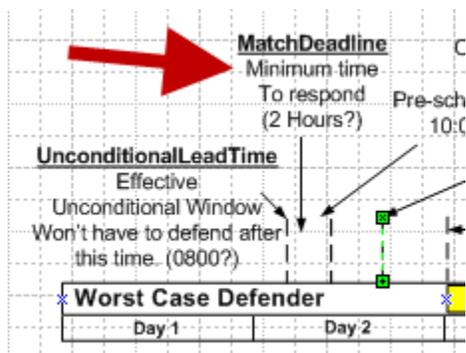


Timing-Related Questions for Preemption and Right-of-First-Refusal

The OASIS subcommittee plans to discuss the timing-related issues for preemption and right-of-first-refusal (ROFR) at its June 5-7 meeting in Portland, OR. The subcommittee should develop an understanding of the timing aspects associated with the process. **Once there is a common understanding, the subcommittee will be better positioned to develop a reasonable timeframe for implementation of the process, which could lead to improvements in the timing rules and other aspects of the process.** With that in mind, here are some questions that may be helpful in understanding the timing aspects of the process.

1. How long should a Defender be given to respond to an offering of ROFR?



Current answer (when triggered by pro forma tariff Section 13.2 or 14.2):

001-4.20 A Customer who has been extended a right-of-first-refusal according to Table 4-3 shall have a confirmation time limit equal to the lesser of (a) the **Customer Confirmation Time Limit in Table 4-2** or (b) 24 hours.

001-4.13 The following timing requirements shall apply to all PTP requests:

TABLE 4-2

REQUEST TIMING REQUIREMENTS

TS_CLASS	SERVICE_IN CREMENT	Time QUEUED Prior to Start	Transmission Provider Evaluation Time Limit ¹	Transmission Customer Confirmation Time Limit ² after ACCEPTED or COUNTEROFFER ³	Transmission Customer Confirmation Time Limit ^{2,8,9} after CR_ACCEPTED or CR_COUNTEROFFER	Transmission Provider Counter Time Limit after REBID ⁴
NON FIRM	HOURLY	<1 hour	Best effort	5 minutes	N/A	5 minutes
NON FIRM	HOURLY	>1 hour	30 minutes	5 minutes	N/A	5 minutes

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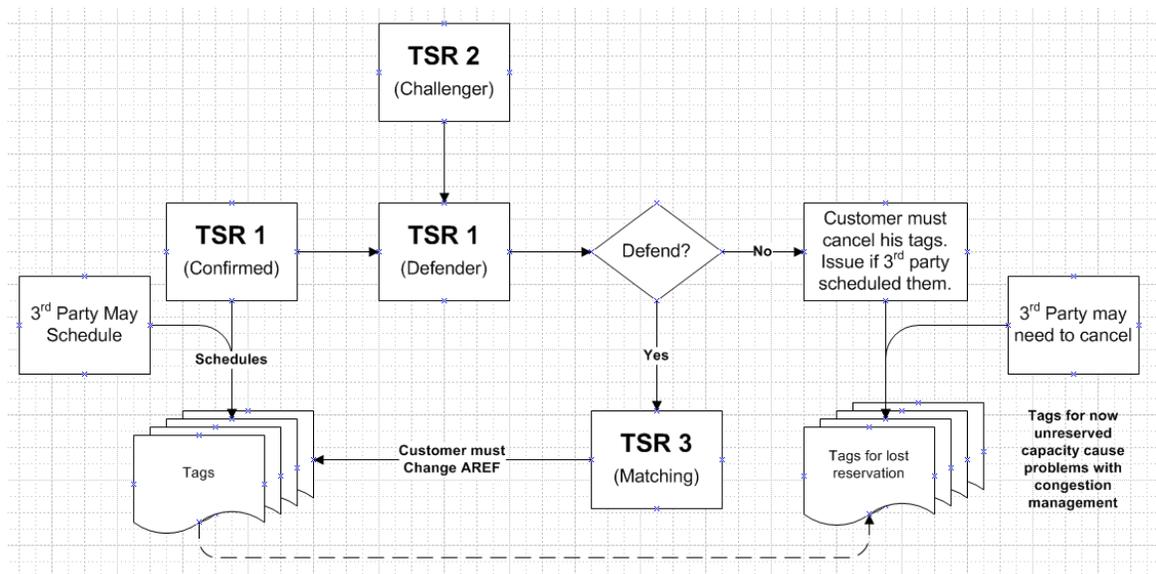
NON FIRM	HOURLY	Day ahead	30 minutes	30 minutes	N/A	10 minutes
NON FIRM	DAILY	N/A	30 minutes	2 hours	N/A	10 minutes
NON FIRM	WEEKLY	N/A	4 hours	24 hours	N/A	4 hours
NON FIRM	MONTHLY	N/A	2 days ⁵	24 hours	24 hours	4 hours
FIRM	DAILY	<24 hours	Best effort	2 hours	N/A	30 minutes
FIRM	DAILY	N/A	30 days ⁶	24 hours	N/A	4 hours
FIRM	WEEKLY	N/A	30 days ⁶	48 hours	N/A	4 hours
FIRM	MONTHLY	N/A	30 days ⁶	4 days	4 days	4 hours
FIRM	YEARLY	60 days ⁷	30 days	15 days	15 days	4 hours

