Preemption of Short-term Requests and Reservations v5

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Purpose

Provide context for the changes to the Preemption v5 Business Practice.

Terminology

- Short-term Preemption and ROFR: NAESB term for the process that administers Sections 13.2 and 14.2 of the OATT.

- Preemption Competition Module (PCM):   The name of the software from OATI that performs Preemption and ROFR.

- Defender: The lower-priority request or reservation that is being challenged for capacity.

- Challenger: The higher priority request which is seeking capacity from another customer when ATC is insufficient.

- Right of First Refusal (ROFR): The process by which some Defenders can match the duration of the Challenger request in order to retain their reservation.

Version Status and Scope

- Version 4:   (Effective 03/22/22)

  o Applies PCM to Daily, Weekly, and Monthly Firm and Non-firm service, including Redirects.

  o Implementation was phased in from March to May.

- Version 5:

  o Will extend PCM to Hourly Firm and Non-firm service, including Redirects.

  o Implementation expected to be phased in starting this Oct.

Policy Changes with v5

- Eliminates the exclusion for Hourly service.

- Defines time to exercise ROFR for Hourly service.
  - Hourly Non-firm: Adopted NAESB standards: 10 minutes if queued less than 8 hours prior to start. 30 minutes otherwise.
  - Hourly Firm: 30 minutes – Since this is not a *pro forma* product, BPA determined this in consultation with Customers.

- Defines overall processing timeframes based on above.

- Defines eligibility criteria to be a Challenger:
  - Hourly Non-firm: Adopted NAESB standards.
  - Hourly Firm: Adopts the same criteria that NAESB defines for *pro forma* products. Also determined in consultation with Customers.

- Disallows Daily Firm service from challenging Hourly Firm due to timing considerations and software limitations.

Challenger Eligibility

- Flat Profile Required:
  - A PTP request must have a flat MW quantity over time to be eligible to be a Challenger.
  - An NT request may have a profiled MW quantity over time and still challenge.

- Full Service Required:
  - It must be *feasible* to get a full offer via Preemption for PCM to proceed with a challenge for PTP requests. In practice, a full offer may not result if a Defender successfully exercises ROFR.
  - NT is not subject to this requirement.

Flat Profile Required: Examples

- There would be no change to what is considered a valid Hourly service request.
  - Profiled MWs are allowed.
  - Leading and trailing zeros are allowed.
- But only requests with a flat profile will be eligible to challenge.
- A profiled request will still possibly be an eligible Defender.

Hour									Valid TSR	Valid Challenger	Valid Defender
1	2	3	4	5	6	6	7	8			
		25	25	25	25	25			Yes	Yes	Yes
25	0	25							Yes	No	Yes
	1	0	0	0	0	0	1		Yes	No	Yes
0	0	0	0	25	0	0	0	0	Yes	No	Yes

Disallow Daily Firm vs Hourly Firm

- Ideally, Daily Firm should be able to challenge another Daily Firm or an Hourly Firm with a different ROFR deadline for each.
- In practice, PCM only allows a single ROFR timeline to be defined for a given Challenger service.
  - It would be problematic to select only a single ROFR deadline for both Daily Firm and Hourly Firm.

Challenger	Defender	ROFR Deadline	Comment
Daily Firm	Daily Firm	24 hours	Would stop Hourly processing for 24 hours
	Hourly Firm	30 minutes	Not compliant with OATT for Daily Firm

- The problem is due to our use of a non *pro forma* product.
- BPA will not pursue an OATI customization.
- Result: Customers will need to use Hourly Firm service to challenge other Hourly Firm.

Other Changes with the v5 (not policy related)

- Slightly changed the name of the BP for consistency.
  - From: Preemption of Short-term Requests and Reservations
  - To: Preemption of Short-term Transmission Service.
- Added billing credit messages for Hourly service.
- Added some footnotes to the Non-firm Timing tables to clarify some specific details:
  - When is non-firm service safe from Preemption.
  - Some Preemption scenarios do not apply to BPA because of how our ATC methodology is structured.
- Other minor consistency changes.

