

PCM for Hourly Firm

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Objective

- Discuss what is and is not up for debate regarding implementation of PCM for Hourly Firm.
- Put forward proposals for customer comment.

Preemption BP v5

1. Preemption BP v4 applies to Daily, Weekly, and Monthly Firm and Non-firm service, including Redirects.
2. Preemption BP v5 will apply to Hourly Firm, including Redirects.
3. Preemption BP v5 will most likely also apply to Hourly Non-firm service as well. That will be a topic of discussion in the December CBPI call.

Policy not up for discussion for Hourly Firm

1. The conditional reservation deadline (Unconditional Time) for Hourly Firm service will remain 2pm of the WECC preschedule day.
 - This is defined in the BPA OATT (section 13.2). The next opportunity to change this will be TC-24.
 - Hourly Firm service will therefore be conditional from 9am to 2pm of the WECC preschedule day.

2. Hourly Firm PTP service will be able to be challenged by both Hourly Firm NT and other Hourly Firm PTP service.
 - Internally, we had a question on the viability of only subjecting Hourly Firm PTP service to preemption by NT (not PTP). That option was ruled out as inconsistent with the OATT.

Policy up for discussion for Hourly Firm

Because Hourly Firm is not *pro forma*, there are no existing NAESB standards governing the topics below.

1. ROFR Deadline: How long should a defending customer have to exercise ROFR?
2. Flat Profile Required: Should a flat profile be required for an Hourly Firm PTP request to be a Challenger?
3. Full Service Required: Should full service be a requirement to proceed with a PTP challenge?

ROFR Deadline

ROFR Deadline for Hourly Firm

1. Section 13.2 of the OATT defines the ROFR Deadline to be 24 hours “(or earlier if necessary to comply with scheduling deadlines...)”
2. The ROFR Deadline is 24 hours for Daily, Weekly, and Monthly Firm products.
3. The OATT language above (and the lack of NAESB standards) gives us latitude to set the ROFR Deadline for Hourly Firm to whatever makes sense for our market.

ROFR Deadline: Proposal and Considerations

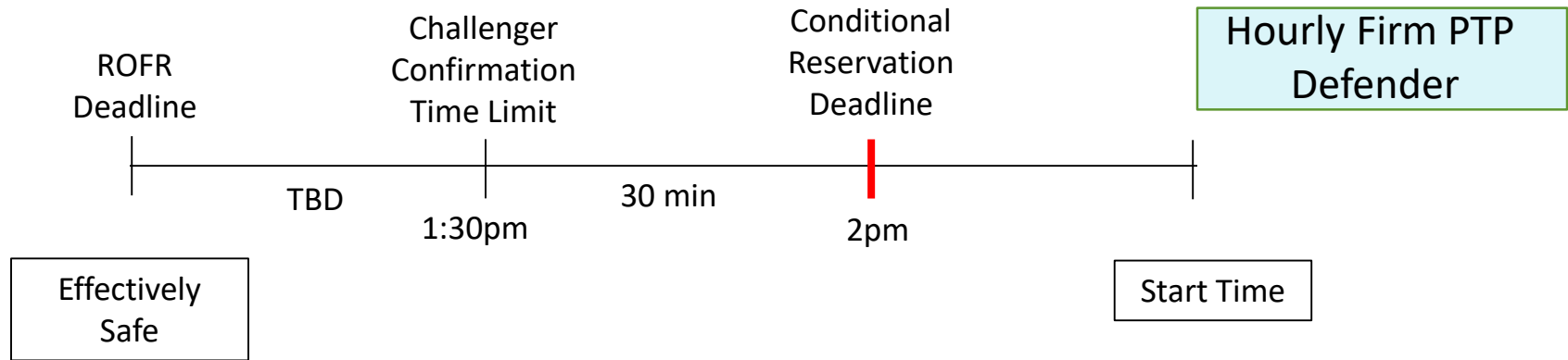
BPA proposes that the ROFR Deadline for Hourly Firm PTP should be between 30 minutes and 120 minutes.

