

UM 2143 Investigation into Resource Adequacy in the State Updated Process proposal for continuation of UM 2143:

This document describes the Oregon Public Utility Commission Staff's (Staff) updated straw rules proposal in the UM 2143 Resource Adequacy (RA) investigation, announces a second comment period on Staff's straw RA rules proposal, and outlines a proposed schedule to bring this docket into a formal rulemaking.

Background

On September 23, 2022, Staff released its first straw rules proposal and a timeline to move the RA investigation into a formal rulemaking. [A small errata was filed](#) on October 5, 2022, that largely kept the original proposal and timeline unchanged. The first straw rules proposal outlined a compliance process for RA filings that leveraged investor-owned utilities' (IOU) Integrated Resource Plan (IRP) filings and electric service suppliers' (ESS) HB 2021 filings, set forth a three-year binding forward showing for load and transmission adequacy for entities that are not part of a Western Resource Adequacy Program (WRAP), filled in the planning gap between the WRAP's seven-month forward showing and the two to four year horizon of the IRP action plan, and provided alternative compliance options for ESSs.

Staff held a stakeholder workshop to discuss the straw rules proposal and elicit feedback. While the responses were generally positive about the structure and timing of the filings, there were many items that stakeholders thought should be refined or changed. In particular, stakeholders noted that further detail is needed on a load and transmission forward showing, problems arise from three-year binding showings with a biennial filing cadence, overlaps exist with the AR 651 Direct Access rulemaking, and further detail is needed on the exact RA metrics to be used.

A Commissioners' technical workshop on resource adequacy was held on January 10, 2022, where speakers from Western Electric Coordinating Council presented on the state of RA in the west, the Western Power Pool (WPP) presented on the state of the WRAP tariff filing at FERC and some key program designs, the Northwest Power and Conservation Council (NWPPCC) presented its own work on resource adequacy and evolving thinking around RA planning metrics, and Staff presented its initial thinking on the scope and goals of the RA investigation to the Commission. A repeated theme throughout the workshop was the value of regional planning when it comes to resource adequacy and the urgency with which resource adequacy should be addressed in the western US, even if the Pacific Northwest has avoided many of the worst capacity shortfalls in recent years.

[On January 18, 2023](#), Staff indicated that it would release an updated straw proposal on or before February 17, 2023, then open a comment period and hold a stakeholder workshop in March.

On February 10, 2023, the Federal Energy Regulatory Commission (FERC) officially approved the WRAP tariff. This means that entities currently committed to the WRAP will begin with the non-binding phase of the WRAP implementation and begin the binding forward showing in 2025.

[A summary of Staff's updated straw proposal](#)

Staff's updated straw proposal is intended to respond to stakeholder feedback while still addressing the seams issue created by the different planning horizons of the WRAP and the IRP. Much like the

presenters at the January 10, 2022, technical workshop, Staff continues to believe that resource adequacy is best addressed at the regional level when it comes to within-year operation. Staff still believes that the IRP is an important long-term exercise for resource adequacy investment. In addition to maintaining the IRP RA filing requirements initially proposed, the updated straw proposal is structured to incentivize regional RA program participation while still laying the groundwork for a workable state RA program for regulated entities that do not participate in a regional RA program.

Staff identified three key objectives when crafting this updated proposal. Below is a summary of Staff's objectives and the changes Staff made to further these objectives:

- Objective 1: Create more useful timelines and metrics that address the seams issues in PUC practices and the region
 - Clarify that the Staff proposal is contemplating requirements in two seams areas: broader visibility into RA planning for all LREs and a shorter-term RA compliance process that varies in requirements depending on whether the LRE is a WRAP participant.
 - For visibility, require a four-year informational showing for all entities.
 - For compliance, require a two-year binding forward showing for non-WRAP members for generation and transmission and require submission of a binding WRAP forward showing for WRAP members.
 - Lowered the RA standard in the second year of the forward showing.
- Objective 2: Align with regional program and metrics, and incentivize regional participation
 - Use a 1 event-day in 10 year standard.
 - Align the methods used for the binding transmission forward showing in a state RA program with the WRAP.
 - Solicit feedback from stakeholders about requiring WRAP participation.
- Objective 3: Improve clarity on Staff's previous straw proposal
 - Clarify commission direction to non-complaint entities
 - Clarify methods used for ESS load forecasting
 - Clarify the scope of the proposed RA rules in UM 2143 by noting that the Provider of Last Resort issue will be handled in AR 651.

The first major change to Staff's updated straw proposal is to require a binding two-year forward showing for WRAP non-participants, and an informational four-year forward showing for all regulated entities to be filed in IRPs and HB 2021 filings. This accomplishes two things. First, this addresses stakeholder concerns that a binding three-year forward showing creates regulatory issues by having overlaps between binding filings made every other year. Second, rules with clear expectations for an informational forward showing with a four-year horizon provide consistency in the RA portions of these periodic filings and allows stakeholders and Staff to understand the RA implications when recommending acknowledgement of an overall IRP or HB 2021 plan.