2pm Deadline for Hourly Firm

- Section 13.2 of the BPA OATT defines a 2pm conditional reservation deadline for Hourly Firm service.
    - This is not subject to comment in this BP comment period. Changing this 2pm deadline would require a tariff change.
    - BPA is not proposing to change this under TC-24.

- BP v5 will be the first time this 2pm deadline will be active. Hourly Firm will not be "unconditional" until 2pm.
    - Consolidation: Hourly Firm will not be able to be consolidated (aggregated with 'like' service) until 2pm.
    - Redirects: Conditional Redirects from unconditional parents will be prevented from further Redirects and Resales until this 2pm deadline is reached. (See Redirects BP A.4 to 6)

Questions?

Background Reference

Sections 13.2 and 14.2 of the BPA OATT

Requests for transmission service are generally processed first come, first served.   Sections 13.2 and 14.2 outline an exception based on two principles:

1. Reservation Priority:
    o Higher priority requests can challenge earlier-queued, but lower priority requests and reservations for their capacity.
    o In some cases, the lower-priority reservation can "defend" their capacity in order to keep it.

2. Conditionality:
    o The OATT spells out time periods when reservations are vulnerable to challenge (*i.e.*, "conditional").

❖ This process only applies to short-term requests and reservations…and only when ATC is constrained.

From the Nov 2021 CBPI conference call

Flat Profile Required

Flat Profile Required for PTP Challenger?

- NAESB standards require a PTP TSR to have a flat profile to be eligible to be a Challenger.

  o This requirement does not apply to NT Challengers.

- For Daily, Weekly, and Monthly PTP requests, BPA requires a flat profile anyway, so this Challenger requirement is redundant.

- But for Hourly Firm PTP, BPA allows a request to be profiled by hour. We will still allow this.

- The question is whether such a profiled Hourly Firm PTP request should be allowed to be a valid Challenger, or whether an Hourly Firm PTP request must have a flat profile to challenge?

Flat Profile <u>not</u> Required: An Example

- The reason NAESB requires a PTP Challenger to have a flat profile is to avoid this scenario:

	Hour							
	1	2	3	4	5	6	7	8
ATC	35	35	0	35	35	35	35	35
Defender			30					
Challenger	1	0	30	0	0	1		
ROFR			30	30	30	30	30	30

- The Challenger duration is 6 hours. Thus, the Defender must also agree to 6 hours to exercise ROFR.

- Although the Challenger is profiled, the ROFR will not be.

Flat Profile: Proposal and Considerations

BPA proposes that the Flat Profile requirement be used for Hourly Firm PTP Challengers also.

1. Avoids the inequitable matching scenarios.

2. Consistent requirement across all products.

3. Avoids the need to customize the PCM software to define a non-*pro forma* solution.

4. Practical result of this proposal: Will result in fewer PTP challenges for Hourly Firm.

Full Service Required

Full Service Required for PTP Challenger?

- NAESB standards require that it be *feasible* to grant a full PTP offer via Preemption to be eligible to be a Challenger.
  - o If it is not possible to grant a full offer considering all potential Defenders, then no Preemption would occur.
  - o This requirement does not apply to NT Challengers.
- This standard was put in place to avoid gaming.
  - o The concern was a PTP Challenger could request capacity knowing that a full offer was not possible, but forcing another customer to exercise ROFR anyway while the Challenger could just walk away.
- Should this Full Service requirement also be applied to Hourly Firm PTP Challengers?

Full Service: Proposal and Considerations

BPA does not have a strong opinion on this particular policy, but our leaning is to require Full Service for Hourly Firm PTP Challengers also.

