Redirect v25 BP Changes from FERC Order 676-I

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Agenda

- Purpose

- Background

- Current Practice

- Conditionality

- Redirects changes per *Dynegy*

- NAESB Standard Status

Purpose

Summarize the changes to the Redirects Business Practice (v25).

Background

- FERC adopted significant changes to Redirects in a case called *Dynegy* in 2001 (later *Entergy Services, Inc*).

- These changes were adopted by FERC Order 676-I.
  - FERC deadline for jurisdictional entities: October 27, 2021
  - BPAT is pursuing the same timeline in concert with the industry.

- These changes are also key to completing the terms of the TC-20 Settlement:

f.   As soon as practicable, Bonneville will apply preemption and competition to daily and hourly firm, including redirects, if OATI implements NAESB standards to adopt FERC policy under *Entergy Services Inc.* 148 FERC ¶ 61,209.

"Conditionality" is key to understanding these changes…

(Don't confuse this with "Conditional Firm")

Conditional vs Unconditional

- 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.

- This process is adjudicated under STPC.

Conditional = "Vulnerable"
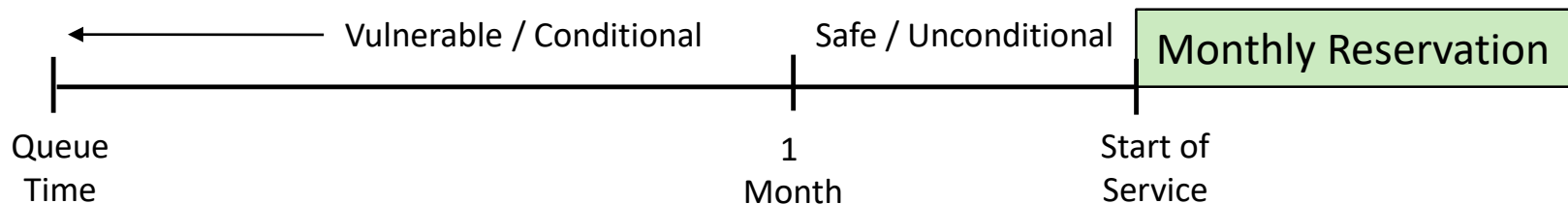
Unconditional = "Safe"

- 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 Windows for Short-term PTP

- ## The BPAT tariff defines the following Unconditional Times.

Short-term Firm PTP Service	Earliest queue time prior to start of flow	Conditional (Vulnerable) Window	Unconditional Time* (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

Vulnerable / Conditional ← | Safe / Unconditional | Monthly Reservation

Queue Time

1 Month

Start of Service

Predecisional. For discussion purposes only.

7

* Measured starting prior to the service start time.
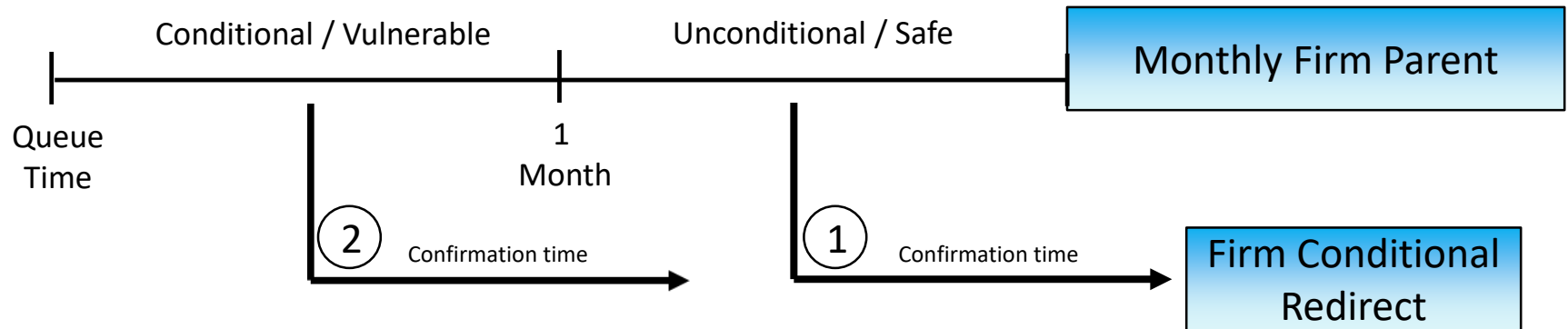
Redirect changes under *Dynegy*

Dynegy Overview

- FERC outlines protection for certain firm Redirects.
  - Customers do not lose their rights on the parent path/reservation until the Redirect is both confirmed and becomes unconditional.

- *Dynegy* protection only applies if the parent is LTF or is unconditional at the time the firm Redirect is confirmed.

- *Dynegy* protection does <u>not</u> apply if the parent is itself still conditional at the time the firm Redirect is confirmed.

