

Short-term Preemption/Competition Workshop

October 18, 2012



Introduction and Background

- ❖ BPA appreciates the strong customer engagement both regionally and with NAESB to define regulatory guidance for preemption/competition.
- ❖ BPA recognizes the uncertainty for all of us: We will not have complete guidance from NAESB or final solutions from OATI by April2013.
- ❖ BPA is serious about trying to fulfill its commitment to FERC.

Short-term Preemption/Competition Model - Proposed

- ❖ Policy decision process has started evaluating an interim “best case” model that may be doable by April 2013:
 - This “best case” model for April does not include preemption or competition in the hourly market.
 - This model uses the following assumptions to establish competition timing windows.
 - pro-forma conditional windows,
 - WECC business days rather than calendar days,
 - standard S&CP timing settings, and
 - timing windows discussed in our meetings,

- ❖ Data Analysis
 - BPA conducted a market impact analysis of this model which showed minimal market impact.
 - Only 0.5% of all Daily / Weekly / Monthly PTP and NT reservations during FY12 would have potentially been subject to a preemption/competition process.

Proposed Model for Implementing Base PCM

- Do not compete any hourly products
- Follow existing S&CP Table 4-3 rules
 - NT has bumping priority over PTP
- Apply allowable S&CP Table 4-2 timings in front of the Conditional Reservation Deadline as recommended by the current NAESB effort.
- With the above assumptions, implement the full functionality of Preemption and Competition by:
 - Following a phased approach when implementing
 - Preemption Only
 - Monthly Firm
 - Etc.
 - Continue the dialogue with the customers as we roll out this phased approach.
 - Continue working with OATI and NAESB to shape future improvements.

**TABLE 4-2
REQUEST TIMING REQUIREMENTS**

Class	Service Increment	Time QUEUED Prior to Start	Provider Evaluation Time Limit ¹	Customer Confirmation Time Limit ² after ACCEPTED or COUNTEROFFER ³	Provider Counter Time Limit after REBID ⁴
Non-Firm	Hourly	<1 hour	Best effort	5 minutes	5 minutes
Non-Firm	Hourly	>1 hour	30 minutes	5 minutes	5 minutes
Non-Firm	Hourly	Day ahead	30 minutes	30 minutes	10 minutes
Non-Firm	Daily	N/A	30 minutes	2 hours	10 minutes
Non-Firm	Weekly	N/A	4 hours	24 hours	4 hours
Non-Firm	Monthly	N/A	2 days ⁶	24 hours	4 hours
Firm	Daily	< 24 hours	Best effort	2 hours	30 minutes
Firm	Daily	N/A	30 days ⁶	24 hours	4 hours
Firm	Weekly	N/A	30 days ⁶	48 hours	4 hours
Firm	Monthly	N/A	30 days ⁶	4 days	4 hours
Firm	Yearly	60 days ⁷	30 days	15 days	4 hours

