

To: SSC Members
Cc: SSC Caucus Members, MWG members
From: Roy Thilly and Kevin Gunn
Date: April 7, 2011

One of the challenges we will face on Monday is coming to closure on the 72 sensitivities to be run. At our March meeting we made substantial progress, but we continue to have requests that would put us over the limit. This memo is intended to facilitate Monday's discussion.

1. Attached is a revised tabulation of sensitivities. It shows three unused sensitivities assuming that the reduced friction rate sensitivities are bundled with the 25% soft constraint sensitivity. If the friction changes are not bundled, we will need up to five more sensitivities.
2. When we left the meeting we had a number of requests pending:
 - a) Two lower wind or all renewable capital cost runs – Futures 1 and 2. Discussion among a group of stakeholders was focusing on reducing capital costs for all renewables by 30-35%, rather than wind only.
 - b) Two extra high gas runs – Futures not specified. There has also been discussion of holding these sensitivities in reserve until more modeling results are reviewed.
 - c) Up to five friction sensitivities (50% reduction] Futures 2,3,5,6 and 8. Some have suggested bundling this change with the 25% soft constraint run which would eliminate the need for five more sensitivities.
 - d) An additional Clean Energy Policy sensitivity – Future 8.
 - e) A higher reserve margin sensitivity in the BAU. It is not clear that anyone is seriously pushing for this run. CRA will not be adjusting the reserve margin in the new EPA BAU sensitivity.
 - f) One low gas sensitivity was reserved – Future 4. This sensitivity is included in the category of existing sensitivities, so would not be additional.

Thus, at the high end eleven runs are being sought for three open spots.

There are a couple of existing sensitivities that the group might consider eliminating to accommodate other possible runs. For instance:

- a) A request was made for at least one sensitivity that would force in offshore wind – Future 6. The current list also includes a similar sensitivity in Future 5. Perhaps that information sought can be gotten with just using Future 6.

- b) In addition to the five friction sensitivities (Futures 2,3,5,6 & 8), the group had already agreed on three hurdle rate sensitivities (Futures 2, 5 & 8) that would reduce both wheeling and friction rates. When an agreement was reached at the end of the meeting to deal with friction in Futures through sensitivities rather than in base assumptions, it was not clear if people were focusing on the fact that three hurdle rate sensitivities had already been approved. Perhaps, one of the hurdle rate sensitivities could be removed.
3. To help focus our discussion Monday, we would like to offer a strawman resolution set forth below. This resolution has not been proposed by any SSC member. It is simply an attempt to take account in some way of the views of diverse stakeholders given the constraints we face. The strawman is:
- a) Free up 2 sensitivities by eliminating one offshore wind (Future 5) and one hurdle rate sensitivity (Future 8), resulting in 5 available.
 - b) Do the friction reductions in Futures 2,3,5,6 and 8 by bundling this change with the 25% soft constraint runs.
 - c) Do a low gas sensitivity, but in Future 2 not 4, since 4 is likely to show little need for new generation, except for retirements which are likely to be replaced by gas in large part in any event.
 - d) Don't do a reserve margin sensitivity.
 - e) Don't do a Clean Energy sensitivity in Future 8. That future already includes both renewables and other low carbon resources. It is unclear what would be learned in addition to the similar run in Future 5, or how it would be done. An alternative to striking this one would be to do a clean energy run in Future 2 instead, or to hold the sensitivity for further discussion when more results are reviewed.
 - f) Do one rather than two lower renewable capital cost sensitivities, in Future 2 at a 32.5% reduction.
 - g) Do two extra high gas sensitivities – Futures 2 and 3- or hold them until more results are reviewed for this use or another use.

If adopted wholesale, this proposal would free up 2 more sensitivities that are currently committed, making 5 sensitivities available, and would reduce the requests for new sensitivities to 4 [low renewables, clean energy and 2 extra high gas], giving us 1 in reserve to work with as results are reviewed. Finally, one other thought is that by using super regions for the regional RPS Future, we will not get a feel of the impact of existing transmission constraints within the super regions (need for new transmission) in this Future. One possibility might be to use the one unused sensitivity identified above to put back in the baseline infrastructure transmission limits between the regions within the super regions.