

# Delivery of 3<sup>rd</sup> Party Balancing Reserves



# Description of Project

- BPA will acquire 3<sup>rd</sup>-party balancing reserves for the FY 14-15 Rate Period.
  - The total reserve requirement is beyond the capability of the FCRPS on a planned basis.
  - The FCRPS is sometimes unable to provide the planned amount due to operational constraints.
- The acquisition and integration require a number of implementation efforts.
- These efforts include the transmission arrangements needed for the delivery of the 3<sup>rd</sup>-party reserves.

# Description of Project (Contd.)

- Initially, BPA intends to use the following transmission arrangements:
  - Delivered on firm PTP
  - No-charge for the reservation
  - Not subject to loss-returns
  - Delivered to a new centroid
  - Subject to ATC checks on MOD-029, not subject to AFC checks on MOD-030
  - Subject to firm curtailments for congestion management

# Drivers of Project/Initiative

- These acquisitions will be made according to the BP14 ACS Rates developed in the recent settlement agreement.
- The implementation of these rates have been discussed with customers in ACS Practices Forums.

# Implementation Plan

- BPA's first acquisition is currently underway, and must be integrated by the beginning of the FY14-15 Rate Period on October 1, 2013.
- Beginning October 1, 2013 BPA will also be offering the ability for VERBS customers to acquire reserves for their individual use through Enhanced Supplemental Service.

# Interaction with Other Projects

- Delivery of 3<sup>rd</sup> Party Balancing Reserves impacts:
  - Short-Term Competition and Preemption
    - On MOD-29 paths, reservations will be subject to competitions and preemptions when they encumber capacity
  - Managing Hourly Firm Sales
    - Though BPA will not encumber capacity for these reservations on MOD-030 paths, depending upon how Hourly Firm values are calculated, added flows on the Network Flowgates may impact the frequency of denying Hourly Firm Service requests.
  - NT Redispatch Project
    - Depending upon the amount of added flows of 3<sup>rd</sup> party balancing reserves deliveries on Network Flowgates, there may be increased congestion that leads to the need for Firm curtailments and need for requesting NT Redispatch from designated Network Resources (DNR).
      - At this time it appears that the likelihood of 3<sup>rd</sup> party balancing causing the need for NT Redispatch is very low.

# Potential Customer Impacts

- Lowers barriers for suppliers of balancing reserves for the provision of our OATT balancing services.
- Potential impacts on curtailments of other schedules on congested Flowgates if reserves are being delivered during time of congestion.

# Proposed Sequencing Timeline

- Configuring for October 1, 2013 implementation
  - Consistent with commitments made in BP14 ACS Rate Case settlement.
- Staff intends to monitor the impact of this configuration
  - Continued discussion through customer workshops.
- Longer term policy development.

# Next Steps

- Staff and customers will continue to review the most sustainable transmission arrangements through upcoming customer workshops.
- If changes are identified they can be evaluated for implementation during the upcoming rate period.