

**Transmission Business Line (TBL)**  
**Business Practices Forum**  
**Operating Reserves Work Group**  
NOTES FOR MARCH 20, 2003 MEETING

ATTENDEES:

Law, Andy	Avista Energy
Aspaas, Lynn	BPA PBL
Dalton, Mary Ann	BPA TBL
Davis, Ann	BPA TBL
Gilman, David	BPA TBL
McManus, Bart	BPA TBL
McReynolds, Warren	BPA TBL
Paschall, Rick	PNGC
Scheel, Jim	Pend Oreille PUD
Dobson-Mack, Gordon	Powerex
Kelley, Jack	PRM
Miles, Anna	Puget Sound Energy
Sal	Puget Sound Energy

The first agenda item discussed was the report for the Flexibility subgroup. Gordon Dobson-Mack presented the report using Power-point slides (posted on the Forum website). The combined notes for the two Flexibility Small Group meetings (posted) was handed out and discussed.

**Flexibility subgroup**

1. Election Period Shorter than One Year

It was agreed that this was not doable now as the PBL rate to supply TBL is an average annual rate and to allow shorter periods would allow customers to cherry pick low cost periods. This should be a consideration for the rate case.

An Action item is that the customer should develop a white paper on what sort of election period options they would want as a starting point for the next rate case.

Identified potential impact to 3<sup>rd</sup> party providers to meeting the minimum criteria if a customer changed

2. Allowing multiple Operating Reserve Suppliers for each TCH

It was noted that this would still require an annual election to self-supply or third party. The 3<sup>rd</sup> parties selected to change to would have to be already qualified 3<sup>rd</sup> party suppliers.

The practical limits for changing would be a minimum of one month for billing considerations and probably limited to one supplier at a time.

Identified potential impact to 3<sup>rd</sup> party providers to meeting the minimum criteria if a customer changed

3. Allowing a generator to self-supply supplemental Reserves

This issue is not a generator supplying reserves for all schedules from the generator, but only supplying supplemental reserves for schedules where the generator is also the TCH.

Dispatching supplemental reserves separately from spinning reserves is not done in the west now. Dispatch is currently being done pursuant to WECC. No system is in place to dispatch supplemental reserves separately. This makes it impractical for BPAT to allow a customer to only supply Supplemental Reserves.

Change the title of the slide from “Allowing Generators” to “Allowing TCHs only Supplemental Reserves”.

4. Allowing interruptible energy exports from the BPAT control area

There was discussion about where on the Tag is interruptible identified. This was not clear to the group. McReynolds noted that there are some product codes for power type, but these do not seem to be well defined. He noted a crosswalk is needed from the product code to the reserve obligation needed for each product. Gordon Dobson-Mack said he would do a crosswalk. The list of codes is from the NERC Guide to Tag Essentials. It was noted that NERC uses terminate instead of interrupt

Interruptible power in this use is not a community operating reserve. It is applied to a specific generator so that when it has a contingency the schedule is interrupted. Powerex said they might be interested if this could be done with Tags.

Action Item

How does generator inform Control Area operator of interruptible?

The questions on the issues list with the Flexibility small group meeting notes were discussed.

It was asked how does TBL round the reserves to be delivered under the pro-rata reserve allocation procedure? TBL rounds to the nearest MW (normal rounding).

Munro was spelled incorrectly in the paper.

Can noncompliance of informing the TBL dispatcher of generator contingencies be avoided with telemetry? No, the resource operator must call in. The contingency may be below the detectable level.

Andy Law made a comment about Supplemental Reserves and why they not be economic under the current rules. Supplemental capacity is usually low cost but when it runs it is expensive, but now settlement of energy is at the market rate.

Lynn and Dave would work with Gordon to revise the small group report for the Forum meeting on April 25.

The next agenda item discussed was the report for the 150 MW Floor on Self-supply small group by Andy Law (posted). The report was divided into 3 issues.

### **150 MW Floor on Self-supply small group**

1. 150 aMW floor should not apply to customers seeking to purchase reserves from a control area in the NWPP Reserve Sharing Group

Andy said the performance should not need to be checked for control areas as the NWPP covers performance; and the schedule change would show up in the BPAT ACE (due to a change in net interchange). Warren McReynolds responded that in addition to the schedule change, the net actual interchange must also change to make sure the response happened. Self-supply from other control areas is similar to on-demand rights. BPAT may not meet the DCS if the interchange did not change. The party that has the disturbance must meet the standard and must report on the DCS. To measure the performance requires that the response be greater than the noise.

The minimum response of 8 MW is usually detectable. It would be to onerous to require a customer to have the minimum every hour. BPAT feels it is adequate to measure performance on average.

An alternative to the 150 MWa was using a standard where a self-supplier would always provide a minimum capacity of 8 MW to BPAT no matter what its actual OR requirement was. This could be an equity issue, as the self-supplier would be providing more than its pro-rata share when its actual requirement was less than 8 MW. It was asked if this was really a problem as the energy is settled at the market index. It was asked if it was a benefit to sell at the index? The OR business practice says a community response is used to minimize the reserve obligation. This would seem to be counter to that goal. Another issue is if this would be transparent to the billing, or if it would require a system change? Gordon Dobson-Mack agreed to better define this alternative in a writeup.

2. General Criteria should be established for generators and loads that wish to self-supply reserves inside of BPA's control area

The response of generators can be measured and verified. Standards and tests can be developed to establish that a generator responds at less than an 8 MW obligation. However, it would be onerous for TBL to do the tests (staff) even if the supplier bears the cost of testing. This is a proposal that should be a future consideration. If this concept is reasonable, then it leads into issue 3 of allowing slice customers to self-supply at a lower level.

3. Customers request BPA allow slice customers to self-supply OR

The floor would go away for slice customers to self-supply if item 2 is OK, as the federal system would meet all standards for response. BPA did not completely agree with this.

An alternative was for the slice customers to set aside 5.2% of their slice capacity to self-supply. This would only cover their slice schedules and not all schedules, as the business practice requires. This would be part of the PBL response making it appear that PBL was supplying operating reserves in the control area, which is not allowed by FERC. This would also appear to require a change in the Slice contract. McReynolds did not feel comfortable with Item 2 but stated that it would be up to the technical team to make final decision. Andy Law expressed the opinion that TBL provides the OR reserves for the slice customers and be able to develop a mechanism with the PBL that allows the slice customers this option.

### **Closing**

Items 3 and 4 were tabled due to lack of time.

It was suggested that the customer provide a long term wish list of Tariff or system changes for BPAT to consider for future rate cases.

BPAT noted that we need to post the revised Operating Reserve Business Practice soon so that potential self-suppliers would have up to date requirements. The draft revision was posted in August 2002 for comments and contained clarified requirements for self-supply. Any changes resulting from the Forum discussions would be included in a later posting.