**WEQ Executive Committee Contract Path Task Force Issues List**

1. The new NAESB Modeling Business Practice Standards are for the calculation of ATC/AFC. Standard 1.4 involves the use of ATC in granting transmission service, and standard 1.4.1 involves the management of scheduling interchange. There should be an evaluation if there is a more appropriate placement for standards 1.4 and 1.4.1 within the NAESB WEQ Business Practices. (BPA Issue)
   1. The standards as written are not consistent. The interpretation of standards is based in consistency and there is concern that scheduling and reservations are covered in different standards.
      1. Proposing the movement of WEQ 023 1.4 to WEQ 001-4 standards regarding online negotiation and confirmation process. Potential inconsistency 001-4.7.1 discusses scenarios where insufficient ATC. Would recommend the OASIS subcommittee review and confirm the appropriate location within their standards.
      2. Proposing the movement of WEQ 023 1.4.1 to WEQ 004 Coordinate Interchange Standards. We recommend the CISS review and confirm best location for the 1.4.1 standard. Section 1.4.1 discusses scheduling and CISS standards discuss scheduling.
2. The sum of facility tie ratings referenced in standards 1.4 and 1.4.1 should take into account the expected use of reservations and schedules to help ensure efficient use of the transmission system. (PJM Issue)
3. PJM has implemented a Coordinated Transaction Schedule (CTS) product to the NYISO interface and plans to implement the same with MISO in 2017.  These transactions must be submitted 75 minutes in advance as input into the economic clearing engines.  Assuming a 100 MW transaction is submitted but only 50 MW clear economically, this leads to a 50% utilization rate.  If this is a typical trend over time, PJM and other market entities should leverage the ‘expected usage’ parameter currently provided in the MOD-030 standard.  Otherwise, we underutilize the system.
4. Task Force Discussion:

There could be situations where preschedules or reservations exceed the ATC Path Limit, but the real time flows are adjusted to honor those limits. This is not discussed or covered in the standards and may harm some entities or market products.

1. The language regarding a transmission provider’s right to use tie facilities comprising ATC paths between BAs should have additional clarity regarding those rights and how they’re established. (SPP Issue)
   1. In the current language it is not clear on how to address outages and de-rates that would impact the tie-line facilities that comprise the ATC Path between the two BAs.
   2. There are potential commercial impacts with Inter-BA paths, why wouldn’t this apply to Intra-BA paths?
   3. What is meant by mutually agree, what if parties do not agree what happens?
      1. It is evident, based on numerous disputes at FERC, that there can be disagreements in interpretations of language in agreements. There needs to be clear agreement.
      2. How are the agreements formalized?
2. Additional clarity regarding scenarios where system changes occur and create a violation of 1.4 and 1.4.1 such that in a situation that a transmission provider has granted service of a facility and is now no longer able to honor the service that was granted. (SPP Issue)
3. Scenarios

Problem 1:

Those BA/TSP who already use the flowgate methodology also already monitor (evaluate) tagged transactions against the AFC limits and curtail as needed in Real time. This allows the RC to keep the transactions below the limits for the flowgates, therefore additional requirements are not needed for the flowgates associated with the transmission path facilities. It is possible that an ATC path is not necessarily big enough to be included in flowgate calculations. It may be that the proposed language Interchange transaction in 1.4.1 would be useful in keeping specific ATC paths closer to their facility limits. But the language would need additional clarification as discussed below.

Problem 2:

SPP currently has several DC ties in which it manages in the TSP function for a separate Balancing Authority. SPP manages those facilities by calculation of ATC. However, SPP uses marketplace functionality to ensure the facility is not overscheduled for Real Time. This process allows for granting service which may exceeds the ATC Path Limit, which would be in violation of this BP.

The current remedy to keep from exceeding the ATC Path Limit Schedules is handled by curtailment of Interchange schedules once they are submitted. SPP has special Business Practices in place for their current Tariff to allow for these curtailments. Once the Tag is curtailed for Real time Operations, the TSR is recall so that the customer does not pay for service that they were unable to use. The language in 1.4.1 could allow SPP to use this current practice, but the language would need additional clarification as discussed below.

