**Draft, February21, 2017**

**OPEN ACCESS**

**TRANSMISSION TARIFF**

**DRAFTING NOTE TO STAKEHOLDERS**:

The February 21, 2017 tariff modifies the January 17, 2017 tariff with the following changes:

1. Added Network Integration Transmission Service;
2. Added generation redispatch;
3. Added Section 2.0 Initial Allocation of Available Transfer Capability from the pro forma;
4. Added LADWP’s negative pricing policy from the SP Prices for Real Power Loss Financial Settlement (06.20.2015) transmission business practice into the definition of Hourly Pricing Proxy in Schedules 4 and 9;
5. Added to the LGIA and LGIP power factor requirements for non-synchronous generation; and
6. Miscellaneous minor changes.

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1. COMMON SERVICE PROVISIONS
   1. Definitions
      1. Affiliate:

With respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.

* + 1. Ancillary Services:

Those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the Transmission Provider's Transmission System in accordance with Good Utility Practice.

* + 1. Annual Transmission Costs:

The total annual cost of the Transmission System for purposes of Network Integration Transmission Service shall be the amount specified in Attachment H until amended by the Transmission Provider.

* + 1. Application:

A request by an Eligible Customer for transmission service pursuant to the provisions of the Tariff.

* + 1. Commission:

The Federal Energy Regulatory Commission.

* + 1. Completed Application:

An Application that satisfies all of the information and other requirements of the Tariff, including any required deposit.

* + 1. Control Area:

An electric power system or combination of electric power systems to which a common automatic generation control scheme is applied in order to:

1. match, at all times, the power output of the generators within the electric power system(s) and capacity and energy purchased from entities outside the electric power system(s), with the load within the electric power system(s);
2. maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice;
3. maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice; and
4. provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice.
   * 1. Curtailment:

A reduction in firm or non-firm transmission service in response to a transfer capability shortage as a result of system reliability conditions.

* + 1. Delivering Party:

The entity supplying capacity and energy to be transmitted at Point(s) of Receipt.

* + 1. Designated Agent:

Any entity that performs actions or functions on behalf of the Transmission Provider, an Eligible Customer, or the Transmission Customer required under the Tariff.

* + 1. Direct Assignment Facilities:

Facilities or portions of facilities that are constructed by the Transmission Provider for the sole use/benefit of a particular Transmission Customer requesting service under the Tariff. Direct Assignment Facilities shall be specified in the Service Agreement that governs service to the Transmission Customer.

* + 1. Eligible Customer:

1. Any electric utility (including the Transmission Provider and any power marketer), Federal power marketing agency, or any person generating electric energy for sale for resale is an Eligible Customer under the Tariff; provided, however, an Eligible Customer satisfies the creditworthiness procedures set forth in Attachment L and meets the creditworthiness requirements prior to any transaction with Transmission Provider. Electric energy sold or produced by such entity may be electric energy produced in the United States, Canada or Mexico. However, with respect to transmission service that the Commission is prohibited from ordering by Section 212(h) of the Federal Power Act, such entity is eligible only if the service is provided pursuant to a state requirement that the Transmission Provider offer the unbundled transmission service, or pursuant to a voluntary offer of such service by the Transmission Provider.
2. Any retail customer taking unbundled transmission service pursuant to a state requirement that the Transmission Provider offer the transmission service, or pursuant to a voluntary offer of such service by the Transmission Provider, is an Eligible Customer under the Tariff.
3. Any entity without a Service Agreement but determined to be engaged in an Unreserved Use of the transmission system is an Eligible Customer under the Tariff.
   * 1. Facilities Study:

An engineering study conducted by the Transmission Provider to determine the required modifications to the Transmission Provider's Transmission System, including the cost and scheduled completion date for such modifications, that will be required to provide the requested transmission service.

* + 1. Firm Point-To-Point Transmission Service:

Transmission Service under this Tariff that is reserved and/or scheduled between specified Points of Receipt and Delivery pursuant to Part II of this Tariff.

* + 1. Good Utility Practice:

Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region, including those practices required by Federal Power Act section 215(a)(4).

* + 1. Interruption:

A reduction in non-firm transmission service due to economic reasons pursuant to Section 14.7.

* + 1. Load Ratio Share:

Ratio of a Transmission Customer's Network Load to the Transmission Provider's total load computed in accordance with Sections 34.2 and 34.3 of the Network Integration Transmission Service under Part III of the Tariff and calculated on a rolling twelve-month basis.

* + 1. Load Shedding:

The systematic reduction of system demand by temporarily decreasing load in response to transmission system or area capacity shortages, system instability, or voltage control considerations under Part III of the Tariff.

* + 1. Long-Term Firm Point-To-Point Transmission Service:

Firm Point-To-Point Transmission Service under Part II of the Tariff with a term greater than one year.

* + 1. Native Load Customers:

The wholesale and retail power customers of the Transmission Provider on whose behalf the Transmission Provider, by statute, franchise, regulatory requirement, or contract, has undertaken an obligation to construct and operate the Transmission Provider's system to meet the reliable electric needs of such customers.

* + 1. Network Customer:

An entity receiving transmission service pursuant to the terms of the Transmission Provider’s Network Integration Transmission Service under Part III of the Tariff.

* + 1. Network Integration Transmission Service:

The transmission service provided under Part III of the Tariff.

