



## Department of Energy

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POWER SERVICES

June 23, 2015

In reply refer to: PG-5

Dear Colleagues:

As we prepare to enter the 2015 summer season with the associated potential for significant peaks in electricity demand, Bonneville Power Administration (BPA), is continuing to improve and clarify 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. This process may be amended or modified at any time by BPA to be 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>1</sup>. If those forums are called, BPA may modify these procedures to fit the specific situation the region is facing.

BPA'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 will consider at least 3 factors to manage power from extraordinary Federal Hydro operations – 1) protecting human health and safety; 2) limiting the potential for reductions in hydro operations mitigation measures enacted under the Endangered Species Act for protected species; and, 3) honoring regional and public preference.

When a utility projects a load/resource imbalance 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.<sup>2</sup>

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

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<sup>1</sup> The group that adaptively manages the Columbia River hydro system in accordance with environmental regulations

<sup>2</sup> Late schedules or within hour requests also require Balancing Authority (BA) approval. In these cases the utilities should also contact their host BA to identify the appropriate response. The BA will contact BPAT dispatch to coordinate as appropriate. Utilities within the BPA BA will call BPAT Dispatch directly.

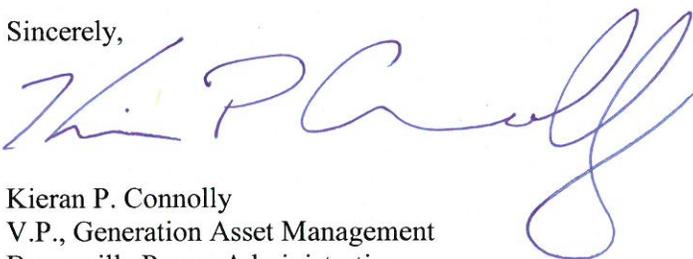
<sup>3</sup> This process addresses shortage situations or the period after contingency reserves have been exhausted. It is not intended to alter BPA's participation in the NWPP Reserve Sharing Program.

1. The Merchant and Balancing Authority functions of a utility have coordinated to issue a Merchant Alert. On April 20, 2011, the WECC Market Interface Committee (MIC) revised the Merchant Alert Protocol guideline, which is intended to provide an efficient communication protocol that can be used when a merchant has a concern that there may not be enough resources available to meet obligations. Utilities are expected to follow the steps outlined in this protocol in order to issue a Merchant Alert as an attempt to fully exhaust efforts to resolve shortages via normal market mechanisms. See Attachment A for the Merchant Alert Protocol.
2. After acquiring any resources made available through the Merchant Alert Protocol, the utility should reassess its situation and, if necessary, work through its Balancing Authority to have the Reliability Coordinator issue the appropriate NERC Alert Level. See Attachment B for the NERC Alert definitions.
3. After issuing the Merchant Alert and once the Reliability Coordinator has declared 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
  - b) Increased any possible generation on 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, and
  - c) Made a public appeal for power conservation if time permits

Once BPA determines that emergencies are being declared, BPA will assess the overall demand for available emergency energy and, when necessary, allocate energy capability based upon the level of the NERC Alert. It is important that utilities not rely on any additional supply from BPA in these conditions as a resource or as a reserve for planning purposes.

If you have any questions regarding this letter please contact either myself, Kieran Connolly, Vice President, Generation Asset Management at [kpconnolly@bpa.gov](mailto:kpconnolly@bpa.gov), or Steve Kerns, Manager, Generation Scheduling at [srkerns@bpa.gov](mailto:srkerns@bpa.gov).

