Transmission Services

Draft NT Redispatch Protocols

Response to Customer Comments

Updated: 4/27/2016

This document contains the Transmission Customer comments and Transmission Services' response to those comments for the Draft NT Redispatch Protocols, posted for review from March 7, 2016 through March 24, 2016.

Thank you for your comments.

Table of Contents

EWEB **2**

PNGC **4**

Powerex **6**

EWEB

How will non E-tag resources be communicated with? (section F2)

BPA Response

BPA will create E-tags for all INC and DEC resources, regardless of whether they are regularly tagged. Customers will approve the tags if they can provide the requested NT Redispatch. For those DNRs that are not now tagged, BPA will work with customers to register the appropriate sources and sinks to allow for tagging of NT Redispatch.

What transmission will be used on the Emergency E-tag requesting the Inc?

BPA Response

BPA will not require NT customers to reserve transmission for delivery of NT Redispatch (either INCs or DECs) since making DNRs available for Redispatch is a condition of NT Service under the OATT. Rather, BPA will create NT Redispatch tags using an OASIS reference of "SERVICE-NOR" which will allow the tag to be pass E-tag validations without a TSR.

When and how will the customer document actual and opportunity costs? (section D1)

BPA Resposne

BPA will revise the draft protocols to more clearly reflect how a customer would submit estimated cost of redispatch for purposes of creating the redispatch stack versus actual or opportunity costs of having a DNR redispatched. BPA will also revise the draft protocol to remove the requirement for documentation of actual and opportunity costs for every NT Redispatch event. Instead, BPA will propose that NT customers whose DNRs are redispatched submit their actual or opportunity costs and certify that they are accurate (without the need to provide supporting documentation). BPA would reserve the right to request more information regarding the actual or opportunity cost should such costs vary considerably from those submitted by other NT customers for that event.

BPA needs to define Spill condition in Section D1bii. Spill Conditions can be for fish or for excess water.

BPA Response

Spill Condition, for the purpose of determining the DEC cost for settlement of NT Redispatch of hydro resources, will be based on the spill condition definition in the current Transmission, Ancillary, and Control Area Service Rate Schedules. The proposed definition is as follows:

SPILL CONDITION

Spill condition, for the purpose of determining the DEC cost for settlement of NT Redispatch of hydro resources, exists when spill physically occurs on the hydro system

in which the DNR is located due to lack of load or market. Spill due to lack of load or market typically occurs during periods of high flows or flood control implementation, but can also occur at other times. Discretionary spill, where the operator of the DNR may choose whether to spill, does not constitute a spill condition. Spill for fish is included in discretionary spill and is not a spill condition.

PNGC

1. NT redispatch for Market Purchases.

    a. In section D.4.a. – It states BPA will compensate for market purchases on the net of the actual cost and savings. PNGC anticipates that there will be no attributable savings from curtailing market purchases. If BPA believes there may be savings to the NT customer PNGC would like to see examples of such savings.

BPA Response

BPA believes it is very unlikely that there would be attributable savings from curtailing market purchases. One scenario with possible savings would be a seller that provides a credit to the buyer for curtailed energy that the seller is able to remarket (as described by PNGC in 1.b.i.below). Again, BPA believes such a scenario is unlikely, but the protocols could accommodate it.

    b. In section E.2.e.iv – It states the DEC price will be based on the customer's estimate of the energy price. Due to the provisions of the WSPP Agreement under which the majority of wholesale power is transacted in the NW, PNGC cannot voluntarily provide the contract price without consent from the counterparty. Is it BPA's intent for NT customers to obtain this consent on every eligible contract for NT redispatch?

BPA Response

The DEC price for NT Redispatch of Market Purchases should be the estimated net savings from curtailing market purchases as discussed above, not the energy price of the market purchase itself. BPA assumes that most customers will not incur any savings if their market purchases are curtailed and will therefore identify a DEC price of zero for market purchases. BPA will revise section E.2.e.iv of the draft protocols accordingly.

        i. In circumstances where we do not obtain consent to release our pricing information and BPA uses a market Index to estimate costs, those estimates can be largely unrepresentative of the actual costs of an NT customer's Market Purchase. In a curtailment situation, in PNGC's experience, the two parties must agree on a price for compensation for decs.

BPA Response

In the case where parties agree on compensation for curtailment of market purchases, the credit provided to the buyer for undelivered energy would be used for billing purposes as the savings from curtailment.

2. Communication of an NT redispatch Event.

a. Load Following NT customers generally do not have tagging systems and alerts in place to inform them a curtailment is taking place. BPA needs a distinct and separate communication process and procedure to inform all counterparties of an NT redispatch event, which is independent of the tagging software notification process.

BPA Response

BPA believes that it is unlikely that any of the smaller non-market purchase DNRs of Load Following NT customers will qualify for NT redispatch under the proposed protocols. In the case of customers with shares of large hydro projects, any curtailment of this DNR will be managed by the entity that operates the project. Similarly, should market purchases be curtailed in an NT redispatch event, the customer is not required to take action (the generator takes action) and therefore has no need to monitor its tagging system in real time. For the Load Following NT customers that do not have tagging software, BPA will communicate that an NT redispatch event has occurred via the customer's Account Executive.

3. Settlement Procedure

a. In section D.6 – It states the NT customer must submit required compensation information to BPA within 5 business day s of the NT Redispatch event.

i. 5 business days does not allow Load Following NT customers sufficient time to submit the required documentation. After an NT redispatch event, we need to contact counterparties and negotiate the proper liquidated damages settlement and any other issues from the curtailment event. PNGC suggests 30 days rather than 5.

BPA Response

BPA agrees that 5 business days does not allow Load Following NT customers sufficient time to submit required compensation information. It would likely be difficult to meet a 5 business day requirement for most of the required cost and compensation information. Therefore, BPA will revise its draft protocols to allow for 30 business days to submit required information.

Powerex

Powerex has reviewed the BPA draft NT Redispatch Protocols provided on March 7, 2016 and would appreciate it if BPA could clarify whether:

1. A Tier 2 Market Purchase is classified as a Market Purchase DNR;

BPA Response

Yes. If a market purchase to support an obligation under BPA's Regional Dialogue contracts were designated, then that market purchase would be classified as a Market Purchase DNR.

2. If yes, are existing Market Purchase DNRs eligible for NT Redispatch, or are does the Business Practice apply to Market Purchase DNRs executed subsequent to the effective date of the Business Practice.

BPA Response

Existing market purchase DNRs would be eligible for NT Redispatch under the draft protocols.

Powerex would also appreciate if BPA could provide an example that demonstrates how the NT Redispatch Compensation Mechanism would work for a DEC NT redispatch involving a Market Purchase DNR.

BPA Response

For market purchase DNRs with take-or-pay provisions, the NT customer (buyer) would pay for the energy curtailed regardless of the fact that it was not delivered. In this case, there would be no savings and the DEC price would be zero.

For market purchase DNRs where the seller and buyer settle upon a price if the seller is able to remarket the curtailed energy (that is, the sale gets booked out) as in PNGC's comment above in section 1.b.i., the DEC price (compensation) would be the bookout price agreed upon for the curtailed energy for that hour (not the contract price).