



Transmission Services

On Demand Resource Scheduling Business Practice, V5

Response to Customer Comments

Posted: March 20, 2012

This document contains the Transmission Customer comments and Transmission Services' response to those comments for the On Demand Rights Business Practice, V5 Business Practice posted for review from October 19, 2011 through November 14, 2011.

BPA Transmission Services has changed the title of this Business Practice from "On Demand Rights" to "On Demand Resource Scheduling" to better reflect the fact that this Business Practice is about scheduling an On Demand Resource (ODR) on existing firm transmission rights, but does not confer transmission rights.

Thank you for your comments.

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1. Seattle City Light

BPA should allow BA's outside of BPA to have multiple scheduling points, especially pointing out the use of the COI, Montana Intertie, Northern Intertie. For that matter, BA internal to BPA should be allowed those additional points as well.

It seems to make little sense to restrict PacifiCorp, PSE, TEA or SCL or other parties to one generic POD, when the geographic diversity could help or hurt transmission constraints. It would appear that with a little more extension, parties could have multiple delivery points on different sides of transmission constraints.

An addition idea would be to suggest that if BPA is unable or unwilling to provide all of the Supplemental Resource to supply reserves, that the market be opened up to Buyers and Sellers with BPA transmission providing the linkage.

Transmission Service's Response

The ODR Scheduling business practice does not specify or restrict the location of PORs or PODs for On Demand Resource schedules, although the business practice limits On Demand Resource schedules to one per Entity per hour.

The Supplemental Service business practice allows a customer to acquire its own Supplemental Service Resource from any buyer or seller willing to enter into that transaction.

2. BPA Power Services

Thank you for the opportunity to comment. We understand that this update is to allow for new uses of On Demand. The focus on these comments are to ensure that the new requirements are not inadvertently and inappropriately applied for existing uses of On Demand Resource Schedules.

- A. **Prequalification Requirement for using On Demand Resource Schedules:** Currently there is no requirement for resources to be prequalified to use On Demand Resource Schedules. Section B.1. implies that this approval process applies to "new On Demand Resources". Perhaps there are appropriate circumstances for that requirement, such as for Supplemental Service or other uses. Please clarify that the prequalification requirement is only for those specific uses that require it, such as those that require AGC-like connections that must be installed or tested. In addition, and if possible, we suggest posting a list of prequalified "On Demand Resources" for Supplemental Service or other uses, and perhaps some limitations to the resource's or arrangement's On Demand prequalification status.

Transmission Services' Response

The ODR Scheduling business practice does not contain prequalification requirements, but it does contain general requirements that must be satisfied, including a notice provision before initially scheduling an On Demand Resource to make sure telemetry and other systems are in place to properly track and account for changes in output when called upon. Since Power Services has previously submitted On Demand Resource schedules involving the FCRPS, there is no need to notify Transmission Services that Power Services will continue to submit such schedules.

Transmission Services does not expect to post a list of On Demand Resources because customers have argued that such information is commercially sensitive.

- B. No More than One:** The current section B.3. wording is confusing. During the last customer call, BPA stated that the reason for this limitation is to prevent the On Demand e-tags from using Dynamic Transfer Capability (DTC) in the BPA BAA, and to prevent multiple OD Resource e-tags from a single On Demand Resource from being activated multiple times within an hour. An Entity may deploy multiple On-Demand Resource e-Tags simultaneously, which would seem to eliminate the risk of using DTC. We suggest replacing the entire section B.3 with something like, "An Entity is limited to activating On Demand e-Tags from a single On Demand Resource once in any given hour", or provide further clarification.

Transmission Services' Response

BPA agrees that B.3 is confusing as written. An Entity may submit more than one On Demand Resource schedule from a single resource as long as each schedule is to a different customer. BPA has revised the language in B.3 to make it clearer.

- C. Operational Protocols:** The business practice does not provide specific ramp rates for response. What are the ramp rates and operational protocols for achieving certain generation levels for OD uses, and where are they described? In particular, how will On-Demand Resource movements be evaluated with respect to Imbalance charges, Failure to Comply and DERBS rates? If the description is not appropriate for the OD business practice, then in which business practice?

Transmission Services' Response

Transmission Services will determine an appropriate ramp rate and other operational limitations where necessary to protect reliability.

