

# PCM Update

Dec 15, 2021

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# Objective

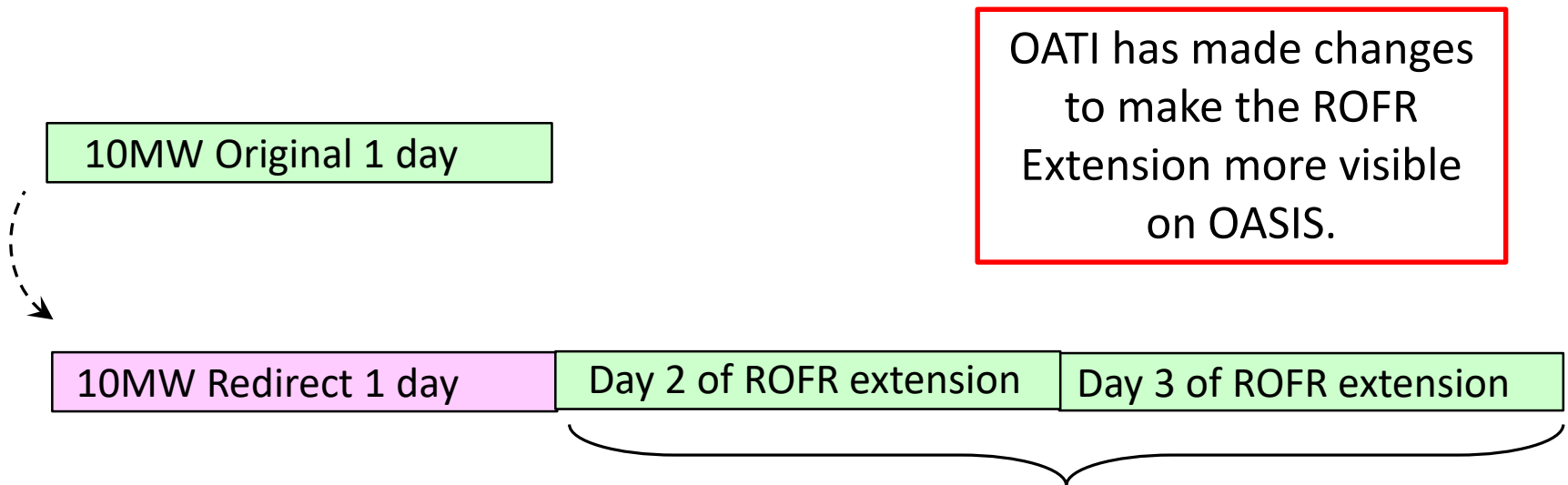
- Status on PCM progress
- Updated Information
  - Visibility of ROFR Extensions on OASIS for Redirect billing
  - Redirects from conditional Resales
- Follow-up from November CBPI call
  - Feedback received on Hourly Firm policy
  - Timing questions
  - Leading and Trailing Zeros

# PCM Status

- Final Preemption BP v4 has been posted. At least 3 weeks notice will be given before the BP goes effective.
- About a month of PCM testing remaining, along with a major OATI release coming in early January.
- Billing changes for Redirects that successfully exercise ROFR are also in progress. Those billing changes are being targeted to bill for January service.
- At this time, the earliest PCM could go-live for Monthly service is Jan 31.

# Redirect ROFR Billing Example

- 1 day Original that has been fully redirected.
- That Redirect has been challenged for 3 days and successfully exercises ROFR by extending 2 days.
- Only those 2 extra days will be billed on the Redirect. The Original will continue to be billed per current practice.



The ROFR Extension is billed as days 2 and 3 of a 3 day reservation. The first day is billed under the parent reservation.

# ROFR Visibility on OASIS: Reservation Profile

A new column “Extension Flag” has been added to the Reservation Profile section of the Transmission Reservation Detail screen.

