

# Short-term Competitions: Resale/Redirect Billing Proposal

January 17, 2013



# Billing Proposal

- Last week, BPAT did not have clear knowledge of FERC's view of whether some action was needed for lost capacity so BPAT was talking more from a feeling that morally we should refund.
- In looking more closely at FERC directives. FERC will not allow double recover or double charging (billing two parties for the same transmission) – see Order 890, p 690, *Cal Indep Sys Oper Corp* (2002), *Midwest Indep Sys Oper* (2004), *AES Warrior Run Inc* (2003). So BPAT now believes it is obligated to make sure Customers aren't billed twice for the same capacity.
- There are probably many ways to do this.

# Billing Proposal

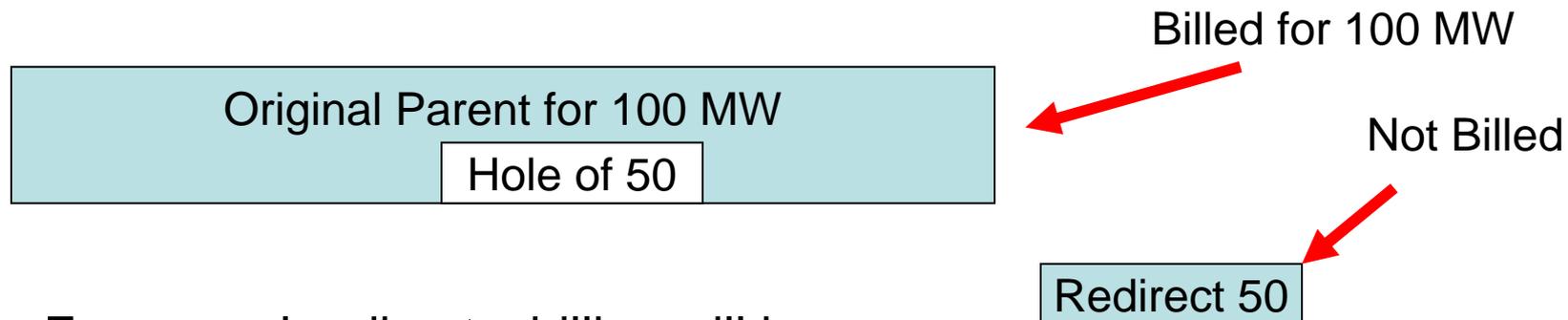
## (The Basics)

The method discussed in this paper appears to fit well in the current Billing processes. It's principles are:

1. The Billing System will bill for Original and Matching Reservations.
2. Implement the crediting with as little change to the existing Billing practices and policies as possible.
3. Matching Reservations can be profiled.
4. A recall of a reservation due to a preemption or competition will create a credit to the owner of the reservation being recalled. This is consistent with existing logic that issues a credit when confirmed capacity is recalled
5. This credit will be at the tariff rates for the reservation being recalled.
6. In the case of a redirected resale being recalled, it is assumed that the assignor of the resale was compensated by the assignee. Thus the assignor will be billed for the full obligation and the assignee (the owner of the redirect) will get the credit.

