



Transmission Services

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# **Customer Comments on Short-Term Competition for Transmission Rights**

Comment Received from  
BPA Power  
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## **Short Term Preemption & Competition for Transmission Rights**

BPAP Comments (due to [TechForum@BPA.gov](mailto:TechForum@BPA.gov) by Mar. 30, 2012)

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The goal of short-term competition is to allow challengers to have the opportunity to compete for scarce transmission from eligible defenders. Short-term competition does not necessarily mean that the result of each round of competition will directly result in better utilization or increased sales of transmission, but that may happen overall to avoid the uncertainty that is brought about by implementing competition and preemption. Competitions should not leave customers (and the Transmission Provider) in a position where less transmission is used. This is a complex topic, and perhaps a staged approach to implementation will allow the industry to better understand and comprehend the impacts of this Tariff requirement. Attached are our current thinking about each of the specific questions. Several responses are “no comment”, as we just haven’t thought through the process, or understand the question. Please let us know if you believe our understanding is not consistent with industry interpretation.

Below are the specific questions that BPAT requested customer feedback at the Mar. 1, 2012 customer workshop on the topic. Thanks.

### **Who is considered a valid defender?**

- **Does a defender have to enable a challenger?** *This is a complicated question because BPA uses a flowgate methodology. For Network paths, there may be defending reservations that contribute only portions of MW and durations. One situation could be where there is lack of AFC on one or two flowgates. Should BPA skip over those possible defenders if the reservation could not contribute any rights on those flowgates to enable the challenger’s request? Yes. Should BPA skip over those possible defenders if they partially contribute rights on those flowgates (only one of two, or partially) to enable the challenger’s request? No, they appear to be an eligible defender(s). In other words, should BPA select one defender with the reservation that would be most able to enable an award of the requested amount (skipping over other eligible reservations), or multiple reservations that, as a group, would enable the requested amount when considered as a group.*
- **Does there have to be sufficient capacity (MW) for a defender to match?** *The situation that may be of BPA concern is when there is insufficient transmission inventory available from the Transmission Provider (TP) to allow a defender to exercise Right of First Refusal, or ROFR, (increase purchase from TP to match duration of the challenger). If the defender chooses to exercise ROFR, and there is insufficient transmission available to fulfill the match of duration, would a partial match be awarded (down to zero), and be considered a successful defense action, ending the competition round? Here, the willingness to match duration should be sufficient, not the ability of the TP to enable the increased purchase. The TP probably should not assume that the Defender will opt to exercise ROFR.*
- **Does there have to be sufficient capacity for ALL defenders to match?** *All eligible defenders are identified that could enable the challenger, and again, the*

*matching requirement should be duration first, and capacity next, if inventory is available. For the case where multiple defenders exist, the question may be, what duration matching requirement should be allocated to each defender.*

- **How many rounds of competition should take place?** *Is one “round” determined to be where the fewest eligible defenders are identified and that, if they choose not to match, allows for the challenger’s request to be fully enabled? If so, we believe that one round is sufficient. If a defender matches, that would result in the challenger being offered a reduced amount or Refused. In the example on page 14 of the Mar. 1 presentation, the first round of competition appears to have resulted in an award of less than the requested amount to the challenger. If the round of competition is considered complete at this point, then the challenging request is offered a Counter-offer, and the challenger may Confirm the request, and may submit another request in attempt to compete with other defenders to fulfill her original request. Is this correct? How will the competition functionality treat preemptions and competitions where the defender and challengers are with the same transmission customer? There could be a situation where a customer’s request may preempt (with no ROFR) the same customer’s existing reservation(s).*

**How should tags be managed if the related TSR loses its capacity?** *What is the plan for how AREFs are to be updated to reflect the results after competition? The way that the result(s) of competition are updated in existing and new reservations should be done to allow for tracking of preemptions, competitions, and for implementing tags.*

