

Short-term Preemption and Competition (STPC) Update

CBPI

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Objective

- Provide a general update on STPC/PCM status.
 - Status
 - Production deployment in phases
 - Unconditional Time on OASIS
 - Look ahead to potential Preemption BP Effective Date
- More preview of changes to the Preemption BP.
 - Waiving the right to Challenge.
 - Major changes to how to exercise Right of First Refusal (ROFR).

Status and Phased Deployment

Status of STPC / PCM

1. We are behind. We will not make the Oct 27 FERC target date that we have been driving towards.
 - Note: BPA is not jurisdictional, so there are no FERC issues with missing this target.
2. Regardless, we still have the pedal to the metal.
 - Per the TC-20 Settlement agreement that BPA would implement “as soon as practicable...”.
3. OATI has delivered the last of the planned software deliveries for PCM in early July.
 - It is possible that additional software patches will be needed if defects are found during testing.
4. We have finally started testing PCM.
 - This is expected to be a multi-month effort.

Phased Production Deployment

The implementation of STPC / PCM will be turned on in Production in phases over several months.

1. Unconditional Time: Already done on July 13.
2. *Dynegy* for Redirects: September 15.
3. Architectural change to disable existing PCM:
 - Turn off old PCM 2-4 weeks prior to turning on new PCM.
4. Enable new PCM in phases (start no sooner than early Nov).
 - Monthly firm and non-firm
 - Weekly firm and non-firm
 - Daily firm and non-firm
 - Hourly firm PTP - Preemption without ROFR (NT vs PTP)
 - Hourly firm PTP - Preemption with ROFR (PTP vs PTP)

Unconditional Time

Unconditional Time

- Per section 13.2 of the OATT, a short-term PTP reservation can be confirmed, *but conditional*.
- This means that for a certain period of time, capacity from that PTP reservation can be taken away and given to a higher priority PTP or NT request.

Conditional = “Vulnerable”

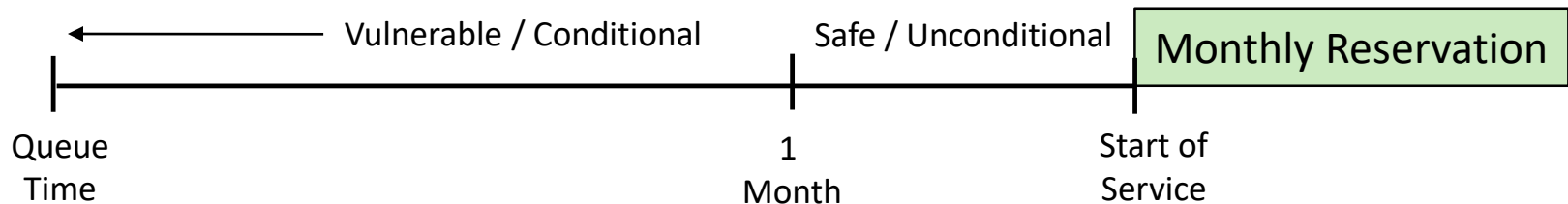
Unconditional = “Safe”

- The point at which a PTP reservation becomes safe is called the conditional reservation deadline (in the tariff) or the Unconditional Time (on OASIS).

Conditional Reservation Deadlines for STF PTP

- The BPAT tariff defines the following:

Short-term Firm PTP Service	Earliest queue time prior to start of flow	Conditional (Vulnerable) Window	Conditional Reservation Deadline* (Safe)
Monthly	12 months	11 months	1 month
Weekly	14 days	7 days	7 days
Daily	7 days	6 days	1am of WECC Pre-schedule day
Hourly	9am of WECC Pre-schedule day	5 hours	2pm of WECC Pre-schedule day



