

*5th Northwest Power and Conservation Plan
Economic and Financial Assumptions and
Market Price Forecast*

Implications for Post FY06
Bonneville Program Measure Cost-
Effectiveness



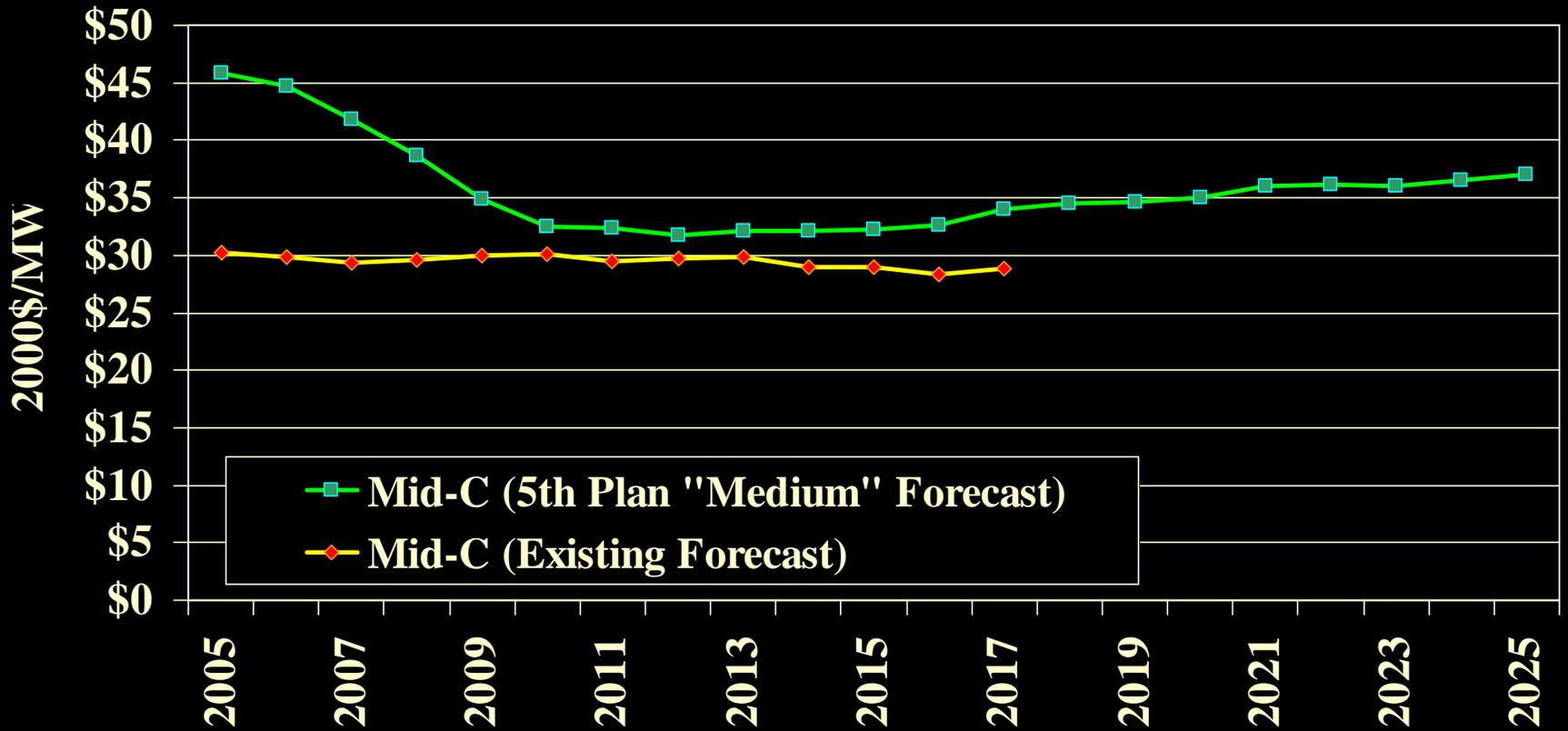
Goal of the RTF Process

- Establish the “value to the region’s power system” of conservation and direct application renewable resources
- The requires numerous “assumptions” about the future
 - Market prices
 - Interest rates
 - Carbon mitigation costs

