



Seller's Choice Review & Clarification

9/9/20



Seller's Choice Evaluation Approach



*BPA also reviewed and addressed feedback in the **July 15th** customer led workshop.

What is Seller's Choice?

- A type of **Power Purchase Agreement (PPA)** in which the seller agrees to deliver energy without identifying the resource at the time the agreement is made.
 - Seller can choose to source energy from a number of generators.
 - Seller does not generally indicate a specific generator until the Preschedule day.

- Seller's Choice also refers to **implementation** of an exception to BPA's NT designation/scheduling requirements, as requested by BPA customers using Seller's Choice contracts and agreed upon in TC-20 for Oct. 1, 2019 – Oct. 1, 2021.
 - Allows customer to designate a **Seller's Choice PPA as a network resource without identifying the source BA at designation.**

- NT customers have always been able to use **Seller's Choice contracts**. The sun-setting of the designation exemption will not change this ability.

TC-20 Settlement Agreement

- In accordance with the provisions of the TC-20 Settlement (2.g.iii)
 - Monitor and evaluate the implementation of Seller's Choice
 - Share the results of its evaluation with customers at least once before July 2020
 - Consider including Network Resource designation at Mid-Columbia Points of Receipt in TC-22
 - "...Bonneville may, in its sole discretion, include in its TC-22 Initial Proposal, Network Resource designation at Mid-Columbia Points of Receipt."

Staff Recommendation

The Seller's Choice evaluation team recommends allowing BPA's Seller's Choice implementation to sunset on 9/30/21

Multiple Perspectives Analyzed

- Alignment with *pro forma*
- Operations and Planning impacts
- Market access provided by 6-NN
- Standard product use and industry best practices
- Mid-C complexity, including uniqueness of NWH
- FERC perspective
- ATC impact
- Alignment with Agency Strategic Goals

Customer Feedback Highlights

▪ (NRU,WPAG,EWEB,PNGC) – Comment(s):

- “...proposes the following solution: extend the current Seller’s Choice provisions through September 30, 2023 with an annual cap that would limit the total MW demand requested by NT customers.”
- “...recommend that any evaluation in TC-22 be limited to the implementation of the proposed Seller’s Choice cap described above, which can be easily monitored on OASIS by both BPA and its customers.”

▪ BPA Response:

- Seller’s Choice implementation has increased the total number of TSRs that are manually managed, and adding a total cap would increase complexity and magnitude of this manual effort.
- This does not align with **Agency Strategic Goal 4** to meet transmission customer needs efficiently and responsively, including streamlining processes.
- Capping this type of transaction is not a current OASIS functionality. A cap would be costly and complex to implement, and would be a custom functionality.
- Development would take a long time to get through OATI and could be delayed with OATI’s focus next year on implementing new NAESB standards. It would be a heavy lift (for BPAT and OATI) to design and implement some type of custom functionality to limit Sellers Choice.

Customer Feedback

■ NIPPC – Comment:

- “Instead of providing the requested information related to ATC impacts of Seller’s Choice contracts, BPA has simply proposed ending the program.”
- “BPA consistently refuses to even begin the process of implementing redispach of Designated Network Resources.”

■ BPA Response:

- ATC impact detail was provided and discussed in the July 15th customer led workshop, and materials are available at bpa.gov
- BPA and customers agreed in the TC-20 settlement to a two year exception which ends on Oct. 1, 2021.
 - **Settlement Language:** “...Bonneville may, in its sole discretion, include in its TC-22 Initial Proposal, Network Resource designation at Mid-Columbia Points of Receipt.”
- BPA has reviewed and previously provided findings that designated resources commonly are not dispatchable, sized too small to have an impact, or are not located in an area to provide congestion relief. Please see posted documentation from the [August 21, 2018](#) Customer workshop.

Customer Feedback

■ Shell Energy – Comment:

- “We do not believe it is appropriate for DNRs to occupy Firm NT on the FCRTS for multiple POR(s) when only a portion of the reservation may be used. This creates a false “lack of ATC” which affects other market participants.”

■ BPA Response:

- The staff recommendation, allowing the Seller’s Choice exception to identify the source BA upon designation to sunset 9/30/2021, will eliminate concern about potential future ATC impacts of this implementation
- Limited observed ATC impact correlates with limited customer use
 - Staff Concern: Growth in usage could increase risk for short term ATC impacts to market participants

Clarifications

- Due to the finite duration of the Seller's Choice exception, BPA Planning assumed that the **utilization of Seller's Choice would be minimal** and would not significantly impact the system.

- The Seller's Choice TC-20 implementation allows sellers to deliver to NWH without coming from a Mid-C Point of Interconnection (POI)
 - Allows on-system resources to be defined as a generic "off-system"
 - Seller's Choice is defined in the tariff as an off-system resource usage
 - Not consistent with NT service, which does not allow for Short-term firm redirects
 - **Planning's primary concern** is that allows Seller's Choice delivery at NWH on a long-term basis to serve load without identifying the capacity necessary to deliver that energy at the time of designation does not satisfy its obligation to plan for NT load service.

Seller's Choice Implementation System Concerns

- Point construct does not follow reservation point methodology of one point per Balancing Authority present at that Point of Interconnection
 - BPA commonly creates a unique point for each BA or utility customer present at a common POI. This provides BPA with the ability to better see where energy is coming from and helps BPA's billing process.

- EIM and Resource Adequacy (RA) functionality could be negatively impacted by the Seller's Choice implementation, as the resource information is not known in advance for planning.

Any Questions?