The second major change is to make clear that Staff's intent is to align the binding transmission forward showing with the adequacy levels and exceptions in the WRAP, albeit on Staff's two-year horizon instead of the WRAP's seven-month horizon. As previously mentioned, a WRAP participant would be exempt from a transmission forward showing. This is done to both recognize some of the operational realities of ESSs that led to the exceptions and transmission requirements in the WRAP while also incentivizing WRAP participation through the state RA program's longer horizon.

The third major change is to eliminate language regarding a capacity backstop charge in this filing while making clear that an ESS can procure capacity from an IOU through a bilateral contract as a means of compliance. Staff believes that the outstanding issue of curtailable and non-curtailable direct access load is best dealt with in the AR 651 rulemaking. However, Staff believes that allowing a bilateral capacity contract between an ESS and IOU would not run afoul of the rules created by AR 651.

Fourth, Staff adds language to clarify the load forecast that should be used by ESSs in their forward showing. Staff proposes that ESSs use current load levels in their four-year forward showing unless an ESS presents reasonable assumptions to use a different load level. This is meant to enshrine which load levels to plan around for ESSs that often only have short-term contracts while still providing enough freedom to modify the load levels if the ESS has reason to believe that current load levels are not representative of future loads.

Finally, Staff clarifies three smaller issues from the initial straw proposal. First, Staff intends to require a 1 in 10-year loss of load event-day standard for resource adequacy to align with WRAP; the initial proposal was unclear whether the E in LOLE meant “event” or “event day”. Second, Staff’s initial proposal states that the Commission would direct non-compliant entities on how to cure their deficiencies if a deficiency is identified in a state RA program. Stakeholders questioned how prescriptive this statement should be interpreted. In this updated straw proposal, Staff clarifies that the intent was to convey that the Commission would identify a deficiency and direct an entity to fill it while not requiring that an entity pursue a single, prescriptive path to fill the deficiency. Finally, Staff lowered the forward showing requirement for the second year of the program in response to stakeholder feedback that the level initially proposed was too high.

As mentioned in the bulleted list on the previous page, Staff is interested in hearing from stakeholders about whether mandating WRAP participation in lieu of a binding state program would be preferable to creating a binding state program. Staff opens up this topic of discussion with the understanding that an entity is allowed to submit its load from only one state into the WRAP if it so chooses. In either scenario, Staff would still propose including informational filing portions of Staff’s straw proposal.

The table below contains the full updated straw proposal:

Issue	Staff Proposal	Staff notes
1. Reliability Standard		
What is the appropriate RA metric for the state’s RA standards?	Planning reserve set to 1 in 10 LOLEvent-day equivalent/ approximation per LRE. If the LRE is a participant in a binding regional RA program, the LRE is required to demonstrate compliance with the regional program’s designated planning reserve	<ul style="list-style-type: none"> Stakeholder asked for clarification on whether this was meant to be event or event-day. This is consistent with the planning reserve margins in the WRAP.
Will the standard be binding?	Yes, the standard will be binding and follow a compliance process in the state’s RA program for only entities	The intent here is to incentivize participants to engage in the WRAP while still giving Oregon stakeholders an avenue to

	<p>that are not part of the WRAP. Filing will be informational otherwise.</p> <p>The forward showing in the compliance process for non-WRAP participants will only be binding for 2 years.</p> <p>For visibility, the standard will be required to be used in the RA analysis that Staff proposes to be included in the IRP or ESS forward looking reporting under HB 2021.</p>	<p>assess resource adequacy concerns.</p> <p>Stakeholders brought up the problems associated with a 2-year filing cadence and a 3-year binding showing.</p>
<p>Will the binding standard and informational filing requirements be set by rule or by reference to Commission order? How will the standard be assessed and updated as needed?</p>	<p>The standard will be set in rules.</p>	<p>Staff has selected this proposal because rules are applied generally. In the event that the standard needs to be updated, Staff is supportive of opening a limited rulemaking.</p>
<p>2. Commission processes</p>		
<p>Items contained in informational filings</p>	<ul style="list-style-type: none"> • IOUs will incorporate RA analysis using methods consistent with the WRAP over a four-year horizon into their IRPs to bring RA concerns into planning dockets • ESSs will file a 4-year resource plan modeled off the IRP for acknowledgement, preferably as part of the forward-looking clean energy reporting required for ESSs in HB 2021. Will include: <ul style="list-style-type: none"> ○ 4-year load forecast at current level. Current levels can be substituted if another reasonable assumption can be supported which would change load while avoiding any business concerns surrounding divulgence. ○ 4-year assessment of current transmission rights and future ability to meet transmission needs 	<ul style="list-style-type: none"> • Staff’s goal is to make resource adequacy a more well-defined part of the planning process and to fill the gap between WRAP’s 7-month horizon and the longer-term IRP that doesn’t have a clear methodology. • The four-year horizon is chosen to be consistent with the WRAP’s horizon. • Reminder again that non-WRAP participants will only be subject to two binding years.

