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November 27, 2012

MEMORANDUM

TO: Power Committee Members

FROM: John Fazio, Senior Systems Analyst

SUBJECT: Recommendation on Resource Adequacy Forum results

The power committee was briefed on the Resource Adequacy Forum's assessment of the power supply adequacy for 2017 at its November meeting. At that time, the Forum had released its findings but was still finalizing its summary report. At today's meeting the power committee will have an opportunity to review the forum's final report and then pass its recommendation on to the full Council. The report is included in the Council packet, with a synopsis below.

The last official adequacy assessment, which was adopted as part of the Council's Sixth power plan, indicated that the power supply in 2015 was on the cusp of becoming inadequate. Since that assessment, resource and load data have been updated. The most significant change has been an increased uncertainty in the availability of the Southwest surplus market, which the Northwest depends on, mostly in winter, as an alternative to more expensive resources.

The Council measures adequacy as the probability that the power supply will not be able to meet electricity loads. This measure is referred to as a loss of load probability (LOLP) and the Council has set a maximum limit on that probability of 5 percent. The loss of load probability for 2017 is expected to be 6.6 percent - above the adequacy limit. But all this really means is that counting only on existing resources in addition to the expected efficiency savings outlined in the Council's Sixth plan will not be sufficient to keep the likelihood of curtailments below the agreed upon tolerance level.

Further analysis by the forum indicates that adding 350 megawatts of dispatchable generation capacity or lowering the 2017 annual load by 300 average megawatts would bring the adequacy level back within the tolerance limit. In aggregate, utility integrated resource plans show a much higher level of potential new resource development through 2017.