

Motion 2 and
Motion 15 Reviewing
FERC and NAESB Treatment of
Fixed Capacity and Partial Service

BPA Customer Workshop
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Motion 2

- Motion 2 – A valid Challenger must be for fixed capacity over the term of the request.
- FERC Guidance
 - Order 890 – Customer Comments
 - Paragraph 1211 (in context of hourly firm service) – However, with respect to competing requests and the right of first refusal, TranServ suggests that the preempting request must be for a fixed capacity over the term of the request to be considered a competing request. According to TranServ, this would prevent potential gaming by a customer submitting a request for one extra hour at 1 MW to gain priority over another reservation.
 - Order 890 – FERC Conclusion
 - Paragraph 1423 – While not specifically addressed in the NOPR, a few commenters use the Commission’s proposed introduction on hourly firm service, discussed above, to argue that the Commission should take the opportunity to clarify or revise the right of first refusal for short term transmission service requests.
 - Paragraph 1430 – The remaining concerns regarding administering the right of first refusal are addressed below. First, when longer-term requests seek 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 provisions in 13.2(ii). **Second, to minimize the potential for gaming, a preempting longer request must be for a fixed capacity over the term of the request.**

Motion 2, cont'd

- Fixed Capacity Over the Term of the Request
 - Order 890 discusses the requirement that request must be “fixed capacity over the term of the request” in the context of the Right of First Refusal.
 - The requirement is intended to prevent gaming between request where matching and duration are a factor.
 - Gaming – a request extending duration for an hour (or further) should not be permitted to shape the demand so that it takes 1 MW for 1 hour in order to win a competition (preempt) a matching request.
 - Tier 1 requests preempt lower service Tiers, without consideration of duration or Right of First Refusal.
 - Gaming concern identified above may not exist since Tier 1 request do not compete based on duration.
- Potential NAESB Consideration
 - Motion 2 currently extends to request of all Tiers.
 - FERC Order 890 guidance and the context appear to impose the requirement to avoid gaming in the context of matching and competing requests where duration is a major factor in determining preemption among competing requests.
 - Based on FERC guidance, is Motion 2 crafted in the proper scope?

Motion 15 - Restated

- Short term Preemption & Competition Process will only be considered valid and initiated if the challenger can be granted in full at the requested capacity and duration based on preemption of lower priority reservations exclusive of all defenders exercising their ROFR.
 - NAESB reference WEQ –1.4.15.1 (SAMTS BPs)
- OS Assumptions
 - Early stage of development, primarily PTP considered
 - The ‘grant in full’ attempted to justify the immediate RECALL of transmission requests and reservations
- Immediate RECALL of transmission (Defender requests and reservations) .

Areas to Consider

- FERC Policy
 - Order 890, 890A
 - Partial Service Principles, 890
 - Consideration of Partial Service, Coordinated Requests
 - Order 676E (FERC Direction to NAESB)
- NAESB Business Practice Standards
 - Scheduling Across Multiple Transmission Systems
- Complementary NAESB STCP Initiatives
 - Sandbox Concept

Order 890 Principles

- The FERC discussion of Partial Service is in context of Scheduling Across Multiple Transmission Systems (SAMTS)
- SAMTS provides the TC the ability to acquire and ship generation and transmission in remote or adjacent TSPs to the host TSP (and TC)
- The FERC mandated the design of Partial Service associated with SAMTS to NAESB including the development of SAMTS BPs
- Moving the OS Forward:
 - NAESB OS will need to consider the impacts of SAMTS on STCP
 - Preemption/Competition BPs need to be complementary to the SAMTS BPs

FERC Order 890 (SAMTS)

- **1377.** The Commission agrees that transmission requests across multiple transmission systems should be coordinated by the relevant transmission providers. *We will not amend the pro forma OATT to require such coordination. Rather, we require transmission providers working through NAESB to develop business practice standards related to coordination of requests across multiple transmission systems. In order to provide guidance to NAESB, we will articulate the principles that should govern processing across multiple systems. [FERC Principles Stated]* All the transmission providers involved in a request across multiple systems should consider a request that requires studies across multiple systems to be a single application for purposes of establishing the deadlines for rendering an agreement for service, revising queue status, eliciting deposits and commencing service. In order to preserve the rights of other transmission customers with studies in the queue, the priority for the single application should be based on the latest priority across the transmission providers involved in the multiple system request.

