

WESTERN RESOURCE ADEQUACY PROGRAM

PUBLIC WEBINAR ADDRESSING STAKEHOLDER
COMMENTS ON PHASE 2B DETAILED DESIGN DOCUMENT

NOVEMBER 17, 2021



AGENDA

- » Phase 3A
- » Detailed Design Comments
- » How to Stay Involved
- » Wrap up



PHASE 3A

DETAILED DESIGN COMMENTS

HOW TO STAY INVOLVED

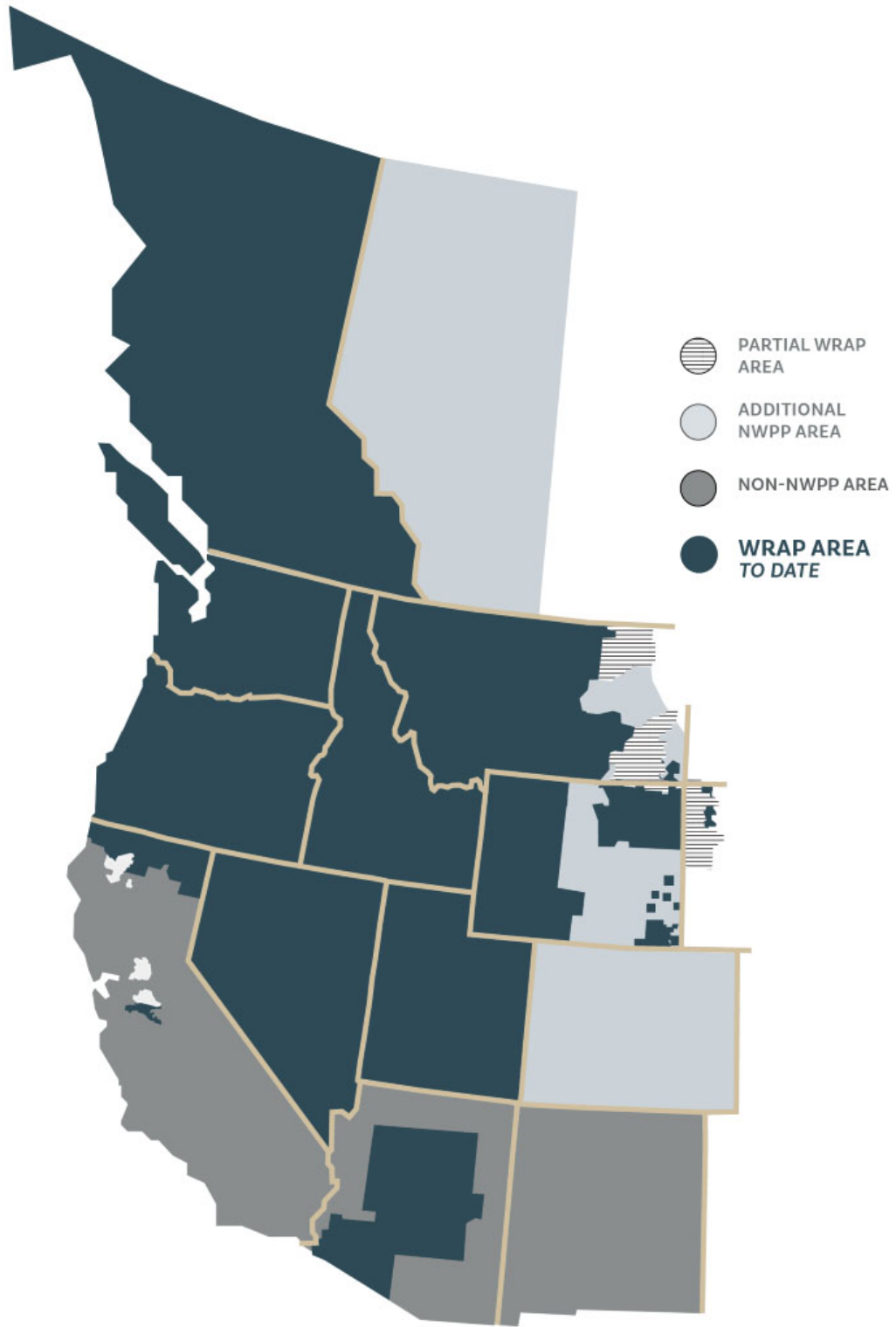
WRAP UP

- » Phase 3A began Oct 1
- » Runs through Dec 2022
- » 26 Participants so far
- » Approximately 75,540 MWs of peak season P50 load
- » Data collection for participating entities by Nov 8
- » Aiming for first compliance showing for Winter 2022-2023 on May 15, 2021



