## DRAFT ACTION ITEM TEXT

This text represents a **partial** set of draft action items that will be presented for review to the Council. The Council has not approved any of these action items for inclusion in the 7th plan. **This is intended solely to be used to solicit feedback from SAAC members on the proposed action items for Council review.** In particular, comments or feedback related to the system analysis performed and the interpretation of that analysis into action items are appreciated.

## Resource Strategy

The Council recommends that the region pursue the following actions to implement the Seventh Plan’s resource strategy

**RES-1. Achieve the regional goal for cost-effective conservation resource acquisition.** [Utilities, Energy Trust of Oregon, Utility Regulators, Bonneville Power Administration, Northwest Energy Efficiency Alliance (NEEA), and States]. Conservation programs and budgets should be designed to achieve these savings based on the schedule shown below. Cumulative accomplishments, starting with savings acquired in FY2016, should achieve a minimum conservation goal of 1400 aMW by 2021, 3100 aMW by 2026 and 4500 aMW of cost-effective conservation by 2035. Overachievement of targets prior to this plan has been taken into account in setting the targets below and does not count toward meeting these targets. Overachievement during one biennial period may be credited towards the following periods until the baseline forecasts are reset in the 8th Plan. The Council will monitor progress annually.

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| --- | --- | --- | --- | --- | --- | --- |
|  | Conservation Energy Target by Fiscal Year in Average Megawatts | | | | | |
|  | FY16-17 | FY18-19 | FY20-21 | FY22-23 | FY24-25 | FY26-27 |
| Annual Energy | 370 | 470 | 590 | 660 | 700 | 700 |
| Cumulative Energy | 370 | 840 | 1430 | 2090 | 2790 | 3490 |

**RES-2. Purchase additional conservation to meet resource adequacy standards.** [Utilities, Energy Trust of Oregon, Utility Regulators, Bonneville Power Administration, NEEA, and States] Establish a method consistent with the Council’s Adequacy Assessment for purchasing conservation beyond the cost-effective target in RS-1 to meet adequacy standards. This method should determine the need for resources under critical to low water conditions and at price levels consistent with the avoided cost of a thermal resource. A method should be established consistent with the Council’s annual Resource Adequacy Assessment to identify if the region needs to build resources for adequacy. When the adequacy method indicates a regional need for new resources to maintain a reliable system, additional conservation should be acquired when it is the most cost-effective resource for meeting the adequacy need, e.g. when the cost is less than the avoided cost of new thermal generation. The Resource Adequacy method should be established before the next Resource Adequacy Assessment. The next Bonneville Resource Program should outline an approach to accomplish this action item. Utility Integrated Resource plans should also include comparable approaches and assessments.

**RES-3. Expand Regional Demand Response Infrastructure.** [Utilities that dispatch resources, Utility Regulators, Bonneville Power Administration and States]. Utilities should create or contract for systems to enable rapid expansion of demand response programs targeting winter peak. Such contracts and systems should be capable of integrating demand response into utility dispatch and operations and should be tested to verify that they can provide reliable demand reductions. Such systems should be in place prior to the announced retirement of existing coal generation facilities in the region and be maintained as a resource for deployment under low-water, high-load conditions or other times of system stress.

**RES-4. Support Regional Market Transformation for Demand Response.** [Utilities that dispatch resources, Utility Regulators, Bonneville Power Administration and States]. Regional market transformation efforts and techniques should be used to reduce the cost and expand the availability of products that could serve as demand response resources. The region has proven track record of using working with manufacturers, standards and code processes to reduce the cost and increase the market penetration of energy efficient products. These same approaches should be applied to demand response.

**RES-5. Meet Existing Renewable Resource Portfolio Standards (RPS).** [Utilities, Utility Regulators, and States]. Utilities should comply with existing state Renewable Portfolio Standards. The Council will utility Integrated Resource Plans and state compliance processes to track renewable resource development under state RPS.

**RES-6. Expand Renewable Generation Technology Options Considered for Renewable Resource Portfolio Standards (RPS) Compliance.** [Utilities, Utility Regulators, and States]. Utilities should an assessment of utility scale solar photovoltaic technologies when developing strategies to comply with existing state Renewable Portfolio Standards. Each utility should consider its own cost and resource need profile in such assessments. The Council will utility Integrated Resource Plans and state compliance processes to track the types of renewable resources developed under state RPS.

