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October 18, 2006

## MEMORANDUM

**TO:** Council Members  
**FROM:** John Fazio, Senior System Analyst  
**SUBJECT:** Power Supply Outlook for 2006-07

The Northwest's power supply is currently about 2,400 average megawatts surplus, on average. Since 1999, when the region was about 4,000 average megawatts deficit, the region has lost about 10 percent of its demand and has gained about 15 percent in generating capability. That translates into about a 6,400 average megawatt swing.

The current energy adequacy standard (adopted by the Council in May of 2006) requires the region to maintain at least a balance between resources and loads on an annual basis. The standard, however, includes a 1,500 average megawatt planning adjustment, which is added to the resources. So, the current assessment, relative to the energy standard, shows that the region is about 3,900 average megawatts above the target. That assessment is based on critical hydro conditions, so even a repeat of the driest year on record would not be cause for alarm. However, the assessment does count all uncontracted IPP generation, which totals about 3,000 average megawatts.

The heat wave of July 21<sup>st</sup>-24<sup>th</sup> of this year gave us a wonderful opportunity to see how our power supply holds up on a capacity basis. The Council has already been briefed on the events of that period but the key observation was that the region got through that day without any utility in the region cutting into its operating reserves. That event is technically out of the range of the 1-in-20 year planning criterion used in the development of the pilot capacity standard. The proposed pilot capacity targets would require the power supply to carry a 25 percent capacity reserve in winter and a 19 percent reserve in summer. Currently the system's winter reserve margin is 41 percent and the summer margin is 28 percent, both well above the targets.

Forecasts for snowpack and river flows for this coming year will not be available until late December but the region is well above the adequacy targets and should have no problems if cold snaps or heat waves hit us again over this next year. Any new information regarding the power supply outlook that becomes available between the packet due date and October 18<sup>th</sup> will be presented at the Council meeting.

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