

# OPUC Transmission Workshop 2

## FERC Pro Forma Transmission

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# Background of FERC Pro Forma Documents (Refresher from morning session)

- When and why did FERC create its pro forma documents and transparency requirements?
  - Remove impediments to competition in the wholesale bulk power marketplace.
  - Bring more efficient, lower cost power to the nation's electricity consumers.
  - Remedy undue discrimination in access to the monopoly owned transmission wires that control whether and to whom electricity can be transported in interstate commerce.
  - Address recovery of the transition costs of moving from a monopoly-regulated regime to one in which all sellers can compete on a fair basis and electricity is more competitively priced.
- Do a transmission provider's tariff and agreements have to exactly match FERC's pro forma documents?
- Who takes service under the pro forma tariff?

# FERC Pro Forma Transmission Overview

## **“Customer” definition in this context:**

An entity proposing to take transmission service on the transmission system.

## **Four main components:**

Part I: Common Service Provisions

Part II: Point-to-Point Transmission Service

Part III: Network Integration Transmission Service

Schedules and Attachments

**The “original” Open Access Transmission Tariff (OATT).**

# Basic Transmission Service Classifications

## **Types of Service:**

- Point-to-Point Transmission Service
- Network Transmission Service

## **Curtailement Priorities:**

- Firm
- Non-Firm

## **Service Term Lengths:**

- Long-Term
- Short-Term

# Point-to-Point Transmission Service

Point-to-point service is delivery between two specific points, referred to as:

- The point of receipt (or “POR”) – where the transmission service starts.
- The point of delivery (or “POD”) – where the transmission service ends.

Point-to-point is generally intended to move across a system.

The service can have other modifiers, like firmness or length.

- Non-firm service is “reserved and scheduled on an as-available basis” and subject to types of curtailment and interruption that do not affect firm service.
- Short-term must be at least one hour, and long-term service is a year or more.

# Long-Term Firm Point-to-Point Service Priority Classifications

- Long-term firm point-to-point service **reservation** priority:
  - Available on a first-come, first-served basis, i.e., the chronological sequence in which requests are submitted.
  - Has a higher reservation priority than non-firm point-to-point service.
  - Has an equal reservation priority to network transmission service.
- Long-term firm point-to-point service **curtailment** priority:
  - If curtailment is needed to maintain reliability, firm point-to-point transmission service is curtailed along with firm network transmission service on a pro rata basis, and both are curtailed only after non-firm transmission service.

# Non-Firm Point-to-Point Service Priority Classifications

- Non-firm point-to-point service **reservation** priority:
  - “As-available” service – available only if there is excess transfer capability on the transmission system after firm transmission customers are served.
- Non-firm point-to-point service **curtailment/interruption** priority:
  - Curtailment – if curtailment is needed to maintain reliability, non-firm transmission service is curtailed first.
  - Interruption – non-firm service may also be reduced for economic reasons, i.e., to grant a service request with a higher priority (firm service, non-firm service of greater duration, etc.).

# Obligation to Build to Accommodate Point-to-Point Service Requests

Transmission providers must expand their transmission systems to accommodate requests for firm service, not for non-firm service:

- **Firm point-to-point**: if the transmission provider determines it cannot provide the requested point-to-point service given existing and requested firm uses of the transmission system, it “will be obligated to expand or upgrade” its transmission system.
- **Non-firm point-to-point**: the transmission provider “undertakes no obligation” to plan its system to have sufficient transfer capability for non-firm point-to-point service, and customers taking that service do so “with the full realization that such service is subject to availability.”

# Network Integration Transmission Service

- A flexible service meant exclusively for serving load.
- Two umbrella agreements govern network service for each customer.
- Customer can use its designated network resources (DNRs) to serve its designated network loads (DNLs) and nothing else.
- Customer can add or remove DNRs and DNLs throughout agreement term.

# Network Transmission Service Priority Classifications

- Network transmission service **reservation** priority:
  - Available on a first-come, first-served basis, i.e., the chronological sequence in which requests are submitted.
  - Has a higher reservation priority than non-firm point-to-point service.
  - Has an equal reservation priority to firm point-to-point service.
- Network transmission service **curtailment** priority:
  - If curtailment is needed to maintain reliability, network transmission service is curtailed along with firm point-to-point transmission service on a pro rata basis, and both are curtailed only after non-firm transmission service.

# Obligation to Build to Accommodate Network Service Requests

- Transmission provider commits to “plan, construct, operate and maintain” its transmission system to continue to deliver customer’s DNRs to its DNLs.
- Transmission provider must “endeavor to construct and place into service sufficient transfer capability” to deliver customers DNRs to its DNLs “on a basis comparable to the transmission provider’s delivery of its own generating and purchased resources” to load.

# Transmission Service Request (TSR) – Network

A transmission service request for network service must include:

- Information about the generating sources the customer seeks to “designate” as network resources (or “DNRs”).
  - DNRs can be owned or purchased.
  - DNRs can be on-system or off-system.
  - Customer must attest to certainty of resource.
- Information about the loads the customer seeks to “designate” as network load (or “DNL”).
  - Customer must have a verifiable obligation to serve the load.

# Transmission Service Request (TSR) – Point-to-Point

A transmission service request for point-to-point service must include information about:

- The location of the PORs and PODs and the transmission capacity requested at each one.
- The identities of the delivering parties and receiving parties.
- The location of the generating facility supplying the power to be delivered and its supply characteristics.
- The location of the load to be ultimately served by that generation.
- Service commencement date and term.

