



Northwest Power and Conservation Council Meeting Notes July 15 and 16, 2019 Boise, Idaho

The Council takes their meetings on the road to give regional stakeholders a chance to weigh in on issues important to them – and coming to the copper mining town of Butte allowed Montana co-ops, tribal representatives and stakeholders a chance to share their successes and air a few concerns. Late breaking news found Montana Governor Steve Bullock appointing Bo Downen as the new Montana member of the Northwest Power and Conservation Council. Most recently, Downen was the Public Power Council’s director of environmental and regional affairs.

Chair Jennifer Anders led the meeting with all Council Members in attendance. The next Council Meeting will be August 13 and 14 in Portland, Oregon.

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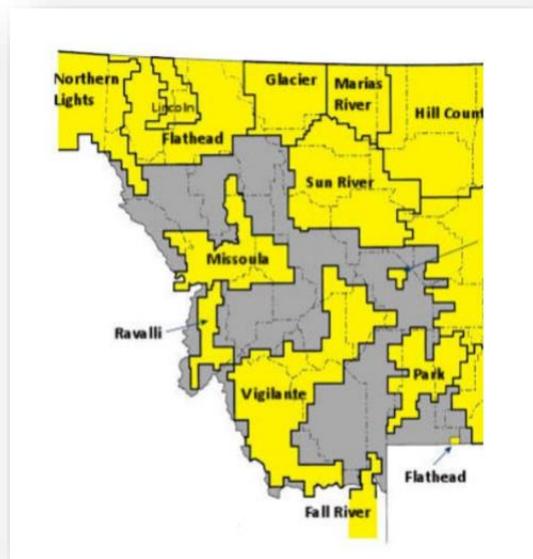
The Agenda

Montana utilities forecast changes after 2028 BPA contracts expire

Vigilante Electric Cooperative’s general manager, Rollie Miller, kicked off the Council meeting with discussion of issues around Montana cooperatives’ contracts with Bonneville. He said a power supply committee has been formed to discuss the 2028 contracts and changes. And added, the Western Montana Generating and Transmission Cooperative will probably look different at the end of the power supply contract process.

Miller read from a long list of principles that stated power prices should be competitive with minimal risk, provide greater price certainty from Bonneville, and recognize price increases are realities. Rate hikes every two years creates volatility and uncertainty. Support for organized markets and a reevaluation of the regional transmission organization may be important considerations for post-2028 power supply.

He added they are open to working with cooperatives and other utilities outside of Montana for future pooling arrangements or creation of a joint operating entity. And are keeping an eye on Bonneville's efforts on the Columbia River Treaty and work with the California ISO.



Another big issue for them is NorthWestern Energy's rate case filing with FERC, which is proposing a 50% increase in transportation delivery service. Several entities have intervened and Miller said it they are hopeful it will be reduced — the cost went into effect July 1st.

Mark Hayden, Missoula Electric Cooperative's general manager, reminded the Council that the decisions they make regarding Bonneville are passed on to their members. He expressed his appreciation to the Council for focusing on performance in funding fish and wildlife programs, while sunsetting some and finding a bridge to a permanent solution for others. On

the topic of energy efficiency, Hayden said they have worked to leverage commercial lighting rebates and they offer free residential audits. In the works is a loan program for low-income members with funding secured through the U.S. Department of Energy's rural lending program.

Ray Ellis, Lincoln Electric Cooperative's general manager, said his area has seen some economic improvement, but they are still dealing with the recession and the loss of lumber mills. The median income is \$28,000–\$30,000 and Bonneville costs are passed on to customers who can't afford it. "Every year I stand up before our members and announce another rate increase", he said. Bonneville takes our money and gives half back. Ellis added that he worries that Bonneville will lose its competitiveness which may result in the loss of Lincoln Electric as a customer.