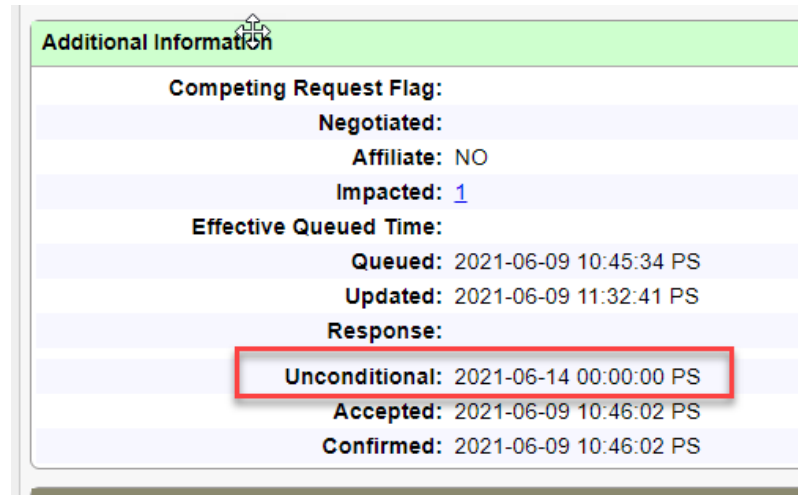
* Measured starting prior to the service start time.

Unconditional Time by Service

- The conditional reservation deadline from 13.2 of the OATT only applies to short-term firm PTP service.
- Long-term firm does not use a conditional window.
- Short-term firm and non-firm NT service is always Unconditional. Its capacity cannot be challenged by either PTP or even other NT.
- Non-firm PTP service is always Conditional.
- The Unconditional field will be blank on OASIS for: LTF, short-term NT, and non-firm PTP services.

Unconditional field on OASIS

- The conditional reservation deadline for a TSR is viewable on OASIS.



The screenshot shows a web interface titled "Additional Information" with a green header. Below the header, there are several fields and values:

Competing Request Flag:	
Negotiated:	
Affiliate:	NO
Impacted:	1
Effective Queued Time:	
Queued:	2021-06-09 10:45:34 PS
Updated:	2021-06-09 11:32:41 PS
Response:	
Unconditional:	2021-06-14 00:00:00 PS
Accepted:	2021-06-09 10:46:02 PS
Confirmed:	2021-06-09 10:46:02 PS

The "Unconditional" field value is highlighted with a red rectangular box.

- This field has been set incorrectly up until now.
- A change was made in Production on July 13 that sets the Unconditional field correctly in all cases where this field is used.
 - Note: It is still set incorrectly for LTF Resales, but those are by definition always Unconditional.

Where is Unconditional Time (UT) used?

- It is not used for anything right now.
- It will first be used for *Dynegy* functionality for Redirects.
 - Redirects v25 BP (effective 9/15/21) will have different treatment for Redirects depending on when the Redirect is confirmed on OASIS in relation to the UT of the parent.
- It will also be used for Consolidation.
 - Consolidation v1 BP (effective 9/28/21) only allows parent reservations to be consolidated once they are unconditional.
- Finally, the Short-term Preemption and Competition (STPC) software will be based on UT.
 - Capacity cannot be challenged on a Defender TSR once the reservation has reached its UT (ie, become unconditional).

Preemption BP Timing

Preemption Business Practice Timing

- We are planning on releasing 2 BP revisions in phases:
 - Version 4.0: Will apply to Monthly, Weekly, Daily firm and non-firm service (including Redirects).
 - Version 5.0(?): Will apply to Hourly firm, including Redirects.
- Version 4.0 is still a work in progress, but mostly done.
 - You have been seeing previews of it in the past few CBPI calls.
- The earliest it can be posted for customer comment is early Sept.
 - It must wait behind a wave of BP changes for BP-22.
 - That means the earliest it can complete the BPA response period is early November. The PCM software should be ready by then.
- ❖ We are seeking customer feedback on the appropriate lead time between the final posting of the BP and the BP effective date (ie, when to start enabling new PCM for Monthly).

