

# Proposal for Requesting Network Integration Transmission Service (NT Service)

August 31<sup>st</sup>, 2011



# Agenda

- Introductions
- NT Service Today
- New Proposal for Requesting NT Service
- Other Transmission Provider's Practices
- *De Minimis* Rule Discussion

**This presentation will not cover the following topics:**

- Priority access to transmission service
- The NT Memorandum of Agreement (MOA)



## NT Service Background

- NT Service permits NT Customers to efficiently and economically integrate and operate its current and planned Network Resources to serve Network Load.
- Under section 28.2 of BPA's Tariff, the Transmission Provider has an obligation to endeavor to plan, construct, operate, and maintain its Transmission System to ensure sufficient transfer capability to deliver NT Customer's Network Resources to serve its Network Load.
  - The NT Customer is obligated to provide annual 10-year Load and Resource Forecast which the Transmission Provider will use in planning and operating the transmission system.



## BPA's NT Service - Today

- Many of BPA's NT Customers have designated their BPA power sales contract as a Network Resource serving Network Load. The BPA power sales contracts are system sales from the FCRPS.
  - BPA has planned the transmission system assuming that Network Load, and load growth, will be served from the FCRPS.
- Today, with Regional Dialogue policy, contracts, and the Tiered Rate Methodology, NT Customers have a greater incentive and interest in integrating non-federal Network Resources to serve Network Load.
  - Renewable Portfolio Standards are also a driver for NT Customers in acquiring non-federal Network Resources.



## Requesting NT Service - Today

- To obtain NT Service to Network Load, the NT Customer must designate Network Resources.
- Designating a Network Resource
  - Under sections 29.2 and 30.1 of BPA's Tariff, NT Customers must submit Transmission Service Requests (TSR) over OASIS to designate Network Resources in order to obtain firm NT Service for delivery of such resources.
    - At the time of submitting the TSR, the NT Customer must meet the Tariff's attestation requirements.
      - NT Customer must attest that it owns, or has committed to purchase the generation pursuant to an executed contract, or has committed to purchase generation where execution of a contract is contingent upon availability of NT Transmission Service.
  - The TSR for the designated Network Resource enters the transmission queue, and is processed in queue order with all other TSRs.



## Requesting NT Service - Today

- ATC Analysis of TSRs for designated Network Resources
    - Historically, BPA has assumed that the majority of Network Load, including load growth, was served by the FCRPS (a designated Network Resource) thus setting aside capacity from the FCRPS to serve future Network Load growth.
    - As NT Customers have designated non-federal Network Resources, BPA has included these into its ATC assumptions.
      - As a result, the amount of Network Load BPA assumes will be served by the FCRPS decreases, except in the case a wind resource is designated.
    - When an NT Customer submits a TSR to designate a Network Resource, BPA determines if existing transfer capability (ETC) reserved on the flowgates for the NT Customer's load growth is sufficient to accommodate the new resource.
    - BPA compares the flowgate impacts of the TSR to the flowgate impacts of the current assumption (if the FCRPS is a designated Network Resource) to determine if BPA can accommodate the designated resource.
      - If ATC is not sufficient on a flowgate, the TSR remains in the queue awaiting ATC or a transmission build or upgrade.
      - If ATC is sufficient on all flowgates, the TSR is further studied for limitations on sub-grid facilities not captured by existing flowgates.
- \*The TSR must pass both an ATC and sub-grid check to be granted\**



## Today's Challenges

- Today's process for requesting NT service poses a number of difficulties for the Transmission Provider and the NT Customers -
  - Transmission Provider: By entering the transmission queue only when attestation requirements are met, it is difficult for the Transmission Provider to properly plan or expand the transmission system to meet NT Customer Network Loads.
  - NT Customer: Although the NT Customer has an obligation to forecast its needs and the Transmission Provider plans the system based on those forecasts, currently an NT Customer may not reserve capacity until a resource is designated and the customer meets the attestation requirements.
    - The NT Customer generally can attest to rights to the generator only within 1 to 2 years prior to service commencement date.
    - This makes it difficult to obtain firm NT service in time to serve Network Load.



