

Plan Issues: Regional Surplus

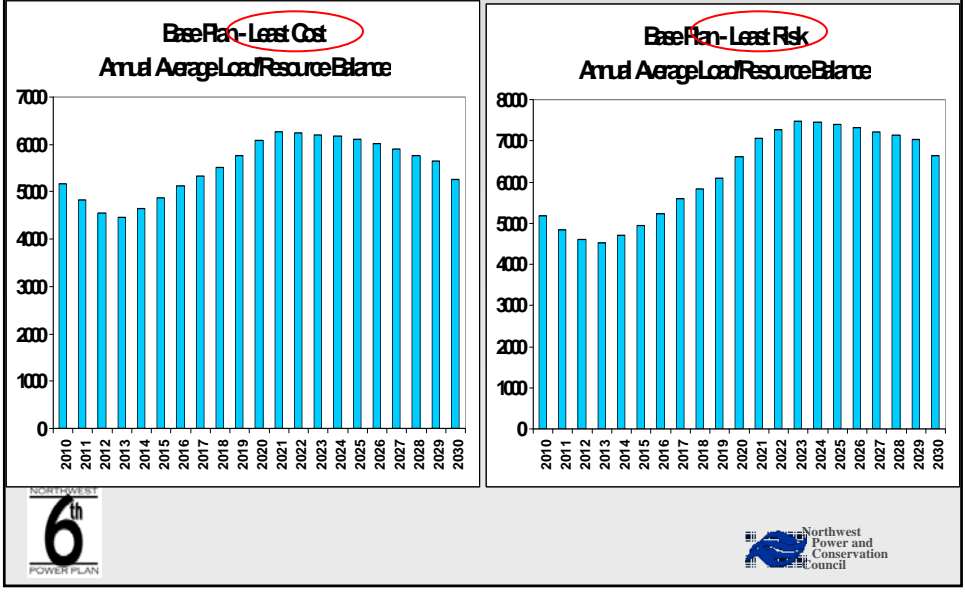


What is the Issue?

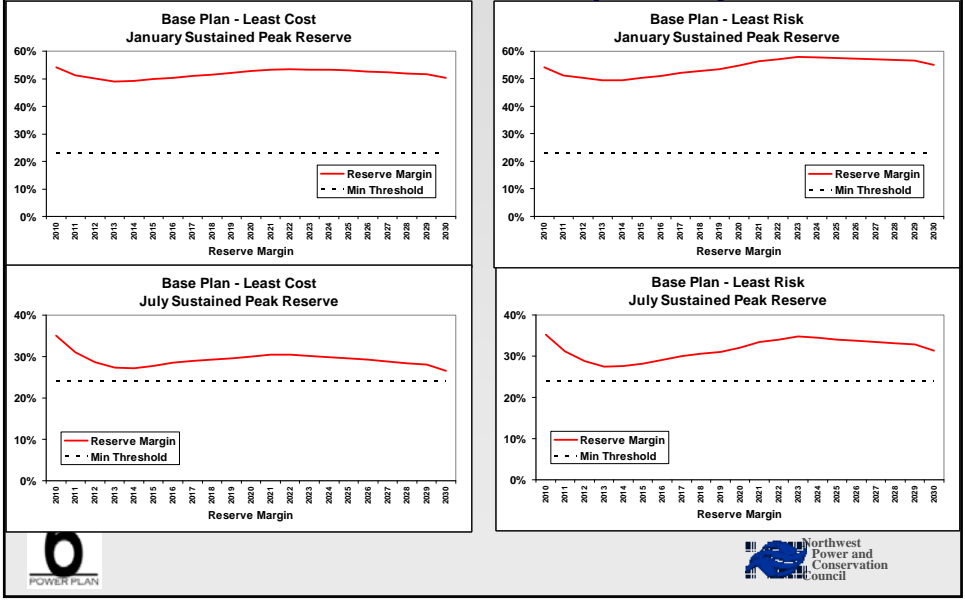
- Some have expressed concern about the surplus that is included in the plan
 - Does not match utilities perceived need for new resources
 - Sends a signal that the region can lean on the market and be fine
 - Calls into question the aggressive pursuit of conservation and renewables



The Facts: Energy



The Facts: Capacity



Discussion

- Resource adequacy standards are different than utility firm loads resources balances
 - Intended to measure risk of physical shortages, not utility need for firm resources
 - A 5,000 MWa adequacy surplus is about equal to a utility firm resource balance
 - Difference is well understood, concern is nominal message



Why Does Surplus Grow in Plan?

- Primary reason is efficiency acquisition
 - Less expensive than wholesale market
 - Reduces risk from price and carbon policy
- Renewable Portfolio Standards add require resource additions
- Different kinds of resources are needed in face of carbon price risk
 - These resources displace existing coal
 - Unless coal retired they add to surplus

