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January 7, 2014

MEMORANDUM

TO: Power Committee

FROM: Charlie Black, Power Planning Division Director

SUBJECT: Discussion of Recent Reports on the Columbia Generating Station

In early 2013 the Physicians for Social Responsibility retained Robert McCullough to evaluate the future cost-effectiveness of continuing operation of the Columbia Generating Station. Mr. McCullough is a well-known energy and economic consultant based in Portland. While his background includes serving as an executive at Portland General Electric, he has been a consultant for some time. His exploits include discovering the now-infamous tapes where Enron's power traders were caught discussing their efforts to manipulate power markets during the West Coast energy crisis of 2001.

The results of McCullough's [study](#) of the Columbia Generating Station were published in December 2013. The study concludes that continuing to operate and maintain CGS would be more costly than closing the plant and replacing it with power supplies procured from the wholesale market.

Also in December 2013, Energy Northwest issued a [report](#) on the future cost-effectiveness of CGS. The report, prepared by IHS Cambridge Energy Research Associates, a respected energy consulting firm based in Cambridge, Massachusetts. This report reached the opposite conclusion, namely that continued operation of CGS will be more cost-effective than closing it.

It is significant to note that two well-known energy experts have reached inconsistent conclusions about the economic viability of CGS, one of the Northwest's single largest baseload generating resources. As a result, various entities are expressing interest in reconciling the conflicting studies, possibly with some involvement by the Council.

At the Power Committee meeting on January 14, staff will report on the latest developments on this topic, and solicit feedback from Committee members.