# Billing Proposal

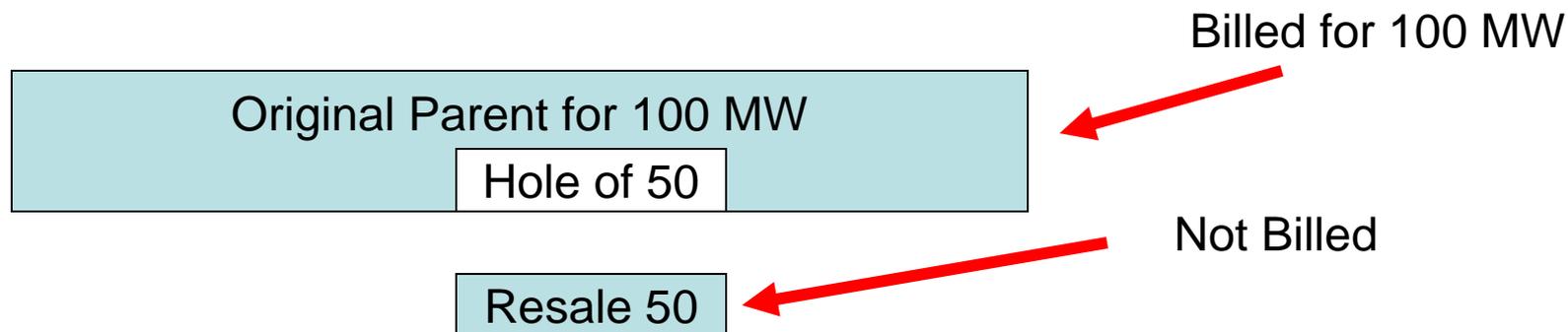
## Basic Redirects



For normal redirects, billing will happen as it does today without competition.

# Billing Proposal

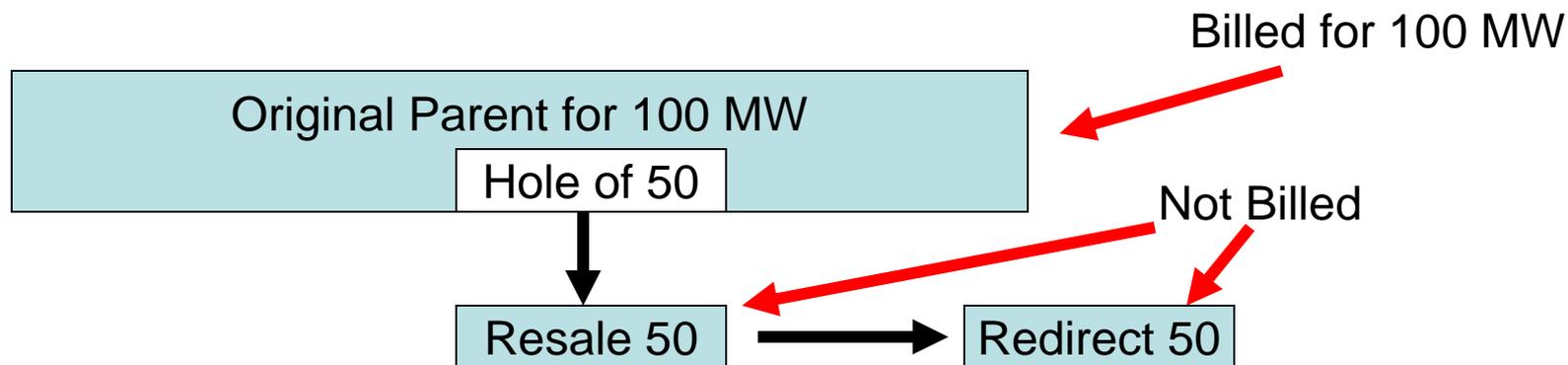
## Basic Resale



For normal resales, billing will happen as it does today without competition.