ProForma OATT 13.2

(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

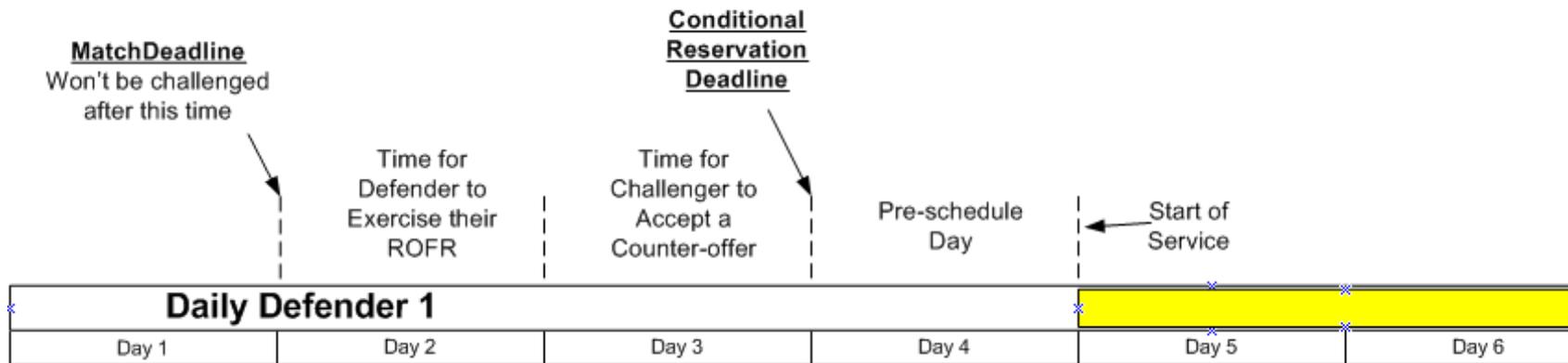
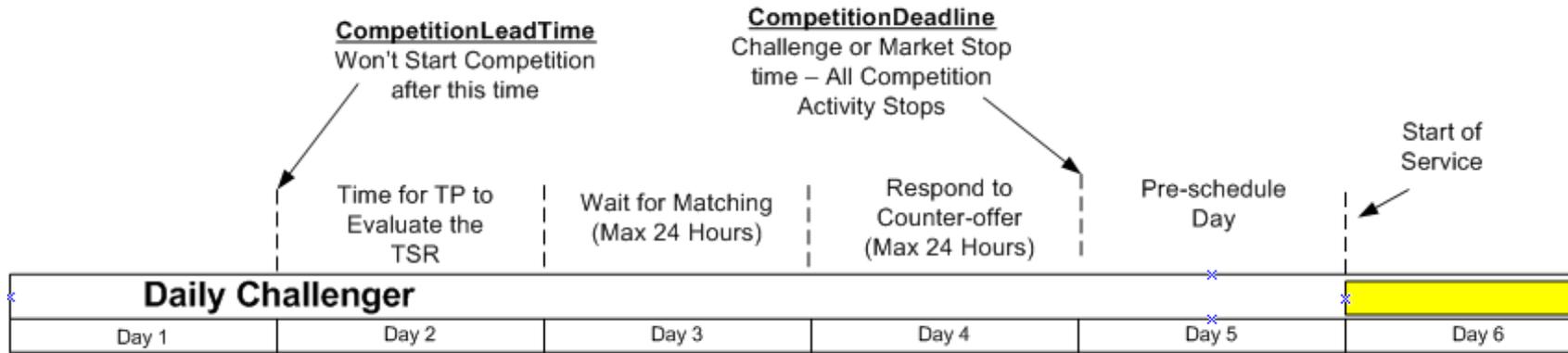
Challenger						
Challenging Product	Note	Don't Start a Challenge After	TP Evaluation Time (Table 4-2)	Defender's Max Time to Match (13.2 iii)	Max Time to Accept Counteroffer (Table 4-2)	Challenge Must be Settled By (Customers)
Firm Monthly NT	Can bump Firm Conditional Monthly, Weekly and Daily and all Firm PTP Pending	5 WECC Business Days before flow	3 WECC Business Days (72 Hours)	NA	NA	2 WECC Business Days ahead
Firm Weekly NT	Can bump Firm Conditional Monthly, Weekly and Daily and all Firm PTP Pending	4 WECC Business Days before flow	3 WECC Business Days (72 Hours)	NA	NA	1 WECC Business Day ahead
Firm Daily NT	Can bump Firm Conditional Monthly, Weekly and Daily and all Firm PTP Pending	90 Minutes before flow	30 Minutes	NA	NA	1 Hour before flow
Firm Hourly NT	Unlimited Hourly - Will not Compete.	NA	NA	NA	NA	NA
Non Firm Monthly NT	6-NN will not need to compete.	NA	NA	NA	NA	NA
Non Firm Weekly NT	6-NN will not need to compete.	NA	NA	NA	NA	NA
Non Firm Daily NT	6-NN will not need to compete.	NA	NA	NA	NA	NA
Non Firm Hourly NT	6-NN will not need to compete.	NA	NA	NA	NA	NA

Challenger						
Challenging Product	Note	Don't Start a Challenge After	TP Evaluation Time (Table 4-2)	Defender's Max Time to Match (13.2 iii)	Max Time to Accept Counteroffer (Table 4-2)	Challenge Must be Settled By (Customers)
Firm Monthly PTP	Can challenge Firm Conditional Monthly, Weekly and Daily and Bump all Firm PTP Pending	10 WECC Days prior to flow	3 WECC Business Days	1 WECC Business Day Customers want 5 WECC Days	4 WECC Business Days	2 WECC Business Days ahead
Firm Weekly PTP	Can challenge Firm Conditional Weekly and Daily and bump all Firm PTP Pending	7 WECC Days prior to flow	3 WECC Business Days	1 WECC Business Day	2 WECC Business Days	1 WECC Business Day ahead
Firm Daily PTP	Can challenge Firm Conditional Daily and bump all Firm PTP Pending	4 WECC Days prior to flow	1 WECC Business Day	1 WECC Business Day	1 WECC Business Day	1 WECC Business Day ahead
Firm Hourly PTP	Not subject to PCM	NA	NA	NA	NA	NA
Non Firm Monthly PTP	Can challenge non-Firm Conditional Monthly, Weekly and Daily and Bump all non-Firm PTP	6 WECC Business Days Prior to Flow.	2 WECC Business Days	1 WECC Business Day	1 WECC Business Day	2 WECC Business Day ahead
Non Firm Weekly PTP	Can challenge non-Firm Conditional Weekly and Daily and bump all non-Firm PTP Pending	3 WECC Business Days + 4 Hours Prior to Flow.	4 Hours	1 WECC Business Day	1 WECC Business Day	1 WECC Business Day ahead
Non Firm Daily PTP	Can challenge non-Firm Conditional Daily and bump all non-Firm PTP Pending	2 WECC Business Days + 4.5 hours prior to flow	30 Minutes	2 Hours	2 Hours	1 WECC Business Day ahead

