

BPA Customer Workshop on NAESB OS STCP Project

Oct 16, 2013



Introduction/Overview

- Active Individual Assignments
 - Timing/Flowchart
 - Non-Firm
 - NITS

Timing / Flowchart Assignment

Timing and Flowchart Assignment

- Motions slated for vote at the OS October meeting:
 - Defender and Challenger timing

- Motions currently under development:
 - How should a TP evaluate the Matching requests it has received under Motion 58? Specifically:
 - What if the Matching request is invalid?
 - What if the Defender chooses to exceed the minimum needed to match the Challenger?
 - What if system conditions change after the initial evaluation?
 - When is the TP obligated to ‘honor’ a ROFR?
 - When is the TP required to apply the remaining profile?

Motions up for Vote

- Defender/Challenger Timing

New Timing Considerations

Purpose:

1. To define timing rules for when Preemption and Competition may be initiated.
2. Needed to uphold Motion 10: “Confirmed Firm capacity cannot be taken away by preemption or competition after the Conditional Reservation Deadline (unconditional window begins) as defined in the pro forma OATT, section 13.2 (iii).”

Key Points:

1. Preemption and Competition process must be completed by the Conditional Reservation Deadline or the Scheduling Deadline (whichever comes earlier).
2. The lead times for Defenders and Challengers need to compensate for the time necessary for Defenders to exercise ROFR and Challengers to consider counter-offers (when applicable).
3. Time for TP evaluation may optionally be considered.
4. Regional timing considerations may also optionally be considered.

Defender Lead Times

Defender Lead Time						
Defender	Earlier of the Conditional Reservation Deadline or Defender Scheduling Deadline	TP Evaluation	Regional Timing or TP Business Practice (prescheduling day, business days, day ahead market, etc.)	Matching Time Limit	Challenger Confirmation Time Limit (will require a change to table 4-2)	
Non-ROFR	Monthly	Month	Silent	TP Right	N/A	N/A
	Weekly	Week	Silent	TP Right	N/A	N/A
	Daily	Day	Silent	TP Right	N/A	N/A
ROFR	Monthly	Month	Silent	TP Right	24 Hrs	24 Hrs
	Weekly	Week	Silent	TP Right	24 Hrs	24 Hrs
	Daily	Day	Silent	TP Right	24 Hrs	24 Hrs

- Defines the time when Defenders can be challenged.
- Generally consistent with current BPA implementation of PCM.
- BPA employs the “regional timing” discretion to recognize the WECC Pre-schedule calendar.
- BPA currently uses the standard 4 days for Monthly confirmation time limit. NAESB is recommending 24 hours specific to preemption and competition.

Challenger Lead Times

Challenger Lead Time						
Defender	Challenger scheduling deadline	TP Evaluation	Regional Timing or TP Business Practice (prescheduling day, business days, day ahead market, etc.)	Matching Time Limit	Challenger Confirmation Time Limit (will require a change to table 4-2)	
Non-ROFR	Monthly	Varies	Silent	TP Right	N/A	N/A
	Weekly	Varies	Silent	TP Right	N/A	N/A
	Daily	Varies	Silent	TP Right	N/A	N/A
ROFR	Monthly	Varies	Silent	TP Right	24 Hrs	24 Hrs
	Weekly	Varies	Silent	TP Right	24 Hrs	24 Hrs
	Daily	Varies	Silent	TP Right	24 Hrs	24 Hrs

- Defines the time when a Challenger may trigger preemption or competition.
- Also generally consistent with BPA implementation of PCM.
- BPA recognizes the regional WECC Pre-schedule calendar for Challenger timing as well.
- BPA currently adds an additional 24 hours for TP evaluation to Challenger lead times.

