

BPAT's Preferred Path Forward Long Term C&P

April 9th, 2014

Deborah Rowe, Mike Norris, Bob Zerfing, Rebecca
Berdahl



Objective

1. Describe the BPAT preferred path forward with the NAESB OS for LT C&P
2. Provide the justifications for the BPAT preferred path
3. Determine level of BPA customer support for the BPAT preferred path forward

Description of BPAT's Preferred Path

- Limit the existing NAESB OS C&P project scope to Short Term C&P only
- Complete the outstanding work related to the STCP project
- Create a new independent project for Long Term C&P to begin once the STCP BPs are completed (e.g., after the NAESB BOD formalizes the STCP BPs)

Justification Topics - Summary

1. Nature of Long Term and Short Term Rule Sets are different
 - a) Long Term Rule Set: OATT Sections 2.2 and 17.7
 - b) Short Term Rule Set: OATT Section 13.2 and 14.2
2. Implementation Issues
 - a) No industry automation standard
 - b) Impact on the NAESB C&P Project
 - c) New rule set needed

Differing Nature of Long and Short Term Rule Sets

- What Triggers C&P?
 - Long Term Rule Set
 - Submittal of a Renewal Request
 - Confirmation of a Deferral Request
 - Short Term Rule Set
 - Submittal of an Original Request
 - Submittal of a Redirect Request

Differing Nature of Long and Short Term Rule Sets

- What Criteria is used to determine who 'wins' the C&P?
 - Long Term Rule Set
 - Renewal
 - Duration
 - Deferral
 - Start date
 - Short Term Rule Set
 - Original and Redirect
 - Service Increment
 - Duration
 - Pre-confirmation Value
 - Price
 - Queue Time

Differing Nature of Long and Short Term Rule Sets

- Which request types fill the Challenger and Defender roles in a C&P?
 - Long Term Rule Set
 - Defender
 - Renewal
 - Deferral (PTP only)
 - Challenger
 - Original and Redirect
 - Short term Rule Set
 - Defender
 - Original and Redirect
 - Challenger
 - Original and Redirect

Differing Nature of Long and Short Term Rule Sets

- Which Tier Products participate in a C&P?
 - Long Term Rule Set
 - Tier 1 only (firm only, no distinction between NT and PTP)
 - Short Term Rule Set
 - All Tiers (firm and non-firm)

Implementation Issues

- *WEQ-001.4.1* ‘All reservations and price and/or capacity negotiations shall be conducted on OASIS.’
 - OASIS is not currently capable of applying the LT C&P Rule Set
 - The lack of a standardized industry tool could lead to haphazard and inconsistent treatment of LT C&P
 - Could lead to market inefficiencies
- Addressing LT C & P properly requires a thoughtful approach including time needed to craft LT C&P BPs. Therefore, to not separate the LT from the ST would likely result in either:
 - Delaying the NAESB OS STCP project significantly or,
 - Lead to employing an interim or “bandaid” approach to keep the NAESB OS STCP project delay to a minimum likely resulting in delivering a less than optimal LT C&P BP.

Impact on the NAESB OS STCP Project

- LT C&P more complicated than originally thought:
 - ST C&P rules don't lend themselves to LT C&P rules
 - ✓ Reservation priority (Table 4-3) does not apply
 - ✓ New WEQ-001 BPs and supporting descriptions (table) will be needed
 - ✓ Significant WEQ-013 changes are needed
 - ✓ None of the existing STCP project motions apply
 - Project timing and Resource Issues:
 - ✓ There is still a lot of work to do just for STCP
 - ✓ Final ST C&P standard language hasn't yet been considered as it relates to all of the motions that have been adopted
 - ✓ Considering LT and ST C&P together will require half again as much time for EC and industry review and approval as just ST by itself.

Determine Customer Support

Is there support for limiting the C&P NAESB Project to Short Term at this time?

