

# Re-dispatch and Conditional Firm Talking Points

## p. 214, paragraph 307 of the Order 888 NOPR

*“Section 13.5 of the existing pro forma OATT requires the transmission provider to expand or upgrade its transmission system or, if more economical, to re-dispatch its resources to provide the requested firm point to point service...”*

### **Williams Power Re-dispatch Proposal:**

If, after the performance of a system impact study, ATC is insufficient to provide the requested firm service or the grid cannot be expanded in time, the transmission customer should be presented the option of either taking re-dispatch service (inclusive of an estimate of re-dispatch cost) or of taking conditional firm service (complete with restricted time periods, load conditions, contingent system conditions, and operating limitations).

- To insure least cost dispatch, evaluation, analysis, and provision of re-dispatch service must allow independent generators to willing participate
- In the planning horizon, allow generators to supply a formulary rate or rate profile reflective of their plant characteristics (i.e., heat rate) and costs (i.e., fixed and variable) , terms (i.e., availability), and conditions (i.e., run hour limits, etc)
  - Planners develop and supply a list of participating plants ranked based upon costs, ability to resolve the identified constraint, and include other pertinent information (i.e., availability, operating limits, etc)
  - Planners segregate participating plants based upon contingency (i.e., list plants based upon effectiveness to resolve specific constraints)
  - Generators may be given a limited time window to opt out of participating
  - Transmission Customers will pay actual costs of providing the re-dispatch service based upon the rate structure of the participating plants
- In the operating horizon, based upon a security constrained least cost economic dispatch (reflecting costs and effectiveness to relieve the constraint as determined in the planning horizon), System Operators would reference the list of participating generators and issue re-dispatch orders
  - In lieu of denial of firm service, transmission customers will be offered re-dispatch service

- In lieu of curtailment, if time allows, transmission customers will be offered re-dispatch service
- Transmission customers accepting the service will pay the actual costs of re-dispatch (based upon actual fuel costs, hours re-dispatched for the provision of the schedule) at the time of transmission service billing (\$/mwh)
- Transmission Providers collect and disburse re-dispatch monies
- Generators receive payment based upon their formula rate or rate profile for the actual hours re-dispatched
- Affiliated and non-affiliated generators must be assured that their production cost data will not be divulged or compromised to avoid Standards of Conduct violations
- To reassure the market that least cost re-dispatch was used for resolving the constraint, operational data must be retained, and subject to independent and FERC audit for a period of 5 years.
- In circumstances where only one generator is capable of effectively providing re-dispatch service, to avoid the appearance of price gouging or the exercise of market power, that generator will be price capped.
- If requested, the study of re-dispatch would be mandatory but not the provision of re-dispatch if doing so would jeopardize system security.

## FERC Questions from Conference Announcement

1. Are there improvements to the revised redispatch provision in the pro forma OATT (section 13.5) that are necessary to facilitate redispatch? **Affiliated as well as non-affiliated generators must be allowed to participate in the provision of Re-dispatch service.**
2. Would customers be willing to pay for the actual costs of redispatch in addition to the embedded costs of transmission to secure previously unavailable long-term transmission rights? **Yes, so long as the transmission customer is provided a list of participating generators, a list of expected contingencies that would require the implementation of re-dispatch, and an estimate of expected re-dispatch cost.** How can the Commission best remove discretion in calculating these costs and create a method for verifying them? **The Commission should allow all market participants to submit offers for the provision of re-dispatch service.**
3. What tools are available to allow redispatch to occur using resources other than those owned by the transmission provider? **Participating generators can submit formulary rates or rates schedules to reflect their cost structure for providing the service. The transmission planners would use power flow models to determine the effectiveness of “bidding” generators to relieve constraints based upon a security constrained least cost economic dispatch.**
4. Should curtailments under conditional firm service be specified based on a number of hours per month, when certain transmission constraints or elements bind, when certain load levels are present, or some other factor? How would these different methods be studied and implemented? Which method is preferable from the perspective of the potential conditional firm transmission customers, the network customers and the transmission providers?
5. What curtailment priority should be assigned to conditional firm service? Would this require changes to NERC curtailment protocols? How should changes between firm and non-firm service be handled in real-time systems? Would changes need to be made to e-tags or OASIS?
6. Should conditional firm service be offered indefinitely, or only as a bridge product until transmission upgrades are complete?