BPA's South of Allston Non-Wires RFO
Questions and Answers
Last Updated: May 16, 2016

1) Why isn't BPA using the FCRPS to provide INCs and DECs?

BPA can use the FCRPS under discretionary re-dispatch provisions of the NTMOA and the transmission Tariff. Transmission Services pays power for re-dispatched energy at the market rates (short term buy/sell spread). Under discretionary re-dispatch BPA transmission may request to re-dispatch the FCRPS for any reason and the BPA Power can accept or refuse these requests. If the hydro desk determines that re-dispatch may affect fish operations they will refuse the request. BPA Power cannot guarantee that BiOp flow and operating parameters will allow re-dispatch on the lower river during all months of all summers contained in the RFO for non-emergency purposes. BPA also needs to carry INC capability on Lower Columbia to manage through the contingencies on South of Allston (SOA) and other paths.

2) How does this 5-year pilot resolve ATC issues across the SOA cut plane?

No, this pilot does not resolve ATC issues.

3) When/where will customers see the budget impacts of this Pilot program?

The costs of this pilot program will be part of IPR for FY 2018 though FY 2021.

4) What happens to SOA flows when scheduled Centralia closures occur?

Things will change. BPA does not know if new generation will be constructed at/near the existing site. If new generation is not added at this location, BPA expects lower flows across the SOA cut plane, but increased flows on Raver-Paul, Puget Sound area cut planes, the Cross Cascades North cut plane and increased congestion across various BPA east-to-west cut planes. 2015 Puget Sound Energy IRP indicates that the PSE plans to add new generating capacity on the West Side of Cascades for load service which, depending on location, may not result in reduction to SOA flows.

With the retirement of Centralia, we anticipate that Grays Harbor would be on-line more frequently contributing to north-south SOA flows.

5) Will increasing California solar help reduce SOA congestion?

There could be fewer exports into California at Malin as a result of CAISO market saturation but California solar may not impact the late afternoon/evening hours targeted in the RFO as California solar production drops off during these same hours. There could be net south to north exports from California for EIM participants (and others) during certain time of the day due to negative prices in California. It is unclear how much effect this would have on SOA flows (because of timing); California solar is expected to reduce the duration of SOA congestion because of reduced exports from NW to CA during sunny hours.

6) What are PGE and PAC doing to resolve SOA congestion?

PGE and PAC both have committed to CAISO's EIM, so it is possible PGE and PAC reliance on EIM power delivery could provide SOA congestion relief (if delivered from points south of SOA). PGE has purchased long-term transmission rights on the BPA portion of the SOA path and expects BPA to honor its contract. PGE is proposing upgrades to their existing 230 and 115kV lines which would help resolve congestion. PAC planned upgrades of their 115kV network near SOA are expected to have minimal impact on SOA congestion. PAC and PGE also own lines separate from but adjacent to and electrically connected to the BPA portion of SOA which are included in the definition of the SOA path. PGE and PAC operate these lines independently from BPA.

PGE and PAC demand in the SOA area contribute to SOA congestion; PGE and PAC demand response or peak shaving efforts would help relieve SOA congestion. PGE and PAC load forecasts assumed in transmission studies already account for some planned energy efficiency gains.

In the past couple years, BPA Operations staff cooperated closely with our partners at PGE and PAC to share critical data such as outage schedules, generation and load forecasts. That translates into better quality for our studies for South of Allston.

7) Does this pilot allow more renewables to interconnect?

No, this 5-year pilot is independent of renewable generation interconnection requests.

8) Will BPA purchase more than 250MW if it receives attractive offers?

It depends. BPA will consider all offers that satisfy technical and reliability performance criteria for electrical effectiveness and that are cost-effective.

9) Why doesn't this RFO target west-side utilities?

Our PTDF studies show that east-side utilities/generators can be sources of INC s and DECs. Even though west-side utilities/generators are generally more effective than east-side resources, BPA may receive very inexpensive offers from east-side resources, enabling BPA to purchase larger quantities of less effective east-side INCs and DECs resulting in the same flow relief as a smaller purchase of more effective but more expensive west-side INCs and DECs.

10) Is the Seller compensated for capacity and energy?

INC and DEC sellers and Demand Response participants will be paid in $/kW-month for the capacity.

If BPAT deploys Demand Response decreased load the load will be paid in $/MWh for measured load reduction from the Baseline.

If BPAT deploys an INC generator the Seller will be paid in $/MWh for energy scheduled and delivered to the BPAT.RD centroid.

Demand Response providers who increase load and generators providing DECs will not be paid for energy because their load will be served (Demand Response) or schedules will be made whole (DEC'ed generators).

11) Are there any binding obligations associated with indicative offers submitted on May 26th?

No, BPA is asking for indicative offers because the related business practices will not be final until just prior to the close of the RFO, BPA did not vet draft term-sheets with interested parties prior to the release of the RFO, and BPA needs 30 days to evaluate the electrical effectiveness of INC and DEC offers.

