work of the RTF and said staff is planning to add new language to the work plan and other RTF documents to address the issue. There needs to be a clear pathway identified for small and rural utilities to use to get their conservation measures approved and an appeal process, if needed, he stated.

Eckman explained some new language, prompted by the Power Committee meeting, which could be added to address the concerns about small and rural utilities. We need to do more research and consider this issue again when the Council takes up approval of the revised charter for the RTF in January, Measure said.

Staffer Sandra Hirotsu asked for Council members to provide any additional information and thoughts on this issue to assist her in upcoming discussions with the RTF about the new charter.

This issue needs to be taken up with the RTF, said Measure. There has to be something embedded in the RTF documents to make sure its activities are consistent with the Council’s power plan, he stated. I am looking to the staff to make sure the part of the plan that deals with small and rural utilities is memorialized in our instructions to the RTF, Measure added.

I need to think more about this before approving the language staff has presented, said Jim Yost. Measure suggested there be a follow-up by e-mail or conference call to approve the final language.

Dukes moved that the Council approve the Regional Technical Forum’s proposed 2012 Workplan and the RTF’s proposed annual budget of \$1.5 million per year for the next three years, subject to final editing. Bradbury seconded, and the motion passed.

3. Council decision on proposal to fund jointly with the Columbia Basin Trust a comparison of U.S. and Canadian model projections of hydrologic response in the Canadian Columbia River Basin to possible climate

change: John Harrison, public information officer; John Shurts, general counsel; and John Fazio.

Staffer John Harrison presented a proposal for the Council and the Columbia Basin Trust (CBT) to jointly fund a project, proposed by scientists at the University of Washington and the University of Victoria, to compare and analyze their different approaches to modeling hydrologic response to climate change in the Canadian portion of the Columbia River Basin. The project would cost \$44,000, half of which would come from the Council, he said.

Staffer John Shurts said staff recommends approval of the study because there would be benefits from the technical information produced and because it would give the Council more experience working with the CBT on transboundary issues. But, he noted, the staff also provided “a variation” that would split the study into two phases, if that’s an option the Council prefers.

Dukes said there is valuable information the Council could gain for its next power plan from comparing the two models. Booth said he supports working with the CBT, but that he has some concerns about the project. I will “reluctantly” vote for it, but would like to state these concerns, he said. Every climate change model has differences, and I’m not convinced that spending the \$22,000 will give us on-the-ground, implementable information, Booth stated.

The most likely outcome of this will be a suggestion that more work needs to be done, he said. Our past experience with the Climate Impacts Group (CIG) hasn’t been that good, Booth added, referring to an earlier project the Council funded that produced preliminary data, but was not completed. I support giving the CIG a second chance, but I’d like to see it come up with a product we can use this time, he said. If I don’t, I won’t be interested in approving further funding, Booth added.

Fazio said the previous CIG project did not have its second phase funded, but that the Council did use the preliminary data. Measure said the opportunity to work with the CBT is valuable.

Dukes moved that the Council approve a proposal for joint funding with the Columbia Basin Trust of a comparative analysis of U.S. and Canadian model projections of hydrologic response to changes in climate in the Canadian Columbia River Basin; and that the Council approve the amount of \$22,000 as its share of the cost of the analysis. Bradbury seconded, and the motion passed.

4. Council decision on comment letter on Bonneville’s ten-year capital spending program for energy efficiency and fish and wildlife:

Terry Morlan, director, power division.

Staffer Terry Morlan explained that the Council is considering sending a letter to BPA voicing concerns about the agency’s recent proposals that would reduce its capital spending for energy efficiency and F&W projects. He said in September BPA unveiled a proposal that represented a

10 percent reduction in capital spending, and that the agency's most recent proposal would make about a 40 percent cut in energy efficiency capital spending, a \$600 million cut over 10 years.

For F&W, BPA is proposing a 20 percent cut, or about \$100 million, according to Morlan. BPA has said that overspending on energy efficiency in FY 2011 makes it possible to cut spending in FY 2013-2014 while still meeting the agency's share of the Sixth Power Plan's efficiency goals, he told the Council.

With respect to conservation funding, we ought to stress to BPA that we expect it will make every effort to meet its five-year target, said Yost. I agree, Karier stated. The possibility of BPA running out of borrowing authority is a relatively new problem, and it raises concerns about whether BPA can meet its energy efficiency targets and if it will be able to implement the Council's F&W program, he added.

A 10 percent reduction doesn't seem to help the problem much -- it just seems to defer the problem, according to Karier. We should tell BPA we expect its spending decision not to adversely impact our F&W program or programs related to our power plan, he said.

I agree, said Bradbury. This 10 percent cut is troubling to me, he stated. I feel like saying "wait a minute" -- this is a very deep cut in energy efficiency and a fairly significant cut for F&W, Bradbury said. Exceeding conservation targets doesn't mean you should stop spending money on the program, he stated. We need to express our concern about BPA "walking away from the energy efficiency program," Bradbury added.

Measure said he concurred with his colleagues' comments. The Council decided to redraft a staff-prepared letter to make it "more focused." Lorri Bodi of BPA offered to meet with Council members and brief them on the agency's F&W spending proposals. It was agreed that the letter would be circulated via e-mail and that Measure would send the letter once it is approved by Council members.

5. Council Business

– Approval of minutes

Dukes moved that the Council approve the minutes of the November 8-9, 2011 Council meeting held in Coeur d'Alene, Idaho. Whiting seconded, and the motion passed.

Approved January _____, 2012

Vice Chair