# Billing Proposal

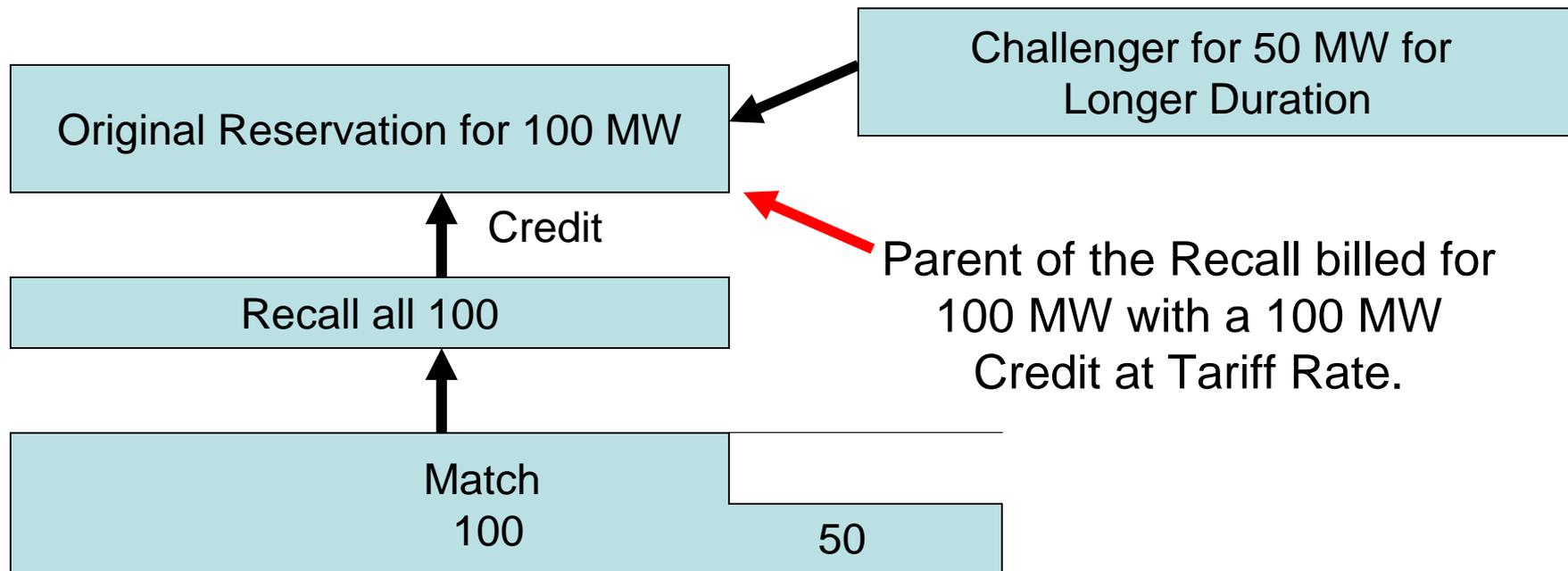
## Basic Redirect of a Resale



For normal redirects of resales,  
billing will happen as it does today  
without competition.