Even though there are no binding obligations associated with indicative offers, parties should represent their best capabilities as BPA will select the most cost and electrically effective offers to create a short-list. Parties on the short list will be asked to submit best and final offers within 3 business days of BPA notification. BPA and potential Sellers should consider the best and final offers to be binding (unless there are significant changes to deal terms).

12) Will parties have an opportunity to change terms and conditions after indicative bids have been submitted? After the short-listed parties have been notified?

Yes. However, BPA expects terms contained in the best and final offers to remain substantially the same after submission, while recognizing terms may need to be refined or altered due to unforeseen circumstances. BPA expects all parties to work together in good faith to resolve any final contract language issues.

13) Will BPA supply the contract or will the Seller?

Typically the Seller generates the contract but BPA welcomes the opportunity to take on this role if requested – especially for more complex Storage and Demand Response contracts.

14) Is BPA using INC and DEC terms differently in INC/DEC term sheets versus the DSM term sheet?

Yes. A Demand Response Load Reduction (DR-DEC) in Zone 1 or Zone 2 affects the congestion on the flowgate similar to a Generation INC in the same zones. A Demand Response Load Increase (DR-INC) in Zone 4 or Zone 3 affects the congestion on the flowgate is the same effect as a Generation DEC in the same zones.

15) Why did BPA choose 10MW minimum threshold for Demand Response?

BPA initially wanted to retain a minimum at 25MW for all three RFO term sheets but lowered the limit to 10 MW for Demand Response to encourage more offers. The large minimum limits were chosen for this pilot to allow Transmission engineers to focus on studying flow relief rather than the mechanics of implementation. In addition, 25MW is the most common commercial block.

16) Will BPA waive/forgive any demand charges for BPA's full service customers who participate in Demand Response?

No – these risks should be factored into the price. (BPA does not see this as a significant risk.)

17) Will BPA accept Demand Response offers for less than 3 months or must offers be for all three months? And, what about INCs and DECs?

Yes, BPA will accept offers for 1 or 2 months or for all 3 months for all of the indicative term sheets.

18) Can generators with multiple owners/off-takers participate?

Yes, but Sellers will need to ensure that all parties agree to the DEC/INC terms being offered if their share of the plant is impacted. If only one off-taker (of several) is offering capacity to BPA in the RFO, BPA will need the right to audit all schedules from the plant from the moment the Deployment Notice is given through the Deployment period to ensure the generator is responding as directed.

19) Can DEC generators using hourly firm and non-firm transmission to wheel their generation participate?

Yes, because BPA cannot color code electrons. However, offers which are tied to sales on non-firm or hourly firm transmission are not as valuable to BPA as those wheeled on long-term firm because BPA can stop offering hourly firm transmission and curtail non-firm transmission. BPA only expects to offset (make whole) existing schedules, non-firm schedules which are cut during the Deployment period cease to exist and cannot be made whole.

BPA is still working through the implementation details on how to handle schedules from the centroid to the DEC generator when non-firm schedule cuts affect DEC generators. A bidder may use non-firm transmission to and from the congestion centroid because they are counter-flow; little risk of curtailment.

20) Will BPA accept negative priced offers for DECs?

Yes. Although BPA does not expect to see negative offer(s) for DECs even though DEC generators' schedules will remain whole and fuel will not be consumed during the Deployment period, the DEC generators will not be able to make additional sales in the real time market from the time the Deployment notice is given until the deployment period ends. BPA expects this opportunity cost to be offset by the fuel savings and be folded into the price of the capacity offers.

21) Can DEC generators which are part of the SOA Remedial Action Scheme (RAS) participate?

Yes. However, DEC offers from generators who are part of the SOA RAS scheme are somewhat less valuable to BPA as generation which is not. This is because BPA may have the right to curtail RAS generation in the event of a line loss. BPA needs to maintain a certain amount of RAS generation armed at high SOA flows. Reducing output of RAS generation may result in insufficient or far less effective

generation armed for RAS, which in turns can reduce the SOA System Operating Limit. More analysis is needed to understand the effectiveness of generators armed with RAS.

22) Is BPA considering DEC generators outside the BPA BA?

Yes. If the Seller can demonstrate, to BPA's satisfaction, that flows are reduced on the interchange(s) as a result of DEC deployment. BPA is open to ideas which resolve the validation issues associated with DECs outside the BPA BAA. (To validate for the deployment period, BPA expects to need to know about all generation delivered to load in the generators BA, scheduled for export and be able to monitor interchange flows.)

23) Why are INCs located outside of the BPA BAA allowed and not DECs?

Elevated market prices during periods of heavy SOA flows are expected to incent Increases in generation. By way of this RFO, BPA hopes to incent incremental generation which would otherwise not be generating or otherwise sunk into the CAISO. Since BPA is receiving schedules for INC energy BPA is able to verify that it has received the dispatch it needs.

24) Will BPA compensate the Seller for energy delivered to the centroid that exceeds the Seller's capacity commitment or BPA's Dispatch Order?

Not under the SOA RFO. However generators are eligible to receive Generation Imbalance payments as provided under the OATT.

25) What if a generator cannot respond to the deployment notice?

