

Competition of Short-Term and Hourly Transmission Service Requests



Agenda

- Competition Drivers
- Competition process
 - Identification of participants
 - Determination of outcomes
 - Timing windows
 - Impact on scheduling
- Project timeline
- Customer Workshop & Feedback process

Competition Drivers

- Regulatory guidelines
 - FERC Orders
 - OATT 13.2 & 14.2
 - NAESB S&CP 001-4 (Tables 4-2, 4-3)

- Plans to implement Competition in all ST markets
 - Monthly
 - Weekly
 - Daily
 - Hourly for paths that have hourly ATC

- Minimize market impacts where possible

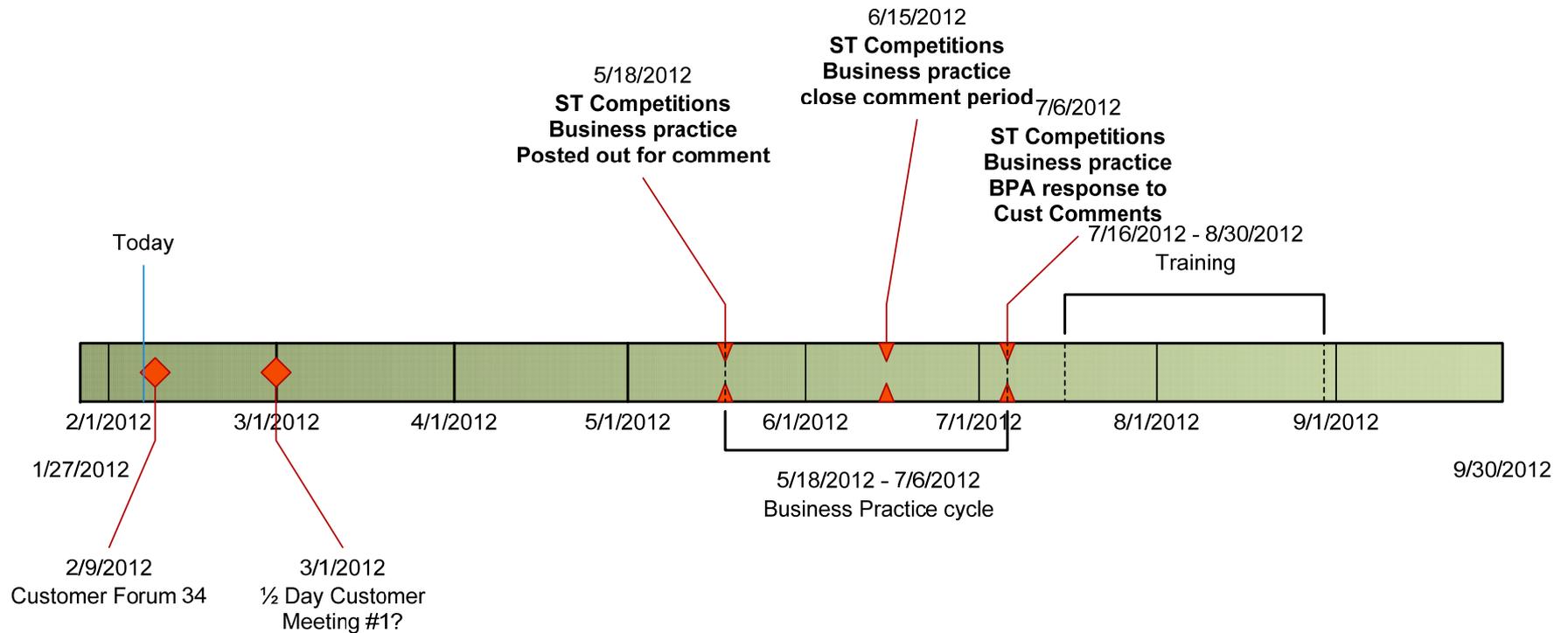
Project Overview

- Scope
 - Automate identification of ‘Challengers’ and ‘Defenders’
 - Automate notification of participants when a valid competition has been identified and when a competition completes.
 - Automatically create matching requests for ‘Defenders’ to facilitate timely response.

- Planned Solution: BPA Vendor Preemption & Competition Module
 - Complete analysis, implementation and testing by late summer
 - Training & Go Live – Fall/Winter 2012

Timeline for Customer Feedback

Note: All dates are preliminary.