1. Consistent requirement across all products.

2. Avoids even the possibility of gaming, although it is hard to envision actual gaming scenarios in practice.

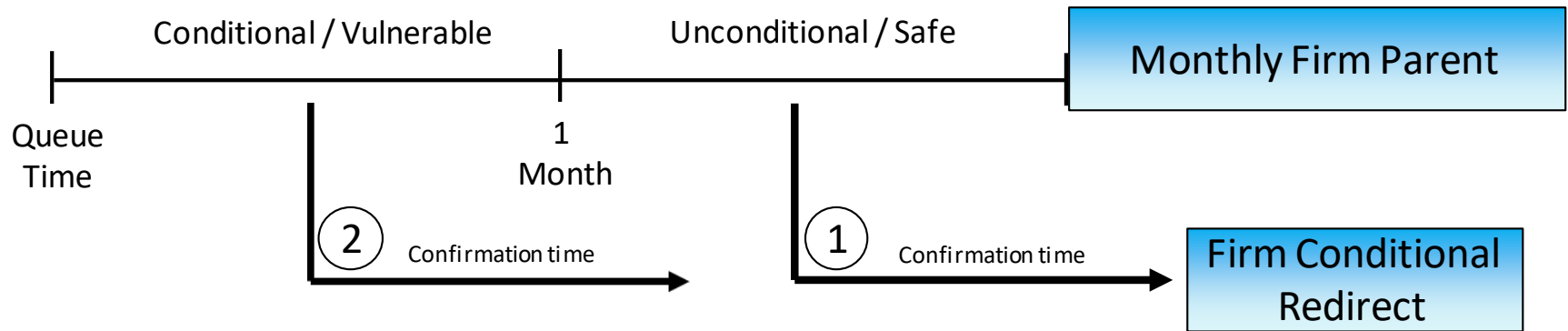3. Practical result of this leaning: Will result in fewer PTP challenges for Hourly Firm.

Redirect changes under *Dynegy*
(adopted in Redirects v25 Business Practice)

Dynegy Overview

- FERC outlines protection for certain firm Redirects.
  - Customers do not lose their rights on the parent path/reservation until the Redirect is both confirmed and becomes unconditional.

- *Dynegy* protection only applies if the parent is LTF or is unconditional at the time the firm Redirect is confirmed.

- *Dynegy* protection does <u>not</u> apply if the parent is itself still conditional at the time the firm Redirect is confirmed.

- *Dynegy* also does not apply to non-firm Redirects.

Under *Dynegy*, Timing is everything…

The way a short-term firm Redirect is handled will depend on whether the parent is conditional or unconditional <u>at the time</u> the Redirect is CONFIRMED on OASIS.

Conditional / Vulnerable   Unconditional / Safe   **Monthly Firm Parent**

Queue Time   1 Month

(2) Confirmation time   (1) Confirmation time   **Firm Conditional Redirect**

(2) Parent is still itself conditional at the time the Redirect is confirmed.
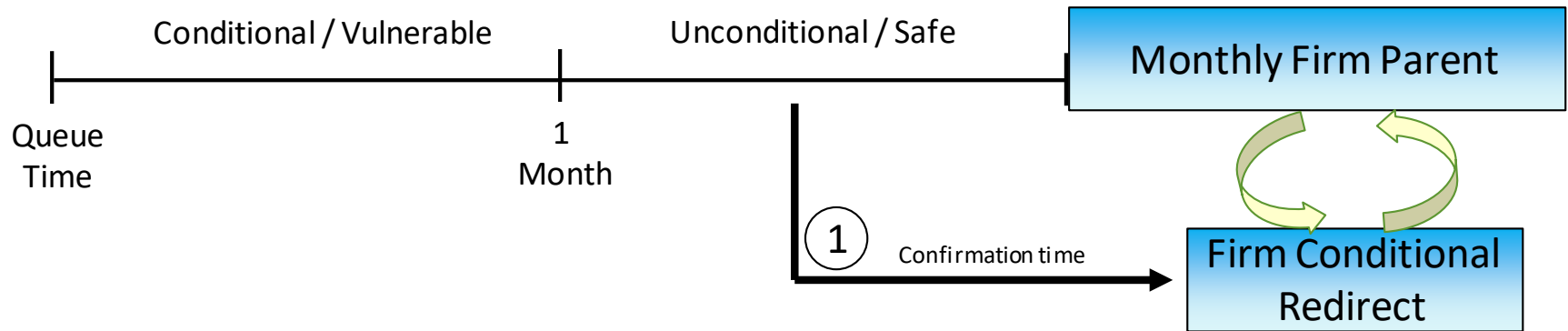
Dynegy policy does <u>not</u> apply.