- Extension Flag = 0: Represents the original Redirect profile.
  - Extension Flag = 1: Indicates a profile that has been added as a result of successful ROFR extension #1.
  - Extension Flag = x: This field will increment each time a reservation is extended due to successfully exercising ROFR.
- ❖ For Request Type = REDIRECT, BPAT will bill for any segment with Extension Flag > 0 as a separate line item on your bill.

| TSR Information |        |          |          |          |                             |                     |                     |        |          |  |
|-----------------|--------|----------|----------|----------|-----------------------------|---------------------|---------------------|--------|----------|--|
| TP              | Seller | Customer | POR      | POD      | Path                        | Start Time          | Stop Time           | MW Req | MW Grant |  |
|                 |        |          | Source:  |          | Request Type: REDIRECT      |                     |                     |        |          |  |
| BPAT            | BPAT   | ZPSE     | TOWNSEND | GARRISON |                             | 2021-12-07 00:00 PS | 2021-12-10 00:00 PS | 10     | 10 *     |  |
|                 |        |          | Sink:    |          | Service Code: STF-DAILY PTP |                     |                     |        |          |  |

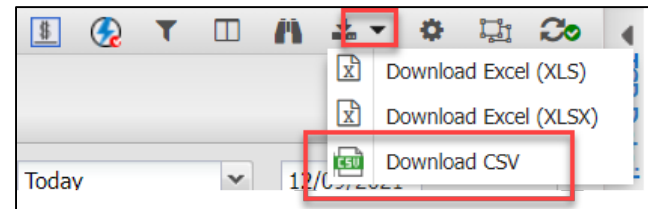
  

| Reservation Profile |                     |        |          |        |           |             |                |
|---------------------|---------------------|--------|----------|--------|-----------|-------------|----------------|
| Start Time          | Stop Time           | MW Req | MW Grant | MWH    | Bid Price | Offer Price | Extension Flag |
| 2021-12-07 00:00 PS | 2021-12-08 00:00 PS | 10     | 10       | 240.00 | \$76.0000 | \$76.0000   | 0              |
| 2021-12-08 00:00 PS | 2021-12-10 00:00 PS | 10     | 10       | 480.00 | \$76.0000 | \$76.0000   | 1              |
| Profile Total:      |                     |        |          | 720.00 |           |             |                |

# ROFR Visibility on OASIS: Download CSV

The Extension Flag is also available in the *transstatus* template.

- Go to Reservation Summary and use the Download CSV option from the upper right corner of the display.



- This downloads all selected TSRs into an Excel CSV file.
- Extension Flag is the next to last field.

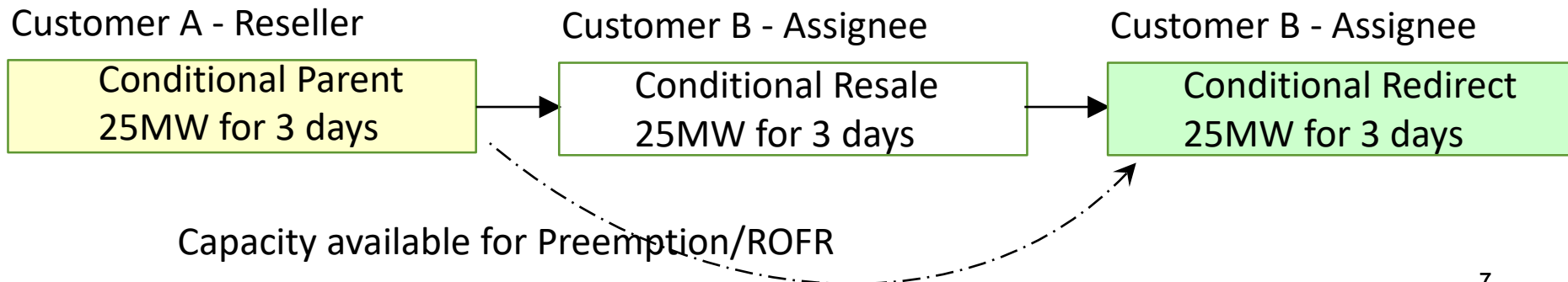
```

REQUEST_STATUS=200
ERROR_MESSAGE=""
TIME_STAMP=20211209145233PD
VERSION=2.2
TEMPLATE=transstatus
OUTPUT_FORMAT=data
PRIMARY_PROVIDER_CODE=BPAT
PRIMARY_PROVIDER_DUNS=959010968
RETURN_TZ=PD
DATA_ROWS=2
  
```

| ERS=CONT | AREF     | POR     | POD      | CITY_REQ | CITY_GRA | INCRS | CLAS | START_TIME       | STOP_TIME        | <b>EXTENSION_FLAG</b> | SERVICE_UPDATE_FLAG |
|----------|----------|---------|----------|----------|----------|-------|------|------------------|------------------|-----------------------|---------------------|
| N        | 71138175 | TOWNSEN | GARRISON | 10       | 10       | DAILY | FIRM | 20211207000000PS | 20211208000000PS | 0                     | 0                   |
| Y        | 71138175 |         |          | 10       | 10       |       |      | 20211208000000PS | 20211210000000PS | 1                     | 0                   |

# Redirect of a Conditional Resale

- A conditional Resale is not subject to Preemption/ROFR. That capacity is available to a Challenger from the conditional parent of the Resale.
- When a Redirect is confirmed from a conditional Resale:
  - That capacity is no longer available to a Challenger from the conditional parent of the Resale.
  - 'Pre-emptible Capacity' is moved from the parent to the conditional Redirect.
  - The Redirect capacity may then be subject to Preemption/ROFR based on the Redirect's own attributes (e.g., Service, Start Time).