Notes for Table 4-2:

- ¹ Consistent with regulations and filed tariffs, measurement starts at the time the request is QUEUED.
- ² Transmission Customer confirmation time limits are not to be interpreted to extend scheduling deadlines or to override pre-exemption deadlines.
- ³ Measurement starts at the time the request is first moved to either ACCEPTED or COUNTEROFFER. The time limit does not reset on subsequent changes of state.
- ⁴ Measurement starts at the time the Transmission Customer changes the state to REBID. The measurement resets each time the request is changed to REBID.
- ⁵ Days are defined as calendar days.
- ⁶ Subject to expedited time requirements of Section 17.1 of the pro forma tariff. Transmission Providers shall make best efforts to respond within 72 hours, or prior to the scheduling deadline, whichever is earlier, to a request for DAILY FIRM PTP received during period 2-30 days ahead of the service start time.
- ⁷ Subject to Section 17.1 of the pro forma tariff, whenever feasible and on a nondiscriminatory basis, Transmission Providers should accommodate requests made with less than 60 days notice.
- ⁸ Confirmation time limit for all Coordinated Requests in a Coordinated Group is established by selecting the longest confirmation time limit of any Coordinated Request in that Coordinated Group.
- ⁹ Measurement starts based on the time the last of all Coordinated Requests in the Coordinated Group has been moved to either CR_ACCEPTED, CR_COUNTEROFFER, or some final state. The Transmission Customer confirmation time limit does not reset on subsequent changes of state.

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2. How much time is needed by a Defender to adjust/withdraw tags due to a reduction or displacement of the Defender's reservation? (Note that the current Business Practice Standards displace a Defender reservation and establishes a new "matching" reservation if the Defender decides to exercise ROFR.)

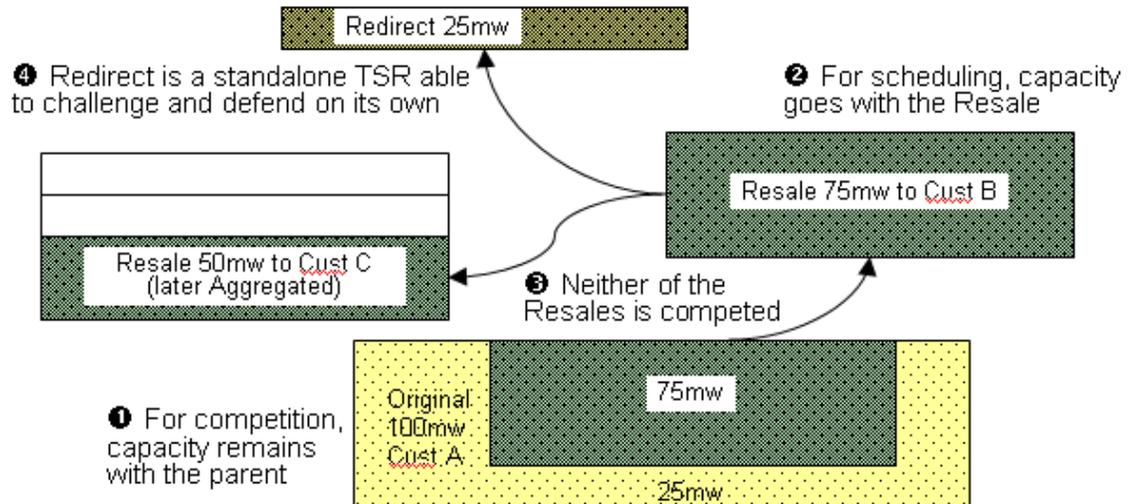


Answer:

3. How much time is needed by a Reseller to notify a Resale customer (Assignee) of changes to a resale arrangement due to a reduction in the Defender reservation?

Resales: Required Functionality

- ✓ Allow Resale while Parent is still conditional.
- ✓ Resale TSR itself is safe from competition.
- ✓ Parent is competed based on the full (i.e., pre-Resale) capacity.
- ✓ If Parent loses competition, all children (and thus grandchildren) need to be unwound.
- ✓ If Parent wins, AREF has changed, original TSR is displaced, children are stranded.



Answer:

4. How much time is needed by an Assignee to adjust/withdraw tags due to a reduction in the Defender reservation?

Answer: See drawing for Question 2.

5. Assuming a resale is to be reestablished after a successful match and assuming the original resale reservation has been impacted (see question 3), how much time is needed to establish a replacement resale reservation and corresponding tags? (Consider the requirement in WEQ 001-11.1.7: The Assignee must execute a service agreement with the Transmission Provider that will govern the provision of reassigned service no later than twenty-four hours prior to the scheduling deadline applicable for the commencement of the reassigned service. The Transmission Provider may establish a blanket service agreement to include Resale transactions.)

