

# Preemption and Competition Resale/Redirect Presentation

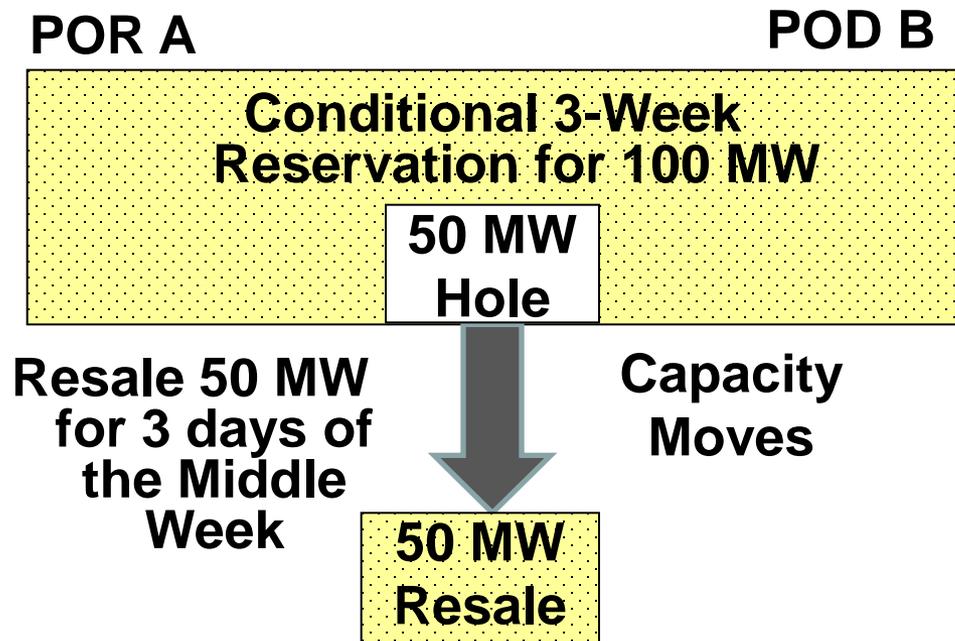
NAESB OS – May 13th, 2014

BPA Presenting



# Option #2 – Modify the Standards to be more Workable

## Capacity and ROFR Move to the Resale



**What will that Resale look like?**

1. The capacity supporting the scheduling rights sold from a conditional parent (in whole or in part) will move from the parent to the Resale and will no longer be available for P&C via the parent.
2. The capacity on the resale will now be available for P&C and have ROFR.
3. The resale can only be challenged by a Weekly or Monthly PTP, though it can still be preempted by an NT request of any duration.

