

# Western Resource Adequacy Program Ordinance

Economic Development Technology & City Light Committee Briefing

Seattle City Council

March 22, 2023

# What is Resource Adequacy?

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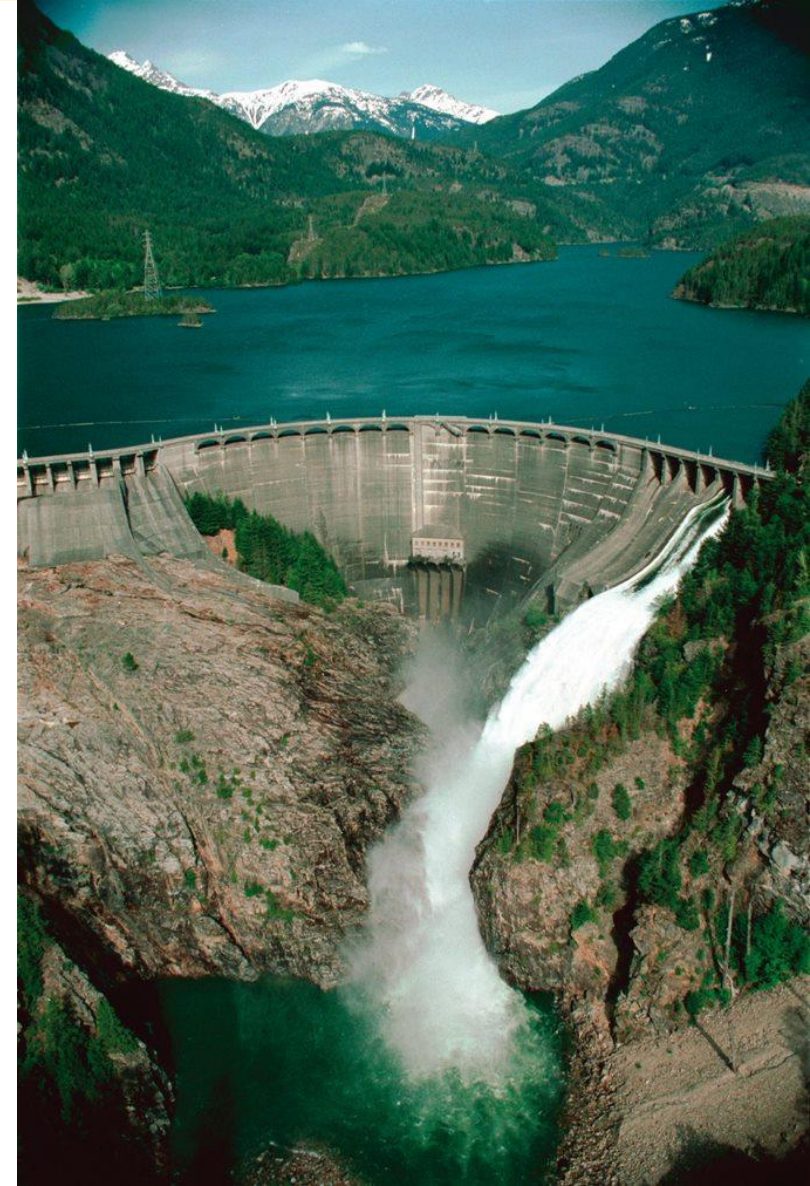
*Having enough resources to provide electric service under a range of conditions or scenarios with a sufficient degree of reliability.*



