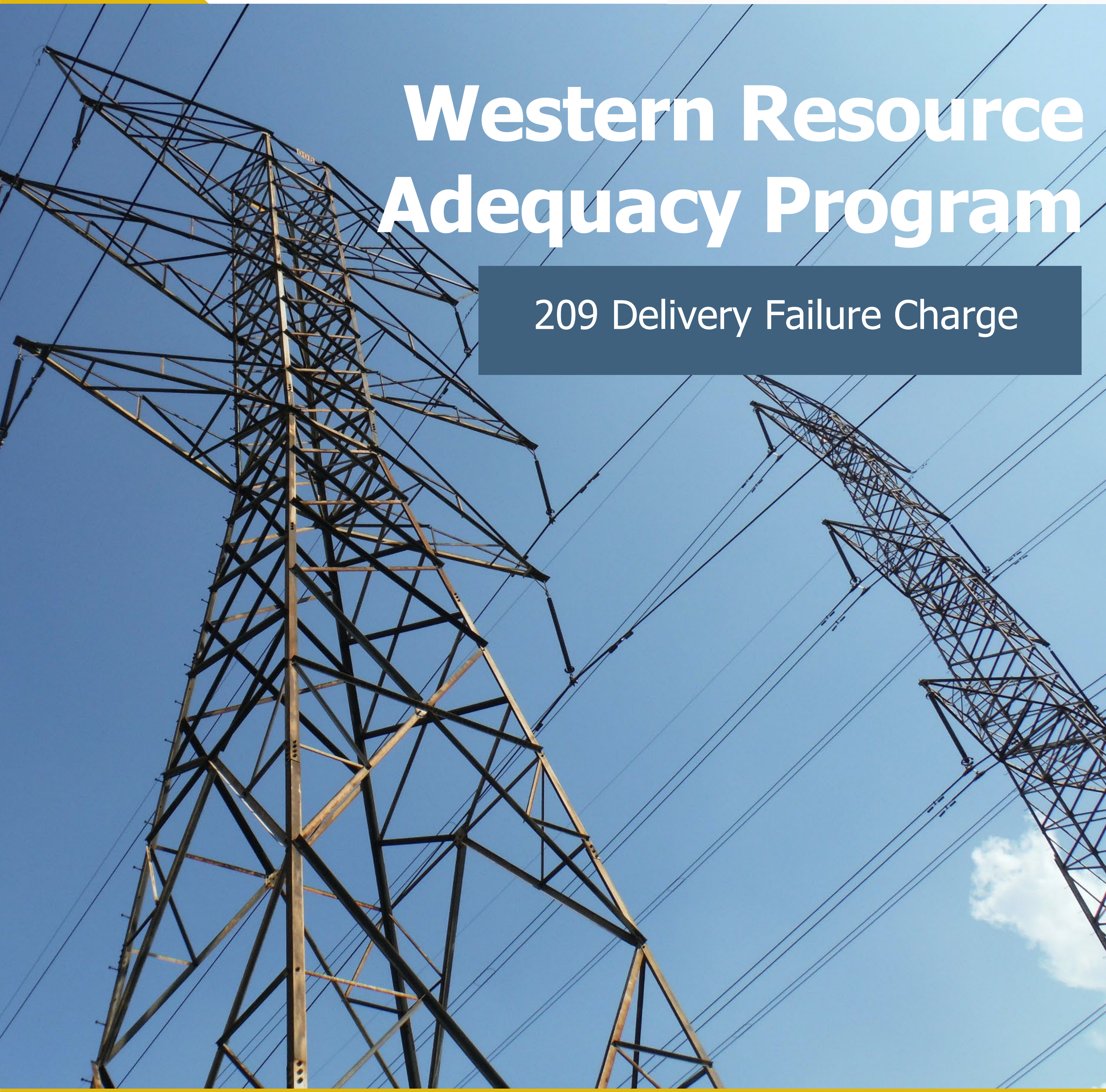
Western Resource Adequacy Program

209 Delivery Failure Charge



200 – Operations

Revision History

Manual Number	Version	Description	Revised By	Date
209	0.1	RAPC Glance Version	Ryan Roy	1/10/2024
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209 Delivery Failure Charge

1. Introduction

In the Operations Program, Participants that fail to deliver their assigned Energy Deployment and do not secure a waiver for that failure will pay a Delivery Failure Charge. The Delivery Failure Charge Business Practice Manual (BPM) provides implementing details and practices relevant to the calculation of the Delivery Failure Charge, the circumstances for obtaining a waiver of the charge, limits on the maximum amount of such charge, and the allocation of revenues received by the Western Power Pool (WPP) from payment of such charges.

