

Bonneville



Power Administration

Institutional Landscape for Resource Adequacy

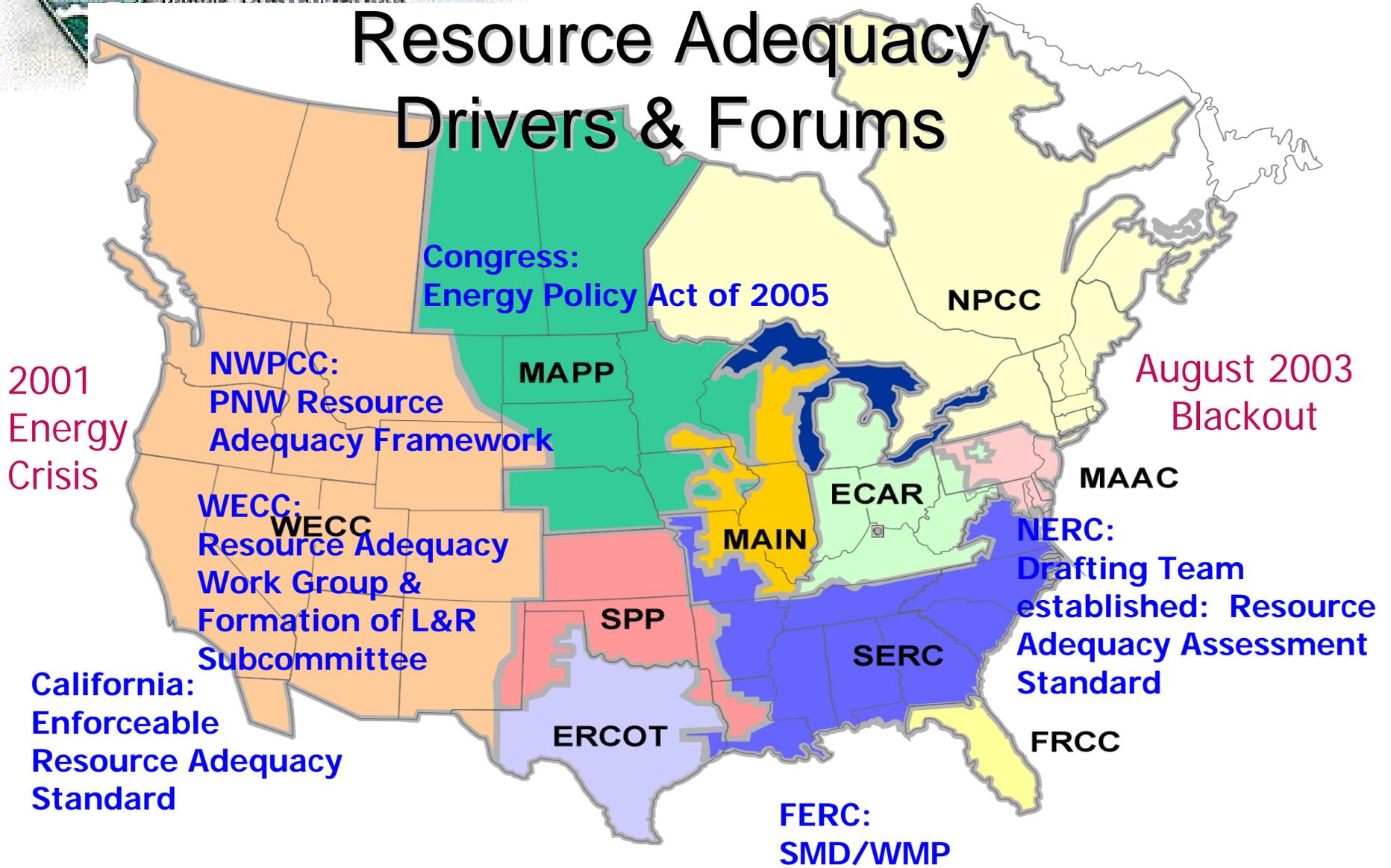
Mary Johannis

PNW Resource Adequacy Steering Committee Meeting

September 16, 2005

NWPCC Offices, Portland, OR

