

Resource Adequacy Update

No Action Required

April 5, 2021



Agenda

- Program Elements Overview
- Timeline
- Governance Update
- Next Steps & Future Considerations



Program Elements Overview

Forward Showing Program

- Demonstrate adequate resources to meet forecasted seasonal peak and planning reserve margin

Operational Program

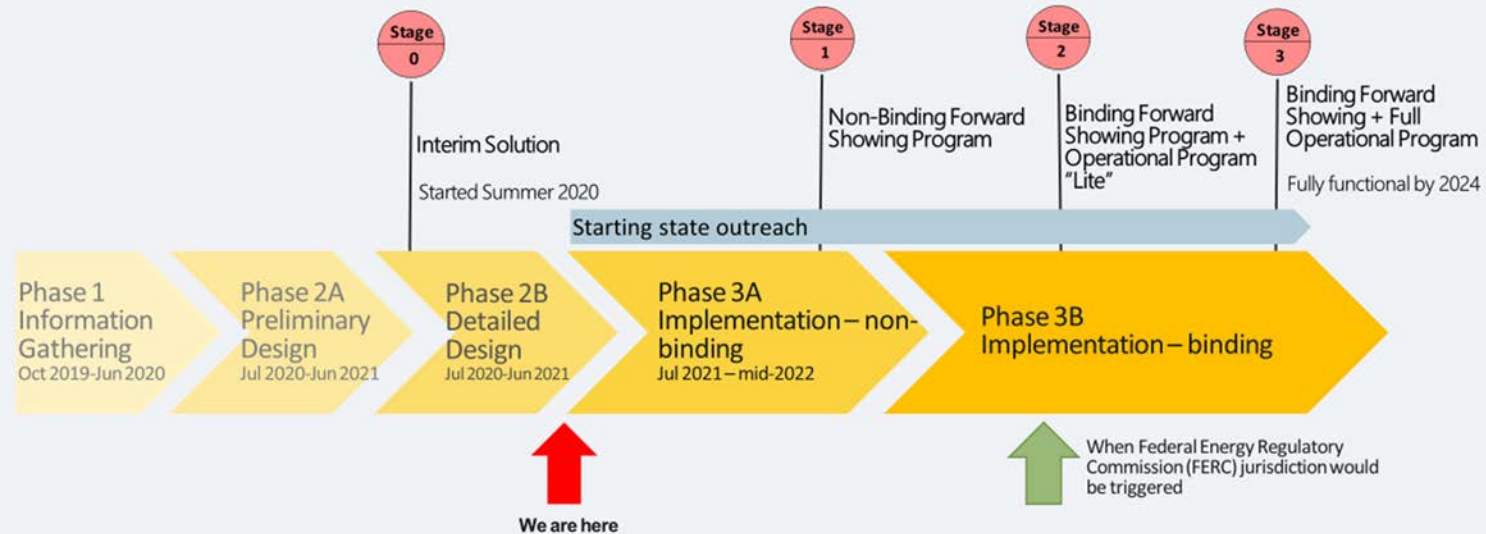
- Pool surplus resources to meet loads that exceed forecasted forward requirements

Governance—Today's Focus

- Control, Administration, Operation, and Oversight

Project Timeline

OVERVIEW OF PROJECT TIMELINE



Jurisdiction

Northwest Power Pool program is unique—no ISO or RTO—so open questions about regulatory requirements

- Expect FERC jurisdictional
 - FERC approval needed for program, with submission of tariff
- Expect ISO/RTO independence requirements apply
 - Governing entity must be financially independent from participants

Governance Options

Participant survey found overwhelming support for independent board meeting established or proven FERC expectations



