

WRAP FAQs

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What is the WRAP?

The Western Resource Adequacy Program (WRAP) is the first regional reliability planning and compliance program in the history of the West.

It will deliver a region-wide approach for assessing and addressing resource adequacy and provide an important step forward for reliability in the region.

Why was it created?

The program was started at the request of WPP's customer utilities who were concerned about the issue of resource adequacy in the West.

What is resource adequacy?

Resource adequacy refers to having enough resources to provide electric service under a range of conditions or scenarios with a sufficient degree of reliability. The North America Electric Reliability Corporation (NERC) defines resource adequacy as “the ability of the electric system to supply the aggregate electric power and energy requirements of the electricity consumers at all times, taking into account scheduled and reasonably expected unscheduled outages of system components.”

The WRAP will set the degree of reliability the program footprint must meet to be considered sufficient.

Why is resource adequacy a problem?

Numerous studies have shown resource adequacy is an urgent and immediate challenge. If not addressed, there is a real risk of not always being able to provide power to customers.

The resource adequacy challenge comes from many factors at play in an industry in transition. Customers are using more energy (load growth), yet power plants – especially coal – are closing. They are often replaced by variable energy resources, like renewables.

The question is whether there will be enough capacity to meet customer demand, especially in extreme weather or the most critical hours of the day.

How will WRAP address this?

With coordination and visibility across participants, the WRAP paints a more accurate, regional picture of resource needs and supply. It addresses resource adequacy and ensures reliability through collaboration, taking advantage of operating efficiencies, diversity, and sharing pooled resources.

What are the benefits of such a program?

WRAP is a significant step in the right direction toward enhancing reliability.



It allows us to take advantage of and share in the diversity of the region. We can better ensure reliability – using fewer resources overall and finding savings opportunities – by working together. And we avoid the risks and inefficiency of continuing to do it individually.

How does the WRAP work?

The WRAP has two components – forward-showing and operational.

For the forward-showing, we'll set a regional reliability metric and use a consistent approach for counting resources. Seven months in advance, participants must demonstrate they've brought their fair share of regional capacity for the upcoming season – winter or summer. If they are short of needed resources, there is time to secure more before the season.

The operational component allows participants to pool and share resources during tight grid operating conditions. It measures the forward-showing forecast against a much nearer-term forecast, a week or day ahead of when energy needs to flow to keep the lights on. Depending on load and output from variable resources, for example, participants could have a deficit or surplus compared to forward-showing. Those with a surplus will share resources with those who have a deficit in the hours of greatest need.

How do participants join?

Participants can include entities responsible for serving electric load in the footprint. These entities can opt into the program by signing a WRAP Agreement. It is voluntary, but once committed, participants must meet their obligations and pay their share of costs. In the binding program, participants are subject to penalties if they don't meet their capacity requirements.

Who is participating?

A list of current participants can be found on this website. As of April 2023, 22 utilities from the northwest, desert southwest, Canada, and northern California have committed to the program.

When does participation become official?

The tariff that implements the WRAP was filed with the Federal Energy Regulatory Commission on August 31, 2022. FERC approved the tariff on February 10, 2023, which enabled WRAP to set terms and conditions for participation and allow for governance changes to be made.

What happens between now and the start of the full binding program?

It's important to transition to the full binding program responsibly, phasing in compliance obligations and penalty charges over time. This way, participants will be fully prepared and will be more likely to maintain ongoing participation, helping keep the WRAP viable and providing value to the region through the diversity of collective loads, resources, and transmission.

Participants can choose the season they wish to start the binding program, as early as Summer 2025 and going through Summer 2028. They can participate in all preceding seasons as non-binding.

During the transition seasons (Summer 2025 through Winter 2027-28) there will be discounted compliance charges for binding participants who made all efforts to secure needed capacity but were unable to do so. The amount of discount decreases each year of the transition period. Participants who pay the discounted charge still have access to pooled resources in the operational component.

What was the process like to create the WRAP?

For two-plus years, the WPP worked with regulators, participants, and stakeholders to shape the program. It's been a process of transparency and collaboration.

Design documents and plans were shared with stakeholders through public webinars. We've heard stakeholder voices, embraced their comments, and refined the designs. A similar stakeholder process was used to develop the tariff.

An archive of all public meetings and presentations is available on our website.

How will the WRAP be governed?

The WRAP is governed by a fully independent board of directors at the WPP, which was seated after FERC approved the tariff. A nominating committee made up of a variety of industry sectors worked with an executive search firm to select the new board.

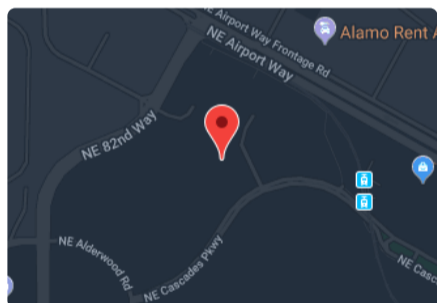
The Resource Adequacy Participant Committee (RAPC), the sector-based Program Review Committee (PRC), and Committee of State Representatives (COSR) ensure diverse perspectives in decision-making.

The Southwest Power Pool (SPP) serves as the Program Operator for the WRAP and plays a critical technical role in the program, including analytical calculations and modeling. SPP will help with the forward-showing and operational components, modeling, and analytics and much more.

TAGS

FAQs

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