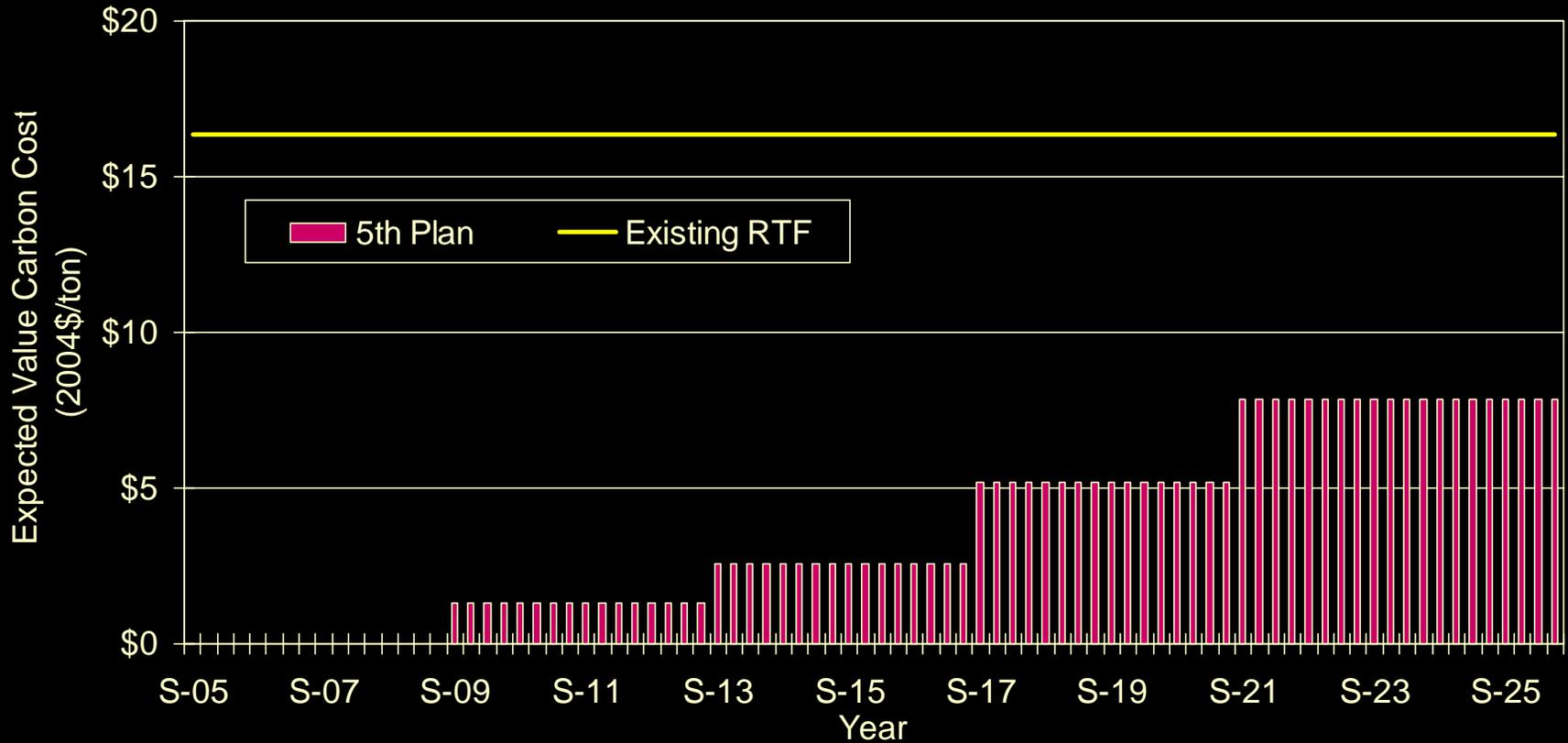
5th Plan Differs from RTF on Three Major Input Assumptions

- Discount Rate – 4.75% (RTF) vs. 4.0% (Plan)
- Market Price Forecast – Year 2000 Forecast (RTF) vs. Year 2004 Forecast
- Externalities Credit for reduced carbon emissions - \$15/ton (RTF) vs. \$7.50/ton (expected value in 2025, increasing from \$0 today)

