

Bill Bradbury
Chair
Oregon

Henry Lorenzen
Oregon

W. Bill Booth
Idaho

James A. Yost
Idaho



Bruce A. Measure
Vice-Chair
Montana

Pat Smith
Montana

Tom Karier
Washington

Phil Rockefeller
Washington

Council Meeting Portland Oregon January 15-16, 2013

Minutes

Acting Council Chair Bill Bradbury called the meeting to order at 1:34 p.m.

Reports from Fish and Wildlife, Power and Public Affairs committee chairs:

Phil Rockefeller, chair, fish and wildlife committee; Jim Yost, chair, power committee; and Bill Bradbury, chair, public affairs committee.

Jim Yost reported that the Power Committee had an “excellent” presentation on the Regional Portfolio Model from a set of consultants and also discussed a staff strategy to gather data on consumers’ electricity usage patterns. We talked briefly about the Mid-term Assessment draft report, had a presentation on the effect of coal plant retirements on resource adequacy, and discussed a contract for work needed to update the Genesys Model, he said.

Phil Rockefeller reported that the Fish and Wildlife (F&W) Committee discussed follow-up work to previous Council recommendations, including the Status of the Resource report, and a technical service work plan related to data needs. We had a presentation on a regional sturgeon framework and more discussion of the estuary synthesis report and a Willamette wildlife mitigation project, he said. BPA and NOAA Fisheries representatives briefed the committee on new initiatives to improve and standardize protocols for research, monitoring, and evaluation programs, Rockefeller noted. We reviewed a F&W project proposed by the Warm Springs Tribes, discussed an Independent Economic Analysis Board task order for additional work on quagga and zebra mussel impacts, and received an update on the Council’s F&W amendment process, he said.

Bradbury reported the Public Affairs Committee’s work has led to a new Council website, which should go live today or tomorrow. The Fall edition of the Council Quarterly is nearing completion, he said.

Bradbury also reported on a meeting January 14 of the Fish Passage Center (FPC) Oversight Board. FPC executive director Michele DeHart gave a presentation on the FPC’s 2012

accomplishments and said all contract deliverables were met on time and within budget, Bradbury said. DeHart explained FPC efforts involving lamprey and sockeye and in collaborating with other agencies, he stated. The hits on the FPC website increased by 13 percent in 2012 compared to 2011, Bradbury noted. He said Rich Alldredge of the Independent Scientific Advisory Board presented a review of the FPC's products, and the board decided it would no longer review the FPC's annual report. Also, we are looking for nominations to fill Dan Goodman's seat on the oversight board, Bradbury said.

1. Remarks by Steve Wright, CEO, Bonneville Power Administration

BPA Administrator Steve Wright, noting that he is "down to the last two-and-a-half weeks" in his job, gave the Council a presentation about the good things that happened during his tenure, as well as the challenges ahead for the next administrator. The hardest thing I had to deal with was the West Coast energy crisis, he said. We set a goal of 2,400 MW of load reduction, and we hit 2,200 MW, Wright stated. We chose to work collaboratively as a region to increase supply and reduce demand, and it showed what we are able to do when we work together, he said.

The second notable accomplishment is the region's work on energy efficiency, and credit goes to the Council for the power plans you've written that have led us there, Wright stated. It is not just BPA and public power, but the accomplishments that have been made across the region, he said. Energy efficiency is the key to maintaining our low-cost clean energy system, Wright noted.

The third accomplishment is that BPA made its Treasury payments for 29 straight years, he said. This may be an issue that is not so well known, but "it's a damn big deal," Wright added. He listed expanding BPA's access to capital as an accomplishment, noting that the power system is aging and that "this is an increasingly capital-intensive business." BPA once had only \$3.25 billion of access to capital, but now we are at \$8 billion, Wright said.

As for the residential exchange, "we are close to being out of the federal courthouse," he stated. It would be good to resolve this issue so we don't spend our time arguing about the benefits when we could talk instead about "expanding the pie," Wright said.

In 2008, BPA adopted a salmon plan, and we will be halfway through implementation of it by this spring, he reported. We are close to achieving performance standards for fish survival at seven of the eight mainstem dams, Wright said.