# Why Now? Resource Adequacy & Reliability Challenges

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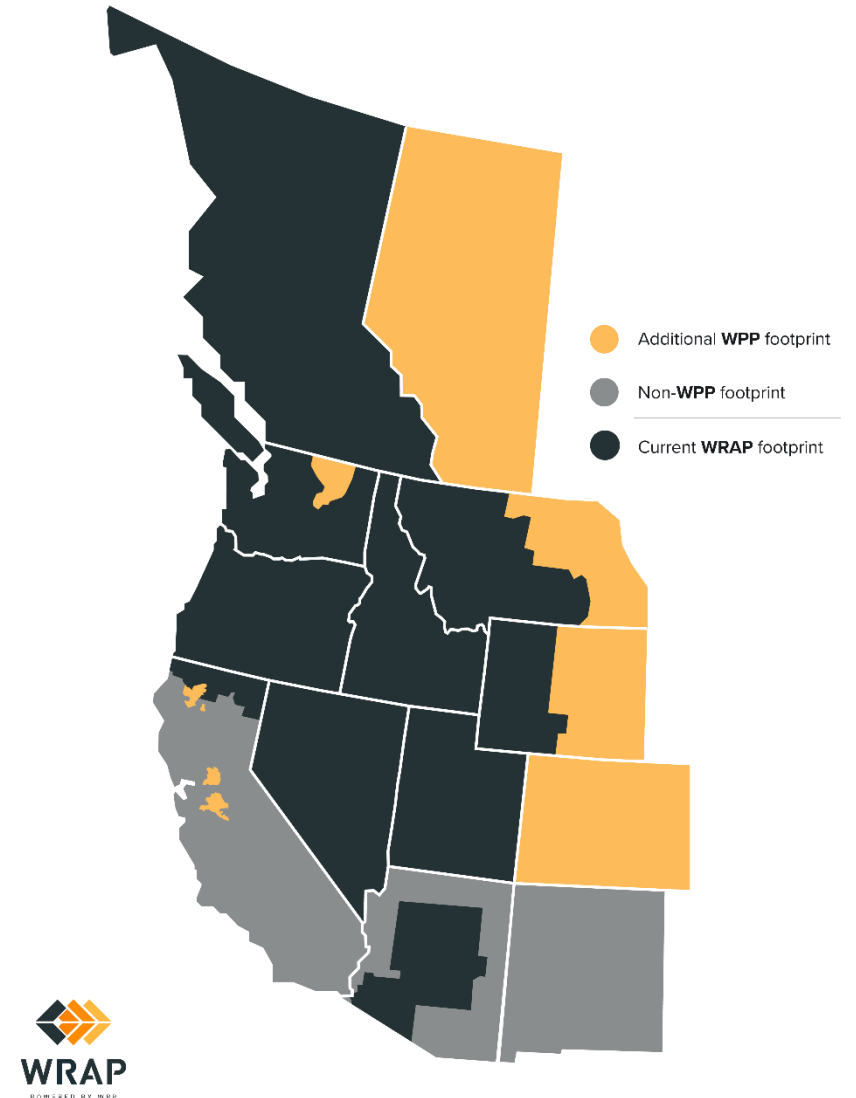
- Recent studies demonstrate resource shortfall by mid-2020s across western U.S.
- Driven by multiple factors:
  - New regulations to decarbonize the power sector;
  - Replacement of fossil generation with intermittent renewables;
  - Load growth: Data center & agricultural sectors; acceleration of transportation and building electrification; and
  - Drought conditions and extreme weather events.