1. Task Force Discussion

Clarity for the timing aspects needs to be addressed

1. Addressing the necessity for calculating and documenting compliance of the ATC path limit where there is no conceivable expectation of exceeding the path limit through the use of the tie facilities. (SPP Issue)
   1. This requirement creates an additional compliance obligation, which in most instances provides no gain. The language needs to be revised to address instances this would be an actual concern versus making a blanket requirement. In general in the Eastern Interconnection, the larger BAs utilize the Flowgate Methodology. Most of these larger BAs do not monitor the ATC Path limits because it currently is not required, and in most instances they believe that the flowgates (AFC) will restrict transfers well before the ATC Path Limits are reached. If the concern is only for some instances, why not address those specifically. If the flowgate Based BA were forced to comply with this requirement, they would continue to utilize their Flowgate Methodology calculation, and then have to add ATC limiting calculations that could conflict with the Flowgate limiting actions. This could hinder the existing industry wide markets processes. The new ATC rules as stated above could be in conflict with an entity’s current Tariff as well its Business Practices.
   2. SPP would suggest revising the language to address the instances where this would be a concern. A potential solution may be if a first tier entity has an concern with their neighbor exceeded their contract path that utilized the flowgate methodology, that they would be able to work with that entity to identify if there is an issue and if one exists then be able to have that entity honor BA-BA contract path in addition to their flowgate methodology.
2. There is not a start time or stop time for the transmission service provider in 1.4 and 1.4.1 and therefore cannot be audited. As written, the standard implies that a firm schedule could be denied and allow non-firm schedules to flow if the firm schedule was the next in queue. (NCEMC and Idaho Power Issue)

BPA Response (in lieu of Idaho Power)

1. BPA schedules above the ATC Path limit, and curtails as needed before the schedules begin to flow. This allows for more efficient use of the system, and also ensures that a Non-Firm schedule is cut to allow a Firm schedule to flow. The current lack of time frame indicated in the standard does not allow for the entities to schedule above the ATC Path Limit at any time and could result in the Non-Firm reservation maintaining its schedule and preventing the firm reservation from using its reserved service. This same principle could be applied to the granting of a transmission reservation.

NCEMC Response

Under the current language of Section 1.4 and adhering to existing NAESB standards the Transmission Service Provider can sell service up to the posted ATC path limit on an interface with another BA to which the TSP has the right to use.

Section 1.4 states “shall not grant a request for Firm Service…if the *net of Firm Service transactions*….would exceed the sum of the Facility Ratings of Tie Facilities” [emphasis added].

For the sake of transparency how would Transmission Service Providers apply these general requirements for each of the ATC methodologies? This should be documented in the greatest detail possible.

What is the basis for which you would net Firm Service; not all TSPs net Firm Service when calculating ATC; is it based on usage history of the TSRs in each direction versus assuming full implementation of the netting concept? Could a TSP implement different methodologies based on product types i.e. daily, weekly, monthly, and yearly?

Given the nature of NET transactions, let’s step through the following example for Section 1.4:

Facility Rating: 100 MW

Path A: TSP A OASIS: TSP A 🡺- TSP B (Firm PTP)

Path A: TSP B OASIS: TSP A 🡺 TSP B (Firm DNR)

Path B: TSP A OASIS: TSP A 🡸- TSP B (Firm DNR)

Path B: TSP B OASIS: TSP A 🡸 TSP B (Firm PTP)

**Path B**

**Tie Line Facility   
Rated = 100 MVA**

TSP B

TSP A

**Path A**

Customer X submits a Firm transaction for 100 MW on Path A; Facility is fully subscribed on this path. TSP collects costs for the following reservation.

Customer Y submits a Firm transaction for 200 MW on Path B; Facility is fully subscribed on this path. TSP collects costs for the following reservation.( Note: Given that Netting is currently not allowed for evaluating Firm TSRs, this assumes that 1.4 is implemented.)

TSP A is recovered costs for 300 MW of reservations but unless Customer X schedules on their path, Customer Y can only utilize 100 MW of the 200 MW reservation for which they are paying. Does above equally apply to TSP B?

Section 1.4.1 states “Each Transmission Service Provider shall limit the Interchange Schedule (both Firm and non-Firm) of the reservations on an ATC path … such that the *net Interchange Schedule* *does not exceed the sum* of the Facility Ratings of Tie Facilities” [emphasis added].