# Follow-up from November CBPI call



## Feedback Requested on Hourly Firm Policy

BPA asked for feedback on policy for Preemption of Hourly Firm. We only received a response from one customer.

1. ROFR Deadline: How long should customers have to exercise ROFR for Hourly Firm? **30 min to facilitate timely queue processing.**
2. Flat Profile: Must an Hourly Firm PTP TSR have a flat profile to be eligible to challenge? **Yes**
3. Full Service: Should it be a requirement that a full offer be feasible for an Hourly Firm PTP TSR to be eligible to challenge? **Yes**

This is in line with BPA thinking. However, BPA has made no policy decisions. We still welcome feedback from other customers. The feedback at this point is “unofficial”. We recognize that your positions may change.

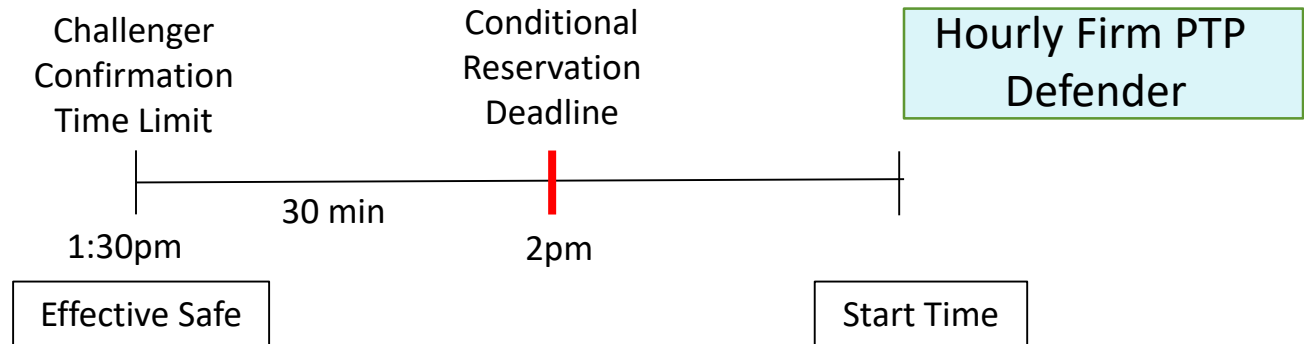
# Disallow Leading and Trailing Zeros?

- The following example was shown in Nov as a valid Hourly Firm request.

| Hour |   |   |    |   |     |    |    |
|------|---|---|----|---|-----|----|----|
| 1    | 2 | 3 | 4  | 5 | ... | 23 | 24 |
| 0    | 0 | 0 | 25 | 0 | 0   | 0  | 0  |

- PWX asked how this would be treated by PCM.
  - PCM uses duration for ROFR criteria. “Duration” is defined by NAESB as start time to stop time. This would be a 24 hour TSR.
- Implication: Such a reservation could never be a Defender that is challenged by another Hourly Firm PTP request.
  - This opens a gaming opportunity to avoid being challenged.
- Response:
  - What would customers think of a BP change that disallowed leading and trailing zeros like this? Is this a necessary profile?

# Conditional Reservation Deadline for Hourly Firm



Nov CBPI call: If an NT Challenger does not initiate PCM by 1:30pm, then the Hourly Firm Defender is “effectively safe” from further challenge at that time.

PWX had asked whether restrictions on Redirects (*Dynegy*) and Consolidation could then be released at 1:30pm if an NT challenge had not been initiated. Unfortunately, no:

- These restrictions are based on the Unconditional Time which is 2pm as spelled out in the tariff.
- Even if we overlooked the tariff implications, it would require OATI customization to enable OASIS to act on the ‘unofficial’ 1:30pm time rather than the official 2pm time.

