

# Weekly Procurement Process

Overview of Proposal

# Introduction to WPP

- The April filing included Entergy's Weekly Procurement Process (WPP)
- The WPP is designed to:
  - Facilitate the granting of more transmission service
  - Allow “displacement” of existing network resources in favor of cheaper alternatives
- This will be accomplished through “Simultaneous Optimization” of existing service and new requests, subject to transmission constraints
- We believe that this will facilitate the provision of additional transmission service

# Granting Transmission Service

- We will offer weekly and daily service to Network and PTP customers through the WPP
  - Network customers submit cost information for existing NRs and market bids from new resources and request optimization
  - PTP customers submit MW, POI/POW and cap on redispatch cost
- All previously granted firm service will be protected in the weekly process
- AFCs are irrelevant in WPP process – they are not a limit on what firm transmission service can be sold out of a resource
- New transmission “base case” for the week will be developed following WPP, reflecting firm service granted through WPP

# Bids into the WPP

- Any merchant generator connected or with firm service to the transmission system may participate in the WPP
- Each bid for network status must be specific to a particular network customer and submitted through that customer
- Bids will be heat rate bids (curves or blocks) indexed to gas prices
- Bids may include start-up and minimum run costs
- No bid can be contingent on the acceptance of another bid

# Role of ICT in WPP

- The ICT will oversee the administration of the WPP
  - Review optimization model
  - Ensure the non-discriminatory granting of transmission service through the WPP
  - Monitor calculation and allocation of redispatch costs
  - Oversee recalculation of transmission capacity after WPP
- Weekly Operations will consult with ICT on WPP structure & improvements

# Role of Weekly Operations

- Weekly Operations will be responsible for running the WPP:
  - Enter most current transmission data (base case) into WPP SCUC optimization model
  - Accept and enter bid data from EMO and participating NCs
  - Determine results of WPP, including redispatch costs
  - Notify participants of the results
  - Approve Conditional Network Resources

# Role of EMO/Participating NCs

- As today, EMO and the participating Network Customers will be responsible for “contracting” with bidders:
  - Establish bid requirements, for example credit
  - Provide qualified bid details to Weekly Operations
  - Based on WPP results, settle with winning bidders
  - Pursue claims for non-performance with winning bidders
- EMO and participating NCs can continue to contract outside of the WPP for shorter or longer term supply
- EMO and participating NCs will also designate “Conditional Network Resources”

# Delisting of Network Resources

- Participating Network Customers that secure new resources through the WPP are required to “de-list” existing long-term NITS resources within the same area
  - Become Conditional Network Resources
    - Can be re-qualified if other unit experiences forced outage
    - Can be used to sell off-system (subject to AFCs /ATC)
  - Prevents transmission system being “over reserved”
  - Analogous to de-listing/displacement option offered today for network service

# Granting Service in the WPP

## Key Principles

- All network transmission customers – including EMO -- will have equal priority in the granting of service through the weekly process
- No participating entity can be made worse off as a result of the WPP process
- All participating Network Customers must submit bids equal to their displacement requests. The WPP will not result in an exchange of energy among WPP participants. This is not a central market or a pooling arrangement
- PTP customers will pay higher of redispatch or embedded cost

# New Service With Redispatch

- Weekly Operations will calculate a cost-based redispatch “rate” for the applicable new transmission service
- The optimization runs for the WPP are used to calculate the redispatch rate
- This rate is applied to the applicable new service (PTP and NRIS) on pro-rata basis
- New service granted through WPP will be considered firm

# Protection for Customers

- The 1st WPP Optimization Run is to ensure that no network customer is made worse off by participating in the weekly process
  - Network customers who offer their production costs and market bids will not pay more than the cost of serving their load through their existing network resources
  - PTP customers will not pay more than their cap for the new service

# Next Steps

- Obtain regulatory approval
- Acquire optimization model
- Staff the new Weekly Operations group