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MEMORANDUM

TO: Power Committee members

FROM: John Fazio, Senior Power System Analyst

SUBJECT: Draft Power Plan Chapter 10: Regional Adequacy Standards

A draft version of the Sixth Power Plan's Chapter 10 (*Regional Adequacy Standards*) is attached for the committee's review and comments.

This chapter describes the Council's recently adopted Northwest adequacy standard and the motivation for its development. It identifies the difference between physical and economic adequacy and between utility and regional perspectives. It also identifies the standard's role in the development of the power plan, which is twofold:

1. To act as an early warning system for the region should resource development fall dangerously short relative to demand and
2. To provide a physical (minimum) threshold test for any future resource strategy.

Current assessments indicate that the region will be above the physical thresholds through 2013. However, this minimum threshold should not be misrepresented as a resource planning target. That target or resource acquisition strategy will be developed in the power plan and should yield a higher level of resource development. Utilities and Bonneville should continue to develop their own plans using integrated resource planning tools. Regional utility plans will then be compared, in aggregate, to the Council's strategy.

Appendix A includes an outline of Chapter 10 and Appendix B lists potential action items related to this topic.

Appendix A
Regional Adequacy Standards
Outline

I. Summary

II. Background

- A. Motivation for developing a new Standard
- B. Historical Approach
- C. Adequacy Assessments Efforts Outside of the Northwest

III. The Pacific Northwest Adequacy Standard

- A. The Pacific Northwest Resource Adequacy Forum
- B. Physical vs. Economic Needs
- C. Defining the Resource Adequacy Standard
 - 1. Annual (Energy) Needs
 - 2. Hourly (Capacity) Needs
- D. Implementing the Standard
- E. Working with other Entities

IV. The Adequacy of the Northwest Power Supply

- A. Current Assessment
- B. Two Perspectives: Utility and Regional

V. Methodology

- A. Analytical Tools
- B. Reliance on Market Resources
- C. Translating the Adequacy Standard into a Simpler Measure

Appendix B
Related Action Items for the Sixth Power Plan

1. Continue to work with Pacific Northwest entities to review demand and resource data and to standardize reporting, whenever possible.
2. Provide an annual assessment of the Pacific Northwest's power supply's adequacy.
3. Continue to monitor adequacy assessment methodologies in other regions.
4. Periodically review the Pacific Northwest's adequacy assessment methodology and amend the standard, whenever appropriate.
5. Work with WECC to incorporate Pacific Northwest adequacy metrics and assessments into its analyses and reports.