

April 28, 2006

## **Does Proposed Implementation Approach Reasonably Assure Regional Resource Adequacy Going Forward?**

### **Resource Adequacy Principles:**

1. It is important to have regional resource adequacy metrics and targets.
  - a. Develop energy metric and target that shapes WECC's energy assessment.
2. We should develop mechanism to assess whether regional RA metric and target is met.
  - a. One basic mechanism is a reporting process to get data from individual load serving entities for regional assessment.
  - b. This allows region-wide transparency and allows individual utilities to assess themselves with respect to their position in the Region.
3. There should be some mechanism reasonably to assure that the regional metric and target will be met going forward.
4. Don't trample on jurisdiction of states or prerogatives of individual utilities in planning and acquiring resources to meet load.

### **Are the following Mechanisms sufficient to meet the Forum's established Principles 2-4?**

1. Regional Awareness of Resource Adequacy Framework
  - Broad participation in Forum by IOUs, public utilities, State regulators & energy stakeholders
  - Consensus approach to development of assessment standard and implementation mechanisms
  - Adoption of adequacy standards by Council
2. Establishment of Confidential Reporting Process for Forecasted Loads & Resources
3. Regional Assessments Against Standards
  - Council to perform "top down" assessment
  - PNUCC to perform "bottom up" assessment
  - PNUCC & Council to reconcile any discrepancies

4. Compatibility of Assessments with NERC/WECC RA Requirements
  - Active PNW participation in WECC and NERC processes to ensure fit of Council-adopted metrics and targets with NERC Standard and WECC Resource Adequacy Guidelines
5. Highly Visible Regional Resource Adequacy Status Reporting
  - Green/yellow/red light reporting by Council and others if Regional Resource Adequacy Targets met or not
  - Strong utility and state awareness due to Council adoption and regional participation in PNW RA Forum
6. Utilities given nonbinding Guidance for Utility-Specific Interpretation of Regional Resource Adequacy Standard
7. State requirements to prepare Integrated Resource Plans (IRPs)
  - WA requires of all Utilities
  - OR & ID requires of IOUs
8. Council Power Plan provides further Guidance
9. If Yellow or Red Light on for Regional Resource Adequacy – Report which Regional Utilities Have Most Reliance on Spot Market
10. Utilities will face risk of High Spot Prices without BPA backup if they have Inadequate Supply
11. New BPA Contract Provisions:
  - Affirmation that publics understand their RA obligations and BPA will not provide short-term backup
  - 3-year notice requirements for Tier 2 service from BPA
  - Load and resource reporting requirement