- *Dynegy* also does not apply to non-firm Redirects.

Under *Dynegy*, Timing is everything…

The way a short-term firm Redirect is handled will depend on whether the parent is conditional or unconditional <u>at the time</u> the Redirect is CONFIRMED on OASIS.

Conditional / Vulnerable | Unconditional / Safe

Monthly Firm Parent

Queue Time

1 Month

② Confirmation time

① Confirmation time

Firm Conditional Redirect

② Parent is still itself conditional at the time the Redirect is confirmed.
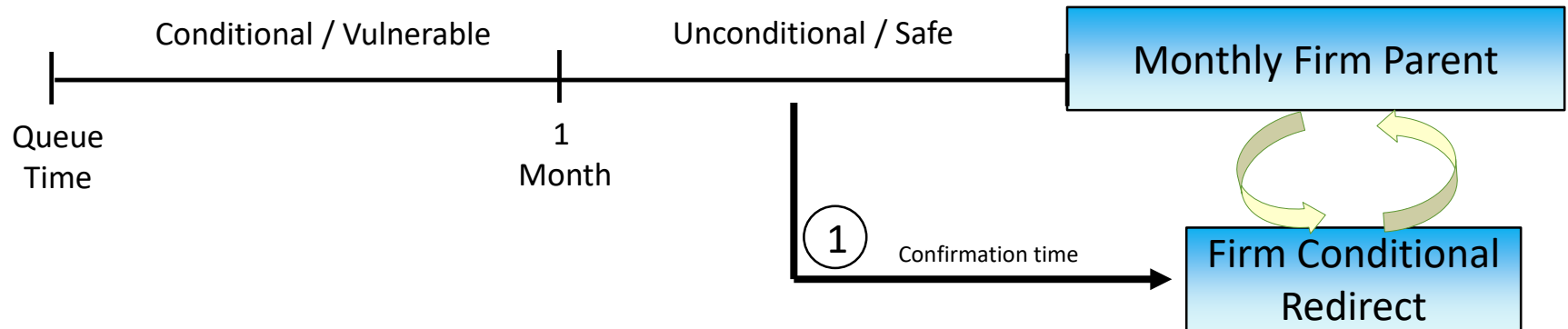
Dynegy policy does <u>not</u> apply.

① Parent is unconditional at the time the Redirect is confirmed.

Dynegy policy <u>does</u> apply.

Dynegy: Redirect from Unconditional Parent

If the parent <u>has</u> reached its Unconditional Time by the time the Redirect is set to CONFIRMED on OASIS:
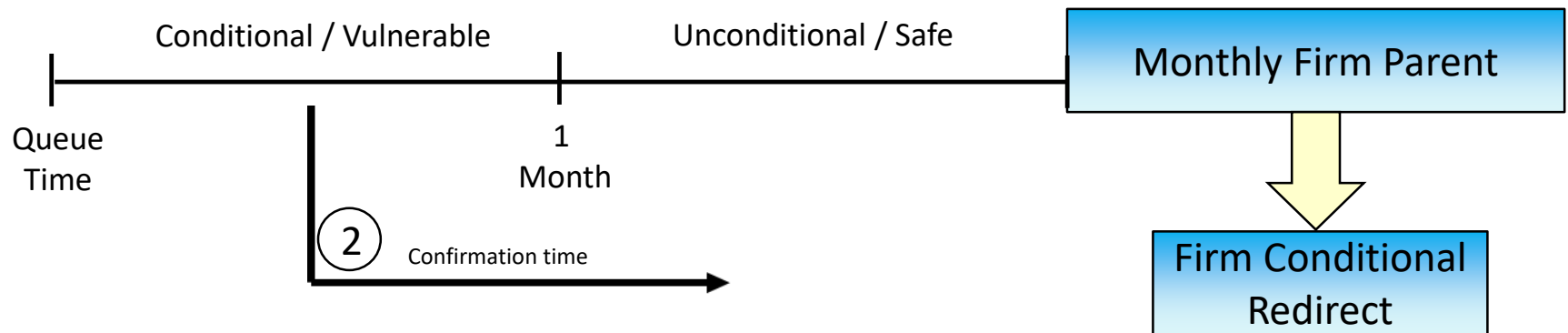
...or if the parent is LTF.

Conditional / Vulnerable   Unconditional / Safe

Queue Time

1 Month

Monthly Firm Parent

① Confirmation time

Firm Conditional Redirect

① *Dynegy* policy <u>does</u> apply.
- Rights are not lost on the parent <u>until</u> the Redirect is unconditional.
- Rights are automatically restored to the parent if lost on the Redirect.
- While the Redirect is still conditional, consider that the rights are still really held on the parent.