On hydro, Ellis said the idea of doing away with Snake River Dams is just bad policy. We need baseload energy. The Council's resource adequacy studies have proven it. When we get big outages, they'll blame the people running the utilities, not the politicians who come up with 100-percent renewables approaches.

Utilities finding success with pre-pay programs

Pre-pay programs appear to offer a great way for people behind in their payments and people with bad credit to get back in good graces with their utility, a panel of Montana utilities told Council members. Customers get an in-home display or download an app that warns them when their balance gets to less than four days of electricity.

Glacier Electric Cooperative's program has been in place since 2009. According to Jonnalea Tatsey, member services director, they have gone from an average of 300 to 400 billing disconnects to 100 in the first five years. In the last three years, they have had as little as 30 a month. Glacier now has around 1,700 prepay accounts out of 7,800.

With pre-pay, electricity usage isn't out of sight/out of mind. According to Tatsey, 51% of the customers who responded to an NEEA survey said they think more often about budgeting for electricity since switching to prepay, and 78% had changed their behavior. She said 99% of the energy saved was from the members, not the cooperative. Popular with younger millennials and renters, the pre-pay also includes an automatic reconnect and with multiple payment options.

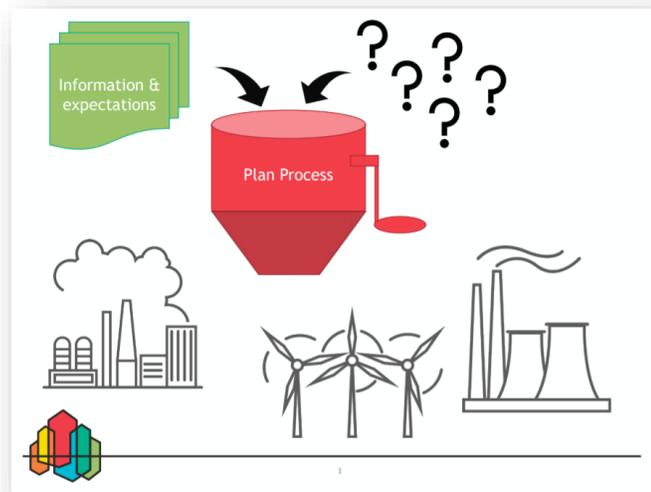
Ross Holter, Flathead Electric Cooperative's member services director, as well as Ray Ellis, Mark Hayden and Rollie Miller, joined Tatsey in praising the program.

Council gets briefing on *Plan* requirements, modeling and analytics

General Counsel John Shurts provided a *Power Plan* 101 talk in Butte. The overall aim of the *Plan* is to assure the Northwest with an adequate, efficient, economical, and reliable power supply (also known as AEERPS). He walked through the structure of the *Plan*, which has a set of priorities, considerations and *Plan* elements.

Shurts said the *Plan* gives priority to resources the Council determines to be cost-effective. Next comes renewables, then cogeneration and finally large thermal generation. Conservation could come first, but it has to be cost-effective conservation, he said. The *Plan* includes a resource scheme to reduce or meet Bonneville's obligations, and the Council sets forth a scheme for implementing conservation measures. The set of considerations used to develop the resource scheme are: 1) environmental quality, 2) compatibility with the existing regional power system, 3) protection, mitigation and enhancement of fish and wildlife, and 4) other criteria the Council might set forth in the *Plan*.

Ben Kujala, director – power division, discussed the *Plan’s* draft table of contents and noted that the resource development plan will be the longest section — basically our version of an integrated resource plan, he said. In discussing an introduction to modeling and analytics, Kujala said they have expectations of what they’ll see and then they’ll have a lot of questions.



It’s similar to sausage-making. There will be data and information from advisory committees, from industry experts and the staff will look at how it’s consistent and different than our expectations, he said. They look at a lot of different scenarios, ask high-level questions to help build a future landscape and create a narrative that informs the audience for the *2021 Northwest Power Plan*.

