



Northwest Power and Conservation Council

Meeting Notes
April 10-11, 2018
Portland, Oregon

One month after BPA Administrator Elliot Mainzer appeared before the Council to outline the agency’s cost-control efforts, Joel Cook, Bonneville’s senior vice president of Power Services, talked about the current limitations and future opportunities for bulk marketing and trading.

Rachel Shimshak, Renewable Northwest’s executive director, joined the Council to proudly share her pleasure at the expansion and maturation of renewables in the Northwest as she prepares to retire in June. In addition, staff reviewed the schedule for producing the mid-term assessment for the Council’s *Seventh Power Plan*.

All Council Members except for Guy Norman and Bill Booth were in attendance. Member Norman joined by phone. The next Council meeting is in Boise, Idaho, on May 8 and 9, 2018.

In This Issue

Bonneville sees benefits in organized markets	1
Shimshak pleased by renewables’ mature standing in the region	3
<i>Seventh Power Plan</i> Mid-Term Assessment is underway	4
Council Briefs.....	4

The Agenda

Bonneville sees benefits in organized markets

Finding value for hydro top of mind

Since coming to Bonneville ten months ago, Joel Cook’s bulk marketing and trading team is working hard to grow their revenue stream and ensure Bonneville is a competitive power supply option. “Unfortunately, hydro doesn’t get some of the benefits other renewables do for the flexible, reliable capacity it brings to the market,” Cook said. “At Bonneville, we don't get renewable energy

credits or investment tax credits, so it's challenging to find ways to enhance the value of our assets."

Cook recognizes an organized market has tremendous benefits and efficiencies when properly designed. With the changes in the market driving the value of surplus down, Cook's team is actively exploring market opportunities and currently reviewing results from a recently completed cost-benefit analysis for the Western Energy Imbalance Market (EIM) that a number of utilities currently participate in.

Along with EIM, Bonneville is talking to California about a day-ahead capacity market that would provide opportunities to get additional value for hydro. Unlike other markets, there isn't a market in the Northwest that pays for "resources to be there" and make up for another resource that isn't. "We think that capacity and standby capability is more important as we see more variable resources come into market. You need something there to back up those facilities," he continued. "We can't impact what the price is in the market, but we look for ways to extract the most value."

As Bonneville's senior vice president of Power Services, Cook is looking ahead at the next rate case and wants to have the ability to accurately account for financial variabilities that are built into the rate period – an important piece of BPA's risk management program. Cook also expanded on Bonneville's aggressive cost containment objective and assured the Council that Bonneville will not sit by and hope for the best as they begin their next round of contract discussions with customers. They are finding new ways to do things while asking tough questions about others – why are we doing this and does it still make sense? When it's time to re-up the next customer contracts; Cook said Bonneville intends to have demonstrated to customers their ability to manage costs and deliver on promises.

He highlighted the huge success around energy efficiency and conservation. There are a lot of talented people in this area that serve the diverse needs of their customers, he continued. The programs are successful because they work for them, resulting in great benefits to the region. "I have never been associated with this big of an effort," he added. "We want to make sure we're not burdening customers with more conservation and energy efficiency than they need."

Bonneville is also taking a fresh look at how to manage assets. Unusual because they do not own any of them Cook said. Difficult because Bonneville does a great job when it comes to the power house, but there is so much more associated with each asset. Each of the assets is owned by others – like the Corp, Bureau and Columbia Generating Station – and getting the parties together to look at each asset, rank projects and prioritize where to spend limited funds has been a big lift he said. Part and parcel to the assets is managing the project contracts and on that he is challenging his team to bid smaller projects to ensure they can be managed efficiently and effectively. He reiterated that going forward Bonneville will budget what they can afford and work with their partners to figure out how to best spend what they have.

“For first time, BPA and our partners are looking at things from a scarcity point of view,” Cook said. “We’re telling folks that this is what we can afford, now go figure out how to invest that money and get the best results. We don’t have an unlimited checkbook.”

