

# June 27, 2007 DRAFT

## Messages Derived from the Council's Resource Adequacy Assessment

The Council's 2010 and 2012 adequacy assessments indicate that power resources available to the region are adequate. This assessment provides high assurance that the region will avoid blackouts due to inadequate overall power supply for the next three to five years. This is good news, but it does not ensure that the region will avoid periods of high prices, nor does it ensure that individual utilities have control over enough contracted or owned resources to meet their customers' electricity needs.

The Council's Fifth Power Plan calls for continuing aggressive efforts to develop conservation and renewable resources to minimize price and environmental risks and those efforts remain crucial to ensuring the region of an adequate, efficient, economic, and reliable power supply. Many of the region's utilities are working hard to capture conservation opportunities and to acquire generating resources, as called-for in their individual integrated resource plans and by state renewable portfolio standards. Utilities will need to continue these efforts to ensure that they achieve an appropriate balance between owned or contracted resources and market resources in order to minimize price and environmental risks to their customers.

Q: The Adequacy Assessment says the region has a 4,000 Mwa surplus while BPA and PNUCC say the region faces deficits. Aren't these very different messages?

A: The Council's adequacy assessment counts both committed and uncommitted resources. Committed resources are those that are owned, under contract, or in the case of the hydro system, expected to be available under critical low water conditions. Uncommitted resources include purchases expected to be available from the market, both regional and out-of-region, and hydro that is available most of the time, but is not available in the driest conditions. The Council believes that a reasonable amount of uncommitted resources will be available to meet load if necessary for reliability, but at a potentially high price.

Uncommitted resources are not counted in the BPA and PNUCC assessments. When they say "deficits" they mean deficits against those committed resources that utilities can count on having available and, equally important, having a predictable and acceptable price.

In addition to this major conceptual difference, there are several differences in the approaches to load forecasting and in the accounting for resources that contribute to the difference between the two conclusions.

Q: If the region has a 4,000 Mwa surplus, then why should utilities be acquiring resources?

A: Utilities may want to ensure that the price of the resources that they rely on will be acceptable and/or controllable. Even when sufficient power is available

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on the spot market, the price of that power is not necessarily reliable or predictable. The question facing utilities of whether to acquire resources or rely on the market is largely a risk mitigation question, not a question of regional adequacy.