

TO: State-Provincial Steering Committee

FROM: Thomas Carr, WIEB Staff

DATE: December 9, 2010

SUBJECT: **Summary of December 9 Scenario Work Group**

The SPSC Scenario Work Group held a call on December 9, 2010 with the following participants: Jim Tarpey/Morey Wolfson (CO), Dian Grueneich/Michael Wheeler/Colette Kersten/Grace Anderson (CA), Scott Barillaro (BC), Dianne Nielson (UT), Jeff Goltz (WA), Tom Stoops (OR), Dave Hurlbut (NREL), Galen Barbose (LBNL), Roger Hamilton (Western Grid Group), Tom Carr/Steve Ellenbecker (WIEB).

Below is a brief summary of key issues and Work Group decisions:

- WECC staff will be modeling the SPSC's High Load case, High DSM case and Low Carbon case in the remaining weeks in of December. WECC intends to hold a meeting January 25 to review findings and consider steps towards a 10-year transmission plan.
- The Work Group agreed to create a task force to develop options for a rigorous/realistic plant retirement methodology and options for removing capacity without identifying specific plants. The task force will develop options/recommendations for consideration by the full SPSC at the Jan 11-12 meeting in San Diego. *[A first call of the task force will be Friday, Dec. 10 at 10:00 am PST / 11:00 am MST. Connect to web using [Genesys.com](http://Genesys.com). Meeting number is 1500493. Phone number 866.779.0775 and meeting number \*1500493\*]*
- At the January 11-12 SPSC meeting, the SPSC will consider task force recommendations and make decisions how its study requests are modeled for transmission expansion cases in January and decisions for SPSC study requests in the 2011 study cycle.
- The 2020 High DSM case specifies lower loads in 2020 that result in higher generation reserves and excess capacity in the system. The production cost model (Promod) solves for a least cost dispatch of generation resources. Preliminary runs show that the combined cycle gas generation fleet backs down the most and exhibits low annual capacity factors relative to the Reference case. If an acceptable method for removing capacity is identified, that methodology could be used in January in time for incorporation of the 10-year transmission plan.
- Under the 2020 Low Carbon case, the work group endorsed starting with loads specified by the High DSM case and renewable generation consistent with RPS compliance. A second step would involve adding a carbon adder in successive incremental steps to reach the carbon reduction target of 17% below 2005 levels (Waxman-Markey) and AB 32 in California. It was agreed to start with a carbon adder at \$10/ton and increase by \$5/ton in

subsequent runs. WECC staff is able to run Promod over 10 hours using multiple computers, and therefore can run a batch of multiple carbon adders overnight. A potential third step is to incorporate coal plant retirements consistent with an accepted methodology to be endorsed by the full SPSC at the January 11-12 meeting. Some states (Colorado and Oregon) are in the process of identifying specific coal plant retirements. Anticipated new EPA air quality (non-carbon) regulations may impose expensive upgrades for certain plants and induce retirements prior to 2020.

- Preliminary model runs of the High DSM case show significant carbon reductions that are close (80%) to the 17% reduction target.