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Sent: Wednesday, June 10, 2015 11:24 AM
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Subject: Northwest Power Pool - followup to June 5th ETIC
Attachments: NWPP MC Initiative Congressional Update - June 2015.pdf

Sonya

At the June 5th ETIC meeting I mentioned the efforts underway at the Northwest Power Pool to find efficiencies in the grid. Please see the attached document which summarizes that effort. The document was prepared for a Congressional staff briefing in DC.

Please share with the ETIC membership and others as you deem appropriate.

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NWPP MC Initiative Update

June 2015

Background

Northwest electric utilities are working together to improve the operation of the region's power and transmission system. Their goal is to enhance coordination among utilities in the regional market, improve reliability, capture efficiencies and reduce costs. To do this, the Northwest Power Pool (NWPP) member executives launched the Market Assessment and Coordination (MC) Initiative in 2012, an effort to build on the NWPP's 70-year legacy of improving regional coordination and finding efficient solutions to operational and commercial challenges. The MC Initiative is tasked with developing solutions to:

- Reliably and efficiently manage transmission constraints and the impacts of variable energy resources as the region absorbs thousands of megawatts of wind generation, and
- Efficiently and equitably access regional balancing diversity and capabilities.

To help achieve these tasks, the NWPP MC has worked collaboratively to develop and implement system upgrades their utilities can use to enhance reliable and economically efficient operation of the region's grid, and to evaluate whether a NWPP MC-designed, automated, within-hour energy market could provide added benefits on top of those upgrades. Each of these initiatives have been (or are being) weighed for their ability to help meet the NWPP MC's objectives while respecting the region's unique attributes, including the prevalence of large, coordinated hydro generating systems and multiple independent transmission providers as well as the presence of FERC jurisdictional and non-jurisdictional utilities, and large Federal Power Marketing Administrations.

Current Status

PIVOT FROM NARROW EIM TO STAGED COMPREHENSIVE MARKET

- In February 2015, the Executive Committee decided to close the RFP without selecting a market operator for the proposed Security Constrained Economic Dispatch program, primarily because the single conforming bid was too high relative to current risk tolerance for most members. In addition to the costs issues, the go-live lead time for a SCED was long; estimated at 3-4 years minimum based on existing system readiness, recent implementation experience, and other dependencies.
- As a result, in March 2015, the Executive Committee transitioned their focus to developing a staged sub-hourly market and associated operational and commercial initiatives, and away from immediate implementation of a SCED program.
- Throughout April and May, technical teams explored market tools and operational agreements that could provide comprehensive near-term regional benefits with lower cost and complexity than a full SCED market. They also began development of a common resource sufficiency methodology that would be applied to all Balancing Authority Areas (BAAs) participating in any future market initiatives.
- The MC's current approach is highly pragmatic and does not rule out evolution to a more advanced program should members determine it delivers further benefits to customers at reasonable cost.

UNANIMOUS RESOLUTION TO MOVE REGION FORWARD APPROVED MAY 29

- On May 29, 2015, the MC participants adopted a unanimous resolution outlining the MC Initiative’s priorities through the rest of 2015, authorizing teams of key technical staff, consultants, and regional subject matter experts to complete final design and testing work for the initiatives.
- The solutions developed by the NWPP MC center on a combination of market-focused and operations-focused initiatives around which other complementary programs can be built. The program’s key elements include:
 - Centrally Cleared Energy Dispatch (CCED) – an automated 15-minute market overseen by a market operator that performs centralized clearing of voluntary bids and offers from participants to inform regional energy dispatch, facilitated under the existing regional transmission framework.
 - Regulation Reserve Sharing Group (RRSG) – a centralized program that will enable MC participants to manage to a single Area Control Error (ACE) for the NWPP footprint (rather than for members’ separate Balancing Authorities as today), and share in the diversity of loads and resources.
- In addition to these two initiatives, the resolution includes regional commitment to other key complementary initiatives that provide the foundation to achieve durable benefits from the CCED and RRSG.
 - Existing data tools for resource monitoring and deliverability and regional flow forecasting
 - A common resource sufficiency standard for all BAAs
 - A permanent NWPP MC Corporation to include a CEO, staff and a Board of Directors
- The new operational framework will provide a range of benefits while preserving local decision making and protecting the integrity – and affordability -- of the region’s power system.
- The NWPP MC is open to future leveraging opportunities with adjacent entities in the Western Interconnect who are interested in coordinating on reliability and efficiency initiatives to deliver benefits to their customers.
- A public meeting/webinar is scheduled June 24, 10 a.m. to noon in Portland, to review progress on the MC Initiative and how the modules fit together to provide regional benefits. More information is available <http://www.nwpp.org/services/MC-Initiative>.

NWPP MC Initiative Members – Current Phase 4 Activities Participants

*Avista Corporation
 Balancing Authority of Northern California
 The Bonneville Power Administration
 British Columbia Hydro and Power Authority
 Public Utility District No. 1 of Chelan County,
 Washington
 Eugene Water & Electric Board
 Idaho Power Company
 NaturEner Wind Holding, LLC*

*NorthWestern Energy
 Portland General Electric Company
 Puget Sound Energy, Inc.
 The City of Seattle, City Light Department
 Public Utility District No. 1 of Snohomish
 County, Washington
 Tacoma Power
 Turlock Irrigation District
 Western Area Power Administration,
 Upper Great Plains*