



## Department of Energy

Bonneville Power Administration  
P.O. Box 3621  
Portland, Oregon 97208-3621

POWER SERVICES

June 29, 2007

In reply refer to: PG-5

Dear Colleagues:

As we prepare to enter the 2007 summer season with the associated potential for significant peaks in electricity demand, Bonneville is improving and clarifying procedures with regard to accessing Federal power in times of emergencies on neighboring systems. Clear communications and common understanding will be important in responding appropriately to events. This letter describes the process that BPA will follow if requested to support a neighboring system's load/resource imbalance emergency.<sup>1</sup> This process may be amended or modified at any time by BPA consistent with BPA's statutory responsibilities. It is intended to apply in most situations, but is primarily intended to address situations that develop rapidly, without time for convening the Northwest Power Pool Emergency Response Team (ERT) or an emergency meeting of the Technical Management Team (TMT).<sup>2</sup> If those forums are called, BPA may modify these procedures to fit the specific situation the region is facing.

Bonneville's ability to support neighboring utilities in an emergency is not guaranteed and there may be occasions when limited hydro supplies need to be reserved in order to meet expected firm Federal loads or forecast emergency conditions in the Pacific Northwest. BPA's management of any limited power that could be made available through extraordinary operations will be informed by the need to: 1) protect human health and safety; 2) comply with mitigation measures required under the Endangered Species Act; and, 3) honoring regional and public preference.

When a utility becomes concerned that they will not have enough resources to cover their firm load and contract obligations, it should first attempt to resolve the situation through normal marketing contacts, including the BPA Trading Floor. In times of extreme temperatures the Trading Floor will continue to be the point of contact for energy transactions and if BPA has surplus power to offer it will be available for purchase.

If a utility is unable to acquire sufficient supplies in the marketplace to meet its firm load obligations and BPA is not offering surplus energy, the requesting utility will need to confirm it has taken the following steps prior<sup>3</sup> to BPA deciding whether to make any extraordinary

<sup>1</sup> Issues related to BPA Grid stability or reliability should continue to be addressed through normal transmission dispatcher-to-dispatcher contacts with the BPA Transmission Services personnel.

<sup>2</sup> This group suggests changes to Columbia River hydro system operations to accommodate environmental regulations.

<sup>3</sup> This process addresses shortage situations or the period after contingency reserves have been exhausted. It is not intended to alter BPA's participation in the NWPP Reserve Sharing Program.

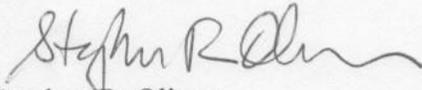
operations changes to generate additional supplies and/or to temporarily modify mitigation measures under the Endangered Species Act.

1. Contact the utility's Balancing Authority and request that a "Merchant Alert" be issued over the WECC net messaging system. A Merchant Alert is an attempt to fully exhaust efforts to resolve shortages via normal market mechanisms. See Attachment A for an example of the alert message.
2. After acquiring any resources made available through the Merchant Alert process the utility should reassess its situation and, if necessary, request that its Balancing Authority issue the appropriate NERC Alert Level. See Attachment 2 for the NERC Alert definitions.
3. After issuing the Merchant Alert and declaring at least a NERC Alert 2, the utility must also have:
  - a. Curtailed any sales that it has determined can be curtailed without adversely impacting human health and safety, and
  - b. Increased any possible generation from its own hydroelectric and other resources (including calling on any contractual rights) consistent with any emergency provisions governing the operations of those resources, including provisions curtailing fish protections.

Once BPA determines that emergencies are being declared, BPA will assess the overall demand for available emergency energy and, when necessary, allocate energy capability first based upon the level of the NERC Alert and then by regional and public preference.

If you have any questions regarding this letter please contact either Stephen Oliver, V.P. Generation Asset Management at [sroliver@bpa.gov](mailto:sroliver@bpa.gov), or Kieran Connolly, Manager Generation Scheduling at [kpconnolly@bpa.gov](mailto:kpconnolly@bpa.gov).

Sincerely,



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 Bonneville Power Administration  
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3 Enclosures:

- Attachment A – "Merchant Alert" Message
- Attachment B – NERC Alert Definitions
- Attachment C – Mailing List

## Attachment A

This template is an example of the "Merchant Alert" message that would be posted to WECC Net by a balancing authority on behalf of a Load Serving Entity that is seeking to resolve a resource shortage.

Subject: Merchant Alert

Declaration that merchant \_\_\_\_\_ has exhausted all available resource flexibility, has explored the market to the best of its ability, and needs to acquire energy for hour(s) \_\_\_\_ to avoid a NERC Energy Emergency Alert.

Name and phone number of merchant point of contact

## Attachment B

### NERC Alert Definitions<sup>4</sup>

#### 1. Alert 1 – All available resources in use.

##### Circumstances:

- Balancing Authority, Reserve Sharing Group, or Load Serving Entity foresees or is experiencing conditions where all available resources are committed to meet firm load, firm transactions, and reserve commitments, and is concerned about sustaining its required Operating Reserves, and
- Non- firm wholesale energy sales (other than those that are recallable to meet reserve requirements) have been curtailed.

#### 2. Alert 2 – Load

##### Circumstances:

- Balancing Authority, Reserve Sharing Group, or Load Serving Entity is no longer able to provide its customers' expected energy requirements, and is designated an Energy Deficient Entity.
- Energy Deficient Entity foresees or has implemented procedures up to, but excluding, interruption of firm load commitments. When time permits, these procedures may include, but are not limited to:
  - Public appeals to reduce demand.
  - Voltage reduction.
  - Interruption of non-firm end use loads in accordance with applicable contracts.
  - Demand-side management.
  - Utility load conservation measures.

#### 3. Alert 3 – Firm

##### Circumstances:

- Balancing Authority or Load Serving Entity foresees or has implemented firm load obligation interruption. The available energy to the Energy Deficient Entity, as determined from Alert 2, is only accessible with actions taken to increase transmission transfer capabilities.

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<sup>4</sup> From NERC Standard EOP-002-2 Capacity and Energy Emergencies, Attachment 1 - [ftp://www.nerc.com/pub/sys/all\\_updl/standards/rs/EOP-002-2.pdf](ftp://www.nerc.com/pub/sys/all_updl/standards/rs/EOP-002-2.pdf)

## Attachment C

**Northwest Power Pool Participating Organizations****Northwest Power Pool**

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**Alberta Electric System Operator**

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**Tacoma Power**

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