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July 11, 2006

MEMORANDUM

TO: Power Committee Members

FROM: John Fazio, Senior System Analyst

SUBJECT: Status Report on the Resource Adequacy Capacity Standard

On July 5th, the Resource Adequacy Forum's technical committee will meet to discuss a proposed capacity metric and target for the Northwest. The steering committee will consider that proposal at its July 28th meeting in Portland. If approved by the steering committee, the proposal will then be presented to the Council at its August meeting.

The technical committee has tentatively agreed that the capacity **metric** should be in the form of a sustained peaking reserve margin (in units of percent). The reserve margin is an indicator of the available surplus generating capability over the sustained load period. (The duration for the sustained load period has not yet been finalized).

The capacity **target** will include a margin for contingency reserves and a margin for adverse weather conditions (either cold snaps or heat waves). It appears likely that the target for both winter and summer months will be in the 15 to 25 percent range (although the winter and summer targets will not necessarily be the same).

Because the Northwest is an energy-limited region (and will likely continue to be so for some time) finalization of a capacity target is not critical at this time. The current assessment of the winter and summer sustained peaking capability appears to be in the 40 to 50 percent range, which is well above the considered target level. Because of this, the committee is likely going to propose a "pilot" capacity metric and target for the Council to consider for adoption. This would give planners more time to examine capacity data and analysis. The Forum would then provide a final capacity standard for Council consideration by sometime next year.

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