Chair Anders recalled that during the drafting of the *Seventh Power Plan*, there was analysis for 800 different variables. It was a complicated exercise. Are the analytics the same?

Kujala said, “The analytics are similar and have the same structures. There are elements that are improved, but the approach of looking at risks and looking at a wide range of futures is still very similar.”

Council approves FY 2021 budget and revised FY 2020 budget

The Council voted to adopt the draft Fiscal Year 2021 budget and revised Fiscal Year 2020 budget. Sandra Hirotsu, administrative division director, said the proposed Fiscal Year 2020 Revised budget is \$11,722,000 and the proposed Fiscal Year 2021 budget is \$11,893,000. Both budgets are below the calculation of the budget cap, based on the forecast of firm power sales that Bonneville provided to the Council. The Council identified cost savings to reduce the proposed budget for the next two fiscal years by \$114,000.

The Council received two comments from people who wanted to reduce funds for public affairs. One wanted to redirect that money for the Columbia Basin Bulletin. Hirotsu said monies for the Bulletin are being considered in a separate budget. The Council’s consensus is that its public affairs efforts are essential in engaging stakeholders on the Council’s work and that its public affairs budget is reasonable.

Power Committee update

The Power Committee's focus has shifted to drafting the new *2021 Northwest Power Plan*. Council Member Richard Devlin, Power Committee chair, said they discussed scenarios that will be useful in forming the analysis that goes into the *Plan*; these include greenhouse gas emissions, resource adequacy, market expansion and Bonneville's competitiveness.

New generating resources

There was a discussion on what new generating resources will be available to help with supply shortfalls. These will be looked at from their commercial viability and will be separated into primary, secondary and emerging resources. Then they will develop cost factors to compare with each other and with energy conservation.

Economic assumptions in the *Plan*

The Council will look at the basic economic assumptions used in the *Plan*, but will not necessarily be determining them. The idea is to make sure that everyone is using the same assumptions, such as the inflation rate, discount rate, forecast period, transition and deferral, transmission and distribution deferral upgrades, so they're comparing apples to apples.

Natural gas end use

Taking a closer look at natural gas will be a new component in the *Plan*, Member Devlin said. While it is relied upon for some power generation, it's not as prevalent as it is in other regions for meeting our electric generation needs. Natural gas is used more by end users and including it will be helpful in determining prices and availability.

Model conservation standards

Member Devlin said the Council has the authority to recommend a surcharge on Bonneville customers who don't meet model conservation standards. That hasn't been done before, so once we put that in place, we'll need to come up with a formula for levying a charge, he said.

System status

Finally, the Power Division staff is working to nail down the status of the power system. It's looking at generation, retirements and what new facilities are coming online (they must be breaking ground to be included).

Council briefs

Council releases draft Fish and Wildlife Program Amendments for public comment

The public has until October 18, 2019, to offer comments on the amendments to the Council's 2014 Fish and Wildlife Program. The Council will hold public hearings throughout the region and will accept comments in written and oral comment. General Counsel John Shurts told Council Members

there have been comments on program performance, hatchery interactions, predator management, the ecological role of salmon and steelhead (since they're part of the food web for other species too) and climate change.

Regional Technical Forum releases its annual report

The Regional Technical Forum (RTF) is celebrating its 20th anniversary and Jennifer Light, RTF manager, appeared before the Council to summarize the organization's annual report.

The RTF currently is evaluating 70 measures for energy savings. They look at them when there are changes in the market or when factors require an update. In 2018, the RTF focused much of its time on updating lighting measures, which have been the major contributor to savings over the last several years, Light said.

The RTF updated all of its existing lighting measures and developed a new standard protocol for lighting in new construction nonresidential buildings and buildings that are undergoing a major renovation. Also, in 2018 they added new measures — the most in a single year. These include ductless heat pumps, multifamily applications, commercial office secondary glazing systems, commercial connected thermostats, faucet aerators and small/rural measures.

