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September 12, 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 Tuesday August 29<sup>th</sup> to discuss a draft pilot capacity standard for the Northwest. The committee was not ready to make a recommendation to the Council but felt that it could reach a decision before the Council's October meeting.

An ad-hoc subcommittee consisting of staff from the Council, BPA and the Power Pool was able to reconcile most of the perceived discrepancies between planning assumptions and the events of the July 24<sup>th</sup> heat wave. A summary of that analysis will be presented to the full Council later at this meeting.

The Steering Committee tentatively agreed on the proposed metric for the capacity standard and on the suggested methodology for setting capacity targets. Unresolved issues focused on the proposed summer target and on the assessment of current capacity surplus.

The committee felt that the proposed summer target of 12 percent was too low, especially given the recent events of July 24<sup>th</sup>. It was suggested that the summer target might have to be increased to account for factors other than temperature, such as, the effects of simultaneity of peak load events in the Northwest and the Southwest. Other key questions include how to count Independent Power Producer (IPP) generation and hydro flexibility in the adequacy assessment for summer.

The Steering Committee hopes to reach a consensus on a capacity standard at its next scheduled meeting on October 3<sup>rd</sup>.

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September 13, 2006

**TO:** Council Members

**FROM:** Wally Gibson

**SUBJECT:** Council Release of Draft Resource Adequacy Implementation Plan

The packet includes a draft Pacific Northwest Resource Adequacy Implementation Plan and a decision memo recommending it be released for public comment and later adoption by the Council. A suggested schedule for comment and Council decision is included in the decision memo.

Adoption of the proposed implementation plan would be the second important step in the region's progress toward ensuring resource adequacy. The first step was the Council's adoption in May of the energy adequacy standard. The third, which is close to completion, is the development of the capacity standard. The implementation plan proposed here is the key linkage between concept and action. The plan describes the role the Council will take and the actions it expects from others in the region.