

Update from WSPP Contract Subcommittee

*Clarifying Bilateral Ancillary Service and Imbalance
Market Opportunities*

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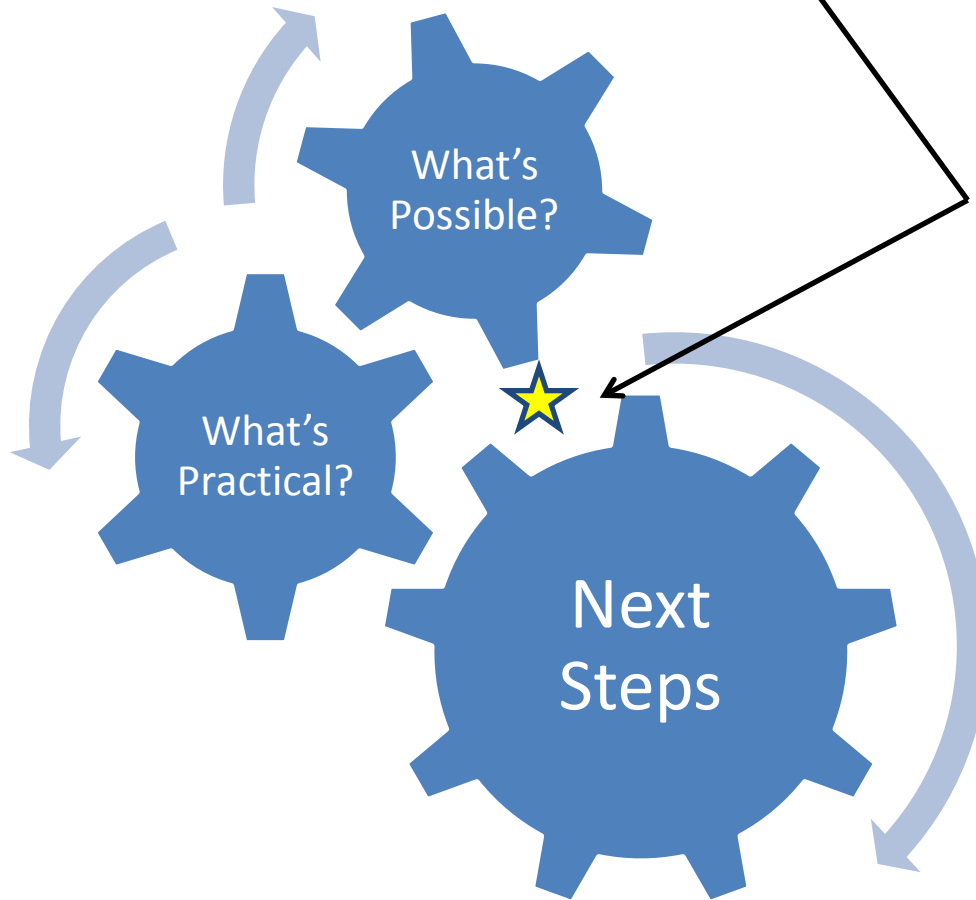
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Initiative Member Reps

- Brenda Anderson, BPA
- Steve Maestas, PNM
- Ken Otto, WAPA
- Holli Krebs, CHPD
- Harry Singh, GS
- Dennis Holcomb, SMUD
- Phil Haines, PSE
- Jim Barnes, PGE
- Alex Spain, BPA
- Sarah Davis, SCL
- Matt Schroettnig, BPA
- Keith Morisette, TPW
- Tim Vigil, WAPA
- Miles Federspeil, PWX
- Mike Corrigan, PWX
- Jeff Atkinson, EDF



We Are Here





Why are we working on this?

- Efficiency improvements from bilateral trading
- Immediate commercial need for bilateral transacting of Imbalance energy and AS capacity products
 - Variable Energy Resources
 - Unit Outages
 - Load Volatility
- Regulatory certainty
- Contractual certainty
- Market liquidity

FERC Policy History

- Schedule D/E intra-hour product filing rejected by FERC in 2011 – request for *Avista* reform over-reached
- WSPP (et al.) worked with FERC Staff in 2012/13
- Order 784 issued July-13, in effect Nov-13
 - Energy and Generator Imbalance services at MBR
 - to a public utility transmission provider within the same or different BAA; and
 - provided those BAs have implemented intra-hour scheduling for transmission service.
 - Operating reserves at MBR with certain qualifiers
 - Regulation & Frequency Response (alternative mitigation)

FERC Policy Update

- Order 784-A:
 - Any intra-hour Tx scheduling practice would be sufficient to meet Order 784...15-min and other intra-hour Tx scheduling intervals
 - *Avista* restriction still not applicable to non-public utilities – aka, not FERC jurisdictional, no OATT.. – and merchant to merchant transactions to self-supply inside another BA/TP area

WSPP Proposed Product Matrix

Product	Parties	Commercial Terms	Arranged	Dispatch Reason	Dispatch Timing	Dispatch Parameters
Schedule C – Pre-Arranged Intra-Hour	Merchant to Merchant	Call/Put Option – Energy Backed by Capacity	Prior to Operating Hour	Any commercial	Any allowed by affected Transmission Providers	As agreed
Schedule D – Contingency Reserves	Merchant to BA/TP Function	Call Option – Capacity with Energy	Prior to Operating Hour	Qualifying Event	Per Reserve Sharing Group	Static for remainder of event
Schedule E – Imbalance Energy	Merchant to BA/TP Function	Call/Put Option – Energy Backed by Capacity for OATT-based Ancillary Service Provision	Prior to Operating Hour	Imbalance (Not Regulation)	At common regional intra-hour scheduling intervals	Static for interval (ex. 15/30-min)

Next Steps

- Develop Schedule drafts, confirm templates
- WSPP member approval
- File schedules with FERC
- Implement with Members
- What else is beneficial for inspiring a liquid market?
 - Notice to marketers and merchants
 - Automated platform development
 - NWPP MC Initiative enabling agreements