

WESTERN RESOURCE ADEQUACY PROGRAM

January 23rd, 2026

PRC Task Force – Planning Reserve Margin

PRINCIPLES

- » **Analytically Driven** - Decisions should be grounded in analysis, with outputs based on clearly defined and repeatable methodologies.
- » **Practical and Pragmatic** - Recommendations must reflect real-world constraints and operational feasibility, aiming for solutions that can be implemented effectively.
- » **Risk-Informed** - Policies should consider and weigh tradeoffs, acknowledging uncertainty and varying levels of risk tolerance across stakeholders.
- » **Transparent and Defensible** - Approaches should be explainable, justifiable, and easy to communicate - aligning with standard business and industry practices.

TASK FORCE SCOPE

» Problem Statement:

- Forward Showing Capacity Requirement is not known far enough in advance – hard for Participant to build/procure the resources they need
- Variability of Forward Showing metrics – side effect of monthly (vs seasonal) metrics

» Proposal includes updates to:

- Timeline
- Methodology

TIMELINE

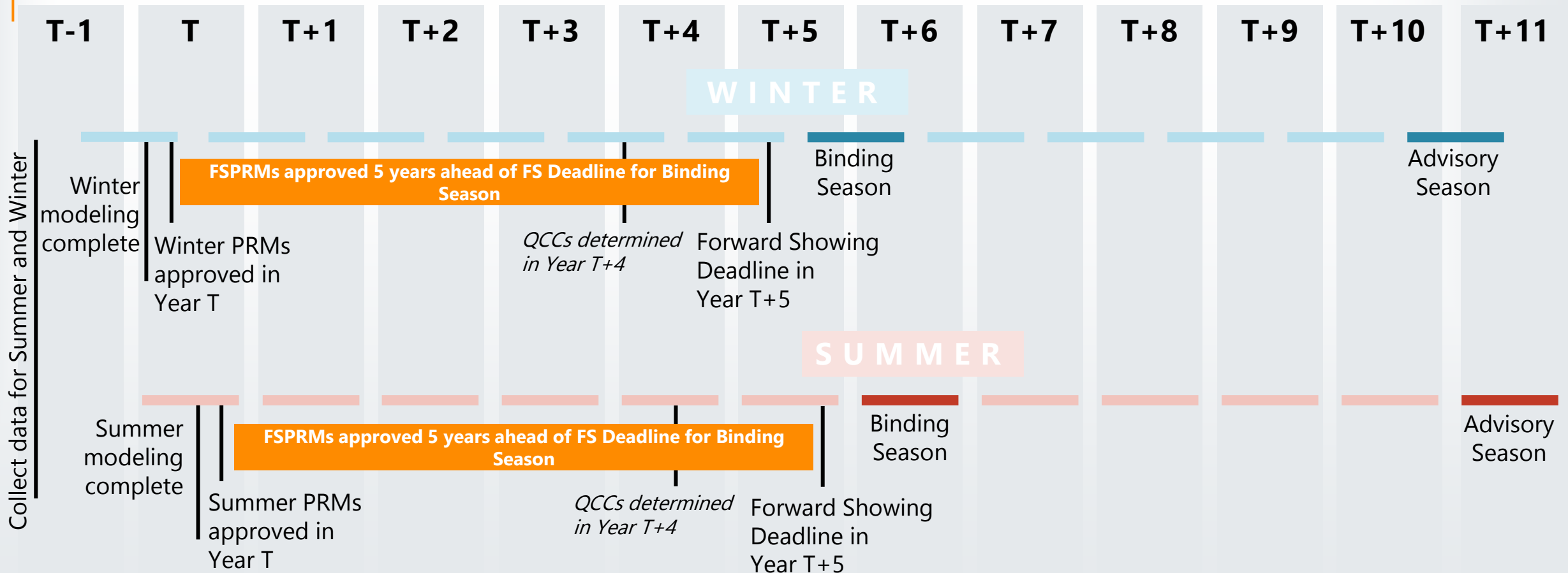
EVERY YEAR, WE WILL PERFORM NEW MODELING – 5 YEARS OUT FOR BINDING AND 10 YEARS OUT FOR ADVISORY

Balancing need for know Forward Showing metrics sooner with introducing additional uncertainty

- » Proposal to set Planning Reserve Margin (PRM) earlier
 - Proposal does not change timeline for resource accreditation (qualifying capacity contribution or QCC) or load (P50) values
- » Earlier PRM (matched with Participants knowledge of their own load growth/changes) will provide more clarity on capacity requirements
 - Setting PRM 5 years in advance is *not* the same as setting the capacity requirement 5 years in advance
 - Capacity Requirement = P50 Load * (1 + PRM)

TIMELINE

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Notes:

P50 Peak Load is determined using the most recent available data.

The Task Force proposal includes a transition plan to get from the current state to this proposed timeline.

METHODOLOGY

This Proposal suggests three key changes related to the loss of load event (LOLE) study:

1. Changes to how the risk of loss of load is spread to each month of the season
2. Clarification on historical weather years used to inform the model
3. Adjustment to the treatment of contingency reserves (CR)