# Background Reference

# Summary of Billing Changes

- No change to the billing of Original reservations for ROFR.
- Continue to not bill service that has been redirected.
- Specifically for Redirects that successfully exercise ROFR, start billing only for the ROFR Extension.
- Bill the ROFR Extension consistently between Original and Redirects.

# Terminology Recap

- Preemption and ROFR: The overall process that carries out Section 13.2 of the tariff in which a higher priority request may challenge lower priority requests and reservations for constrained capacity.
- Right of First Refusal (ROFR): The ability for PTP customers to defend their existing reservation by agreeing to match the terms of a challenging PTP request.
- Defender: Request or reservation holding conditional capacity that is at risk from higher priority requests.
- Challenger: The higher priority request that can challenge.
- Preemption without ROFR: Scenario in which the Defender really has no defense. Their capacity can simply be taken by the Challenger. Most commonly involves an NT Challenger against any PTP Defender.
- Preemption with ROFR: Scenario in which the Defender may choose to exercise ROFR to keep their existing reservation. Only occurs between a PTP Challenger and a PTP Defender holding a reservation.
- PCM: The OATI software that carries out Preemption/ROFR.

# Some Fundamental Timing Principles

1. Capacity cannot be taken from a Defender after their reservation reaches the Conditional Reservation Deadline under Section 13.2 of the OATT.
2. A Customer is never required to accept a partial offer. This includes Challengers under the Preemption/ROFR process.
  - Challengers get the usual time to decide whether to accept a Counteroffer.
  - Challengers may take less capacity or walk away entirely.
3. **NEW!** Capacity is not taken from certain Defenders until the Challenger has made their decision.
  - This means that final preemption (capacity taken away) of these Defenders happens after the Challenger makes their decision.

# Background:

## Slides from November CBPI call



## Policy up for discussion for Hourly Firm

Because Hourly Firm is not *pro forma*, there are no existing NAESB standards governing the topics below.

1. ROFR Deadline: How long should a defending customer have to exercise ROFR?
2. Flat Profile Required: Should a flat profile be required for an Hourly Firm PTP request to be a Challenger?
3. Full Service Required: Should full service be a requirement to proceed with a PTP challenge?

# ROFR Deadline

## ROFR Deadline for Hourly Firm

1. Section 13.2 of the OATT defines the ROFR Deadline to be 24 hours “(or earlier if necessary to comply with scheduling deadlines...)”
2. The ROFR Deadline is 24 hours for Daily, Weekly, and Monthly Firm products.
3. The OATT language above (and the lack of NAESB standards) gives us latitude to set the ROFR Deadline for Hourly Firm to whatever makes sense for our market.

# ROFR Deadline: Proposal and Considerations

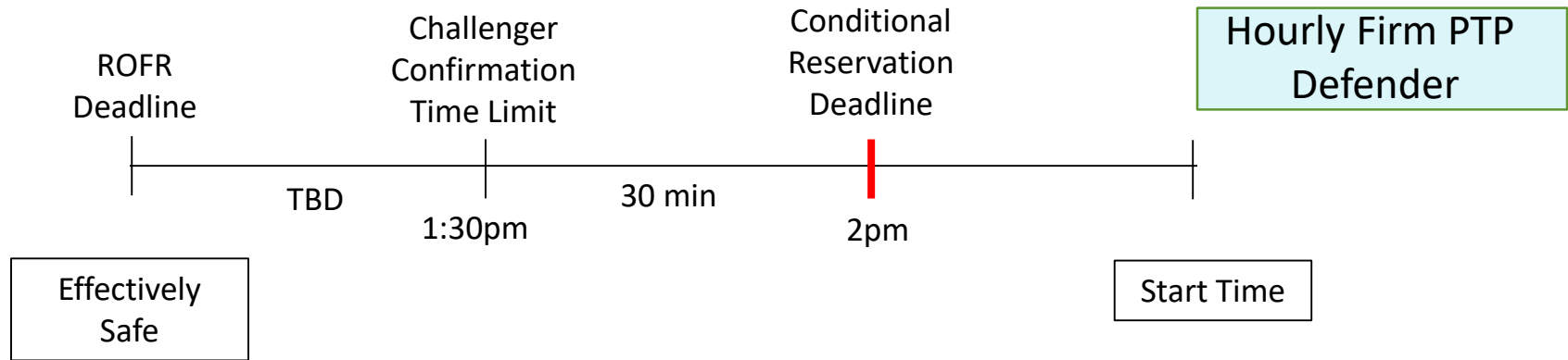
BPA proposes that the ROFR Deadline for Hourly Firm PTP should be between 30 minutes and 120 minutes.