A lengthy exchange took place between Cook and a number of Council Members. Overall, Council Members share Bonneville’s interest in seeking opportunities to maximize revenue streams to get full value for their product – carbon free hydro – and recognize the unique challenges posed with the rapid expansion of renewables in California, including the transmission constraint on the Intertie. Cook acknowledged there were both challenges and opportunities ahead as Bonneville looks for solutions that make sense.

Shimshak pleased by renewables’ mature standing in the region

On the eve of her retirement this June, Rachel Shimshak has a lot of be proud of. For 24 years, she has served as Renewable Northwest’s executive director, cheering on the birth and maturation of the region’s clean-energy industry. Renewable Northwest was started in 1994 as a nonprofit business group promoting renewable energy in Oregon, Washington, Idaho and Montana.

Looking back to 1998, Shimshak said the windfarms at Vansycle in Eastern Oregon and at Foote Creek Rim in Wyoming were the first to take the plunge. The two projects together added up to 46 MW. Today, the region has 8,000 megawatts of wind, a few small geothermal projects, and several hundred megawatts of solar photovoltaic. Not only have these projects added clean energy into the grid, they have breathed life into the rural communities where wind and solar farms are located.



Shimshak called out a few misconceptions about renewables. They used to be a lot more expensive than traditional resources, but cost curves for unsubsidized, levelized wind and solar costs have come down since 2005, Shimshak said. Tools have made it easier to predict when renewables will show up. And the region is looking for opportunities to work coordinate Montana and Gorge wind. “Putting them together is one of our challenges,” she said.

What about the birds? This was an issue recognized early on and a lot of mitigation has taken place in this area. Cars, building windows and cats are far more hazardous to birds than wind turbines, she added.

Shimshak continued –it is a false assertion to say hydro isn’t renewable. “Of course hydro is renewable, it’s the best. The whole reason the renewable energy industry is located in the

Northwest is the hydro system. It's a great storage battery," she said. And they are working with Bonneville and others to create products and services to put more clean energy in it, rather than sell it on the market.

With 3,000 MW of coal coming offline in five to 10 years, utilities need to figure out how to replace that power, she said. She recognized Member Baker for leading an effort with BPA and his governor to put together an integrated plan for coal retirements in Montana. "Coal is retiring and we want to repurpose the transmission to carry new resources," she said.

Seventh Power Plan Mid-Term Assessment is underway

This year, staff is putting pen to paper to draft the *Seventh Power Plan* Mid-Term Assessment. The assessment is an opportunity to review the progress on the *Plan* implementation. The assessment will cover:

- Action plan implementation progress
- Markets and demand comparison and updates (2015 – 2017)
- Conservation updates
- Demand response updates
- Generating resource updates
- Resource strategy implications

In May through September, staff will finalize data inputs and write the first draft. In October, the Council will approve the draft and allow 45 days for public comment. In January 2019, the Council will approve the final assessment.

Council Briefs

Council Member Tim Baker, who chairs the Power Committee, provided an extensive and energetic review of the morning's meeting. Some of the highlights include:

Energy efficiency programs are reaching majority of customer segments

After conducting a data analysis to identify proportionally underserved markets or populations, the Council found that energy efficiency programs are generally reaching the majority of segments in the Northwest. Member Baker reported that manufactured housing participated at higher rates than single family or multifamily homes. Multifamily is a lagging segment that remains underserved. Rural customers participate at similar rates as urban customers, but it depends on which aspect of the program you're looking at.

Demand response potential to be measured

In anticipation of developing the *Eighth Power Plan* staff has proposed issuing an RFP for the development of a model, which they will use to develop demand response supply curves.

BPA shares its resource program planning process

In what Member Baker called a “tour de force” presentation, BPA provided insights into its Resource Program Overview, which develops forecasts of federal system energy capacity and balancing needs; and evaluates resource development solutions. The needs assessment looks at federal system energy capacity and balancing reserve needs over a 20-year study horizon.

California commissions interested in transmission and hydro opportunities

John Fazio, staff senior systems analyst, told the Power Committee that the California Public Utility Commission and the California Energy Commission will study pathways of transmission and possible expansion between California markets and the Northwest. The Council staff will exchange information with California agencies so there’s a better understanding on both sides.