# Billing Proposal

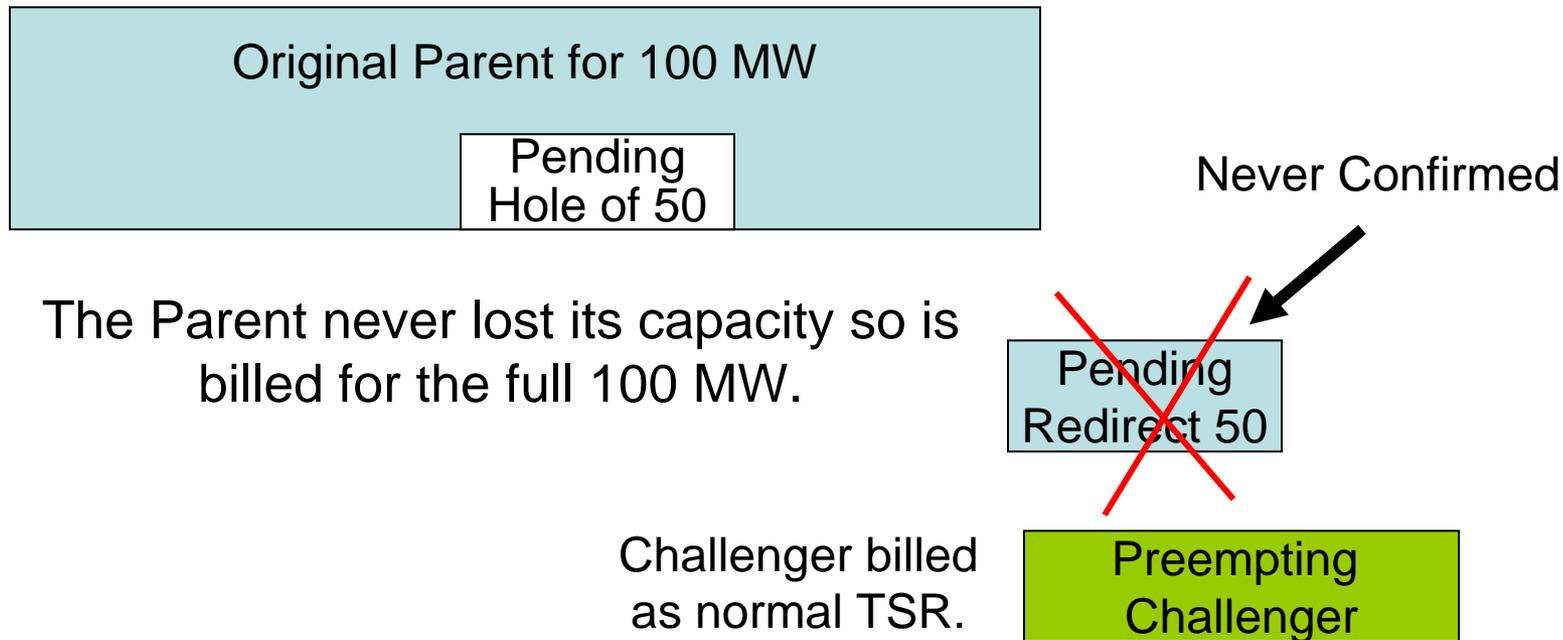
## Basic Competition with Match



Match billed as normal reservation. Must be able to pick up profiled capacity.

