PROGRESS CONTINUES IN REGIONAL ENERGY MARKET INITIATIVE

After two months of intense development work, the Northwest Power Pool Members’ Market Assessment and Coordination Initiative (NWPP MC) has agreed on a set of market tools and operating agreements to improve the reliability and efficiency of the region’s energy system.

On May 29, 2015 at their Executive Committee meeting, MC participants unanimously adopted a resolution outlining the MC Initiative’s priorities through the rest of 2015. By approving the resolution, the NWPP MC Executive Committee has authorized teams of key technical staff to complete final design and testing work for the initiatives. The Executive Committee will determine later this year whether and how to complete final implementation of the entire staged portfolio in 2016-17, and how best to structure the MC Initiative for long-term success.

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** – 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 natural offsetting diversity of loads and resources.

These two initiatives, when combined with a common resource sufficiency standard for the region and advances in transmission service, operational coordination and use of existing data tools, provide a reliable and efficient within-hour operating environment with optionality to grow regional benefits through future enhancements.

The MC Initiative deliverables under development are informed not just by the past two months of MC activity, but by three years of MC Initiative work by member companies. Over that period, the NWPP MC has focused on delivering programs that result in near- and long-term benefits to this region’s customers at minimal risk and cost. The MC’s proposed suite of complementary tools and operating agreements meets that objective.

This approach is consistent with the rationale discussed in the [NWPP MC Phase 4 Stakeholder Update](#), when the MC announced its shift in Phase 4 from the immediate implementation of a security-
constrained economic dispatch (SCED) program to the staged implementation of a regionally tailored portfolio of operations and market-based modules.

The past two months of development activity have validated the MC members’ view that this pragmatic approach is right for the region. It provides a low-cost path to achieve benefits and address the most pressing operational and commercial challenges, while allowing members to address emerging issues and transition systems with minimal disruptions. Also, this approach does not rule out future evolution to a full SCED program should members determine it delivers further benefits to customers.

This new regionally developed operational framework will afford a wide range of benefits while preserving local decision making and protecting the integrity of the region’s power system, which has delivered low-cost, clean, reliable power to customers for decades.

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 here.

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**NWPP MC Initiative**

*Members of the Northwest Power Pool Market Assessment and Coordination Committee (NWPP MC) believe in the value of collaborating to deliver near- and long-term benefits to their customers. They are completing work on a suite of tools and operating agreements that will enhance the reliability and efficiency of the region’s power system and maximize the benefits of the region’s renewable resources while preserving local decision making now and in the future.*

**NWPP MC Initiative Members – Current Phase 4 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
“For more than 70 years, members of the Northwest Power Pool have been working together to develop pragmatic solutions to the region’s most pressing operational challenges. This package of complementary programs builds on that legacy and has real potential to enhance the reliability, affordability and sustainability of the region’s power system. The combination of regulation reserves sharing and a simplified, voluntary market design, built on a foundation of resource sufficiency and embedded with optionality for further evolution, is a meaningful and valuable step forward for the Pacific Northwest.” -- Elliot Mainzer, Administrator, The Bonneville Power Administration

“We’re here for two reasons – to deliver value for customers and to improve the reliability of the grid. Regional cooperation is really critical, and we work better when we work as a region. There has been great conversation and commitment across the board with the MC effort, and we’re all in.” -- Jim Piro, CEO, Portland General Electric

“A tremendous amount of work has been accomplished, and I couldn’t be more pleased with where we are. It’s time for this region to pull together and come up with solutions that work for our region and our customers. I think we’re exactly where we need to be, and we’re doing what’s right for this region.” -- Bill Gaines, Director & CEO, Tacoma Power

“While there are many details to come, this step shows very encouraging progress on creative approaches that could lead to efficiencies while maintaining control in the region. We’ll be taking a closer look at the potential value, costs and impacts to the BPA system to make sure customers have as much information as possible as this progresses.” – Scott Corwin, Executive Director, Public Power Council

“The resolution approved today represents agreement on significant issues necessary to define a market design that benefits Pacific Northwest consumers. We believe this keeps us on track to make a commitment decision by late this calendar year. We particularly support the commitment to a strong resource sufficiency test that is foundational to a well-functioning market.” -- Steve Wright, General Manager, Public Utility District No. 1 of Chelan County, Washington

“Renewable Northwest welcomes this announcement from the NWPP MC effort. This resolution, and especially its focus on wide-area footprint diversity, is an important step toward modernizing the ability of the electric grid in the Northwest to deliver the clean, reliable and affordable electricity customers want” -- Rachel Shimshak, Executive Director, Renewable Northwest

“We’re fully committed to the effort and making sure it moves forward, and we appreciate the hard work that got all of us to this place. Building blocks that contain optionality are important to us here. Also, for those of us in the Northwest for whom participation in wholesale energy markets will always be part of our business, it’s important to make sure we have a voice in what the market looks like and not just let others from outside the region decide for us.” -- Jim Baggs, CEO (Interim), Seattle City Light

“There is tremendous value in working together, and we appreciate the building block approach and the great work and commitment of MC participants. We’re fully supportive of the resolution and will continue to support the Initiative as long as we see value for our customers.” -- Jason Thackston, Sr. Vice President, Energy Resources, Avista Corporation
“We’re very encouraged with the results, and celebrate where we are today. We think it’s a great model for purposes of how to advance these issues and keep the region together. We will continue to explore cost-benefit to ensure that BPA customers are better off, or at least no worse off, with the solution, but think it’s a great model going forward for the region.” -- John Saven, CEO, Northwest Requirements Utilities

“The CCED will be a low-cost, simple way to facilitate a new market. It is designed to be incredibly simple for market participants, while preserving options for the future. We’re excited about the framework that is being developed and the fact that it is an opportunity to design the menu we’re picking from instead of having it presented to us.” -- Mike MacDougall, Director, Trade Policy, PowerEx, British Columbia Hydro and Power Authority

"The NW Energy Coalition is encouraged by the progress being made in today's announcement. The electric power industry in our region now broadly agrees that practical steps can be taken to add new renewable energy, improve reliability and decrease the electricity bills paid by families and businesses in the Northwest." -- Fred Heutte, Senior Policy Associate, The Northwest Energy Coalition

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