(1) Parent is unconditional at the time the Redirect is confirmed.

Dynegy policy <u>does</u> apply.

Dynegy: Redirect from Unconditional Parent

If the parent <u>has</u> reached its Unconditional Time by the time the Redirect is set to CONFIRMED on OASIS:

…or if the parent is LTF.

Conditional / Vulnerable   Unconditional / Safe

Monthly Firm Parent

Queue
Time

1
Month

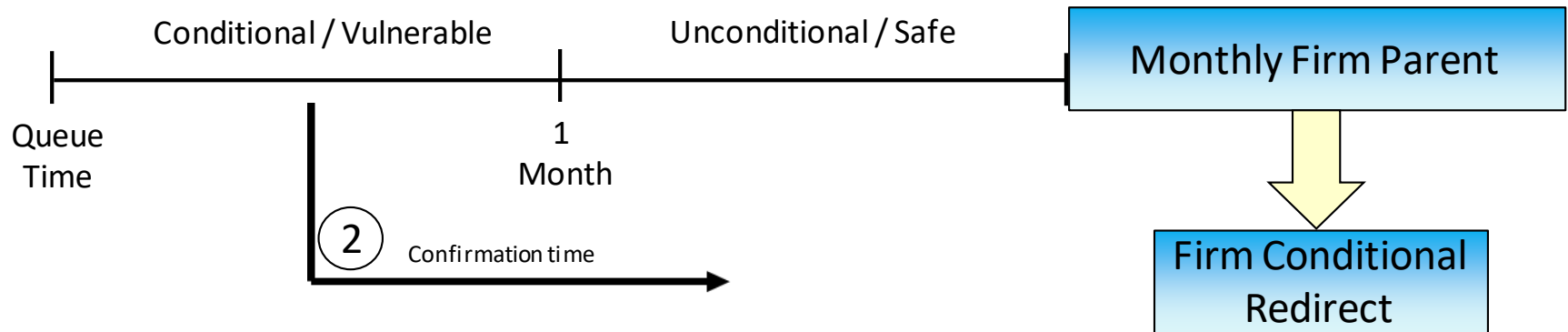① Confirmation time

Firm Conditional
Redirect

① *Dynegy* policy <u>does</u> apply.
- Rights are not lost on the parent <u>until</u> the Redirect is unconditional.
- Rights are automatically restored to the parent if lost on the Redirect.
- While the Redirect is still conditional, consider that the rights are still really held on the parent.

No *Dynegy*: Redirect from Conditional Parent

If the parent has <u>not</u> reached its Unconditional Time by the time the Redirect is set to CONFIRMED on OASIS:

Conditional / Vulnerable   Unconditional / Safe

Monthly Firm Parent

Queue
Time

1
Month

② Confirmation time

Firm Conditional
Redirect

② *Dynegy* **policy does <u>not</u> apply**.
- Redirects are handled exactly the same as today.
- Rights are transferred from parent as soon as the Redirect is confirmed.
- Capacity is not restored back to the parent if lost on the Redirect.
- It is possible to lose capacity from both the parent and the Redirect.

Predecisional. For discussion purposes only.

What does *Dynegy* look like in practice?

For a firm Redirect from an unconditional parent.

While the firm Redirect is still conditional (vulnerable):

- Scheduling rights only are lost on the parent upon confirmation of the Redirect. ATC and rights are still protected on the parent.

- If the conditional Redirect is lost to STPC, scheduling rights are automatically restored back to the parent.

- Resales and Redirects are blocked from the conditional Redirect.

- Instead, the customer can cancel the Redirect in full or in part to reinstate capacity back to the parent. A firm Relinquish request is used for this.

- This is similar to a firm parent with a non-firm Redirect.

Once the firm Redirect becomes unconditional (safe):

- ATC is released from the parent. All rights are then transferred to the Redirect.

- Firm Relinquish is no longer permitted from the unconditional Redirect.

- Redirects and Resales are now allowed from the unconditional Redirect.

- This unconditional Redirect now qualifies for *Dynegy* protection of its children.

