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August 1, 2006

## MEMORANDUM

**TO:** Power Committee  
**FROM:** Michael Schilmoeller  
**SUBJECT:** Status of the Olivia Project

Olivia is a computer program that writes portfolio models for utilities. The user provides a high-level description of their utility to Olivia, and Olivia produces an Excel workbook model that can then be used to perform utility-specific strategic risk studies. One such workbook model became the Regional Portfolio Model, used in the Council's Fifth Plan to identify the efficient frontier (risk-constrained, least-cost plans) from among all portfolio candidates.

Regional interest in the Olivia model remains strong. The model and its approach to risk management prompt utilities, regulators, and state agencies to inquire routinely about Olivia's status. To my knowledge, no commercial alternative exists either for Olivia or for the kind of risk model it produces.

This memo describes the current status of the Olivia project. Olivia development is still underway. The Olivia computer model supports Action Plan items GEN-12 and ADQ-3. Olivia's development is addressed in the Power Division Work Plan, which specifies that the Council staff will offer classes for Olivia users in the third quarter of 2006. For reasons discussed below, it is unlikely this milestone will be achieved on schedule.

The demands of more urgent and higher-priority tasks since the adoption of the Fifth Power Plan have constrained the amount of time I have had available to work on this project. Most important, priority was increased to complete detailed descriptions of the model and its use. It took nearly a year to produce Appendices L and P of the Power Plan. However, these appendices enhance the credibility of the Regional Model and will also serve as draft tutorials for the classes the Council intends to hold for utility users of Olivia. The use of outside contractors to advance Olivia's development last year was useful, but to avoid rework, last year's consultant focused on design tasks apart from the main code, and those tasks required my intense supervision. The model, however, needs to reach a higher level of design stability before additional work by outside consultants on the user interface can be productive. An improved user interface is key to making the model accessible to other in the region.

As a result of these developments, I recommend delaying Olivia classes to the first quarter of 2007.

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