

## CONDITIONAL FIRM SERVICE (CFS)

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## 1.0 OVERVIEW

Pursuant to Section 15.4(c) BC Hydro's [Open Access Transmission Tariff](#) (OATT), Conditional Firm Service (CFS) is a form of Long-Term Firm Point-to-Point (LTFPTP) Transmission Service. BC Hydro may offer CFS to the Transmission Customer when there is insufficient Long-Term Firm Point-to-Point Available Transfer Capability (ATC) to accommodate the Transmission Customer's Completed Application for Full LTFPTP Transmission Service or Partial LTFPTP Transmission Service<sup>1</sup>. BC Hydro offers CFS with the condition that the service may be curtailed prior to other firm service under pre-specified curtailment conditions.

These Business Practices provide clarification of the rules, standards and practices used by BC Hydro to implement its OATT.

While the terms of BC Hydro's OATT and these Business Practices govern, the Transmission Customers should also refer to the NAESB WEQ Business Standards and WECC Regional Criteria, which BC Hydro has followed in most, but not all, respects. BC Hydro also complies with the Mandatory Reliability Standards adopted by the BCUC.

## 2.0 AVAILABILITY

CFS is a Long-Term Firm Point-to-Point Transmission Service with a requested service period of one year or longer<sup>2</sup>. In response to a Completed Application for a LTFPTP Transmission Service Request<sup>3</sup> (TSR), BC Hydro will process the TSR in queue priority and will typically determine ATC<sup>4</sup> through the study process and its assumptions. Consequently, BC Hydro may offer CFS, as

<sup>1</sup> As defined per OATT Section 19.7.

<sup>2</sup> Please refer to BC Hydro's Business Practice on *Submitting a Long-Term Firm Point-To-Point Transmission Service Request*

<sup>3</sup> Please refer to Section 17.2 of BC Hydro's OATT

<sup>4</sup> Please refer to BC Hydro's Business Practice on *Processing of Long-Term Firm Point-to-Point Transmission Service Requests*

requested by the Transmission Customer, in whole (Full CFS) or in part (Partial CFS) if firm transmission capacity is not sufficient to accommodate the capacity requested in the Completed Application.

As discussed below and with the exception of the BPAT>AESO and the BCHA>AESO paths, a Transmission Customer can elect to take CFS that is offered as either:

- i. a “Substitute Service” for a Transmission Customer who does not wish to commit to a study agreement and/or Network Upgrades and can accept a lower curtailment priority level than that of LTFPTP Transmission Service; or
- ii. an interim “Bridging Service” for a Transmission Customer who can accept a lower curtailment priority level than that of LTFPTP Transmission Service while studies and/or Network Upgrades are undertaken for the possibility of acquiring Full or Partial LTFPTP Transmission Service in the future.

### 3.0 ELIGIBILITY

CFS cannot be requested by the Transmission Customer on OASIS; rather, BC Hydro offers the Transmission Customer CFS when all of the following eligibility conditions are met:

- i. The Transmission Customer submits a Completed Application for LTFPTP Service.
- ii. The TSR related to the Completed Application has a stop time exceeding 1 year.
- iii. The Transmission Customer is next in the queue.
- iv. The Transmission Customer requests that CFS be studied when determining the assumptions for the system study.
- v. BC Hydro determines that it does not have adequate ATC to accommodate the full request or provide Partial Service.
- vi. BC Hydro determines that there is ATC that could be granted for CFS (ATC for CFS).

BC Hydro will decline Transmission Customer’s Completed Application when either of the following conditions apply to the TSR related to the Completed Application:

- i. A stop time less than 1 year of when CFS becomes available from the queue.
- ii. Less than 12 months remaining in the term of the TSR that is in the queue

### 4.0 CFS SERVICE AGREEMENT

BC Hydro will tender a CFS Service Agreement to the Transmission Customer based on eligibility as set out in section 3.0 above. Depending on the ATC for CFS on the Completed Application, a CFS Service Agreement may be for Full CFS or Partial CFS.

