

# Short-term Preemption and Competition Model (PCM) Implementation Comments

Nov. 30, 2012

BPAP takes this opportunity to respond to BPAT’s proposed PCM proposal for implementation by April 2013. The deadline for comments is Friday, Nov. 30, 2012. The parameters for comment were presented at the Nov. 13, 2012 BPAT workshop.

BPAT has taken much care to involve customers and interested parties on the proposed treatment to implement competition. For the past year, we have spent many hours discussing and debating how this would work, and it has been a valuable process. We now have 5 months until the planned implementation of April 2013 in which to develop training materials and classes, and anticipate any manual billing and reservation processing procedures to compliment implementation of short-term preemption and competition. In addition, competition and preemptions are expected to be implemented using a version of the OASIS Preemption Competition Model (PCM) platform that may have minimal customization for BPA’s unique ATC methodology (combined Contract and Flowgate). At this point, it appears that BPAT plans to install the PCM and turn it on for Monthly, Weekly and Daily Transmission reservations in order to comply with its FERC tariff filing from 2012. BPAT does not intend to activate PCM for Hourly products at this time (Hourly products will not be identified as either a potential challenger or defender). There is a possibility that the frequency of competition and preemption will be relatively few (based on BPAT analysis of FY 2012 activity), especially since Hourly will be excluded at this time. We believe that BPAT is soliciting comments on perceived “fatal flaws” that could compel them to consider a delay in implementing the PCM solution for preemption and competition unless they could address solutions to those fatal issues identified by the customers, if BPAT finds it feasible to do so at this point in the timeline.

Below, BPAP comments are grouped into three areas: PCM Issues, PCM Parameters, and identifying how PCM will define the Conditional Window for each service and product type. Thank you for the consideration, and we look forward to discussion on these and combined customer comments.

## PCM Issues

These are issues that were identified to have impacts that either BPAT or customers have raised. BPA has decided to exclude Hourly preemption and competition from the current April 2013 implementation plan. The first ten issues have known and relatively acceptable outcomes; the last four issues have known and unacceptable outcomes.

Issue Description	Intended Impacts (expected due to nature of P&C)
If a Defender is preempted or chooses not to exercise ROFR, they lose their confirmed capacity.	This is the intended purpose of preemption and competition. Customer must unwind their tags or be subject to a UIC.

1. BPAP comment: The NAESB OASIS Subcommittee is currently reviewing an alternate methodology that would seek to return Defenders back to their original state

(prior to competition) if the Challenger (under certain circumstances) opts to withdraw its request (the methodology is currently referred to as “the Sandbox”). It is understood that the current procedure does not plan to alert schedulers of an e-tag impact. BPAP considers this to be inconvenient, and prefers a procedure that provides an alert. Due to the TP not notifying customer via E-tag curtailments or some such mechanism, the customers are exposed to significantly higher risk than under current processes and procedures. Westtrans currently has elements that can or are updated when reservations are displaced or altered, and scheduling entities could modify scheduling systems to provide an automatic notification on those unanticipated changes. Understanding how PCM impacts reservations and reservation elements is a detail that has not been fully discussed during workshops, so we request time to do so to ensure that customers are aware of this and have the opportunity to consider changes to their scheduling systems and practices.

If a Defender chooses to exercise a ROFR, they are left with a new Aref on a matching request.	This is how preemption/competition is designed to work. Customer must change their tags to the new Aref or be subject to a UIC. NAESB is considering a better way.
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2. BPAP comment: BPAP agrees that this intended impact of replacing an existing AREF that successfully matches with an entirely new AREF is inconvenient as it requires any e-tag that uses that original AREF to be replaced. BPAP prefers that, when the AREF is a Defender that successfully matches, that the AREF is not replaced, and the portion that is extended is either added to that original AREF, or issued under a new and related AREF.

Redirects do not inherit the conditionality of the parent, but are subject to the preemption and competition process like a new request.	Choosing to Redirect outside the unconditional window will put the redirected portion of a parent’s unconditional capacity at risk. All other issues apply to Redirects also.
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3. No BPAP comment.

