



*Commissioners*

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October 31, 2014

via e-mail: [comments@nwcouncil.org](mailto:comments@nwcouncil.org)

Chair Bill Bradbury  
Northwest Power and Conservation Council  
851 SW Sixth Avenue, Suite 1100  
Portland, OR 97204

Re: Draft 7th Power Plan Environmental Methodology

Dear Chairman Bradbury and Members of the Council,

Clark Public Utilities (Clark) appreciates the opportunity to comment on the Council's Draft 7th Power Plan Environmental Methodology (Plan). Clark is a public utility district in the state of Washington with an annual average load of 520 average MWs and a peak load of more than 1100 MWs.

Clark is particularly interested in this topic due to the fact that up to 40 percent of its average load is served by a high efficiency base load combined cycle combustion turbine and most of the remainder is served with hydroelectric generation from the Bonneville Power Administration (BPA) or through market purchases. Assumptions which may shape changes to the market price of gas or electricity could eventually have direct and negative economic impacts on Clark's ratepayers.

As a member of both the Public Generating Pool as well as the Public Power Council we support the comments submitted to the Council by those organizations.

General Comments

A key principle we wish to highlight is the importance of maintaining consistency with the Northwest Power and Conservation Act (Act). As a large public power utility in the Pacific Northwest, Clark is charged with planning, procuring, and deploying resources sufficient to meet our customers' needs. In doing so we take into account many factors that are specific to Clark such as variations in customer type, our business risk profile, existing resource mix, resource opportunities, and regulatory requirements. This is necessary in order to effectively meet the long- and short-term needs of our utility. The Council on the other hand has been charged, via the Act, with developing a plan that should serve as a guide for the Administrator. To best achieve this goal and recognize the diversity between and amongst utilities in the region, we strongly support PGP's comments that the Council's plan and methodologies should (as stated in the March 5, 2014 letter to Chair Bill Bradbury from Therese Hampton re the 6th plan):

- Accurately reflect the direct costs of a measure or resource;
- Recognize and be compatible with standard utility practice; and
- Maintain reasonable consistency over time.

By adhering to these principles the Council can avoid unnecessary distractions and provide the greatest value to the BPA Administrator and individual utilities, while operating within the authorities granted by the Act.

#### Specific Concerns

Clark also has specific concerns regarding the Council's assumptions and use of those assumptions in the Plan. Of particular concern are assumptions involving carbon. Given that neither Congress, the President, Courts, EPA, or any of our own state or local jurisdictions have finally resolved how, or if, carbon should be regulated, Clark believes that it is premature for the Council to speculate on the outcome of carbon or any other regulation. Therefore, Clark suggests that it is not appropriate for the Council to include any analysis or modeling regarding the EPA's 111(d) regulation nor any residual environmental costs or benefits in its analysis as doing so is speculative and would only serve to bias the Plan.

Clark and others have expressed confusion and concern regarding the Council's estimates of the cost of carbon. The Council used arbitrary endpoints to estimate the range of carbon costs. It is not surprising that the model determined a "point value" for carbon of \$47 per ton. As we all know this number did not materialize during the tenure of the sixth plan and likely will lag for a good portion of the 7<sup>th</sup> Plan. It is distressing that the estimate, being so inaccurate, was used in the plan for resource decisions.

Lastly, the Council raised the question of whether it should seek to lead or engage in a region-wide effort to assess the suitability of various energy project sites. To this question we specifically answer "no," as this should be left to entities developing the generating resource or planning for the transmission needs. For the Council to step into this area is unnecessary and would only serve to confuse and complicate an already complex process.

Thank you for the opportunity to comment on the Council's Draft 7th Power Plan Environmental Methodology. We look forward to working with you over the next year to develop the Plan.

Regards,



Patrick R. McGary  
Director of Energy Resources