Sincerely,



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3 Enclosures:

Attachment A – “Merchant Alert” Message

Attachment B – NERC Alert Definitions

Attachment C – Northwest Power Pool Participating Organizations



**Attachment A**

<b>Document name</b>	<b>Merchant Alert Protocol Guideline</b>
Category	<input type="checkbox"/> Regional reliability standard <input type="checkbox"/> Regional criteria <input type="checkbox"/> Policy <input checked="" type="checkbox"/> Guideline <input type="checkbox"/> Report or other <input type="checkbox"/> Charter
Document date	April 20, 2011
Adopted/approved by	Market Interface Committee
Date adopted/approved	
Custodian (entity responsible for maintenance and upkeep)	Market Interface Committee
Stored/filed	Physical location: Web URL:
Previous name/number	(if any)
Status	<input checked="" type="checkbox"/> in effect <input type="checkbox"/> usable, minor formatting/editing required <input type="checkbox"/> modification needed <input type="checkbox"/> superseded by _____ <input type="checkbox"/> other _____ <input type="checkbox"/> obsolete/archived



**WECC Guideline  
Merchant Alert Protocol Guideline  
Revised April 20, 2011**

**Introduction**

The intent of this Guideline is to provide the Merchant Alert Protocol (MAP) as an efficient communication protocol. Load-Serving Entities and Purchasing-Selling Entities (Merchants) can use this protocol to exchange information regarding issues that could impact the reliable operation of the Bulk Electric System. Approved uses of MAP are for Alerts related to primary communication (phone) and e-Tagging system outages, or when there is a concern that an entity may not have sufficient resources to meet its obligations.

This guideline is not intended to replace or interfere with the process for declaring capacity and energy emergencies via Energy Emergency Alert (EEA), as described in NERC Standard EOP-002-2 – Capacity and Energy Emergencies. Instead, MAP can be used prior to declaring an EEA to prevent the necessity of declaring an EEA. In addition, MAP can be used after an EEA has been declared to assist the merchant in returning to pre-EEA conditions.

While use of MAP is strongly encouraged, the election of its use is voluntary. However, Merchants who choose to use the protocol are expected to follow this guideline as presented and only for the purpose of communicating information regarding outages of primary communication or e-Tagging systems or for procuring energy to avoid or remedy an energy emergency.

Merchants should also note that resource owner/operators may require the use of MAP (or some similar communication method) to demonstrate that the market has been exhausted before access to emergency resources can be made available.

**Guideline**

As with all issues that could potentially affect reliability, clear and frequent communication between Merchants and their host Balancing Authorities (BA) is critical. Prior to the initiation of MAP, any requesting Merchants are expected to contact their BA(s) to describe the problem and to provide notification that a Merchant Alert will be issued. After this communication occurs, the decision to proceed with MAP rests solely with the Merchant.



## Merchant Alert Process

- Merchant with access to the westTTrans Open Access Same-time Information System (OASIS) bulletin board:
  1. Determines that a Merchant Alert is necessary.
    - a. Merchant notifies host BA of intent to issue a Merchant Alert before proceeding.
  2. Accesses the westTTrans OASIS bulletin board:
    - a. Selects the “Add Bid/Offer/Alert” button on the OASIS bulletin board. Selects the “Alert” button.
    - b. Merchant enters the following required information into the template:
      - i. Contact information (name)
      - ii. Point of receipt/point of delivery (POR/POD) — although this information would not be necessary for outages of primary communication or e-Tagging systems, a POR/POD is required for the Alert to be submitted
      - iii. Start/End date and time (required fields)
      - iv. Optional comments, if any, but do not include either a price or quantity when initiating an Alert for the purpose of procuring energy to avoid or remedy an energy or capacity emergency
      - v. Reference Number (optional)
  3. “Enters” the Merchant Alert.
    - a. OASIS software issues:
      - i. A unique visual and audible alarm to all currently logged-in westTTrans OASIS users. Alarm settings must be configured in westTTrans to receive alarms.
      - ii. An email with the subject heading “Merchant Alert” is sent to all mailboxes that are linked to the WECCNet messaging system. The body of the email will contain all information from the template.