Preemption BP Previews (Waiving Challenge)

Waiving the Right to Challenge

- Once a new request has been identified as a Challenger under STPC, it may be stuck for up to 24 hours.
 - To challenge, a request must be Preconfirmed. Once Preconfirmed, a request cannot be withdrawn until an offer is generated. ROFR scenarios may take up to 24 hours.
- When creating a new TSR, the customer may waive their right to challenge to avoid such potential delays.
 - ALL: All rights waived. No challenge will occur. The offer will be based only on ATC (not on other TSRs).
 - SELF: The customer waives their rights to challenge their own requests or reservations. A challenge will only occur if there are no requests or reservations with the same company code as the Challenger that have been identified as a potential Defender.
- The default is to challenge.

The image shows a screenshot of a software interface. At the top, there is a label 'Sale Ref:' followed by a dropdown menu. Below this, there is a label 'Preemption Waived:' followed by a dropdown menu. The 'Preemption Waived:' dropdown menu is open, showing two options: 'ALL' and 'SELF'. The 'Preemption Waived:' label and its dropdown menu are highlighted with a red rectangular box.

Preemption BP Previews (ROFR Changes)

First – What has not Changed

- ROFR is reserved for conditional PTP reservations that are challenged by longer-duration PTP requests.
- The basic concept of ROFR has not changed. To exercise ROFR means to agree to match the duration (not the MW) of the Challenger request.
- There can be multiple Defenders identified that are all eligible for ROFR.
- All of these ROFR Defenders are notified simultaneously.
- All ROFR Defenders have 24 hours to make a decision.
- A ROFR is not guaranteed to be accepted. There may not be sufficient ATC to grant ROFR to all eligible Defenders.
- ROFR decisions are binding. There is no Counteroffer or Rebid once a customer agrees to match.

Summary of ROFR Changes

- More options, more flexibility.
- More for the customer to consider.
- A bit more customer clicks.
- New screens and data structures involved.
- Customers will have new options for controlling how much capacity they are left with if their ROFR is unsuccessful.
- If the customer successfully exercises ROFR (successfully matches), it is no longer required to update tags with a new AREF.

Current ROFR Process

- A separate Request Type = Matching is used for ROFR.
- The Matching TSR is automatically created on OASIS in COUNTEROFFER status for the customer to consider. This Matching TSR is created with the minimum profile needed to match the challenger.
- The customer simply has to accept this Counteroffer (to exercise ROFR) or withdraw the Counteroffer (to decline).
- If the ROFR is successfully granted, the Matching TSR is CONFIRMED on OASIS with a new AREF.
- The customer must change their tags to use this new AREF or risk an over-use penalty.
- If the ROFR is unsuccessful, the customer may be left with unusable capacity.

Current ROFR Process with Matching TSR

- Currently, the ROFR is executed with a separate TSR called a Matching TSR which replaces the Defender reservation (Original or Redirect) if the ROFR is successful.
 - Example: A 5-day reservation is challenged by a 9-day request.

Before Preemption/ROFR:

100MW Original for 5 days

After Preemption/ROFR:

100MW Original for 5 days

100MW Recall for 5 days



100MW Matching TSR for 9 days

New ROFR Process – No Matching TSR

- The new standards eliminate the use of a Matching TSR.
- Instead, a customer who successfully exercises ROFR simply has the profile of the existing Defender reservation updated to the longer duration.

Before Preemption/ROFR:

100MW Original for 5 days

This is the customer's initial 5-day reservation.

After Preemption/ROFR:

100MW Original for 9 days

After ROFR, the customer has the same AREF, but it is now a 9 day reservation.

5 day initial profile...

...extended by 4 days
for ROFR

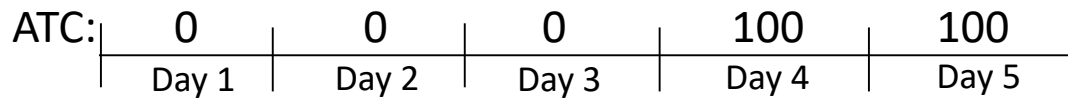
New ROFR Process – ROFR Requests

- The MATCHING TSR has been eliminated.
- A new structure on OASIS is used for ROFR called a ROFR Request. It is not a TSR. This has 2 profiles for the customer to define:
 - Matching Profile: The profile that is used to match the Challenger.
 - Remaining Profile: The profile that remains on the Defender TSR if the ROFR is unsuccessful or if the customer does not exercise ROFR.
- OASIS will automatically populate both profiles with defaults as an initial ROFR Notification to the customer.
- The customer can then modify one or both profiles or just submit these defaults as their ROFR Request.

