

To: SSC Members
From: Roy Thilly and Kevin Gunn
Re: Resolution of Sensitivities Issues
Date: July 7, 2011

In anticipation of our meeting tomorrow, we would like to recap where we are in terms of finalizing outstanding sensitivity issues. We believe we have reached a point where we should all be able to come to agreement swiftly thanks to the work people have done over the last week.

First, we would like to thank Dave Whiteley and CRA for agreeing to rerun the base case of Future 8 with a low load growth assumption as originally intended, without using up a sensitivity to make this correction.

Next, we would like to thank the NGOs, End Users and TO/TD sectors for proposals that we believe should enable agreement.

Here is the proposed resolution, recognizing that we have only two open sensitivities:

Future 8:

1. As requested by the NGOs, the base case should be rerun using the low load growth assumption that was used in the base case for Future 4. This will differentiate the results from Future 2.
2. The only other change to Future 8 requested by the NGOs is to change the renewable penetration limit in the 40% RPS sensitivity from 40% to 45%. In each other case, the penetration assumption has been set somewhat higher than the RPS. See Wil Burn's memo.
3. No other changes to Future 8 have been requested by the NGOs or others. These two changes will not use up either of the two outstanding high carbon sensitivities.

Future 2:

1. As requested by several sectors, a new sensitivity should be run that holds the carbon price in the base case flat from 2030 to 2050. This would use one of the outstanding high carbon sensitivities.
2. As requested by several sectors, a new sensitivity should be run that raises the renewable penetration rate to 50%, since this rate has been a limiting factor, recognizing that there will be related costs. This sensitivity would replace the high penetration sensitivity in Future 5, since the penetration limit apparently wasn't reached in the base case run in Future 5. See the TO memo. It makes more sense to do this run in Future 2 than in Future 8 (as we have proposed in the past) since with low load growth it is unclear if the penetration limit will come into play in Future 8.

Future 3:

1. As requested by several sectors for comparability, the same adjusted carbon cost sensitivity as is proposed above for Future 2 should be run for Future 3. This run will use up the remaining high carbon cost sensitivity.

This resolution takes account of all outstanding requests using our two remaining sensitivities and allows us to continue to retain four sensitivities for scenario development, as appears prudent. While not everyone may believe that each of these proposed runs is important, we believe that the resolution represents an appropriate accommodation of various legitimate interests. We hope you agree.