

4/25/06 DRAFT



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May 10, 2006

Dear Interested Party,

In its 5<sup>th</sup> Power Plan, the Council recognized the importance of developing a resource adequacy framework and standard. Action items ADQ-1 and ADQ-2 in the plan call for the establishment of resource information-gathering protocols and for the development of a resource adequacy standard for the Pacific Northwest. To achieve these goals, the Council and the Bonneville Power Administration (Bonneville) initiated the Pacific Northwest Resource Adequacy Forum (Forum), with the intention that this group would develop a standard for the region.

The Forum has completed the initial phase of its work, which was to develop an energy metric and target and to develop the form for the capacity metric. The Council released an issue paper outlining the proposed standard on February 22, 2006. Comments were taken through April 14, 2006. Most commenters expressed support for the adoption of this standard.

The most substantive comments were to; 1) delay this process, 2) not call this a "standard" because that would imply regulatory oversight, 3) add an "economic" target and 4) avoid translating the regional standard into utility level standards. The Council has chosen not to delay this process and has adopted a resource adequacy standard, as presented in the attached document. The capacity portion of the standard will be completed at a later date.

The term "standard" in this context does not mean mandatory compliance nor does it imply an enforcement mechanism. Rather, it is a voluntary standard and is defined to be a gauge used to assess whether the Northwest power supply is adequate in a physical sense, that is, in terms of "keeping the lights on." However, the Council encourages utility planners to think beyond this minimum (as the Council did in its 5<sup>th</sup> Power Plan) and consider strategies that also protect against potentially bad economic outcomes. The Council also believes that a regional standard has little meaning to individual load serving entities unless it can be "translated" to better aid their planners.

Sincerely,

**Stephen Crow**  
Executive Director

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