* + 1. Network Load:

The load that a Network Customer designates for Network Integration Transmission Service under Part III of the Tariff. The Network Customer’s Network Load shall include all load served by the output of any Network Resources designated by the Network Customer. A Network Customer may elect to designate less than its total load as Network Load but may not designate only part of the load at a discrete Point of Delivery. Where a Eligible Customer has elected not to designate a particular load at discrete points of delivery as Network Load, the Eligible Customer is responsible for making separate arrangements under Part II of the Tariff for any Point-To-Point Transmission Service that may be necessary for such non-designated load.

* + 1. Network Operating Agreement:

An executed agreement that contains the terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Network Integration Transmission Service under Part III of the Tariff.

* + 1. Network Operating Committee:

A group made up of representatives from the Network Customer(s) and the Transmission Provider established to coordinate operating criteria and other technical considerations required for implementation of Network Integration Transmission Service under Part III of this Tariff.

* + 1. Network Resource:

Any designated generating resource owned, purchased or leased by a Network Customer under the Network Integration Transmission Service Tariff. Network Resources do not include any resource, or any portion thereof, that is committed for sale to third parties or otherwise cannot be called upon to meet the Network Customer’s Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program.

* + 1. Network Upgrades:

Modifications or additions to transmission-related facilities that are integrated with and support the Transmission Provider's overall Transmission System for the general benefit of all users of such Transmission System.

* + 1. Non-Firm Point-To-Point Transmission Service:

Point-To-Point Transmission Service under the Tariff that is reserved and scheduled on an as-available basis and is subject to Curtailment or Interruption as set forth in Section 14.7 under Part II of this Tariff. Non-Firm Point-To-Point Transmission Service is available on a stand-alone basis for periods ranging from one hour to one month.

* + 1. Non-Firm Sale:

An energy sale for which receipt or delivery may be interrupted for any reason or no reason, without liability on the part of either the buyer or seller.

* + 1. Open Access Same-Time Information System (OASIS):

The information system and standards of conduct and all additional requirements implemented by the Transmission Provider dealing with OASIS.

* + 1. Pacific Prevailing Time or PPT:

The local time in Los Angeles, California.

* + 1. Part I:

Tariff Definitions and Common Service Provisions contained in Sections 2 through 12.

* + 1. Part II:

Tariff Sections 13 through 27 pertaining to Point-To-Point Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.

* + 1. Part III:

Tariff Sections 28 through 35 pertaining to Network Integration Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.

* + 1. Parties:

The Transmission Provider and the Transmission Customer receiving service under the Tariff.

* + 1. Point(s) of Delivery:

Point(s) on the Transmission Provider's Transmission System where capacity and energy transmitted by the Transmission Provider will be made available to the Receiving Party under Part II of the Tariff. The Point(s) of Delivery shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.

* + 1. Point(s) of Receipt:

Point(s) of interconnection on the Transmission Provider's Transmission System where capacity and energy will be made available to the Transmission Provider by the Delivering Party under Part II of the Tariff. The Point(s) of Receipt shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.

* + 1. Point-To-Point Transmission Service:

The reservation and transmission of capacity and energy on either a firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery under Part II of the Tariff.

* + 1. Power Purchaser:

The entity that is purchasing the capacity and energy to be transmitted under the Tariff.

* + 1. Pre-Confirmed Application:

An Application that commits the Eligible Customer to execute a Service Agreement upon receipt of notification that the Transmission Provider can provide the requested Transmission Service.

* + 1. Preschedule Day:

The preschedule day identified in WECC’s Approved Preschedule Calendar for the given calendar year.

* + 1. Receiving Party:

The entity receiving the capacity and energy transmitted by the Transmission Provider to Point(s) of Delivery.

* + 1. Regional Transmission Group (RTG):

A voluntary organization of transmission owners, transmission users and other entities approved by the Commission to efficiently coordinate transmission planning (and expansion), operation and use on a regional (and interregional) basis.

* + 1. Reserved Capacity:

The maximum amount of capacity and energy that the Transmission Provider agrees to transmit for the Transmission Customer over the Transmission Provider's Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under Part II of the Tariff. Reserved Capacity shall be expressed in terms of whole megawatts on a sixty (60) minute interval (commencing on the clock hour) basis.

* + 1. Service Agreement:

The initial agreement and any amendments or supplements thereto entered into by the Transmission Customer and the Transmission Provider for service under the Tariff.

* + 1. Service Commencement Date:

The date the Transmission Provider begins to provide service pursuant to the terms of an executed Service Agreement, or the date the Transmission Provider begins to provide service in accordance with Section 15.3 or Section 29.1 under the Tariff.

* + 1. Short-Term Firm Point-To-Point Transmission Service:

Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of one year or less.

* + 1. System Condition

A specified condition on the Transmission Provider’s system or on a neighboring system, such as a constrained transmission element or flowgate, that may trigger Curtailment of Long-Term Firm Point-to-Point Transmission Service using the curtailment priority pursuant to Section 13.6. Such conditions must be identified in the Transmission Customer’s Service Agreement.

* + 1. System Impact Study:

An assessment by the Transmission Provider of (i) the adequacy of the Transmission System to accommodate a request for either Firm Point-To-Point Transmission Service or Network Integration Transmission Service and (ii) whether any additional costs may be incurred in order to provide transmission service.

* + 1. Tariff:

This Open Access Transmission Tariff as may be amended from time to time.

* + 1. Third-Party Sale:

Any sale for resale in interstate commerce to a Power Purchaser that is not designated as part of Network Load under the Network Integration Transmission Service.

