MEMO

DATE: February 11, 2021

TO: Senate Energy and Environment Committee

FROM: Megan Decker, Chair, Oregon Public Utility Commission

SUBJECT: Resource Adequacy

Resource adequacy is one element of a reliable electric system. Resource adequacy planning looks forward a handful of years to **match electricity needs with electricity resources** and see whether the system is highly likely to meet electricity needs in every hour of every season.

With focused work on resource adequacy in our state and with our region, we can create a very **strong foundation for the clean energy transition**.

A new generation of electricity resources is providing low-cost, reliable electricity – and also helping us respond to the challenge of climate change. A system with high levels of hydro, wind, solar, load flexibility, energy efficiency, distributed energy, storage and continuing development of new technologies introduces **uncertainty and complexity** into resource adequacy planning. We also have new **opportunities for regional cooperation** to deliver cost-saving and reliability-enhancing benefits.

The state and region need to make sure that our **reliability-focused institutions and systems are up-to-date and future-facing**. Focused attention now across the western electricity system means we can get to a reliable, clean grid without unnecessary costs or reliability disruptions along the way.

In the Northwest, state utility commissions are responsible for overseeing regulated utilities' resource adequacy. Utility **integrated resource plans (IRPs)** remain a cornerstone for doing this, and for getting to the energy future that Oregon wants in a least-cost, least-risk way.

However, IRPs don't generally offer regional visibility or opportunities for resource sharing, don't address resource adequacy for non-utility suppliers, and don't directly address reliability contributions from the growing variety of customer choice and other non-utility programs.

The Oregon PUC is leaning into the gaps in three main ways:

1. **Engaging constructively as the Northwest Power Pool (NWPP) develops a resource adequacy (RA) program.** The program can provide improved regional visibility and better

access to regional resource diversity. If it delivers on its value proposition, it could offer better reliability at lower cost than utility-by-utility planning alone.

2. **Opening a resource adequacy docket at the Oregon PUC, to complement or backstop the NWPP RA program.** (UM 2143) Stakeholders largely agree that the PUC should set a baseline for resource adequacy planning and contributions from both utilities and direct access suppliers.

3. **Updating our approach to measuring and valuing the capacity contribution of all resources.** (UM 2011) Capacity counting rules are an important part of establishing a solid resource adequacy program, and all resources should have incentives to make the reliability contributions that the system needs going forward.

Reliability is at the heart of the PUC's responsibility to Oregonians, and we are committed to making progress in the areas where we can make a difference.