Example ROFR Request pre-populated by OASIS

Defender: 100MW
Reservation for 3 days

Challenger: 25MW for 5 days




Default Matching Profile

Defender: 100MW
for 3 days + ROFR: 25MW for 2 days

Default Remaining Profile

Defender: 75MW
for 3 days

 25MW preempted

Example:

- 5 day Challenger needs 25MW for 3 days from the Defender.
- The Matching Profile is the minimum profile necessary to match the Challenger and exercise ROFR.
- The Matching Profile is the initial Defender profile plus the ROFR extension:
 - MW = max needed for the Challenger deficit.
 - Duration: the number of days to meet the Challenger duration.
- The Remaining Profile specifies what would remain if the ROFR is not granted. It reflects the minimum MW preempted to meet the Challenger needs.

Defender Options for ROFR

The Defender has 24 hours to make one of the following ROFR choices.

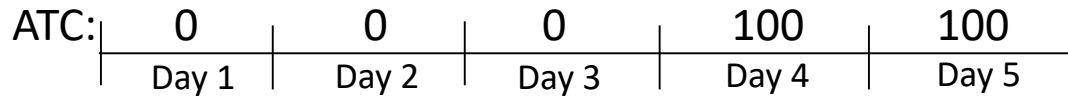
1. Exercise ROFR using the OASIS-provided defaults.
2. Exercise ROFR by modifying the Matching and/or Remaining Profiles.
 - a) Submit a longer-duration Matching Profile than the default.
 - b) Submit a lower Remaining Profile than the default.
 - c) Seek a 'Best Offer'.
3. Explicitly decline to exercise ROFR.
4. Do nothing.

Exercise ROFR: Use OASIS-provided Defaults

Defender: 100MW
Reservation for 3 days

'Play it Safe': Submit the minimum needed to match the Challenger.

Challenger: 25MW for 5 days



Default Matching Profile

Defender: 100MW
for 3 days

+ ROFR: 25MW for 2 days

Default Remaining Profile

Defender: 75MW
for 3 days



25MW preempted

Considerations:

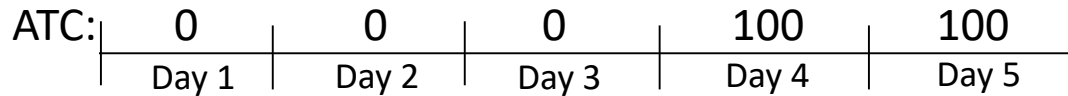
- Best chance of having ROFR successful.
- Easiest option to execute on OASIS. Least chance of error.
- If ROFR is unsuccessful, accept the default amount remaining after the Challenger preemption.
- Provides maximum certain amount of capacity remaining if ROFR loss.

Exercise ROFR: Longer-duration Matching Profile

Defender: 100MW
Reservation for 3 days

'Up the Ante': Submit a longer-duration Matching Profile than needed to meet the Challenger.

Challenger: 25MW for 5 days



Default Matching Profile is 5 days

Defender: 100MW
for 3 days + ROFR: 25MW for 2 days

Considerations:

- Example: Exceed the Challenger 5 days with a 7-day ROFR.
- If multiple Defenders with ROFR, longer duration wins.
- However, there is an increased chance that the ROFR will fail due to insufficient ATC.
- Considered a valid Matching Profile that can be used with:
 - Default Remaining Profile
 - Lower Remaining Profile
 - Best Offer

Increased Matching Profile (e.g., 7 days)

Defender: 100MW
for 3 days + ROFR: 25MW for 4 days

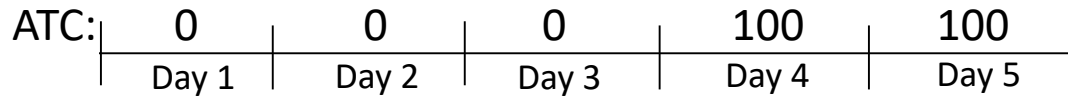
Note: Can only increase the Duration, not the Capacity MW.