INITIAL PHASE 3A PARTICIPANTS

- APS
- AVANGRID
- AVISTA
- BLACK HILLS
- BASIN ELECTRIC
- BPA
- CALPINE
- CHELAN PUD
- CLATSKANIE PUD
- DOUGLAS PUD
- EWEB
- GRANT PUD
- IDAHO POWER
- NORTHWESTERN
- NV ENERGY
- PACIFICORP
- PGE
- POWEREX
- PSE
- SCL
- SHELL
- SNOHOMISH PUD
- SRP
- TACOMA POWER
- TEA
- TID



COMMENTS ON PHASE 2B DETAILED DESIGN DOCUMENT

PHASE 3A

DETAILED
DESIGN
COMMENTS

HOW TO STAY
INVOLVED

WRAP UP

- » Received comments from Stakeholders
- » Summary of comments and response here
- » Comments on transmission will be discussed in another venue – see next slide



TRANSMISSION STAKEHOLDER COMMENTS

- Reach out to stakeholders who submitted comments on Transmission for:
 - › *A dialogue on their questions, comments, or concerns and to provide context from 2B design discussions*
 - › *Further inform stakeholders on the details of design recommendations, including how the proposal will be applied in practice and rationale for the approach*
- Produce a Q&A to respond directly to many of the comments received specifically on Transmission, as well as feedback collected in direct outreach
- Host additional Transmission-focused webinar as transmission punch list items are reviewed:
 - › *2nd Transmission Hub - discussions underway*
 - › *Showing requirements - discussion planned*

We recognize that this is a difficult topic in the region - including for WRAP

- Proposal balances showing deliverability of resources to load while being workable for participants in the context of the existing tariffs, business practices, and processes
- Not intended to address other important transmission topics (transmission planning or TSP's roles and responsibilities)

GOVERNANCE

Program Review Committee (PRC) / Nominating Committee (NC)

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| Comment Summary | RAPC Response |
|---|--|
| Request a role for non-LRE BPA customers in governance structure (e.g., PNGC, PPC, NRU) as well as other public power customers | Proposal to add a “Wholesale customer non-participant advocacy groups” to the NC and PRC. Currently evaluating “non-participant” element of definition. |
| Request more equal representation for stakeholders on PRC and Nominating Committee | Proposal to add “Wholesale customer non-participant advocacy groups” and clarify the non-RAPC seats. Currently evaluating whether to add “Industrial customer advocacy group” to these committees and overall committee balance. |
| Request more details on “high priority issues” that would get fast tracked without PRC review | Proposed clarification: Exigent design changes (e.g., those mandated by FERC order, those with immediate reliability impacts, with significant impacts to utility service) |



GOVERNANCE

BOARD OF DIRECTORS (BOD)

Comment Summary

RAPC Response

Board should proactively approve design changes

Proposed language to clarify process to make clear that BOD proactively approves changes and any actions approved by RAPC can also be petitioned for deliberation before the BOD for ultimate resolution

The ability of any stakeholder to appeal decisions to the board is very important and more details on this process should be shared

New language proposed clarifying appeals process. All stakeholders will have the ability to appeal to the BOD provided the appeal request is sufficiently documented and has been previously raised to RAPC.

