



**Department of Energy**  
Bonneville Power Administration  
P.O. Box 3621  
Portland, Oregon 97208-3621

(month, day), 2014

**SUBJECT: REQUEST FOR OFFER**  
**RFO for WECC Pre-schedule Incremental Imbalance Capacity**

Interested Parties:

The Bonneville Power Administration (BPA) is interested in acquiring third-party supplied incremental Imbalance Capacity to be used as incremental energy (INCs) in the BPA Balancing Area. BPA is issuing the enclosed Request for Offer (RFO) soliciting offers to acquire incremental Imbalance Capacity for the next WECC pre-schedule period. For the purposes of this RFO, the capacity term would begin HE(XX) on (date) and run through HE(XX) on (date).

Subject to confidentiality provisions outlined in Attachment 1, BPA will not disclose specific information marked "Proprietary" or "Confidential." Should BPA receive any request from a third party for Confidential and Proprietary Information provided by the bidder under this RFO, BPA will promptly notify the bidder.

Instructions for submitting responses to the RFO and an outline of the offer submission requirements are included in Attachment 1. BPA invites responses to the specific offer parameters outlined below.

**Responses due:** (month, day), 2014, by 9:00 PST

This RFO consists of the following:

Attachment 1 – Request for Offer for Within-Hour Incremental Imbalance Capacity for the upcoming WECC pre-schedule period.

Specific questions about the RFO should be emailed to [presched@bpa.gov](mailto:presched@bpa.gov).

Sincerely,

Andrew P. Meyers  
Supervisory Public Utility Specialist  
Scheduling Coordination – Preschedule  
Bonneville Power Administration

## Attachment 1 – Request for Offer

### RFO FOR WITHIN-HOUR INCREMENTAL IMBALANCE CAPACITY FOR THE UPCOMING WECC PRE-SCHEDULE PERIOD

(MONTH, DAY) 2014

#### Background Information

With this Request for Offer (RFO), the Bonneville Power Administration (BPA) is seeking specific offers to supply capacity for within-hour incremental imbalance capacity (Imbalance Capacity) from non-federal generators to supplement the Federal Columbia River Power System (FCRPS) for the within-hour balancing needs of the BPA Balancing Area Authority (BAA).

BPA expects to obtain offers of Imbalance Capacity to help the Agency meet its balancing needs on a 10-minute or greater time frame for the purpose of meeting the difference between scheduled and actual amounts of energy in the Balancing Authority (BA) within the scheduling period.

#### Proposed Bid Timeline

- (Month, day), 2014, 5:00 pm PST – RFO electronically released to bidders.
- Next day, 9:00 PST – **Firm offers** due.
- Same day, 10:00 PST – Notify all bidders of offers taken
- Bid WECC pre-schedule delivery period – Utilize reserves as needed

#### Physical Product Description & Provisions

- 1. Product:** A pre-schedule on-demand incremental Imbalance Capacity service product to assist BPA in meeting its within-hour balancing authority needs. BPA may call upon the seller to deploy each 50 MW increment a maximum of once each hour, up to the capacity limit purchased. Once the resource is fully ramped in, it will be held for a minimum of 10 minutes and will remain in effect unless BPA requests the supplier to ramp out of the deployment. Imbalance Capacity services will ramp out across the top of any given hour unless specifically requested otherwise.
- 2. Total Purchase Quantity:** BPA is looking to purchase up to 500 MWs of within-hour Imbalance Capacity balancing reserves in 50 MW increments for the WECC pre-schedule period identified.
- 3. Imbalance Capacity Service Requirements:**
  - a. BPA may call upon the seller to deploy energy once each hour during the contract period.
  - b. Imbalance Capacity service requests shall be in 50 MW increments up to the total bid amount.

- c. The preferred method for Imbalance Capacity service requests will be via adjustment to the energy component of capacity e-tags.
- d. BPA is also willing to communicate these service requests via an Inter-Control System Communication Protocol (ICCP) link for the desired Imbalance Capacity deployment levels in a timeframe consistent with contract ramp rates. However, this connection must already be in place within the BPA BAA.
- e. Unless BPA requests otherwise, Imbalance Capacity service schedule targets will remain in place for a minimum of 10 minutes and remain in effect for the remainder of the hour. Further, Imbalance Capacity services will ramp out across the top of any given hour unless specifically requested otherwise.
- f. Ramp Requirements: Each Imbalance Capacity service request is required to be fully deployed within 10 minutes from the time of notification.

**4. Point of Delivery (POD):**

- a. For resources within the BPA BA, the POD will be the interconnection point where the generator or demand response resource delivers energy to the BPA BA. BPA will be responsible for adjusting energy quantities on the dynamic e-tag.
- b. For resources outside the BPA BA, the POD will be the interconnection point where the provider delivers energy to the BPA BA. The seller must use firm transmission to deliver to the BPA BA. These deliveries will be made via a capacity e-tag. BPA will be responsible for adjusting the energy quantities on the e-tag.

**5. Pricing Structure:** Contract payment shall be in the form of a credit on the supplier's monthly BPA Transmission bill. In the event that a supplier ends the billing month net receivable from BPA, BPA shall process a direct payment to the supplier.

