

UM 2143 Investigation into Resource Adequacy in the State Updated Draft Resource Adequacy Rules Proposal:

This document describes and presents the Oregon Public Utility Commission Staff's (Staff) updated draft rules proposal in the UM 2143 Resource Adequacy (RA) investigation. Following an agreement from Staff and stakeholders in a workshop on June 30, 2023, Staff requests that stakeholders provide comments no later than **July 21, 2023**.

Background

On May 18, 2023, Staff released a [draft rules proposal](#) that outlines a recurring informational RA filing for all Commission-regulated entities and a binding compliance program for Commission-regulated entities that are not part of a regional RA program. After that filing, stakeholders submitted comments regarding Staff's draft rules proposal and a workshop was held on June 30, 2023, to discuss the draft proposal, ensuing comments, and the updates Staff made to its draft rules following the comments. Among other things, stakeholders brought up the following issues:

- Confidentiality concerns regarding the submission of data from a regional RA program in an Integrated Resource Plan (IRP) or Emissions Planning Report proceeding.
- Continued advocacy by Electric Service Suppliers (ESSs) for both a less stringent transmission forward showing and a standardized rate for a resource adequacy backstop charge.
- Expanding the scope for the definition of resource adequacy.
- Expanding the definition of the counterflow exception to the State Program's transmission requirement.
- Requests for more clarity about how the Commission would set planning reserve margins (PRM), qualified capacity contributions (QCC), and a non-compliance fine methodology in the proposed February 1 filing.

These concerns were discussed extensively during the workshop June 30, 2023.

A summary of Staff's updated draft rules proposal

Redline edits reflecting changes to Staff's May 18 rules proposal are included in Appendix A to this filing. A clean Microsoft Word version of the proposal was sent to members of the UM 2143 docket distribution list. Please reach out to Staff if you would like a Microsoft Word version of the updated rules proposal and did not already receive one. In updating these draft rules prior to the workshop on June 30, 2023, Staff made the following substantive changes:

- Expanded the definition of Resource Adequacy to include a discussion of RA planning rather than just operation.
- Removed entirely the February 1 filing to set the PRM, QCC, and fines, and instead aligning those values and methodologies with the Qualified Regional Program.
- Expanded the counterflow transmission exception to include counterflows from entities outside the State Program, provided that their counterflow is not used to offset transmission from other entities in the State Program or a Qualified Regional Program.
- Clarified that State Participants shall plan to a 1 event-day in 10 years Loss of Load Expectation (LOLE) standard in their binding forward showing.

- Stated that any entities' forward showing submissions to a Qualified Regional Program shall be subject to a modified protective order available to only parties that do not have a competitive interest. These would still be filed as part of an IRP or Emissions Planning Report.

Staff continues to oppose establishing a standardized resource adequacy backstop charge or lowering the transmission forward showing levels. However, an idea for a capacity backstop deadband was floated in the workshop, and Staff invites stakeholders to weigh in on how that would function and whether it would be preferable. Following feedback in the workshop from load-serving entities that would be subject to these rules, Staff has modified the language in the updated rules draft to state that entities' forward showing submissions will be available to only Staff and Citizens' Utility Board (CUB).

Staff also noted that it has left the language of the informational transmission forward showing and the incentive for ESS decertification unchanged from its previous draft. Staff explained that the intent of the informational transmission forward showing is to have entities discuss how transmission constraints or acquisitions on the four-year horizon feed into resource adequacy concerns or actions in a chapter devoted to resource adequacy. Staff also explained that it still supports including ESS decertification as an incentive but intends for it to be used by the Commission only as a last resort option for especially non-compliant ESSs or when other corrective measures are unsuccessful.

Next Steps

In the June 30 workshop, Staff noted that our procedural timeline from [the filing on February 17, 2023](#), indicated that an update to the draft rules would be provided on July 21, 2023, but that Staff is ahead of schedule in updating its draft rules. Staff suggested that the procedural timeline be modified to release the updated rules draft earlier and hold an earlier comment period in order to leave more time for another possible round of stakeholder engagement. Following this discussion, Staff and stakeholders agreed that Staff would release the updated rules draft by no later than July 5, 2023, and Stakeholders would submit comments by July 21, 2023. This still give approximately the same amount of time for stakeholders to read Staff's updated rules as the timeline proposed on February 17, but allows for more time for engagement if the need arises.