Proposed Motions

Motion A*:

- The TP shall account for, if applicable, the Defender's Matching time limit and the Challenger's Confirmation time limit when determining if the Preemption and Competition process should be initiated as follows:
- Capacity shall not be taken from a Defender through the Preemption and Competition process after the earlier of the Defender's conditional reservation deadline or the Defender's scheduling deadline. Preemption and Competition shall not be initiated if the Preemption and Competition process would not conclude until after the earlier of the Defender's conditional reservation deadline or scheduling deadline.
- Preemption and Competition shall not be initiated for a Challenger if the Preemption and Competition process would not conclude until after the Challenger scheduling deadline.

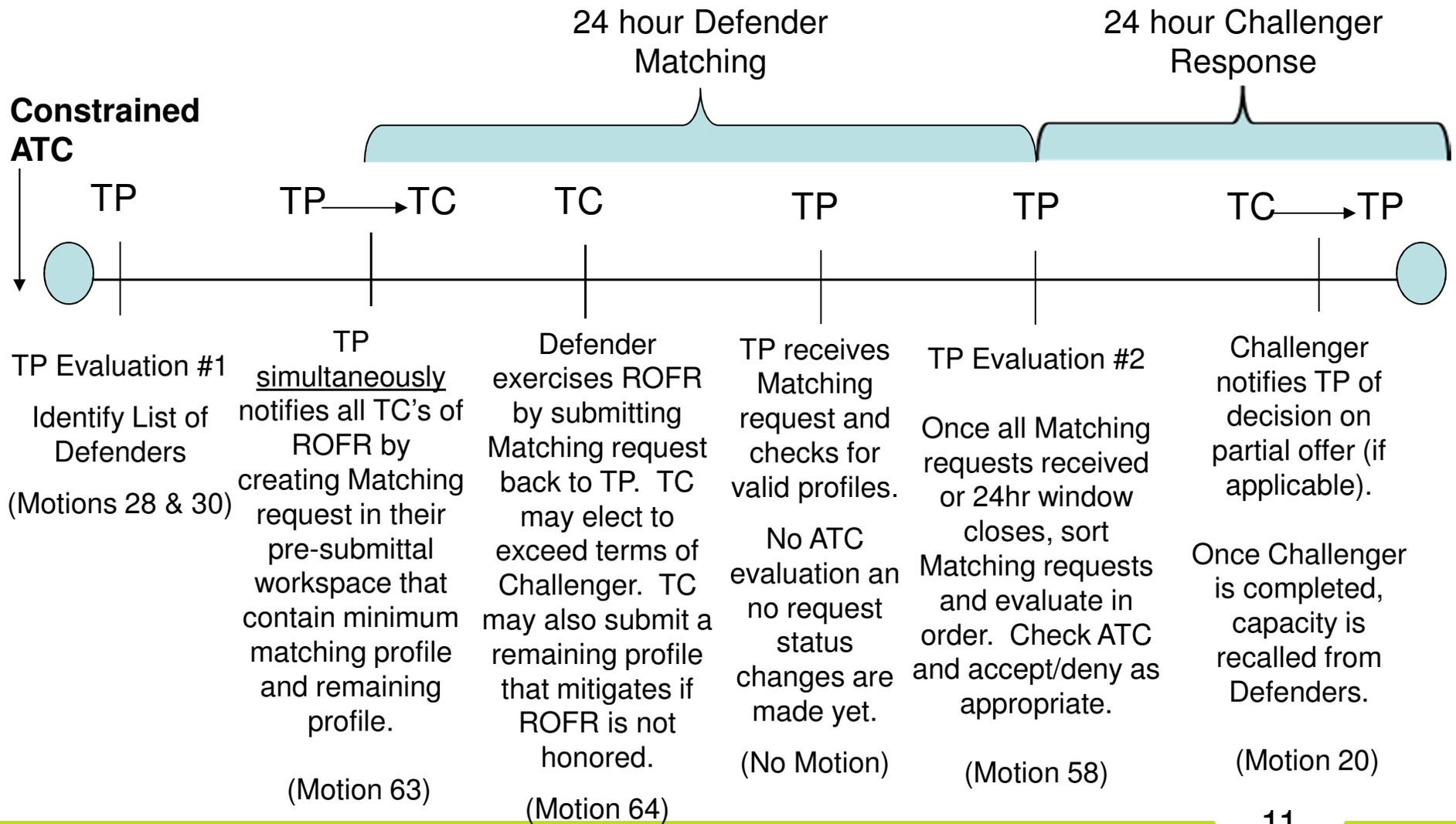
Motion B*:

