

Bumping Market Update

Presented by BPA's
Transmission Business Line

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"Bumping Market" Defined

- Part of reservation process for short-term service and non-firm service
- OATT sections 13.2/14.2 allow requests for longer-term service to preempt (bump) requests for shorter-term service when the transmission system becomes oversubscribed
- Customer with shorter term reservation has a 24-hour right of first refusal to match longer term reservation
- Reservations are "conditional" (subject to preemption) up to deadlines specified in OATT

Background

- TBL tariff did not include bumping until October 2001. Bumping system (bumping market) was first implemented in February 2002
- Bumping market relied on customer specified parameters (maximum term, maximum amount) to determine if customer would match competing request
- Concerns with reservation process
 - The delivery date took priority over the queue date
 - Parameters specification substituted for 24-hour right of first refusal
- Given concerns, the automated bumping market process was discontinued February 2003; the reservation process is being handled manually until systems can be revised
- Many alternatives evaluated

TBL Proposal

- Bumping eliminated – reservations awarded on first come, first serve basis
 - FERC filing required
- Products
 - Monthly (28 to 364 days)
 - Weekly (7 to 27 days)
 - Daily (1 to 6 days)
 - No change to products

TBL Proposal

- For a high volume provider like TBL, bumping has proven to be very complicated and difficult to automate
- What constitutes a valid exercise of ROFR (move start date or end date or both)
 - How to handle multiple ROFR's—simultaneous or sequential
 - How to implement bumping when dealing with multiple constrained paths
- Complications with bumping and partial service offers
- Bumping increases the complexity of implementing firm redirects. Reduces the likelihood that TBL could meet the Oct. 1, 2003 deadline for firm redirects

TBL Proposal (continued)

- With bumping, TBL has to hold both the old path and the new path for a firm redirect customer after the redirect has been accepted and confirmed but before it has become unconditional
- Current product flexibility retained
 - Products would be same as existing service
 - Flexible start and stop dates
 - Reservation windows close day before start
- Longer term requests could still gain priority because reservation windows open earlier for longer-term products
- Rights to original path protected until request to redirect path confirmed

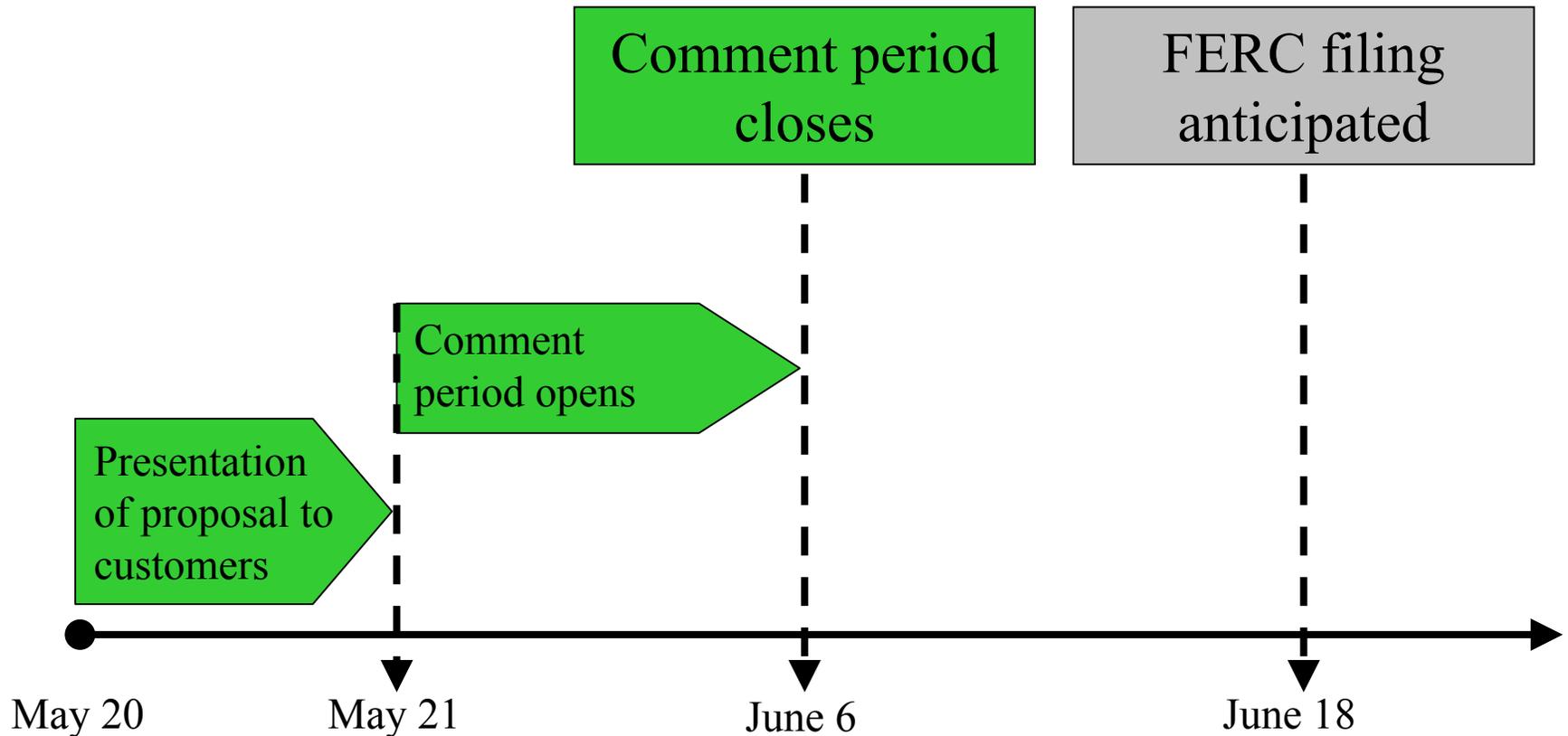
TBL Proposal (continued)

- Would be simpler for customers and TBL to implement
 - TBL high-volume provider
- Would provide certainty for customers
 - Eliminates conditional and unconditional windows
 - Not required to match competing requests
- Returns to the “no bumping” system that TBL and customers used successfully for six years
- FERC has approved similar tariff modifications for PJM

Other Alternatives Considered

- Modified parameters process
 - Parameters (maximum term, maximum amount) could change at any time up to award
 - Would assure 24-hour right of first refusal
- Modified products and reservation windows - no parameters
 - Fixed products as defined in Order 638
 - Restricted reservation windows (e.g., weekly reservation window closes before daily reservation window opens)

Bumping Market Proposal Timeline



All dates for 2003