

Resolution Supporting Operational Flexibility for Dispatching Electric Generators

WHEREAS, Electric generation facilities have traditionally been dispatched on an economic basis, with the unit that results in the least additional cost to customers being deployed first to serve load, subject to relevant generation, transmission, and other operational constraints; *and*

WHEREAS, The dispatch of electric generation facilities to serve load is an extremely complex process that cannot be based solely on the economic cost or efficiency of particular generating units, since dispatch must also be flexible enough to take into account other factors, including, but not limited to, generating unit reliability; generating unit operational capabilities, such as start-up time; grid security, reliability, and reserve requirements; transmission congestion management; fuel availability; planned and unplanned outages; the necessity to respond to changing load and weather patterns; the location of particular generating units in relation to load; environmental considerations; and contractual obligations; *and*

WHEREAS, Existing flexible dispatch procedures, including those used both in regions with organized wholesale markets and those which do not have such organized markets, incorporate power purchases as one option for serving customer load, with such purchases to be made when they are the least cost option available for serving incremental load given the other factors that must be taken into consideration in the dispatch process and the method for determining retail rates used in that region; *and*

WHEREAS, Existing flexible generation dispatch procedures facilitate optimization of total power and energy costs; *and*

WHEREAS, Existing flexible dispatch procedures are either administered by regional transmission organizations, which are subject to oversight by the Federal Energy Regulatory Commission, or by control area operators, which are subject to the ratemaking and service quality authority of State public utility commissions; *and*

WHEREAS, Any attempt to focus the dispatch process on a single generator characteristic could result in an adverse impact on the cost of retail electric service or the reliability with which that service is provided; *now therefore be it*

RESOLVED, That the National Association of Regulatory Utility Commissioners (NARUC), convened in its November 2005 Annual Convention in Indian Wells, California, strongly supports the continued use of flexible procedures for the dispatch of electric generating facilities that take into account all relevant economic and operational factors in order to minimize the cost of electric service to retail ratepayers consistent with the provision of reliable electric service.

Sponsored by the Committee on Electricity

Recommended by the NARUC Board of Directors November 15, 2005

Adopted by NARUC November 16, 2005