	<ul style="list-style-type: none"> ○ Summary of current resource characteristics and future acquisitions to meet RA concerns 	
What should the informational filing frequency be?	<ul style="list-style-type: none"> ● With the IRP for IOUs <ul style="list-style-type: none"> ○ RA informational update filed with IRP updates as well ● Every other year for ESSs as part of HB 2021 filings 	Reminder here that Staff is proposing that WRAP participants will be making only informational filings regardless of timing.
What will the compliance process look like?	<ul style="list-style-type: none"> ● For IOUs and ESSs, compliance docket opened on April 1 every other year if not part of WRAP. ● Informational RA assessment using WRAP techniques filed as a chapter in IRP for WRAP participants. ● WRAP ESSs make informational only filing in HB 2021 filing using WRAP analysis methods. 	<p>The goal is to integrate WRAP techniques into the IRP planning horizon rather than to make a separate, binding RA process for WRAP participants.</p> <p>Staff envisions a six-month turnaround between filing and acknowledgement for an RA docket.</p>
What are the consequences of a non-compliant RA docket?	<ul style="list-style-type: none"> ● The Commission will identify deficiencies and direct the LRE to cure them. <ul style="list-style-type: none"> ▪ Parties that do not cure deficiencies may be subject to a fine 	Stakeholders raised concerns about whether the intent was for the Commission to direct how to cure the deficiency or just to identify a deficiency that needs to be cured. The intent is the latter.

3. Compliance and Visibility Standards		
<p>What standards does a WRAP Non-Participant need to meet to show compliance in the state RA program?</p>	<ul style="list-style-type: none"> • Planning reserve set to a 1 in 10 LOLEvent equivalent/approximation per LRE, established by rule. • RA plan must show two-year adequacy that meets RA standard up to the following load levels for the binding years using standards consistent with the load levels in the informational filings: <ul style="list-style-type: none"> ○ 100% 1 years out ○ 90% 2 years out • 2-year binding transmission forward showing consistent with WRAP standards (75% of load with exceptions) for load levels outlined above 	<p>Designed to incentivize WRAP participation by creating a binding transmission forward showing that is identical to WRAP albeit on a longer horizon.</p> <p>Moving to a 2-year binding forward showing based on overlapping timeline issue brought up by stakeholders</p>
<p>What is required for all entities?</p>	<ul style="list-style-type: none"> • File a 4-year informational forward showing in IRP/HB 2021 filings using WRAP techniques and standards outlined above. 	<p>Entities may file their own load and resource information confidentially. After speaking with WPP and stakeholders, Staff has not been made aware of disclosure concerns from requiring entities to make these periodic informational filings.</p>
<p>Do ESSs have an alternative compliance option?</p>	<ul style="list-style-type: none"> • Options for ESSs to procure capacity from third-party as alternative means of compliance for non-curtable loads through a bilateral contract. <ul style="list-style-type: none"> ○ Any load subject to backstop by IOU is deemed as load responsible for IOU in state RA/IRP planning 	<p>Staff intends to resolve items related to a non-curtable cap or a capacity backstop charge in AR 651.</p>

<p>What resource capacity contributions should be used in the entities' compliance and informational filings?</p>	<ul style="list-style-type: none"> • 1-4 year outlook should match, to extent practicable, WPP advisory forecast for resource capacity contribution, transmission, PRM, etc. <ul style="list-style-type: none"> ○ It is the LRE's burden to present how their outlook sufficiently improves over or is negligibly different than the WPP advisory forecast if the WPP advisory is not used. A LRE that uses its own resource contributions in place of WPP's resource contributions should submit a methodology section with its filing. 	
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Next Steps

Staff invites stakeholders to weigh in on any part of Staff's updated straw proposal. However, Staff encourages stakeholders to provide comments on the following:

- General sentiment towards requiring all Oregon entities to participate in the WRAP.
- A proposed starting date for the state RA compliance process.
- Feedback on Staff's proposed schedule and any potential conflicts.

Staff requests that these comments be filed no later than **Monday, March 13, 2023**.

Below is Staff's proposed schedule to move this docket to a formal rulemaking.

Date	Event	Description
March 13, 2023	Comment deadline	Comments due regarding Staff's straw proposal.
March 22, 2023	Stakeholder workshop	Workshop to discuss comments on Staff's straw proposal with the goal to move towards drafting rule language.
May 19, 2023	Draft rule language posted	Staff will submit draft rule language to stakeholders in UM 2143.
June 12, 2023	Comment deadline	Comments due regarding Staff's draft rule language.
June 30, 2023	Stakeholder workshop	Stakeholder workshop to work through any possible disagreements in Staff's draft rule language.
July 21, 2023	Updated draft rule language posted	Updated draft rule language posted to UM 2143 docket that integrates changes from last comment period and workshop.

February 17, 2023



August 9, 2023	Comment deadline	Final comment period regarding Staff's draft rules.
September 19, 2023	Regular Public Meeting	Public meeting where Staff intends to bring draft rule language to Commission and propose that a formal rulemaking be opened.

Questions

If you have questions on this docket, please contact:

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To receive meeting notices and agendas for this docket, send an email to puc.hearings@state.or.us, and ask to be added to the service list for Docket No. UM 2143. You will then receive emails with workshop details, when new documents have been added to the docket, or there is a change to the schedule.