

## Displacement of Multiple TSRs with and without Right of First Refusal

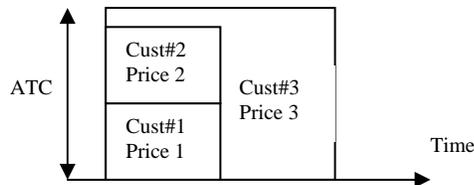
From time-to-time while exercising the terms and conditions in Puget Sound Energy's (PSEI) Open Access Transmission Tariff (OATT), PSEI finds it necessary to post a set of clear and consistent policies that are applied equally to all eligible transmission customers. This policy addresses the "right of first refusal" for competing request in a constrained situation. This is sometimes referred to as the "displacement process" or the "bumping process".

The issue addressed here is the situation where there are multiple conditional short-term firm reservations by multiple customers and the order in which the right of first refusal is offered.

When there is a single conditional short-term firm confirmed reservation and a competing request, the application of PSEI's OATT and NAESB OASIS Business Practice Standards for bumping process is straightforward. However, when there are multiple conditional reservations from multiple customers, the offering of the right of first refusal is not as obvious.

PSEI offers the right of first refusal in reverse queue order (the last reservation to the first). In the case of the single customer with a conditional reservation, the right of first refusal is offered to the earlier request or via the principle of first in, first served. In this case the first in has the final say.

Extending that to a multiple customer situation, the first customer who had a confirmed reservation should have the final say. So, once a competing reservation is received, we shall offer the right of first refusal to the "youngest" conditional reservation (the OASIS issues reservation assignment reference numbers sequentially, so it would be the reservation with the highest number). If that customer agrees to "match", the competing request is refused and the existing customer becomes the owner of the competing request (assumes there is still a constrained situation). Now the next-youngest reservation is offered right of first refusal. Each time as existing customers agree to match, they inherit the competing reservation profile and price. This continues until there are no more constrained situations or until the oldest customer matches the competing request.



In the example above, Cust#1 submits a request for short term firm ATC which becomes CONFIRMED. Then Cust#2 submits a request for the same time period for short-term firm ATC which also becomes CONFIRMED. Then Cust#3 submits a longer duration request for all the short-term firm ATC. Since these reservations are all still conditional, the displacement process will happen. Because Cust#3 has a longer term request, it is deemed the competing request, according to the tariff. Since Cust#2 was the last confirmed request in this scenario, Cust#2 is offered right of first refusal. Cust#2 must submit a request that meets or exceeds the competing request's duration, capacity, and price. If Cust#2 does submit the matching request, Cust#3's request is refused, Cust#2's original request is displaced, Cust#2's matching request becomes the competing request, and Cust#1 is offered right of first refusal. If Cust#1 chooses to match and submits a new request that matches or exceeds the competing request, then Cust#2's competing request is refused, Cust#1's original request is displaced, and Cust#1's matching request is accepted/confirmed.

In the case where a long-term point-to-point request displaces a conditional short-term requests (no right of first refusal, WEQ-001 Table 4-3), the short-term requests will be displaced in reverse queue order.