#### 4.1 Service Agreement

##### **For All Paths Excluding BCHA>AESO and BPAT>AESO Paths**

BC Hydro will tender the following to the Transmission Customer:

- i. A Service Agreement for Full CFS or Partial CFS, as applicable; and
- ii. A study agreement (either a System Impact Study Agreement or a Facilities Study Agreement), as applicable.

**For BCHA>AESO and BPAT>AESO Paths**

~~BC Hydro will only tender to the Transmission Customer a Service Agreement for Full CFS or Partial CFS, as applicable.~~

Pursuant to BCUC Order G-110-08, facilities studies have been suspended; therefore, no study agreements will be tendered. Furthermore, TTC on this path is limited to 850MW, firm sales are limited to 480MW, and CFS offerings are limited to 305MW.

Consequently, LTFPTP TSRs may have been queued for an extended period of time, which may lead to TSRs being processed after their Start Time. In those cases, BC Hydro's approach will remain consistent with its tariff and business practices whereby rollover rights, if applicable, will only be offered if the Term of the Transaction as stated in OATT Attachment B, Specifications for Long-Term Firm Point-To-Point Transmission Service, is five years or longer in duration between the start of service and the Stop Time offered by BC Hydro. This may be different than the interval between the Start Time and the Stop Time of the associated TSR.

~~Furthermore, facilities studies have been suspended; therefore, no study agreements will be tendered.~~

**4.2 Offer Timelines and Conditions**

Pursuant to BC Hydro's OATT Section 17.6, the Transmission Customer has up to 15 days to accept BC Hydro's CFS offer and/or study agreement (if applicable) after it is tendered by BC Hydro; otherwise, the offer is deemed Withdrawn.

The table below describes the outcomes and/or next steps for the Transmission Customer given the response to the offer(s).

Transmission Customer Response			Actions
#	CFS Agreement Executed	Study Agreement Executed	
1	Full CFS	Yes	<p>The Transmission Customer will be granted the CFS, which will serve as a bridging service until the conclusion of the studies, at which point:</p> <ul style="list-style-type: none"> <li>a) If the study concludes that Network Upgrades are not needed to provide Full LTFPTP transmission service, then the CFS will be upgraded to Full LTFPTP Transmission service.</li> <li>b) If the study concludes that Network Upgrades are needed to provide LTFPTP Transmission Service in part or in full:               <ul style="list-style-type: none"> <li>i) If the customer commits to Network Upgrades via a Facilities Study Agreement, then the full or partial amount of CFS will be upgraded to LTFPTP Transmission Service once the upgrades are in service, as applicable.</li> <li>ii) If the customer does not commit to Network Upgrades, the CFS will serve as a substitute service.</li> </ul> </li> </ul>