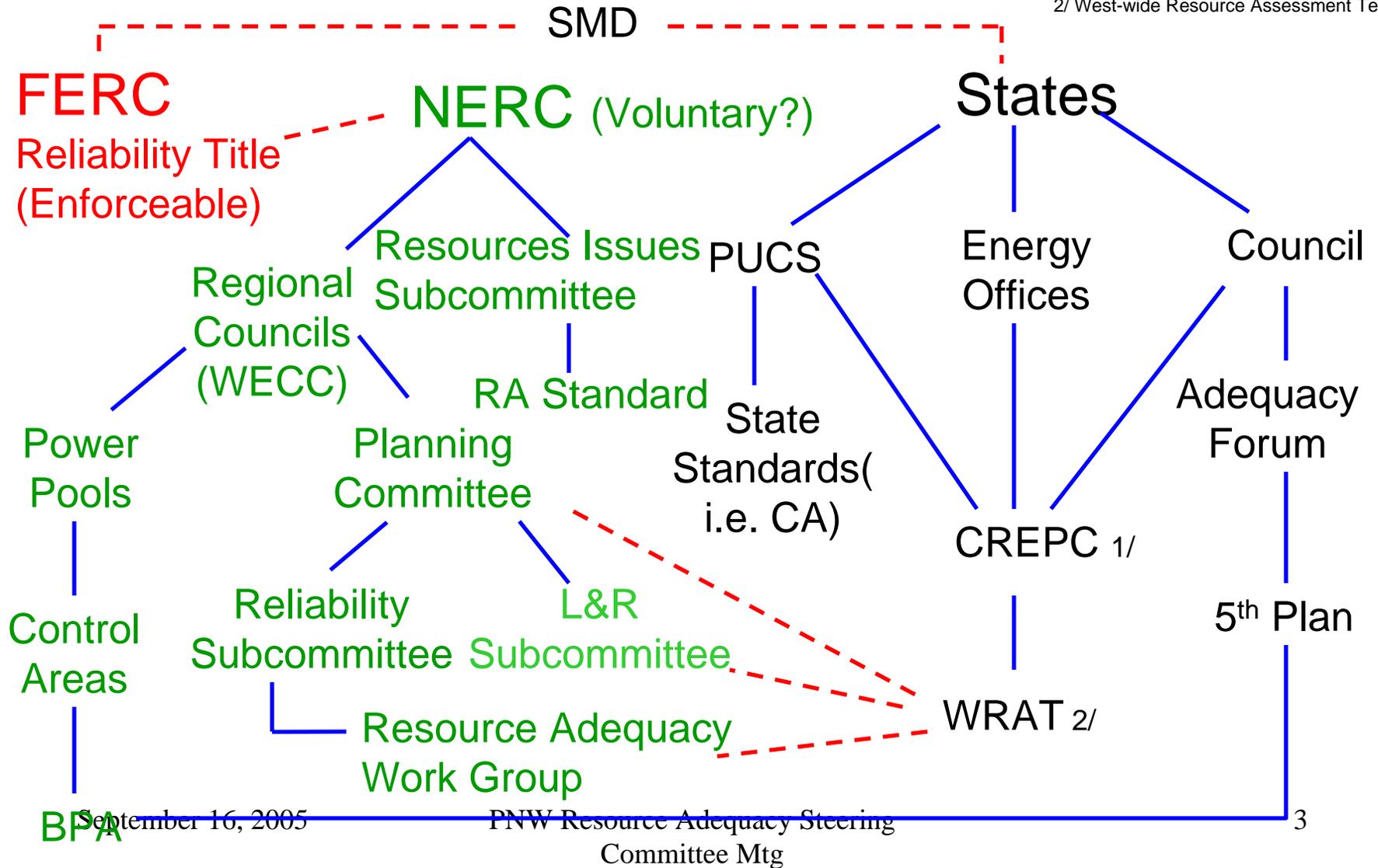
Resource Adequacy Drivers & Forums





Institutional Setting for Adequacy Standards

1/ Committee on Regional Electric Power Cooperation
2/ West-wide Resource Assessment Team