**RES-7. Secure and Maintain Thermal Resource Options.** [Utilities, Bonneville Power Administration Utility, Regulators, and States]. Utilities, in their Integrated Resource Plans and Bonneville in its Resource Program should examine the need for additional thermal generation to meet adequacy standards for capacity and energy consistent with the Regional Adequacy Assessment or to provide other ancillary services.

**RES-8. Regional Carbon Emissions.** [Utilities, Bonneville Power Administration, Utility Regulators, and States]. The Council did not evaluate resource strategies for state level compliance with the Environmental Protection Agency’s Clean Power Plan (Clean Air Act, Sections 111(b) and 111(d)) carbon dioxide emissions limits. However, analysis for the Seventh Plan found that compliance was highly probable *at the regional level* through the reductions in emissions from coal-plants that are already scheduled for retirement, by achieving the regional conservation goals set forth in RS-1, by satisfying existing state Renewable Portfolio Standards and by modest re-dispatch of existing gas-fired generation. Should individual states or the region seek further emissions reductions, the least cost resource strategies identified by the Council rely on the re-dispatch of both existing coal and natural gas generation.

**RES-9. Adaptive Management.** [Council,Utilities, Bonneville Power Administration Utility, Regulators, and States]. In order to track plan implementation and adapt as needed the Council, in cooperation with regional stakeholders, will conduct:

* Annual Resource Adequacy Assessments
* Annual Conservation and Demand Response Progress Reports
* A Mid-Term Assessment of Plan Implementation and Planning Assumptions

The Mid-Term Assessment will include high-level metrics to measure plan implementation.

Regional Actions Supporting Plan Implementation

The Council recommends that the region pursue the following actions to implement the Seventh Plan:

**REG-1. Collaborate on Demand Response Data Collection.** [Utilities, Bonneville Power Administration, and Utility Regulators]. Utilities should include the following information in their Integrated Resource Plans and Bonneville’s in its Resource Program:

* Data (date and amount) on the historic dispatch of Demand Response (DR)
* Future plans for DR acquisition, including an assessment of the system need (e.g., winter capacity, wind integration, etc.) that DR is anticipated to meet
* Assessment of DR potential within the utility’s service territory

**REG-2. Collaborate on Regional Operating Reserve Planning Data Collection.** [Utilities, Bonneville Power Administration, and Utility Regulators]. Utilities should include their planning assumptions for operating reserves in their Integrated Resource Plans and Bonneville’s in its Resource Program.

**REG-3. Report on progress toward meeting plan conservation objectives including the contribution of conservation to system peak capacity needs.** [RTF, Council, Bonneville, utilities, Energy Trust of Oregon, and NEEA] As part of the Council’s review of the Seventh Power Plan, the Regional Technical Forum should collect data annually from Bonneville, Utilities, Energy Trust of Oregon, and NEEA to report on progress toward meeting the plan’s conservation targets and objectives. This Regional Conservation Progress report should address how the conservation technologies and practices identified in the Plan are being developed for acquisition through local utility programs, coordinated regional programs, market transformation, adoption of codes and standards, code compliance efforts, and other mechanisms to acquire cost-effective conservation. The report should identify any acquisition gaps that need to be addressed. Given the importance of the capacity contribution of conservation identified in the Seventh Plan analysis, the report should also include estimates of the contribution of conservation to system peak capacity needs.

Bonneville Actions Supporting Plan Implementation

The Council recommends that Bonneville pursue the following actions to maintain consistency with the Seventh Plan:

**BPA-1. Achieve Bonneville’s share of the regional goal for cost-effective conservation resource acquisition.** Bonneville should continue to commit that it will work with its public utility customers, the Northwest Energy Efficiency Alliance, the Regional Technical Forum, the states and the tribes to meet Bonneville’s share of the Council’s conservation targets. Bonneville should ensure that public utilities have the incentives, support, and flexibility to pursue sustained conservation acquisitions appropriate to their service areas in a cooperative manner, as set forth in detail in the conservation action plan items. Bonneville should offer flexible and workable programs to assist utilities in meeting the conservation goals, including a backstop role for Bonneville should utility programs fail to achieve these goals **(See Action Item RES-1 for specifics)**

**BPA-2. Purchase additional conservation to meet resource adequacy standards. (See Action Item RES-2 for specifics)**

**BPA-3. Expand Regional Demand Response Infrastructure. (See Action Item RES-3 for specifics)**

**BPA-4. Resolve contract barriers for demand response.** Bonneville and its customer utilities should develop standard contracts that enable Bonneville customers to supply demand response resources. These contracts should permit Bonneville’s customers to easily and quickly supply demand response resources under water and/or load conditions that are likely to stress the regional system or may violate fish constraints on operation.