# What is the Western Resource Adequacy Program?

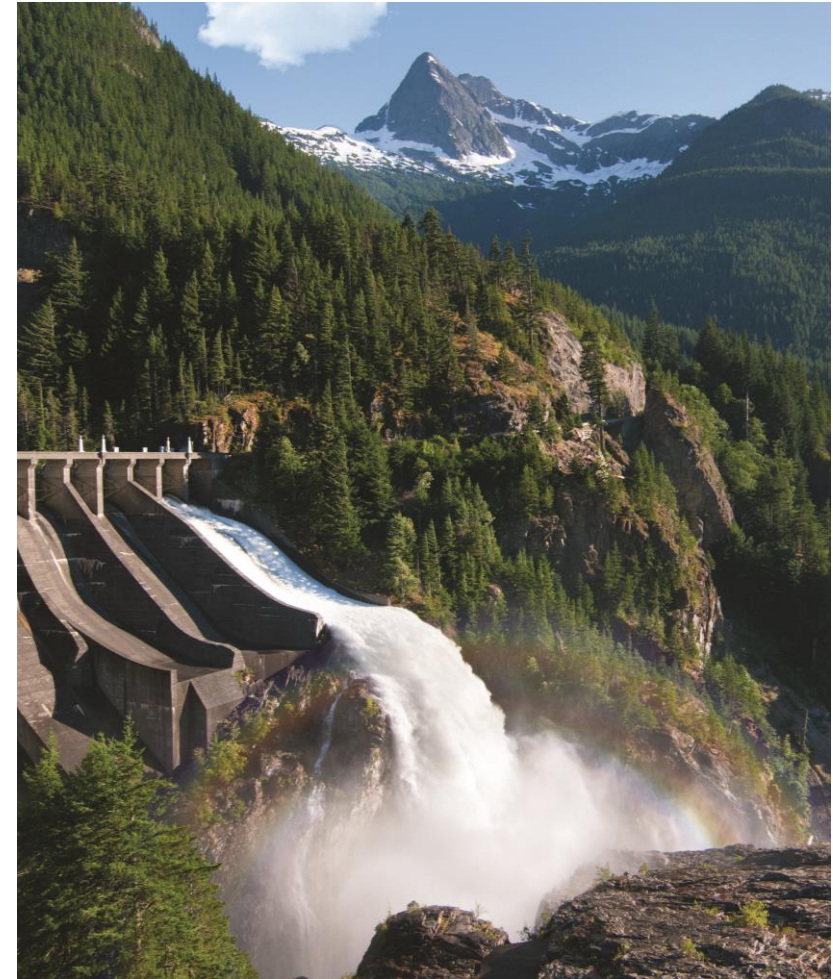
- First regional reliability planning and compliance program in the history of the West.
- A region-wide approach for assessing and addressing resource adequacy.
- With coordination and visibility across participants, the WRAP paints a more accurate, regional picture of resource needs and supply.
- Ensures reliability through collaboration, taking advantage of operating efficiencies, diversity, and sharing pooled resources.



# Value Proposition

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- Enhances grid reliability as the west decarbonizes the resource mix.
- Leverages diversity of resources, loads and transmission across a broad footprint.
- Efficiently inform resource selection for the region driving investment savings for members and their customers.
- Ensure capacity is available to support transportation/building electrification & agricultural/industrial decarbonization.



# Program Elements

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- Forward Showing
  - Participants demonstrate they have secured their share of capacity for upcoming season
  - 7 months in advance of binding season
  - Regional reliability metric – 1 event-day in 10 years
- Operational Program
  - Evaluates real time operational situation relative to Forward Showing assumptions
  - Members with surplus assist participants with deficits in the hours of highest need

**Determine  
Program  
Capacity  
Requirement**



**Determine  
Resource  
Capacity  
Contribution**



**Compliance  
Review of  
Portfolio**

# WRAP Participants

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- Arizona Public Service
- Avista
- Bonneville Power Administration
- Calpine
- Chelan County PUD
- Clatskanie PUD
- Eugene Water & Electric Board
- Grant PUD
- Idaho Power
- Northwestern Energy
- NVEnergy
- PacifiCorp
- Portland General Electric
- Powerex
- Puget Sound Energy
- Salt River Project
- Shell Energy
- Tacoma Power
- The Energy Authority

# WRAP Current Status & Timeline

- City Light plans to request City Council approval this Spring to join WRAP





# What Does the Ordinance Do?

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- Authorizes the City Light General Manager to execute an agreement with the Northwest Power Pool doing business as the Western Power Pool Corporation to enter and participate in the WRAP.
- Authorizes City Light to participate in the WRAP as long as the GM believes it is within range of prudent utility practices.
- Authorizes GM to execute additional agreements & amendments associated with WRAP participation (not to exceed current budget authority).
- Any action consistent with this ordinance taken after its passage but prior to its effective date is ratified & confirmed.

# Questions?



# THANK YOU

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**Seattle City Light**



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[seattle.gov/city-light](http://seattle.gov/city-light)



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# Mission, Vision & Values

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## Mission

Seattle City Light provides our customers with affordable, reliable and environmentally responsible energy services.

## Vision

Create a shared energy future by partnering with our customers to meet their energy needs in whatever way they choose.