* + 1. Transmission Customer:

Any Eligible Customer (or its Designated Agent) that executes a Service Agreement. This term is used in the Part I Common Service Provisions to include customers receiving transmission service under Part II and Part III of this Tariff.

* + 1. Transmission Provider:

The transmitting utility (or its Designated Agent) that owns, controls, or operates facilities used for the transmission of electric energy in interstate commerce and provides transmission service under the Tariff.

* + 1. Transmission Provider’s Monthly Transmission System Peak:

The maximum firm usage of the Transmission Provider’s Transmission System in a calendar month.

* + 1. Transmission Service:

Point-To-Point Transmission Service provided under Part II of the Tariff on a firm and non-firm basis.

* + 1. Transmission System:

The facilities owned, controlled or operated by the Transmission Provider that are used to provide transmission service under Part II and Part III of the Tariff.

* + 1. Unreserved Use:

Unreserved Use shall have the meaning ascribed in Section 13.4 of the Tariff.

* 1. Initial Allocation and Renewal Procedures

2.0 Initial Allocation of Available Transfer Capability

For purposes of determining whether existing capability on the Transmission Provider's Transmission System is adequate to accommodate a request for firm service under this Tariff, all Completed Applications for new firm transmission service received during the initial sixty (60) day period commencing with the effective date of the Tariff will be deemed to have been filed simultaneously. A lottery system conducted by an independent party shall be used to assign priorities for Completed Applications filed simultaneously. All Completed Applications for firm transmission service received after the initial sixty (60) day period shall be assigned a priority pursuant to Section 13.2.

* + 1. Continuation of Service

Subject to the Service Agreement term limitations in Section 13.1 and Section 28.1A, existing firm service customers (wholesale requirements and transmission-only, with a contract term greater than one year), have the right to continue to take transmission service from the Transmission Provider when the contract expires, rolls over or is renewed; provided, however, the total term for any Service Agreement, including all renewal options, is limited to three (3) years, unless:

2.1.1 In the exclusive determination of Transmission Provider, the Eligible Customer has satisfied the requirements of the Governmental Person Use Certification and the requirements of Section 5.2 of this Tariff; or

2.1.2 The Transmission Provider and a firm service customer with a contract term of two (2) years or more mutually agreed to add the following automatic renewal option to the initial Transmission Service Agreement:

“**Automatic renewal option**”: This TSA will automatically renew for an additional term of two (2) years, unless either Party notifies the other party of the termination of this automatic renewal option on or before the date that is one (1) year prior the last day of the initial term of the TSA, and one (1) year prior to the last day of each subsequent term of the TSA thereafter.”

* + 1. Competing Requests

This transmission reservation priority is independent of whether the existing customer continues to purchase capacity and energy from the Transmission Provider or elects to purchase capacity and energy from another supplier. If at the end of the contract term, the Transmission Provider's Transmission System cannot accommodate all of the requests for transmission service, the existing firm service customer must agree to accept a contract term at least equal to a competing request by any new Eligible Customer requesting service (up to three (3) years in duration) and be willing to pay the current rate for such service, as approved by the Transmission Provider’s Board of Commissioners and the Los Angeles City Council for such service; provided that, the firm service customer (i) shall have a right of first refusal at the end of such service only if the Transmission Customer has not exhausted its three (3) year Service Agreement limitation and (ii) may only renew the service for a period such that the total term of the Service Agreement, including all renewal options, does not exceed three (3) years, unless in the exclusive determination of Transmission Provider, the Eligible Customer has satisfied the requirements of the Governmental Person Use Certification and the requirements of Section 5.2 of this Tariff; or the Transmission Provider and a firm service customer with a contract term of two (2) years or more have mutually agreed to add the automatic renewal option set forth in Section 2.1.2 of this Tariff to the initial Transmission Service Agreement. The existing firm service customer must provide notice to the Transmission Provider whether it will exercise its right of first refusal no less than six (6) months prior to the expiration date of its transmission service agreement. This transmission reservation priority for existing firm service customers is an ongoing right that may be exercised at the end of all firm contract terms greater than one year.

* + 1. Prior Service Agreements

Service agreements entered into under Transmission Provider’s open access transmission tariff prior to the effective date of this Tariff, unless terminated, will be subject to the renewal procedures above on the first roll over date after the effective date of this Tariff.

* 1. Ancillary Services

Ancillary Services are needed with transmission service to maintain reliability within and among the Control Areas affected by the transmission service. The Transmission Provider is required to provide (or offer to arrange with the local Control Area operator as discussed below), and the Transmission Customer is required to purchase, the following Ancillary Services (i) Scheduling, System Control and Dispatch, and (ii) Reactive Supply and Voltage Control from Generation or Other Sources.

The Transmission Provider is required to offer to provide (or offer to arrange with the local Control Area operator as discussed below) the following Ancillary Services only to the Transmission Customer serving load within the Transmission Provider's Control Area (i) Regulation and Frequency Response, (ii) Energy Imbalance and Frequency Response Service or Generator Regulation and Frequency Response Service, (iii) Operating Reserve - Spinning, and (iv) Operating Reserve - Supplemental. The Transmission Customer serving load within the Transmission Provider's Control Area is required to acquire these Ancillary Services, whether from the Transmission Provider, from a third party, or by self-supply.

The Transmission Provider is required to provide (or offer to arrange with the local Control Area operator as discussed below), to the extent it is physically feasible to do so from its resources or from resources available to it, Generator Imbalance Service when Transmission Service is used to deliver energy from a generator located within its Control Area. The Transmission Customer using Transmission Service to deliver energy from a generator located within the Transmission Provider’s Control Area is required to acquire Generator Imbalance Service, whether from the Transmission Provider, from a third party, or by self-supply.

