

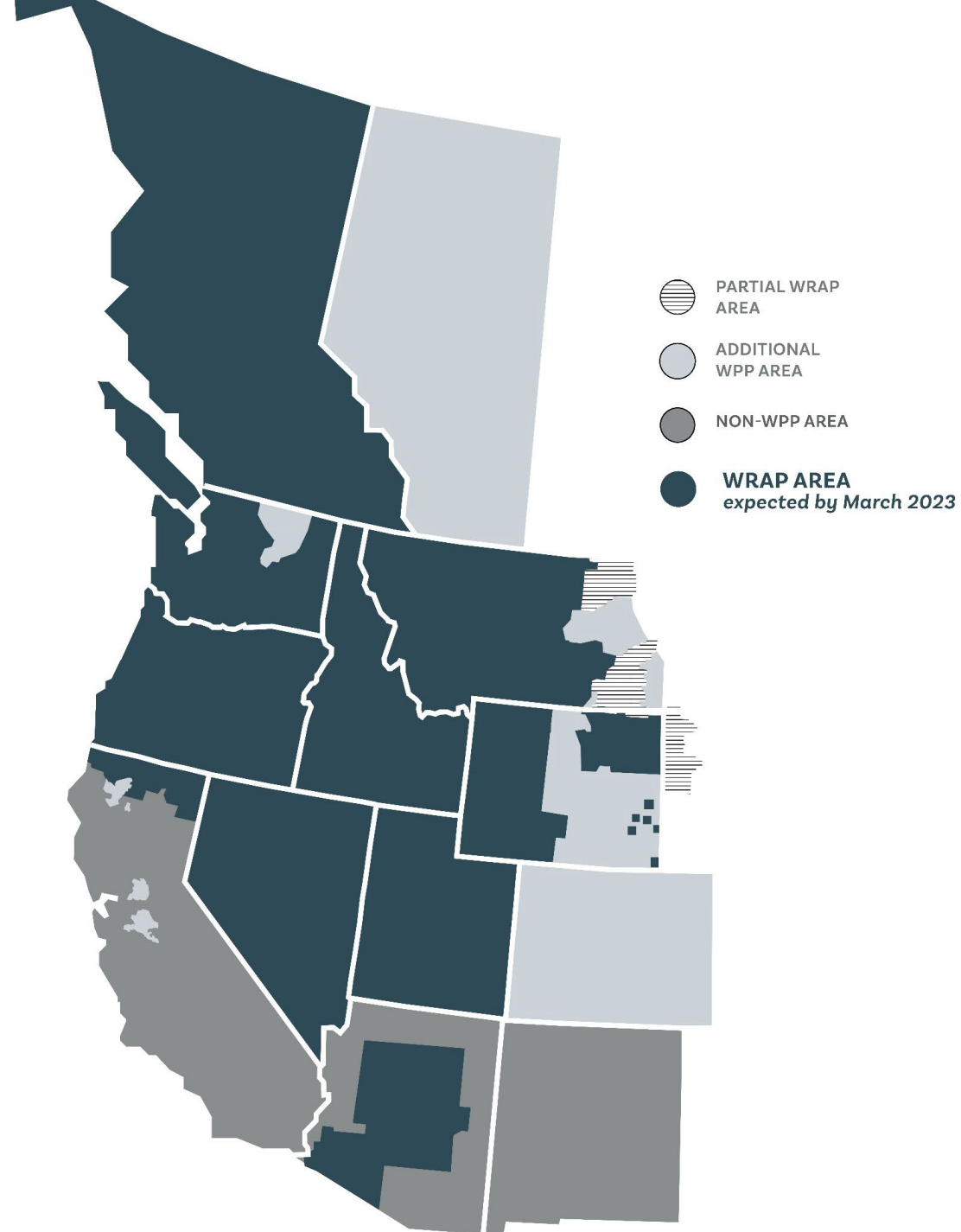


# **WESTERN RESOURCE ADEQUACY PROGRAM**

**OPUC Update**  
**January 10, 2023**

# WRAP VALUE PROPOSITION

- » *Reliability first*- Implementing a west-wide resource adequacy (RA) program must be the priority for the region
  - Work on WRAP interoperability with markets is important and ongoing
- » *Diversity is key*- WRAP benefits hinge on diversity of resources, loads, and transmission across a broad footprint
- » *Leadership opportunity is nigh*- WRAP commitments send strong signal that the West can work together to tackle RA



# SOLVING A PROBLEM

What WRAP does:

- » Implements a **binding forward showing** framework that requires entities to demonstrate they have secured their share of the regional capacity need for the upcoming season
- » Implements a **binding operational program** that obligates members with calculated surplus to assist participants with a calculated deficit on the hours of highest need
- » Leverages the binding nature of the operational program, together with modeled supply and load diversity, to **safely lower the requirements** in the forward showing and help **inform resource selection** for the region, **driving investment savings** for members and their end use customers

# PROGRAM DESIGN OVERVIEW

## FORWARD SHOWING PROGRAM

- » Establishes a **regional reliability metric** (1 event-day in 10 years LOLE)
  - Regional planning reserve margins (PRMs) applied to P50 (1-in-2) peak loads
- » Participant compliance obligation (7 months in advance of binding season) = **physically firm resources to meet P50 + PRM**
- » OPUC Notes for Consideration/Discussion:
  - LOLE and ELCC modeling will be based on information from *participants* in the program
  - Modeling is completed 1+ year prior to showing, with data provided ~2 years ahead of showing
  - Forecasted PRMs and ELCC values will be provided with each model run for planning purposes