1.1. Intended Audience

BPM 209 is intended for WPP Western Resource Adequacy Program (WRAP) Participants and other interested individuals or entities. BPM 209 will be particularly useful for those individuals that are responsible for, and support, participation in the Operations Program on a day-to-day basis.

1.2. What Will You Find in This Manual?

BPM 209 includes information on the Delivery Failure Charge calculations, evaluation of delivery failures, the waiver process, and allocation of revenues received by WPP from payment of such charges.

1.3. Purpose

To provide implementing details and practices relative to the Delivery Failure Charge and circumstances for waiver of that charge.

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:

Charge Rate: The rate, which can vary based on frequency of Energy Delivery Failures and impact on the deficit Participant intended to receive the Energy Deployment, applied to the Participant's Energy Delivery Failure in MWh, to produce the Delivery Failure Charge.

Covered Delivery Failure: A Participant's failure to provide an assigned Energy Deployment in full, when the MWh of Energy Deployment the Participant failed to deliver are entirely covered by other Participants.

Cumulative Delivery Failure Window: A rolling window of five Forward Showing Years.

Non-Covered Delivery Failure: A Participant's failure to provide an assigned Energy Deployment in full when the MWh of Energy Deployment the Participant failed to deliver are not entirely covered by other Participants.

Waiver: Waiver, as requested by a Participant, of an Energy Deployment obligation of such Participant, upon determination by WPP that the Participant has a valid justification for its Energy Delivery Failure and such waiver is warranted.

2. Background

The WRAP is a regional resource adequacy program in which Participants demonstrate, in advance of a defined season when resources may need to be deployed, that they have sufficient resources to meet their expected peak loads and a reserve margin. The WRAP imposes standards and requirements related to such matters as the resources that qualify to meet resource adequacy objectives, the calculation of peak loads, and the required minimum reserve margin. Under the WRAP, Participants with surplus resources are subject to requirements in certain circumstances during the subject season to assist Participants that are resource-deficient, and if a surplus Participant fails to make required energy deliveries to a deficient Participant, the surplus Participant is subject to significant charges for such delivery failure.

3. Notification of Anticipated Delivery Failure

A Participant anticipating an Energy Delivery Failure should provide notice as soon as practicable after becoming aware of the anticipated failure. To help ensure timely and effective notice, the Participant will:

1. Notify the Program Administrator via e-mail of the anticipated Energy Delivery Failure, including the affected hour(s), the anticipated MW quantities of the non-delivery, and the reason for the non-delivery;
2. Notify the Program Operator via phone call to the Program Operator WRAP coordinator desk of the anticipated Energy Delivery Failure, including the name of the Participant that was to receive the Energy Deployment, the affected hour(s), the anticipated MW quantities of the non-delivery, and the reason for the non-delivery;
3. Notify the affected Participant via phone call of the anticipated Energy Delivery Failure, including the affected hour(s), the anticipated MW quantities of the non-delivery, and the reason for the non-delivery; and
4. Ensure the energy profile on the E-Tag for the intended delivery accurately reflects the expected non-delivery.

4. Calculation of Delivery Failure Charge

Participants that fail to deliver their assigned Energy Deployment and do not obtain a waiver for that failure will pay a Delivery Failure Charge. The Delivery Failure Charge for each hour is the Charge Rate applicable for the subject hour multiplied by the MWh of energy that were required to be, but were not, delivered pursuant to the assigned Energy Deployment during such hour. The Charge Rate in all cases includes the higher of the Day-Ahead Price and Real-Time Price, relative to the Operating Day hour in which the Energy Delivery Failure occurred, from the Applicable Price Index for the Subregion in which the Energy Delivery Failure occurred (see *BPM 206 Settlement Pricing* for more information). If both the Day-Ahead Price and Real-Time Price are negative on the Operating Day hour in which the Energy Delivery Failure occurred, the higher of their positive values over the last 30 days will be used for the Charge Rate. The Charge Rate also includes a multiplier, known as the Delivery Failure Factor, which increases with a Participant's additional Energy Delivery Failures in a Cumulative Delivery Failure Window, and if the Energy Delivery Failure was a Non-Covered Delivery Failure. The varying Charge Rates are shown in Table 1.