# Option #2 – Capacity and ROFR Move to the Resale

## How does it work?

**For Example:**

Today



Resales



## **Option #2 – Capacity and ROFR Move to the Resale**

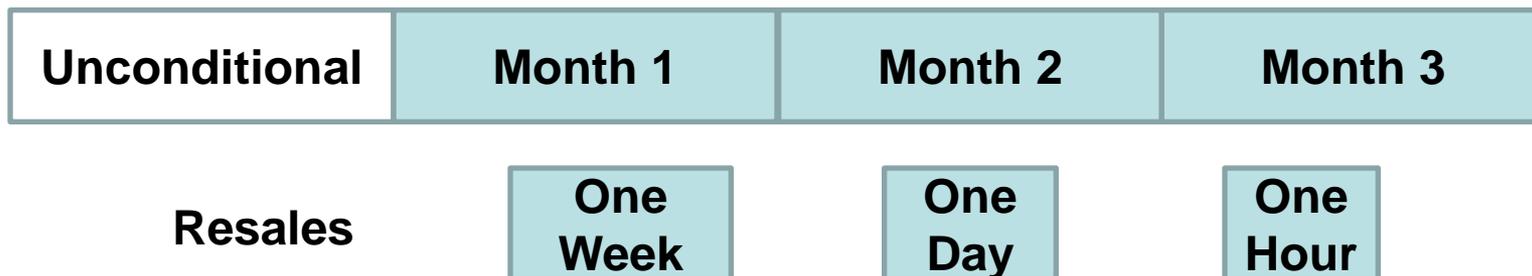
### **How does it work?**

- 1. In the example above, you have a conditional reservation that has made three resales, one weekly, one daily, and one hourly.**
- 2. Even though the resales are not monthly, they inherit the monthly designation of the parent as well as the conditionality.**
- 3. The capacity for those resales has moved from the parent to the resale, so the parent no longer has that capacity, nor the ROFR that goes with it.**
- 4. The capacity and the ROFR resides on the three resales.**
- 5. There are two scenarios to look at. First where a one month challenging request comes in, and second where a four month challenging request comes in.**
- 6. What happens?**

## Option #2 – Capacity and ROFR Move to the Resale

### How does it work?

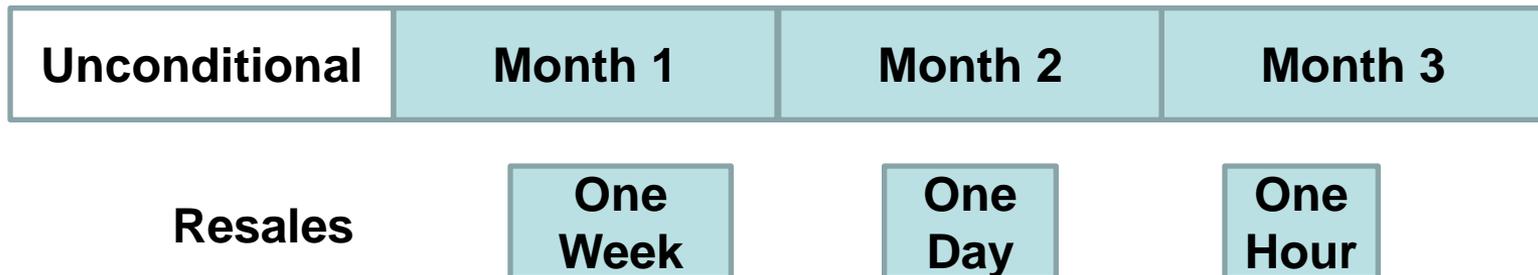
1. **Everyone is agreed that the conditionality of the parent moves to the resale. So if the parent is unconditional, then the resale is unconditional. But what about when the parent is conditional?**
  - a. **Does the resale become unconditional based upon its own start date as a weekly, daily, or hourly?**
  - b. **Does the resale become unconditional based upon its own start date as a monthly?**
  - c. **Does it become unconditional based upon when the parent becomes unconditional?**



