
Explanation of BAL-002- WECC-1

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Base Case: Old Rule

MSSC Driven vs. Load Responsibility Driven BA

BA 1

Generation = 5000 MW
(60% Thermal)
Load = 5000 MW
MSSC = 500 MW

Contingency Reserves = 500 MW

The GREATER of MSSC OR:
7% of Thermal: 210 MW +
5% of Hydro: 100 MWs = 310 MW

BA 2

Generation = 5000 MW
(60% Thermal)
Load = 5000 MW
MSSC = 250 MW

Contingency Reserves = 310 MW

The GREATER of MSSC OR:
7% of Thermal: 210 MW +
5% of Hydro: 100 MWs = 310 MW

WSPP Contract

- C-3.10 Seller shall be responsible for ensuring that Service Schedule C transactions are scheduled as firm power consistent with the most recent rules adopted by the applicable NERC regional reliability council.

Definition of Load Responsibility (LR)

- A control area's firm load demand plus those firm sales minus those firm purchases for which reserve capacity is provided by the supplier.

Revised Definition of LR

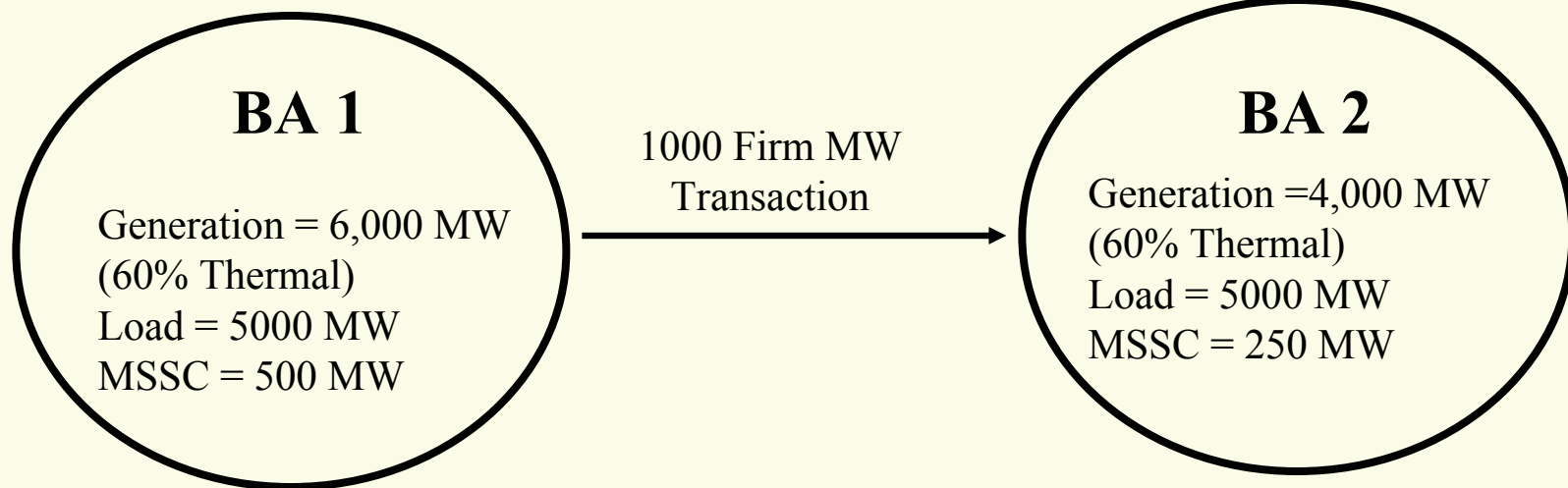
- Load Responsibility is the algebraic sum of a Balancing Authority Area's:
 - Net Generation
 - Minus (-) Net Actual Interchange (NAI) (- or +)
 - NAI Exports are positive (+), NAI Imports are negative (-)
 - Minus (-) loads that can be interrupted in 10 minutes or less by contractual agreement.
 - Plus (+) Interchange Schedule exports where the BA is identified as retaining Contingency Reserve responsibility through the e-Tag process.
 - Contingency Reserve responsibility is identified as required by INT-BPS-014-0 Identification of Contingency Reserve Responsibilities in the e-Tag
 - Minus (-) Interchange Schedule imports where another BA is identified as having Contingency Reserve responsibility through the e-Tag process.
 - Contingency Reserve responsibility is identified as required by INT-BPS-014-0 Identification of Contingency Reserve Responsibilities in the e-Tag

What did it mean to WSPP?

- The WECC did not have a clear statement as what constituted “scheduled as firm power consistent with the most recent rules adopted by the applicable NERC regional reliability council.”
- Firm power might or might not have “Load Responsibility”
- This differential in a single product caused market uncertainty

Change Case: Old Rule

MSSC Driven vs. Load Responsibility Driven BA



Contingency Reserves = 500 MW

The GREATER of MSSC OR:

7% of Thermal: 252MW +

5% of Hydro: 120 MWs = 372 MW

Contingency Reserves = 250 MW?

Contingency Reserves = 300 MW?