Wind integration was also on Wright's list. We now have a huge amount of wind on our system and have learned how to deal with it, largely through the efforts of the Wind Integration Forum, he said. We are collecting \$50 million to \$60 million a year in integration costs, Wright noted. Finally, he pointed out that BPA has signed long-term power sales contracts with customers that are in place through 2027.

At the top of the list of challenges going forward, Wright put "the tension between FERC at the national level and BPA at the regional level." We have always tried to solve issues within the region through rate cases and workshops, he said. But recently, I got an e-mail that said all the parties at a technical workshop had brought their lawyers due to concerns about FERC, Wright

stated. It will be difficult to reach solutions if people decide they won't resolve things here, and instead wait for FERC to take action, he said.

Secondary revenues are another challenge, according to Wright. Some years ago, they totaled \$400 million to \$500 million, but in the last couple of years, they have been between \$300 million and \$350 million, due to low gas prices, the economy, and wind integration, he said. We project those same levels of revenue for the next few years, Wright noted. The drop-off has an effect on rates, he said. Of the 9 percent rate increase we are proposing, 8 percent is due to the drop in our secondary revenues, he said. And the big question for the future is whether those revenues will go back up or stay down, Wright added.

Wind power policy is also a concern, he told the Council. We have developed renewable energy successfully and done well maintaining reliability, Wright said. But the "costs follow cost causation" issue is "a food fight in the region that needs resolving," he stated.

Wright listed transmission policy as another item of unfinished business, pointing out that "this gets back to FERC's role again." BPA's network open season process has been "wildly successful," he stated. But whether the Northwest can have a unique tariff versus having to do things like the rest of the country has not been resolved, Wright said.

There are a number of big transmission construction projects under way, he continued. Specifically, Wright pointed to the I-5 project, which he called "critical to providing reliable service to the Portland-Vancouver area." We need to get that built, Wright said.

The Northwest has always been capacity surplus and energy deficit, he stated. Now the Northwest is changing to an energy surplus and capacity-deficit system, and that changes the whole way of thinking, Wright said, illustrating with a graph from PNUCC's *Northwest Regional Forecast*. We now have a bigger capacity problem than we had historically, he added.

BPA's fisheries responsibilities are another challenge, Wright told the Council. The new Biological Opinion is due to come out in a year, he said. With respect to recovery plans, we need to discuss all sources of mortality for salmon and steelhead and develop a post-2018 strategy, Wright added.

The Columbia River Treaty is "a fantastic model of international cooperation," and there will be a recommendation about the future of the Treaty by September, he stated. Our discussions about the Treaty need to address issues such as flood control and ecosystem responsibility, Wright said. There's an opportunity to expand the size of the pie, and we need to do that, he stated. If we don't unite as a region, there probably won't be an extension of the Treaty, and that would be unfortunate, Wright added.

Wright offered a set of "enduring truths," starting with the need to maintain bipartisanship. My predecessors and I have succeeded due to the bipartisanship of the Northwest congressional delegation and the Council, he said.

The BPA administrator's most important job is to preserve and enhance the value of the Northwest hydropower system, which provides huge benefits to the region, Wright stated. It is an "unbelievably valuable system" and is "the envy of the rest of the world," environmentally

and economically, he added. Environmentally, because of its low emissions, and economically, because our power costs are low and our mitigation costs for carbon will be lower than other parts of the country, Wright said. If there wasn't a hydro system, there would be 15 more coal plants in the region, he stated.

Wright said it has been a pleasure to work with the Council, which brings value to the region, especially through its power plans. Of all the issues you identified, where do you think the Council could provide the best value to the region? Tom Karier asked. The Council should be "very cognizant" about how the power system is changing, Wright replied. There has been tremendous progress on the resource adequacy issue, but I worry we are struggling with understanding capacity, and we need to make more progress on that, he added. One thing I've learned is that "it is better to be long than short," Wright said.

The Council's most important contribution has been its power plans, he stated. Their vision has permeated the industry and influenced actions across the region, Wright added.

2. Briefing on PIT-Tag Reach Survival Estimates for 2012:

Steve Smith, NOAA-Northwest Fisheries Science Center.