No *Dynegy*: Redirect from Conditional Parent

If the parent has <u>not</u> reached its Unconditional Time by the time the Redirect is set to CONFIRMED on OASIS:

Conditional / Vulnerable　　　　Unconditional / Safe

Monthly Firm Parent

Queue
Time

1
Month

② Confirmation time

Firm Conditional
Redirect

② *Dynegy* policy does <u>not</u> apply.
- Redirects are handled exactly the same as today.
- Rights are transferred from parent as soon as the Redirect is confirmed.
- Capacity is not restored back to the parent if lost on the Redirect.
- It is possible to lose capacity from both the parent and the Redirect.

What does *Dynegy* look like in practice?

For a firm Redirect from an unconditional parent.
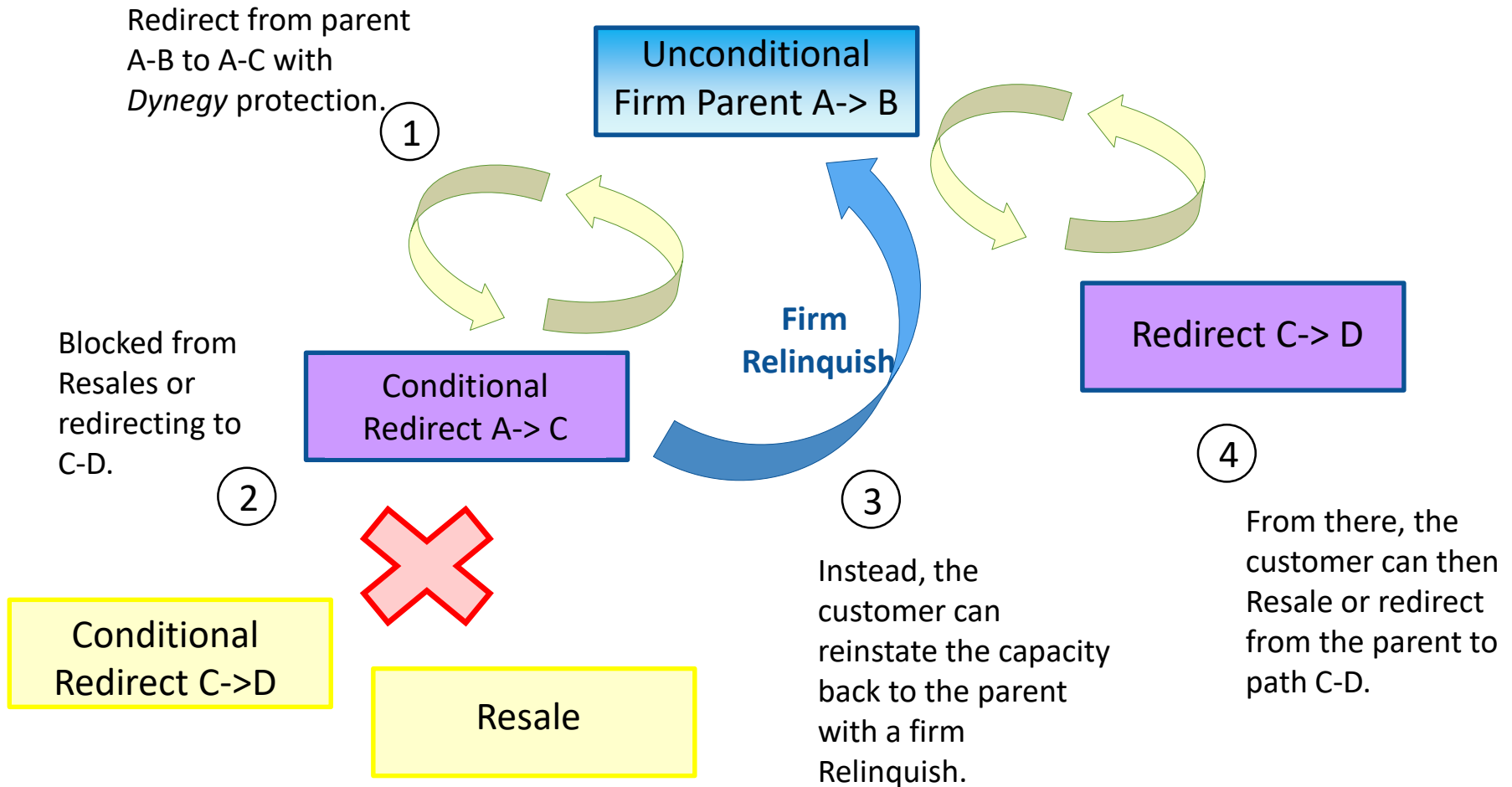
While the firm Redirect is still conditional (vulnerable):