Energy Policy Act of 2005

- FERC to certify Electric Reliability Organization (ERO)—most likely NERC—with the authority to issue mandatory reliability rules that apply to all users of the bulk power system.
- Rule to implement Electricity Title due no later than 180 days after date of enactment.
- Act provides for regional entity that can function as ERO for purposes of proposing reliability standards to ERO
- Compliance with standards = mandatory
- FERC/ERO not empowered to order construction of additional generation or transmission capacity
- This act does not “preempt any authority of any State to take action to ensure the safety, adequacy, and reliability of electric service within that State, as long as such action is not inconsistent with any reliability standard”
- Provides for establishment of Regional Advisory Bodies

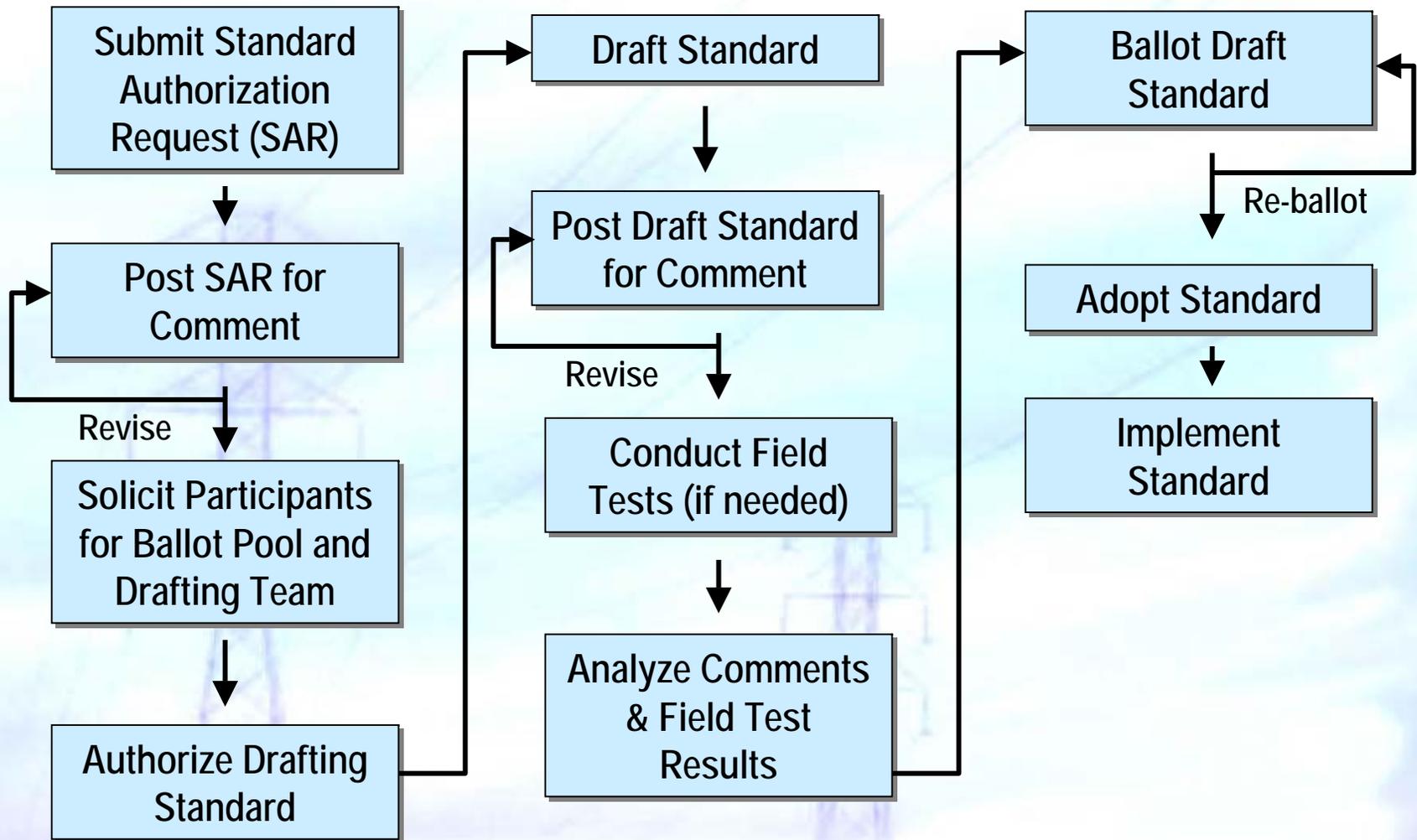


NERC Resource Adequacy Assessment Standard

- NERC Board approved Resource and Transmission Adequacy Task Force (RTATF) Recommendations in June 2004.
 - Key Recommendation: “Each Region (Reliability Council) should establish a resource adequacy criterion (or criteria) based on some metric (e.g., LOLE, LOLP, etc.), taking into consideration established state/province or multi-state/province resource adequacy criteria or requirements.”
- NERC Planning Committee directed Resources Issues Subcommittee (RIS) to draft a Resource Adequacy Standard Authorization Request (SAR) incorporating most of the RTATF recommendations.
- Resource Adequacy SAR posted on February 17, 2005.
- 25 Sets of Comments received and responded to by RIS.
- SAC is establishing Standard Drafting Team.



Standards Process Overview





WECC & Resource Adequacy

- The predecessor of WECC, the WSCC had a Power Supply Design Criteria until 2000, when it was deemed to be inconsistent with deregulated markets.
- WECC continued to develop Power Supply Assessments, but these could not evaluate whether the Western Interconnection (WI), or its sub-areas are Resource Adequate because no criteria in place to judge adequacy.
- The WECC Board decided to make the development of Resource Adequacy Criteria an important goal for FY 2004-05.
- WECC's Reliability Subcommittee (RS) established Resource Adequacy Workgroup (RAWG) in April 2004 to formulate recommended Resource Adequacy Criteria.



WECC's Resource Adequacy Workgroup (RAWG)

- Workgroup included broad industry representation
- 7 meetings held from May 2004 through April 2005
- Consensus Recommendations:
 - Support development of Resource Adequacy Criteria aligned with “voluntary targets” approach formulated by CREPC’s West-wide Resource Assessment Team (WRAT)