- The Transmission Provider may include consideration for the timing requirements of any regional practices. The TP may include additional timing requirements if the Transmission Provider determines that such additional timing requirements are reasonably necessary to avoid disruption of the Transmission Provider's business practices. Consideration and adoption of any such additional timing requirements shall be established by business practice.

* BPA supports this current motion language.

Motions Under Development

Timeline of ROFR Process



Scenarios to Consider for Motion 58

- How should a TP evaluate the Matching requests it has received under Motion 58?
- Questions currently being discussed at the OS?
 - What if the Matching request is invalid?
 - What if the Defender chooses to exceed the minimum needed to match the Challenger?
 - What if system conditions change after the initial evaluation?
 - What if there is insufficient capacity for all ROFR's?
 - When is the TP obligated to 'honor' a ROFR?
 - When is the TP required to apply the remaining profile?

Invalid Matching Requests

A Matching request is considered valid if:

- Matching profile must meet or exceed the minimum matching profile provided by the TP.
- Remaining profile must be no greater than the remaining profile initially provided by the TP.
- The term “valid” does not mean “feasible” from an ATC check.

What if a Defending customer submits a Matching request that is not valid?

- Current OS consensus is that the request should be set to INVALID immediately.
- There has been no discussion yet regarding whether a Defender has the option to attempt to submit another valid Matching request.

BPA supports these positions, although there are no proposed motions at this time.

Defender Chooses to Exceed

- Per Motion 64, a customer can exercise their ROFR by meeting or exceeding the terms of the Challenger.
- If a Defender submits a Matching request that exceeds the minimum matching profile provided by the TP, then all bets are off:
 - The TP must reevaluate the Matching request for ATC feasibility.
 - If ATC is available for the exceeding request, the Matching request will be ACCEPTED and the extra capacity provided to it will not be available for subsequent Matching requests or the Challenger.
 - If there is insufficient ATC for the exceeding request, the current OS consensus is that the Matching request will be REFUSED and the remaining profile will be applied to the Defender. It will be as if the Defender chose not to exercise ROFR.
 - A successful exceeding Matching request will trigger the need for all subsequent Matching requests to be evaluated against the lower ATC.

BPA supports these positions, although there are no proposed motions at this time.

Defender Chooses to Meet

- Scenario: The competition has identified one or more Defenders, and at least one of them chooses to meet the terms of the Challenger. There is sufficient ATC to grant the ROFR.
- This is the standard scenario for a Defender to successfully exercise ROFR.
 - The TP will ACCEPT the Matching request and apply the matching profile.
 - If this is the first valid Matching request considered, then no actual ATC evaluation is needed to grant the ROFR.
 - If a prior Matching request successfully exceeded the minimum terms, then all subsequent Matching requests must be evaluated for ATC.
 - Once a Matching request is accepted, the capacity granted will not be available to subsequent Matching requests or the Challenger.

BPA supports these positions.

No ATC for a Single ROFR

Scenario: The competition has identified one or more Defenders, but only one of them exercises their ROFR by submitting the minimum matching profile (e.g., they did not exceed). But there is insufficient ATC to honor this ROFR.

- This situation can only be encountered if system conditions have changed since the initial TP evaluation that identified the list of Defenders (e.g., path capacity has been reduced for some reason).
- Should the ROFR be honored?
 - Current OS discussion supports honoring the ROFR in this circumstance. In this way, the TP provided the initial matching profile as an offer that is similar in nature to a counter-offer.
 - If there is only a single Defender exercising ROFR that meets the Challenger terms, then that ROFR will be ACCEPTED regardless of current ATC.
 - No ATC evaluation is needed in this circumstance.

