

# Western Resource Adequacy Program

106 Qualifying Contracts

## Revision History

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## 106 Qualifying Contracts

### 1. Introduction

The Qualifying Contracts Business Practice Manual (BPM 106): describes how a contract may be able to receive Qualifying Capacity Contribution (QCC); explains when a Joint Contract Accreditation Form (JCAF) is required to ensure resources are not double counted; outlines the calculations for determining Net Contract QCC; and explains the process of Resource Adequacy (RA) Transfers (the transfer of Forward Showing [FS] Capacity Requirement) between Participants. In addition, BPM 106 includes attestations required for qualifying contracts.

#### 1.1. Intended Audience

BPM 106 is intended for Western Power Pool (WPP) Western Resource Adequacy Program (WRAP) Participants and other interested individuals or entities. BPM 106 will be particularly useful for individuals responsible for their organization's Forward Showing (FS) Submittal (see *BPM 108 FS Submittal Process*) that need to ensure their organization's Qualifying Contracts are recorded appropriately.

#### 1.2. What You Will Find in This Manual

BPM 106 includes information on contract eligibility, JCAF requirements, QCC calculations, and RA Transfers.

#### 1.3. Purpose

BPM 106 provides an overview of Qualifying Contracts and the processes for determining QCCs.

#### 1.4. Definitions

All capitalized terms that are not otherwise defined in this BPM have the meaning set forth in the Tariff. Any capitalized terms not found in the Tariff are defined here.

**Resource-Specific Capacity Agreements:** Bi-lateral agreements that convey capacity from specific resources from one party to another party.

**Contracted Capacity Firm Delivery Point:** The point up to which the seller of a Qualifying Contract attests to using NERC Priority 6 or NERC Priority 7 transmission service to deliver the energy. This is the point from which the Participant is responsible for mapping transmission to load in the FS Submittal (see BPM 108).

**FS Demonstration:** As defined in *BPM 108 FS Submittal Process*.

**Joint Contract Accreditation Form (JCAF):** A standard form available at an appropriate location on the Western Power Pool (WPP) website, to be completed by a



Participant, to support its claim in an FS Submittal for contracted capacity by demonstrating agreement between the Participant and its selling counterparty regarding details relevant to establishing a Qualifying Capacity Contribution (QCC) value for the capacity contract.

**Qualifying Contract:** A contract that meets the requirements to be assigned a QCC.

**Resource Adequacy Transfer (RA Transfer):** The transfer of a portion of a Participant's FS Capacity Requirement to another Participant in accordance with the requirements of the Tariff and BPM 106.

## 2. Background

A Participant's FS Submittal shall include a FS Demonstration with the necessary information for each Binding Season to demonstrate the Participant has sufficient capacity and transmission service to satisfy the FS Capacity Requirement and FS Transmission Requirement (see *BPM 108 FS Submittal Process*). The FS Demonstration will include the Participant's demonstration of QCC to meet its FS Capacity Requirement, which can be from Qualifying Resources and from Net Contract QCC. Net Contract QCC may be either positive or negative, to take account of, for example, a Participant's agreements for the sale of capacity to any other party. BPM 106 provides implementing details and supporting requirements to determine the QCC associated with a capacity contract. BPM 106 also describes how a Participant can reduce its FS Capacity Requirement by transferring some of its FS Capacity Requirement to another Participant via an RA Transfer, resulting in a corresponding increase to that Participant's FS Capacity Requirement.

## 3. Contracts Eligible for QCC value

In accordance with the Tariff, two distinct categories of capacity agreements, i.e., Resource-Specific Capacity Agreements and System Sale capacity agreements, can qualify to provide a QCC.

### 3.1. Resource-Specific Capacity Agreements

A Resource-Specific Capacity Agreement qualifies to provide a QCC if:

- i) the contract is specific to an identified generating resource;
- ii) there is an assurance that the generating capacity will not be used for another entity's Forward Showing Capacity Requirement or to meet the requirements of any other resource adequacy program;



- iii) there is an assurance that the supplier will not fail to deliver in order to meet other supply obligations;
- iv) there is an affirmation that the energy will be delivered on NERC priority 6 (network integration transmission service [NITS] from resources not designated as network resources or conditional firm long-term firm point-to-point [PTP]) or NERC priority 7 point-to-point (PTP) or network integration transmission service (NITS) from the resource to an identified Contracted Capacity Firm Delivery Point; and
- v) the identified resource meets the QCC accreditation requirements for its resource type.