What does *Dynegy* look like in practice?

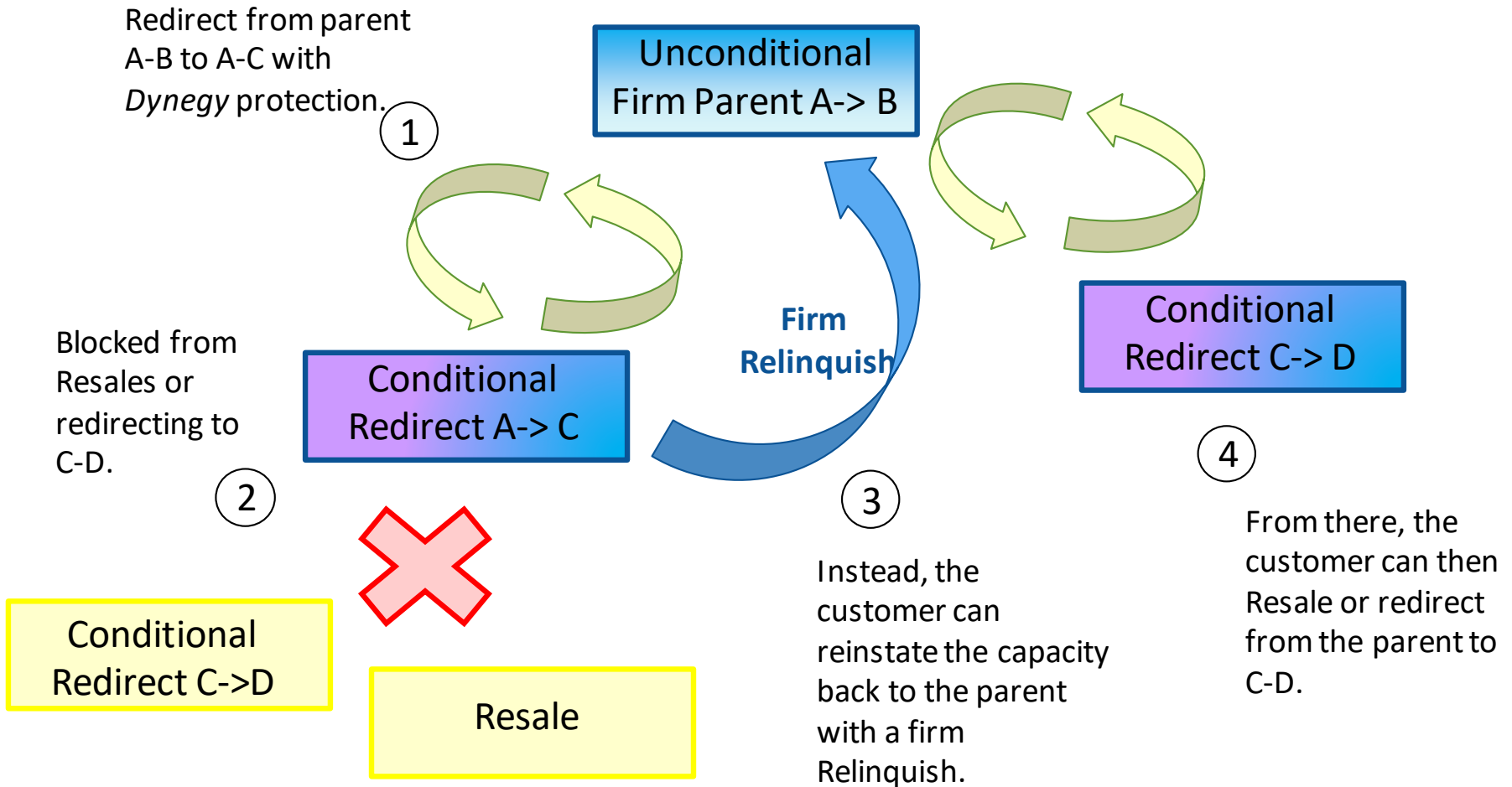For a firm Redirect from an unconditional parent.