**BPA-5. Establish resource acquisition rules for demand response.** Bonneville should establish a method consistent with the Council’s Resource Adequacy Assessment for evaluating the cost-effectiveness of demand response. This method should evaluate such purchases under conditions consistent with the Adequacy Assessment; that is, market prices for capacity under critical or low water and high loads.

**BPA-6. Conduct assessment of demand response potential.** Bonneville should include in its Resource Program an assessment of demand response potential within its customer utilities service areas and among its direct service customers. The assessment should quantify the amount and acquisition cost of demand response resources, the barriers to development and options for overcoming those barriers.

**BPA-7. Improve access to demand response data.** Bonneville should create systems to add demand response dispatch data to its existing publicly available data on the Bonneville public website. **(See Action Item REG-1 for specifics)**

**…**

**BPA-10. Bonneville should perform an analysis of its operating reserve requirements.** Bonneville should conduct an analysis of the most cost-effective method of providing operating reserves that meet system reliability requirements at the lowest probable cost. Bonneville should report the input assumptions, methods of analysis and results of this analysis to the Council for use in the Council’s planning process. The analysis should be included in each Bonneville Resource Program. (See Northwest Power Act, §4(e)(3)(E), 94 Stat. 2706.)

Council Actions Supporting Plan Implementation

**COUN-1. Form Demand Response Advisory Committee.**

**COUN-2. Continue to Co-host Pacific Northwest Demand Response Project (PNDRP).** The Council should continue to coordinate with the Regulatory Assistance Project to host the Pacific Northwest Demand Response Project (PNDRP).

**COUN-3. Review Regional Resource Adequacy Standard.** The Council’s current adequacy metric (loss of load probability) and threshold (maximum value of 5%) may not be the most appropriate for determining the adequacy reserve margin, associated system capacity contribution and effective load carrying capability. The standard also does not line up with pilot NERC metrics. The Council should review and, if necessary, amend its standard. Any amendments to the adequacy standard must be adopted at least two years prior to the release of the next plan

**COUN-4. Review the Resource Adequacy Assessment Advisory Committee assumptions regarding availability of imports.** The Council’s current assumptions regarding the availability of imports from out-of-region sources and from in-region market resources should be reexamined. The sensitivity of total system cost to import availability has been demonstrated in the RPM analysis. To minimize cost and avoid the risk of overbuilding, the maximum amount of reliable import should be considered. Any amendments to the import assumptions must be made at least two years prior to the release of the next plan.

**COUN-5. Review the methodology used to calculate the adequacy reserve margins used in the Regional Portfolio Model.** Resource strategies developed using the Regional Portfolio Model are very sensitive to the adequacy reserve margins(ARM), calculated using output from the Council’s adequacy model (GENESYS). The methodology and assumptions used to assess ARM values should be thoroughly reviewed by regional entities. Any changes to the ARM must be approved at least two years prior to the release of the next plan.

**COUN-6. Review the methodology used to calculate the associated system capacity contribution values used in the Regional Portfolio Model.** Resource strategies developed using the Regional Portfolio Model are very sensitive to the associated system capacity contribution values (ASCC), which are calculated using the Council’s adequacy model (GENESYS). The methodology and assumptions use to assess ASCC values should be thoroughly reviewed by regional entities. Any changes to the ASCC must be approved at least two years prior to the release of the next plan.

**COUN-7. Perform a regional analysis of operating reserve requirements.** The Council will use the BPA analysis of reserve requirements (See BPA-10) and work with other regional stakeholders to complete a regional analysis of the most cost-effective method of providing operating reserves that meet reliability requirements at the lowest probable cost. This analysis should be completed in time to include in the 8th Power Plan