The Transmission Customer may not decline the Transmission Provider's offer of Ancillary Services unless it demonstrates that it has acquired the Ancillary Services from another source. The Transmission Customer must list in its Application which Ancillary Services it will purchase from the Transmission Provider. A Transmission Customer that exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery or an Eligible Customer that uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved is required to pay for all of the Ancillary Services identified in this section that were provided by the Transmission Provider associated with the unreserved service pursuant to Schedule 11. The Transmission Customer or Eligible Customer will pay for Ancillary Services based on the amount of transmission service it used but did not reserve.

If the Transmission Provider is a utility providing transmission service but is not a Control Area operator for any segment of the transmission path, it may be unable to provide some or all of the Ancillary Services. In this case, the Transmission Provider can fulfill its obligation to provide Ancillary Services by acting as the Transmission Customer's agent to secure these Ancillary Services from the Control Area operator. The Transmission Customer may elect to (i) have the Transmission Provider act as its agent, (ii) secure the Ancillary Services directly from the Control Area operator, or (iii) secure the Ancillary Services (discussed in Schedules 3, 4, 5, 6, 9, and 10) from a third party or by self-supply when technically feasible.

The Transmission Provider specifies the rate treatment and all related terms and conditions in the event of an unreserved use of Ancillary Services by the Transmission Customer in Schedule 11.

The specific Ancillary Services, prices and/or compensation methods are described on the Schedules that are attached to and made a part of the Tariff. Three principal requirements apply to discounts for Ancillary Services provided by the Transmission Provider in conjunction with its provision of transmission service as follows: (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an Affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. A discount agreed upon for an Ancillary Service must be offered for the same period to all Eligible Customers on the Transmission Provider's system. Sections 3.1 through 3.8 below list the eight Ancillary Services.

* + 1. Scheduling, System Control and Dispatch Service:

The rates and/or methodology are described in Schedule 1.

* + 1. Reactive Supply and Voltage Control from Generation or Other Sources Service:

The rates and/or methodology are described in Schedule 2.

* + 1. Regulation and Frequency Response Service:

Where applicable the rates and/or methodology are described in Schedule 3.

* + 1. Energy Imbalance Service:

Where applicable the rates and/or methodology are described in Schedule 4.

* + 1. Operating Reserve - Spinning Reserve Service:

Where applicable the rates and/or methodology are described in Schedule 5.

* + 1. Operating Reserve - Supplemental Reserve Service:

Where applicable the rates and/or methodology are described in Schedule 6.

* + 1. Generator Imbalance Service:

Where applicable the rates and/or methodology are described in Schedule 9.

* + 1. **Generator Regulation and Frequency Response Service:**

Where applicable the rates and/or methodology are described in Schedule 10.

* 1. Open Access Same-Time Information System (OASIS)

Terms and conditions regarding Open Access Same-Time Information System and standards of conduct are set forth in business practices and posted on OASIS. In the event available transfer capability as posted on the OASIS is insufficient to accommodate a request for firm transmission service, additional studies may be required as provided by this Tariff pursuant to Sections 19 and 32.

The Transmission Provider shall post on OASIS and its public website an electronic link to all rules, standards and practices that (i) relate to the terms and conditions of transmission service, (ii) are not subject to a North American Energy Standards Board (NAESB) copyright restriction, and (iii) are not otherwise included in this Tariff. The Transmission Provider shall post on OASIS and on its public website an electronic link to the NAESB website where any rules, standards and practices that are protected by copyright may be obtained. The Transmission Provider shall also post on OASIS and its public website an electronic link to a statement of the process by which the Transmission Provider shall add, delete or otherwise modify the rules, standards and practices that are not included in this tariff. Such process shall set forth the means by which the Transmission Provider shall provide reasonable advance notice to Transmission Customers and Eligible Customers of any such additions, deletions or modifications, the associated effective date, and any additional implementation procedures that the Transmission Provider deems appropriate.

* 1. Municipal Tax Exempt Bonds
     1. Transmission Provider Own Facilities Financed by Tax Exempt and Tax Credit Bonds:

Notwithstanding any other provision of this Tariff, the Transmission Provider shall not be required to provide Transmission Service to any Eligible Customer pursuant to this Tariff if the provision of such transmission service would jeopardize the tax-exempt status of any municipal bond(s) used to finance the Transmission Provider’s facilities that would be used in providing such transmission service.

* + 1. Governmental Person Use Certificate

5.2.1The Transmission Provider may provide Transmission Service to an Eligible Customer in which the total term for any Service Agreement, including all renewal options, is greater than three (3) years, if the Eligible Customer provides a Governmental Person Use Certificate to the Transmission Provider, substantially in the form of Attachment A-2, consisting of a signed and notarized declaration, from a senior management representative who is duly authorized to represent Eligible Customer.

5.2.2 Any dispute between Transmission Provider and the Eligible Customer as to the determinations made by Transmission Provider in this Section 5.2 shall not be subject to the dispute resolution provisions of Section 12 of this Tariff; provided that nothing in this Section 5.2 shall be construed as affecting in any way the ability of the Transmission Provider or Eligible Customer to exercise rights under any applicable law or regulations.

