Redirect v25 BP Changes from FERC Order 676-I

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Agenda

• Purpose
• Background
• Current Practice
• Conditionality
• Redirects changes per Dynegy
• NAESB Standard Status
Purpose

Summarize the changes to the Redirects Business Practice (v25).
Background

• FERC adopted significant changes to Redirects in a case called *Dynegy* in 2001 (later *Entergy Services, Inc*).

• These changes were adopted by FERC Order 676-I.
  o FERC deadline for jurisdictional entities: October 27, 2021
  o BPAT is pursuing the same timeline in concert with the industry.

• These changes are also key to completing the terms of the TC-20 Settlement:

  f. As soon as practicable, Bonneville will apply preemption and competition to daily and hourly firm, including redirects, if OATI implements NAESB standards to adopt FERC policy under *Entergy Services Inc*. 148 FERC ¶ 61,209.
“Conditionality” is key to understanding these changes…

(Don’t confuse this with “Conditional Firm”)
Conditional vs Unconditional

- Per section 13.2 of the OATT, a short-term PTP reservation can be confirmed, *but conditional*.
- This means that for a certain period of time, capacity from that PTP reservation can be taken away and given to a higher priority PTP or NT request.
- This process is adjudicated under STPC.

Conditional = “Vulnerable”

Unconditional = “Safe”

- The point at which a PTP reservation becomes safe is called the conditional reservation deadline (in the tariff) or the Unconditional Time (on OASIS).
Conditional Windows for Short-term PTP

- The BPAT tariff defines the following Unconditional Times.

<table>
<thead>
<tr>
<th>Short-term Firm PTP Service</th>
<th>Earliest queue time prior to start of flow</th>
<th>Conditional (Vulnerable) Window</th>
<th>Unconditional Time* (Safe)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly</td>
<td>12 months</td>
<td>11 months</td>
<td>1 month</td>
</tr>
<tr>
<td>Weekly</td>
<td>14 days</td>
<td>7 days</td>
<td>7 days</td>
</tr>
<tr>
<td>Daily</td>
<td>7 days</td>
<td>6 days</td>
<td>1am of WECC Pre-schedule day</td>
</tr>
<tr>
<td>Hourly</td>
<td>9am of WECC Pre-schedule day</td>
<td>5 hours</td>
<td>2pm of WECC Pre-schedule day</td>
</tr>
</tbody>
</table>

* Measured starting prior to the service start time.
Redirect changes under *Dynegy*
• FERC outlines protection for certain firm Redirects.
  o 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 **not** 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 at the time the Redirect is CONFIRMED on OASIS.

1. **Parent is unconditional at the time the Redirect is confirmed.**
   - *Dynegy policy does apply.*

2. **Parent is still itself conditional at the time the Redirect is confirmed.**
   - *Dynegy policy does not apply.*
Dynegy: Redirect from Unconditional Parent

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

- Rights are not lost on the parent until 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.

Dynegy policy does apply.

1 Confirmation time

...or if the parent is LTF.
If the parent has **not** reached its Unconditional Time by the time the Redirect is set to CONFIRMED on OASIS:

**Dynegy policy does not 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?

**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.
Dynegy Illustration

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

1. **Unconditional Firm Parent A-> B**

2. **Conditional Redirect A-> C**
   - Blocked from Resales or redirecting to C-D.

3. **Firm Relinquish**
   - Instead, the customer can reinstate the capacity back to the parent with a firm Relinquish.

4. **Redirect C-> D**
   - From there, the customer can then Resale or redirect from the parent to path C-D.

Conditional Redirect C->D

Resale

Predecisional. For discussion purposes only.
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.

There is no change to Resales from Resales.

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

- Visible on OASIS as a column on Reservation Summary and under Additional Information on Reservation Detail.