Table 1. Charge Rates and Delivery Failure Factors

If the Participant's Energy Delivery Failure is a Covered Delivery Failure, the Charge Rates are as follows:	
First non-waived Energy Delivery Failure in a Cumulative Delivery Failure Window	5 times the higher of the Day-Ahead Price or Real-Time Price for the subject hour from the Applicable Price Index.
Second non-waived Energy Delivery Failure in a Cumulative Delivery Failure Window	10 times the higher of the Day-Ahead Price or Real-Time Price for the subject hour from the Applicable Price Index.
Third or more non-waived delivery failure in a Cumulative Delivery Failure Window	20 times the higher of the Day-Ahead Price or Real-Time Price for the subject hour from the Applicable Price Index.
If the Participant's Energy Delivery Failure is a Non-Covered Delivery Failure, the Charge Rates are as follows:	
First non-waived Energy Delivery Failure in a Cumulative Delivery Failure Window	25 times the higher of the Day-Ahead Price or Real-Time Price for the subject hour from the Applicable Price Index.
Second or more non-waived Energy Delivery Failure in a Cumulative Delivery Failure Window (regardless of whether the first non-waived Energy	50 times the higher of the Day-Ahead Price or Real-Time Price for the subject hour from the Applicable Price Index.

Delivery Failure was Covered or Non-Covered)	

Energy Delivery Failures occurring in multiple hours on the same Day are counted as one Energy Delivery Failure for purposes of calculating the Delivery Failure Charges. The "50 times" Delivery Failure Factor in Table 1 applies regardless of whether the prior Energy Delivery Failures were Covered Delivery Failures or Non-Covered Delivery Failures: if a Participant had one Covered Delivery Failure and paid the 5 times higher of the Day-Ahead Price or Real-Time Price for the subject hour from the Applicable Price Index, and then had one Non-Covered Energy Delivery Failure, that Non-Covered Energy Delivery Failure would be charged 50 times the higher of the Day-Ahead Price or Real-Time Price for the subject hour from the Applicable Price Index.

5. Dollar Limit on Delivery Failure Charges During a Forward Showing Year

The total Delivery Failure Charges assessed on a Participant during a Forward Showing Year, regardless of application of the Delivery Failure Factor, will not exceed the dollar amount that would have been assessed cumulatively as Forward Showing Deficiency Charges if the Participant failed the Forward Showing by the MW amount it failed to deliver in the Operations Program. The dollar limit is a function of the Participant's largest (MW) Energy Delivery Failure(s) exhibited in each month within a Forward Showing Year. On a rolling Monthly basis during a Forward Showing year, the Program Administrator will calculate a Participant's dollar limit on Delivery Failure Charges by summing:

- The equivalent Forward Showing Monthly Deficiency Charge for the largest Energy Delivery Failure so far in the Forward Showing Year (see *BPM 107 Forward Showing Deficiency Charges)*; and
- The equivalent Forward Showing Monthly Deficiency Charge for any Energy Delivery Failures by the Participant in a different month in the Forward Showing Year, using the largest (MW) Energy Delivery Failure from each other month to calculate the equivalent (see *BPM 107 Forward Showing Deficiency Charges)*.

If a Participant meets the cumulative monthly dollar limit for Energy Delivery Charges during a FS Year, they will not be required to pay further Energy Delivery Failure Charges until the dollar limit is increasd due to any subsequent Energy Deliver Failures during that FS Year.

6. Allocation of Revenues from Payment of Delivery Failure Charges

To the extent WPP collects payment of Delivery Failure Charges, the revenues from such payments will be applied in one of two ways. If the Energy Delivery Failure that resulted in the assessment of the Delivery Failure Charge was a Covered Delivery Failure, then WPP will apply the revenue from collection of such charge to reduce WPP costs that are recovered under the WRAP Administration Charge in Schedule 1 of the Tariff. Alternatively, if the Energy Delivery Failure that resulted in the assessment of the Delivery Failure Charge was a Non-Covered Delivery Failure, then WPP will provide the revenue from collection of such charge to the Participant that had an unserved deficit as a consequence of the Energy Delivery Failure. WPP will distribute this revenue only after the deadline for requesting a waiver of an Energy Deployment obligation has passed and no waiver has been requested; or, alternatively, after a timely request for waiver has been made and all proceedings related to that waiver (including appeals) have been exhausted and WPP's determination regarding the request for waiver is final.

7. Waiver of an Energy Deployment Obligation

7.1. Process for Requesting a Waiver

A Participant may seek a waiver of an Energy Deployment obligation no later than 30 Days after the Participant has had an Energy Delivery Failure. To make such a request, the Participant will submit the request to the Program Administrator in the form outlined on the WPP website, and include the relevant circumstances and the Participant's justification for the Energy Delivery Failure, with appropriate supporting information. The Participant should address in the waiver request if and when the Participant knew in advance of the Energy Delivery Failure, and what efforts the Participant took to notify the Program Administrator and the Program Operator, and any affected deficit Participant of the anticipated Energy Delivery Failure in advance of such Energy Delivery Failure. A waiver request does not stay or extend the Participant's obligation to timely pay any WPP invoice that includes a Delivery Failure Charge, but the Participant may designate such payment as subject to the outcome of its waiver request.