For the sake of transparency how would Transmission Service Providers apply these general requirements for each of the ATC methodologies? This should be documented in the greatest detail possible.

Given the nature of NET schedules, let’s step through the following example for Section 1.4.1:

Facility Rating: 100 MW

Reservations out: 200 MW owned by Customer A

Reservations in: 100 MW owned by Customer B

For implementation at time 01:00, if Customer A submits a schedule at time 00:00 of 101 MW Firm schedule does the TSP have to limit the schedule to 100 MW?

For implementation at time 01:00, if Customer B schedules 10MW non-firm schedule and at time 00:15 Customer A schedules 111MW firm schedule, does the TSP have to deny the tag for Customer A since the net schedules on the facility exceed the ratings?

Should the TSP reserve action on tags until 00:40 deadline to allow all schedules to be submitted to allow customers to submit schedules and let TLR process take place?

Note: The diagram submitted by BPA drives home the issues of 1.4.1 and NCEMC supports those items being addressed.

It is for the reasons outlined in Section B and C above that NCEMC feels the lack of start and stop time could cause inconsistencies with TSP implementation.

How would an auditor ensure that a TSP complied with these requirements? Given various implementation possibilities, NCEMC is concerned about how these actions would be measured if and when such a requirement is audited. Therefore, NCEMC suggests the BPS consider adding a Performance Metric guideline within WEQ-001-13.1.3 for how this is to be complied with and measured by a potential Auditor.

1. There is a lack of transparency in the calculation regarding the posted ATC/AFC values across common seams. (NCEMC Issue)
   1. It needs to be explicitly clear such that the Transmission Customer may be able to discern how the different applications of the concept drives differences in posted ATC/AFC values across the “common seams” of adjacent Transmission Providers.
   2. The NAESB standard describes how to calculate the ETC for an ATC path in sections 2.1.5, 2.1.6, 2.2.5, 2.2.6, 2.3.5, and 2.3.6.
   3. As NCEMC stated in its comments that all components of ATC, including ETC, should be required to be posted along with the disclosure of how contracts are treated in the ETC calculations. Posting of ETC values and how contracts are handled would allow a better understanding of the initial or base assumptions for the power flow models used in computing TTC/TFC and ATC/AFC values.
   4. The concern is applicable to 1.4 and 1.4.1 because unless this transparency is provided Transmission Service Providers implementation of these standards are subject to different implementation philosophies and does not give the customer a means to observe and monitor the data. Further, as each TSP identifies System Operating Limits within their own system, it is not apparent how these SOLs are communicated between adjacent TSPs such one TSP does not sale ATC beyond the point of exacerbating the next TSP’s SOLs such that they are converted to IROLs or Interconnection Reliability Operating Limits. How does 1.4 and 1.4.1 take into account these concepts? This needs to be made transparent.
   5. The information is not available to allow the Transmission Customer the ability to review the data to make timely decisions and must rely on the Transmission Service Provider to review which often takes days, thus losing the potential economic opportunity that presented itself.
   6. In the current methodology and requirements documents, such as the ATCID documents, there are no requirements to discuss how a TSP will coordinate with another company across the common seam.
   7. For TSPs using “partial-path logic” for selling ATC, how is it coordinated with neighboring TSPs? How is 1.4 accounted for in the “partial-path logic” today as it is not transparent?
   8. For TSPs using “on-the-path logic” for selling ATC, how is it coordinated with neighboring TSPs? How is 1.4 accounted for in the “on-the-path logic” today as it is not transparent?
2. Where agreements exist between BAs that allow the sharing of contract path capacity or that recognize the timing of when contract path limits change due to equipment outages or derates, these agreement provisions will be allowed by (take precedent over) the standard provided the combined contract path capacity of the two BAs (reduced for any outages or derates) does not exceed the firm transmission service reservation limits or the firm and non-firm transmission scheduling limits for the two BAs as described in Section 1.4 and 1.4.1.  (MISO)
   1. It is MISO’s understanding that there was an attempt to address this issue in the standard by stating “to which Transmission Service Providers mutually agree they have the right to use the Tie Facilities”, but this language is vague, does not reference the existence of current or future agreements and may raise TSP/BA concerns that they have language in agreements that contradict standard language.