Defender

Defender Product	Note	Can't be ROFR Competed or Preempted after this time	Max Time to Exercise ROFR (13.2 iii)	Max Time for Challenger to Accept Counteroffer (4-2)	Unconditional Window (Safe from Bumping) (13.2 iii)
Firm Monthly NT	Can't be challenged	NA	NA	NA	NA
Firm Weekly NT	Can't be challenged	NA	NA	NA	NA
Firm Daily NT	Can't be challenged	NA	NA	NA	NA
Firm Hourly NT	Can't be challenged	NA	NA	NA	NA
Non Firm Monthly NT	Can't be challenged	NA	NA	NA	NA
Non Firm Weekly NT	Can't be challenged	NA	NA	NA	NA
Non Firm Daily NT	Can't be challenged	NA	NA	NA	NA
Non Firm Hourly NT	Can't be challenged	NA	NA	NA	NA

Defender					
Defender Product	Note	Can't be ROFR Competed or Preempted after this time	Max Time to Exercise ROFR (13.2 iii)	Max Time for Challenger to Accept Counteroffer (4-2)	Unconditional Window (Safe from Bumping) (13.2 iii)
Firm Monthly PTP	Can only be challenged by another Firm Monthly PTP.	30 calendar days plus 5 WECC Business Days Prior to Flow	1 WECC Business Day (Customers want 5 days)	4 WECC Business Day	1 Month ahead
Firm Weekly PTP	Can be challenged by a Monthly or Weekly Firm PTP.	7 calendar days plus 2 WECC Business days prior to flow	1 WECC Business Day	1 WECC Business Day	1 Week ahead
Firm Daily PTP	Can be challenged by a Monthly, Weekly, or Daily Firm PTP.	3 WECC business day before flow	1 WECC Business Day	1 WECC Business Day	1 WECC Business Day ahead
Firm Hourly PTP	Can't be challenged or	NA	NA	NA	NA
Non Firm Monthly PTP	Can be challenged only by other NF Monthly PTP	30 calendar days plus 7 WECC Business Days Prior to Flow	4 WECC Business Days	1 WECC Business Day	1 Month ahead
Non Firm Weekly PTP	Can be challenged only by other NF Weekly PTP	7 calendar days plus 3 WECC Business days prior to flow	1 WECC Business Day	1 WECC Business Day	1 Week ahead
Non Firm Daily PTP	Can be challenged only by other NF Daily PTP	1 WECC business day plus 5 1/2 hours before flow	2 Hours	2 Hours	1 WECC Business Day
Non Firm Hourly PTP	Can't be challenged or	NA	NA	NA	NA