The GREATER of MSSC OR:

7% of Thermal: 168 MW +

5% of Hydro: 80 MWs = 248 MW+

1,000 of LR or not LR

Problems with Old Rule

- Buyer typically assumed that seller took Load Responsibility (LR)
 - Some BAs would not take LR when non-BA generator sold energy
- Reserves held by seller not accessible by buyer
- When sellers started not taking LR, some BAs said that was not Firm Energy
 - This is not a requirement under WSPP or WECC

WECC Interpretation of LR

- Purchasing/Selling Entities need to decide who is taking LR for each transaction
- This created the potential for two “Schedule C Firm” products

BAL-002-WECC-1

- Does away with Load Responsibility
- Reserve requirement is based on the greater of Most Severe Single Contingency or 3% of load plus 3% of generation
- The type of energy transaction does not impact calculation
 - Transactions tagged under Capacity will

Base Case: New Rules

MSSC Driven vs. Load/Gen Driven BA

BA 1

Generation = 5000 MW
Load = 5000 MW
MSSC = 500 MW

Contingency Reserves = 500 MW

The GREATER of MSSC OR:

3% of Load: 150 MW +

3% of Generation: 150 MW = 300 MW

BA 2

Generation = 5000 MW
Load = 5000 MW
MSSC = 250 MW

Contingency Reserves = 300 MW

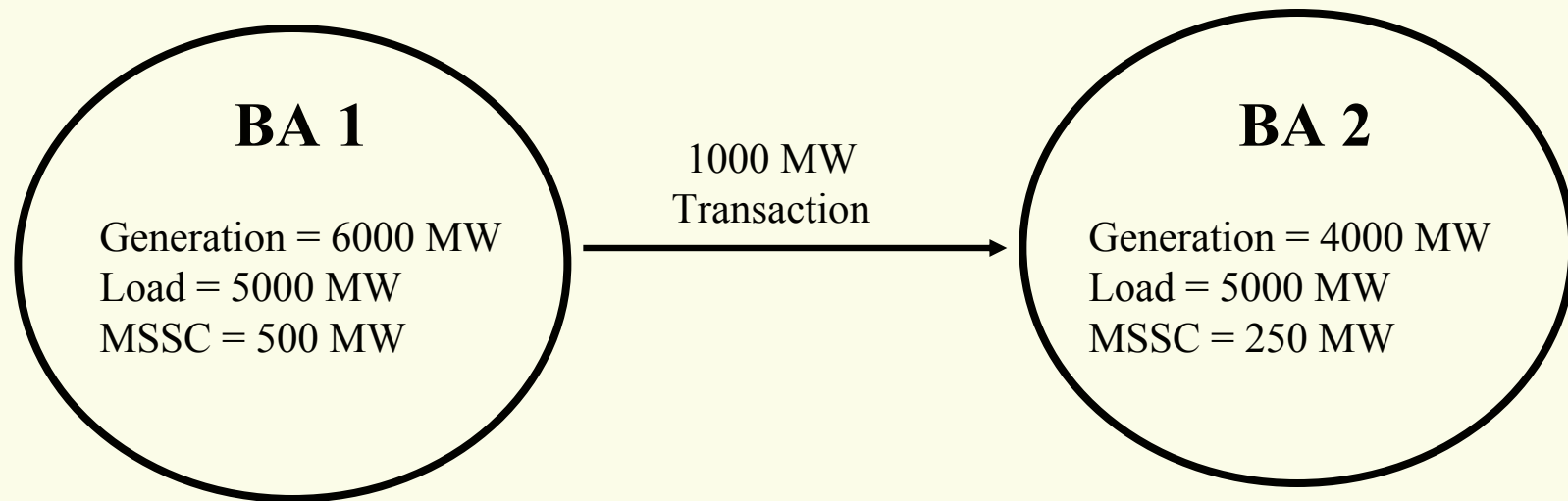
The GREATER of MSSC OR:

3% of Load: 150 MW +

3% of Generation: 150 MW = 300 MW

Base Case: New Rules

MSSC Driven vs. Load/Gen Driven BA



Contingency Reserves = 500 MW

The GREATER of MSSC OR:
3% of Load: 150 MW +
3% of Generation: 180 MW = 330 MW

Contingency Reserves = 270 MW

The GREATER of MSSC OR:
3% of Load: 150 MW +
3% of Generation: 120 MW = 270 MW

Impact on WSPP Contract

- No longer multiple products under Schedule C
- The product is capacity/energy only
- Impacts to reserves requirement are separated from the type of energy transaction
- No change needed to the contract
- Differences between Schedules A, B and C are financial only with some caveats (see product codes for energy and capacity)

Possible Issues

- BA may wish to charge IPP for increased reserve due to IPP sale
 - By selling energy, it may increase the reserve requirement for the host
- Different treatment between different BAs
 - Some may charge for reserves, some may not
- Existing transactions may be impacted

Benefits

- Separates Reliability Issue from Market Products
- Going forward, there is a single, consistent product to be traded
- Ensures the Reliability Entities have the information needed to calculate reserve requirements



Questions/Discussion