

# RESOURCE ADEQUACY PROGRAM

## *STAKEHOLDER ADVISORY*

### *COMMITTEE*

January 27, 2020 1:00 - 4:30 pm

NWPP Offices - Portland, Oregon

# AGENDA

- › Introductions and Resource Adequacy Project Overview
- › Purpose and Role of the Stakeholder Advisory Committee
- › Resource Adequacy Program and Preliminary Design Overview
- › Future Meeting Topics and 2020 Meeting Schedule

# OVERVIEW OF THE NWPP AND THE RESOURCE ADEQUACY PROGRAM DEVELOPMENT PROJECT

***PRESENTER: FRANK AFRANJI (PRESIDENT NWPP)***

# WHAT IS THE NORTHWEST POWER POOL?

- › The Northwest Power Pool (NWPP) Corporation assures Member organizations achieve maximum benefits of coordinated operations
- › Core values: customer-driven, relationship-based, independent and operating with great integrity

# WHAT IS THE NORTHWEST POWER POOL?

- › The NWPP Membership is a voluntary organization and is made up of the following members:

## **Members include:**

- › Alberta Electric System Operator, Avangrid, Avista, BANC, BC Hydro, BPA, Calpine, Chelan PUD, Columbia Grid, Cowlitz PUD, Douglas County PUD, Energy Keepers, Inc. EWEB, Fortis BC, Grant PUD, Grid Force, Idaho Power, NaturEner, NorthWestern Energy, NV Energy, PacifiCorp, Pend Orielle PUD, Perennial Power, PGE, Powerex, Xcel Energy, Puget Sound Energy, Seattle City Light, Snohomish County PUD, Tacoma Power, Turlock Irrigation District, US Army Corps of Engineers, US Department of the Interior Bureau of Reclamation, Western Area Power Administration.

## WHY THE NORTHWEST POWER POOL?

- › The Northwest Power Pool was established in 1941 and since that time has been coordinating resources to maximize efficient electricity production
- › The NWPP today coordinates a number of different programs essential to the reliable operation of the NW power grid including:

*Reserve sharing program*

*Pacific Northwest Coordination Agreement*

*Western Frequency Response Sharing Group*

## Background/Identified Needs

- › The NWPP report: Exploring a Resource Adequacy Program in the Northwest, 2019 includes two primary conclusions:
  1. The region may begin to experience shortages as soon as next year
  2. By the mid-2020s, the region may face a capacity deficit of thousands of megawatts. Deficits of that magnitude may result in both extraordinary price volatility and unacceptable loss-of-load
  
- › As a result of this analysis, the NWPP and its member utilities are moving forward to design an RA program for NWPP member utilities

## **Program Participants**

- › A total of 18 NWPP members have committed to fund the next phase of the program's development

### **Funding members include:**

- › Avista, B.C. Hydro/Powerex, BPA, Chelan PUD, Douglas PUD, EWEB, Grant PUD, Idaho Power, Northwestern Energy, NV Energy, PacifiCorp, Portland General Electric, Puget Sound Energy, SMUD/Banc, Seattle City Light, Snohomish PUD, Tacoma Power, Turlock Irrigation District



## How will the RA program function?

- › Resource Adequacy looks out 1 – 4 years to ensure adequate resource capability is available to meet customer demand
- › In a large portion of the NWPP footprint, utilities manage Resource Adequacy individually and with different methods. An RA Program would allow utilities to forecast and manage Resource Adequacy in a coordinated manner
- › The RA program will respect local autonomy over investment decisions and operations and will continue to respect the rights and characteristics of individual utilities, transmission service providers, BAs and other entities
- › The RA Program will be voluntary to join, but once a utility joins, it will be contractually committed to the requirements of the RA Program

# STAKEHOLDER ADVISORY COMMITTEE

*PRESENTERS: SARAH EDMONDS (PORTLAND GENERAL  
ELECTRIC) SUSAN ACKERMAN (EWEB)*

# PURPOSE/ROLE

- › Stakeholder engagement is essential to the success of this effort
- › Stakeholder committee is advisory to the NWPP RA program steering committee, members will bring expertise/unique perspectives of their organizations to provide feedback to steering committee on program design
- › Stakeholder advisory committee may socialize/communicate with their sectors regarding program design