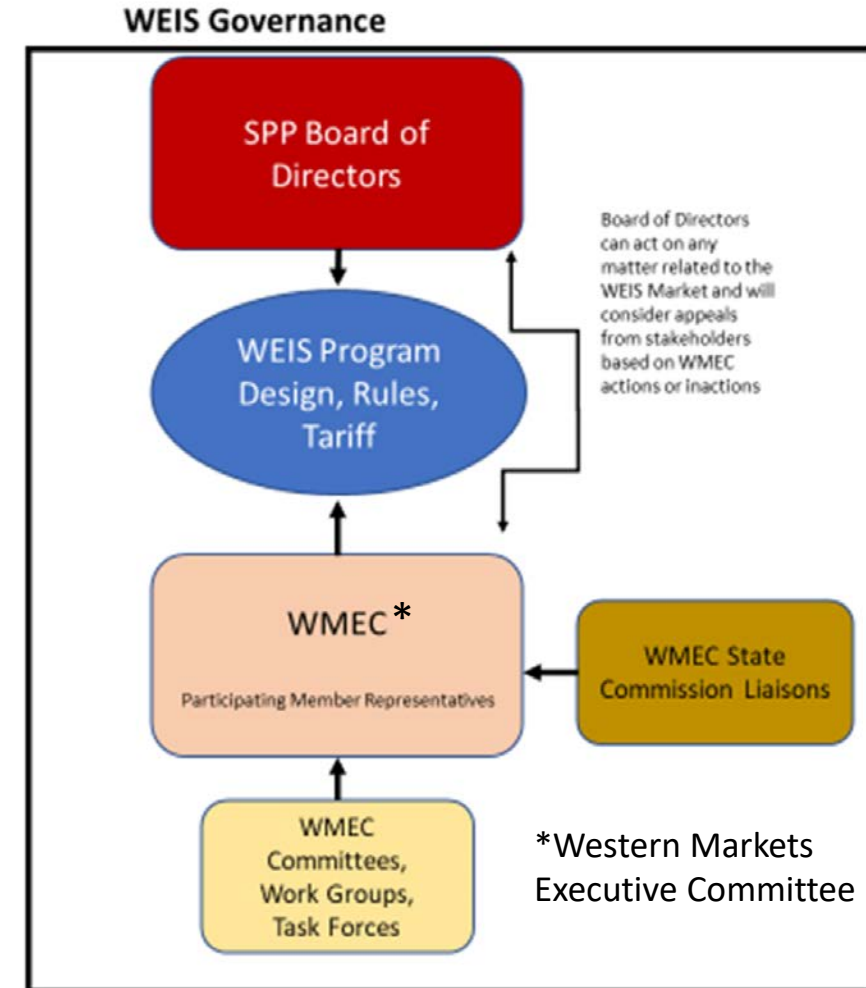
Survey results prioritized giving participants strong decision-making authority



Option	Description
A	<ul style="list-style-type: none"> › Independent Board with advisory stakeholder committee › Board can hire/fire, budget, and direct Program Administrator (PA)/staff, and file to change rules
B	<ul style="list-style-type: none"> › Same as A, but stakeholder committee has certain substantive control › Stakeholder Committee can veto FERC filings
C	<ul style="list-style-type: none"> › Stakeholder Board with same authorities as Option A › Need broad representation, from each sector
D	<ul style="list-style-type: none"> › BAA/LSE Board with limited membership and authority › Board can hire/fire and budget PA/staff › Require contract with PA/staff for term and/or conditions for termination

FERC Guidance

- In December FERC approved Southwest Power Pool's Western Energy Imbalance Service (WEIS) market proposal
 - WEIS governance provisions share similarities with Option B
 - Allows greater degree of participant input than originally anticipated
 - Allows meaningful distinction between participants and non-participating stakeholders



Governance Model

Consensus to proceed with Option B, modified based on the WEIS order

- Independent board of directors
 - Hire and fire; approve budgets; provide direction to and set priorities
 - Recommend amendments to the RA Program member services agreement
- Member committee with certain substantive control
 - Approve or reject amendments to the RA Program
 - Approve or reject RA Program rules
- Some set limitations on board authority
 - No control over generation and transmission assets
 - No transmission planning function
 - Can't override existing resource adequacy requirements
- Independent Market Monitor (if necessary/appropriate)

Who are the Players?

Independent board of directors—options:

- Northwest Power Pool
- Board of organization hired to operate program (e.g. existing ISO/RTO)
- Board of newly created entity

Participants

- Load-serving entities eligible, but participation is voluntary
- Open question whether participation needs to be broader, if others are willing to pay cost of joining

State Regulators

- Varying degrees of input in ISOs/RTOs

Other Stakeholders

Governance Next Steps

- Finalize governance structure
 - Committees, voting, dispute resolution, exit provisions
- Finalize program tariff and enabling documents
 - Bylaws, charters, formal policies
- Hire Market Operator
 - Entity with technical experience and capability to run program
- File for FERC approval and take other necessary regulatory steps