Steve Smith of NOAA Fisheries Science Center briefed the Council on preliminary reach survival estimates for juvenile Snake River chinook salmon and steelhead for 2012 derived from PIT-tag data. He said his information only covers fish left to migrate in-river and only juveniles, not survival to adult.

"There weren't a lot of things that surprised this year in the data," Smith reported. He explained how the data was gathered and the detection system for PIT-tagged fish.

Estimated survival for Snake River yearling chinook and steelhead through the hydropower system in 2012 was relatively high compared to recent years, according to Smith. Estimated hydro system survival for yearling chinook was 59.6 percent, the second highest rate between 1999 and 2012, he said. For juvenile Snake River steelhead, estimated survival through the system was 59.8 percent, the third highest since the studies began, Smith reported. For Snake River sockeye, the survival was 47.2 percent, close to the long-term average rate of 47.9 percent, he said.

Smith described river conditions in 2012. While runoff volume in the Snake River was slightly above average, peak flows occurred in late April, rather than May, and water temperatures were a little bit lower than average, he noted.

Mean spill levels at the Snake River dams in 2012 were roughly equal to the 2006-2011 average for the first three weeks of April and then they went to very high levels during late April, Smith reported.

Estimated percentages of yearling chinook and steelhead transported from Snake River dams in 2012 were the lowest we have ever seen, he noted. The reason was the high flows in late April,

which meant a high percentage of juvenile fish had passed Lower Granite Dam before the transportation program began, staffer Jim Ruff said.

Among the study's conclusions is that spring conditions in recent years have favored higher survival for in-river migrants, especially steelhead, Smith said. High spill rates result in higher direct survival and increased migration rate, promoted by additional surface passage structures like removable spillway weirs, he stated.

Recent management actions have increased the number of in-river migrants and increased the survival of those fish remaining in river, but that doesn't necessarily mean increased smolt-to-adult survival for the population, according to Smith. To improve survival to adult for the population, in-river increases have to exceed the benefit of transport, he added.

Karier asked if the conclusion about spring conditions favoring higher survival for in-river migrants was "theory or reality." The fish are telling us that conditions favored high survival because survival was high, replied Smith. It would be good to be clearer about theory versus fact and to do more correlation of the data for spill, flows, and survival, Karier stated. We need a good evaluation of what you are learning from this work, he added. Bill Booth said he agreed with Karier and that more correlation of data from 2010, 2011, and 2012 would be useful.

3. Briefing on Bonneville Power Administration new Annual Project Reporting Template:

Russell Scranton and Jason Sweet, Bonneville Power Administration.

Jason Sweet and Russell Scranton of BPA gave a presentation on BPA's new annual project-reporting template. Sweet called the new tool "a big step forward," one that will help agency staff do their work better. Scranton explained the new template was developed with the help of BPA staff, project sponsors, and Council representatives, as well as the Independent Scientific Review Panel. This template will address programmatic recommendations from the Council's Research, Monitoring and Evaluation (RM&E) categorical review, as well as Biological Opinion (BiOp) reporting needs, he said.

The goal is to improve our ability to review and compile project results to inform adaptive management of the F&W program and report on BiOp requirements, Scranton stated. The new template will be implemented as a pilot in 2013, he said. Scranton explained how BPA is providing training and support to project sponsors so they can adapt to the new procedures. The schedule calls for feedback and improvement of the template, with a goal of having the new process ready by July, he said.

With this new tool, we are trying to build in a clear link to the Council's F&W program and its research program, and we are trying to communicate more clearly to project sponsors what the Council's program wants, Scranton explained. We are looking for shorter reports, with clear links to F&W program objectives, he said.

Will this mean less work for project sponsors? Booth asked. We are trying to streamline the process for project sponsors and to simplify the process, replied Scranton.

It's good that BPA is trying to standardize reporting because reporting is a big item in project budgets, said Karier. When I did a search on the template, I was unable to find key terms like "hypothesis" and "benefits for F&W," he stated. We are working to make sure those are in there, replied Sweet. Karier urged the inclusion of more information on results and project findings.

It is clear BPA heard what the Council said in its RM&E recommendations, Bradbury stated. You are trying to make reporting more standardized and effective across the region -- don't stop, keep working on this, he said.

