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August 15, 2006

MEMORANDUM

TO: Power Committee Members

FROM: Wally Gibson, Manager, System Analysis and Generation
John Fazio, Senior System Analyst

SUBJECT: Status of the Pilot Capacity Standard for the Northwest

The Resource Adequacy Forum's Steering Committee met on Friday July 28th to discuss a draft pilot capacity standard for the Northwest and a proposed implementation approach. The committee reached a consensus on the implementation approach but was unable to resolve all issues regarding the pilot capacity standard. In particular, the winter and summer targets were in question.

Given the heat wave and associated record high demands over the July 21st through July 24th period, the committee wanted to reconcile the discrepancy between the perceived "close call" with the apparent resource surplus in the region. An ad-hoc subcommittee consisting of staff from the Council, BPA and the Power Pool is preparing a report on the events of that day and their ramifications to the proposed adequacy standards.

The Forum's Technical Committee is meeting on August 23rd to review the ad-hoc committee's report and to reconsider its methodology for calculating capacity reserve and for setting planning targets. If all goes well, the Steering Committee will review a modified pilot capacity standard at its August 29th meeting and agree to forward it to the Council. If that occurs, staff will present the pilot capacity standard and the proposed implementation approach to the Council at its September meeting.

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