Answer: See drawing for Question 3.

6. Assuming a successful match establishes a new reservation (as outlined in the current Business Practice Standards), how much time does a Defender need to submit tags which were curtailed

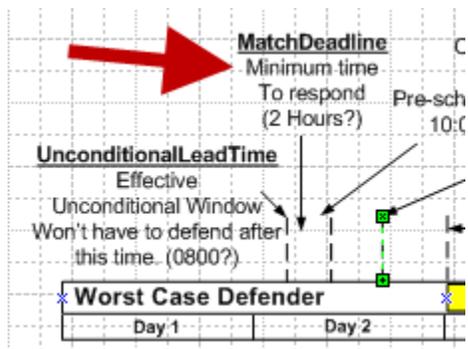
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due to a reduction in the Defender reservation (tags against the matching reservation to replace those curtailed in question 2)?

Answer: **See drawing for Question 2.**

7. If a Defender submits a valid matching request which cannot be accepted, what happens next with respect to timing of the process? For example,
- a new Challenger request for **3 days is received** and the Transmission Provider determines that
 - a Defender with **a 2-day reservation can be accommodated for a 3-day match**. ROFR is offered and the
 - Defender decides to **match with a 2-week (14 days) matching request**.
 - There's **insufficient capacity** to grant the 2-week request.

Should the matching request be denied (one strike your out), the Defender reservation displaced and the Challenger granted? **If not**, what time should be allotted for the Transmission Provider and the Defender to negotiate an acceptable matching request?



Or three strikes and you are out?

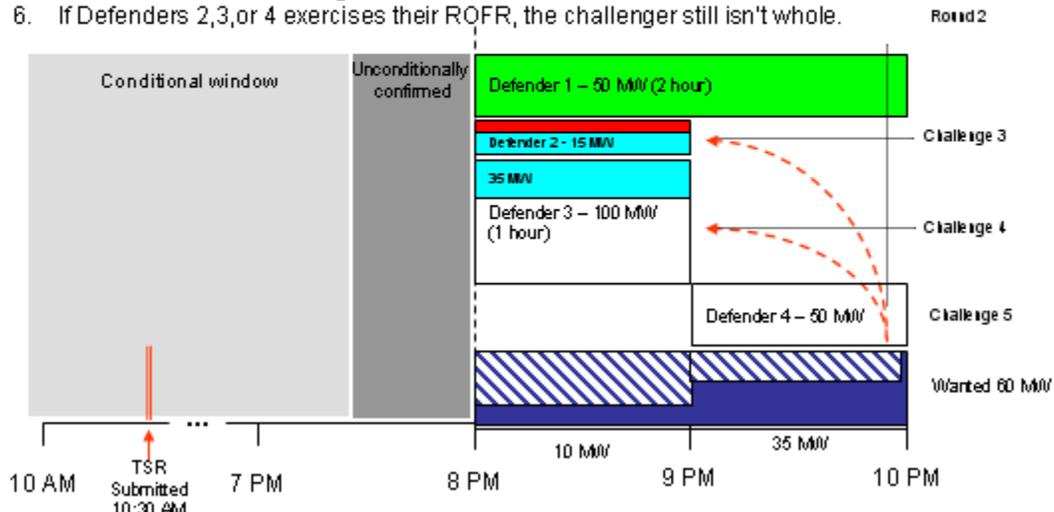
Answer:

8. Do the standards need to make provisions for (or limit) the number of iterations of ROFR (**Multiple Rounds?**) For instance, if a 50 MW 1-week Challenger is received and there are 3 valid 1-day (same day) 50 MW Defenders, should the standards make any provisions for 3 successive ROFR offerings? If successive ROFR processing is to be done (multiple rounds), will the process prevent requiring a Defender to match after the close of the conditional window (1 day ahead of schedule start in this example)?

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Multiple Rounds?

1. The queue is reanalyzed to find additional Defenders
2. Defender 1 is no longer a valid Defender (same duration).
3. Defender 2 is challenged again for remaining 15 MW in Hour 1.
4. Defender 3 is now challenged for the needed 35 MW in Hour 1.
5. Defender 4 is now challenged for 25 MW needed in Hour 2.
6. If Defenders 2,3,or 4 exercises their ROFR, the challenger still isn't whole.



Answer:

9. Should the process require that **matching** requests be submitted pre-confirmed in order to expedite processing time?

Answer:

10. What should be done if, at the end of all ROFR responses, only partial service is available to the Challenger? This decision will have a bearing on how long the process may take to complete. If partial service could be offered to the Challenger via a counteroffer

- a. should the Transmission Provider displace and supersede Defenders to make room for the counteroffered capacity (damage done), or
- b. should the Transmission Provider wait until the end of the counteroffer process to displace and supersede capacity to make room for the challenger (big delay), or
- c. should the Transmission Provider not displace or supersede any reservations and only offer capacity that would be available without preemption and competition (sorry Charlie)?

Answer:

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TABLE 4-3
PRIORITIES FOR COMPETING RESERVATION REQUESTS

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

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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
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