## Option #2 – Capacity and ROFR Move to the Resale

### How does it work?

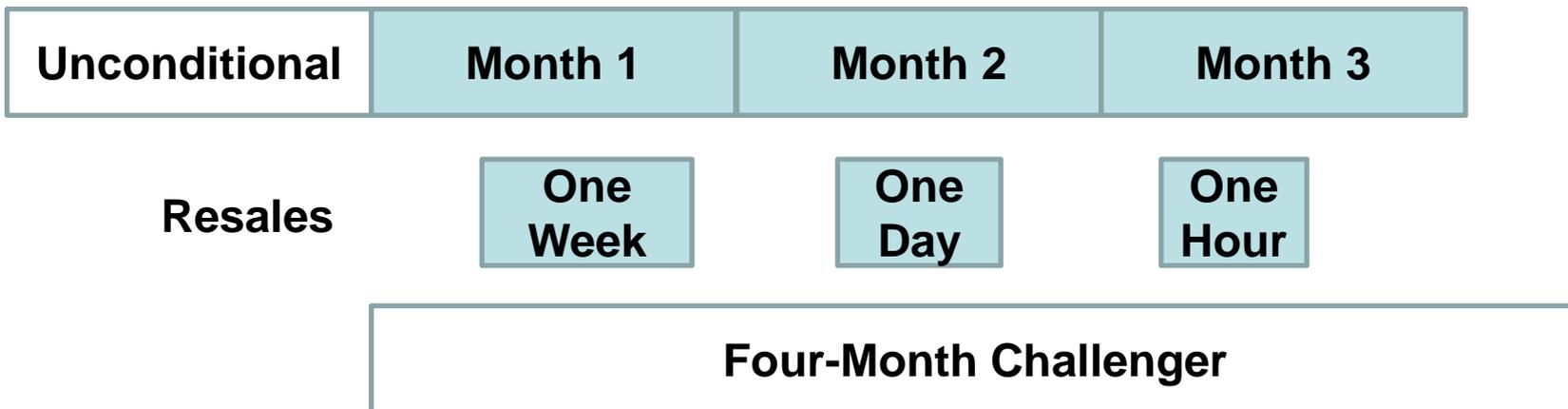
2. Everyone is agreed that though the resales are not monthly, they inherit the monthly designation of the parent. As such for a PTP challenger, they can only be challenged by a monthly request. But for competition sake, what is the duration of the resales?
- One week for the weekly, one day for the daily, and one hour for the hourly?
  - One month for all three to align with them being considered monthly?
  - Three months to align with the duration of the parent?



# Option #2 – Capacity and ROFR Move to the Resale

## How does it work?

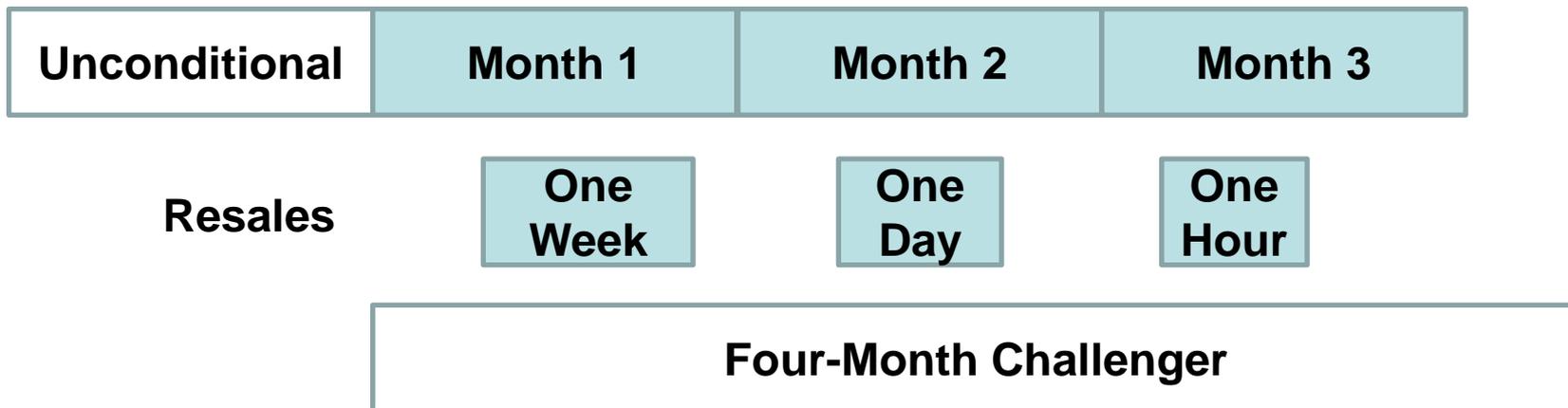
- a. Assuming the duration is one week for the weekly, one day for the daily, and one hour for the hourly:
  - I. Can they be challenged by a one month request?
  - II. If challenged by a four month request, must the hourly extend for four months to save his hour?
  - III. Since the parent would only need to extend by one month, should the resales only need to extend for one month as well?



