

**ACS Customer Forum
July 9, 2013
New Rates Hearing Room**

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Today's Objectives

- Review the types of reserves provided under the BP-14 Rate Structure
- Overview of Type 1 acquisition process
- RFP submission requirements
- RFP timeline
- Non-performance criteria
- Questions



Types of Within-hour Reserve Acquisitions in 2014 Rate Case

- **Planned Acquisitions* (Type 1)** – Monthly purchases required to cover the shortfall, if any, between the planned FCRPS balancing reserve capacity (900 MW INC, 1100 MW DEC) and the rate case planned balancing needs of base service (99.5% after adjusting for any self-supply of generation imbalance).
- **Operational Acquisitions* (Type 2)** – Purchases needed when BPA is either operationally unable or at risk of being unable to provide the planned FCRPS INC balancing reserve capacity necessary to meet the 99.5% reliability standard.
- **Full Service (Type 3)** – Purchases required to provide reserves for customer electing the VERB's Full Service balancing service plan. These will be made in monthly or smaller increments. (99.96%)
- **Expanded Service* (Type 4)** – Monthly purchases required to support an unplanned increase in balancing services required by the BPA BA. These costs are directly assigned to the customers that create the unanticipated increase.
- **VERBS Supplemental Service (Type 5)** – Optional monthly service where BPA purchases reserves on behalf of customers requesting an amount they define. This service would be in addition to the base service. Customers may also supply their own supplemental Service with less notice for shorter periods.

*these acquisitions are for meeting or maintaining our base level service with the 99.5% reliability standard.



Overview of Type 1 Acquisition Process

- A cross agency team has been meeting on this process since January.
- Customer elections for Base Service occurred on Friday April 5th.
- The rate case level of need above the 900 MW of INC's supplied by the FCRPS is 39 MW's for Q1 FY14 (Oct. 1, 2013 thru – Dec. 31, 2014) and 41 MW's for the balance of the Rate Case Year (Jan 1, 2014 – Sept 30, 2014).
- A RFP for the Q1 FY14 (Oct.1 – Dec. 31, 2013) acquisition will be issued in July.
- The exact release date is contingent upon timing of the configuration of the transmission reservation product and the start date of the Short-term Competition and Preemption (PCM) process.



RFP Submission Requirements

- The RFP will require the offer pricing to be submitted in one of two ways:
 - 1) A capacity price (\$/kW-mo) and an energy price (\$/MWh) based on a multiplier times the Powerdex hourly index for any actual energy deployed;

OR

 - 2) A capacity price (\$/kW-mo) and an energy price (\$/MWh) based on the supplying plant's Heat Rate and a selected Gas Index (it must be Malin, Sumas, or Stanfield).
- The capacity must be fully deployed within 10 minutes of being called upon. If we deploy the resource, we will deploy 100% of it (all 39 MW's), not an increment thereof.
- Once deployed, the supplier will be left alone for 10 minutes. After that, at BPA's option, we will leave the resource deployed for the balance of the hour, or turn it off as system needs warrant.



RFP Timeline

- **Early June** - A notice of interest was sent out outlining the details of the forthcoming RFP.
- A healthy response was received from counterparties stating an interest in responding.
- **Early July** – Transmission to deliver the formal Purchase Order request for Type 1 capacity acquisitions to the Bulk Hub.
- **Mid July** – current timeframe for releasing the RFP.
- One week after releasing the RFP, a bidders conference will be held to respond to any questions.
- The RFP will remain open for approximately 3 weeks.
- Once bids are received, BPA will take approximately one-week to review the bids prior to selection.
- **Mid August** – current time frame to award.
- **Oct. 1st** – Resource on line and ready



Non-performance penalties

- Should a deployment request by BPA not fully execute in the timeframe specified, then the event shall be considered a non-performance event.
- Should such an event occur in any given month, the capacity portion of the payment for that month will be reduced 3.1 percent.
- Should 3 non-performance events happen in any given month, then no capacity payment will be made for that month.
- Should a total of 5 non-performance events be reached during the quarterly contract period, then BPA would have the right to unilaterally cancel the contract for the balance of the term without penalty.
- BPA reserves the unilateral right to determine if an event is a non-performance event based upon the contract requirements.



- Questions?