Determine  
Program  
Capacity  
Requirement



Determine  
Resource  
Capacity  
Contribution



Compliance  
Review of  
Portfolio

# PROGRAM DESIGN OVERVIEW

## FORWARD SHOWING PROGRAM

- » Showing requirement includes **deliverability** component
  - Firm or conditional firm transmission to meet 75% of P50 + PRM (paired with robust exception framework)
  - Participants are obligated to deliver remaining 25% of resources on firm/conditional firm transmission when such energy is necessary, though there is *no additional showing*
  - Robust exception process + partial (75%) demonstration recognizes that acquisition of longer-term firm/conditional firm transmission may be impossible or costly (respectively)
- » Compliance will be on **participating load**
  - Participation Agreement (WRAPA) requires all participants (LREs) to show all resources, contracts, and load obligations
  - Business practice will allow distinct loads within an LRE's portfolio to opt out of participation – this will be subject to limitations (on what types of loads, process for exemptions, etc.).
  - Forward Showing intended to be based on current load obligations; load additions after the FS deadline (e.g., by ESS's acquiring new contracts) are expected to still be eligible for inclusion in the Operations program – more discussion to be had during business practice development

Determine  
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# PROGRAM DESIGN OVERVIEW

## OPERATIONS PROGRAM



- » Evaluates participants operational situation relative to Forward Showing assumptions (for load, outages, VER performance)
- » Obligates participants with calculated surplus to assist participants with a calculated deficit on the hours of highest need
- » Surplus Participant that fails to provide assigned Energy Deployment must pay Energy Delivery Failure Charge

# INTEROPERABILITY WITH MARKETS

- » WRAP participants' interest in market expansion necessitates conversation with both market operators
  - Q1 2023 will include more detailed discussions on how markets may (ideally not) impact the assumptions upon which WRAP is built
  - WPP/RAPC have provided principles and intends to continue the discussion (with additional documentation)
- » WPP believes it is possible for both markets to thrive while leaving WRAP's reliability-based value proposition intact
  - Must ensure both capacity and transmission relied upon in WRAP are available in operations time horizon

	Capacity	Transmission
From FS (P50+PRM)	Physically firm capacity contracted to WRAP participant for FS must be available (highest priority)	Firm/conditionally firm transmission demonstrated at FS must be available to deliver resources to load (priority maintained)
In Operations	WRAP-ers must be able to rely on other WRAP-ers to provide capacity when necessary, regardless of market participation	WRAP operational deployments must be deliverable (on firm/conditional firm transmission)

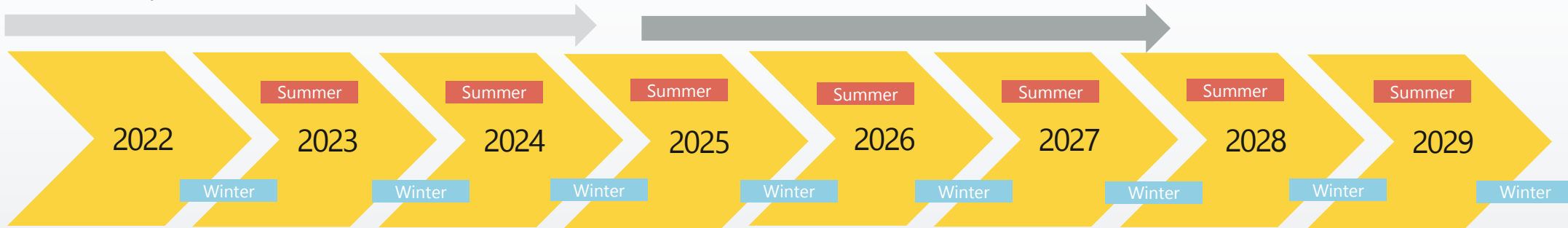
# WRAP - ROLL OUT

## Non-Binding Forward Showing

Winter 22-23, Summer 23, Winter 23-24, Summer 24, Winter 24-25

## Binding Program With Transition Provisions (Ops and FS)

Summer 25, Winter 25-26, Summer 26, Winter 26-27, Summer 27, Winter 27-28



## Non-Binding Operations Program

Summer 23 (trial – will include testing scenarios), Winter 23-24, Summer 24, Winter 24-25

## Binding Program Without Transition Provisions

Summer 28 and all seasons following



# WRAP TARIFF PROCESS

- » Tariff filed 8/31/2022
- » Deficiency Letter received 11/21/2022
  - 1 question on Market Based Rate Authority; 2 questions on Transmission Requirements; 1 question on public availability of Independent Evaluator (IE) reports
- » Response to Deficiency Letter filed 12/12/2022
  - Provided minor updates to the tariff in response to transmission and IE questions, based entirely on prior RAPC agreements
  - Provided additional information and logic on settlement and pricing approach (no tariff change)
- » Stakeholders can submit comments (on deficiency response) through 1/11/2023
- » FERC response by 2/10/2023
- » Still requesting 1/1/2023 effective date – *FERC can grant effective dates retroactively*

# WHAT'S HAPPENING IN 2023

## » Continued Program Administration

- Business Practice Development: review and approval of first set of business practices (will build on materials accepted by current RAPC)
- Hiring 2-3 new staff
- Continuing to develop stakeholder engagement structure and technology
- Facilitation of Participant and stakeholder meetings

## » Program Operator work

- Non-Binding Forward Showings: for Winter 2023-24, Summer 2024; data requests for updated modeling (Jan 2023)
- Ops Program set up: program trials Summer 2023, first non-binding Winter 2023-24

## » Governance standup – *needs FERC approval*

- Seating independent Board of Directors – a Nominating Committee worked since March 2022 to nominate an exceptional slate of candidates
- Fully empowered Program Review and Nominating Committees