## Values



**Customers First**



**Environmental Stewardship**



**Equitable Community Connections**



**Operational and Financial Excellence**



**Safe and Engaged Employees**

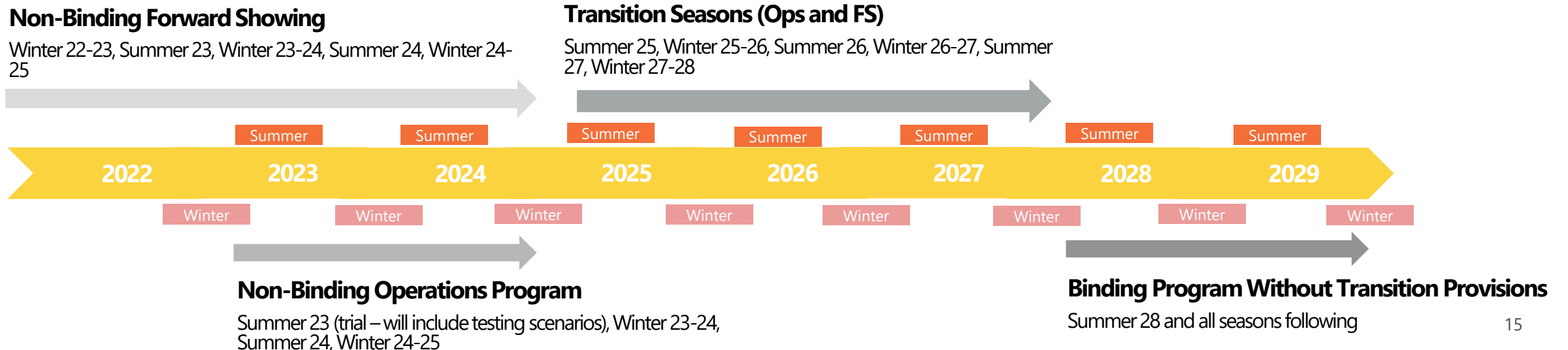


# Appendix



# Transition to a Binding Program

- A thoughtful, deliberate transition from a non-binding to a binding program is important to maintain participation, remain viable, and ensure value to the region
  - The region greatly benefits from keeping the footprint moving forward together. The program should make reasonable efforts to accommodate any entity that desires to be part of the program
  - The program needs to ensure transition provisions generally maintain the principle of all parties providing a fair share of the region’s capacity need. The program does not have the ability or intent to backstop capacity for participants unable to procure it in the market
  - Communication and coordination around the transition plan and impacts is vital.



# Administration and Operation

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- Program Administrator - Western Power Pool
  - Responsible for ensuring that all tariff requirements are fulfilled.
  - Non-profit, mutual-benefit corporation and Internal Revenue Code section 501(c)(6) tax-exempt organization based in Portland, Oregon.
  - Formed in 1941 by six investor-owned utilities operating in the Pacific Northwest.
  - Membership grew to include both investor-owned and public power utilities, federal power marketing administrations, and Canadian entities.
- Program Operator - Southwest Power Pool
  - Existing technical expertise, leverage industry experience to perform the functions necessary to operate the WRAP.
  - Forward showing and operations program functions, modeling and system analytics, real-time operations, continual technical improvement and IT systems work.
  - Non-profit corporation that operates regional transmission organization for central United States – responsible for ensuring reliability.



# WRAP Governance

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- Tariff approved by the Federal Energy Regulatory Commission (FERC)
  - Outlines program rules of participation
  - Tariff approved on February 10, 2023
- Independent Board of Directors
  - Selected by Nominating Committee
  - Nominating committee comprised of 14 members representing 12 different sectors of the energy industry (utilities, independent power producers, load serving entities, public interest groups, customer advocacy groups and state regulators)
  - Criteria for candidates included electric industry, regulatory, general management, Western electric system, or organized market experience; geographic diversity so no region was over-represented; diversity of perspectives including professional background, gender, ethnicity, and life experience; and strong collaboration skills

# WRAP Board Members

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- **Michelle Bertolino**, Former Executive Utility Director at Roseville Electric Utility
- **Doug Howe**, Consultant for the Western Public Utility Commission Joint Action Framework on Climate Change
- **Andrew Ott**, former CEO of PJM
- **Susan Ackerman**, Former Chief Energy Officer at Eugene Water and Electric Board
- **Bill Drummond**, WPP Board Chairperson