- Paul Sorenson (Long Term C&P Assignment) agrees with the LT and ST distinctions and is supportive of addressing LT C&P at a later date
 - BPAT Management agrees with this approach
 - NW Regional Customers?
- BPAT is willing to submit a separate request to NAESB including when to address LT C&P

Reference

- **Tariff Language**
 - Long Term
 - Short Term
- **NAESB 001 Table 4-3, Priorities for Competition Reservation Requests and Rules for ROFR**

Long Term OATT Sections 2.2 and 17.7

- Request type Renewal submitted over OASIS to request continuation of existing transmission service
 - **2.2 Reservation Priority For Existing Firm Service Customers**

“... If at the end of the contract term, the Transmission Provider's Transmission System cannot accommodate all of the requests for transmission service, the existing firm service customer must agree to accept a contract term at least equal to a competing request by any new Eligible Customer and to pay the current just and reasonable rate, as approved by the Commission, for such service; provided that, the firm service customer shall have a right of first refusal at the end of such service only if the new contract is for five years or more.”
- Request type Deferral submitted over OASIS to request postponing start date of existing transmission service
 - **17.7 Extensions for Commencement of Service**

“...If during any extension for the commencement of service an Eligible Customer submits a Completed Application for Firm Transmission Service, and such request can be satisfied only by releasing all or part of the Transmission Customer's Reserved Capacity, the original Reserved Capacity will be released unless the following condition is satisfied. Within thirty (30) days, the original Transmission Customer agrees to pay the Firm Point-To-Point transmission rate for its Reserved Capacity concurrent with the new Service Commencement Date.

Short Term OATT Section 13.2

Request type Original or Redirect submitted over OASIS

- **13.2 Reservation Priority (Firm)**
 - (i) Long-Term Firm Point-To-Point Transmission Service shall be available on a first-come, first-served basis, i.e., in the chronological sequence in which each Transmission Customer has requested service.
 - ...ii) Reservations for Short-Term Firm Point-To-Point Transmission Service will be conditional based upon the length of the requested transaction or reservation. However, Pre-Confirmed Applications for Short-Term Point-to-Point Transmission Service will receive priority over earlier-submitted requests that are not Pre-Confirmed and that have equal or shorter duration. Among requests or reservations with the same duration and, as relevant, pre-confirmation status (pre-confirmed, confirmed, or not confirmed), priority will be given to an Eligible Customer's request or reservation that offers the highest price, followed by the date and time of the request or reservation.
 - (iii) If the Transmission System becomes oversubscribed, requests for service may preempt competing reservations up to the following conditional reservation deadlines: one day before the commencement of daily service, one week before the commencement of weekly service, and one month before the commencement of monthly service. Before the conditional reservation deadline, if available transfer capability is insufficient to satisfy all requests and reservations, an Eligible Customer with a reservation for shorter term service or equal duration service and lower price has the right of first refusal to match any longer term request or equal duration service with a higher price before losing its reservation priority. A longer term competing request for Short-Term 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 within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in section 13.8) from being notified by the Transmission Provider of a longer-term competing request for Short-Term Firm Point-To-Point Transmission Service. When a longer duration request preempts multiple shorter duration reservations, the shorter duration reservations shall have simultaneous opportunities to exercise the right of first refusal. Duration, price and time of response will be used to determine the order by which the multiple shorter duration reservations will be able to exercise the right of first refusal. After the conditional reservation deadline, service will commence pursuant to the terms of Part II of the Tariff.
 - (iv) Firm Point-To-Point Transmission Service will always have a reservation priority over Non-Firm Point-To-Point Transmission Service under the Tariff. All Long-Term Firm Point-To-Point Transmission Service will have equal reservation priority with Native Load Customers and Network Customers. Reservation priorities for existing firm service customers are provided in Section 2.2.

Short Term OATT Section 14.2

Request type Original or Redirect submitted over OASIS

- **14.2 Reservation Priority (Non-Firm)**

- Non-Firm Point-To-Point Transmission Service shall be available from transfer capability in excess of that needed for reliable service to Native Load Customers, Network Customers and other Transmission Customers taking Long-Term and Short-Term Firm Point-To-Point Transmission Service. A higher priority will be assigned first to requests or reservations with a longer duration of service and second to Pre-Confirmed Applications. 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. Transmission service for Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service. Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have the lowest reservation priority under the Tariff.