4. Council decision on Habitat Evaluation Procedures (HEP) projects:

Peter Paquet, manager, wildlife and resident fish.

The Council agreed to postpone consideration of this item until the February meeting. Staffer Peter Paquet said some parties had not had a chance to review and comment on the Wildlife Crediting Forum (WCF) recommendations for the Regional Habitat Evaluation Procedures (HEP) Team due to a mailing list problem. The document will be posted on the Council's website so that additional comments can be made, he added.

5. Report on changes in Northwest Residential Electricity Rates:

Dick Adams, Executive Director, Pacific Northwest Utilities Conference Committee.

PNUCC executive director Dick Adams said PNUCC launched a residential rate study as part of its communications initiative. "PNUCC had heard a lot of anecdotal evidence that rates are going up," and we wanted to get a sense about whether that applied to utilities broadly and to make sure our messages about costs and rates were correct, he said. We also thought the information would be of value to individual utilities in their communications, according to Adams.

Our first question was, what to measure, he continued, adding that there are a lot of ways to talk about costs and rates in the power industry. Adams said PNUCC settled on measuring changes in residential rates, aiming "to get a sense of the trajectory over the last several years." There are a couple of reasons we picked residential rates, he explained. They are "a common denominator" among utilities, and when they change, it tends to get a lot of attention, Adams added. If we are going to communicate to customers, residential rates are a good metric to use, he said.

PNUCC collected notebooks full of data and boiled it down into a simple seven-page report, Adams said. We wanted to provide a high-level summary of the rates and to highlight what is driving the changes, he stated.

Members of PNUCC's Communications Committee wanted the rate information so they could use it in their communications with customers and others, PNUCC deputy director Shauna McReynolds told the Council. PNUCC looked back at data sources for residential rates, starting

in 2007 and going through spring 2012, using public sources of information, she said. “This is what utilities were reporting” to the public about their rates, McReynolds stated.

Ultimately, there were 26 utilities in the PNUCC study, covering a range of types and sizes and including entities in all four Northwest states, she explained. We captured about 90 to 95 percent of the Northwest load, McReynolds said. In reporting the results, PNUCC committed not to reveal the identity of individual utilities since “the snapshot” in the study wasn’t necessarily representative of their overall rate picture, she added.

A table PNUCC compiled shows “power rates have changed,” McReynolds stated. They have gone up and down, depending on the utility, and there has been more change in the last three years than in the earlier years of the study, she said. According to the table, one utility saw an overall decrease in rates from 2007 to 2012, and 25 saw increases, ranging from 0.2 percent to 49.2 percent.

Karier pointed out that utilities have different rate structures and asked how the study accommodated the differences. “We reported what they reported” and how a utility represented its own changes, McReynolds responded. “This is what the public saw” over the history of the study, and this is information you would find if you dug through news clippings and public information from the utilities, she added.

You’ve resisted coming up with a mean or average for the region, Bill Booth noted. “We’ve had long conversations about doing that” and we could have done it, Adams said. But we took this from the customer perspective and what they see about the changes in their rates, he explained.

Henry Lorenzen questioned whether the rate itself is the best metric. The rate metric doesn’t necessarily reflect how energy efficiency changes the picture for customer bills, he said.

We are aware we haven’t addressed an individual utility customer’s bill, McReynolds stated. Energy efficiency can balance out an increase in rates, she said. We have utility communicators on our committee, and they talk about the feedback they get from customers and comments they receive at public meetings, McReynolds explained. “No matter what happens with their bill, customers care about rates,” she said.

Several factors are driving the change in residential rates, McReynolds went on. Reasons behind the majority of increases fell into a few categories, including hikes in wholesale power prices, as well as changes in demand that cause utilities to acquire new power supplies, she said. Utilities also attributed rate changes to upgrades and maintenance of aging infrastructure and complying with regulatory and policy requirements, McReynolds stated.

Other factors can drive rates down, such as changes in the wholesale power market, she continued. A utility that sells surplus power can benefit from upticks in market prices, or if a utility’s load drops, it may not have to buy as much power from the market, McReynolds explained. Depending on the type of utility, changes in wholesale prices can have very different effects, she stated.