Exercise ROFR: Lower Remaining Profile

Defender: 100MW
Reservation for 3 days

‘Protect the downside’: Used when trying to exercise ROFR, but also trying to cut your losses if you lose.

Challenger: 25MW for 5 days



Considerations:

- If ROFR unsuccessful, provides certainty that you will not be stuck with unusable capacity.
- Submit a valid Matching Profile.
- Submit a lower Remaining Profile than the default provided by OASIS (even zero).
- If the ROFR is unsuccessful, capacity will be recalled from the Defender AREF down to the specified Remaining Profile.
- Challenger gets what they need. The rest returned to ATC.
- Cannot be used with Best Offer.

Default Remaining Profile is 75MW

Defender: 75MW
for 3 days

 25MW preempted

Customer would rather have 10MW remaining

Defender: 10MW for 3 days

 90MW preempted

Exercise ROFR: Best Offer

Defender: 100MW
Reservation for 3 days

'Roll the Dice': Used when trying to exercise ROFR, but also trying to maximize capacity remaining if you lose.

Challenger: 25MW for 5 days

ATC:	0	0	0	100	100
	Day 1	Day 2	Day 3	Day 4	Day 5

Default Remaining Profile

Defender: 75MW
for 3 days



25MW preempted

Best Offer flag = Yes

Defender: 3 days for MW
between 25 and 100



Variable amount
preempted up to
75MW

Considerations:

- Submit a valid Matching Profile.
- Submit the default Remaining Profile provided by OASIS.
- Submit Best Offer flag = Yes.
- Excess ATC can be left over from Preemption depending on the actions of the Challenger and other Defenders.
- If ROFR is unsuccessful, offer will be max MW available.
 - Offer will be between Remaining Profile and initial Defender profile.
- But you must accept that offer.

Do not Exercise ROFR: Explicitly Decline

Defender: 100MW
Reservation for 3 days

'Fold': Used when not trying to exercise ROFR, while stopping participation immediately.

Challenger: 25MW for 5 days

ATC:

0	0	0	100	100
Day 1	Day 2	Day 3	Day 4	Day 5

Matching Profile set to zero

Defender: 0MW for 5 days

Default Remaining Profile

Defender: 75MW
for 3 days

Considerations:

- No intention to match the Challenger duration.
- Cut bait and walk away immediately.
- Submit a Matching Profile = 0.
- Submit the default Remaining Profile provided by OASIS.
- Best Offer flag must = No.
- Capacity will be recalled from the Defender reservation down to the default Remaining Profile.
- The Defender is immediately released from the Preemption process.

Do not Exercise ROFR: Do nothing

Defender: 100MW
Reservation for 3 days

'Clueless or Helpless': Valid ROFR never submitted, intentionally or unintentionally.

Challenger: 25MW for 5 days

ATC:

0	0	0	100	100
Day 1	Day 2	Day 3	Day 4	Day 5

No Matching Profile submitted

[Empty box]

No Remaining Profile submitted

[Empty box]

Considerations:

- Occurs if the 24 hour matching deadline passes and no valid ROFR Request was submitted on OASIS.
- There could have been numerous invalid ROFR attempts. Or there could have been zero ROFR attempts.
- Once the 24 hour period passes, the Defender reservation is preempted down to the default Remaining Profile indicated on OASIS.

Training and Reference

1. Separate training sessions will be planned closer to implementation.
2. Much of the CBPI material you have been seeing will be the basis for the training.
3. The training will most likely include screenshots or even demos of the basic scenarios.
4. We are also considering a “Preemption and ROFR” procedures document similar to “PTP TSR Procedures”.
5. We welcome feedback on the structure of that training (timing, duration, how many sessions, etc).

Background Reference

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 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.