Committees exist within the NWPP



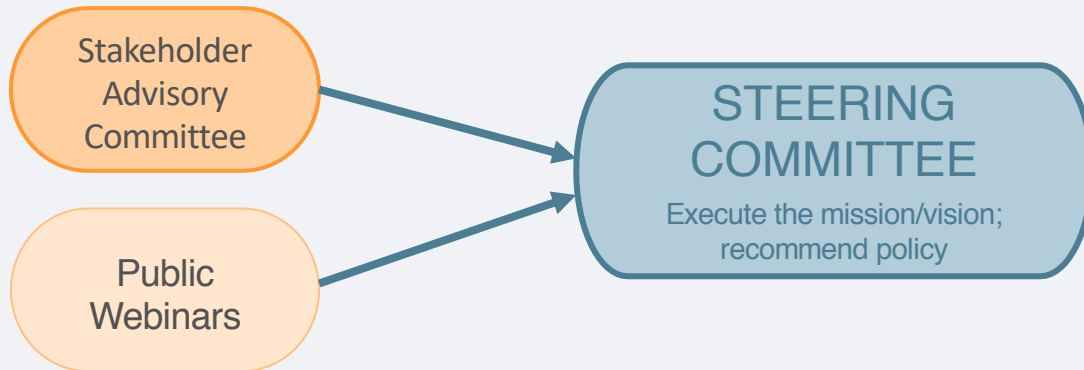
### **EXECUTIVE COMMITTEE**

Set mission/vision; approve policy decisions

### **EXECUTIVE ADVISORY COMMITTEE**

Sounding board / program champions

**FRANK AFRANJI**



# RESOURCE ADEQUACY PROGRAM AND PRELIMINARY DESIGN OVERVIEW

*PRESENTERS: CATHY KIM (PORTLAND GENERAL  
ELECTRIC)*

*GREGG CARRINGTON (CHELAN PUD)*

*PROJECT*

# OVERVIEW OF PROJECT TIMELINE

**Phase 1:  
Information  
Gathering  
(concluded  
Oct. 2019)**

**Phase 2A:  
Preliminary  
Design  
Phase  
(Early  
2020)**

**Phase 2B:  
Detailed  
Design  
(Late 2020)**

**Phase 3:  
Implement  
ation Work  
(2021)**

PRELIMINARY  
DESIGN:  
PHASE 2A

- » Proposal for RA Program entity type and organizational structure and governance
- » Technical design elements options identified, analyzed, and proposed
- » Stakeholder engagement: create stakeholder advisory committee and hold public webinars
- » Phase is completed when: NWPP funding members sign on to preliminary program design proposal and agree to fund Phase 2B: Detailed Design

# STEERING COMMITTEE CHARTER - PROGRAM DESIGN OBJECTIVES

1. Ensure that Balancing Authorities (BAs) and Load Serving Entities (LSEs) can continue to operate safely, efficiently, and reliably
2. Ensure that the recommended RA Program and its components delivers investment savings through diversity benefits
3. Ensure RA Program respects local autonomy over investment decisions and operations and continues to respect the rights and characteristics of individual utilities, transmission service providers, BAs and other entities through program design



# STEERING COMMITTEE CHARTER - PROGRAM DESIGN OBJECTIVES

4. Make recommendations that are acceptable within the current and evolving regulations and requirements of each applicable federal, state, and local jurisdiction
5. Ensure that the participation, evaluation and qualification of resources is technology neutral
6. Ensure that all products and services transacted to meet the requirements of the RA Program are well defined, voluntarily transacted through existing competitive market frameworks and accurately tracked

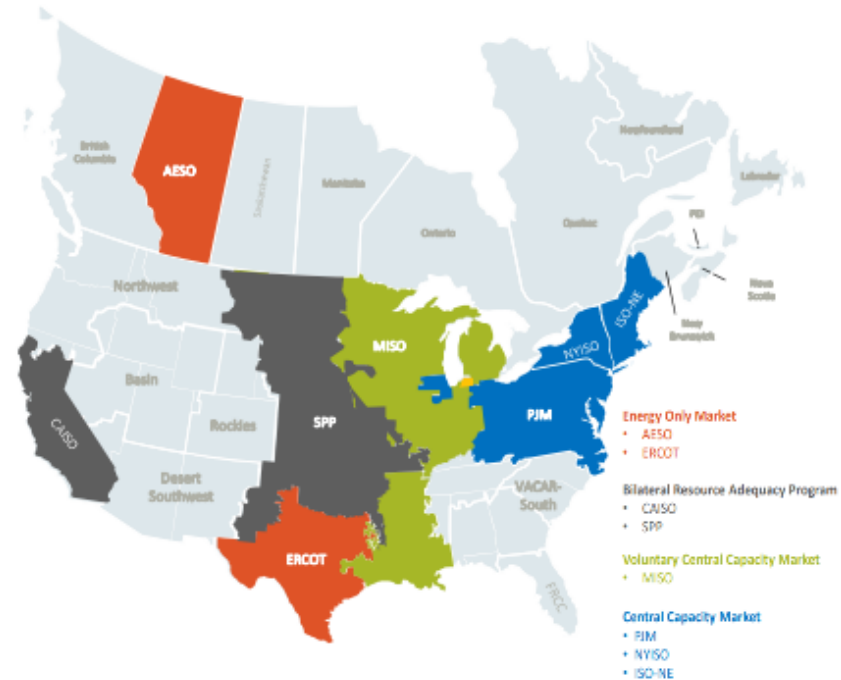
# STEERING COMMITTEE CHARTER - PROGRAM DESIGN OBJECTIVES

7. Ensure that the proposed RA Program can be extended to other regions in the West
8. Ensure that entities that voluntarily choose to participate in the RA Program equitably pay and receive benefits for services provided by the program
9. Ensure the RA Program provides efficient long-term investment signals as well as a process for exit and entry of resources