5.2.3 To facilitate the review by the Transmission Provider of the Eligible Customer Certification set forth in 5.2.1, the Eligible Customer may include documentary support, such as an IRS letter ruling or an unqualified opinion of a nationally-recognized bond counsel supporting the statements in the Certification. The Transmission Provider shall review and respond to the Eligible Customer’s submission of a Governmental Person Use Certificate within forty-five (45) days of receipt of said request**.**

5.2.4 After Transmission Provider’s review of the Eligible Customer Certification provided in Section 5.2.1, which may include review by Transmission Provider’s bond counsel, Transmission Provider will inform the Eligible Customer whether, providing the Eligible Customer with a term of service longer than three (3) years pursuant to the Eligible Customer Certification would not jeopardize the tax-exempt status of any municipal bond(s) used to finance the Transmission Provider’s facilities. The Transmission Provider shall have the exclusive judgment to make such determination. Eligible Customer agrees to pay or reimburse Transmission Provider for reasonable costs and expenses (including fees and expenses of counsel) that may be incurred by Transmission Provider for review of the individual Eligible Customer’s Governmental Person Use Certificate.

5.2.5 Supplemental Procedures for Resale, Assignment or Transfer of Service. An Eligible Customer that has been informed by Transmission Provider after the review in Section 5.2.4 that it qualifies for Transmission Service under a Service Agreement in which the total term, including all renewal options, is greater than three (3) years, may only sell, lay-off, or otherwise transfer in any manner, any individual service transaction pursuant to the provisions set forth in Section 23 of this Tariff, if the total term of the Service Agreement, including all renewal options, does not exceed three (3) years, unless in the exclusive determination of Transmission Provider, the other Eligible Customer to which such service is sold, laid-off or otherwise transferred has also satisfied the requirements of the Eligible Customer Certification in Section 5.2 of this Tariff. Any resale, assignment or transfer of service that fails to conform to the provisions of Sections 5.2.5 and 23 of this Tariff, by intent or otherwise, shall be void and unenforceable.

* 1. Reciprocity

A Transmission Customer receiving transmission service under this Tariff agrees to provide comparable transmission service that it is capable of providing to the Transmission Provider on similar terms and conditions over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer's corporate Affiliates. A Transmission Customer that is a member of, or takes transmission service from, a power pool, Regional Transmission Group, Regional Transmission Organization (RTO), Independent System Operator (ISO) or other transmission organization approved by the Commission for the operation of transmission facilities also agrees to provide comparable transmission service to the transmission-owning members of such power pool and Regional Transmission Group, RTO, ISO or other transmission organization on similar terms and conditions over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer's corporate Affiliates.

This reciprocity requirement applies not only to the Transmission Customer that obtains transmission service under the Tariff, but also to all parties to a transaction that involves the use of transmission service under the Tariff, including the power seller, buyer and any intermediary, such as a power marketer. This reciprocity requirement also applies to any Eligible Customer that owns, controls or operates transmission facilities that uses an intermediary, such as a power marketer, to request transmission service under the Tariff. If the Transmission Customer does not own, control or operate transmission facilities, it must include in its Application a sworn statement of one of its duly authorized officers or other representatives that the purpose of its Application is not to assist an Eligible Customer to avoid the requirements of this provision.

* 1. Billing and Payment
     1. Billing Procedure:

Within a reasonable time after the first day of each month, the Transmission Provider shall submit an invoice to the Transmission Customer for the charges for all services furnished under the Tariff during the preceding month. The invoice shall be paid by the Transmission Customer by the twentieth (20th) day of the invoicing month or the tenth (10th) day after receipt of the invoice, whichever occurs earlier. All payments shall be made in immediately available funds in U.S. dollars payable to the Transmission Provider, or by wire transfer to a bank named by the Transmission Provider.

* + 1. Interest on Unpaid Balances:

Interest on any unpaid amounts (including amounts placed in escrow) shall be payable with interest calculated daily, at a rate equal to 200 basis points above the per annum Prime Rate reported daily in the Wall Street Journal for the period beginning on the day after the due date and ending on the day of payment; provided that, such interest shall not exceed the amount permitted by law. Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt by the Transmission Provider.

* + 1. Customer Default:

In the event the Transmission Customer fails, for any reason other than a billing dispute as described below, to make payment to the Transmission Provider on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after the Transmission Provider notifies the Transmission Customer to cure such failure, a default by the Transmission Customer shall be deemed to exist. Upon the occurrence of a default, the Transmission Provider may provide written notice to the Transmission Customer of Transmission Provider’s intent to terminate service sixty (60) calendar days from the date of such notice. Transmission Customer shall have seven (7) calendar days following the receipt of the Transmission Provider’s notice of termination to submit a written request to the Transmission Provider to commence the dispute resolution procedures of Section 12 of this Tariff. If Transmission Customer does not provide such notice within seven (7) calendar days of receipt of the notice of termination, then Transmission Provider may terminate service to the Transmission Customer on the date specified in the notice of termination. If the Transmission Customer does submit a timely written request to commence dispute resolution procedures, then Section 12 of this Tariff shall apply. In the event of a billing dispute between the Transmission Provider and the Transmission Customer, the Transmission Provider will continue to provide service under the Service Agreement as long as the Transmission Customer (i) continues to make all payments not in dispute, and (ii) pays into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If the Transmission Customer fails to meet these two requirements for continuation of service, then the Transmission Provider may provide notice to the Transmission Customer of its intention to suspend service in sixty (60) days.

* 1. Accounting for the Transmission Provider's Use of the Tariff

The Transmission Provider shall record the following amounts, as outlined below.