BPA supports these positions, although there are no proposed motions at this time.

No ATC for Multiple ROFR's

Scenario: The competition has identified one or more Defenders, and more than one Defender chooses to exercise their ROFR. There is insufficient capacity to grant service to some or all of the multiple ROFR's.

- This situation can be encountered for one of two reasons:
 1. System conditions have changed since the initial TP evaluation. As with the single Defender case discussed previously, there could be a case to honor the ROFR under some circumstances for some Defenders. TBD
 2. System conditions have not changed. However, there were more Defenders identified by the TP initially than there was actually capacity to grant all of the ROFR's. This situation is a result of approved Motion 30.
- May not be able to distinguish between the two different cases in all circumstances.
- The Motion 30 situation is also known as Simultaneous Matching.
 - Need to delve more deeply into this more fully before continuing.

Simultaneous Matching per FERC

Order 890 Paragraph 1430 (Response to Duke)

- “...First, when a longer-term request seeks capacity allocated to multiple shorter term requests, the shorter-term customers should have simultaneous opportunities to exercise the right of first refusal.
- Duration, pre-confirmation status, price, and time of response would then be used to determine which of the shorter term requests will be able to exercise the right of first refusal, consistent with the Commission’s tie breaking provision in section 13.2(ii).”

Motion 58

- *In performing the final evaluation of preemption and competition with ROFR, the TP shall wait for either all ROFR defenders to submit their MATCHING requests or the time at which the competition process must be concluded. At this time, the TP shall order the valid MATCHING requests submitted by each customer based on the criteria, in order, of the MATCHING requests' Duration, Price, and Queue (submission) time, and proceed to evaluate the MATCHING request. The TP shall incorporate all preemption actions for all defenders in evaluating the MATCHING requests.*
- *If the MATCHING request may be granted in full, the impact of the MATCHING request shall replace all other impacts of that defender and be included in evaluating each subsequent MATCHING request.*
- *If the MATCHING request may not be granted in full, the capacity remaining on the defender after preemption shall be further adjusted to reflect any customer requested mitigation of the final capacity held on the defender as submitted with the MATCHING request, if applicable.*

Motions 28 and 30

- **Motion 28**: *If a potential defender has ROFR and it cannot be extended a valid match to exercise that ROFR, the defender should not be considered as a valid defender in the competition and all higher priority potential defenders will be removed from consideration in the preemption and competition process.*
- **Motion 30**: *When evaluating a given potential defender with ROFR for its ability to exercise ROFR to preserve their reservation priority, that evaluation will be on its own merits and not consider the impacts of any other potential defender's exercising of their ROFR. That is, the set of defenders preempted and extended ROFR will all be granted simultaneous opportunities to exercise their ROFR even though it is not simultaneously feasible to grant all defenders to exercise their ROFR.*

Simultaneous Matching

- NAESB Interpretation via Motion 30:
 - TP notifies all Defenders at the same time of their opportunity to exercise their ROFR.
 - TP identifies the list of valid Defenders by evaluating each Defender's ability to match individually (e.g., not simultaneously feasible when considering all other identified Defenders).

- Alternate Interpretation:
 - TP notifies all Defenders at the same time of their opportunity to exercise their ROFR.
 - TP identifies the list of valid Defenders by evaluating each Defender's ability to match collectively (e.g., simultaneously feasible with all other identified Defenders).

ATC Evaluation for Simultaneous Matching Feasibility

- Simultaneous Feasibility = No
(Motion 30)
 - $ATC_{constraint}$
 - Defender A Feasible using $ATC_{constraint}$?
 - If yes, **Valid Defender A**
 - Defender B Feasible using $ATC_{constraint}$?
 - If yes, **Valid Defender B**
 - Defender C Feasible using $ATC_{constraint}$?
 - If yes, **Valid Defender C**
- Simultaneous Feasibility = Yes
(Current BPA)
 - $ATC_{constraint}$
 - Defender A Feasible using $ATC_{constraint}$?
 - If yes, **Valid Defender A**
 - $ATC_{constraint} - ATC_{Defender A} = ATCA_{\Delta}$
 - Defender B Feasible using $ATCA_{\Delta}$?
 - If yes, **Valid Defender B**
 - $ATCA_{\Delta} - ATC_{Defender B} = ATCB_{\Delta}$
 - Defender C Feasible using $ATCB_{\Delta}$?
 - If yes, **Valid Defender C**
 - $ATCB_{\Delta} - ATC_{Defender C} = ATCC_{\Delta}$