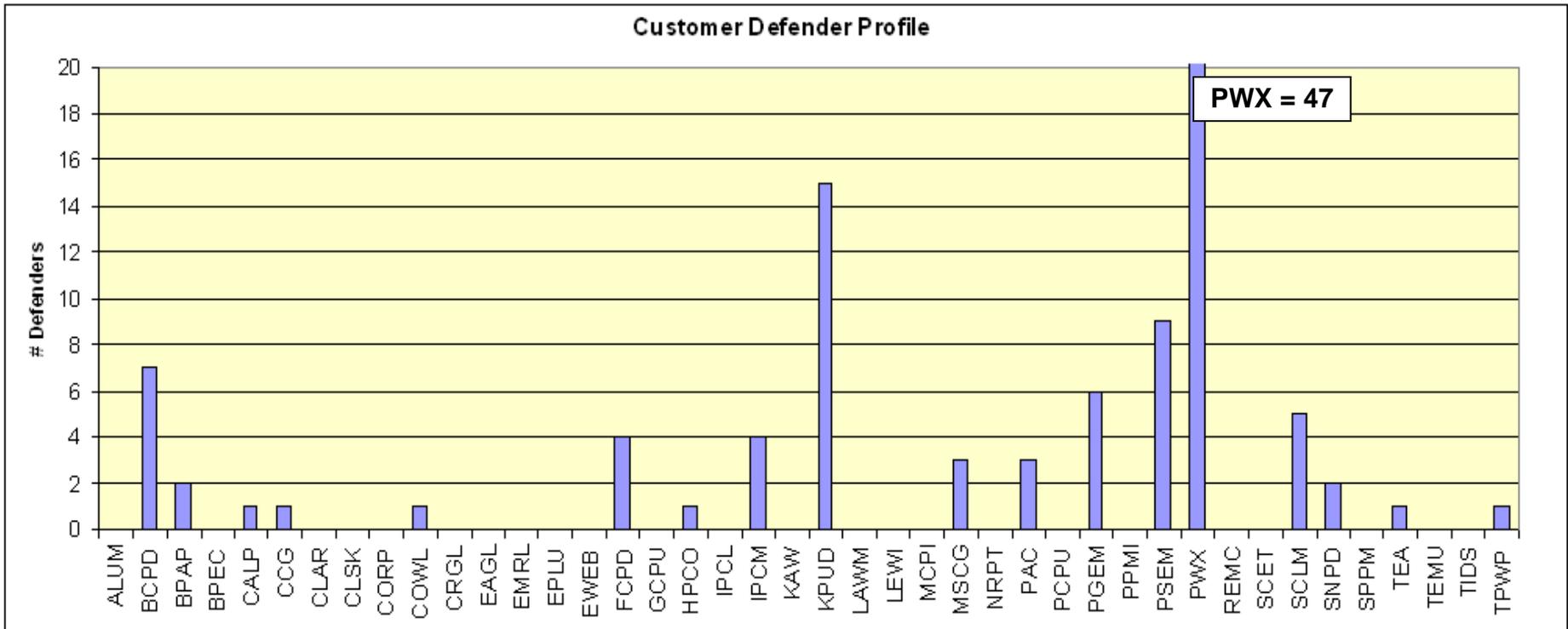
Short-term Preemption/Competition - Data Profile

- ❖ Based on all BPAT reservation requests queued from Oct 1, 2011 to Oct 1, 2012.
- ❖ Uses timing windows based on pro-forma tariff and S&CP guidelines.
- ❖ Data is a “ceiling” of potential Defenders and Challengers. Actual results would be less. The analysis does not line up Challengers with the potential Defenders.

Service Type	Total Requests	Defenders			Challengers	
		All	Redirects	%	All	%
STF-MONTHLY PTP	12054	56	42	0.5%	54	0.4%
STF-MONTHLY NT	39	0	0	0.0%	4	10.3%
STF-WEEKLY PTP	1105	27	26	2.4%	45	4.1%
STF-WEEKLY NT	5	0	0	0.0%	1	20.0%
STF-DAILY PTP	8973	31	23	0.3%	3	0.0%
STF-DAILY NT	13	0	0	0.0%	9	69.2%
Total	22189	114	91	0.5%	116	0.5%

Short-term Preemption/Competition – by Customer

- ❖ This represents the same data as before broken out by Customer.
- ❖ Shows the total number of reservation requests that could have been potential Defenders across all service types from Oct 1, 2011 to Oct 1, 2012.
- ❖ Again, actual results would have likely been less based on Challenger profile.



ST Preemption/Competition Model – Proposed, Cont'd

- Possible Issues/Concerns
- BPA will be the first company to use OATI's Version 3 PCM.
 - Thousands of possibilities
 - Don't know what we don't know
- Few if any ROFR competitions still means there can be one. What happens then?
 - Recall Issued and can't be retracted.
 - Any tags could be orphaned.
 - Resale/Redirect Issues
 - Pending counter-offers, redirects, can be bumped.
 - 10 MW NT challenger can bump (Displace) a 100 MW defender.
 - Challenger can do damage and then walk.
 - Manual Billing solutions.
- Still need some decisions like AutoMatch, Fill/Extend, Match Priority

Set Aside for Future Public Meetings

- ❖ Competing Hourly Sales
- ❖ Limiting Hourly Sales
- ❖ Load Service and Priorities

Next Steps for PCM Implementation

- ❖ Customer feedback on this model is encouraged by the end of October.
- ❖ No final policy decisions have been made at this time.
- ❖ BPA expects to have a revised proposal for customer review in mid-November.
- ❖ BPA expects a decision by the end of 2012 on which PCM implementation to pursue.
- ❖ An April 2013 implementation would be a phased approach by product.
- ❖ The functional testing timeline is still very tight, so there is still risk to meeting the April 2013 target.
- ❖ Regardless of the go/no-go for April 2013, BPAT will continue our regional and NAESB engagement until the NAESB process on defining the guidelines for preemption/competition is completed.
- ❖ This model would continue to evolve beyond April 2013 based on NAESB guidance and OATI capability.