

**BEFORE THE PUBLIC UTILITY COMMISSION
OF THE STATE OF OREGON**

UM 2143

In the Matter of PUBLIC UTILITY
COMMISSION OF OREGON

Investigation Into Resource Adequacy
in Oregon

COMMENTS OF
BROOKFIELD RENEWABLE TRADING AND
MARKETING LP

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I. INTRODUCTION & SUMMARY

Brookfield Renewable Trading and Marketing LP (“BRTM”) hereby submits the following comments on the Oregon Public Utility Commission (“Commission”) staff’s (“Staff”) updated straw proposal regarding resource adequacy (“RA”) in Docket No. UM 2143.

BRTM commends Staff on meaningful progress toward developing a workable RA framework in the state. Specifically, several of Staff’s positions in its updated straw proposal should be carried forward, including (1) the ability for Western Resource Adequacy Program (“WRAP”) participants to leverage WRAP participation for state RA compliance, (2) deferring curtailment and capacity backstop issues to the AR 651 proceeding, (3) defining electric service supplier (“ESS”) load as current load with the ability to make known and measurable changes, (4) limiting binding forward showings for WRAP non-participants to two years, (5) the ability for load responsible entities (“LRE”) to demonstrate RA compliance through third-party contracts and (6) clarification that the Commission will identify any RA deficiencies without detailing how the LRE must cure the deficiency. As discussed by stakeholders, including BRTM, in prior comments,¹

¹ See e.g., Brookfield Renewable Trading and Marketing LP Comments (dated Nov. 11, 2022).
COMMENTS OF BROOKFIELD RENEWABLE TRADING AND MARKETING LP
UM 2143
PAGE 2

these positions are reasonable and appropriately balance the interests at issue. Accordingly, these positions should be reflected in Staff's draft rules in this proceeding.

However, several other aspects of Staff's straw proposal require further clarification or modification. Particularly, BRTM recommends the following:

- For non-WRAP participants, the Commission should employ the applicable WRAP regional or subregional planning reserve margin; however, to the extent the WRAP planning reserve margin is unknown or the Commission determines a different planning reserve margin is necessary, the Commission should establish minimum requirements based on either a Staff-conducted or Staff-administered loss of load expectation ("LOLE") study or a reserve margin that utilizes known NERC/WECC operating reserve requirements and system-wide estimated load-forecast error and resource forced outage rates;
- For non-WRAP participants, forward showings for resources should be set at 95 percent one year out and 80 percent two years out to permit optimization of LRE resource procurement; and
- Notwithstanding concerns regarding the untested WRAP requirements, transmission capacity demonstrations should be set at 55 percent two years out and 65 percent one year out to conform with the realities of transmission procurement in the West, to allow for LREs to optimize their transmission procurement, and to better align with the WRAP forward transmission procurement requirements.

Finally, below BRTM responds to Staff's questions addressed to stakeholders in its updated straw proposal. BRTM looks forward to engaging with Staff and other stakeholders as this informal rulemaking continues.

II. COMMENTS

a. Reliability Standard

Staff's updated straw proposal includes discussion of the appropriate reliability standard for Oregon RA requirements.² Specifically, Staff proposes to adopt a planning reserve requirement that is consistent with a 1 in 10-year loss of load event-day standard or the applicable regional RA

² See Staff's February 17, 2023, paper entitled "UM 2143 Investigation into Resource Adequacy in the State Updated Process proposal for continuation of UM 2143" at p. 3.

program planning reserve if the LRE is a participant.³ Staff's straw proposal states that the loss of load analysis would be completed on a "per LRE" basis.⁴

As stated in its prior comments, BRTM supports the adoption of the applicable regional RA program planning reserve margin for LREs participating in the regional program. Further, BRTM does not take issue with a 1 in 10-year loss of load event-day standard for WRAP non-participants. However, BRTM is concerned with what Staff means by the loss of load analysis being conducted on a "per LRE" basis. LOLE studies are both resource and analytically intensive and thus dependent on access to good data. Accordingly, requiring each LRE to conduct an independent LOLE analysis should be avoided. This is especially true where, as here, WRAP LOLE analyses will be conducted in development of planning reserve margins on a regional or sub-regional basis. WRAP employs a dynamic planning reserve margin based on season, months within the season, and subregion within the WRAP.⁵ This more refined and detailed approach recognizes changing market conditions (load and resource balance and mix). LREs in the state should be permitted to leverage these loss of load studies for state RA purposes.

However, if the WRAP reserve margin is unknown or the Commission has demonstrated concerns with the WRAP requirements or the underlying methodology, the Commission could establish minimum requirements based on either a Staff-conducted or Staff-administered LOLE study or a reserve margin that utilizes known standards, estimates and data, such as NERC/WECC operating reserve requirements, estimates regarding system-wide estimated load-forecast error, and resource forced outage rates. In either case, individual LREs should not be required to conduct a LOLE study on an individual basis.

³ *Id.*

⁴ *Id.*

⁵ WRAP FERC filing, Charles Hendrix Aff., ¶ 20.