# Option #2 – Capacity and ROFR Move to the Resale

## How does it work?

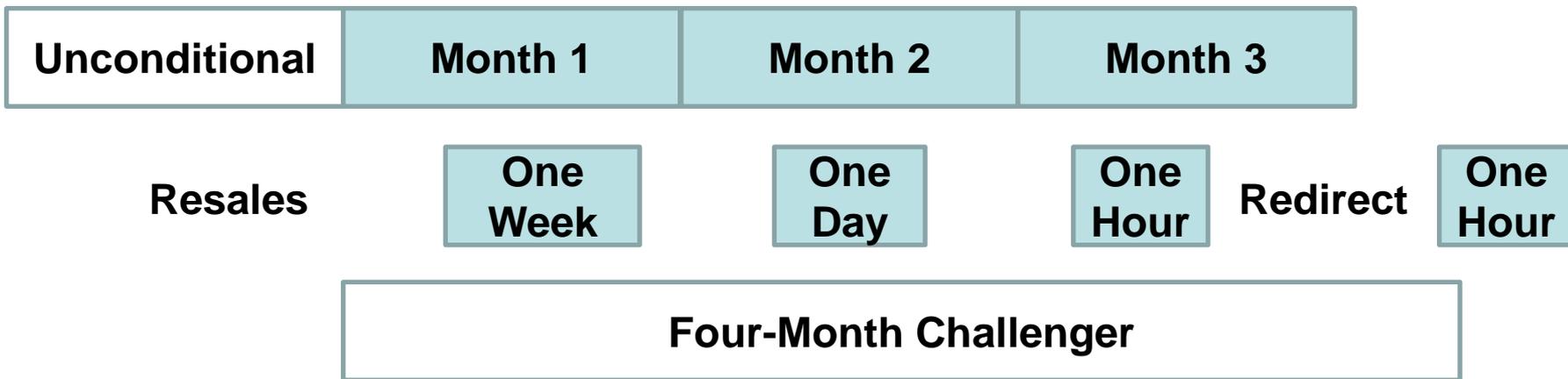
- b. Assuming the duration is one month for the weekly, daily, and hourly:
  - I. They cannot be challenged by a one month request, but they can by a two month or longer request.
  - II. If challenged by a four month request, would they still need to extend for three more months to save their reservation?
  - III. Since the parent would only need to extend by one month, should the resales only need to extend for one month as well?