### **Matching**

1. **Should a defender be allowed to request a longer duration than is required to match?** *No comment.*
2. **Would it be preferable to have the matching request created automatically?** *Yes, that information will make it clear to the defending customer an example on what the minimum qualifying matching response would be (such as duration, price, and/or capacity depending on the situation), and not only when the response deadline is less than one day. The competition functionality should provide this feature.*
3. **Would it be preferable to change both the start and end dates of a TSR when matching?** *Yes, this should be an option for the defender, if the request submittal timelines allow it.*
4. **What is the minimum capacity (MW) required to match a challenging request?** *The minimum capacity should be the remaining possible available based on ATC. If remaining possible inventory is zero, then minimum capacity for match is zero. If there is sufficient ATC, the minimum capacity should be the defending reservation’s capacity. The defending reservation(s) has ROFR rights to extend, and the Tariff description is “agree to match” and not “is able to successfully receive a matched response”. An outlying question is, for when there are multiple (simultaneous) defenders, what is to be deemed each defenders’ ROFR requirement for capacity and duration (can the group of defenders successfully defend only up to the challengers requested parameters?). Also, if there is zero inventory if duration is matched at the end date of a TSR, but there is inventory if matched at the start date of a TSR (and is*

**5. Duration vs. Effective Duration:** *No comment.*

**Redirects & Resales**

- **Should resales & redirects be treated the same for the purpose of competition?** *If a “parent” of a resale is still in the Conditional Window, the reseller must manage that, so yes, resales could be impacted if the reseller fails to defend. How else could a resale be impacted by competition, since the resale action is not obtaining additional transmission from the TP? If the parent of a redirect is still in the Conditional Window, the redirector must manage that, so yes, redirects should be treated the same for the purpose of short-term competition. Any impacts to a resale or redirect because the reseller or redirector failed to defend a competition associated with the associated “parent” is at the risk of the customer. How will the AREF(s) be updated with the result(s) of competitions?*  
*On the other hand, how should the “child” resales and redirects be treated for short-term competition? Resales should not be eligible for preemption or competition I assume, is this correct? Redirects, could be eligible for preemption or competition, if (1) it is in the Conditional Window, (2) it meets other eligibility requirements (shorter increment, etc), and (3) any portion (AFC, duration, etc) of its capacity could enable a subsequent request. A redirect, regardless of the*
- **Should redirects be de-linked from a parent resale for the purpose of competition?** *No comment.*
- **Should redirects & resales be limited to the unconditional window?** *No comment.*
- **Redirecting capacity from longer duration to shorter duration.** *No comment.*

**Should competitions take place if a full offer to the challenger is not possible?** *Yes, in theory the challenger would probably like the opportunity to entertain a lesser amount than what they requested.*

- **Declaring a minimum MW threshold.** *This may be helpful to eliminate competitions where the challenger knows ahead of time that it will not accept. Perhaps if the challenger’s minimum MW threshold is less than the maximum available offer (explained below), then it would be helpful to not implement a competition.*
- **Other ideas?** *Perhaps a possible feature is to prompt the potential challenger with the maximum available offer if identified defenders do not match, and, if that maximum available offer is less than the requested amount, require the potential challenger to “proceed” with competition, knowing that the best outcome is still less than their request. With that, the challenger is agreeing to pre-confirm the reduced available offer, but still has the option to Withdraw if less than the maximum available offer is enabled. Another possible feature is to make competition optional for a potential challenger, and notify the request what they would be offered absent a competition, and the maximum they would be offered if there is competition and all defenders choose not to match.*

**Would you like to have a second (public) meeting?** *Yes, more meetings would be helpful.*

### **Other BPAP questions:**

**Coordinated Requests for Competition:** There should be a feature that returns a defending reservation their original granted characteristics (duration, MW, price, etc.) that it lost due to not matching a competition, when the challenger fails to confirm a Counter-offer. It appears that any impacts to defenders that occur cannot currently be undone when the challenger exercises their right to Withdraw their request under certain circumstances. This does not appear to be the preferable outcome of such competitions. Please continue to work on functionality that would eliminate this impact.

**Transparency:** Potential challengers and defenders should be able to have the ability to view assumptions made to determine competition, as well as the result. By doing so, it should be transparent the responses by each of the defenders and the results.

**Redirects of long-term firm to short-term:** There are times when holders of long-term PTP will redirect to different paths in the short-term. When those short-term redirects are made eligible for competition as a defender, and if that defender chooses not to match, that reservation would be Displaced. How do the requirements for short-term preemption/competition treat the ATC/AFC associated with those Conditionally Confirmed redirects?