

**BPA's Fifth Response to NRU/PNGC Proposal on Transmission Curtailment Management Service (TCMS) and Transmission Scheduling Service (TSS), 3/12/09 DRAFT**

For both directly connected customers and transfer load following customers BPA will include as a feature of the TSS product something that approximates the RSS known as TCMS, with limitations based on the timing and frequency of a curtailment as described below. This feature would only apply to transmission curtailments of resources which are Network Resources (to the extent they are not redispatched for by the transmission provider) for both directly-connected customers and those served by Transfer. It will also be applicable to those resources that are actively in the process of being designated as Network Resources for directly-connected customers. For Transfer Service customers the contract Policy ROD explicitly states that BPA shall only obtain Transfer Service for non-Federal resources that have been designated Network Resources. (Contract Policy ROD at 74-75) However, BPA may allow for possible exceptions to the policy on Transfer Service on a case-by-case basis. Directly connected customers will have to notify BPA of the OASIS request they make in their pursuit of Network Resource designation. Customers served by Transfer will have BPA (as the transmission contract holder) pursue Network Resource designation on their behalf based on the principles contained in Exhibit G and in the future agreement on transfer of non-Federal resources..

The additional features of the TSS curtailment coverage are as follows:

1. The curtailment coverage included in TSS would cover any transmission curtailment that is announced for the hour of delivery, through that hour of delivery (AKA, the current hour). If the curtailment is multiple hours in duration, the TSS curtailment coverage covers the entire curtailment.
2. What constitutes “actively in the process of being designated a Network Resource” needs to be more explicitly delineated. Namely, for directly-connected NT customers an OASIS request for firm transmission must

- have been submitted, such that the request is under study. If a precedent agreement is offered, it must have been signed. For customers served by Transfer, the BPA will be actively engaged in the process of designating the customers Network Resource, and will be communicating with the Transfer Service customer as to the status and any possible impediments to designating the Network Resource. BPA shall retain the discretion to decide whether Network Resource designation is imminent in the near term, prior to offering TCMS to the Transfer Service customer.
3. For customers using TCMS for resources that are in the process of being designated, BPA shall assess periodically how frequently this curtailment coverage service is called upon during the year for a resource that is “actively in the process of being designated a Network Resource” and if it has been called upon more than [168 hours or one week (for example, ~2%) or x times (for example)], BPA may give the customer 30 day’s notice that it is withdrawing the TCMS feature of TSS for that resource. After the 30 days notice, when BPA elects to withdraw this feature of TSS, curtailments that occur and that the customer does not replace will result in a UAI. The customer’s AE will notify the customer if it appears that the customer is at risk of hitting the above-mentioned threshold. Once BPA has withdrawn this feature for a given resource that is in progress of being designated as a Network Resource, it will only be available for that resource again if it has been successfully added as a Network Resource.
  4. When the TCMS is called on, BPA shall pass through the actual costs it incurs to replace the customers non-Federal generation. If BPA uses the Federal system to replace the customer’s non-Federal generation, the price will base on the current market price. BPA will price the TSS (and the portion attributable to the overhead and administration of TCMS) for all customers taking TSS each rate case.

5. There may need to be additional exceptions to the availability of this service in the event of transmission curtailments that result from BPA exercising curtailment provisions in the LGIA. Also, BPA may need to include limitations on the length of duration that a customer is deemed “pursuing Network Resource designation” to qualify for this feature. And BPA may reserve the right to evaluate (based on location and transmission type) on a case-by-case basis the availability of this feature for a future resource that has not yet been designated as a Network Resource.

Since we were thinking the RSS known as TCMS would reflect all of the same features as what is described above whether or not the customer purchases DFS from BPA, but would be required to be linked to the TSS, we feel now that there is no need for a stand alone TCMS product for customers’ non-federal resources. There may still be a need to include the description of it in the TRM for purposes of explaining Tier 2 pricing.