

ACS Practices Forum

Use of No-Charge Reservation on MOD-029 Paths and
Redirects

August 14, 2013



Today's Discussion

- Background on no-charge reservations
- Overview of issues
- Potential solutions
- Questions and next steps

Background on Transmission Arrangements

- BPA recently made policy decisions on the transmission arrangements for the delivery of 3rd-party reserves (3PS) and supplemental service (ESS)
 - BPA [presented](#) on this topic at the June 11, 2013 ACS Forum
- These policies need to be implemented by the beginning of the BP14 Rate Period on October 1, 2013
 - BPA will continue to discuss the impacts of these policies with customers in future workshops
 - These policies include:
 - BPA will not charge for transmission reservations used to deliver 3PS and ESS reserves
 - BPA will not perform an AFC check, nor encumber AFC capacity on MOD-030 flowgates
 - BPA will both perform ATC checks and encumber ATC capacity on MOD-029 flowgates
 - Reservations on MOD-029 paths would be subject to Short Term (ST) Competitions and Preemption
 - Reservations will use capacity and/or dynamic schedules

Issue 1 – Encumbering and Competitions

- As with standard reservations, BPA will not validate that no-charge reservations will ultimately be scheduled
- However, with standard reservations a customer must pay for the full amount of capacity they reserve, regardless of whether they schedule on the reservation
 - Having to pay for the full amount of capacity creates an incentive for customers to reserve only what they will use (schedule)
- With a no-charge reservation there is no longer a financial consequence to “over reserving” capacity

ST Competitions and Preemption

- BPA staff have also identified the potential for holders of no-charge reservations to have a unique advantage in matching or “defending” against a challenger
- Normally a PTP Defender makes an economic decision to extend their reservation. With a no-charge reservation, however, the Defender has a “free option” to match
- Note - A PTP reservation may be preempted by a competing NT Request, irrespective of it being a no-charge reservation

Potential No-Charge Competition Scenario

“Standard PTP Competitions”

Defender	Original 1 Week Reservation at OATT Rate	Defender Decides Whether to Match at OATT Rate (INCREMENTAL COST)
Challenger	Challenger 2 Week Reservation at OATT Rate	Gains capacity if not matched/Denied or counteroffered if matched

Standard PTP vs No-Charge Defender

Defender	Original 1 Week Reservation at No Charge	Defender Decides Whether to Match at No Charge (NO INCREMENTAL COST)
Challenger	Challenger 2 Week Reservation at OATT Rate	Gains capacity if not matched/Denied or counteroffered if matched

Possible Measures to Promote Appropriate Use

- Staff is considering charging for RESERVATIONS for delivery of 3PS and ESS and crediting for SCHEDULES
 - Note – A capacity and/or dynamic schedule signals the potential for energy to flow, not necessarily the actual flow of energy
- This solution appears to mitigate the identified issues while still effectively maintaining a no-charge reservation when they are used for the delivery of 3PS and ESS reserves
 - In this case the schedule measures the use of a reservation for this purpose

Issue 2 - Redirects

- BPA's previous presentations on these policies did not address redirects or resales.
- Staff has implementation and policy concerns about:
 - Allowing the redirect of existing, charged TSRs into a no-charge 3PS or ESS POD
 - Staff is open to evaluating policies that allow the use of existing TSRs for the delivery of reserves
 - Allowing a no-charge reservation to be redirected out of a 3PS or ESS centroid to somewhere else on the network, or to another MOD-029 path
 - Allowing resales of a no-charge reservation
- Staff is proposing to not allow redirect or resales of no-charge reservations at this time

Next Steps

- BPA is interested in customer feedback on these issues
- BPA also hopes to have a decision by the September 4, 2013 ACS Forum to allow sufficient time for implementation
- Submit written feedback via Tech Forum by Monday, August 26

Questions or Other Possible Solutions?