# Option #2 – Capacity and ROFR Move to the Resale

## How does it work?

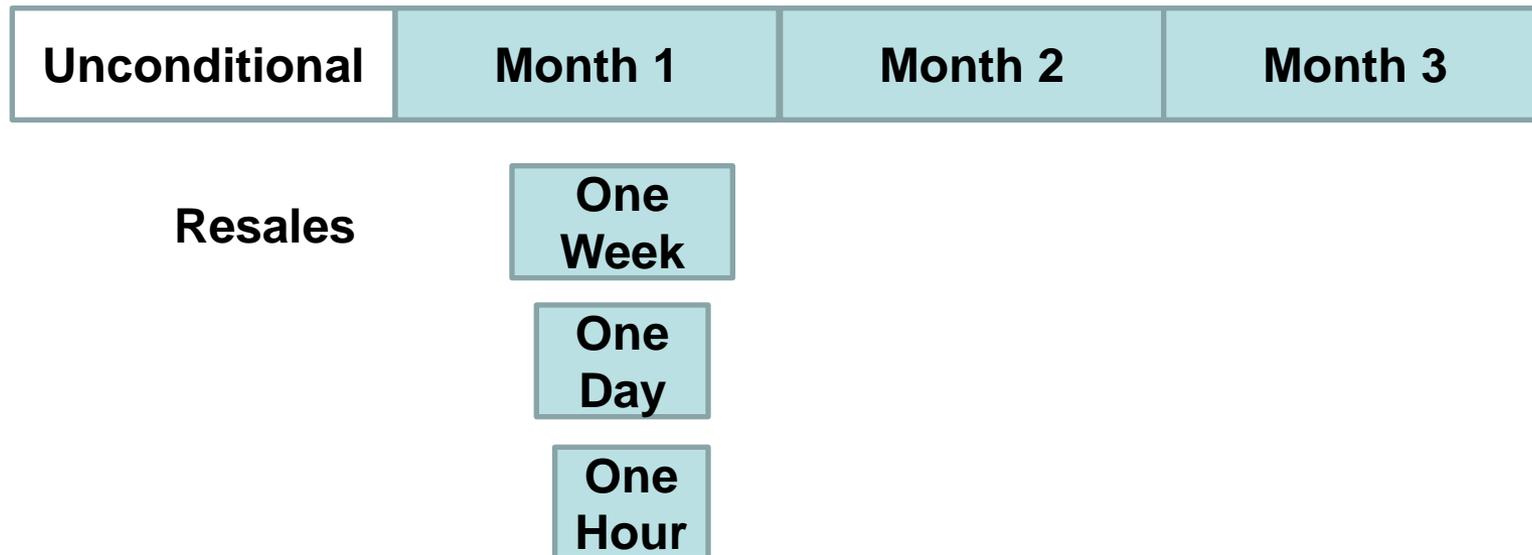
- c. Assuming the weekly, daily, and hourly all inherit the three month duration of the parent:
  - I. They cannot be challenged by a monthly request of less than four months.
  - II. If challenged by a four month request, they would only need to extend for one month to save their reservation.
  - III. This “pseudo” duration must go away if the resale is redirected.



## Option #2 – Capacity and ROFR Move to the Resale

### How does it work?

3. If service increment and duration for all three resales are the same as for the parent, then how are they differentiated from each other and the parent when choosing a defender?
  - a. Price
    - I. MWH or total of the resale
    - II. Price paid to reseller or TP's tariff price
  - b. Queue Time



# Option #2 – Capacity and ROFR Move to the Resale

## How does Aggregation work?

4. **Aggregation - ...each reservation being aggregated is of exactly the same service attribute, priority, product and point of receipt/point of delivery. What does that tell us?**
  - a. **Monthly with monthly, weekly with weekly, etc.?**
  - b. **Must all have the same conditionality, conditional with conditional and unconditional with unconditional?**
  - c. **Must have the same priority? What is priority?**
    - I.....Service Increment (Monthly, Weekly, Daily, Hourly)
    - II.... Duration (the amount of time between the Start Date and the Stop Date)
    - III..... Pre-confirmation Status
    - IV .....Price
    - V ..... Queue Time
  
5. **How would all of this work if you were aggregating resales which inherited various attributes from their separate parents, real duration and pseudo duration, separate conditional reservation deadlines, different prices?**
  - a. **Should we push to separate Aggregations from Resales?**

# Option #2 – Capacity and ROFR Move to the Resale

## How does it work?

6. A billing solution must be implementable.
  - a) The parent is billed by the TP for the original reservation, but if the Resale chooses to exercise their ROFR, they will be billed for the extension.
  - b) The same is true if the Resale is Redirected since the parent of the Resale is still billed for the original reservation. The Redirect will only be billed for any extension due to exercising ROFR.

Original Reservation Billed in whole

Unconditional	Month 1	Month 2	Month 3
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Financial arrangement of Reseller and Assignee is between them

Assignee pays for extension at tariff rates

One Week	Extension
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## **Option #2 – Capacity and ROFR Move to the Resale**

### **How does it work?**

- 7. Are there any current standards that must be changed other than WEQ-001 11.7 which talks of displacing the resale if the parent loses capacity to preemption?**
- 8. Requires modification to motion 14.**

# Questions and Next Steps?