Resource Adequacy

Comments for BPA Workshop

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Resource Adequacy is the majority of organized market value

The 2021 state-led market study showed that diversity benefits of a resource adequacy program ultimately lower the need for reliability investments at levels that can significantly outweigh other economic benefits of day-ahead market participation.

2030 Scenarios (Footprint + Market Construct)	Total Benefits	=	APC Savings	+	Capacity Savings	Admin Cost Range	Carbon Emissions	Curtailments
Status Quo Real-time/EIM	$0		$0		$0	$0 - 0	194	2.87%
Status Quo Day-ahead	$643		$47		$596	$77 - 226	194	2.71%

93% of the value is resource adequacy

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Resource Adequacy program design matters

A resource adequacy program must include meaningful standards and incentives to provide diversity benefits to its participants.

Financial consequences related to non-compliance cannot simply be a cost of doing business; they must be sufficient to incentivize all participants to invest in adequate resources to realize diversity benefits.

Standards for energy and transmission contracts must be rigorous enough to ensure those resources can be counted on during times of scarcity.

WRAP was designed to meet those objectives while benefiting from a governance structure that continues to allow flexibility as WRAP participants address each other's specific needs.

Tacoma Power is planning to add about 75 MW of capacity (that's a lot for us) attributable to meeting the WRAP standard.

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Preliminary EDAM RA design discussions are concerning

Preliminary discussions have avoided decisions on financial consequences for noncompliance, a crucial issue that demonstrates whether participants want to check a box or create real diversity value.

Accepting curtailable energy and transmission contracts risks creating a program with only the illusion of resource diversity benefits.

Tacoma Power sees little value is participating in an insufficiently rigorous RA program.

If the RA program isn't rigorous, you can't count on it. If you can't count on it, it doesn't provide diversity benefits.

RA Program design makes or breaks the value proposition for joining a day-ahead market

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Where do we go from here?

The retreat from WRAP represents a collective failure of leadership in the industry and demonstrates an unwillingness to seriously confront the generational challenge of resource adequacy.

BPA should join Markets+ because WRAP is rigorous and mandatory – it guarantees capacity savings. We are struggling to understand why this is a difficult decision for the Administration.

If BPA joins EDAM, it could eventually be forced by the ROWE to join an EDAM RA program that does not provide capacity savings – destroying the value of participating in organized day-ahead markets.

If BPA does join EDAM, it should stay in WRAP and demand that (1) ROWE enable WRAP participation and (2) demand that capacity deficit EDAM RA entities cannot “lean” on adequate WRAP entities. This would create unacceptable cross-subsidies paid for by BPA’s customers.