McReynolds said PNUCC's study was a reminder of the fact that "every utility is different and conditions affect them differently." BPA is a big factor for some utilities, but that was not the focus of our study, she added.

PNUCC is going to focus next on better understanding what drives changes in rates, Adams said. For example, decisions on energy efficiency may be the right decisions, but they can be hard on rates, he added. There will also be more analytics, Adams said. Maybe we collectively need to do more analytics and think about how to make comparisons regarding the absolute value of rates when we communicate to policymakers and the public, he suggested.

The Council is charged with ensuring the region has an economical power supply, Karier said. We focus on wholesale costs and the least-risk resource base, he said. Power rates in the Northwest have always been in the lowest 10 percent of anywhere in the country and that is important for people to know, Karier stated. He also said conservation has mitigated rate impacts by reducing loads. Taking these things into consideration would give the big picture, Karier added.

6. Briefing on resource adequacy after coal plant retirements:

John Fazio, senior power systems analyst.

Staffer John Fazio recounted that after a briefing on resource adequacy in November, Phil Rockefeller asked how coal plant retirements in the Northwest would affect adequacy. The analysis presented in November showed the loss of load probability (LOLP) would be 6.6 percent in 2017, and it would take 350 megawatts of new generation to bring adequacy back into the Council's agreed-upon range of 5 percent, Fazio said.

To answer the question about the coal plant retirements, we assessed resource adequacy in 2021 after the Boardman and Centralia 1 plants are closed, he explained. And we estimated how much additional dispatchable resource capacity is needed to make the regional power supply adequate, Fazio stated.

The analysis used the projected load growth between now and 2021, which is 1,210 average MW (MWa) or a 0.6 percent annual growth rate, he said. Savings from energy efficiency are targeted to be 2,900 MW between 2013 and 2021, which is factored into the load growth forecast, Fazio added. On the resource side, the Boardman closure means a loss of 510 MWa, and the Centralia closure means a loss of 620 MWa, figures that assume an 85 percent availability factor for coal plants, he explained.

Planned resource additions are another piece of the analysis, Fazio went on. The region expects 350 MWa of hydro upgrades and an addition of 115 MWa of gas-fired turbines, he said, adding that the gas-fired generation assumes a 92 percent availability factor. In addition, the region expects 1,200 MWa of new resources, primarily wind, as a result of renewable portfolio standards, Fazio said. The wind generation assumes a 30 percent availability factor, which is "about what we get in the Northwest," he added.

When the adequacy analysis is run with the loss of the coal plants and the projected loads and resources, the LOLP in 2021 is 15.3 percent, Fazio reported. It takes 2,000 MW of new dispatchable capacity to bring the LOLP to 5 percent in 2021, he stated.

Fazio pointed out that utilities have plans to build new resources that are not included in the analysis. These include “a big chunk” of gas-fired generation, as well geothermal, diesel, cogeneration, and a little solar, he said. Utilities have planned resources on the books, Fazio said. We’ve identified the gaps and now others will decide “what’s the best fit” to fill it, he concluded.

This is exactly what I wanted, Rockefeller said. We know these coal plants will close and we need to take that into account in our power plan, he stated, adding that utilities will want to see the adequacy analysis in terms of their own resource planning. Rockefeller pointed out that Centralia is an independent power producer (IPP) and part of the output is sold into the market. To what extent does loss of an IPP play into the LOLP? he asked.

Fazio responded that 380 MW of the Centralia output was acquired by Northwest utilities and the remainder is sold on the market. The analysis assumes that all of the region’s IPPs are available to meet load here in the winter, when the demand from California for Northwest resources is low, he explained.

“In summer, it’s a different story,” Fazio stated. In summer, we are in competition with California, and the Northwest Adequacy Forum decided that about 1,000 MW of IPP capability would be available to the region, he said. When we take out Centralia 1, we lose a portion of the generation in summer and none in the winter, Fazio stated.

Karier pointed out that California plans to shut down a lot of thermal capacity, which makes things worse in the Northwest. Their plan knocks out about 1,300 MW of generation, but that could change again, he said. “When that dog wags its tail, it has an impact on the Northwest,” Karier stated.