1. The ROFR Deadline for Hourly Non-firm is 30 minutes (per NAESB). The deadline for Hourly Firm should not be less than for Hourly Non-firm.
2. The queue will stop processing for a given path while a ROFR decision is pending on that path. The longer the ROFR deadline, the longer the queue will be paused on that path.
3. The longer the ROFR deadline, the earlier an Hourly Firm PTP reservation will effectively be safe from another Hourly Firm PTP Challenger.
4. The longer the ROFR deadline, the fewer opportunities there will be to challenge for a given path.

# Defender Timing Rules

- The Preemption/ROFR Process takes time.
- Capacity cannot be taken from a Defender once it reaches its conditional reservation deadline (Unconditional Time).
- A conditional reservation will not even be selected as a Defender if there is not enough time to complete the Preemption/ROFR process before it becomes Unconditional.
- Therefore, the timing rules must take into account:
  - The 2pm conditional reservation deadline defined in the BPA OATT.
  - The ROFR Deadline (to be defined).
  - The TP Evaluation Time Limit: Zero for BPAT's automated PCM.
  - The Challenger Confirmation Time Limit: Already defined as 30 minutes for Hourly Firm in the Requesting Transmission Service BP.

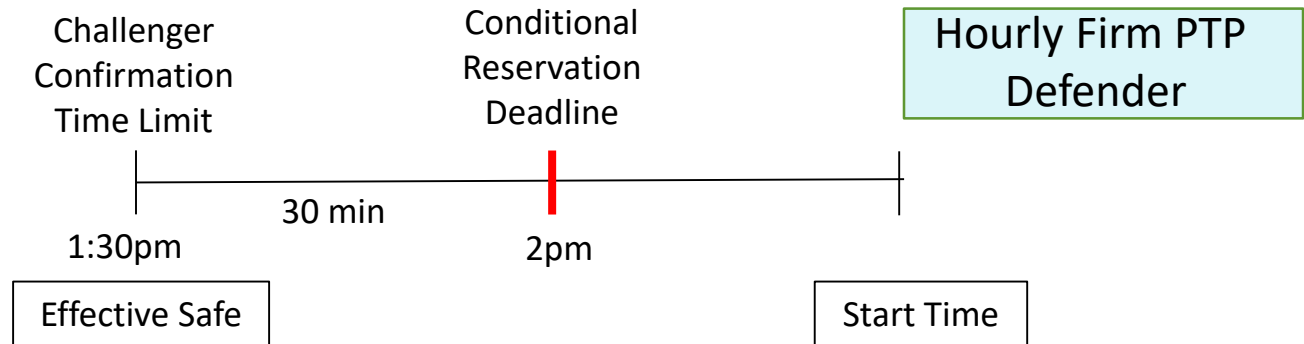
# HF PTP Defender Timeline for PTP Challenger



An Hourly Firm PTP reservation will be “effectively safe” from being selected as a Defender against another Hourly Firm PTP Challenger depending on the ROFR Deadline chosen as the following table shows:

| ROFR Deadline | Safe from HF PTP Challenger | Queue Stops |
|---------------|-----------------------------|-------------|
| 30 minutes    | 1:00pm                      | 60 minutes  |
| 60 minutes    | 12:30pm                     | 90 minutes  |
| 90 minutes    | 12:00pm                     | 120 minutes |
| 120 minutes   | 11:30am                     | 150 minutes |

# HF PTP Defender Timeline for NT Challenger



An Hourly Firm PTP reservation will not have ROFR against an Hourly Firm NT Challenger. The only timing consideration involved is the 2pm conditional reservation deadline and the 30 minute confirmation time limit.

Therefore, an Hourly Firm PTP reservation will be “effectively safe” from being selected as a Defender against another Hourly Firm NT Challenger at 1:30pm.

There are no decisions up for discussion here.

# Hourly Firm Queue Processing Example

Assume ROFR Deadline of 120 minutes. Competing requests for AC\_N>S.