Defender capacity is recalled at the start of the competition. If Challenger is not awarded full capacity, he can decline the counter-offer.	If Defender chooses not to exercise ROFR, he might lose his capacity even though the Challenger walks away from the competition.
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4. BPAP comment: BPAP agrees that the intended impact is a concern, and if the Challenger withdraws its request due to being offered a partial offer (through a Counter-offer), it seems reasonable to return losing Defenders to their capacity/duration profile prior to being displaced. The Sandbox Task Force of the NAESB OS is currently developing such a proposal for review which BPAP strongly encourages BPAT to consider.

A pending ROFR can still be preempted by a higher tier or same tier longer duration request.	Exercising a ROFR is no guarantee it will be granted.
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5. No BPAP comment.

A confirmed TSR can be a Defender even if it does not improve the offer to the Challenger across all constrained flowgates.	More TSR's will be valid Defenders. It could also result in a small mw longer duration request (5m) to take capacity from a shorter duration large mw reservation (100mw). NAESB is considering a better way.
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6. BPAP comment: BPAP encourages BPAT to continue researching this issue through the NAESB OS. The Commercially Similar Path task force, which includes participants from the Northwest and national entities, believes that this treatment may cause a challenger to potential impact many existing reservations for little gain, and questions if that results in “more efficient utilization of the transmission system”. BPAP recommends that in order for a successful challenge the request must include impacts on all flowgates included in the defender. If this is not workable, as at minimum BPAP would recommend a “de minimis” limit be set for a success challenge, similar to other BPAT practices.

A secondary non-Firm Redirect cannot be relinquished back to a conditional parent reservation that has been displaced.	For 1-NS, the capacity exists on both parent and child. If the parent capacity is lost, you lose the right to relinquish.
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7. BPAP comment: BPAP agrees that this intended result is acceptable, and there would need to be some billing adjustments to account for that non-firm reservation since the parent has been lost and not charged.

Redirects are currently not billed. This will need to change with preemption and competition.	Need a solution to avoid double-billing for Redirected matching requests and avoid billing for Redirected capacity that is lost via preemption/competition.
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8. BPAP comment: Redirected reservations that matched would need to be charged for that additional matched amount appropriately. The charge should be as if it is an extension of the redirected reservation, and not a new reservation, when possible. This could be challenging as matched reservations may be identified in a single new AREF (rather than an AREF for the redirect and an AREF for the matched portion). BPAP’s concern is that customers will be double-billed due to preemption and competition due to billing automation not being available, or OASIS tracking mechanisms not robust enough to track the difference between the matching requests and the original redirect.

A completed Redirect that exercises ROFR uses AFC inventory rather than parent for matching.	Should be no impact as long as billing issues are worked out.
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9. No BPAP comment planned.

Planned 5-months of testing may not be sufficient.	BPAT will make every effort to meet April timeline, but will not sacrifice quality for schedule.
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10. BPAP comment: BPAP agrees that every effort should be made to meet our customer-sponsored April 2013 implementation plan to seek reciprocity status on BPA’s transmission tariff. We also agree that quality should not be sacrificed to meet it. BPA’s training and business practices should be posted for comment prior to when short-term competition and preemption is to be in effect (BPA suggested that there be different effective dates for different types of requests, i.e. Monthly, Weekly, etc.). BPAP believes it is imperative for BPAT to ensure enough time for thorough testing to ensure that processing issues are mitigated prior to going live.

Issue Description	Unintended Impacts (problems with OATI PCM version)
For a conditional parent reservation with a Resale, PCM only subjects the parent’s remaining capacity to competition.	This is not compliant with existing regulations. Resold capacity is expected to reside with the parent for the purpose of preemption and competition.

11. BPAP comment: This issue with PCM must be resolved. What is the timeline for the resolution, if any? Currently, BPAT allows customers to resell to self (or consolidate) firm reservations of similar type in order to manage the number of AREFs that it tracks.