Another 700 MW of Centralia generation will be lost in 2025, he continued. This is “a great question” for the Seventh Power Plan, Karier said: what are the resources we need? This is an energy and capacity problem, and we will have to sort out what resources are available to fill the need, he stated.

Lorenzen asked about the relationship between the Council’s planning process and individual utility plans. For example, PGE is looking at the alternatives for replacing Boardman, he said. “They won’t let 500 MW fall off the table,” Lorenzen added.

This is a timing issue, staffer Charlie Black responded. The Council plans for the whole region over a 20-year horizon; the power plan looks far into the future with macro changes, he said. When a utility develops a resource plan and moves to the procurement stage with a resource, we reflect that in the power plan, Black explained. But not until there is a specific action, he added.

7. Briefing and primer on system flexibility:

Charlie Black, director, power division.

Black presented a tutorial for the Council on the concept of power system flexibility, breaking the system down into three basic components: energy, peaking capacity, and flexibility. Utilities or load-serving entities provide energy and peaking capacity, and balancing authorities deliver flexibility, he explained. This is a fundamental point, Black said, adding that the responsibility for each basic component is a “bedrock concept” in operating the power system.

Using BPA as an example, he said balancing authorities are system operators that match energy to load throughout the day and assure the system is in perfect balance from moment to moment. On the day in the example, January 9, 2013, BPA “was awash in power” and was delivering to third parties within and outside the region, Black pointed out. The operation of the hydro system that day also clearly reflected trading in the market, when a “standard product” like a block of power was generated and delivered when loads were highest, he noted.

Balancing authorities have specific geographic areas where they function, and there are a number of utilities in the region plus BPA that operate to keep the system in balance, Black said. Balancing authorities provide ancillary services to meet the needs in their area, including serving those who are wheeling power and IPPs, he stated. Ancillary services include scheduling and dispatching power, and providing voltage control and operating reserves, Black said. The next power plan will need to address system flexibility and the need for ancillary services, he added.

At all times, balancing authorities have to match the sum of resources in their area to the loads, Black said. The picture gets even more complicated when there are variable resources, like wind, on the system, he indicated. BPA has 4,700 MW of wind capacity in its balancing area, which means matching resources and loads when “both are moving targets,” Black explained.

There is a lot of variability around the scheduled loads and resources, and balancing authorities must meet the deviations between what was scheduled and what was needed in real time, he went on. The changes in load have to be met with changes in generation, and Black showed graphs of how large the swings can be over a period of several hours. The balancing authority has to be ready to respond to whatever fluctuations occur, he reiterated.

Because of the hydro system, the Northwest has not traditionally faced system flexibility constraints, Black stated. But system flexibility in the Northwest is becoming constrained for several reasons, including load growth, hydro as a smaller share of total generation, and the addition of significant quantities of wind generation, he said.

Any resource that can be dispatched quickly up or down provides system flexibility, Black explained. In addition to hydro, natural gas-fired generation can be used to decrease and increase generation quickly, he said. Balancing authorities need reserves that can be used to meet the fluctuations, and Black pointed out that BPA holds hydro in reserve. Holding back hydro reserves reduces the capability of the system to be used for other purposes, he said.

Black said system flexibility can be increased with shorter scheduling periods, which reduce unscheduled deviations, and with resource sharing, which can be accomplished through

mechanisms like an energy imbalance market. Other potential sources of system flexibility include batteries, pumped storage, and demand response that could come from electric vehicles or from rescheduled electricity use, he said.

8. Public comment on Mid-Term Assessment draft report

The Council took public comments on the draft Sixth Power Plan Mid-term Assessment report. Adams of PNUCC called the report “a home run” in helping people understand what is going on in the industry. The assessment’s situation scans provide “the state of the union,” and the report identifies key issues for the future, he said.

Adams recommended the Council highlight information about costs and rates. A casual reader would assume consumers would see costs going down, but that image doesn’t match with what consumers are actually seeing, he said. The assessment could also acknowledge what is going on with the Canadian treaty, since there are 1,000 MW of capacity and 500 MW of energy at issue, and give more attention to natural gas and its interplay with electricity production, Adams suggested. That is a national issue, with FERC holding workshops and trying to identify its role nationally, he stated.