2	Partial CFS	Yes	<p>The actions depend on the subject of the Study Agreement.</p> <p>a) If the Study Agreement is for “firming up” the Partial CFS to acquire LTFFTP Transmission Service only:</p> <p>The TSR’s status will be updated to COUNTEROFFER with the Partial CFS granted as a bridging service until the studies conclude.</p> <ul style="list-style-type: none"> <li>• If the study concludes that Network Upgrades are not needed to provide LTFFTP Transmission Service in part or in full, then the applicable portion of Partial CFS will be upgraded to LTFFTP Transmission service.</li> <li>• If the study concludes that Network Upgrades are needed to provide LTFFTP Transmission Service to the Partial CFS in part or in full: <ul style="list-style-type: none"> <li>- If the customer commits to Network Upgrades via a Facilities Study Agreement, then the applicable amount of CFS will be upgraded to LTFFTP Transmission Service once the upgrades are in service.</li> <li>- If the customer does not commit to Network Upgrades, the Partial CFS will serve as a substitute service.</li> </ul> </li> </ul> <p>The Transmission Customer shall, within five (5) business days after the CFS Service Agreement is executed, submit on OASIS one or more new Supplementary TSR(s) in order to maintain the queue priority of the remaining capacity and/or term<sup>5</sup>.</p> <p>b) If the Study Agreement is for the remaining capacity only:</p> <ul style="list-style-type: none"> <li>• The TSR’s status will be updated to COUNTEROFFER with the Partial CFS granted as a substitute service.</li> <li>• The Transmission Customer shall, within 5 business days after the CFS Service Agreement is executed, submit on OASIS a TSR for the remaining capacity and/or term, which will be updated with STUDY status; after which <i>Processing of Long-Term Point-to-Point Transmission Service Requests</i> Business Practice applies.</li> </ul> <p>c) If the Study Agreement is for “firming up” the full capacity of the TSR:</p> <ul style="list-style-type: none"> <li>• The Transmission customer will be granted the Partial CFS, which will serve as a bridging service until the conclusion of the studies, at which point: <ul style="list-style-type: none"> <li>• If the study concludes that Network Upgrades are not needed to provide Full LTFFTP Transmission Service, then the Full LTFFTP Transmission service will be granted.</li> <li>• If the study concludes that Network Upgrades are needed to provide LTFFTP Transmission Service in part or in full: <ul style="list-style-type: none"> <li>- If the customer commits to Network Upgrades via a Facilities Study Agreement, then the applicable amount of capacity will be upgraded to and/or granted LTFFTP Transmission Service once the upgrades are in service.</li> <li>- If the customer does not commit to Network Upgrades, the Partial CFS will serve as a substitute service.</li> </ul> </li> </ul> </li> <li>• The Transmission Customer shall, within 5 business days after the CFS Service Agreement is executed, submit on OASIS a TSR for the remaining capacity and/or term, which will be updated with STUDY status.</li> </ul>
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Transmission Customer Response			Actions
#	CFS Agreement Executed	Study Agreement Executed	
3	Full CFS	No	The Transmission customer will be granted the CFS as a substitute service.
4	Partial CFS	No	The TSR's status will be updated to COUNTEROFFER with the Partial CFS granted as a substitute service.
5	No	Yes	<p>The TSR will retain its position in the queue in STUDY status and will receive no further consideration for CFS.</p> <p>If the study concludes that Network Upgrades are not needed to provide Full LTFFTP transmission service, then BC Hydro will tender a Service Agreement for full LTFFTP Transmission Service to the Transmission Customer<sup>6</sup>.</p> <p>If the study concludes that Network Upgrades are needed to provide Full LTFFTP transmission service, and the Transmission Customer commits to Network Upgrades via a Facilities Study Agreement, then BC Hydro will tender a Service Agreement for full LTFFTP Transmission Service to the Transmission Customer<sup>6</sup> once the upgrades are in service. If the Transmission Customer does not execute the Service Agreement, then the TSR will be deemed Withdrawn and be removed from the queue.</p> <p>If the study concludes that Partial CFS can be granted without Network Upgrades, and the Transmission Customer does not commit to Network Upgrades to acquire Full LTFFTP transmission service, then BC Hydro will discuss with the Transmission Customer the Service Agreement's terms and conditions, which may include rollover rights, as part of the tendering process.</p>
6	No	No	The TSR will be deemed Withdrawn and be removed from the queue.

## 5.0 TRANSMISSION QUEUE PRIORITY AND PROCESSING

When a full CFS or partial CFS Service Agreement is executed, the associated TSR(s) will remain in the queue as a placeholder for the purpose of determining the order of firming, when firm transmission service becomes available<sup>6</sup>.

## 6.0 FIRING UP CFS

BC Hydro will convert CFS to firm Transmission Service ("firm up") before offering Short-Term Firm ATC to the market. All existing CFS Transmission Reservations (Confirmed TSRs with CFS) on the same path will be firming up automatically by BC Hydro, at the same time, only when there is sufficient Short-Term Firm ATC for a period of time, for all of the CFS Transmission

<sup>5</sup> Refer to section 3.1 of the Long-Term Firm Point-to-Point Partial Service Business Practice to submit the Supplementary TSR(s).

<sup>6</sup> Please refer to section 3.5 of BC Hydro's Business Practice on *Processing of Long-Term Firm Point-to-Point Transmission Service Requests*

Reservations on that path. CFS Transmission Reservations that have been firmed up are no longer conditional for those periods, and they will be curtailed pro-rata with other Firm Transmission Reservations.

As LTFPTP becomes available, BC Hydro will evaluate the existing CFS Transmission Reservation(s) for that particular path and offer to firm up the existing CFS Transmission Reservation(s) based on queue priority (earliest queue time). Any remaining firm capacity will then be offered to the next Transmission Service Request in the queue, as applicable.