BPAT proposes to not allow consolidations to one AREF as a way to eliminate actions that could unfairly protect eligible reservations from being identified for competition/preemption. However, there may be other ways that could be used to take advantage of this PCM loophole. Please describe such tools to resolve this in a formal business practice procedure.

PCM offers an "auto-match" feature to save time for users in generating matching requests. Compliance requires a customer to be allowed to exceed the Challenger's request if desired. PCM cannot currently do both.	BPAT and customers will need to agree on a trade-off between customer productivity and compliance.
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12. BPAP comment: If the option is either (a) auto-match only (minimum match required), or (b) manually enter match request, with the ability to exceed, then BPAP would select "a". The preferred option would be (c) auto-match with the ability to manually enter amounts to exceed, if desired. Since (c) is not part of the current PCM, BPAP agrees with the plan to set this to "auto-match", and to tolerate the inability to exercise the Defender option to exceed in the matching response. Also, BPAP prefers the "Extend to Match" option for this (over "Fill to Match" and "Manual Match").

A conditional parent reservation is still a valid Defender while a Redirect request is still Pending.	Can potentially result in an oversold situation if the parent reservation loses capacity via competition and the Redirect request is later Confirmed.
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13. BPAP comment: This issue with PCM must be resolved.

The version of PCM that BPAT will implement is unique in the industry due to use of both MOD29 and MOD30.	This raises the possibility of unforeseen and unintended impacts not discussed above. Such issues are expected to be found during testing.
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14. BPAP comment: Due to this complexity, OATI, the PCM developer, has not had the opportunity to test and implement the two modules together. There are several POR/POD combinations that require both MOD29 and MOD30 to enable an award of transmission. This poses a risk to BPAT in that the software has not been fully vetted and there may be flaws that have not been identified until the BPAT testing and implementation. This could cause unforeseen timing issues for BPAT's implementation of PCM. If such concerns are suspected, BPAT must be prepared to modify/suspend the PCM until solutions are implemented in order to avoid undesirable negative impacts.

**15. Proposed PCM Parameters – Annotated:** This is a table of 50+ parameter settings that could be made on PCM, and several settings appear to not be finalized. BPAP's comments will be on those that BPAT is seeking additional comment.

Settings for Firm and Non-Firm PTP Challenger:

- a. "Information Only = Yes/No": propose that if BPAT can turn on PCM before April 2013 with this set to "Yes", observe the identified challengers and defenders that would have initiated a competition/preemption if this setting was "No". It may be helpful to monitor activity to minimize the possibility of unexpected undesirable outcomes.
- b. "MatchAttempts = 1": Defenders have 1 attempt to submit a qualified Matching TSR before being considered to have not exercised ROFR. Because the setting for matching will be to automatically offer, BPAP agrees with this setting. If, in the future, the option for matching is changed, customers should have more opportunities to supply a valid matching response.

Settings for NT Challenger:

- c. "Information Only = Yes/No": No BPAP comment.
- d. "GrantBeforeMatch = Maybe Yes": BPAP proposes that this is set to "Yes".
- e. "FullServiceRequired = Maybe No": BPAP proposes that, along with "GrantBeforeMatch=Yes", this is set to "No". Identified defenders that are displaced with no ROFR by an NT challenger will be immediately displaced, as the NT challenger will be bound to accept partial offers. NT challengers should not be given the opportunity to withdraw their request because their full request was not offered at the end of the competition. Alternatively, NT reservations (which are Designated Network reservations) could be undesignated. This seems appropriate, and a right of NT service.

Setting for Firm PTP Defender against an NT Challenger:

- f. "UnconditionalLeadTime = 30 days for Monthly, 7 days for Weekly, and Daily for 1 day?": Why is Daily setting is a question? What is the concern?

**16. Unconditional Parameters:** BPAP agrees that, to minimize impacts of unwinding e-tags that have already been submitted in the normal course of business, to limit preemptions to something like the preschedule window for weekends/holidays, and not strictly 1 day prior, which does not comport with WECC practice/requirement of using the WECC Scheduling Calendar. Until there is a solution to unwinding of tags, BPAP supports BPAT suggestions for reducing the impact of unwinding e-tags.