Tariff Section 13.2

If the Transmission System becomes oversubscribed, requests for service may preempt competing reservations up to the following conditional reservation deadlines: at 2:00 p.m. of the preschedule day for the day of delivery for the hourly service; at 2:00 p.m. of the preschedule day for 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 reservation for shorter term service or equal duration service and lower price has the right of first refusal to match any longer term request or equal duration service with a higher price before losing its reservation priority. A longer term competing request for Short- Term Firm Point-To-Point Transmission Service will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in section 13.8) from being notified by the Transmission Provider of a longer-term competing request for Short-Term Firm Point-To-Point Transmission Service. When a longer duration request preempts multiple shorter duration reservations, the shorter duration reservations shall have simultaneous opportunities to exercise the right of first refusal. Duration, price and time of response will be used to determine the order by which the multiple shorter duration reservations will be able to exercise the right of first refusal. After the conditional reservation deadline, service will commence pursuant to the terms of Part II of the Tariff.

Tariff Section 14.2

Non-Firm Point-To-Point Transmission Service shall be available from transfer capability in excess of that needed for reliable service to Native Load Customers, Network Customers and other Transmission Customers taking Long-Term and Short-Term Firm Point-to-Point Transmission Service. A higher priority will be assigned first to requests or reservations with a longer duration of service and second to Pre-Confirmed Applications. In the event the Transmission System is constrained, competing requests of the same Pre-Confirmation status and equal duration will be prioritized based on the highest price offered by the Eligible Customer for the Transmission Service. Eligible Customers that have already reserved shorter term service have the right of first refusal to match any longer term request before being preempted. A longer term competing request for Non-Firm Point-To-Point Transmission Service will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request:

(a) immediately for hourly Non-Firm Point-To-Point Transmission Service after notification by the Transmission Provider; and,

(b) within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in section 14.6) for Non-Firm Point-To-Point Transmission Service other than hourly transactions after notification by the Transmission Provider.

Transmission service for Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service. Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have the lowest reservation priority under the Tariff.

NAESB S&CP Table 4-2

001-4.13

The following timing requirements shall apply to all Point-to-Point transmission service requests:

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 ⁵	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

Tables Reprinted from NAESB S&CP Booklet v2.1 March 11, 2009

NAESB S&CP Table 4-3

NAESB Open Access Same-Time Information Systems (OASIS) Standards, Version 1.5 – WEQ-001

TABLE 4-3
PRIORITIES FOR COMPETING RESERVATION REQUESTS

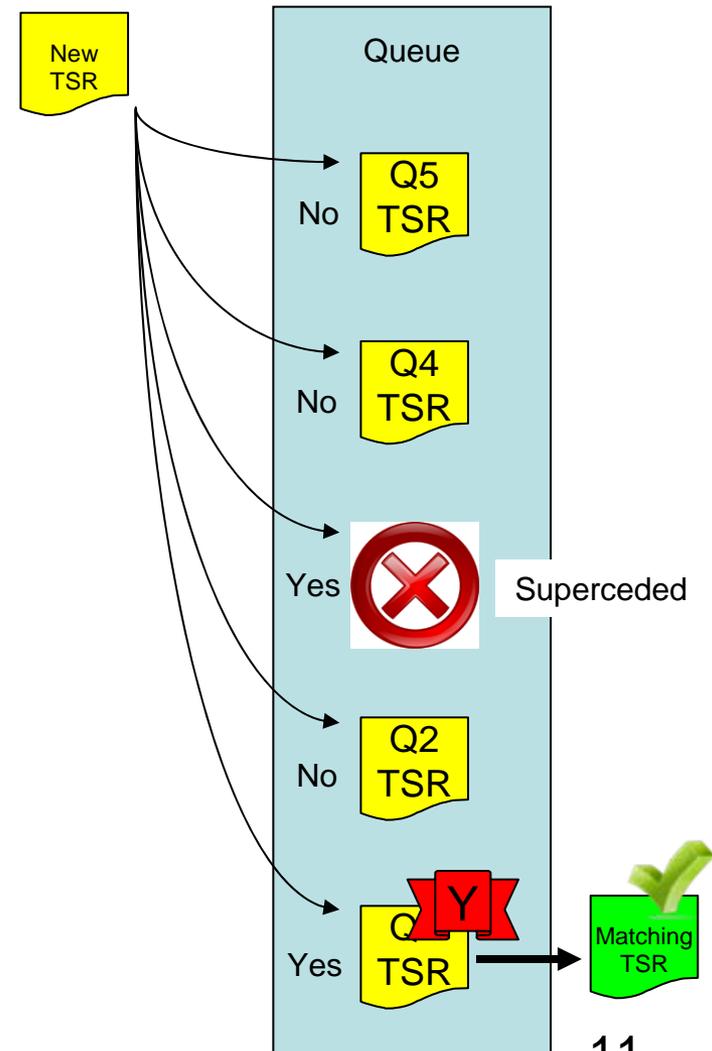
ROW	Request or Reservation 1	Is Preempted by Subsequent Request 2	Right of First Refusal?
1	Tier 1: Long-term Firm, Native Load, and Network Firm	N/A - Not preempted by a subsequent request.	N/A
2	Tier 2: Pending (not confirmed) or confirmed but conditional Short-term Firm	Tier 1: Long-term Firm, Native 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

