

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2024

In the Matter of

ALLIANCE OF WESTERN ENERGY
CONSUMERS,

Petition for Investigation into Long-Term
Direct Access Programs

PHASE I, CLOSING COMMENTS

NORTHWEST POWER AND
CONSERVATION COUNCIL

The Northwest Power and Conservation Council (Council) offers the following closing comments in Phase 1 of the Commission’s Investigation into Long-Term Direct Access Programs. Overall, the Council was reassured that parties identified resource adequacy as an issue of critical importance for the region and an issue that must be addressed by the Commission in this docket. While the Council will continue to express no opinion as to how the Commission should resolve this issue, the Council does wish to provide a couple points of clarification regarding the Council’s work on resource adequacy.

First, there appeared to be some misunderstanding as to the scope of the Council’s adequacy standard and its application for a single utility. As explained in our opening comments, in 2011 the Council adopted a regional adequacy standard to provide an early warning should resource development fail to keep pace with demand. This standard defines the regional power supply as adequate when the loss-of-load probability (LOLP) is no more than five percent (5%) during a future year. Thus, this is a standard assessed at and applied to the region and the regional power supply, not to a single utility, and the ‘region’ is defined pursuant to the Northwest Power Act to mean “the area consisting of the State of Oregon, Washington, and Idaho, the portion of the State of Montana west of the Continental Divide, and such portion of the States of Nevada, Utah, and Wyoming as are within the Columbia River drainage basin....” It cannot be emphasized enough that

the results of the Council's assessment reflect the adequacy of the aggregate regional power supply, as the 'region' is defined under the Act not as defined in other forums, and individual utilities are appropriately planning for their future needs in their integrated resource plans.

Second, there were some potential misapprehension as to the information the Council's adequacy standard and assessment provides regarding shortfall events. In general, to test for sufficient generation, you must measure the frequency, duration and magnitude of potential shortfalls. The Council has successfully used the LOLP metric and the 5% threshold as its 'adequacy standard' for the region for almost a decade, and even though the Council has not set or identified thresholds for other adequacy metrics (such as loss of load hours or loss of load events) in its determination of an adequate system, the LOLP is not reported or assessed independent of these metrics. Other adequacy metrics and curtailment statistics are reported in the annual adequacy assessment and the Council is briefed accordingly. Further, the Council has initiated a process to review its adequacy standard, and, if appropriate to provide a better measure of regional power supply adequacy, may amend its standard. However, at this point, the Council has not chosen to do so and the 5% LOLP remains.

Lastly, the contingency, emergency and 'standby resources' considered in the Council's assessment should be addressed. The Council's regional adequacy assessment cannot and does not take into account all emergency and contingency actions that individual utilities may have to avert curtailments. Nonetheless, the assessment does include anticipated future load reductions from new energy efficiency measures targeted for implementation, existing demand response measures and those demand response measures that are expected to be implementable in the year being assessed. Additionally, some emergency resources, such as pumped storage generating capacity at Grand Coulee dam, are also accounted for in the assessment. However, given the Council does not account for all emergency and contingency operations that utilities may have at their disposal, the Council's assessment of the loss of load probability does not translate into a probability of loss of service, rather it is simply an estimate of the likelihood that utilities will have to take emergency, and most often expensive, actions to continue to serve their customers. This makes sense and is wholly appropriate when considering the Council adopted a regional adequacy standard to provide an early warning to test for sufficient

resource development, recognizing that pursuant to the Northwest Power Act the Council’s power planning efforts must “assure the Pacific Northwest an adequate, efficient, economical and reliable power supply.” Thus, a cost-effective, comprehensive resource strategy for the region is provided in the Council’s power plan, and adequacy is but one component for the Council to consider in developing that strategy. In development of the power plan, the adequacy standard is converted into adequacy reserve margins for use in the Regional Portfolio Model to ensure the strategy produces adequate supplies while not overbuilding. Moreover, other factors affecting regional power supply are also taken into consideration in development of a robust regional resource strategy, including legislation affecting future resource choices, climate change, and increasing renewable generation. The Council’s next power plan is scheduled to be completed in 2021.

The Council appreciates the opportunity to provide these points of clarification on our resource adequacy work.

Dated this 6th day of May, 2020

Respectfully submitted,

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