* + 1. Transmission Revenues:

Include in a separate operating revenue account or subaccount the revenues it receives from Transmission Service when making Third-Party Sales under Part II of the Tariff.

* + 1. Study Costs and Revenues:

Include in a separate transmission operating expense account or subaccount, costs properly chargeable to expense that are incurred to perform any System Impact Studies or Facilities Studies which the Transmission Provider conducts to determine if it must construct new transmission facilities or upgrades necessary for its own uses, including making Third-Party Sales under the Tariff; and include in a separate operating revenue account or subaccount the revenues received for System Impact Studies or Facilities Studies performed when such amounts are separately stated and identified in the Transmission Customer's billing under the Tariff.

* 1. Tariff and Rate Changes, Withdraw, and Reservation of Rights

Nothing contained in the Tariff or any Service Agreement shall be construed as affecting in any way the right of the Transmission Provider to unilaterally propose a change in rates, terms and conditions, charges or classification of service. The Transmission Provider may also change the rates that apply to transmission service under any Service Agreement under this Tariff pursuant to applicable law.

The Transmission Provider reserves the right to withdraw and terminate the Tariff. However, the Transmission Provider will not terminate Transmission Service during the stated term of a Service Agreement. The Transmission Provider will also not terminate Transmission Service for Non-Firm Point-to-Point Service Agreements with a duration of less than 30 days. The Transmission Provider will provide thirty (30) days advance written notice prior to the terminating service under Service Agreements for Non-Firm Point-to-Point Transmission Service with a duration of more than thirty (30) days.

Nothing contained in the Tariff or any Service Agreement shall be construed as affecting in any way the ability of any Party receiving service under the Tariff to exercise its rights under the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

* 1. Force Majeure and Indemnification
     1. Force Majeure:

An event of Force Majeure means any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any Curtailment, order, regulation or restriction imposed by governmental military or lawfully established civilian authorities, or any other cause beyond a Party’s control. A Force Majeure event does not include an act of negligence or intentional wrongdoing. Neither the Transmission Provider nor the Transmission Customer will be considered in default as to any obligation under this Tariff if prevented from fulfilling the obligation due to an event of Force Majeure. However, a Party whose performance under this Tariff is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Tariff.

* + 1. Indemnification:

The Transmission Customer shall at all times indemnify, defend, and save the Transmission Provider harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the Transmission Provider’s performance of its obligations under this Tariff on behalf of the Transmission Customer, except in cases of negligence or intentional wrongdoing by the Transmission Provider.

* 1. Creditworthiness

The Transmission Provider will specify its Creditworthiness procedures in Attachment L.

* 1. Dispute Resolution Procedures
     1. Internal Dispute Resolution Procedures:

Any dispute between a Transmission Customer and the Transmission Provider involving transmission service under the Tariff shall be referred to a designated senior representative of the Transmission Provider and a senior representative of the Transmission Customer for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute within thirty (30) days (or such other period as the Parties may agree upon) by mutual agreement, such dispute may be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below.

* + 1. External Arbitration Procedures:

Arbitration may be initiated under the Tariff. In the event that the Parties mutually agree to arbitration, the Parties shall comply with the following procedures:

12.2.1 Such arbitration shall be conducted before a single neutral arbitrator appointed by the Parties.

12.2.2 If the Parties fail to agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) days select a third arbitrator to chair the arbitration panel.

12.2.3 Whether a single arbitrator or a three-member arbitration panel is selected, the arbitrator(s) shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association or Regional Transmission Group rules.

* + 1. Arbitration Decisions:

Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of the Tariff and any Service Agreement entered into under the Tariff and shall have no power to modify or change any of the above in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act and/or the Administrative Dispute Resolution Act.

* + 1. Costs:

Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable:

1. the cost of the arbitrator chosen by the Party to sit on the three-member panel and one half of the cost of the third arbitrator chosen; or
2. one half the cost of the single arbitrator jointly chosen by the Parties.
   * 1. Rights Under The Federal Power Act:

Nothing in this section shall restrict the rights of any party to file a complaint with the Commission under relevant provisions of the Federal Power Act.

1. POINT-TO-POINT TRANSMISSION SERVICE

**Preamble**

The Transmission Provider will provide Firm and Non-Firm Point-To-Point Transmission Service pursuant to the applicable terms and conditions of this Tariff. Point-To-Point Transmission Service is for the receipt of capacity and energy at designated Point(s) of Receipt and the transfer of such capacity and energy to designated Point(s) of Delivery.

* 1. Nature of Firm Point-To-Point Transmission Service
     1. Term:

The minimum term of Firm Point-To-Point Transmission Service shall be one hour and the maximum term, including all renewals granted in accordance with Section 2, shall be limited to three years pursuant Section 5.1 of this Tariff, unless in the exclusive determination of Transmission Provider, the Eligible Customer has satisfied the requirements of the Governmental Person Use Certification and the requirements of Section 5.2 of this Tariff, in which case the maximum term shall be specified in the Service Agreement; or the Transmission Provider and a firm service customer with a contract term of two (2) years or more have mutually agreed to add the automatic renewal option set forth in Section 2.1.2 of this Tariff to the initial Transmission Service Agreement.