The QCC associated with a Resource-Specific Capacity Agreements will be calculated as equivalent to the QCC of the resource(s) identified for the agreement. Resources associated with a Resource-Specific Capacity Agreement must be registered consistent with *BPM 105 Qualifying Resources*. Participants unable to provide sufficient information to fully register the resource may have limitations on the amount of QCC that can be claimed (see *BPM 105* for additional information). Each Resource-Specific Capacity Agreement must have an associated and identified Contract Capacity Firm Delivery Point acknowledged by the seller and buyer. If the Contract Capacity Firm Delivery Point is not at a location sufficient to demonstrate firm deliverability from the identified resource to the Participant's load, then the Participant shall make such additional showings of firm transmission service rights as necessary to ensure it meets its Forward Showing Transmission Requirement (see *BPM 108 Forward Showing Submittal Process*). A Participant seeking QCC for a Resource-Specific Capacity Agreement must include a JCAF and/or other attestation, as applicable, as described in Section 4 of this BPM.

### 3.2. System Sale

A Participant that is part of a System Sale (whether as buyer or seller) must provide a JCAF and/or other attestation, as applicable, as described in Section 4 of this BPM. Each System Sale must have an associated and identified Contract Capacity Firm Delivery Point acknowledged by the seller and buyer. If the Participant is the buyer and the Contract Capacity Firm Delivery Point is not at a location sufficient to demonstrate firm deliverability from the identified resource to the Participant's load, then the Participant shall make such additional showings of the required firm transmission service rights as necessary to ensure it meets its Forward Showing Transmission Requirement (see *BPM 108 Forward Showing Submittal Process*).

### 3.2.1. Participant Buyer – Participant Seller

A System Sale for which a Participant is the buyer and a Participant is the seller will require a JCAF for the first FS Demonstration claiming the System Sale. Subsequent FS Demonstrations will require an attestation (see Appendix C – Attestation in Lieu of an Annual JCAF) updated at least once every Forward Showing Year. The QCC of such a System Sale will match the MW value of the agreement as reported in the jointly signed JCAF. The QCC will accrue to the purchasing Participant’s FS Submittal, and the selling Participant will debit the QCC available from its Qualifying Resources associated with the System Sale as reported in its in its FS Submittal (see *BPM 108 FS Submittal Process*).

### 3.2.2. Participant Buyer – Non-Participant Seller

A System Sale for which a Participant is a buyer, but a Participant is not the seller, will require a jointly signed JCAF (updated at least once every Forward Showing Year) and be assigned a QCC upon demonstration of the following supporting conditions:

- i) the system capacity sold is surplus to the seller’s needs to meet its own loads and other obligations (as attested to with Appendix B – JCAF: Non-Participant Seller’s Attestation;
- ii) there is an assurance that the seller will not fail to deliver to meet other commercial obligations; and
- iii) there is an affirmation that the energy will be delivered on NERC priority 6 (network integration transmission service [NITS] from resources not designated as network resources or conditional firm long-term firm point-to-point [PTP]) or NERC priority 7 point-to-point (PTP) or network integration transmission service (NITS) from the resource to the Contracted Capacity Firm Delivery Point.

Resources associated with qualified System Sales from sellers that are not Participants do not have to be registered.

### 3.2.3. Non-Participant Buyer – Participant Seller

A System Sale for which a Participant is not the buyer, but a Participant is the seller, will require an initial JCAF signed by the Participant seller for the first FS Demonstration claiming the System Sale. Subsequent FS Demonstrations will require an attestation (see Appendix C – Attestation in Lieu of an Annual JCAF) updated at least once every Forward Showing Year. The Participant seller will debit the QCC available from its Qualifying Resources associated with the System Sale as reported in its FS Submittal

(see *BPM 108 FS Submittal Process*). The QCC of such a System Sale will match the MW value of the agreement as reported in the JCAF.

