

DRAFT - Balancing Services Resources Pre-Qualification Business Practice

Effective: xx/xx/xx

Bonneville has adopted several programs under which balancing reserves can be provided from non-Federal Columbia River Power System (“FCRPS”). Under Bonneville’s Self Supply policy, a customer can make resources available to Bonneville for deployment to meet that customer’s balancing needs, which would include all three components of balancing services; regulation, following, and generation imbalance.

Under Bonneville’s Supplemental Service policy, a customer can reduce its DSO 216 risk by making a resource available to Bonneville for deployment or by asking Bonneville to acquire a resource for that purpose. The balancing resources that are acquired by customers of Supplemental Service will need to meet the requirements of this business practice before they can be deployed on behalf of the Supplemental Service customer.

In addition, Bonneville expects to acquire reserves to supply balancing services to meet reserve obligations necessary to maintain requested levels of service based on customer elections. Bonneville will only acquire INC balancing reserves, either from a generating facility or a demand response resource.

Bonneville has identified five potential reasons it may need to acquire reserves.

Acquisitions to meet a planned need (referred to as “Type 1” acquisitions) arise because of a predictable need for additional reserves above those available from the FCRPS on a planned basis, such as an increase in reserve obligation may occur because a planned new wind project becomes operational within Bonneville’s Balancing Authority Area.

Acquisitions to meet a temporary reduction in FCRPS capacity (referred to as “Type 2” acquisitions) arise because of an unexpected need for additional reserves due to system conditions limiting the ability of the FCRPS to provide the planned reserves.

Acquisitions to support Full Service (referred to as “Type 3” acquisitions) arise from the need to acquire additional reserves to provide service to customers electing Full Service.

Acquisitions to meet an unanticipated need for reserves (referred to as “Type 4” acquisitions) arise when a customer causes an unplanned increase in balancing reserves to be held by BPA for Base Service. This may include an inability to meet performance requirements associated with an election it made or a choice to come online in an earlier rate period than originally planned. For example, a customer may elect a committed scheduling paradigm, but may be unable to meet associated scheduling accuracy metrics, thereby increasing Bonneville’s need to supply reserves.

In that case, Bonneville would acquire Type 4 resources to meet this additional, unanticipated need.

Supplemental Service Acquisitions (referred to as “Type 5” acquisitions) arise from customers asking Bonneville to acquire resources on their behalf to reduce their DSO 216 risk through Bonneville’s Supplemental Service Program.

Bonneville’s reserve acquisitions may be made over various timeframes from well in advance of anticipated need—such as a month or more in advance—to shortly before the Delivery Hour, such as at Pre-Schedule, or when systems and processes allow acquisitions within the day of delivery. The duration of an acquisition may range from a month to all or a portion of a day.

Bonneville anticipates that the bulk of its reserve acquisitions will occur through a Request For Proposals (RFP) or similar process. Bonneville does not anticipate acquiring DEC Resources to supply balancing services, unless requested by a Supplemental Service customer to do so.

To facilitate the ability to acquire near term capacity reserves quickly through an effective RFP process and to facilitate the ability of a customer to self supply balancing reserves or to make a balancing resource available to Bonneville to reduce DSO 216 risk, Bonneville believes it is desirable to prequalify resources capable of supplying reserves such that operating characteristics are known in advance and that technical requirements necessary to call upon reserves and monitor performance are met. This business practice sets Bonneville’s criteria for prequalifying a resource to supply balancing reserves to Bonneville, whether the customer or Bonneville acquires the resource. This business practice does not apply to Customer Supplied Generation Imbalance participants.

A potential supplier of capacity reserves to be acquired by Bonneville need not prequalify a resource pursuant this business practice in order to respond to an RFP for monthly or longer acquisitions by BPA. However, a project will need to meet applicable requirements as set forth in this business practice before it can be acquired by BPA, or deployed by BPA if acquired by a Supplemental Service participant. Potential suppliers of reserves to be acquired by BPA for periods shorter than a month will need to be prequalified prior to responding to an RFP. Prequalification assures that a potential supplier has met applicable technical requirements (such as communications or other systems that will allow Bonneville to deploy a balancing reserve resource), that the characteristics of the balancing reserve resource and its capabilities are understood, and that it is otherwise capable of supplying balancing reserves.

Comments are due --, 2013. Comments should be sent to --.

Definitions

1. **Balancing Services:** Regulation, Following, and Generation Imbalance services as those terms are described in Bonneville's applicable Transmission and Ancillary Services Rate Schedule.
2. **Balancing Services Supply Agreement:** An agreement setting forth the rights and obligations of a potential supplier of Balancing Services to Bonneville.
3. **Balancing Services Centroid:** A point designated by Bonneville within the Bonneville system to be used as a Point of Delivery for the delivery of balancing reserves or to be used as a Point of Receipt for Supplemental Service participants providing DEC's.
4. **Balancing Resource:** A Resource that is capable of supplying one or more Balancing Services. Balancing Resource may supply Balancing Services through a either an on-demand schedule or a dynamic schedule for a Generating Facility, an On Demand Resource, Demand Response, or other resources capable of meeting performance metrics for one or more of the components of Balancing Services.