 - Select consensus-based resource adequacy metrics and targets
 - Develop Common Protocols for load and resource counting and deliverability; strive for common definitions throughout WECC
 - Assess the capacity and energy adequacy of the overall WI and sub-areas within the WI
 - Employ and possibly develop WI-wide models to study extreme weather, economic/demographics, and fuel supply scenarios that can inform the evaluation of WI resource adequacy
 - Provide transparent information to allow for more detailed analyses by states, LSEs and others
 - Collaboration with other entities is vital



WECC's L&R Subcommittee Established

- L&R Task Force originally tasked with addressing potential disconnect between control area responsibility for submitting loads and resources (L&R) data and Load-Serving Entities' (LSE) forecast of future loads and resources identified in the RAWG.
- L&R Task Force tasks expanded to include resource adequacy.
- L&R Task Force recommended & WECC PCC approved in June 2005 the formation of L&R Subcommittee:
 - Develop a meaningful basis for assessing resource adequacy, including the ability to obtain acceptable and meaningful data;
 - Develop resource adequacy guidelines/targets;
 - Work collaboratively with local, state, and provincial regulators, as well as control area operators and load-serving entities, to develop approaches that will promote access to clear, comprehensive, and reliable data that will enable them to accurately assess current and expected load/resource balance and to formulate appropriate policies to implement and enforce resource adequacy guidelines/targets; and
 - Utilize for guidance the recommendations as outlined in the Recommendations section of the Alternative Proposal and the RAWG Consensus Recommendations.
- First meeting held on September 7, 2005



WECC and State Coordination on Resource Adequacy

- State PUC Role is to grant cost recovery to IOUs for acquisition/construction of resources
 - PUCs are logical agencies to implement RA guidelines
 - Key to helping select RA metric and targets
- Multi-state entities such as Northwest Power and Conservation Council have important role in recommending/coordinating RA metrics & targets for the areas under their purview
- WECC-CREPC Coordination on RA is ongoing
- Sub-areas within WECC are in the best position to recommend RA metrics and targets that reflect their particular mix of resources, loads and transmission/other constraints. Hence, one of the reasons to initiate the **PNW Resource Adequacy Framework**