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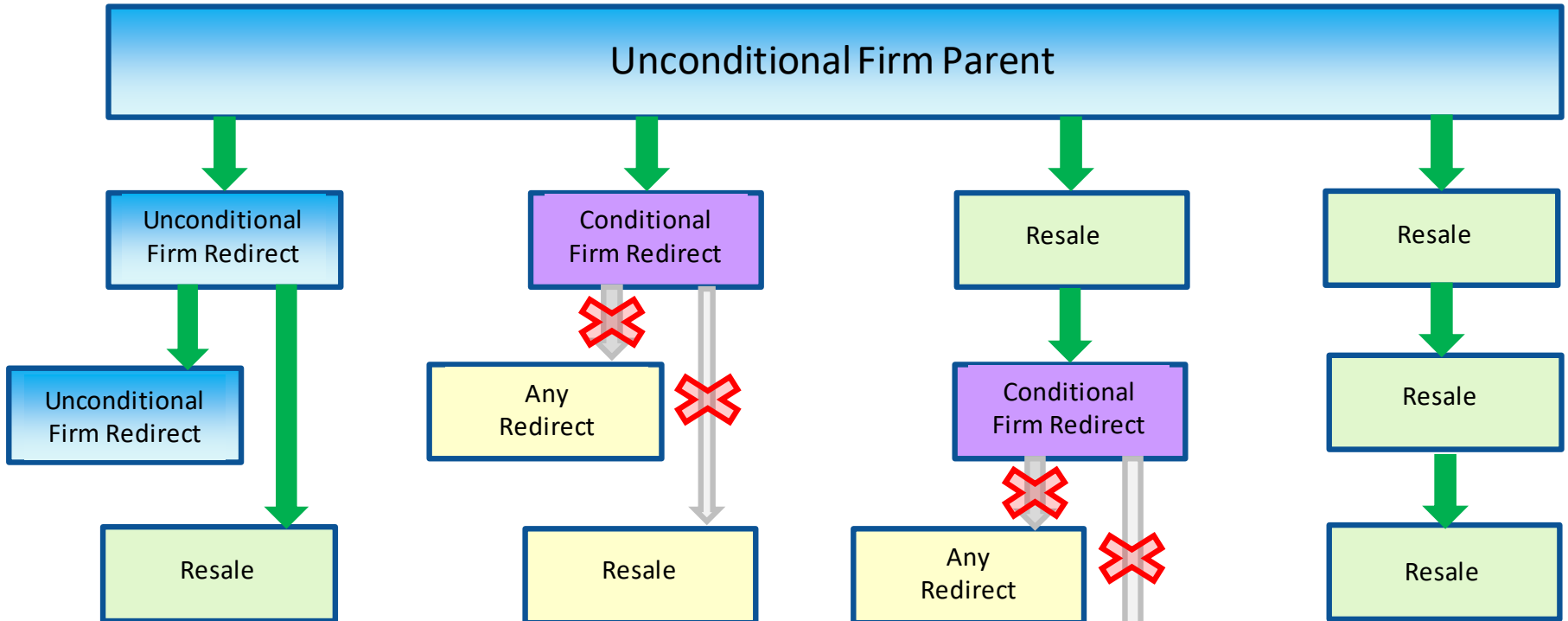- This is similar to a firm parent with a non-firm Redirect.

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Dynegy Illustration

Redirect from parent A-B to A-C with *Dynegy* protection.

(1)

Unconditional Firm Parent A-> B

Blocked from Resales or redirecting to C-D.

(2)

Conditional Redirect A-> C

Firm Relinquish

Conditional Redirect C-> D

(4)

Conditional Redirect C->D

Resale

(3)

Instead, the customer can reinstate the capacity back to the parent with a firm Relinquish.

From there, the customer can then Resale or redirect from the parent to C-D.

Redirects / Resales from Unconditional Parents

An Unconditional Redirect works the same as any Unconditional parent: Resales and Redirects allowed.

This is the basic *Dynegy* situation: Resales and Redirects are blocked from Conditional Redirects when they come from an Unconditional parent.

The same is true if one or more Resales are in between the Conditional Redirect and the Unconditional parent.

There is no change to Resales from Resales.

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