A. General Requirements

1. A potential supplier of Balancing Reserves within BPA's BAA must prequalify prior to delivering balancing reserves.
2. A potential supplier of Balancing Reserves must obtain Bonneville's approval of a Generating Facility or Demand Response Resource it intends to make available to Bonneville for the purpose of supplying Balancing Services;
3. A potential supplier of Balancing Reserves may submit a request to have a Generating Facility or Demand Response Resource prequalified at any time.
4. Bonneville will endeavor to respond to each request within 30 days.
5. A potential supplier of Balancing Reserves must install any communication or other equipment or systems necessary to supply Balancing Services, at its expense;
6. A potential supplier of Balancing Reserves must agree to allow Bonneville to dispatch its Balancing Resource to the extent its resource was selected to supply Balancing Services;
7. A potential supplier of Balancing Reserves must execute a Balancing Services Supply Agreement with Bonneville;
8. A potential supplier of Balancing Reserves must apply for and receive an award of Dynamic Transfer Capability if the supplier expects to use a Generating Facility to supply regulation or following dynamically;
9. The supplier of Balancing Reserves is responsible for delivery of Balancing Reserves to a Balancing Services Centroid.
10. The supplier of Balancing Reserves must supply any other pertinent information that may be requested by Transmission Service; and
11. The supplier of Balancing Reserves must meet the requirements of all applicable Business Practices.
12. Once a Generating Facility or On Demand Resource has been prequalified, the potential supplier of Balancing Services is responsible for maintaining the accuracy of information provided Bonneville concerning its resource.
13. The failure to keep resource information up to date is grounds to disqualify a resource.

B. Information Needed to Prequalify a Generating Resource or Demand Response Resource

1. A potential supplier of a Balancing Resource must submit a request to their Bonneville Transmission Account Executive via email to approve each Balancing Resource from which it expects to supply Balancing Services.
2. The request must:
 - b. Identify the Generating Facility or Demand Response Resource it wishes to prequalify;
 - c. State which Balancing Services the supplier expects to supply from its Balancing Resource—Regulation, Following, or Generation Imbalance;
 - d. Provide the following information regarding the characteristics of a Balancing Resource:
 - i. A description of resource, including its fuel source and operating characteristics;
 - ii. Nameplate;
 - iii. Maximum amount of capacity available to supply Balancing Services;
 - iv. Ramp rate;
 - v. Heat Rate (for thermal plants that burn fuel), and heat rate variability by season, if applicable;
 - vi. Lead time notice required to start project;
 - vii. Minimum run time, if any;
 - viii. Maximum run time, if any;
 - ix. Deployment limitations, if any, on the number of deployments that may occur over a given time interval;
 - x. Estimate of its highest potential Incremental Cost and the operation that leads to such cost
 - xi. Any other limitations that may affect the ability of the Resource to supply Balancing Services, whether the limitation is technical or otherwise.
 - e. Provide any other information Bonneville may request.

C. Balancing Services Supply Agreement

The Balancing Services Supply Agreement:

- a. Identifies the balancing services to be provided by the Balancing Resource;
- b. Sets forth technical requirements necessary to supply Balancing Services to Bonneville;
- c. Identifies approved Generating Facilities or Demand Response Resources from which Balancing Services will be supplied;
- d. Identifies the characteristics and limitations of each Generating Facility or Demand Response Resource from which Balancing Services will be supplied;
- e. Identifies communication or other equipment or systems necessary to supply Balancing Services; and
- f. Requires notice to Bonneville if there is a change in the operating characteristics of a prequalified Resource that would have a material impact on the Resource's ability to supply Balancing Services;

D. Procedures for Responding to a Request to Prequalify a Generating Resource or Demand Response Resource

1. Bonneville will review a request to prequalify a Generating Resource or Demand Response Resource and provide a written response within 30 days of receipt of the request in the form of:
 - a. Approval of the request as submitted; or
 - b. Offer to approve the request in part, or upon agreement of conditions Bonneville may reasonably propose, or
 - c. Denial of the request and setting forth the basis for the denial and describing the steps, if any, that must be taken to revise the request to increase the likelihood of approval.
2. The entity making the request shall have ten Business days to accept a partial or conditional offer from Bonneville, or it will be deemed REJECTED.

E. Additional Information

Related Business Practices

- Requesting Transmission Service
- Scheduling Transmission Service
- Generation Imbalance
- Failure to Comply
- Requesting and Awarding Access to Dynamic Transfer Capability
- Dynamic Transfer Operating and Scheduling Requirements
- Self Supply
- Supplemental Service
- Customer Supplied Generation Imbalance
- On Demand Resource Scheduling
- Oversupply Management Protocol