1. The ROFR Deadline for Hourly Non-firm is 30 minutes (per NAESB). The deadline for Hourly Firm should not be less than for Hourly Non-firm.
2. The queue will stop processing for a given path while a ROFR decision is pending on that path. The longer the ROFR deadline, the longer the queue will be paused on that path. See slide 10.
3. The longer the ROFR deadline, the earlier an Hourly Firm PTP reservation will effectively be safe from another Hourly Firm PTP Challenger. See slide 10.
4. The longer the ROFR deadline, the fewer opportunities there will be to challenge for a given path. See slide 12.

Defender Timing Rules

- The Preemption/ROFR Process takes time.
- Capacity cannot be taken from a Defender once it reaches its conditional reservation deadline (Unconditional Time).
- A conditional reservation will not even be selected as a Defender if there is not enough time to complete the Preemption/ROFR process before it becomes Unconditional.
- Therefore, the timing rules must take into account:
 - The 2pm conditional reservation deadline defined in the BPA OATT.
 - The ROFR Deadline (to be defined).
 - The TP Evaluation Time Limit: Zero for BPAT's automated PCM.
 - The Challenger Confirmation Time Limit: Already defined as 30 minutes for Hourly Firm in the Requesting Transmission Service BP.

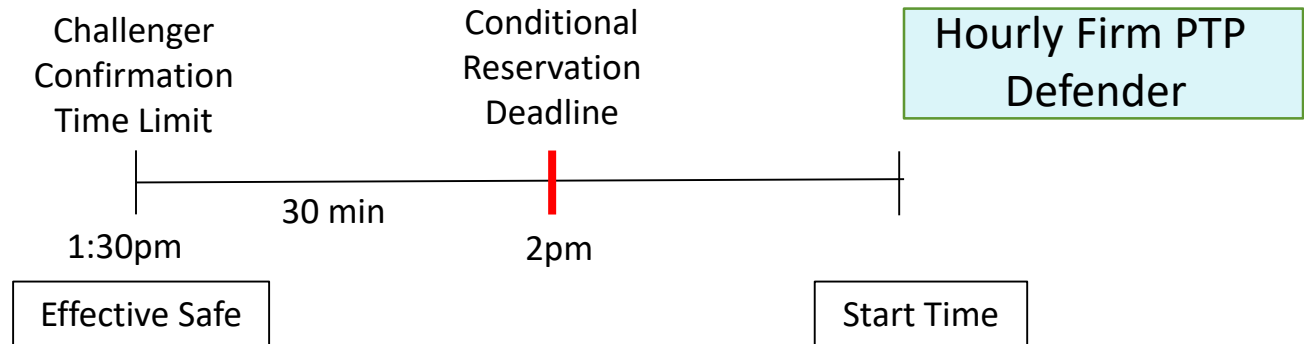
HF PTP Defender Timeline for PTP Challenger



An Hourly Firm PTP reservation will be “effectively safe” from being selected as a Defender against another Hourly Firm PTP Challenger depending on the ROFR Deadline chosen as the following table shows:

ROFR Deadline	Safe from HF PTP Challenger	Queue Stops
30 minutes	1:00pm	60 minutes
60 minutes	12:30pm	90 minutes
90 minutes	12:00pm	120 minutes
120 minutes	11:30am	150 minutes

HF PTP Defender Timeline for NT Challenger



An Hourly Firm PTP reservation will not have ROFR against an Hourly Firm NT Challenger. The only timing consideration involved is the 2pm conditional reservation deadline and the 30 minute confirmation time limit.

Therefore, an Hourly Firm PTP reservation will be “effectively safe” from being selected as a Defender against another Hourly Firm NT Challenger at 1:30pm.

There are no decisions up for discussion here.

Hourly Firm Queue Processing Example

Assume ROFR Deadline of 120 minutes. Competing requests for AC_N>S.