Order 890 (SAMTS cont'd)

- 1378. We interpret Exelon's request that we require all transmission providers to allow transmission customers to link consecutive requests for firm point-to-point transmission service and to evaluate such requests as a single request as asking us to (1) allow transmission customers to require the transmission provider to either grant service for the entire period, deny service for the entire period, or offer the same partial quantity for the entire period and (2) require the transmission provider to consider the full duration of the linked requests when determining reservation priority pursuant to sections 13.2 of the pro forma OATT (short-term firm point-to-point transmission service). ***We require transmission providers working through NAESB to develop business practice standards to allow a transmission customer to rebid a counteroffer of partial service so the transmission customer is allowed to take the same quantity of service across all linked transmission service requests.*** Transmission providers need not implement these business practice standards until NAESB develops appropriate standards. We note that the transmission customer should not be required to take the same quantity of service across consecutive transmission service requests, it should simply have the option to do so. ***On the second issue, we reiterate that, according to existing NAESB business practice standard 001-4.16, the transmission provider is required to consider the full duration of the linked requests when determining reservation priority pursuant to section 13.2 of the pro forma OATT. [FERC Language supporting Motion 15]***

Order 890A

- **Standardization of Business Practices for Study Queue Processing**
- **762.** The Commission also required transmission providers working through NAESB to develop business practice standards to better coordinate transmission requests across multiple transmission systems. In order to provide guidance to NAESB, the Commission articulated the principles that should govern processing across multiple systems. The Commission further required transmission providers working through NAESB to **develop business practice standards to allow a transmission customer to rebid a counteroffer of partial service so the transmission customer can take the same quantity of service for linked transmission service requests across multiple systems.** The Commission explained that the transmission customer should not be required to take the same quantity of service across consecutive transmission service requests and, instead, it should simply have the option to do so.

Order 890A

- **Commission Determination**
- **766.** The Commission affirms the decision in Order No. 890 to rely on the NAESB process to develop business practices to govern the processing of transmission requests across multiple transmission systems. We decline to dictate at this time, beyond those principles outlined in Order No. 890, the particular practices that must be implemented. It is more appropriate to allow transmission providers working through NAESB, in the first instance, to consider how best to ensure coordination across multiple systems.

NAESB 001.9.4.3

- ‘If the TSP determines that only a portion of the requested capacity can be accommodated, the TSP shall extend to the TC that portion of the capacity (i.e., Partial Service) that can be accommodated through a COUNTEROFFER.’
- Section 001.9 deals with the treatment of a Redirect and Parent Reservation

NAESB 001-103.5.1

- COUNTEROFFER to NITS Application
- “If, during the evaluation of the NITS Application, the TP determines that the requested Transmission Service may only be granted in part, the TP shall set the STATUS of the overall NITS application to COUNTEROFFER.....”
- The NAESB NITS BPs allows for:
 - a partial offer to a Network Customer
 - daily DNR requests (e.g. ‘daily’ would fit within the STCP service type and activities)

NAESB – Next Steps

- **Sandbox Concept**
 - Complementary to the treatment of Partial Service
 - If approved by the OS, would require a new Motion to replace Motion 15
 - ✓ Support of the Sandbox Concept would strategically support a Partial Service BP development
 - ✓ Complementary to both PTP and NT

- **Revisit of Motion 15 - FERC directs NAESB to develop the policy for SAMTS, NITS, and STCP to ensure that the industry's needs are addressed**