BPA Generation Inputs Workshop

Discussion: *third-party balancing reserve purchases, benefits and options*

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3rd Party Purchases to Date:

- **Meet need above the 900 MW capability of the FCRPS**

  - **Day-ahead**

  - **Quarterly (most experience)**

  - **Spring (will continue for above 400 MW FCRPS capability)**

- **Has demonstrated significant savings compared to FCRPS cost**

  - **Liquidity?**

- **FY18 balancing requirement likely less than 900 MW**

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Realized & Potential Benefits:

- **Low-cost balancing reserves (fit inside FCRPS stack)**

- **Quarterly purchases help with liquidity for spring market**

- **Day-ahead purchases & R3T avoid carrying reserves 24/7**

- **Leverages demand response resources and requirements**

- **Unforeseen events (high/low water, outages, BA & schedule elections)**

- **Capacity payments to PNW industry (DR) & generation**

- **Releases federal reserves for other uses (energy, capacity, fish):**
  - **additional surplus energy sales**
  - **higher value capacity products (frequency response, etc.)**
  - **firming and shaping (RSS)**

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Similar to Energy Marketing:

- **BPA buys and sells energy daily to optimize the value of the FCRPS and lower the cost of meeting its obligation to serve customer load.**

- **BPA could pursue a similar strategy for meeting the capacity needs of its customers.**

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FCRPS Gen Inputs Costs:

	INCs	DECs
Embedded Cost	**~ $7 KW/mo**	
Variable Cost	**~ $1.75 KW/mo**	**~ $1.75 KW/mo**

Only INCs have been purchased to date

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Discussion:

Is there value in continuing 3ʳᵈ party purchases over the near term future?

- Low cost balancing reserves (fit inside FCRPS stack)
- Quarterly purchases help with liquidity for spring market
- Day-ahead purchases & R3T avoid carrying reserves 24/7
- Leverages demand response resources and requirements
- Unforeseen events (high/low water, outages, timing of BA departures)
- Capacity payments to PNW industry (DR) & generation
- Releases federal reserves for other uses (energy, capacity, fish):
  - additional surplus energy sales
  - higher-value capacity products (frequency response, etc.)
  - firming and shaping (RSS)

Allocation of costs and benefits?

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