7.2. Program Administrator Review of Waiver Requests

The Program Administrator will review all waiver requests and will determine whether to grant the waiver, taking into account the circumstances and all relevant information, including the Participant's justification for the Energy Delivery Failure and whether the Participant knew in advance, or reasonably should have known in advance, of an Energy Delivery Failure, and what efforts the Participant took to notify the Program Administrator, the Program Operator, and any affected Participant in advance of such Energy Delivery Failure. The Program Administrator may request any additional information it deems necessary to act on the waiver request, and the Participant will timely respond to such requests.

While each request for waiver will be evaluated on the basis of all relevant circumstances, potentially valid justifications for waiver of an Energy Deployment may include, but are not limited to:

1. Loss or derate of a generation facility resulting in a need to reduce firm exports to maintain system reliability;
2. Loss or derate of a transmission facility resulting in a need to reduce firm exports; or
3. Inability of a Participant in a region without a central hub to reserve transmission that was available on OASIS prior to the WRAP's established deadline for the Participant to identify providing the points at it can receive or deliver holdback in the Operations Program but that was not available after the Participant received a binding allocation of holdback (see *BPM 201 Operations Timeline* for additional information on timelines for the Operations Program).

The Program Adminstrator will endeavor to act on all waiver requests within 14 Days of the later of the date of the Program Administrator's receipt of the request, or the date of the Program Administrator's receipt of all additional information from the Participant that the Program Administrator's determined necessary to act on the request. The Program Administrator shall report to all Participants on its disposition of all waiver requests. To the extent WPP grants a waiver that requires revision of a previously paid Delivery Failure Charge, the Program Administrator will issue a correcting invoice, and make any necessary credits to the Participant's account, including any interest earned. Interest will be calculated in accordance with the methodology set forth in FERC's regulations at 18 CFR § 35.19a(a)(2)(iii).

7.3. Appeal of Denial of a Waiver Request

If a Participant submits a request for waiver that the Program Administrator denies in whole or in part, the Participant may appeal such denial to the Board of Directors. To make such an appeal, the Participant should submit notice of the appeal in the form outlined on the WPP website, including all information the Participant considers necessary to support its view that the Program Administrator erred in denying the requested waiver. Any such appeal must be submitted no later than 14 Days after WPP's denial of the waiver request. The Board may request that the Participant provide such additional information as the Board considers necessary for its action on the appeal. The timing of the Board's action on an appeal is in the Board's discretion.

7.4. Presumptive Waiver Afforded Bonneville Power Administration (BPA) In Certain Circumstances

The Operations Program may at times obligate BPA, as a WRAP Participant, to "holdback" federal power that BPA has determined to be surplus (as defined by BPA's governing statutes), but does not address the circumstance where BPA determines it must provide that surplus to a preference customer before supplying to a non-preference WRAP Participant.

Therefore, to enable BPA to comply with its statutory preference obligations while participating in the Operations Program, it is recognized that the following waiver of the Delivery Failure Charge (and of any other charge that would be assessed as a result of an Energy Delivery Failure) is presumptively established if:

(1) BPA determines it is unable to meet a WRAP holdback allocation or delivery obligation under the WRAP Tariff Operations Program because of BPA's obligation to give preference and priority in disposing of federal power; and

(2) BPA provides assurance to the Board of Directors in an attestation that BPA would have violated its obligation to give preference if it had met its WRAP obligation. BPA will attest to the following limiting factors:

   a. BPA could not deliver the full amount of its WRAP-required Energy Deployment without violating BPA's obligation to give preference and priority when disposing federal power, including a summary of the facts that resulted in the conflict with BPA's WRAP obligations and BPA's preference obligations;

   b. To avoid conflict, BPA relied to the extent practicable on its available power supply not committed to WRAP. However, BPA forecasted, based on best available information and data at the time of the holdback operational period, an inability to use operational flexibility to produce additional surplus federal power given non-power constraints and environmental obligations during the holdback operational period or without significantly altering operations in a manner that would jeopardize BPA's ability to meet future firm load obligations (provided that, BPA took reasonable actions, including market purchases, to mitigate potential jeopardy);

c. BPA was unable to acquire additional power, either in the market or through WRAP, during the holdback operational period in the amount requested by WPP; and

d. BPA notified WPP of the expected Energy Delivery Failure as soon as practicable after becoming aware of the anticipated failure.

8. Possible Expulsion for Repeated Energy Delivery Failures

A Participant that has a third or subsequent non-waived Covered Delivery Failure, or has a second or subsequent non-waived Non-Covered Delivery Failure (regardless of whether the prior non-waived Energy Delivery Failures were Non-Covered Delivery Failures), will be reviewed for possible expulsion from the WRAP.