

W. Bill Booth
Chair
Idaho

James A. Yost
Idaho

Tom Karier
Washington

Dick Wallace
Washington



Bruce A. Measure
Vice-Chair
Montana

Rhonda Whiting
Montana

Melinda S. Eden
Oregon

Joan M. Dukes
Oregon

May 27, 2009

MEMORANDUM

TO: Council Members

FROM: Terry Morlan

SUBJECT: Key Findings and Message of the Power Plan

The number one issue raised regarding the Council's Sixth Power Plan has been the risk posed by uncertainty about climate change policies. These policies can have large effects on the cost of the power system and resource choices available to meet regional electricity needs.

The Plan addresses this issue by recognizing and analyzing the uncertain effects and cost of policy in its analysis. In addition, the Plan includes special scenarios to explore alternative policies and approaches to climate change policy. Uncertainty about climate change policies adds to the already substantial uncertainties facing the regional power system due to hydroelectric conditions, natural gas costs, electricity market prices, and others.

The Plan offers one clear and unambiguous recommendation based on analysis of the risk faced by the power system. It is a recommendation that is robust regardless of where a plan is on the efficient frontier or what carbon policies are adopted. That is that the region should aggressively pursue improved efficiency of electricity use. Conservation mitigates the major risks faced by the regional power system and does so at a cost that is substantially lower than alternative resources.

The analysis shows that renewable resource portfolios appear to be a cost-effective approach to addressing carbon cost risk. However, variable renewable generation such as wind power poses increasing problems as it becomes a larger share of generation. The region has much to learn about the challenges of meeting capacity needs and flexibility reserve requirements and the plan includes action items to address those concerns.

Staff will present a high-level summary of important findings and messages for the Council's Sixth Power Plan to set the context for more detailed discussion of components of the Plan.