- a. **Capacity Payment:** For each bid period acquired, BPA shall credit the supplier a Capacity Payment based on the \$/kW-day price bid times the total amount of Imbalance Capacity acquired.
- b. **Energy Payment:** For each bid period acquired, BPA shall credit the supplier an Energy Payment equal to the summation of all deployed energy within each hour at a rate equal to the hourly Contract Energy Price. The Contract Energy Price shall be defined as:
  - i. A percent of the Powerdex Mid-Columbia Hourly Index (Powerdex Energy Index). The percent multiplier will be part of each suppliers bid package. The resulting Contract Energy Price will have a floor of \$0/MWh for all hours for billing purposes.

**6. Bid Shape: Flat.**

- a. A single offer is requested for the pre-schedule period identified, in 50 MW increments, up to and including the total purchase quantity identified in section 2, above. BPA may, at its sole discretion, accept one or more 50 MW bid increments up to the total bid amount.
7. **Bid Pricing:** Bidders are required to utilize a flat or ascending pricing structure for both Capacity and Energy when submitting more than one 50 MW bid increment.
8. **Technical Requirements:** Resources located outside BPA’s BAA are automatically prequalified to supply balancing reserves through interchange schedules.

Resources within BPA’s BAA must meet certain requirements to supply balancing reserves to BPA. Resources that have supplied balancing reserves to BPA in the past have met these requirements. All other resources within BPA’s BAA must be prequalified to supply balancing reserves by BPA Transmission Services in advance of bidding on this RFO.

- a. The Transmission Services Business Practice “[Balancing Services Resources Prequalification](#)” describes how a potential supplier of Balancing Services may prequalify that resource in preparation for offering to supply Balancing Services from that resource.
  - b. A list of Transmission Services Business Practices can be found at this [link](#).
9. **Credit:** Selected bidder(s) must have been pre-approved by BPA’s Credit Risk department.
10. **Contract Requirements:** Bidders are required to have or execute a standard BPA 1) Enabling Agreement, and 2) provide any credit support requirements deemed necessary by BPA if they have not already done so. BPA Public Preference customers, Northwest IOU’s and extra-regional Public Utilities who currently have WSPP agreements may use those in lieu of executing a Enabling Agreement with BPA.

Bidders are requested to have a Netting Agreement in place with BPA.

11. **Non-Performance Event:** A deployment request that does not fully perform the obligations set forth in the agreement by providing the Imbalance Capacity in full in the BPA timeframe specified, then the event shall be considered a “non-performance event,” and the Capacity portion of the payment by BPA will no longer be required.
12. **Delivery Hours:** The product shall be available for all hours during the contract period.
13. **Dodd-Frank Reporting Requirements:** For the purposes of this transaction, unless exempted under the Commodity Futures Trading Commission (CFTC) proposed order in 77 FR 5099, the successful bidder is hereby designated and agrees to be the “Reporting Party” for all reporting required pursuant to Part 43 (17 C.F.R. Part 43) and Part 45 (17 C.F.R. Part 45) of CFTC regulations.

## **Information Requested**

**General requirements** – failure to supply any requested bid information may disqualify offers from selection.

1. Completely fill in the Table below with firm pricing for your offers.
2. For Imbalance Capacity originating from resources located outside the BPA BA, the Respondent must have firm transmission service rights within the external Balancing Authority and to BPA's BA that will allow the offered service to be firm from the resource to BPA's BA.
3. BPA will work with Respondents to identify potential Points of Delivery (POD) where Available Transfer Capability (ATC) exists on the BPA Transmission System. Respondents must indicate the POD options for delivery of the product.

**Response Requirements** - Each bidder is expected to provide the following information:

- a) Contact Person (mailing address, fax, phone, email).
- b) POD/Point of Receipt to/with BPA's Transmission System.
- c) Intermediate Transmission Systems and/or Balancing Authorities (if applicable).
- d) Capacity Price and Contract Energy Price.
- e) Proposed method used to deploy the Imbalance Capacity service.

## **Disclaimer and Confidentiality**

BPA intends to summarize information obtained from Respondents to inform the region about the potential availability and price range of available Imbalance Capacity.

It is not BPA's intent to publicly disclose individual Respondent proprietary information obtained in response to this RFO. To the full extent that it is protected pursuant to the Freedom of Information Act and other laws and regulations, information identified by a Respondent as "Proprietary" or "Confidential" will be kept confidential.

**While this RFO is intended to provide certain information regarding this RFO to or from prospective bidders, such information is not a commitment by BPA to enter into a contractual agreement, nor will BPA pay for any information solicited.**

## **How to Respond**

Respondents must reply by email on or before **9:00 PST** on **(month) (day), 2014**. A response by email is required. Responses will be acknowledged via email.

**Responses and questions should be emailed to: [presched@bpa.gov](mailto:presched@bpa.gov)**

**Instructions:**

Fill in Table 1 with the required bid information:

**Table 1 – Offers for Within–Hour Incremental Imbalance Capacity for the WECC Pre-schedule period beginning HE(XX) on (date) through HE(XX) on (date).**

<b>Bid Increment #</b>	<b>Amount</b>	<b>Capacity Price (\$/kW-day)</b>	<b>Contract Energy Price as a Percentage of Index*</b>
1	50 MW		
2	50 MW		
3	50 MW		
4	50 MW		
5	50 MW		
6	50 MW		
7	50 MW		
8	50 MW		
9	50 MW		
10	50 MW		

\*for example, a bid of 110 percent would result in the supplier being paid by BPA for deployed energy at the rate of 110 percent times the Powerdex Energy Index for the actual hour(s) energy is deployed. As noted previously, all hourly indexes shall have a floor of \$0/MWh for billing purposes.