



Transmission Services

Customer Comments on Short-Term Competition for Transmission Rights

Comment Received from
Powerex
March 9, 2012

Posted April 5, 2012

Powerex's Response to the Short-Term Competition Presentation

Powerex strongly believes that a customer must retain the ability to meet or exceed the duration of a competing request. The customer must have the ability to accomplish this by either filling the term with an earlier start date or extending the term beyond the competition. The ability to exceed the duration is already a requirement identified by FERC. BPA should not create business practices or related systems that would prohibit this.

As a customer, it is important to be able to select an earlier start date (i.e. one that puts the matching request into an unconditional window) or to extend as far out as the ATC is posted. Both of these abilities are necessary to secure the transmission for the original customer and to provide assurance to the customer that their request is safe from further competition.

Powerex disagrees with the proposal of only running one competition. Someone seeking service should be able to compete through the queue of all conditional requests. If the matching only takes place once, what prevents a customer from resubmitting to the queue repeatedly? And this could create a scenario where a later competitor of the same duration as the first competitor could compete against a different defender (one that hasn't had to match yet) and potentially get the transmission.

For the competition timing, Powerex encourages BPA to cap the unconditional window for Hourly and Daily Firm to be no later than 1200 of the preschedule day. This helps eliminate scheduling issues.

Matching Issues

Question 1: How many MWs does the Defender have to match?

Powerex believes that the Defender should only need to make the TP whole for the capacity that would be sold if the Defender did not match. In the scenario provided it appears that request 2 for 10MW across five time periods competes against request 1 for 50MW across one time period. When the Defender submits a matching request, the minimum requirement should be for 10MW for Time1-4 and 50MW for Time5. The challenger would then be counteroffered for whatever remains.

In order to accomplish this defenders will need the ability to submit a profiled request when Matching on OASIS. The validation will need to verify that the matching profile meets or exceeds the duration of the competitor, and that the volume is not decreased from the original request except in the new segments where the volume of each segment can never exceed the original capacity granted and should not be less than the volume of the competing request.

Question 2: How would a defender determine how to create their matching request?

Powerex recommends that when the Competing_Request_Flag is changed on OASIS in response to competition that the STATUS_COMMENTS are updated to indicate the competing AREF and the minimum duration that is required to match it. Powerex requires more details on how BPA would generate a matching request for a customer, and how that customer may modify it

before submission. This type of generated matching request would also need to be accessible through OASIS templates for companies that do not rely on the OATI web GUI.

Duration vs. Effective Duration

BPA would significantly simplify and reduce competitions for customers by setting duration solely based on the TSRs Start and Stop time. BPA's proposed effective duration will simply lead to customers buying 1MW on both ends of their Hourly requests (HE1 and HE24) to prevent competition.

Matching Feasibility

Powerex supports not displacing a customer who cannot at least match duration, but this can be accomplished simply through giving a COUNTEROFFER to a MATCHING request and considering duration to be the start and stop time of the MATCHING TSR (not the effective duration) for periods where zero MWs were countered.

As previously stated, competitors should have the ability to compete against all conditional requests in queue, and this should be done going from most recent queued to that oldest request.

Simultaneous Matching Feasibility

FERC has already specified that when a longer duration request preempts multiple shorter duration requests, the shorter duration requests shall have simultaneous opportunities to exercise the right of first refusal. Duration, pre-confirmation status, price and time of response will be used to determine the order by which the multiple shorter duration requests will be able to exercise the right of first refusal. All defenders should be challenged even if only the first to respond is able to match. In the BPA example on slide 26 if Defender 2 responds first for 50 MW for all 24 hours the competition continues until the next Defender competes or the matching window expires. If Defender 3 responds next for 50 MW for all 24 hours, Defender 1 is displaced and the request by the Challenger is Refused. If Defender 1 nor 3 responds they are both displaced once the Challenger has confirmed their counteroffer for 50MW.

Complex Issues

Powerex recommends that the duration and conditionality of the parent request pass through to any subsequent resale or Firm Redirect. This should be inherited down through the children of the child requests. If the parent request is unconditional no related requests would not be subject to competition. This is important to eliminate problems with displacing firm redirects and the possibility they cannot be restored to the original parent. It also encourages continued long-term investments in the transmission by providing benefits to yearly rights holders.

Competing Resales & Redirects

Powerex is ok with the Option 3 solution to limit redirects & resales to the unconditional window with the exception of redirecting or reselling the full term and full capacity of the original request. The latter should be allowed.

Competition to Make Counteroffer

If a defender does not submit a matching request within the required timeframe, their request should remain CONFIRMED until the competing request is CONFIRMED at which time it may be

displaced. This eliminates any concerns that the TP will lose the DISPLACED transmission and have the competition withdraw on a counteroffer.

Redirecting Capacity from Longer Duration to Shorter Duration

Redirects should inherit the duration and conditionality of the original parent request. Powerex recommends this be passed through in the Provider or Status Comments.

If you have any questions regarding Powerex's response, please call me directly at 604-891-6031.

Regards,
Michael McWilliams
Director, Transmission
Powerex Corp.