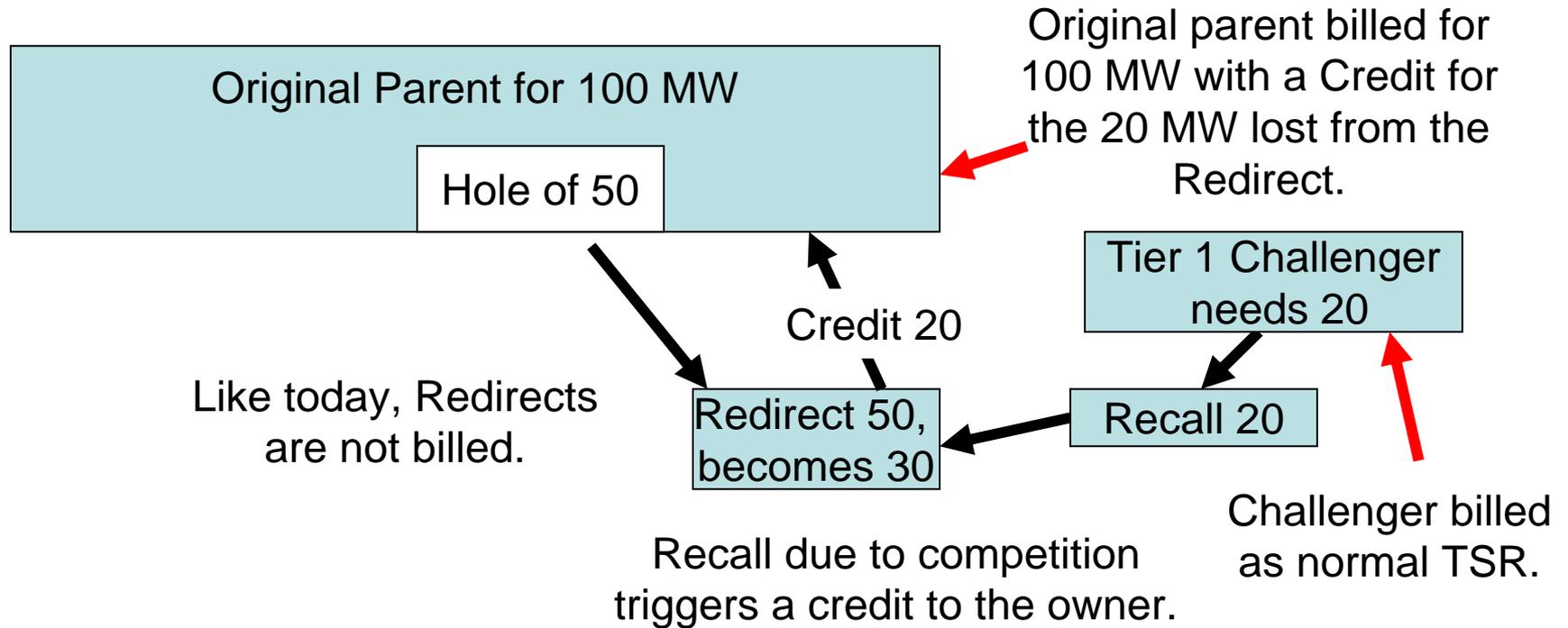
# Billing Proposal

## Pending Redirect is Preempted (Bumped)



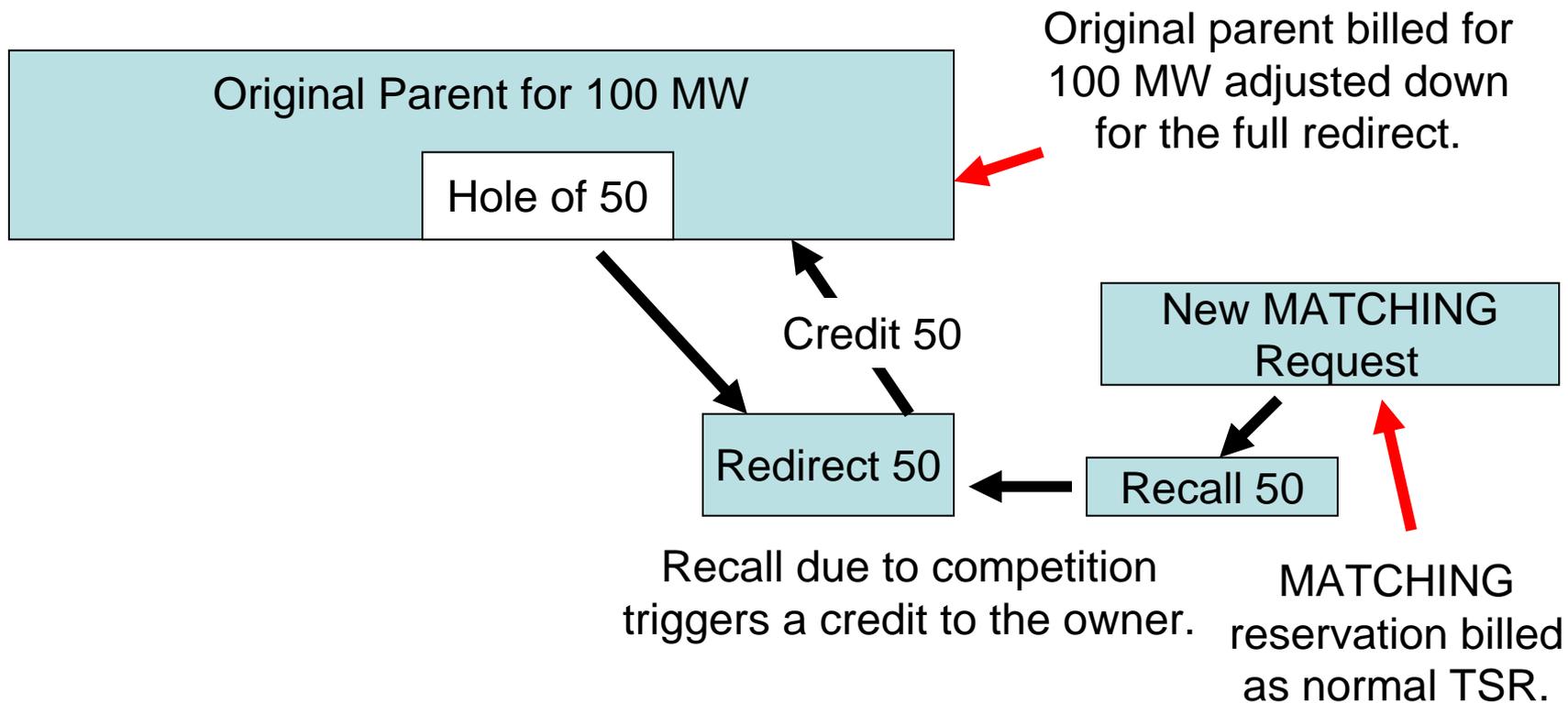
# Billing Proposal

Confirmed Redirect is Preempted (no ROFR) or Doesn't Match



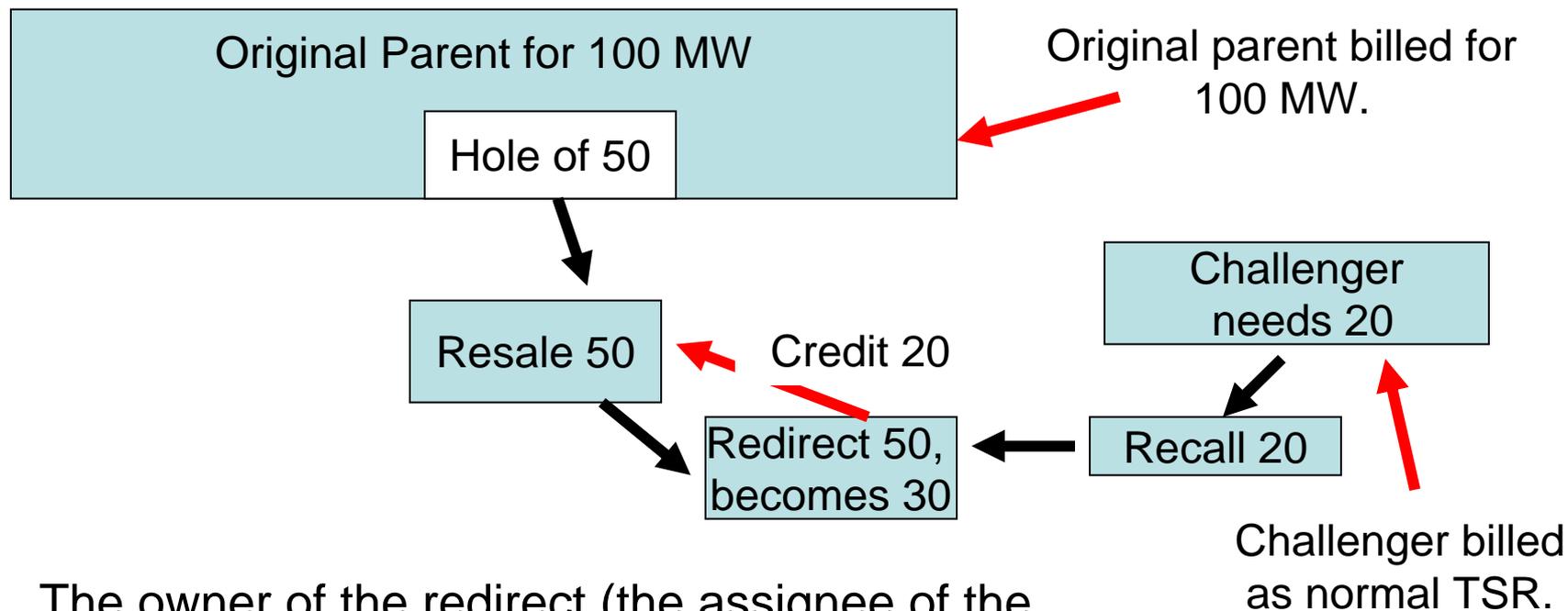
# Billing Proposal

Confirmed Redirect is Challenged – Does Match



# Billing Proposal

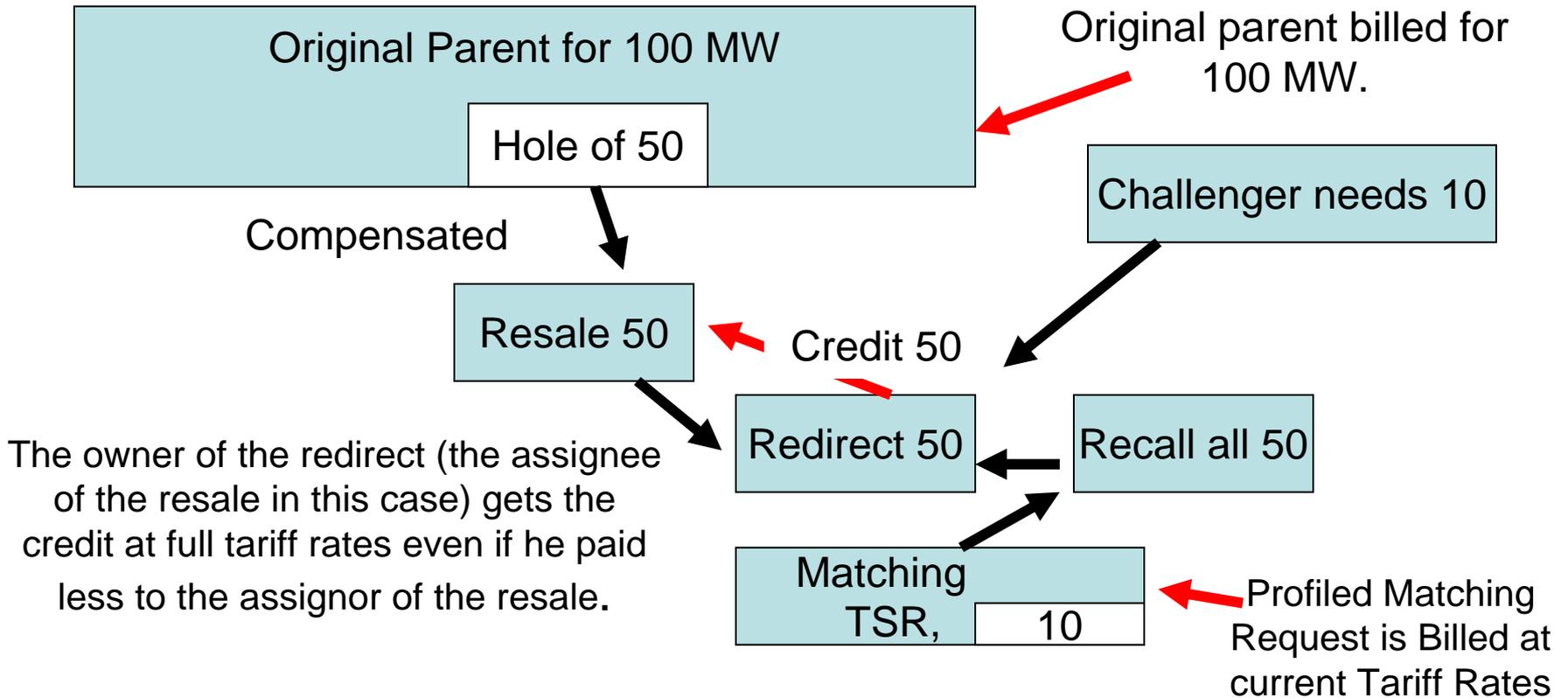
Confirmed Redirect of a Resale is Preempted  
(no ROFR) or Doesn't Match



The owner of the redirect (the assignee of the resale in this case) gets the credit at full tariff rates even if he paid less to the assignor of the resale.

# Billing Proposal

Confirmed Redirect of Resale is Completed  
Chooses to Match



# Billing Proposal – Potential Impacts

- There are three potential areas where revenue could be impacted by this crediting process:
  - In preemption, the capacity will go from a PTP customer to an NT customer. The PTP customer will get a credit based on the PTP rate while the NT customer will continue to pay based on their load so BPA is not getting extra dollars from the NT customer to cover the credit.