Therefore, WRAP non-participants should be able to leverage applicable WRAP loss of load analyses or, if unavailable or insufficient, utilize Staff-conducted or Staff-administered analyses or reserve margins utilizing, for example, known NERC/WECC operating reserve requirements, estimates regarding system-wide load-forecast error, and resource forced outage rates.

b. Compliance Standards

Staff’s updated straw proposal includes RA compliance standards for WRAP non-participants.⁶ Specifically, Staff’s proposed RA compliance standards are shown in the table below⁷:

Year	Non-WRAP Participant (Resource)	Non-WRAP Participant (Transmission)
1	100%	75%
2	90%	75%

While Staff’s updated straw proposal reduced the second-year resource forward showing from 95 percent to 90 percent, the updated proposal effectively precludes LREs from making short term optimization decisions in resource planning. For example, requiring 100% RA showings one year out could lead to increased costs to customers and inefficient use of market resources. Therefore, BRTM recommends that any RA forward showings provide sufficient flexibility for LREs to optimize their resource portfolios. For purposes of state RA, and recognizing that WRAP’s 100% resource RA requirement applies only seven months out, BRTM recommends that resource forward showings be set at 95 percent one year out and 80 percent two years out.

Further, Staff’s 75 percent binding transmission requirement one and two years out is too high. Staff states that its “intent is to align the binding transmission forward showing with the

⁶ Staff’s February 17, 2023, paper entitled “UM 2143 Investigation into Resource Adequacy in the State Updated Process proposal for continuation of UM 2143” at p. 6.

⁷ *Id.*

adequacy levels and exceptions in the WRAP.”⁸ First, BRTM cautions that the WRAP requirements are untested. As noted in BRTM’s previous comments, BRTM remains concerned that the WRAP requirements are too restrictive and may not comport with the availability of regional transmission and regional transmission procurement practices. Second, even if Staff’s intent is to align state requirements with the WRAP, participants in the WRAP are required to have firm transmission rights sufficient to deliver 75 percent of the MW quantity of the participant’s Forward Showing (“FS”) Capacity Requirement *seven months in advance*.⁹ According to the transmittal letter for the WRAP tariff, the 75 percent threshold:

reflects a reasonable balance of the firm transmission deliverability metric for initial implementation of the WRAP given the seven-Month deadline for making the Forward Showing. A 100% standard that would require Participants to show full transmission service seven months ahead of the Binding Season could serve as a barrier to initial participation. And that standard is not essential for reliability, *given that most Participants’ experience has been that a certain amount of transmission service that is not available seven Months ahead of the Binding Season can be obtained on a shorter-term basis*.¹⁰

Requiring 75 percent firm transmission rights any sooner than seven months in advance of the binding date is not in alignment with the WRAP. As the WRAP recognized, many transmission paths are not available seven months in advance. If certain amounts of transmission rights which will be eventually available are not typically available seven months in advance, then even fewer such transmission rights will be available one and two years in advance. Accordingly, BRTM maintains that, notwithstanding its continuing concerns with the WRAP requirements themselves, a reasonable transmission forward showing for one and two years in advance would be 65 percent and 55 percent respectively and would establish both a reliable and commercially reasonable “glide path” that is more aligned with the WRAP requirements.

⁸ *Id.* at p. 2.

⁹ WRAP Tariff, Section 16.3.1.

¹⁰ WRAP FERC filing, Charles Hendrix Aff., ¶ 42 (emphasis added).

c. Staff Questions

Staff requests comment on the following three topics:

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

Taking these in turn, BRTM supports having a state RA framework applicable to WRAP non-participants, but does not believe all Oregon entities should be required to participate in the WRAP. While it is appropriate to incentivize LREs to participate in the WRAP, LREs should have the option to demonstrate RA through either regional or state-specific programs. This optionality is not only important to LREs and their customers, but it also provides the Commission with a vehicle to monitor resource adequacy in the state apart from broader regional trends and requirements. For example, there may be a time when the Commission determines that Oregon requires different RA standards than that of the applicable regional program. Establishing a state RA alternative to WRAP participation will provide the Commission with the framework necessary to effectuate Oregon requirements. In addition, WRAP participation requires a LRE to make a fairly significant cost and resource commitment. Depending on the unique position of each LRE (load profile, resource portfolio, transmission requirements, staffing, etc.), it may make sense for an LRE to comply with the proposed state-specific requirements – even if, at first blush, more onerous – rather than the WRAP requirements. Consistent with market-first principles, providing LREs with options will ultimately reduce costs for customers.

Second, BRTM recommends that the RA rules take effect in 2025, concurrent with the start of WRAP's binding phase. Following this effective date, LREs would demonstrate compliance with applicable RA standards in their next integrated resource plan proceeding or HB 2021

proceeding, as applicable. This will provide LREs sufficient time to investigate WRAP participation and gather the resources and information necessary for either WRAP or Oregon-specific RA requirements.

Third, BRTM does not currently foresee conflicts with Staff's proposed schedule.

III. CONCLUSION

BRTM appreciates the thought and time Staff put into developing its updated straw proposal and looks forward to engaging with Staff and other parties in the forthcoming rulemaking process.

DATED this 13st day of March, 2023.

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