

Long Term Competition

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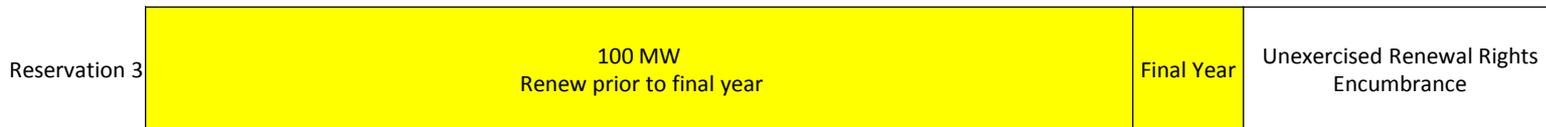
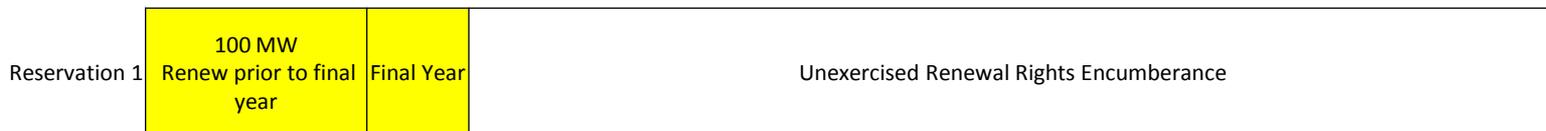


Presentation Goals

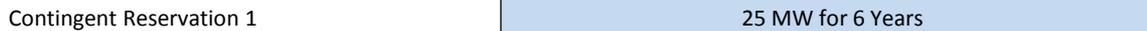
- The NW Regional customers appear to have a strong preference for delaying the Long Term Competition NAESB standards development work. (Recap from the April workshop)
- A case can be made for a ‘Delay’ option considering the following:
 - Impacts on customers and BPAT
 - Example(s)
 - LT C project timeline (BPAT Impacts)
 - Point/Counterpoint: Identify complexities with the current ‘strawman’
- Reassess if NW Regional customers believe the ‘Delay’ option(s) should be presented to the NAESB OS and if ‘yes’, then develop recommendation/motion

“Strawman” State Diagram

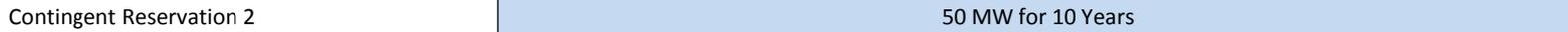
Year 10 Year 11 Year 12 Year 13 Year 14 Year 15 Year 16 Year 17 Year 18 Year 19 Year 20 -----> Year 60



Unexercised Renewal Rights Capacity Bucket 100 100 100 200 200 200 200 300 300 300



Unexercised Renewal Rights Capacity Bucket 75 75 75 175 175 175 200 200 300 300



Unexercised Renewal Rights Capacity Bucket 25 25 25 125 125 125 150 150 250 250

“Strawman” State Diagram Assumptions

- All capacity buckets are sold out except for Unexercised Renewal Rights Bucket (reality the offer would be filled 0-100% from that bucket)
- Contingent offers were made and accepted resulting in **CONFIRMED** reservations

Relationships between Reservations with Renewal Right and Contingent Reservations

- There are many possible relationships that could be established between reservations with unexercised renewal rights and contingent reservations:
 1. One to One: a specific contingent reservation is linked to a specific reservation
 2. One to Many
 3. Many to One
 4. Many to Many
- For each of the relationships listed above there are a set list of questions/issues that must be worked through
 - TSR Assessment (Pending Requests)
 - Relationship Management (CONFIRMED Contingent Reservations)
 - Competition Mechanics
 - Inventory Management (Unexercised Renewal Rights Bucket)

One to One: TSR Assessment

- New bucket of inventory is now available to satisfy requests (Unexercised Renewal Rights)
- Current assessment process would remain the same there would simply be a new offer type available (Contingent Service Agreement)
- Probable outcomes
 - Many requests would be satisfied via the Contingent Service Agreement offer type
 - Queue would shrink

One to One: Relationship Management

- For each Contingent Reservation, the TP must track the Reservations with unexercised renewal rights it is contingent on.
 - Given that it could be years before a Contingent Reservation may have an opportunity to challenge, the tracking solution will need to be robust.

One to One: Competition Mechanics

- How many Challengers (e.g., Contingent Reservations) must a Defender be required to 'defend' against?
 - One
 - Many
- How many eligible challengers get to challenge the defender?
 - One
 - Many

One to One: Inventory Management

- Where does the released capacity not used by Contingent Reservation go?
 - Back to market?
 - Back to Unexercised Renewal Rights Capacity Bucket?
- How to reconcile the Inventory Bucket (MW) with the Tariff language (Duration)?

Competition Mechanics: Many to One

- Tariff language uses duration as the single criteria used in LT C to determine who gets the capacity.
 1. If there are many Challengers (e.g., Contingent Reservations) what criteria should be used for competition
 - a. Individually by queue time (Many Challengers to one Defender, TP runs several iterations)
 - b. Batch the Challengers to determine a 'winner'. (One Challenger to one Defender, TP runs one competition)

Proposed Motion Language

- Exclude the development of Long Term Competition standards and implementation from the current NAESB OS Competition and Preemption project.