

WRAP FAQs

Feb. 28, 2020, 12:18 p.m.

Last modified Aug. 9, 2022, 12:48 p.m.

Updated August 9, 2022

What is the WRAP?

The Western Resource Adequacy Program (WRAP) is the first regional reliability planning and compliance program in the history of the West.

It will deliver a region-wide approach for assessing and addressing resource adequacy and provide an important step forward for reliability in the region.

Why was it created?

The program was started at the request of many in the industry who were concerned about the issue of resource adequacy in the West.

What is resource adequacy?

Resource adequacy means the ability to provide reliable electric service at times of high demand or having enough capacity to meet customer needs under any scenario.

Why is resource adequacy a problem?

Numerous studies have shown resource adequacy is an urgent and immediate challenge. If not addressed, there is a real risk of not always being able to provide power to customers.

The resource adequacy challenge comes from many factors at play in an industry in transition. Customers are using more energy (load growth), yet power plants – especially coal – are closing. They are often replaced by variable energy resources, like renewables.

The question is whether there will be enough capacity to meet customer demand, especially in extreme weather or the most critical hours of the day.

How will WRAP address this?

With coordination and visibility across participants, the WRAP paints a more accurate, regional picture of resource needs and supply. It addresses resource adequacy and ensures reliability through collaboration, taking advantage of operating efficiencies, diversity, and sharing pooled resources.

What are the benefits of such a program?

WRAP is a significant step in the right direction toward enhancing reliability.

It allows us to take advantage of and share in the diversity of the region. We can better ensure reliability – using fewer resources overall and finding savings opportunities – by working together. And we avoid the risks and inefficiency of continuing to do it individually.

How does the WRAP work?

The WRAP has two components – forward-showing and operational.

For the forward-showing, we'll set a regional reliability metric and use a consistent approach for accounting resources. Seven months in advance, participants must demonstrate they've brought their fair



WRAP

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share of regional capacity for the upcoming season – winter or summer.

The operational component allows participants to pool and share resources during tight grid operating conditions. It measures the forward-looking forecast against a much nearer-term forecast, a week or day ahead. Depending on load and output from variable resources, participants could have a deficit or surplus compared to forward-looking. Those with a surplus will share resources with those who have a deficit in the hours of greatest need.

How do participants join?

Participants can opt into the program by signing a WRAP Agreement. It is voluntary, but once committed, participants must meet their obligations and pay their share of costs. In the binding program, participants are subject to penalties if they don't meet their capacity requirements.

Who is participating?

Twenty-six utilities have joined the non-binding phase, including some from the traditional WPP footprint and some from outside of it. Participants are from the northwest, parts of the desert southwest, Canada and northern California.

When does participation become official?

The tariff that implements the WRAP will be filed with the Federal Energy Regulatory Commission in late summer 2022. When approved by FERC, the tariff will enable WRAP to set terms and conditions for participation and put compliance requirements in place.

We are hoping for a final order giving approval by the end of 2022. Our aim is to start getting commitments from participants by the end of 2022.

What happens between now and the start of the full binding program?

It's important to transition to the full binding program responsibly, phasing in compliance obligations and penalty charges. This way participants won't be caught off-guard and will be more likely to maintain participation, helping keep the WRAP viable and providing value to the region.

Participants can choose the season they wish to start the binding program, as early as Summer 2025 and going through Summer 2028. They can participate in all preceding seasons as non-binding.

During the transition seasons (Summer 2025 through Winter 2027-28) there will be discounted compliance charges for binding participants who made all efforts to secure needed capacity but were unable to do so. The amount of forgiveness decreases each year of the transition period. Participants who pay the discounted charge still have access to pooled resources in the operational component.

What was the process like to create the WRAP?

For the last two-plus years, the Western Power Pool has worked with regulators, participants, and stakeholders to shape the program. It's been a process of transparency and collaboration.

Design documents and plans were shared with stakeholders through public webinars. We've heard stakeholder voices, embraced their comments, and refined the designs. A similar stakeholder process will help revise the final filed tariff.

An archive of all public meetings and presentations is available on our website.

How will the WRAP be governed?

The WRAP will be governed by a fully independent board of directors at the Western Power Pool. A nominating committee made up of a variety of industry sectors is hard at work recruiting for the new board.

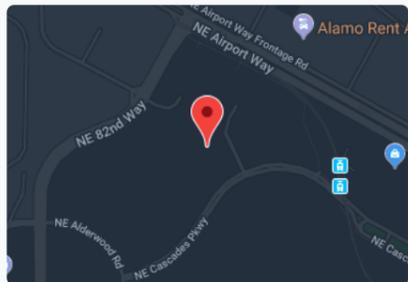
The Resource Adequacy Participant Committee (RAPC), the sector-based Program Review Committee, and Committee of State Representatives ensure diverse perspectives in decision-making.

The Southwest Power Pool, as program operator providing technical support, will help with the forward-looking and operational components, modeling and analytics and much more.

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CONTACT

7505 NE Ambassador Place, Suite R
Portland, Oregon, 97220

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