

NW Resource Adequacy Technical Committee
Meeting Notes
August 8, 2005

Current work plan schedule:

The initial meeting for the Steering committee is scheduled for September 16, 2005 at the Council offices. The next meeting for the Technical committee was scheduled for the same date but now will have to be rescheduled. The Technical sub-committee workgroup will meet via conference call prior to the next Technical committee meeting.

Scope, Key Issues and Questions:

Some of the Technical committee scope issues discussed included:

- It was agreed that the Technical committee would develop options for how to measure resource adequacy at the regional level for the Steering committee.
- There was quite a bit of discussion regarding what a regional standard would mean to individual utilities. It was pointed out that individual utilities might have to “translate” the regional standard in different ways. Lou Ann Westerfield (Idaho PUC) suggested that it would be interesting to ask how the sum of utilities’ plans would translate into a regional standard (bottom up rather than top down). The Technical committee will need to look to the Steering committee for guidance whether such an analysis is within the scope of the Technical committee. Oregon and Idaho PUCs both mentioned they want to see the link between utility IRPs they regulate and the Council's Fifth Power Plan.
- The meeting participants generally agreed that some coordination between resource and transmission adequacy must be defined.
- The footprint of the Region was tentatively defined to be the 1980 Power Act Region including the states of Oregon, Washington, Idaho and the area of Montana that is in the Columbia River drainage basin.

There was also a lot of discussion regarding the level of protection, that is, should we plan to “keep the lights on” or to “avoid the likelihood of price spikes?” Steve Weiss argued for the higher standard of avoiding price spikes. Clint Kalich suggested that planning to that higher standard might not cost as much as we think. His point was that it seems worth it to spend a little more on average to avoid a situation the region faced in 2001. It was pointed out that this question would be addressed by the Steering committee.

Clint Kalich added that the region should look at using IPP resources for capacity needs. This would be more efficient than building new resources; many IPPs are on the verge of going under because they can't afford to operate full-time. He supports more interdependency among utilities for meeting loads.

There was a discussion about the methodology to translate a regional LOLP metric and target of 5% to an annual load resource balance metric with the target defined by some definition of adverse hydro. This metric and target would be more useful to individual utilities in planning for their resource adequacy. Everyone seemed to be OK with the LOLP concept; however, it was suggested that the model handle the transmission constraints more rigorously. In addition, some concern was expressed that the LOLP approach may not adequately address the uncertainty associated with unexpected load growth. Finally, a number of questions arose about the translation of that standard into a simpler metric (namely the load/resource balance). For example, questions arose as to why we would not use a seasonal or monthly value instead of an annual value. The sub-committee will examine the use of seasonal and monthly values, however, the implication was made that using these values will not yield a better useable metric. Also, the annual value is something that has been calculated and published regionally for many years. It was pointed out that as the mix of resources and loads changes, the crosswalk between the LOLP and load resource balance metrics and targets will have to be updated periodically.

After a review of the process, most seemed to be comfortable with using the load/resource balance metric as long as it is “calibrated” properly. The issue of how much to depend on “the spot market” was not resolved. Also, the 5 percent level and the 1,200 MW per 24-hour period threshold values were questioned. It was suggested that the sub-committee review those parameters and bring results back to the full committee. Other methods of calculating LOLP will be explored – methods that include the magnitude and duration of events in a better way. Also, there was a question regarding the models to be used to perform the analysis. While GENESYS seems like an appropriate model, other models will be examined.

A question came up about how this process will interact with other processes. The timeframe for the RA process should be well within the timeframe for the WECC process. Also, care will be taken to maintain consistency with regard to definitions and terms.

The committee suggested that the paper include an executive summary that also includes options for metrics and targets for the steering committee to discuss. They suggested that another appendix identifying potential models be included. Also, the committee thought that some of the issues should be given more exposure in the paper – particularly:

- How the market is incorporated into this process and how to define contractual resources that would count toward satisfying a resource adequacy metric and target;
- How to count hydro resources, in particular capacity. Mary Johannis promised to send out the latest definition of sustained peaking capacity used in BPA’s White Book;
- How to treat demand-response in resource adequacy assessments—dynamically or just as a load reduction;
- Tradeoffs of the costs and benefits associated with different levels of protection.

The paper has a new section on a “straw man” proposal for an adequacy metric and target (that is an annual load/resource balance with a target of –1,500 aMW under critical hydro or a target of zero under the 85th percentile adverse hydro condition).

The paper will also include a new section on what a regional standard might mean to individual utilities.