

# BPA's Review of ROFR

NAESB OS Prep Meeting  
January 2014



# BPA's Review of ROFR

## Current Practice

- BPA currently uses “simultaneous feasibility” in identifying defenders.
- This ensures that BPA will be able to honor all valid ROFR's.

## BPA management

- Supports our current approach and believes our current practices are compliant with our tariff.

## Motion 30

- Fosters a situation where not all ROFR's can be honored by the TP.
- Approved in Sept 2012. BPA voted “no”.

# Strategy Options

- Attempt to rescind Motion 30
  - Will burn valuable political capital at NAESB OS
  - Flowchart Assignment lead agrees with the current language of Motion 30. (Action Item from the Oct 2013 Customer Workshop)
- Pursue clarifying motions that provide TP discretion
  - Leverage FERC language that the *pro forma* tariff section 13.2 provides sufficient guidance for the vast majority of cases to be processed.
  - FERC indicates that the complex scenarios will be rare and encourages TP's to work with NAESB on how to deal with the complex scenarios.
  - Yet the problem is that Motion 30 does not mitigate the complex scenarios; instead it will make them more prevalent.
- Any other possible approaches?

# Next Steps

- BPA will submit a discussion paper/presentation for the NAESB OS Jan 30<sup>th</sup> or February 2014 face-to-face meeting

# Background Materials

# Right of First Refusal

- What is a “Right of First Refusal”?
- NAESB Interpretation:
  - TP provides an ‘opportunity’ for Defender to exercise ROFR.
  - Motion 30 means that there may not be sufficient capacity to grant ROFR to all Defenders who choose to exercise that right.
  - Current Glossary Definition: “The ability of the holder of an existing reservation to modify its transmission reservation to match a competing request’s characteristics in order to avoid preemption.”
- BPA Interpretation using current practice:
  - Use Simultaneous Feasibility, BPA 2012 decision
  - Means that there will normally be sufficient capacity available to grant ROFR to all Defenders who choose to exercise that right
  - Contractual TP obligation
- FERC – not defined, but used

# FERC Guidance on Simultaneous Matching

Order 890 Paragraph 1430 (Response to Industry)

- “...First, when a longer-term request seeks capacity allocated to multiple shorter term requests, the shorter-term customers should have simultaneous opportunities to exercise the right of first refusal.
- Duration, pre-confirmation status, price, and time of response would then be used to determine which of the shorter term requests will be able to exercise the right of first refusal, consistent with the Commission’s tie breaking provision in section 13.2(ii).”
- FERC guidance is minimal with respect to the Matching process

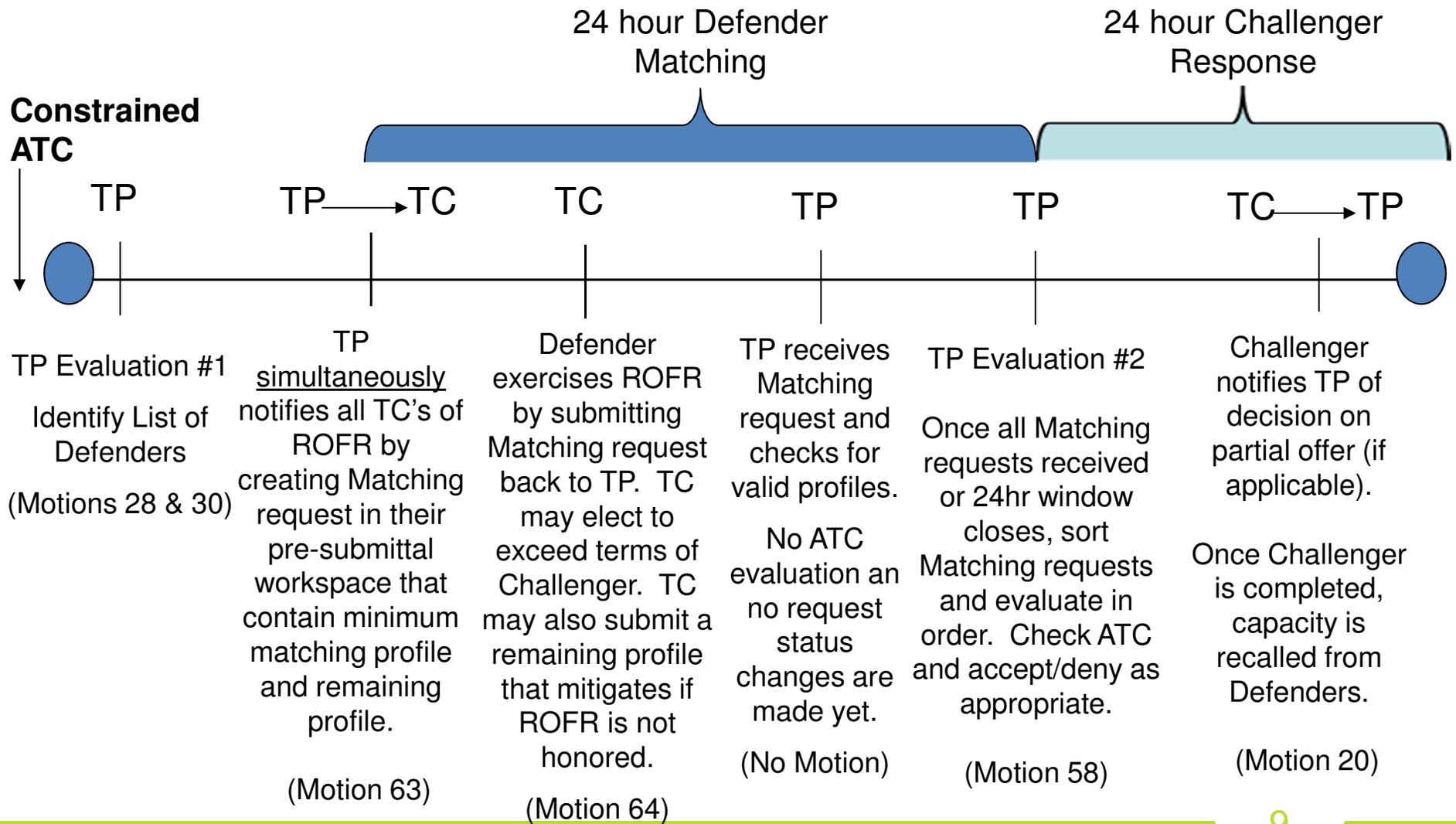
## ATC Evaluation for Simultaneous Matching Feasibility