Sellers should notify BPA as soon as practical of a forced outage or other mutually agreed upon condition which prevents generator from responding. If no notice is provided and failure to respond is not due to Force Majeure, BPA expects that non-performance provisions would be triggered.

26) What if a generator is out of the money and not running for a short period of time during the term?

If BPA Deployed an INC generator and it was not able to respond BPA would consider this a non-performance event. (BPA does not consider outages due to economics or financing to be force majeure or forced outages.) With regard to DEC resources, BPA will likely include provisions which waive BPA's capacity payment obligations during economic outages (BPA wants DEC generators to be off). With regard to Demand Response, BPA is willing to discuss other termination provisions on a case by case basis (for such conditions as global commodity prices which force plant closures).

27) If an INC generator's intertie transmission reservation to the BPA network was denied by BPA Transmission Services would non-performance provisions be triggered?

Yes. BPA does not expect this to occur because INC generation is count flow… reservations should not have a reason to be denied. If denied, BPA would consider the resulting failure to deliver a non-performance event. BPA suggest INC providers purchase term transmission to cover this risk.

28) What if the transmission reservation from the generator to the BPA BAA was denied by another BA?

Yes, this would constitute a non-performance event.

29) Will BPA accept offers from BPA customers which are tied to dedicated resources?

Yes, if the customer honors the terms of its BPA long-term Regional Dialogue contracts. BPA believes it will be easier for DEC generators than INC generators because the DEC'ed generation will be made whole with a schedule from the BPA centroid (no net impact to load) and because the DEC'ed resource will continue to serve load as required under the Regional Dialogue contract.

30) Can customers use NT Transmission to schedule to and from the Bilateral Redispatch for Congestion Management centroid?

No. NT Service is intended to serve load whereas PTP Service can be used for purposes other than load service.

31) How will resources be impacted that are part of the NT Redispatch Program?

NT Redispatch is within-hour whereas Bilateral Redispatch for Congestion Management under the SOA Non-Wires program is hour-ahead and pre-schedule.

32) What about resources that are participating in both NT Redispatch and SOA programs?

For this circumstance, NT Redispatch resources are required to respond if generation is available. If that generation is pre-committed for another use, including BPA's SOA Non-Wires program, then that resource would not be required to be made available for NT Redispatch purposes.

33) For DR aggregation, can a central scheduling point be used for aggregation across multiple service territories?

No, aggregation of schedules must be within a single utility service territory.

34) What is the minimum scheduling limit for DR allowed for each utility?

10 MW. See the "Demand Response INCs and DECs to the BPA" term sheet.

35) If a resource is subject to BPA's dynamic system operating limit, how does that affect their ability to participate and perform in the RFO?

Resources subject to BPA's dynamic system operating limit are encouraged to submit bids. However, these resources may be less valuable than other generators that provide flow relief without reducing the system operating limit. BPA will evaluate the net impact of INC or DEC that considers both flow change and SOL change. For example, if a resource provides 100 MW of flow reduction and 80 MW of SOL reduction, it could have equivalent value as a resource that provides 20 MW of flow reduction and no SOL impact. (DEC'ing resources which participate in the dynamic SOL could lower the SOL.)

36) Could BPA amounts called on for INC/DECs vary across the deployment period?

Yes, it is possible. Please provide any information in your offer that might impact the ability and timing of the resource to respond to BPA's deployment notice.

37) How will BPA respond to a situation where a DEC seller mistakenly provides the wrong A-REF for the original DEC schedule across the SOA cut plane? What if a seller mistakenly provides the wrong A-REF for the centroid schedule?

BPA needs to validate that the original schedule from the DEC resource, (which we are making whole with energy from the INC resource) was not curtailed during the deployment period. As such BPA expects DEC generators to provide two A-REFs in the token field of e-tags for energy scheduled from the congestion centroid to the DEC generator; a) A-REF for the centroid reservation for billing credit purposes and b) another A-REF for the original schedule(s) from the DEC generator across SOA which BPA is making whole with INC energy.

If the original, DEC schedule was curtailed during the deployment period and the INC energy continued to flow to the DEC generator, the DEC provider would receive credit for imbalance energy which BPA believes belongs to BPA (BPA purchased the INC energy to back up schedules which remain whole). If BPA discovers, during its after-the-fact validation that the original DEC reservation (listed in the token field of the e-Tag from the centroid) has been curtailed during the deployment period or never existed, BPA will charge the DEC seller for the imbalance energy it received but should not have.

If an incorrect A-REF is provided for the schedules to or from the congestion centroid BPA may not be able to issue a billing credit for the reservation.

38) Will BPA waive the DERBS charge for DECs participating in the SOA Non-Wires Program?

Participants in the SOA Non-Wires Program will not be subject to DERBS when providing DEC's pursuant to the non-wires agreement. Per BPA's current rate schedule: "This rate will not apply to a Dispatchable Energy Resource, or portion of a Dispatchable Energy Resource, for any hour in which the DIspatchable Energy Resource has been ordered by BPA or a host utility within BPA's Balancing Authority Area to generate at a level different from the schedule or generation estimate that the Dispatchable Energy Resource submitted to BPA for any schedule period during that hour."

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