#### 4. Joint Contract Accreditation Forms

With limited exceptions, a Participant shall provide a completed Joint Contract Accreditation Form (JCAF) for each Resource-Specific Capacity Agreement (Table 1) and each System Sale (Table 2) included in its FS Submittal. JCAFs will be validated by the Program Administrator and the Program Operator; validation may require additional supporting information from Participants, as determined by the Program Administrator or Program Operator. The JCAF is available on the WPP website and includes sufficient information for the Program Operator to determine the QCC value of the contract. The JCAF must be signed by the Participant and the other parties to the contract for which QCC is being claimed (subject to certain exceptions, as described below). The intent of the JCAF is to ensure capacity is not double counted. The JCAF is intended to be used for Participant-to-Participant transactions as well as transactions made by Participants with external parties for capacity to meet Participants' FS Capacity Requirement.

Table 1 and Table 2 below show which types of agreements require a JCAF, how frequently a JCAF must be submitted to ensure it is current, and which other forms of attestation may be required in addition to or in lieu of a JCAF, in certain circumstances.

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*Table 1 – Resource Specific Capacity Agreements - JCAF and Similar Attestation Requirements and Frequency*

		Buyer	
		Participant	Non-Participant
Seller	Participant	JCAF must be provided first time a contract is claimed; JCAF must be signed by both Participant buyer and Participant seller. No updated JCAF need be submitted thereafter, but the Participant buyer must provide the attestation shown in Appendix C with each subsequent FS Demonstration, updated at least once per Forward Showing Year.	JCAF must be provided first time a contract is claimed; JCAF must be signed by the Participant seller. No updated JCAF need be submitted thereafter, but the Participant seller must provide the attestation shown in Appendix C with each subsequent FS Demonstration, updated at least once per Forward Showing Year.
	Non-Participant	<p><b>100% off take and must take</b></p> <p><b>No JCAF necessary.</b> Participant buyer must submit Attestation provided in Appendix D.</p>	
	Participant	<p><b>100% off take</b></p> <p>JCAF must be provided first time a contract is claimed; JCAF must be signed by both Participant buyer and non-Participant seller. No updated JCAF need be submitted thereafter, but the Participant buyer must provide the attestation shown in Appendix C with each subsequent FS Demonstration, updated at least once per Forward Showing Year.</p>	

		<b>Less than 100% off take</b>	JCAF required with each Forward Showing Demonstration, updated at least once per Forward Showing Year; JCAF must be signed by both non-Participant seller and Participant buyer.	
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		Buyer	
		Participant	Non-Participant
Seller	Participant	JCAF must be provided the first time a contract is claimed; JCAF must be signed by both Participant buyer and Participant seller. No updated JCAF need be submitted thereafter, but the Participant buyer must provide the attestation shown in Appendix C with each subsequent FS Demonstration, updated at least once per Forward Showing Year.	JCAF must be provided the first time a contract is claimed; JCAF must be signed by the Participant. No updated JCAF need be submitted thereafter, but the Participant seller must provide the attestation shown in Appendix C with each subsequent FS Demonstration, updated at least once per Forward Showing Year.
	Non-Participant	JCAF required with each FS Demonstration, updated at least once per Forward Showing Year signed by both non-Participant seller and Participant buyer, including attestation by non-Participant seller shown in Appendix B.	

*Table 2 - System Sales - JCAF and Similar Attestation Requirements and Frequency*

The JCAF includes a seller’s transmission attestation (for both Participants and non-Participants), in the form shown in Appendix A to this BPM, to affirm the contracts meet the transmission requirements for Resource-Specific Capacity Agreements and System Sale found in Sections 3.1 and 43.2 of this BPM. The JCAF also includes a non-Participant seller’s attestation that a System Sale meets the requirements of Section 3.2, in the form shown in Appendix B to this BPM.

If the seller is a:

- Participant; or
- non-Participant in a Resource-Specific Capacity Agreement as to which there is a 100% off-take obligation for the identified resource;

then the Participant buyer need only submit a JCAF the first time a contract is claimed, but will subsequently be required to complete the attestation in the form shown in

Appendix C to this BPM as part of its FS Submittal each year thereafter during the life of the contract, attesting that the contract still meets the requirements affirmed in the JCAF.