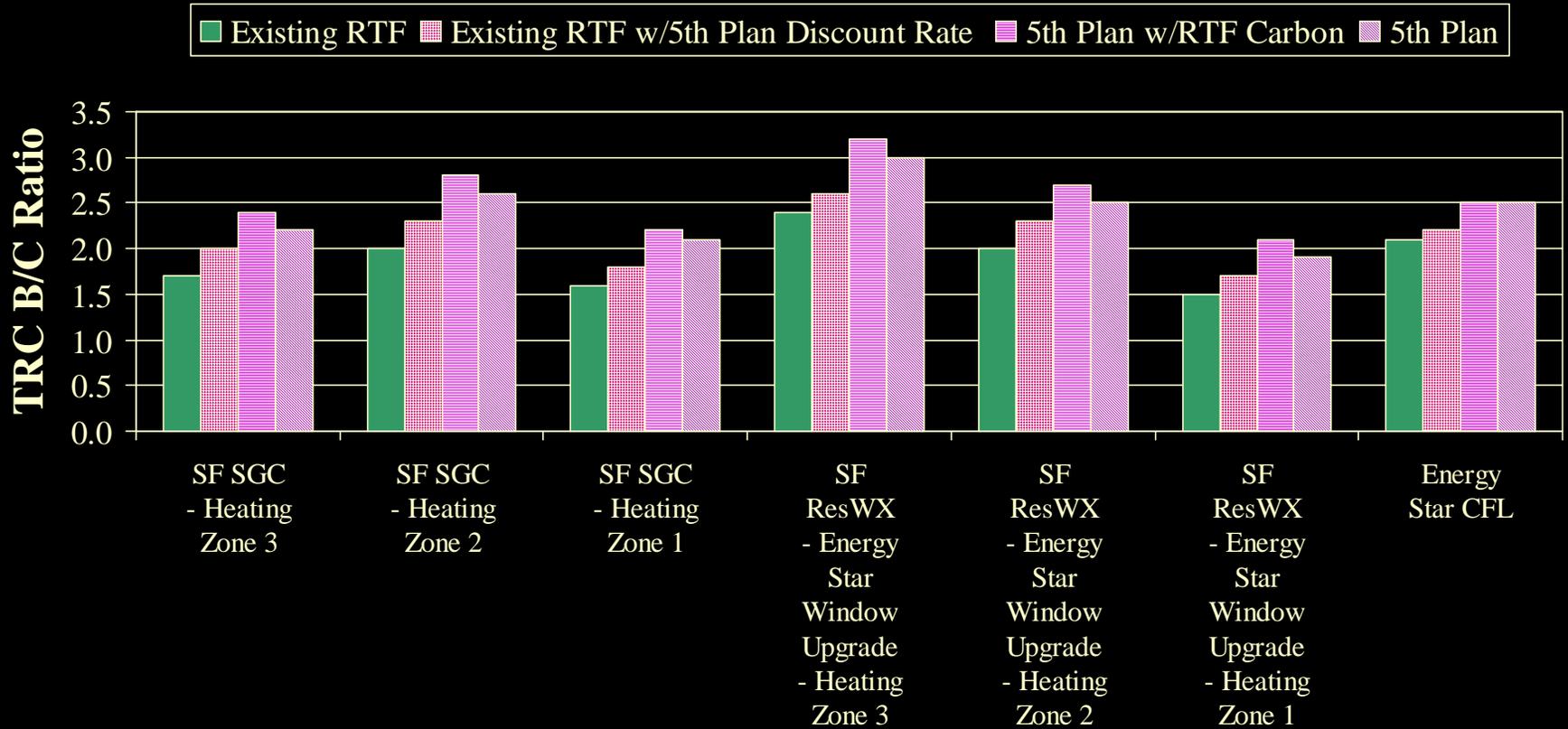
Market Price Forecast Comparison



Average Carbon Cost Comparison



Sample 5th Plan Assumption Impacts on Cost-Effectiveness



Overall Impact of 5th Plan Assumptions

- Lower discount rate increases number of measures that are cost-effective
- Higher market price forecast increases number of measures that are cost-effective
- Lower carbon cost decreases number of measures that are cost-effective
- Overall – more measures now cost-effective compared to existing RTF assumptions