

MEMORANDUM

TO: Stakeholder Steering Committee (SSC) Members
FROM: Scenario Planning Work Group (SPWG) Members
DATE: 1/11/11
SUBJECT: **Recommended Sensitivities for Business as Usual Future**

This memo is written to outline the SPWG's recommendations on the sensitivities to be run on the Business as Usual (BAU) Future, and to provide some brief process-related updates.

The recommended sensitivities for the BAU case are as follows:

- 1. Revised transfer capability:** This sensitivity will allow for the transfer limits to be adjusted, per CRA and EIPC's recommendation related to the treatment of transmission in the MRN-NEEM model.
- 2. Interregional fee/dispatch barriers removed:** This sensitivity would involve removing all transmission service charges, hurdle rates, and overload charges used in the model.
- 3. High¹ load growth:** This sensitivity would involve an increased load growth assumption.
- 4. Low load growth:** This sensitivity would involve a decreased load growth assumption.
- 5. High gas prices:** This sensitivity would involve an increase in the assumed price of natural gas.
- 6. Increase state EE/RPS requirements by 5% in absolute terms:** This sensitivity would involve an increase in existing state EE/RPS requirements by 5 percentage points, which some believe to be a more accurate representation of levels that are actually achievable by those states. This phrasing is meant to capture the sensitivity recommended by the EISPC with more specificity.
- 7. Higher PHEV levels:** This sensitivity would involve adjusting load assumptions to reflect an increase in the penetration of plug-in hybrid electric vehicles.

¹ Please note, terms like "high" or "low" generally refer to values higher or lower than those used in the initial/base run of this Future. Exact values for the assumptions described herein will be recommended by the Modeling Work Group at a later date.

8. Increased generation costs: This sensitivity would involve the adjustment of costs related to particular generation types within the model.

9. No new non-carbon EPA regulations: This sensitivity would involve the adjustment of assumptions to reflect the effect of no new non-carbon EPA regulations taking effect during the period of study. (This is the first of four “Environmental Moderation” sensitivities to be approved by the SPWG.)

The BAU Future will also have six additional sensitivities intended to yield key data initially sought through the previously proposed “Environmental Moderation” and “Free Market” Futures, with three in each category. The SPWG has set aside the appropriate number of sensitivities “slots” to each of these categories. Sponsors of each of those categories of sensitivities will propose descriptions of the sensitivities they would prefer to see in those “slots” in the coming weeks.

The SPWG has developed consensus recommendations on all 72 sensitivities to be run on the 8 Futures. Appendix A, attached, includes a list of all of these recommendations, including placeholders for the six listed above, and two additional sensitivities that the SPWG recommends be left for EISPC to determine as its members choose. Appendix A also includes a color-coded chart showing the sensitivities that were accepted and rejected by the SPWG in its discussions following the December SSC meeting.

Approval of the remaining six BAU sensitivities mentioned above – as well as the rest of the recommended sensitivities for all of the Futures – will be on the SSC’s agenda at its February 7-8 meeting.