- Scheduling rights only are lost on the parent upon confirmation of the Redirect. ATC and rights are still protected on the parent.
- If the conditional Redirect is lost to STPC, scheduling rights are automatically restored back to the parent.
- Resales and Redirects are blocked from the conditional Redirect.
- Instead, the customer can cancel the Redirect in full or in part to reinstate capacity back to the parent. A firm Relinquish request is used for this.
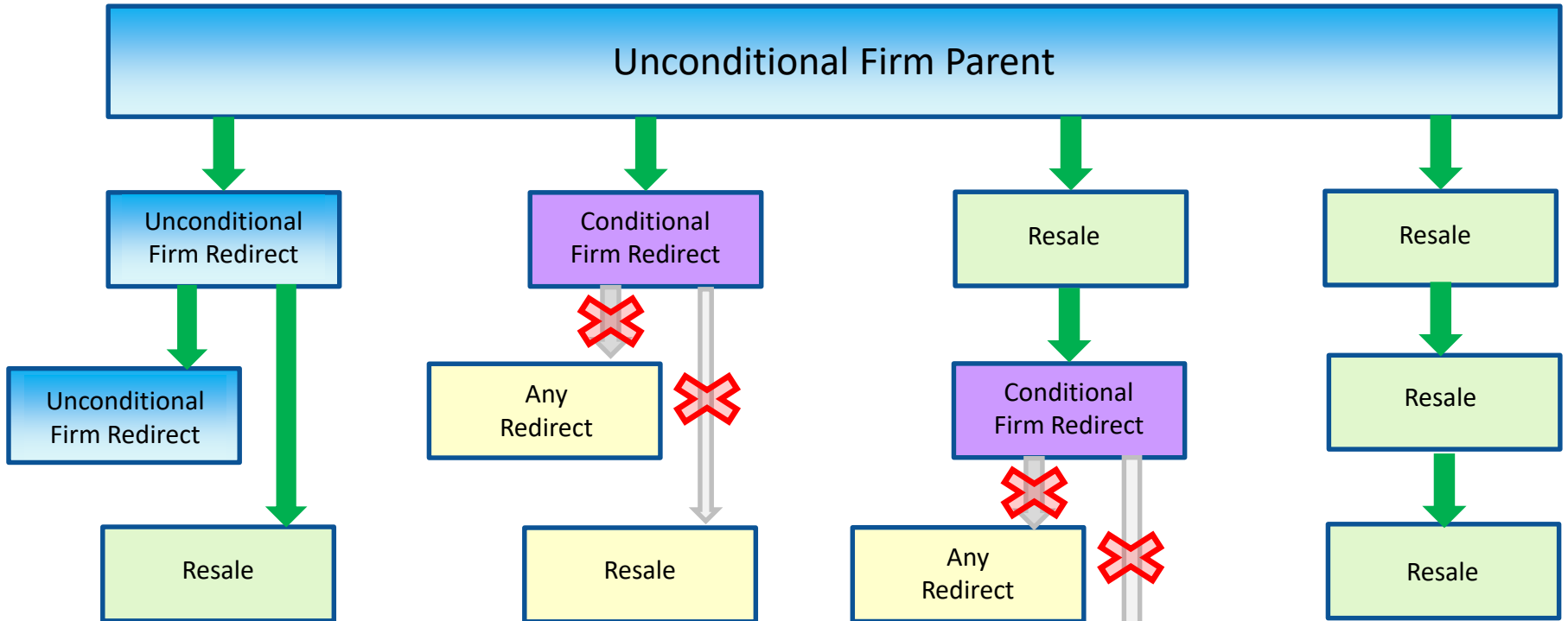- This is similar to a firm parent with a non-firm Redirect.

Once the firm Redirect becomes unconditional (safe):

- ATC is released from the parent. All rights are then transferred to the Redirect.
- Firm Relinquish is no longer permitted from the unconditional Redirect.
- Redirects and Resales are now allowed from the unconditional Redirect.
- This unconditional Redirect now qualifies for *Dynegy* protection of its children.

Dynegy Illustration

Redirect from parent
A-B to A-C with
Dynegy protection.

1

Unconditional
Firm Parent A-> B

Blocked from
Resales or
redirecting to
C-D.

2

Conditional
Redirect A-> C

**Firm
Relinquish**

Redirect C-> D

4

Conditional
Redirect C->D

Resale

3

Instead, the
customer can
reinstate the capacity
back to the parent
with a firm
Relinquish.

From there, the
customer can then
Resale or redirect
from the parent to
path C-D.

Redirects / Resales from Unconditional Parents

An Unconditional Redirect works the same as any Unconditional parent: Resales and Redirects allowed.

This is the basic *Dynegy* situation: Resales and Redirects are blocked from Conditional Redirects when they come from an Unconditional parent.

The same is true if one or more Resales are in between the Conditional Redirect and the Unconditional parent.

There is no change to Resales from Resales.

Background

Unconditional Time on OASIS

- Visible on OASIS as a column on Reservation Summary and under Additional Information on Reservation Detail.