## New Proposal for Requesting NT Service - Context

- BPA proposes a process where NT Customers request that BPA encumber capacity for forecasted resources.
  - An NT Customer must submit annual updates of 10-year Load and Resource Forecasts.
  - For a forecasted resource, the NT Customer may submit a Transmission Service Request (TSR) over OASIS and, based on availability of ATC, encumber the capacity within the transmission queue.
  - An NT Customer must designate, in accordance with the Tariff (including attestation requirements), the forecasted Network Resource prior to service commencement date in order to secure firm NT service from that resource.
    - The NT Customer must submit a second TSR to designate a forecasted resource, and this second TSR will reference and replace the parent TSR.
    - If the forecasted resource is not designated at least 60 days prior to service commencement date, any capacity encumbered for a forecasted resource will be released to the market.



## Proposed ATC Evaluation for NT Requests

- Under the Tariff, the NT Customer may efficiently and economically operate its designated Network Resources to serve Network Load.
  - As a Transmission Provider, BPA includes reasonable resource dispatch assumptions in its transmission studies and ATC Methodology.
- The NT Customer has options in which resources it chooses to serve Network Load because NT Customers must use their designated Network Resources to serve Network Load.
- Proposal: In analyzing the flowgate impacts of a forecasted resource TSR, BPA proposes to encumber the “greater of” flowgate impacts of the FCRPS serving load and the forecasted resource serving load.
  - For example, if an NT Customer has a designated Network Resource with a 10 MW flowgate impact, and then submits a forecasted resource TSR that has an 8 MW flowgate impact, BPA proposes to only hold out 10 MW on the flowgate, even though the combined flowgate impacts are 18 MW.
  - When the resources is formally designated, BPA will apply the current ATC Methodology.



## Other Transmission Provider Practices

- Midwest ISO has amended its Tariff to provide a queue time for Resource Forecasts in order to meet their planning obligation and reserve capacity, while considering previously submitted requests.
- Southern Company, as part of their business practices, have incorporated a process where NT Customers submit a TSR to reserve capacity for forecasted resources serving Network Load. These TSRs are processed in queue order. Southern Company did not amend its Tariff.
- Idaho Power, as part of their business practices, encumbers capacity based on Resource Forecasts for its NT and Native Load Customers. However, Idaho Power does not have an extensive transmission queue.



## Objectives of New Proposal

- BPA's proposal for requesting NT Service is geared toward ensuring that the Transmission Provider can meet its obligations while enabling NT Customers to integrate new Network Resources to serve Network Load.
  - NT Customers may encumber capacity by entering the transmission queue when they can forecast a resource with sufficient detail (POR, MW amount...).
  - Transmission Provider has greater ability to plan the transmission system by knowing future resource choices, thus considering these future choices in system expansion.
  - Greater likelihood of obtaining transmission service by entering BPA's transmission queue earlier than under the current process.



## *De Minimis* Rule

- BPA analyzes flowgate impacts for every TSR, and if the impacts are negative or *de minimis*, the TSR will be granted.
- Current *de minimis* tests under ATC Methodology:
  - Test 1: The positive net impact of the flowgate is less than or equal to 10 MW and less than or equal to 10% of the requested demand.
  - Test 2: The positive net impact on the flowgate is less than or equal to 10 MW and the original flowgate impact divided by the new flowage impact is greater than or equal to 80%.
    - BPA modified Test 2 recently in order to provide greater flexibility for redirect requests.
  - Special provision of *de minimis* rule for PTP requests
    - PTP TSRs from small generators with a nameplate capacity of less than or equal to 4 MW will not be subject to the *de minimis* rules.
- BPA is developing a special provision for NT TSRs where under limited circumstances the second component of *de minimis* Test 2 will be waived.
  - Intended to facilitate small MW designations.



## Next Steps

- BPA will publish a modified draft version of the NT Service Business Practice delineating the proposed process for encumbering capacity for forecasted resources.
  - Publication of draft Business Practice expected week of September 5<sup>th</sup>.
    - Customer comment period will last 2-3 weeks.
    - BPA will amend the draft Business Practice in response, and respond, to received comments.
  - Business Practice conference call expected week of September 12<sup>th</sup>.
  - Anticipated final implementation of Business Practice October 1<sup>st</sup>.