The method for determining Imbalance charges, Failure to Comply rate and DERBS rate is the same for an On Demand Resource schedule as it is for any other hourly schedule. For additional information on imbalance charges, see the following business practices: Energy Imbalance Service; Generation Imbalance Service; Failure to Comply; Dispatchable Energy Resource Balancing Service (DERBS); and Balancing Service Election for Variable Energy Resource Balancing Service (VERBS)

- D. Activation Procedure:** The OD Resource Scheduling business practice uses the term "activate an On Demand Resource", and it seems to imply that the e-tag adjustment update is performed by the Entity with the making the arrangement (Section C.3). The business practice introductory section implies that Supplemental Resources are called upon by BPA by changing the generation schedule. This appears to be different descriptions of how activation occurs, and may be because there are different ways to activate an On Demand e-Tag depending on the use. It may be helpful to make clear that there are different ways to activate On Demand e-Tags.

Transmission Services' Response

An On Demand Resource is activated by the Entity that submitted the schedule for that resource.

A Supplemental Service Resource is activated by BPA when a DSO 216 event is declared. However, BPA has included language in step B.3 in the revised ODR Business Practice to

make clear that BPA activates an On Demand Resource when it is supplying Supplemental Services.

3. Southern Cal Edison

Southern California Edison (SCE) appreciates the opportunity to comments on the On Demand Resource Scheduling Business Practices.

Comments on General Principles - Section B3

- A. We are concerned with the restriction that parties may only schedule “one on demand resource with another Entity in any given hour.” As written, the language could be read as we are only allowed “one on demand resource per hour”. In the conference call on this topic, it was clear this was not the case. Rather, BPA was trying to make sure the use of on demand resources did not become, in effect, a dynamic schedule.

SCE would likely only use on demand resources in order to provide Supplemental Service. Thus, the dispatch of the on demand resource would not be controlled by us, but rather by BPA. In fact, BPA would only call this on demand resource in the event of a DSO-216 event in which “INC” services were nearing depletion. Thus, for on demand resources used to provide Supplemental Service, we do not think these will ever look like a dynamic schedule, so this restriction of “only one on demand resources with another Entity” should not apply.

Transmission Services’ Response

Transmission Services appreciates customers’ desire for flexibility in supplying Supplemental Service and understands that greater flexibility supports a successful Supplemental Service program. As the same time, this is a new service. Thus, BPA Transmission Services believes it is appropriate to begin this service with conservative policies.

BPA agrees with SCE that it is unlikely that On Demand Resource schedules would create dynamic transfer issues when these resources are being used to supply Supplemental Services. However, BPA believes a high degree of flexibility creates the potential for operational problems to develop.

As BPA gains more experience its policies are likely to evolve, including providing additional flexibility for On Demand Resources that are supplying Supplemental Services.

Moreover, the rules should ensure that parties can provide Supplemental Service from multiple sources within a neighboring Balancing Authority (BA). For example, a party may want a particular BA to provide 50MW of Supplemental Service, and they may want an additional 50MW provided from a merchant generator within that BA. We think parties should have this flexibility to arrange multiple on demand resources from within a single BA, and it is unclear if the current language allows it, or rather, if parties would be forced to pick either the deal with the BA or the merchant within the BA, but not both in the example above. To help facilitate the integration of wind, we think it is in everyone’s best interest to allow as many supply alternatives as possible, and thus we encourage BPA to adopt rules that would allow parties to source multiple on demand resources from a single BA.

Also, parties may want multiple on demand transactions, delivered at different BPA delivery points, that all originate from a single external BA. It is unclear if the current

rules would consider deliveries of on demand services at multiple locations (but from the same BA entity) as “one on demand resource schedule” or if multiple location deliveries would be prohibited. Again we encourage BPA to allow delivery to multiple locations even if the same Entity (BA for example) is delivering all the resources.

As such, we suggest that that BPA remove the restriction in B3 if the on demand resources are used to provide Supplemental Service. We suggest BPA add the following language to B3:

“This restriction will not apply if the on demand resources are used to provide Supplement Service.”

Transmission Services’ Response

BPA agrees with SCE that more flexibility in supplying Supplemental Services will help make that pilot program a success.

The current ODR Scheduling policy would foreclose submitting more than one Supplemental Service Resource schedule from a single BA.

While experience may show that relaxing this limitation can be done without adverse impact to reliable operations, BPA believes that a more conservative approach is appropriate at the initiation of the Supplemental Service Pilot Program.