Northwest Power and Conservation Council

November 3, 2005

MEMORANDUM

TO: Power Committee

FROM: Wally Gibson, John Fazio

SUBJECT: Resource Adequacy Update

The Northwest Resource Adequacy Steering Committee has had two meetings so far and the Technical Committee has had three. The Committee began with the principles from the previous meeting:

1. It is important to have a regional resource adequacy metric and target.
    a. Develop metric and target that will be used in 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.

Moving beyond that, the Committee agreed on the following approach at its last meeting:

1. Using a deterministic metric for the regional energy resource adequacy standard is appropriate, as long as it can be analytically correlated to a well-vetted and acceptable probabilistic metric (such as an LOLP).
2. The energy metric should be in the form of an annual energy load/resource balance.
3. The Steering Committee agreed on a methodology that links a probabilistic assessment to an annual load resource balance assuming the region will be able to rely on some level of winter surpluses from out-of-region. A process needs to be set up to assess the availability of out-of-region spot market supplies on a periodic basis. Thus, resource adequacy targets will be dynamic and calibrated on a periodic basis.
4. An energy target in the form of a specified adverse or critical hydro condition assuming average annual regional demand is appropriate. The effects of adverse weather

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conditions on demand and resources are explicitly modeled in the probabilistic assessment, which is then linked to the load/resource balance.

5. The capacity metric for hydro should be in terms of sustained peaking capability of the system.

All Adequacy Forum meeting materials and notes are available on the Council's website at http://www.nwcouncil.org/energy/resource/Default.asp .

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