GOVERNANCE

BOARD OF DIRECTORS (BOD)

Comment Summary

RAPC Response

NWPP CEO should be non-voting member of the board

This issue is under review

New NWPP board oversees NWPP and the WRAP (some comments in support, some comment against)

The Independent BOD will oversee all of the NWPP, including the WRAP

GOVERNANCE

Independent Evaluators (IE)

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| Comment Summary | RAPC Response |
|---|--|
| Role of independent evaluator is important and should be further defined | Further development of this role is underway |
| IE should have access to substantive data to conduct evaluation of QCC methodology and values | IE proposed to have access to all program data, subject to NDA |
| Suggest creating a specific trigger event scenario which would entail a closer look and data transparency for the IE to conduct an analysis | IE proposed to have access to all program data, subject to NDA |



GOVERNANCE

RA PARTICIPANT COMMITTEE (RAPC)

Comment Summary

RAPC Response

Open meetings of RAPC, predefined strict set of circumstances for closed meetings

RAPC meetings will generally be open. Additional text added to clarify when attendance may be limited. However, the RAPC may limit attendance during specific portions of a meeting by an affirmative vote of the RAPC in order to discuss issues that require confidentiality, such as other security-sensitive information

The supermajority voting requirement on the RAPC may stifle the ability to adapt to changing market conditions or evolving business models. A simple majority or 60 percent supermajority may better serve the region

Plan to maintain the voting threshold as proposed.

GOVERNANCE

OTHER TOPICS

Comment Summary

RAPC Response

Many states and some stakeholders recommend states have Section 205 filing rights, others advise against this

Currently under discussion with the states through WEIB-facilitated workshops

Critical to ensure there are no financial ties to the program operator and any program governed by the BOD other than operation of the RA program itself. Language should be included that ensures individuals with leadership positions in programs governed by the BOD do not have any ties to the PO

Agreed – updated language added to clarify this

GOVERNANCE

Other Topics

| Comment Summary | RAPC Response |
|---|--|
| Transparency: request transparent data sharing to the extent possible | See Data Sharing memo and Stakeholder Advisory Committee slides from 10/26 for more information |
| Evaluate seams between state regulations and WRAP | Working with state representatives via the WIEB workshops to consider how state representatives will interface with the WRAP. |
| Urge strict firewalls and backstops are created between NWPP programs to ensure that any entity with a financial interest in one or more NWPP governed programs are not allowed undue influence over the WRAP | Existing NWPP programs are member-governed under a variety of different governance structures. The NWPP will be governed by the independent board. |



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QUALIFYING CAPACITY CONTRIBUTIONS (QCC)

Comment Summary

RAPC Response

Suggests using a publicly available historical hourly meteorological dataset for wind to provide a uniform framework for data collection and analysis. Suggest requiring the same source or use of publicly available sources to develop synthesized profiles to calculate the ELCC values for solar, wind and VER component of hybrid resources

Planning to use historical performance data. Use of meteorological data to approximate solar/wind would be time intensive and potentially subject to assumption/error. PO will validate participant-submitted data.

Recommend that ELCC values should be calculated with more than 3 years of data for VERs

3-years of data is a minimum requirement. More than three years (as a minimum) raised concerns with data availability. More data will be available as VERs and program age, and additional years will be used as available.

QUALIFYING CAPACITY CONTRIBUTIONS (QCC)

| Comment Summary | RAPC Response |
|---|--|
| High interest in development of VER zones and stakeholders having an opportunity for input | This is a topic teed up for discussion with RAPC in the next two months. We will ensure there is opportunity to further discuss the proposed VER zones and approach before the program moves to binding. |
| Resources outside of participating BAAs should be eligible for QCC | Yes – any resource providing generation to participants will be expected to go through the registration process with the PO. While this isn't an immediately available option while we work through implementing the non-binding, we'll let stakeholders know when we're able to open up the registration process (before we move to the binding program). |
| Recommend including the worst-performing year in the dataset to evaluate capacity contribution of thermal resources | Program proposed excluding the worst of the last 6 years of data to ensure catastrophic events were not unduly decreasing QCCs. Removes subjectivity from the PO as to which events are considered catastrophic. |

STORAGE HYDRO

Comment Summary

RAPC Response

Storage hydro – use more than 10 years of data for long-duration capacity

Committed to doing a sensitivity analysis to understand the impact of lower critical water.

Storage Hydro – clarify how encroachments are treated

The storage hydro tool can model power as a function of elevation or discharge. The impact of encroachments on generating capacity is partially accounted for in this relationship. The delivery of encroachment is not presumed to be from any given project and could be sourced from the market so does not impact QCC.