* + 1. Reservation Priority:

1. Long-Term Firm Point-To-Point Transmission Service shall be available on a first-come, first-served basis, i.e., in the chronological sequence in which each Transmission Customer has requested service.
2. Reservations for Short-Term Firm Point-To-Point Transmission Service will be conditional based upon the length of the requested transaction or reservation. However, Pre-Confirmed Applications for Short-Term Point-to-Point Transmission Service will receive priority over earlier-submitted requests that are not Pre-Confirmed and that have equal or shorter duration. Among requests or reservations with the same duration and, as relevant, pre-confirmation status (pre-confirmed, confirmed, or not confirmed), priority will be given to an Eligible Customer’s request or reservation that offers the highest price, followed by the date and time of the request or reservation.
3. If the Transmission System becomes oversubscribed, requests for service may preempt competing reservations up to the following conditional reservation deadlines: one day before the commencement of daily service, one week before the commencement of weekly service, and one month before the commencement of monthly service. Before the conditional reservation deadline, if available transfer capability is insufficient to satisfy all requests and reservations, an Eligible Customer with a reservation for shorter term service or equal duration service and lower price has the right of first refusal to match any longer-term request or equal duration service with a higher price before losing its reservation priority. A longer term competing request for Short-Term Firm Point-To-Point Transmission Service will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in section 13.8) from being notified by the Transmission Provider of a longer-term competing request for Short-Term Firm Point-To-Point Transmission Service. When a longer duration request preempts multiple shorter duration reservations, the shorter duration reservations shall have simultaneous opportunities to exercise the right of first refusal. Duration, price and time of response will be used to determine the order by which the multiple shorter duration reservations will be able to exercise the right of first refusal. After the conditional reservation deadline, service will commence pursuant to the terms of Part II of the Tariff.
4. Firm Point-To-Point Transmission Service will always have a reservation priority over Non-Firm Point-To-Point Transmission Service under the Tariff. All Long-Term Firm Point-To-Point Transmission Service will have equal reservation priority with Native Load Customers and Network Customers. Reservation priorities for existing firm service customers are provided in Section 2.2.
   * 1. Use of Firm Transmission Service by the Transmission Provider:

The Transmission Provider will be subject to the rates, terms and conditions of Part II of the Tariff when making Third-Party Sales. The Transmission Provider will maintain separate accounting, pursuant to Section 8, for any use of the Point-To-Point Transmission Service to make Third-Party Sales.

* + 1. Service Agreements:

The Transmission Provider shall offer a standard form Firm Point-To-Point Transmission Service Agreement (Attachment A) to an Eligible Customer when it submits a Completed Application for Long-Term Firm Point-To-Point Transmission Service. The Transmission Provider shall offer a standard form Firm Point-To-Point Transmission Service Agreement (Attachment A) to an Eligible Customer when it first submits a Completed Application for Short-Term Firm Point-To-Point Transmission Service pursuant to the Tariff. An Eligible Customer that uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved and that has not executed a Service Agreement (“Unreserved Use”) will be deemed, for purposes of assessing any appropriate charges and penalties for such Unreserved use, to have executed the appropriate Service Agreement. The Service Agreement shall, when applicable, specify any conditional curtailment options selected by the Transmission Customer. Where the Service Agreement contains conditional curtailment options and is subject to a biennial reassessment as described in Section 15.4, the Transmission Provider shall provide the Transmission Customer notice of any changes to the curtailment conditions no less than 90 days prior to the date for imposition of new curtailment conditions. Concurrent with such notice, the Transmission Provider shall provide the Transmission Customer with the reassessment study and a narrative description of the study, including the reasons for changes to the number of hours per year or System Conditions under which conditional curtailment may occur.

* + 1. Transmission Customer Obligations for Facility Additions or Redispatch Costs:

In cases where the Transmission Provider determines that the Transmission System is not capable of providing Firm Point-To-Point Transmission Service without (1) degrading or impairing the reliability of service to Native Load Customers, Network Customers and other Transmission Customers taking Firm Point-To-Point Transmission Service, or (2) interfering with the Transmission Provider's ability to meet prior firm contractual commitments to others, the Transmission Provider will be obligated to expand or upgrade its Transmission System pursuant to the terms of Section 15.4. The Transmission Customer must agree to compensate the Transmission Provider for any necessary transmission facility additions pursuant to the terms of Section 27. To the extent the Transmission Provider can relieve any system constraint by redispatching the Transmission Provider's resources, it shall do so, provided that the Eligible Customer agrees to compensate the Transmission Provider pursuant to the terms of Section 27 and agrees to either (i) compensate the Transmission Provider for any necessary transmission facility additions or (ii) accept the service subject to a biennial reassessment by the Transmission Provider of redispatch requirements as described in Section 15.4. Any redispatch, Network Upgrade or Direct Assignment Facilities costs to be charged to the Transmission Customer on an incremental basis under the Tariff will be specified in the Service Agreement prior to initiating service.

* + 1. Curtailment of Firm Transmission Service:

In the event that a Curtailment on the Transmission Provider's Transmission System, or a portion thereof, is required to maintain reliable operation of such system and the system directly and indirectly interconnected with Transmission Provider’s Transmission System, Curtailments will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint. Transmission Provider may elect to implement such Curtailments pursuant to the WECC procedures and protocols for unscheduled flow mitigation specified in Attachment J. If multiple transactions require Curtailment, to the extent practicable and consistent with Good Utility Practice, the Transmission Provider will curtail service to Network Customers and Transmission Customers taking Firm Point-To-Point Transmission Service on a basis comparable to the curtailment of service to the Transmission Provider's Native Load Customers. All Curtailments will be made on a non-discriminatory basis; however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Transmission Service. Long-Term Firm Point-to-Point Service subject to the conditions described in Section 15.4 shall be curtailed with secondary service in cases where the conditions apply, but otherwise will be curtailed on a pro rata basis with other Firm Transmission Service. When the Transmission Provider determines that an electrical emergency exists on its Transmission System and implements emergency procedures to Curtail Firm Transmission Service, the Transmission Customer shall make the required reductions upon request of the Transmission Provider. However, the Transmission Provider reserves the right to Curtail, in whole or in part, any Firm Transmission Service provided under the Tariff when, in the Transmission Provider's sole discretion, an emergency or other unforeseen condition impairs or degrades the reliability of its Transmission System. The Transmission Provider will notify all affected Transmission Customers in a timely manner of any scheduled Curtailments.

