

NWPP Members' Market Assessment and Coordination Initiative Update

NWPP MC Public Update Meeting

April 17, 2015

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NWPP MC Moving Forward!

- Launched Phase 4 on April 1
- Continuing pivot from policy to action
- Focus on immediate, tangible operational enhancements that can bring real and durable value to Northwest power and transmission customers
- Phased, pragmatic approach makes sense for customers
 - Reduces risk of unintended consequences
 - Promotes sustainable, reliable outcomes
 - Two modules already implemented
- Member SMEs off and running on new modules!

MC Drivers and Approach Unchanged

- Address growing operational and commercial challenges affecting regional power system:
 - reliably and efficiently manage transmission constraints and impacts of variable energy resources
 - efficiently and equitably access regional balancing diversity and capabilities
- Proposed infrastructure upgrades and market-based solutions must meet these objectives while respecting unique attributes of the NWPP MC footprint, including:
 - prevalence of extensive coordinated hydro-thermal generating systems
 - multiple transmission provider environment
 - tightly correlated variable energy resource projects
 - overlapping transmission systems
 - significant market presence of non-jurisdictional entities

NWPP MC Initiative – Phase 3 Results

- **Operational tools development**
 - Implemented regional data sharing consolidation through Peak Reliability
 - Implemented Regional Flow Forecast tool in live production environment for reliability entities, testing for merchant entities
 - Testing Resource Monitoring and Deliverability tool in off-line table-tops to support Resource Sufficiency policy efforts
 - Tools will be leveraged by Phase 4 teams to deliver incremental value across platforms

NWPP MC Initiative – Phase 3 Results

- **Bilateral market assessments**
 - Performed field testing of existing 15-min market opportunities
 - Supported ancillary services market reform resulting in FERC’s WSPP Schedule D/E approval as follow-up to their Order 784 outcomes
- **Security Constrained Economic Dispatch (SCED) market detail development**
 - Finalized NWPP MC SCED design protocols for 5-min market
 - Addressed member concerns related to installing a locational marginal pricing market on top of existing Open Access Transmission Tariff requirements
 - Identified operational gaps between current and future paradigms to proactively address reliability concerns
 - Explored supplemental programs to access balancing reserves diversity

NWPP MC Initiative – Phase 3 Results

- **SCED market operator RFP issuance and response review**
 - Detailed responses received, neither supported a go-forward decision from members
 - RFP closed while workgroups explore other alternatives with respondents
- **Regulatory due diligence activity**
 - Completed significant regulatory scoping, including drafting of FERC Petition for Declaratory Order
 - Engaged in comprehensive dialogue with regulators on SCED design and entity concerns

NWPP MC Initiative – Phase 3 Results

- **Tangible intangibles**
 - 150+ subject matter experts from member utilities engaged over 12-month period to solve challenges unique to NWPP MC footprint
 - Monthly Executive Committee meetings held to unite regional leaders on common purpose and direct program objectives based on member and customer needs
 - Completed objectives \$1M under budget, which allowed further investment in operational tools for 2015
 - Developed path forward (Phase 4) that supports maximizing member and customer value long-term

NWPP MC Phase 4 Activities

- **Focus on implementation**
 - Regionally tailored to system needs
 - Operations- and market-based modules
 - Modular approach where each incremental step provides value to customers, and cost/benefits assessed at each step
 - Options to be evaluated prior to next-steps commitment
- **MC organization in 2015**
 - Includes all Phase 3 NWPP MC members except PacifiCorp, Grant County PUD, and Clark County PUD
 - \$2M spending authority committed through December 2015
 - Will explore options for permanent organization to meet MC member needs beyond Phase 4, including funding and board oversight for SCED and operational tools

NWPP MC Major Deliverables

Phase 4 Kickoff – April-May 2015

- Module 1: Regional Flow Forecast Tool
- Module 2: Resource Monitoring and Deliverability Tool
- Module 3: Resource Sufficiency Program to support Modules 4,5,6,8
- Module 4: 15 Minute Economic Dispatch
- Module 5: Regulation Diversity
- Module 6: Balancing Reserves Diversity
- Module 7: TSP/TOP Coordination Opportunities
- Module 8: Security Constrained Economic Dispatch (15-min, 5-min)

- All modules designed to be complementary and lead to a reliable, efficient operations and marketing paradigm for the region

Questions?

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<http://www.nwpp.org/documents/MC-Public/>

NWPP MC Initiative 2012 and Beyond

Collaborating to deliver near- and long-term benefits to NWPP MC members and their customers by enhancing the reliability and efficiency of meeting the region's power needs while preserving local decision making now and in the future.