STORAGE HYDRO

Comment Summary

Recommend a footnote providing more examples of what stress case analysis could look at in examining very high loads/low water scenario: “For example, the PO could use a current year proxy for the “Siberian Express” weather event which occurred in early February 1989, where Puget Sound area temperatures were at single digits for 4-5 days continuously and several hydro generators in northern British Columbia were frozen.”

RAPC Response

Noting this comment for when we perform this sensitivity analysis; not making changes to the design document at this time.

OTHER TOPICS

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Comment Summary

RAPC Response

Believe penalties and pricing mechanisms may result in adverse incentives

Have carefully considered the penalties and pricing mechanisms for this reason but will watch carefully in non-binding programs.

Concern that the “hold back” requirements will have an impact bilateral markets, especially on non-participants such as CAISO and other LSEs, by restricting access to available excess capacity to only participants

The WRAP needs to ensure capacity is available during events, which are hopefully limited in number for the year, otherwise the program doesn’t work. The WRAP will free up excess capacity after calculation and forecast to be used in other markets both in DA and RT (hourly).



OTHER TOPICS

Comment Summary

Energy constraint modeling (if not included in WRAP, WA IOUs will perform individually)

WRAP should establish an independent committee to incorporate the effects of global warming on load forecasts and resource performance during Phase 3A.

RAPC Response

Have discussed considering energy constraints in more detail after capacity program is stood up, understand there is a need; focusing on the capacity program as a foundation to build upon.

During Phase 3A, the PO and RAPC will be developing a methodology for ensuring participants provide consistent, objective load forecasts – will consider this suggestion when working on this methodology in 2022.

PHASE 3A

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OTHER TOPICS

| Comment Summary | RAPC Response |
|--|--|
| Request to provide program at lowest possible cost | Balance of cost and quantity/quality – we are attempting to keep costs down while ensuring a reliable program. |

PROGRAM REVIEW COMMITTEE

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- » The Program Review Committee (PRC) is a sector representative group charged with receiving, considering, and proposing design changes to the WRAP
- » Clearing house for all recommended design changes not specifically identified as time-sensitive or of high RAPC priority
- » These recommended changes could come from Participants, the BOD, other committees, stakeholders, the public, etc.
- » The PRC will be staffed with facilitation support from the NWPP and program design/technical support from the PO
- » The PRC will establish a process and criteria for receiving design update recommendations



PRC TIMELINE

Nov – Jan 2022: Identify PRC representatives

Jan – June: Set up PRC management

- Chartering

- › *Define additional detail about processes and procedures*
- › *Elect a chair/vice chair*
- › *Propose this charter to RAPC for approval*

- Public Comment Process Definition

- › *Refine technology needs, screening mechanisms*
- › *Plan to provide straw proposals and work with PRC to create workable solutions under their guidance*
- › *Propose to RAPC for approval*

NOMINATING COMMITTEE

- » The members of the BOD will be selected by an NC comprised of certain stakeholder representatives
- » The NC is responsible for nominating and selecting BOD members and recommending compensation for the BOD
- » The NC will be comprised of 13 individuals from stakeholder sectors
- » Makeup of NC reviewed previously in governance section

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NOMINATING COMMITTEE TIMELINE

- » Dec 2021 - Jan 2022: Identify NC members
- » Feb 2022: clarify NC processes/procedures (for approval by RAPC)
- » March 2022: Engage with BOD recruiting firm
- » March – April 2022: NC proposes a ‘spec’ for the new board (additional detail on who is a good candidate, screening process, balance of backgrounds, etc.) – for feedback/approval from RAPC and current BOD
- » May – Oct 2022: Recruiter finds candidates, reviews, screens
- » Nov 2022 – Jan 2023: NC reviews candidates, proposes slate to existing BOD
- » Early 2023: Existing BOD has approved a new BOD slate

NOMINATING COMMITTEE TIMELINE



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WRAP UP

- » Thank you for providing comments on the design
- » Looking forward to standing up PRC and Nominating Committee
- » Plan to provide quarterly public webinars beginning in 2022 to continue engaging and providing updates to interested stakeholders with time set aside for input, questions, and discussion



THANK YOU

*CONTACT INFO AT NWPP
WRAP@NWPP.ORG*

*REBECCA SEXTON – REBECCA.SEXTON@NWPP.ORG
MAYA McNICHOL – MAYA.McNICHOL@NWPP.ORG*