## 7.0 CURTAILMENT PRIORITY

During conditional periods, CFS has the same curtailment priority as Secondary Network Transmission Service (curtailed pro-rata with Type 1 Network Economy); and during unconditional periods CFS has the same curtailment priority as other Firm transmission services (curtailed pro-rata with other Firm transmission service)<sup>7</sup>.

## 8.0 PRICING

CFS will be charged the same price as LTFPTP transmission service as defined in Rate Schedule 01 of BC Hydro's OATT.

## 9.0 BIENNIAL REASSESSMENT

Pursuant to Section 15.4(c) of BC Hydro's OATT, BC Hydro retains the right to reassess on a biennial basis (i.e. every two years) CFS associated with the Transmission Customer's Transmission Reservation that is used as a Substitute Service. BC Hydro will provide the Transmission Customer with the results of its biennial reassessment of the Firm ATC and ATC for CFS no later than ninety (90) Calendar Days prior to the date on which such new levels of Firm ATC and ATC for CFS will be applied.

BC Hydro does not reassess CFS being taken as a Bridging Service for Transmission Customers whose study agreement(s) or Network Upgrades are underway.

### 9.1 Response to Reassessment Results

- a) If the reassessment increases the curtailment conditions the Transmission Customer may choose to either continue service with the new curtailment conditions, or discontinue the service:
  - If the Transmission Customer decides to continue service with the new curtailment conditions and/or does not provide the notice contemplated in subsection b) below, the Service Agreement related to the Transmission Reservation for CFS will be amended accordingly.
  - If the Transmission Customer decides to discontinue service, the Transmission Customer is required to inform BC Hydro in writing at least thirty (30) Calendar Days in advance that it chooses to discontinue the service on the date the new curtailment conditions

<sup>7</sup> Please refer to BC Hydro's Business Practice on *Curtailed Transmission and Energy*.

become effective.

- b) If the reassessment decreases the curtailment conditions or the curtailment conditions remain unchanged, both parties will remain contractually bound to continue the CFS transmission service until the next reassessment or until the Service Agreement terminates, whichever comes first.

## 10.0 ROLLOVER

Pursuant to Section 2.2 of BC Hydro's OATT, Transmission Customers with Service Agreements for CFS are subjected to the same rollover conditions and rights as other Long-Term Transmission Service Customers as stated in BC Hydro's Business Practice on *Submitting a Long-Term Transmission Service Request*.

### 10.1 Rollover Rights Coincide with Biennial Assessment

For a CFS Service Agreement with rollover rights that coincides with BC Hydro's biennial reassessment of CFS, BC Hydro shall provide the CFS Transmission Customer with information on reassessed curtailment conditions at least 30 Calendar Days prior to the relevant rollover deadline. In addition, BC Hydro shall have the right to reassess the curtailment conditions for service at the end of the first year of service that has been rolled over.

### 10.2 Rollover Rights Do Not Coincide with Biennial Assessment

For a CFS Service Agreement with rollover rights that do not coincide with BC Hydro's biennial reassessment of the CFS, BC Hydro shall have the right to reassess the curtailment conditions prior to rollover. BC Hydro shall provide the CFS Transmission Customer with new conditions from the reassessment, as applicable, when the CFS is rolled over, at least 30 Calendar days prior to the relevant rollover deadline.

## 11.0 OTHER TERMS AND CONDITIONS

CFS Transmission Service has the same Redirect and Resale rights as LTFPTP Transmission Service. However, Firm Transmission Service cannot be redirected to CFS on a short-term basis. Refer to BC Hydro's OATT Business Practices on *Redirect of a Transmission Reservation* and *Resale, Transfer and Consolidation of Transmission Rights* for more information.



**Document Change History**

Issue	Reason for Issue	Date
<u>5</u>	<u>Clarified queue processing</u>	<u>XX, 2023</u>
4	Updated Language and re-ordered content	October 12, 2022
3	Updated procedures to clarify language on CFS Service	April 29, 2019
2	Updated hyperlink to OATT under bchydro.com	July 23, 2015
1	OATT Amendment Implementation.	March 10, 2011

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