- iii. Direct emails will be sent to merchants who have requested to be provided this form of communication.
- b. WECCNet messaging system forwards Merchant Alert email from wesTTrans OASIS to the ALL WECC email group
- Merchant without access to wesTTrans OASIS bulletin board:
  - 1. Determines that a Merchant Alert is necessary.
  - 2. Contacts the host BA. Merchant requests the BA to issue, on the Merchant's behalf, a Merchant Alert via the WECCNet messaging system to the ALL WECC email group. Merchant provides BA with the information listed below.
    - a. Contact information.
    - b. POR/POD. This information would not be required for outages of primary communication or e-Tagging systems.
    - c. Date and start/stop time.
    - d. Optional comments, if any, but do not include either price or quantity when initiating an Alert for the purpose of procuring energy to avoid or remedy an energy or capacity emergency.

Note: In this circumstance, the final decision on issuing the Merchant Alert rests solely with the BA.

- A merchant receiving the Merchant Alert who has excess resource capability, and is willing to provide assistance, directly contacts the requesting merchant to negotiate terms.
- All information exchanged via this process is stored and retained for at least one year.

### **Merchant Alert Testing**

To help ensure proper functionality of the Merchant Alert process, tests will be conducted on a regular basis. Under normal conditions, these will be performed no less than four times per year (quarterly) and no more than twelve times per year (monthly). The "Comment" field of the Alert will clearly state that a test is being conducted. The frequency of these tests as well as who will conduct each test will be determined by the Market Issues Subcommittee or by other means as required to maintain continued



operations. The timing of these tests will be coordinated with the Reliability Coordinators.

- Note: This process will be reviewed at least twice a year by a team assigned by the Market Issues Subcommittee.

### **Additional Topics**

MAP uses a bulletin board feature in the wesTTrans OASIS as the primary method for disseminating information. While the initial functionality of the bulletin board was not sufficient for implementation of this protocol, the wesTTrans OASIS vendor — Open Access Technology International, Inc. (OATI) — has agreed to make the necessary changes to support MAP. Merchants who have obtained a digital security certificate from OATI access the bulletin board feature to issue a Merchant Alert. The requesting Merchant goes directly to the bulletin board and selects the Merchant Alert button. This constructs a template that requires the following Alert information:

- contact information
- point of receipt/point of delivery (POR/POD)
- date and start/stop time
- comments (in field provided)

In order to minimize the risk of market manipulation, price and quantity are not to be included in this template.

Once the completed template has been submitted, a unique visual and audible alarm is issued to all currently active users of the wesTTrans OASIS (the user must be logged in). Concurrently, an email is automatically sent to all mailboxes that are linked to the WECCNet messaging system. The email will contain a subject heading of “*Merchant Alert*” and the body of the email will contain all information from the template. WECCNet will then forward this email on its messaging system to the ALL WECC email group. Additionally, merchants who have obtained a digital security certificate may request direct email notifications from OASIS.

Merchants who have not obtained a digital security certificate from OATI cannot access the bulletin board feature in wesTTrans OASIS to issue a Merchant Alert. These Merchants may contact their host BA to discuss whether a Merchant Alert will be sent by the BA using the WECCNet messaging system. The final decision on issuing the Merchant Alert in this circumstance rests solely with the BA.

A merchant receiving the Merchant Alert who has excess resource capability, and is willing to provide assistance, directly contacts the requesting Merchant to negotiate terms. This communication protocol places no requirement on any entity to contact the



requesting Merchant, nor does it place any requirement on entities who do respond to communicate electronically.

The wesTTrans OASIS will store and retain all information exchanged via the Merchant Alert process for later review by WECC. Additionally, after-the-fact spot reviews may occur, so it is recommended that merchants who request the Merchant Alert retain relevant information for a period of one year. This process will be reviewed annually by the Market Issues Subcommittee. In the event of misuse of MAP, the Guideline may be suspended by the Market Issues Subcommittee chair or designee until further notice.

Approved By:

Approving Committee, Entity or Person	Date

## 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 management procedures in effect.

##### 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:
  - o Public appeals to reduce demand.
  - o Voltage reduction.
  - o Interruption of non-firm end use loads in accordance with applicable contracts.
  - o Demand-side management.
  - o Utility load conservation measures.

#### 3. Alert 3 — Firm load interruption imminent or in progress.

##### 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**

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