Brainstorming Notes from ACS-Rates Settlement Forum Workshop

October 9, 2013

Morning Session:

Review 9/4/13 Meeting Notes

Review BP16 Decision Path Document and ACS Issues Diagram

Afternoon Session:

Process moving forward:

It was suggested that the group should consider the potential use of a moderator/facilitator, similar to the BOATT 2 process, to capture proposals/ideas.

Structural approaches to address solutions:

Break into smaller groups to develop concepts.

Provide initial drafts of **foundational concepts** to guide discussions

"Horse-trading interests" (high level and not exclusive):

Publics: resource certainty

LSE/others: price sensitivity

Concern over lack of short-term capacity markets or liquidity in the PNW, mainly in light of the length of time between preschedule and the an operating hour :

It was mentioned that BPA should consider setting aside small amount of incs/decs to help stimulate capacity market (in-hour as well).

Ideal end state, from VER perspective: cost-effective balancing; wind-only product (comparable yet appropriate to variable generation); fair

Provide equal or better service at lower cost would be progress

Provide better service at reasonable additional cost may also be acceptable. Unbound cost risk is not an acceptable solution.

Significant interest in seeking curtailment mechanism beyond a wind-only approach.

Customers want to know how much capacity is required for wind to be exempt from a wind-only DSO 216 event.

RNP has interest in reduced cost.

Important to look at time period of acquisitions – need to determine available market for time periods

Review of BP16 Decisions (section by section):

A. 1) Request for service level, we need to develop at one level of service that does not expose VERs to wind-only DSO 216. There is a potential need for a second two level of service, particularly if the wind-only DSO 216 exempt service is economically unpalatable.

A. 2) Customers expressed interest in possible different balancing reserve products to address different risk thresholds and situations; the group acknowledged that the risk thresholds for load and resources may be different.

- Customers needed more information to determine their preference for the amount of planned capacity held as compared to relying on shorter identification windows. Customers appeared to acknowledge that it makes sense to hold some amount of capacity every hour of the year, but need more information on items such as reserve use, the economics (price risk between long and short-term purchases) and liquidity of short-term capacity.
- Publics not interested in lower quality of planned capacity held and expressed that BA (universal standard ought to be high). That is, the Publics appear to have a low threshold for short-term capacity supply/price risk.
- It was suggested that the group consider the scheduling options to better evaluate supply/risk factors.
- **A sub-team was assigned, organized through RNP, to discuss different risk thresholds as it relates to the amount of capacity held all the time versus short-term acquisitions.**
- Questions was asked: **What else can be done to reduce tail events? (future workshop topic – assigned to a subgroup organized by RNP)**
    - Mechanisms all can use to best effect (intra-hour scheduling, etc..)

A. 3) postpone discussion

- Currently self-supply is "all or nothing", customers suggested it would be worthwhile to consider supplying lower portion for project. "Partial Self-supply"; important, however, to account for BA's obligation to cover all balancing. Caution was raised on potential, but yet to be specifically identified, implementation hurdles/complexities. Further caution was raised with BPA's current Rate Design that does not assign any embedded cost to DEC capacity, and thus would potentially need to be revisited if self-supply decoupled BPA's INC service from its DEC service.

A. 5) Added the concept of a voluntary curtailment trading system, with potential compensation to those that curtail.

A. 6) Question was asked with regard to the removal of uncommitted schedule?

- What means does BPA have to motivate use of committed schedules?
- Some customers have limitations (contractual, other) that impact ability to schedule in shorter time frames. **This will be addressed through a previously assigned (Sept 4th workshop) paper coordinated by RNP.**
- Examine what would have to change to permit removing uncommitted scheduling

- It was suggested that having a **shorter term transmission product** available would help the move to committed scheduling (Cameron/Henry will work on this with **subgroup** – Eric K is point of contact for BPA)

A. 7) postpone discussion

B. Currently remain at Preschedule but would be helpful to examine implications of moving to Daily, others.

- **BPA to provide paper on potential costs and hurdles with reliance on daily and real-time capacity transitions**. Consider staffing impacts for BPA/customers.

C. Public customers wanted to know the right forum for identifying BPA's system obligations through its CHWM contracts as they relate to the amount of reserves that can be provided by the FCRPS. The resource program was mentioned as a possible fit, but **BPA will think more on this issue and come back with a more concrete response.**

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Next Steps:

Framework Subgroup (Eric K, Nancy B, Linda f, Kasi B, Bart M, Dina D, Cameron Y, Mike R, Shawn D, Ryan N, Larry K, Henry T, Michael Deen - PPC)

Tail events (Bart M)

Intra-hour tx product (Eric K, Chris G, Henry, Rick A …)

Possible next meeting date: December 5, exact time/location to be announced.

Proposed Sub-group meeting date: November 6, 9 am – Noon.