- 09:04: Hourly Firm PTP “A” confirmed for tomorrow.
- 09:08: Hourly Firm PTP “B” challenges “A”. Preemption X initiated.
  - 120 minute ROFR period starts. Defender “B” has until 11:08 to exercise ROFR.
- 09:10: Hourly Firm PTP “C” also challenges “A”. Preemption Y on-hold.
- 09:13: Hourly Firm NT “D” also challenges “A”. Preemption Z on-hold.
- 11:08: Defender “A” finally exercises ROFR against “B”. “B” gets counteroffer.
  - Challenger “B” gets 30 minutes to decide whether to accept the counteroffer.
- 11:38: Challenger “B” finally decides on the counteroffer.
- 11:39: Preemption X is finally completed.
- 11:39: Preemption Y is finally initiated (following an almost 2.5 hour delay).
  - However, it is now too late to challenge. “C” just gets a counteroffer or refused.
- 11:40: Preemption Z is now initiated. NT Challenger “D” preempts PTP Defender “A”.

In this example, there is effectively only time for a single PTP challenge. The longer the ROFR Deadline, the fewer PTP (and NT) challenges.



# Flat Profile Required

## Flat Profile Required for PTP Challenger?

- NAESB standards require a PTP TSR to have a flat profile to be eligible to be a Challenger.
  - This requirement does not apply to NT Challengers.
- For Daily, Weekly, and Monthly PTP requests, BPA requires a flat profile anyway, so this Challenger requirement is redundant.
- But for Hourly Firm PTP, BPA allows a request to be profiled by hour. We will still allow this.
- The question is whether such a profiled Hourly Firm PTP request should be allowed to be a valid Challenger, or whether an Hourly Firm PTP request must have a flat profile to challenge?

## Flat Profile not Required: An Example

- The reason NAESB requires a PTP Challenger to have a flat profile is to avoid this scenario:

|            | Hour |    |    |    |    |    |    |    |
|------------|------|----|----|----|----|----|----|----|
|            | 1    | 2  | 3  | 4  | 5  | 6  | 7  | 8  |
| ATC        | 35   | 35 | 0  | 35 | 35 | 35 | 35 | 35 |
| Defender   |      |    | 30 |    |    |    |    |    |
| Challenger | 1    | 0  | 30 | 0  | 0  | 1  |    |    |
| ROFR       |      |    | 30 | 30 | 30 | 30 | 30 | 30 |

- The Challenger duration is 6 hours. Thus, the Defender must also agree to 6 hours to exercise ROFR.
- Although the Challenger is profiled, the ROFR will not be.

# Flat Profile: Proposal and Considerations

BPA proposes that the Flat Profile requirement be used for Hourly Firm PTP Challengers also.

1. Avoids the inequitable matching scenarios.
2. Consistent requirement across all products.
3. Avoids the need to customize the PCM software to define a *non-pro forma* solution.
4. Practical result of this proposal: Will result in fewer PTP challenges for Hourly Firm.

# Flat Profile Required: Examples

- There would be no change to what is considered a valid Hourly Firm PTP TSR.
- But only requests with a flat profile would be eligible to challenge under the Preemption BP.

| Hour |    |    |    |    |    |   |   | Valid<br>TSR | Valid<br>Challenger |
|------|----|----|----|----|----|---|---|--------------|---------------------|
| 1    | 2  | 3  | 4  | 5  | 6  | 7 | 8 |              |                     |
|      | 25 | 25 | 25 | 25 | 25 |   |   | Yes          | Yes                 |
| 25   | 0  | 10 |    |    |    |   |   | Yes          | No                  |
|      | 1  | 0  | 0  | 0  | 0  | 0 | 1 | Yes          | No                  |
| 0    | 0  | 0  | 25 | 0  | 0  | 0 | 0 | Yes          | No                  |

# Full Service Required

## Full Service Required for PTP Challenger?

- NAESB standards require that it be *feasible* to grant a full PTP offer via Preemption to be eligible to be a Challenger.
  - If it is not possible to grant a full offer considering all potential Defenders, then no Preemption would occur.
  - This requirement does not apply to NT Challengers.
- This standard was put in place to avoid gaming.
  - The concern was a PTP Challenger could request capacity knowing that a full offer was not possible, but forcing another customer to exercise ROFR anyway while the Challenger could just walk away.
- Should this Full Service requirement also be applied to Hourly Firm PTP Challengers?

## Full Service: Proposal and Considerations

BPA does not have a strong opinion on this particular policy, but our leaning is to require Full Service for Hourly Firm PTP Challengers also.

1. Consistent requirement across all products.
2. Avoids even the possibility of gaming, although it is hard to envision actual gaming scenarios in practice.
3. Practical result of this leaning: Will result in fewer PTP challenges for Hourly Firm.