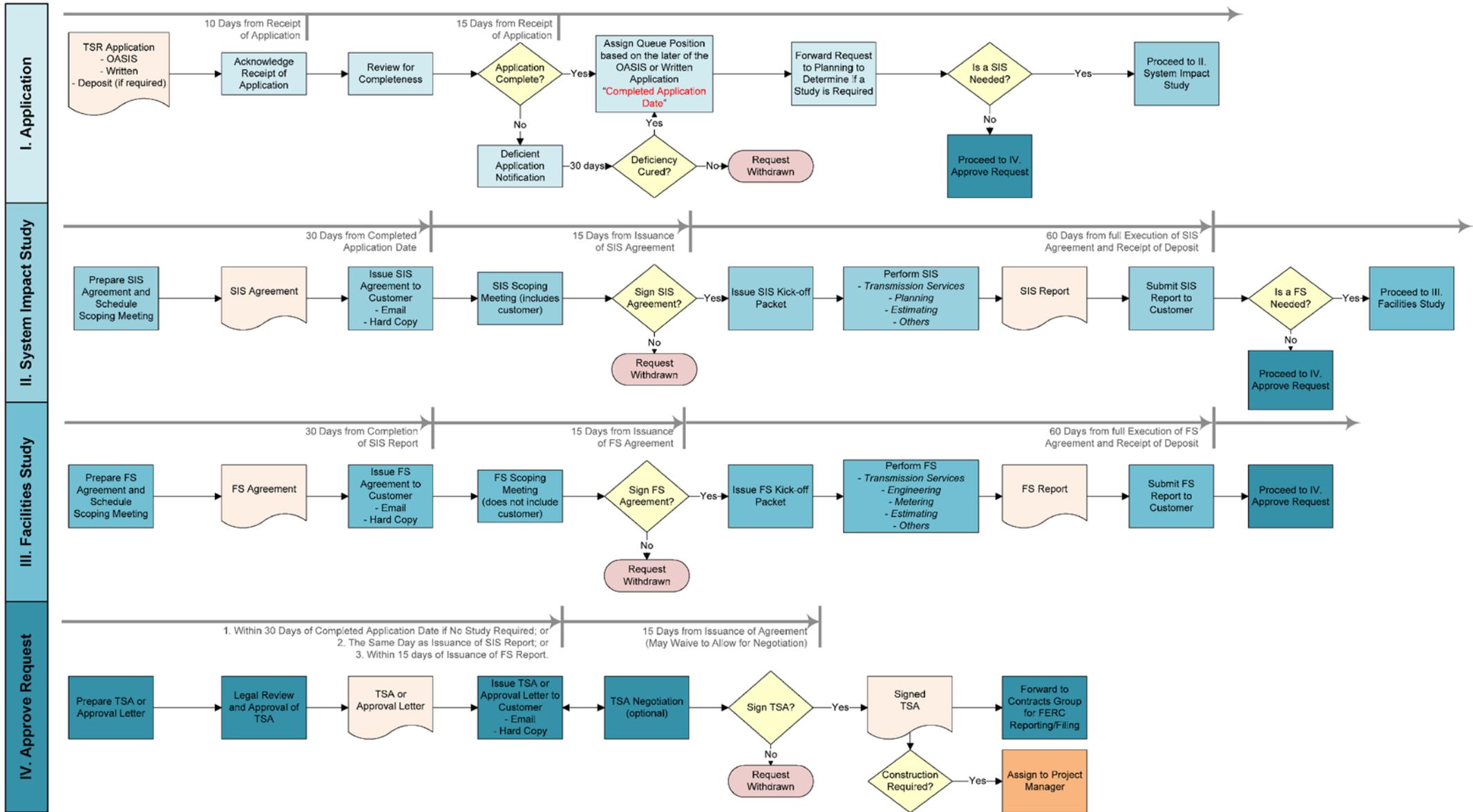
# Transmission Service Study Process

After a transmission provider receives a transmission service request, the following study steps may be necessary if the request cannot be granted with existing transmission system capacity:

1. System impact study agreement and study.
2. If the system impact study identifies necessary additions or upgrades, a facilities study agreement and study.

Every request ends with the execution of a service agreement or the withdrawal of the transmission service request from the queue.

# Transmission Service Request (TSR) Process



# Transmission Service Study Assumptions

When a transmission provider is determining the level of capacity available to grant a new transmission service request, it must use a FERC-approved methodology.

As an example, PacifiCorp's FERC-approved methodology assumes as a starting point that the following are not available:

1. The transmission system capacity needed to provide transmission service to existing firm transmission service customers.
2. The transmission system capacity needed to provide transmission service to potential transmission customers with queued requests for firm transmission service.

# Clustering Transmission Service Request Studies

- The traditional study assumptions noted above require the processing of service requests:
  - In serial-queue order; and
  - Starting each study with the baseline assumption that all requests with lower queue numbers are in-service, along with any of their required upgrades.
- FERC encourages transmission providers to study transmission requests in an alternative manner—using a “cluster” approach—where reasonable.
- FERC directed each transmission provider to file for approval proposed tariff language defining their specific cluster parameters.

# Cost Responsibility for Specific Facilities

**The cost of Direct Assignment Facilities are paid for by the transmission customer and defined as:**

Facilities or portions of facilities that are constructed by the transmission provider for the sole use/benefit of a particular transmission customer requesting service under the tariff.

**The cost of Network Upgrades are rolled into transmission rate base and shared by all system users, and are defined as:**

Modifications or additions to transmission-related facilities that are integrated with and support the transmission provider's overall transmission system for the general benefit of all users of that system.

# Unauthorized Use of the Transmission System

- All entities must have some form of transmission service reserved to deliver power on the transmission system.
- A customer that uses transmission service that it has not reserved “will be deemed, for purposes of assessing any appropriate charges and penalties, to have executed the appropriate Service Agreement.”
- A customer that has not reserved capacity or exceeds its reservation may pay unreserved use penalties depending on a transmission provider’s tariff.