It would be fruitful for the Council and the region to have a discussion about the highest value a power plan could provide, Adams continued. The Northwest Power Act was passed 30 years ago and “the world has changed,” he said. Adams suggested the discussion could address the importance of the plan to the industry today and how it fits with utility integrated resource plans.

There is a lot of discussion in the region about energy efficiency, who funds it and what it does for rates, he said. I recommend you pull those ideas together and write a white paper on the economics of conservation, Adams said. “There is angst” around that issue and it would be good to have a conversation about it, he added.

Adams suggested the Council take a closer look at how it characterizes the role of conservation in its power plan. There are a lot of terms in the plan referring to conservation, including supply curves, a target, a range, and a goal, he pointed out. The Council could be clearer about whether its references to conservation are a recommendation, an aspiration, an expectation, a mandate with penalties attached, or a range of savings that is likely to occur, Adams said. Each of these phrases communicates a different perception about the role of conservation in the region, he stated.

Lorenzen raised the issue of how to align incentives for conservation with the benefits. There is angst on the part of utilities if their loads are going down and they are paying for conservation, he said. So how do we line up the incentives and benefits for the region as a whole with what goes on at individual utilities? Lorenzen asked.

Wendy Gerlitz of the Northwest Energy Coalition called the mid-term assessment report “an excellent product” that does a good job of assessing the Sixth Power Plan and looking ahead to the Seventh Power Plan. She congratulated the Council and the region for being ahead on the energy efficiency goal and said it will help the region save money and create environmental benefits.

Gerlitz said NWEA supports the statements on the social costs of carbon and is happy to see that a section on transmission and distribution is planned for the Seventh Power Plan. She said the assessment report mentions the need for more information on the end use of electricity. We feel utilities are using outdated information on end uses and need new information for planning, Gerlitz said. Thank you for putting together a plan for getting that information, she said.

Peter Cogswell of BPA said the general response to the mid-term assessment has been positive at the agency. He said the Council took the initial feedback on the assessment and boiled it down in a way that captures what people were saying. People are reacting positively, Cogswell said. He thanked the Council for the opportunity to comment and said BPA looks forward to working with the Council to develop things for the Seventh Power Plan.

Black said written comments on the mid-term assessment are due January 31. Staff will summarize them for the February Council meeting, and if possible, we will have a final version of the report for Council consideration in February, he stated.

9. Council Business

– Approval of minutes

Measure made a motion that the Council approve for the signature of the Vice-Chair the minutes of the December 4, 2012, Council meeting held in Portland, Oregon. Rockefeller seconded the motion, which was approved unanimously.

Measure made a motion that the Council approve for the signature of the Vice-Chair the minutes of the December 20, 2012, Council Meeting via Webinar. Booth seconded the motion, which was approved unanimously.

– Approval of the 2012 Annual Report to Congress

Measure made a motion that the Council approve the Fiscal Year 2012 Annual Report to Congress as presented by staff. Staffer John Harrison asked the Council if there were any questions about the report, and he pointed out that revisions made since the Council last saw the report were purely editorial. The Council received two sets of comments, but neither led to substantive changes, Harrison said. If the Council approves the draft, Public Affairs will put it into publication form and send it back for a quick review. Booth seconded the motion, which was approved unanimously.

– Approval of IEAB Task Order re Quagga Mussels

Measure made a motion that the Council approve Independent Economic Analysis Board Task 201: Follow-up Study for Economic Risk Associated with the Potential Establishment of Zebra and Quagga Mussel Populations and Allocation of Prevention Costs, for a cost not to exceed \$13,500 in the FY2013 Council budget, as presented by staff.

Staffer Tony Grover said the follow-up study was discussed in the F&W committee. The IEAB will bring the old report up to date, he said, and staffer Jim Ruff will be our point person for the task. Rockefeller seconded the motion, which was approved unanimously.

– **Election of Officers**

Booth nominated Bradbury to chair the Council in 2013.

Measure seconded the nomination, and Bradbury was elected unanimously.

Yost nominated Measure as Vice-Chair of the Council in 2013, and Karier seconded the motion. Measure was elected unanimously.

The meeting adjourned January 16, 2013 at 11:48 a.m.

Approved

Vice-chair

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