This method increases the likelihood that there will be insufficient capacity if all Defenders exercise their ROFR.

This method provides enough ATC to grant all Defenders exercising their ROFR unless system conditions reduce ATC used in the evaluation.

Right of First Refusal

- What is a “Right of First Refusal”?
- NAESB Interpretation:
 - TP provides an ‘opportunity’ for Defender to exercise ROFR.
 - Motion 30 means that there may not be sufficient capacity to grant ROFR to all Defenders who choose to exercise that right.
- NAESB OS Definition:
 - “The ability of the holder of an existing reservation to modify its transmission reservation to match a competing request’s characteristics in order to avoid preemption.”
- Under Motion 30, the ‘Right of First Refusal’ does not represent an absolute right as implied by the definition.
 - Doesn’t say, “attempt to avoid preemption”.

Summary of Existing Motions

- **Motion 28** says that there must be sufficient ATC for a Defender to exercise ROFR to be considered a Defender.
- **Motion 30** requires TP to identify list of Defenders without considering whether all may exercise ROFR.
- **Motion 63** requires the TP to notify all identified Defenders simultaneously of their 'opportunity' to exercise ROFR.
- **Motion 58** specifies the order in which the TP evaluates the Matching requests submitted by Defenders who exercise ROFR.
- While evaluating Matching requests under **Motion 58**, **Motion 30** raises the possibility that there will not be sufficient capacity to honor all Defender ROFR's.
- **Motion 51** says that if a Defender attempts to exercise ROFR and is denied, they can request a lower remaining profile to mitigate their loss of capacity.

Motion 30: To be or Not to be

Summary:

- Motion 30 was approved September 2012.
- NAESB believes that Motion 28 and Motion 30 are compatible.
- BPA voted against Motion 30.
- The current OS focus will be building upon Motion 30 in further developing Motion 58 logic when there are multiple Defenders.

Potential Options:

- Continue developing Motion 58 logic using Motion 30 without modification
- Modify Motion 30 to allow TP discretion
- Rescind Motion 30 and replace with Simultaneously Feasible = Yes

No ATC for Multiple ROFR's (Con't)

- Scenario: The competition has identified one or more Defenders, and more than one Defender chooses to exercise their ROFR. There is insufficient capacity to grant service to some or all of the multiple ROFR's.
 - Consensus to honor a ROFR despite system conditions change.
 - Per Motion 30, initial evaluation only guaranteed that a single ROFR could be honored.
 - Consensus that if a Defender exceeds that there is no obligation to honor their Matching request.
- Implications:
 1. If there are multiple valid Matching requests and there is not ATC to grant any of them, then the TP is only obligated to honor the ROFR for the highest priority Matching request that submitted a minimum matching profile (“meets” Challenger).
 2. Once a TP grants the one ROFR (whether it was a “meet” or “exceed”, then the TP is not obligated to grant a ROFR for any subsequent valid Matching request if there is insufficient ATC. All will require individual evaluation.
 3. The TP is obligated to apply at least the remaining profile to all valid Matching requests that “meet” the terms of the Challenger, despite available ATC.