### 5. Calculating Net Contract QCC

The Net Contract QCC for a Participant will be calculated by the Program Operator using the FS Submittal. The Net Contract QCC is a monthly value equal to the sum of the Participant's contract QCCs. In terms of a Participant's monthly QCCs, import contracts (purchases) are additive while exports (sales) are subtractive. The Net Contract QCC may be positive (net supply of capacity) or negative (net obligation of capacity). The Net Contract QCC formula is as follows:

$$\text{Net Contract QCC} = \sum \text{QCC of all Participant qualified contracts}$$

Firm capacity sales by a Participant to parties outside the WRAP Region must be declared and included as a capacity obligation in the Participant's FS Submittal; a JCAF is not required for firm capacity sales to non-WRAP participants. Non-firm capacity exports will not be deducted from a Participant's FS portfolio but must be curtailable in the operational timeframe, i.e. they must still be curtailable after the determination of any Sharing Event in the Operations Program (*see BPM 201 Operations Timeline*).

### 6. Resource Adequacy Transfers (RA Transfers)

A Participant may agree with another to transfer some of its Portfolio QCC to meet the other Participant's FS Capacity Requirement. Such transfer is available only between WRAP Participants and must be submitted by both Participants to the Program Operator along with the transmission service arrangement(s) between the two Participants' systems supporting such transfer as part of the FS Demonstration as described in the FS Instruction Manual. RA Transfer transmission must be met with NERC Priority 6 or NERC Priority 7 firm point-to-point transmission service or network integration transmission service from the RA Transfer seller's system to the RA Transfer buyer's load; a Contracted Capacity Firm Delivery point for the RA Transfer must be identified, to which the seller will deliver energy with NERC Priority 6 or NERC Priority 7 firm point-to-point transmission service or network integration transmission service and from which the Buyer will be responsible for demonstrating NERC Priority 6 or NERC Priority 7 firm point-to-point transmission service or network integration transmission service as further detailed in the FS Submittal Instruction Manual and as with other contracts and resources.

Upon verification, each RA Transfer shall result in an adjustment to the Portfolio QCC values of the transferor and transferee Participants. Specifically, the amount of each

RA Transfer will be added to the purchasing Participant's Portfolio QCC and subtracted from the selling Participant's Portfolio QCC. The contracts for these transfers will be provided to the Program Operator. For Participants engaged in multiple RA Transfers, as either a purchaser or seller, the overall adjustment to the Participant's Portfolio QCC will be determined by the following formula:

$$\textit{Total RA Transfer} = \sum \textit{Participant RA transfer contracts}$$

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### **Appendix A – JCAF: Seller’s Transmission Attestation for both Participants and Non-Participants**

I, the undersigned, who as [title], serve as a senior official of [seller], hereby attest that energy will be delivered to the identified Contracted Capacity Firm Delivery Point on NERC priority 6 or 7 firm point-to-point transmission service or network integration transition service rights, or will be delivered on a path with counterflow from a Qualifying Resource to load on NERC priority 6 or 7 firm point-to-point transmission service or network integration transition service rights.

### **Appendix B – JCAF: Non-Participant Seller’s Attestation**

I, the undersigned, who as [title], serve as a senior official of [seller], hereby attest that the capacity subject to the contract is surplus to [seller’s] estimated need and that the energy will not fail to be delivered in order to meet [seller’s] other commercial obligations.

### **Appendix C – Attestation in lieu of an Annual JCAF**

I, the undersigned, who as [title], serve as a senior official of [Participant], hereby attest that the contract between [seller] and [buyer] with Contract ID [identifying # from FS Submittal] continues to meet the requirements attested to in the JCAF submitted [initial date of JCAF].

### **Appendix D – Attestation for 100% Off-Take, Must Take Resources**

I, the undersigned, who as [title], serve as a senior official of [Participant], hereby attest that any resources claimed within [Participant’s] FS Submittal that are not owned and operated by [Participant] are resources where [Participant] receives 100% of the output of the resource without an option to decline to take any of such output.