- Simultaneous Feasibility = No (Motion 30)
  - $ATC_{\text{constraint}}$
  - Defender A Feasible using  $ATC_{\text{constraint}}$  ?
    - If yes, **Valid Defender A**
  - Defender B Feasible using  $ATC_{\text{constraint}}$  ?
    - If yes, **Valid Defender B**
  - Defender C Feasible using  $ATC_{\text{constraint}}$  ?
    - If yes, **Valid Defender C**
- Simultaneous Feasibility = Yes (Current BPA)
  - $ATC_{\text{constraint}}$
  - Defender A Feasible using  $ATC_{\text{constraint}}$  ?
    - If yes, **Valid Defender A**
    - $ATC_{\text{constraint}} - ATC_{\text{Defender A}} = ATC_{A\Delta}$
  - Defender B Feasible using  $ATC_{A\Delta}$ ?
    - If yes, **Valid Defender B**
    - $ATC_{A\Delta} - ATC_{\text{Defender B}} = ATC_{B\Delta}$
  - Defender C Feasible using  $ATC_{B\Delta}$  ?
    - If yes, **Valid Defender C**
    - $ATC_{B\Delta} - ATC_{\text{Defender C}} = ATC_{C\Delta}$

This method increases the likelihood that there will be insufficient capacity if all Defenders exercise their ROFR.

This method provides enough ATC to grant all Defenders exercising their ROFR unless system conditions reduce ATC used in the evaluation.

# MATCHING Process & Timeline



# Summary of Existing Motions for the ROFR Process

- **Motion 28** says that there must be sufficient ATC for a Defender to exercise ROFR to be considered a Defender.
- **Motion 30** requires TP to identify list of Defenders without considering whether all may exercise ROFR.
- **Motion 63** requires the TP to notify all identified Defenders simultaneously of their 'opportunity' to exercise ROFR.
- **Motion 58** specifies the order in which the TP evaluates the Matching requests submitted by Defenders who exercise ROFR.
- While evaluating Matching requests under **Motion 58**, **Motion 30** raises the possibility that there will not be sufficient capacity to honor all Defender ROFR's.
- **Motion 51** says that if a Defender attempts to exercise ROFR and is denied, they can request a lower remaining profile to mitigate their loss of capacity.

# Example of a Daily Competition: 4 TSRs, Challenger and 2 Defenders

Assume ATC is 50 for all days						
	Day 1	Day 2	Day 3	Day 4	Day 5	Day 6
<b>Challenger</b>	100 for three days					
<b>Defender 1</b>	50	→	→			
<b>Defender 2</b>		50	→	→		
<b>Defender 3</b>			50	→	→	
<p><b>Defender 3 can't match because Defender 1 and 2 used up all of the ATC in Day 3 and Day 4. Defender 3 also can't be restored to his original because Defender 2 used up Defender 3s original capacity in order to match.</b></p>						