

ACS Practices Forum

Use of No-Charge Reservation on MOD-029 Paths and
Redirects

September 04, 2013



Today's Discussion

- Background on no-charge reservations
- Review of issues
- Initial solutions
- Questions and next steps

Background on Transmission Arrangements

- BPA recently made policy decisions on the transmission arrangements for the delivery of 3rd-party reserves (3PS) and supplemental service (ESS)
 - BPA [presented](#) on this topic at the June 11, 2013 ACS Forum and the August 14, 2013 ACS Forum conference call
- These policies need to be implemented by the beginning of the BP14 Rate Period on October 1, 2013
 - BPA will continue to discuss the impacts of these policies with customers in future workshops
 - These policies include:
 - BPA will not charge for transmission reservations used to deliver 3PS and ESS reserves
 - BPA will not perform an AFC check, nor encumber AFC capacity on MOD-030 flowgates
 - BPA will both perform ATC checks and encumber ATC capacity on MOD-029 flowgates
 - Reservations on MOD-029 paths would be subject to Short Term (ST) Competitions and Preemption
 - Reservations will use capacity and/or dynamic schedules

Issue 1 – Encumbering and Competitions

- As with standard reservations, BPA will not validate that no-charge reservations will ultimately be scheduled
- However, with standard reservations a customer must pay for the full amount of capacity they reserve, regardless of whether they schedule on the reservation
 - Having to pay for the full amount of capacity creates an incentive for customers to reserve only what they will use (schedule)
- With a no-charge reservation there is no longer a financial consequence to “over reserving” capacity

ST Competitions and Preemption

- BPA staff have also identified the potential for holders of no-charge reservations to have a unique advantage in matching or “defending” against a challenger
- Normally a PTP Defender makes an economic decision to extend their reservation. With a no-charge reservation, however, the Defender has a “free option” to match
- Note - A PTP reservation may be preempted by a competing NT Request, irrespective of it being a no-charge reservation

Initial Measures to Promote Appropriate Use

- BPA will charge for RESERVATIONS for delivery of 3PS and ESS and crediting for SCHEDULES
 - Note – A capacity and/or dynamic schedule signals the potential for energy to flow, not necessarily the actual flow of energy
- This solution appears to mitigate the identified issues while still effectively maintaining a no-charge reservation when used for 3PS and ESS reserves
 - In this case the schedule measures the use of a reservation for this purpose

Issue 2 - Redirects

- Initially, BPA will not allow:
 - The redirect of existing, charged TSRs into a no-charge 3PS or ESS POD
 - Staff is open to evaluating policies that allow the use of existing TSRs for the delivery of reserves
 - A no-charge reservation to be redirected out of a 3PS or ESS centroid to somewhere else on the network, or to another MOD-029 path
 - The resale of a no-charge reservation

Action Items Follow Up

- In future ACS or related forums, consider mid-rate period modifications to policies related to transmission arrangements for delivery of 3rd party balancing reserves.

- Action Items:
 - Monitoring and Data - Throughout the rate period, monitor use, delivery, and impacts of 3rd party balancing reserves and share data with customers on a regular basis.
 - Engage customers, in future ACS or related forums, on potential modifications to the policies on transmission arrangements for how 3rd party balancing reserves will be delivered.
 - Consider delivery of 3rd party balancing reserves on Non-Firm transmission and alternatives/impacts of “no AFC check” reservations.
 - Consider and discuss what impact 3rd party balancing reserve deliveries have on other transmission rights holders, such as Slice/Block contracts for FCRPS generation.
 - Take deliverability of 3rd party balancing reserves into account - in bidding process for 3rd party balancing reserves, consider the location/source of the generation in determining whether these are feasible and can be effectively delivered.