Non-firm Assignment

Non-firm Assignment

- FERC (and BPA) *pro forma* and NAESB treatment of non-firm
- Non-firm Assignment Proposals:
 - ‘Protected Status’ window for non-firm
 - Defender’s response time for hourly
 - Defender’s response time for Monthly, Weekly & Daily
- NAESB is leaning towards modifying the BPs to codify non-firm response times. These options include:
 - Modifying Table 105-A
 - Creating a new ‘competition table’ (e.g. PTP and NT)
 - Add/modify standards text

BPA and *pro forma* OATT

OATT Section 14.2:

- “In the event the Transmission System is constrained, competing requests of the same Pre-Confirmation status and equal duration will be prioritized based on the highest price offered by the Eligible Customer for the Transmission Service. Eligible Customers that have already reserved shorter term service have the right of first refusal to match any longer term request before being preempted.
- A longer term competing request for Non-Firm Point-To-Point Transmission Service will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request:
 - (a) immediately for hourly Non-Firm Point-To-Point Transmission Service after notification by the Transmission Provider; and,
 - (b) within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in section 14.6) for Non-Firm Point-To-Point Transmission Service other than hourly transactions after notification by the Transmission Provider.”

WEQ 001-4.23:

- “A confirmed, non-firm PTP reservation for the next hour shall not be displaced within one hour of the start of the reservation by a subsequent non-firm PTP reservation request of longer duration.” [approved in FERC Order 676E, Paragraph 93]

Non-firm Assignment Proposals

- ‘Protected Status’ non-firm hourly:
 - Proposed approach: Establish “Protected Status” based on the earlier of 1 hour prior to scheduling deadline or 1 hour prior to commencement of service. Proposal garnered no objections.
 - BPA supports the proposed approach and would apply a ‘safe zone’ of 1 hour prior to scheduling deadline.

- Create a new set of Defender Matching Response times:
 - Hourly non-firm “immediate” response:
 - Proposed: 10 minute response time for current day requests and 30 minutes for day-ahead requests.
 - Monthly, Weekly, Daily non-firm response:
 - Proposed: 24 hours (*per pro forma*)
 - BPA supports both proposals.

- Options for the incorporating the new non-firm times include:
 - an addition to Table 4-2 or
 - a new Competition table or
 - via text within the standard. Preferred approach TBD.

NITS Assignment

NITS Assignment

- Tier 1 and Tier 3 Meeting Update (10/16 am)
- Motions Strategy
- Motions Proposed for Modification
- Emerging Issues

Motion Strategy

- Motions 2 and 15 are already approved and can be interpreted to already apply to NT and PTP.
- Options for modifying these motions:
 - **Clarify**: Create new motions that clarify that the existing motions apply to Tier 2 and 4. Then introduce a new motion that is specific to Tiers 1 and 3.
 - **Single**: Pass a single new motion that is specific to Tiers 1 and 3. It would then be inferred that the existing motions apply to Tier 2 and 4 only.
 - **Series**: Rescind existing motions upfront. Replace with new motion(s) that clarify treatment of Tier 1/3 vs. Tier 2/4.
- No approach has been decided upon yet, although BPA supports the Clarifying language with minor modifications.

Propose to Modify Motion 2 and 4

Motion 2: Flat profile Required

- Current: “A valid challenger must be for a fixed capacity over the term of the request.”
- Proposed change: Allow shaped NT requests to compete as Challengers.
- Justification: NITS allows for shaped profiles. Tier 1 and 3 do not preempt based on duration anyway, so no gaming incentives.

Motion 4: Leading and Trailing Zeroes in Profile Segment

- Current: “Submission of leading and/or trailing 0 MW profile segments in an initial request for service will be considered invalid.”
- Discussed change: Allow NT challengers to include zero profile segments.
- Justification: NITS allows for zero profile segments.

Example language using Clarifying Motions:

1. Motion 2 and Motion 4 do not apply when Tiers 1 and 3 requests are Challengers.
2. Tiers 1 and 3 Challengers may have shaped profile segments that include zero values.

Emerging Issues

- Partial service for Tier 1 and Tier 3.
- Add standard language to clarify Competition and Preemption response times.
- NT bumping of their own 'lower priority' reservation.
- Queue Processing clarification.
- Displacement of a lower priority reservation after commencement of service (OATT section 14.7)