NAESB S&CP Table 4-3

	Confirmed Short-term Firm	Higher Service Increment	
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
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

The Process

- If there is insufficient ATC to satisfy a new accepted / preconfirmed request (a Challenger), the system will search through earlier queued TSRs for one or more Defenders.
- A TSR is considered a Defender if it meets the following criteria:
 - Not yet confirmed or still in the unconditional window
 - Same or similar flowgates.
 - Same or similar time periods.
 - Has a shorter duration or lower priority
- When a match is found:
 - If the Defending TSR is not confirmed, their request is superceded immediately.
 - If the TSR is confirmed, the competition flag is set to 'Yes'.
 - The system automatically creates a 'Matching TSR' for the Defender.
- A Defender can match the Challenger's duration to retain their capacity.



Discussion of Some Key Issues

- The following slides provide an overview of some of the key issues that were identified during the requirements development process.
- Potential solutions were evaluated for
 - Compliance with regulatory requirements
 - Market impact
 - Consistency with existing business processes
 - Ease of implementation
 - Software development cost

Identifying a Valid Defender

What is the definition of a Defender?

Options:

1. A TSR which, if the owner released their capacity, would provide capacity across one or more flowgates (but not necessarily all) required by a Challenger (Defenders 1 & 2 below).
2. A TSR with the same POR / POD combination as the Challenger.
3. A TSR which, if the owner released their capacity, would enable BPA to improve the offer made to the Challenger (Defender 2 only below).

Proposed option: 3

Reasoning: Consistent with how new requests for capacity are evaluated. (see example)

	Flowgate 1	Flowgate 2	Flowgate 3	Flowgate 4
Challenger	X	X		
Defender 1		X	X	X
Defender 2	X	X	X	

Simultaneous Competition

How many requests will be challenged in a competition?

Options:

1. The smallest number of Defenders who, if they all released their capacity, would enable a full offer to the Challenger.
2. More than option 1.

Proposed option : 1

Reasoning: Using option 2 may result in displacing more capacity than is needed to satisfy the Challenger.

Defending Capacity

What does a Defender have to do to retain their capacity?

Options:

1. Match the duration of the Challenger for the MWs of the Defender's original request.
2. Match the duration of the Challenger for the MWs subject to recall for the Challenger.

Proposed option: 2

Reasoning: Lowest impact on the market. Consistent with current vendor functionality.

Partial Offer Discussion

- Competitions resulting in partial offers to the challenger can produce anomalous results.
 - Confirmed Defenders fail to match and are DISPLACED
 - Even though a Challenger is required to be preconfirmed, their preconfirmed status is voided when the transmission provider makes a partial offer.
 - This allows the Challenger to walk away.
 - Results in less transmission being provided than before the competition.
 - Potentially presents an opportunity for gaming.
- This will be one topic covered in detail in the upcoming workshop.

Issues to be Addressed in Workshop

- Number of rounds of competition to hold
 - Competitions involving partial offers
 - Competition windows
 - When to stop conducting competitions
 - Tagging issues
 - Resales & Redirects
- ... and more

Customer Workshop & Feedback

- Upcoming workshop
 - ½ Day session – late February / early March
 - More discussion of issues
- Feedback & comment process
 - Timeline
 - Communication process

NAESB Involvement

- Preemption & Competition is a priority issue for NAESB this year.
 - BPA is participating on the subcommittee

Questions?

