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May 28, 2009

MEMORANDUM

TO: Council Members

FROM: Tom Eckman

SUBJECT: Cost-Effectiveness and Economic Feasibility of Model Conservation Standards for New Residential Construction

The Act requires that the Council adopt "Model Conservation Standards" (MCS) for new and existing buildings, utility and government programs and other consumer actions. These standards are to be set at levels, which achieve all regionally cost-effective power savings that can be shown to be economically feasible for consumers (taking into account financial assistance that may be provided by Bonneville). At the Walla Walla Council meeting staff presented its recommendation regarding the Model Conservation Standards and Surcharge for the draft plan. At that meeting, staff also presented an overview of the economic analysis that served as the basis for its recommendation. In response to Council members request staff will present slightly more in-depth explanation of economic analysis methodology, major assumptions and findings. A full discussion of the economic analysis will appear in Appendix G of the draft plan. This appendix will be included in the next update of the draft plan "binder."