- 09:04: Hourly Firm PTP “A” confirmed for tomorrow.
- 09:08: Hourly Firm PTP “B” challenges “A”. Preemption X initiated.
 - 120 minute ROFR period starts. Defender “B” has until 11:08 to exercise ROFR.
- 09:10: Hourly Firm PTP “C” also challenges “A”. Preemption Y on-hold.
- 09:13: Hourly Firm NT “D” also challenges “A”. Preemption Z on-hold.
- 11:08: Defender “A” finally exercises ROFR against “B”. “B” gets counteroffer.
 - Challenger “B” gets 30 minutes to decide whether to accept the counteroffer.
- 11:38: Challenger “B” finally decides on the counteroffer.
- 11:39: Preemption X is finally completed.
- 11:39: Preemption Y is finally initiated (following an almost 2.5 hour delay).
 - However, it is now too late to challenge. “C” just gets a counteroffer or refused.
- 11:40: Preemption Z is now initiated. NT Challenger “D” preempts PTP Defender “A”.

In this example, there is effectively only time for a single PTP challenge. The longer the ROFR Deadline, the fewer PTP (and NT) challenges.

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.
 - 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 not 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.

Flat Profile Required: Examples

- There would be no change to what is considered a valid Hourly Firm PTP TSR.
- But only requests with a flat profile would be eligible to challenge under the Preemption BP.

Hour								Valid TSR	Valid Challenger
1	2	3	4	5	6	7	8		
	25	25	25	25	25			Yes	Yes
25	0	10						Yes	No
	1	0	0	0	0	1		Yes	No
0	0	0	25	0	0	0	0	Yes	No

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.
 - If it is not possible to grant a full offer considering all potential Defenders, then no Preemption would occur.
 - This requirement does not apply to NT Challengers.
- This standard was put in place to avoid gaming.
 - 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.

Feedback Requested

BPA would appreciate your feedback on the policy for Preemption of Hourly Firm. Please send questions and comments to: techforum@bpa.gov We will discuss feedback in the December CBPI call.

1. ROFR Deadline: How long should customers have to exercise ROFR for Hourly Firm? Need to define a specific time period (between 30 and 120 minutes).
2. Flat Profile: Must an Hourly Firm PTP TSR have a flat profile to be eligible to challenge other Hourly Firm PTP?
3. Full Service: Should it be a requirement that a full offer be feasible for an Hourly Firm PTP TSR to be eligible to challenge?

Background

Terminology Recap

- Preemption and ROFR: The overall process that carries out Section 13.2 of the tariff in which a higher priority request may challenge lower priority requests and reservations for constrained capacity.
- Right of First Refusal (ROFR): The ability for PTP customers to defend their existing reservation by agreeing to match the terms of a challenging PTP request.
- Defender: Request or reservation holding conditional capacity that is at risk from higher priority requests.
- Challenger: The higher priority request that can challenge.
- Preemption without ROFR: Scenario in which the Defender really has no defense. Their capacity can simply be taken by the Challenger. Most commonly involves an NT Challenger against any PTP Defender.
- Preemption with ROFR: Scenario in which the Defender may choose to exercise ROFR to keep their existing reservation. Only occurs between a PTP Challenger and a PTP Defender holding a reservation.
- PCM: The OATI software that carries out Preemption/ROFR.

Some Fundamental Timing Principles

1. Capacity cannot be taken from a Defender after their reservation reaches the Conditional Reservation Deadline under Section 13.2 of the OATT.
2. A Customer is never required to accept a partial offer. This includes Challengers under the Preemption/ROFR process.
 - Challengers get the usual time to decide whether to accept a Counteroffer.
 - Challengers may take less capacity or walk away entirely.
3. **NEW!** Capacity is not taken from certain Defenders until the Challenger has made their decision.
 - This means that final preemption (capacity taken away) of these Defender happens after the Challenger makes their decision.