NAESB WEQ-001 Table 4-3

Row	Request or Reservation 1	Is Preempted by Subsequent Request 2	Right of First Refusal?
1	Tier 1: Long-term Firm, Native Load, and Network Firm	N/A – Not preempted by a subsequent request	N/A
2	Tier 2: Pending (not confirmed) or confirmed but conditional Short-term Firm	Tier 1: Long-term Firm, Native Load, and Network Firm, Once Request 1 is unconditional, it may not be preempted	No
3a	Tier 2: Pending, pre-confirmed Short-term Firm	Tier 2: Pre-confirmed Short-term Firm of higher service Increment	No
3b	Tier 2: Pending, pre-confirmed Short-term Firm	Tier 2: Pre-confirmed Short-term Firm for the same service increment but of longer duration ¹	No
3c	Tier 2: Pending, pre-confirmed Short-term Firm	Tier 2: Pre-confirmed Short-term Firm for the same service increment, equal duration ¹ but higher price	No
3d	Tier 2: Pending, not pre-confirmed Short-term Firm	Tier 2: Pre-confirmed Short-term Firm of higher service increment	No
3e	Tier 2: Pending, not pre-confirmed Short-term Firm	Tier 2: Pre-confirmed Short-term Firm for the same service increment and of equal or longer duration ¹	No
3f	Tier 2: Confirmed but conditional ² Short-term Firm	Tier 2: Pre-confirmed Short-term Firm of higher service increment	Yes
3g	Tier 2: Confirmed but conditional ² Short-term Firm	Tier 2: Pre-confirmed Short-term Firm for the same service increment but of longer duration ¹	Yes
3h	Tier 2: Confirmed but conditional ² Short-term Firm	Tier 2: Pre-confirmed Short-term Firm for the same service increment, equal duration ¹ but higher price.	Yes
4	Tier 3: Network Service From Non-Designated Resources	Tiers 1 and 2: All Firm (including Network)	No
5	Tier 4: All Non-Firm PTP	Tiers 1 and 2: All Firm (Including Network)	No

Row	Request or Reservation 1	Is Preempted by Subsequent Request 2	Right of First Refusal?
6	Tier 4: All Non-Firm PTP	Tier 3: Network Service from Non-Designated Resources	No
7	RESERVED		
7a	Tier 4: Pending, pre-confirmed Non-firm	Tier 4: Pre-confirmed Non-firm of higher service increment.	No
7b	Tier 4: Pending, pre-confirmed Non-firm	Tier 4: Pre-confirmed Non-firm for the same service increment but of longer duration ¹	No
7c	Tier 4: Pending, pre-confirmed Non-firm	Tier 4: Pre-confirmed Non-firm for the same service increment, equal duration but higher price	No
7d	Tier 4: Pending, not pre-confirmed Non-firm	Tier 4: Pre-confirmed Non-firm of higher service increment	No
7e	Tier 4: Pending, not pre-confirmed Non-firm	Tier 4: Pre-confirmed Non-firm for the same service increment and of equal or longer duration ¹	No
7f	Tier 4: Pending, not pre-confirmed Non-firm	Tier 4: Pre-confirmed Non-firm for the same service increment, equal duration but higher price	No
7g	Tier 4: Confirmed Non-firm more than one hour before start of service	Tier 4: Pre-confirmed Non-firm of higher service increment	Yes
7h	Tier 4: Confirmed Non-firm more than one hour before start of service	Tier 4: Pre-confirmed Non-firm for the same service increment but of longer duration ¹	Yes
8	RESERVED		
9	Tier 5: Non-firm PTP Service over secondary receipt and delivery points	Tiers 1 through 4	No
10	Tier 6: Non-firm Next Hour Market Service	Tiers 1 through 5	No

Notes for Table 4-3:

¹ Longer duration means more multiples of the same SERVICE INCREMENT in a single request. Each such multiple must be at the same level of capacity. For example, a single request for three consecutive days shall be considered longer duration than a single request for two consecutive days. Also, multiple service requests or reservations may not be grouped for the purpose of determining duration. For example, three separate one-day requests for three consecutive days of service shall not be considered longer duration than a single request for two consecutive days.

² Short term reservations that are conditional as defined in Section 13.2 of the pro forma tariff.