# STEERING COMMITTEE EFFORT

## PROGRAM DESIGN ELEMENTS

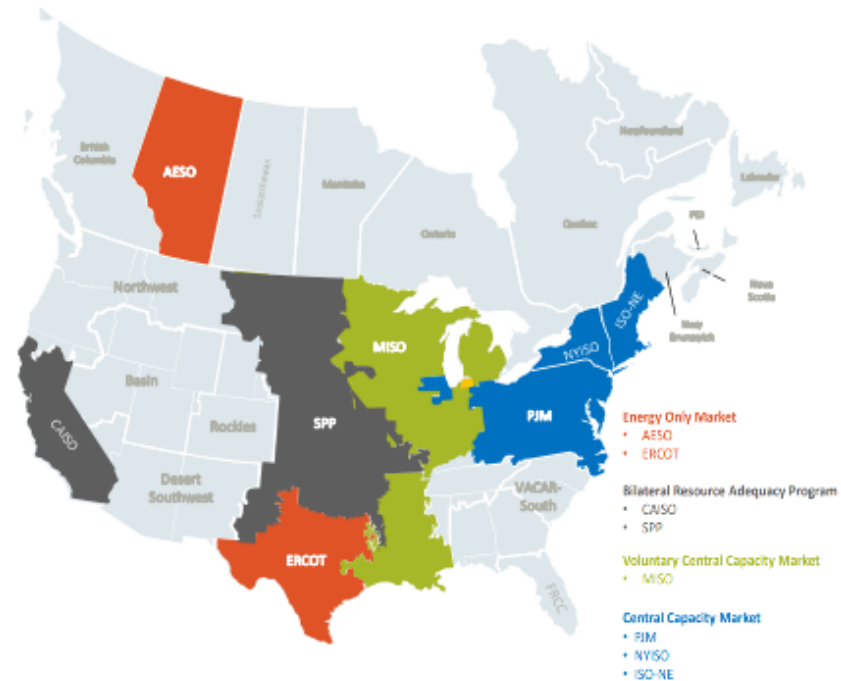
- › A program design element work group was formed from the Steering Committee (SC) members to identify key program design elements
- › The working group reviewed and compared RA requirements in other North American RA markets and capacity programs
- › Key RA program design elements were identified, defined and evaluated around the unique elements specific to the NWPP region



# STEERING COMMITTEE EFFORT

## PROGRAM DESIGN ELEMENTS

- › The initial focus was to compare and contrast these identified design elements, referencing the CAISO and SPP RA programs
- › The SC group held several face-to-face meetings to further understand and investigate into these design elements that will be incorporated into our detailed modelling design (Phase 2B) and final NWPP RA program



# EVALUATING THE RA FRAMEWORK

Program Participation	Program Design	Program Administration	Structural Framework	Regulatory Framework
<ul style="list-style-type: none"> <li>› NWPP footprint</li> <li>› BA/LSEs, IPPs, IOUs, PUDs</li> <li>› Voluntary entry and program commitment</li> <li>› Compliance obligation</li> </ul>	<ul style="list-style-type: none"> <li>› Standardized regional RA metrics</li> <li>› Forward showing period</li> <li>› Rules and bylaws</li> <li>› Operating program to unlock diversity benefits/ investment savings</li> </ul>	<ul style="list-style-type: none"> <li>› Centralized entity administrating and executing the RA program</li> <li>› Validates annual showings and deficiencies</li> <li>› Enforces the program</li> <li>› Includes an independent evaluator process</li> </ul>	<ul style="list-style-type: none"> <li>› Understanding the legal framework and government structure</li> </ul>	<ul style="list-style-type: none"> <li>› Ensuring regulation meets state and federal jurisdiction</li> <li>› Regulators and stakeholders gain insight into the regions RA position</li> </ul>

# NEXT STEPS IN PHASE 2A

Meet RA  
Industry  
Experts

Structural  
and Legal  
Review

Review and  
update initial  
modelling  
efforts

Incorporate  
Advisory  
Committee  
feedback

Finalizing  
Key RA  
Design  
Elements &  
Operational  
Benefits

Prep for Key  
Decisions for  
next phase -  
funding, RFPs  
(Program  
Administrator,  
Detailed Design  
model, Independent  
Program Evaluator)

**SEE HANDOUT**

# QUESTIONS?



# FUTURE MEETING TOPICS AND SCHEDULE

*PRESENTERS: SARAH EDMONDS (PORTLAND GENERAL  
ELECTRIC) SUSAN ACKERMAN (EWEB)*

# FUTURE MEETING TOPICS

- › Steering Committee straw proposal on program design elements
- › Specialized work groups: topics, timing, scope of work
- › Topics for follow-up discussion from today's meeting?
- › What else?

# 2020 ADVISORY COMMITTEE MEETING SCHEDULE

- › 5 meetings in 2020: Jan, April, June, September, December
- › April: week of 6-10th
- › June: week of 15-19th
- › September: week of 14-18th
- › December: week of 14-18th

**THANK YOU**