  - A competition is designed to provide the ATC at the flow gates that the Challenger needs. The PTDFs at the Defender's flow gates may not match the PTDFs at the Challenger's flow gates. So there could be the risk that the credit to the Defender could be for 40 MW while the payment from the Challenger for the capacity won in competition could be for 10 MW due to the PTDF difference.
  - When the competition starts, the Defender's reservation is Recalled. The Challenger must have a preconfirmed request so if they have enough ATC to get a full offer, they must take it. If, they can't get enough ATC due to one or more of the Defenders matching and keeping their capacity and are made a partial offer, the Challenger has a right to walk away. In this case, the Defender would be receiving the credit but the Challenger would not have a reservation to provide revenue to back up the credit.

# Billing Proposal

- None of these three areas would have been a problem in the past 12 months if we had done Competition and Preemption:
  - There would not have been any NT preemptions in the past 12 months. This is due to a loss of resource or a Slice customer having their Federal System POR changed occurred in the conditional window or there were not enough Defenders to provide a whole offer.
  - There were no PTDF variations in the competitions that occurred. In general, the PTDF variation could be in BPAT's favor or not. It would seem like this should average out with some being higher and some being lower.
  - It is conjecture whether a Challenger doesn't confirm a partial TSR offer in the past 12 months. If that did happen, that frees the ATC to be resold to other TSRs that come into the queue. If there was limited ATC to prompt a competition, then there is a demand for the ATC and it should have a market.

# Billing Proposal

- There maybe other ways to accomplish a just billing scheme; BPAT invites Customer input on other solutions.
- Please submit any comments you may have to [TechForum@bpa.gov](mailto:TechForum@bpa.gov) by January 31.