

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

April 30, 2009

MEMORANDUM

TO: Power Committee

FROM: Tom Eckman, Gillian Charles

SUBJECT: Status of Direct Use of Gas Contract

The Council, along with the Northwest Gas Association and Puget Sound Energy, has contracted with Global Energy Partners to conduct a study analyzing the economic and cost-effectiveness and carbon emission effects of the direct use of natural gas for residential space and water heating in the Pacific Northwest.

The study was originally scheduled to conclude at the end of March. However, due to unforeseen problems with the model, the Council has not yet received deliverables from Global Energy Partners. Staff has been teleconferencing regularly with the contractor and hope to have tangible results in the next few weeks. The deliverables include supply curves and a final report detailing the findings. These supply curves are designed to be represented in the Regional Portfolio Model to compare the direct use of natural gas to efficiency and electricity generation alternatives.

At this point we do not expect to have results of this analysis until after the scheduled release of the draft plan in June. Our intention is to signal that this analysis is underway and may be added in the final plan. We do not expect the results of this analysis to change the Council's current direct use of gas policy. However, if it does result in policy changes the Council would want to give the public adequate time to analyze the changes and submit comment, which could delay adoption of the final plan. We will not know whether it will be necessary to extend the comment period until we have had a chance to review the direct use study and judge its implications for the plan. The legal division is aware of this situation and will work with the power division and the Power Committee to provide guidance when an addendum is ready to be released.