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

- Possible ways to reword the informational transmission forward showing language to better convey Staff's intent outlined above.
- Language guiding when ESS decertification should be an available penalty for a non-complaint ESS. In making this request, Staff requests that commenters will respond to provide feedback on when this option would be available rather than whether it should be available at all.
- Responding to Staff's language that addresses the extensive confidentiality concerns raised by LSEs while still making forward showing data available to qualified parties, which at this point is only Staff and CUB.
- Ideas for potential capacity backstop capacity deadbands or other solutions to easily share capacity between entities.

June 30, 2023



Staff requests that these comments be filed no later than **Friday, Jul 21, 2023**.

Questions

If you have questions on this docket, please contact:

Curtis Dlouhy
Utility Strategy & Integration Division
503-510-3350
Curtis.Dlouhy@puc.oregon.gov

/s/ Curtis Dlouhy

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 servicelist 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.

Appendix A: Draft Resource Adequacy Rules :

1. Scope and Applicability of Rules
 - a. The rules in this division prescribe the filing requirements for provision of Resource Adequacy information, and the filing requirements and binding elements for the Public Utility Commission of Oregon (Commission) -administered Resource Adequacy program.
 - b. Upon request or its own motion, the Commission may waive any of the rules in this division for good cause shown. A request for waiver must be made in writing, unless otherwise allowed by the Commission
2. Definitions for this Division
 - a. “Electric Company” has the same meaning as ORS 757.600(11).
 - b. “Electric Service Supplier” has the same meaning as ORS 757.600(16).
 - c. “Load Serving Entity” means an Electric Company or Electric Service Supplier.
 - d. “Qualified Regional Program” means a Commission-approved regional reliability planning and compliance program that addresses Resource Adequacy through processes and conditions established in a FERC-approved tariff.
 - e. “Resource Adequacy” means the expected ability of a Load Serving Entity to supply aggregate electric power and energy to meet the requirements of their consumers at all times with a sufficient degree of reliability and plan to meet future demand with sufficient supply-side and demand side resource.
 - f. “Regional Participant” means a Load Serving Entity that is a participant in or committed to a Qualified Regional Program.
 - g. “Regional Forward Showing” means any data, forecasts, or submittals required by a Qualified Regional Program to support program compliance by a Regional Participant.
 - h. “State Participant” means a Load Serving Entity that is not a Regional Participant.
 - i. “State Program” means the Resource Adequacy compliance program administered by the Commission applicable to State Participants.
 - j. “Binding Forward Showing” means a filing used by a State Participant to show compliance with the State Program
 - k. “Integrated Resource Plan” means an Electric Company’s written plan to satisfy the requirements of OAR 860-027-0400 and Commission Order Nos. 07-002, 07-047, and any future orders impacting filing requirements.
 - l. “Emissions Planning Report” means a filing made by an Electric Service Supplier to show compliance with ORS 757.649(f).
 - m. “Informational Filing” means a written explanation of a Load Serving Entity’s strategy to address Resource Adequacy and any necessary data needed to inform the discussion.
 - n. “Advisory Forecast” means any modeling outputs created by a Qualified Regional Program that are presented but not used as part of the Qualified Regional Program’s binding elements.
 - o. “P50 Peak Load Forecast” means a peak load forecast prepared on a basis, such that the actual peak load is statistically expected to be as likely to be above the forecast as it is to be below the forecast.

- p. “Planning Reserve Margin” means an increment of supply needed to meet conditions of high demand in excess of the applicable peak load forecast and other conditions such as higher resource outages, or lower availability of resources, expressed as a percentage of the applicable peak load forecast.
 - q. “Compliance Resource” means the resource(s) used by a State Participant to meet the load requirements of the Binding Forward Showing.
 - r. “Qualified Capacity Contribution” means the portion of the nameplate capacity of a compliance resource that can be expected to provide capacity to meet customer demand calculated using a Commission or Qualified Regional Program approved methodology.
 - s. “Qualified Parties” means any Commission Staff and any representatives of the Citizens’ Utility Board, who executed a modified protective order.
3. Electric Company Informational Filing Requirements
- a. An Electric Company must provide an Informational Filing with the Commission as a part of their Integrated Resource Plan.
 - b. As part of their Informational Filing, Regional Participants must include all outputs of their Qualified Regional Program’s most recent Advisory Forecast and the Electric Company’s most recent Regional Forward Showing submission to its Qualified Regional Program. These may be included as an Appendix chapter. The Regional Forward Showing must be provided to Qualified Parties.
 - c. The Informational Filing must include:
 - i. A monthly P50 Peak Load Forecast and ELCC curve over a period of the greater of four years or the longest available timeline from a Qualified Regional Program using methods consistent with outputs of the Qualified Regional Program’s Advisory Forecast.
 - ii. A monthly forecast of transmission requirements over a period of the greater of four years or the longest available timeline from a Qualified Regional Program using methods consistent with outputs of the Qualified Regional Program’s Advisory Forecast.
 - d. An Electric Company’s Informational Filing must be included as a chapter to the Integrated Resource Plan that incorporates the Informational Filing and contains a discussion about how the Informational Filing interacts with the overall resource strategy.
 - e. An Electric Company must describe any notable deviations between the load forecast, capacity contributions, or Planning Reserve Margin contained in a Qualified Regional Program’s Advisory Forecast and what is used in the Electric Company’s Integrated Resource Plan analysis and associated action plan.
4. Electric Service Supplier Informational Filing Requirements
- a. Electric Service Suppliers must file an Informational Filing with the Commission every other year.
 - b. Electric Service Suppliers may file their Informational Filing as part of their Emissions Planning Report filing.
 - c. Regional Participants must include their Qualified Regional Program’s most recent Advisory Forecast and the Electric Service Supplier’s most recent Regional Forward

