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February 17, 2012

MEMORANDUM

TO: Power Committee

FROM: Terry Morlan

SUBJECT: Plans for the Mid-Term Assessment

There is a great deal of interest in the Mid-Term Assessment of the Sixth Power Plan. Staff presented our proposed approach to the assessment and a general schedule at the August 2011 Power Committee meeting. Nevertheless, we are still getting a lot of questions about the nature of the Mid-Term Assessment and what it will look like. For that reason we have put an update on the Power Committee agenda for March.

One item of confusion seems to be whether the Mid-term Assessment will change any of the conclusions or recommendations of the Sixth Power Plan. We should be clear that it will not. The Council's power plan can only be amended through a specified public process with hearings in all four states.

The Mid-Term Assessment is an exercise to identify significant changes in the region and to assess the implementation of the power plan and the action plan in particular. There are five components to the review:

- Compare recent data to power plan assumptions and forecasts
- Identify significant policy changes
- Consider likely implications of changes for the plan, and near term actions
- Assess progress on action items for the Council and others
- Draw implications for issues and changes for the next power plan

The Mid-Term Assessment will be available in draft form in October 2012. We expect that it will look similar in contents to the Biennial Monitoring Report for the Fifth Power Plan (<http://www.nwcouncil.org/library/2007/2007-4.htm>). Parts of the assessment will be addressed starting in July and will be included in Power Committee and Council agendas between then and October. The end point of the assessment is based on when data on conservation savings for 2011 will be available. We would then have two years of savings results within the 5-year action plan period.

A PowerPoint presentation and proposed outline for the Mid-Term Assessment are attached.

Draft Table of Contents for Sixth Plan Mid-term Assessment

Introduction

- Major Findings of the Sixth Power Plan
- Summary of Major Developments since adoption of the Sixth Power Plan
- Purpose of the Biennial Monitoring Report
- Status of Action Plan items
- Setting the foundations for major issues in the 7th plan?

Assessment of the Sixth Power Plan

- Key Assumptions
- Demand Forecast
- Fuel Prices
- Electricity Prices
- Resource Costs
- Load - Resource Balance

Implementation Status

- Conservation
- Demand Response
- Generating Resources
- Utility IRPs

Policy Developments

- Direct Use of Natural Gas
- Transmission
- Climate Change (CO2 Costing)
- Renewable Portfolio Standards
- Excess Generation
- Capacity and Flexibility Resources
- Bonneville Obligation
- Regional Adequacy Standards

Implications for the next Plan and Action Plan

- Likely Effects of Major Changes on the Plan
- Issues for the next Power Plan
- Timing of the next Power Plan and interim conservation targets for 2015

Appendices

Action Plan Status

Key Assumptions

Electricity Demand (impact of Federal and State standards)

Fuel Prices

Electric Prices

Resource Portfolio Assumptions (Wind)

Other Generating Technologies assumptions

Energy Efficiency (impact of standards)

Demand Response (Smart Grid)

Utility Integrated Resource Plans

Resource Adequacy Standards

Bonneville Role

Transmission Issues

Environmental issues, climate change (CO2 cost issues)

Federal and State Energy Policy

Mid-Term Assessment of the Sixth Power Plan

Report to Power Committee
March 6, 2012



What the Mid-Term Assessment Will Do

- Compare recent data to power plan assumptions and forecasts
- Identify significant policy changes
- Consider likely implications of changes for the plan, and near term actions
- Assess progress on action items
- Draw conclusions regarding issues and changes for the next power plan



What the Mid-Term Assessment Will Not Do

- Will not supplant the Sixth Power Plan
- Will not change the current action plan
- Will not modify conservation targets



Assumptions to check

- Demand Forecast
- Fuel Prices
- Electricity prices
- Resource costs
 - Generating
 - Efficiency
- Load-resource balance (adequacy)



Implementation

- Efficiency acquisition experience
- Generating resource additions
- Technology development
- Utility planning
- Policy changes



Efficiency targets

- Action Plan CONS-16. *As part of the Council's biennial review of the Sixth Power Plan, Bonneville, Utilities, Energy Trust of Oregon, and NEEA should report on progress toward meeting the plan's conservation targets and objectives.*
- Report should recommend whether the Council's conservation target needs to be modified to account for conditions or circumstances different than expected, including:
 - Slower- or faster-than-anticipated economic recovery
 - Substantially different power market conditions
 - Carbon control requirements
 - Technology evolution
 - Success or failure of acquisition mechanisms and strategies
 - Progress on research and development
 - Adoption of codes and standards



Implications for the plan

- Likely effects of significant changes in assumptions
- Implementation issues
 - Action plan progress assessment
 - Particular focus on efficiency targets
- Modeling requirements



Schedule

- Review implementation plan - May/June
- Assess assumptions and forecasts –July/Aug
- Conservation achievements – Sept/Oct
- Draft Mid-Term Assessment - Oct