Showing submission to its Qualified Regional Program as part of their Informational Filing. These may be included as an appendix chapter. The Regional Forward Showing must be provided to Qualified Parties.

- d. The Informational Filing must include:
 - i. A monthly P50 Peak Load Forecast over a period of the greater of four years or the longest available timeline from a Qualified Regional Program using methods consistent with the output of a Regional Program's Advisory Forecast.
 - ii. A monthly forecast of transmission requirements over a period of the greater of four years or the longest available timeline from a Qualified Regional Program using methods consistent with the output of a Regional Program's Advisory Forecast.
 - e. An Electric Service Supplier's Emissions Planning Report filing must have a chapter, section, or appendix that incorporates the Informational Filing and contains a discussion about how the Informational Filing impacts the overall resource strategy.
 - f. As part of the forecast of monthly P50 Peak Load Forecast and monthly forecast of transmission requirements, an Electric Service Supplier must use current load levels or provide reasonable substitutes of the load forecast. An Electric Service Supplier is responsible for demonstrating that the substitute load forecast is reasonable.
5. State Program Requirements
- a. State Participants must file a Binding Forward Showing with the Commission for approval no later than April 1 of every odd-numbered year. A State Participant's initial binding forward showing must be filed no later than April 1, 2025.
 - b. State Participants must use a 1 event-day in 10-year Loss of Load Expectation standard when submitting their Binding Forward Showing.
 - c. State Participants must use a Planning Reserve Margin and Qualified Capacity Contribution consistent with a Qualified Regional Program or other Commission-approved methodology.
 - d. The Commission Staff and Parties should complete its compliance review for each State Participant within 90 days of filing the Binding Forward Showing.
 - e. A State Participant shall provide its monthly P50 Peak Load Forecast for the two-year period beginning July 1 of the filing year as part of their Binding Forward Showing.
 - f. A State Participant must demonstrate that its Compliance Resources meet 95% of its monthly forecasted P50 load for twelve months beginning July 1 of the filing year and 80% of the monthly forecasted P50 load for the following twelve months plus a Planning Reserve Margin each month.
 - g. As part of the forecast of monthly P50 Peak Load Forecast and monthly forecast of transmission requirements, an Electric Service Supplier must use current load levels or provide reasonable substitutes of the load forecast. An Electric Service Supplier is responsible for demonstrating that the substitute load forecast is reasonable.
 - h. A State Participant must demonstrate that it has firm or conditional firm transmission rights to deliver 75% of the Compliance Resources from generation source to load sink. A State Participant may request a waiver of a portion of the transmission requirement if it can demonstrate that at least one of the following conditions applies:
 - i. The State Participant is experiencing enduring transmission constraints,

- ii. Future firm Available Transfer Capability is expected,
 - iii. An applicable portion of the State Participant's existing transmission service rights is expected to be derated or out-of-service, or
 - iv. Expected counterflow from another entity supports the State Participant's transmission of energy from generation source to load sink. This counterflow cannot already be offsetting transmission of energy for another State Participant or Regional Participant.
- i. If the Commission deems that a State Participant's Binding Forward Showing does not meet the criteria for approval, the Commission shall identify deficiencies and give the State Participant 30 days to remedy their Binding Forward Showing to meet the criteria for approval.
 - j. A State Participant whose plan is not approved 30 days after the Commission identified deficiencies shall be subject to a fine, revocation of Electric Service Supplier certification, or some other appropriate penalty determined by the Commission. The fine shall be assessed on a per-MW basis for monthly capacity or transmission deficiencies.
 - k. The Commission shall base its fine on the prevailing fining methodology of a Qualified Regional Program.