* + 1. Classification of Firm Transmission Service:

1. The Transmission Customer taking Firm Point-To-Point Transmission Service may (1) change its Receipt and Delivery Points to obtain service on a non-firm basis consistent with the terms of Section 22.1 or (2) request a modification of the Points of Receipt or Delivery on a firm basis pursuant to the terms of Section 22.2.
2. The Transmission Customer may purchase transmission service to make sales of capacity and energy from multiple generating units that are on the Transmission Provider's Transmission System. For such a purchase of transmission service, the resources will be designated as multiple Points of Receipt, unless the multiple generating units are at the same generating plant in which case the units would be treated as a single Point of Receipt.
3. The Transmission Provider shall provide firm deliveries of capacity and energy from the Point(s) of Receipt to the Point(s) of Delivery. Each Point of Receipt at which firm transmission capacity is reserved by the Transmission Customer shall be set forth in the Firm Point-To-Point Service Agreement for Long-Term Firm Transmission Service along with a corresponding capacity reservation associated with each Point of Receipt. Points of Receipt and corresponding capacity reservations shall be as mutually agreed upon by the Parties for Short-Term Firm Transmission. Each Point of Delivery at which firm transfer capability is reserved by the Transmission Customer shall be set forth in the Firm Point-To-Point Service Agreement for Long-Term Firm Transmission Service along with a corresponding capacity reservation associated with each Point of Delivery. Points of Delivery and corresponding capacity reservations shall be as mutually agreed upon by the Parties for Short-Term Firm Transmission. The greater of either (1) the sum of the capacity reservations at the Point(s) of Receipt, or (2) the sum of the capacity reservations at the Point(s) of Delivery shall be the Transmission Customer's Reserved Capacity. The Transmission Customer will be billed for its Reserved Capacity under the terms of Schedule 7. The Transmission Customer may not exceed its firm capacity reserved at each Point of Receipt and each Point of Delivery except as otherwise specified in Section 22. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that a Transmission Customer (including Third-Party Sales by the Transmission Provider) exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery or uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved.
4. In the event that a Transmission Customer or Eligible Customer exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery or uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved, the Transmission Customer or Eligible Customer shall pay an Unreserved Use charge and penalty in accordance with Schedule 11.
   * 1. Scheduling of Firm Point-To-Point Transmission Service:

Schedules for the Transmission Customer's Firm Point-To-Point Transmission Service must be submitted to the Transmission Provider no later than 3:00 p.m. PPT of the day prior to commencement of such service. Schedules submitted after 3:00 p.m. PPT will be accommodated, if practicable. Hour-to-hour and intra-hour (four intervals consisting of fifteen minute schedules) schedules of any capacity and energy that is to be delivered must be stated in increments of 1,000 kW per hour. Subject to Transmission Provider’s prior approval, Transmission Customers within the Transmission Provider's service area with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 kW per hour, may consolidate their service requests at a common point of receipt into units of 1,000 kW per hour for scheduling and billing purposes. Scheduling changes will be permitted up to twenty (20) minutes before the start of the next scheduling interval provided that the Delivering Party and Receiving Party also agree to the schedule modification. The Transmission Provider will furnish to the Delivering Party's system operator, hour-to-hour schedules and, when available, intra-hour schedules equal to those furnished by the Receiving Party (unless reduced for losses) and shall deliver the capacity and energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify the Transmission Provider, and the Transmission Provider shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered.

* 1. Nature of Non-Firm Point-To-Point Transmission Service
     1. Term:

Non-Firm Point-To-Point Transmission Service will be available for periods ranging from one (1) hour to one (1) month. However, a Purchaser of Non-Firm Point-To-Point Transmission Service will be entitled to reserve a sequential term of service (such as a sequential monthly term without having to wait for the initial term to expire before requesting another monthly term) so that the total time period for which the reservation applies is greater than one month, subject to the requirements of Section 18.3.

* + 1. Reservation Priority:

Non-Firm Point-To-Point Transmission Service shall be available from transfer capability in excess of that needed for reliable service to Native Load Customers, Network Customers, and other Transmission Customers taking Long-Term and Short-Term Firm Point-To-Point Transmission Service. A higher priority will be assigned first to requests or reservations with a longer duration of service and second to Pre-Confirmed Applications. In the event the Transmission System is constrained, competing requests of the same Pre-Confirmation status and equal duration will be prioritized based on the highest price offered by the Eligible Customer for the Transmission Service. Eligible Customers that have already reserved shorter term service have the right of first refusal to match any longer-term request before being preempted. A longer term competing request for Non-Firm Point-To-Point Transmission Service will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request: (a) immediately for hourly Non-Firm Point-To-Point Transmission Service after notification by the Transmission Provider; and, (b) within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in section 14.6) for Non-Firm Point-To-Point Transmission Service other than hourly transactions after notification by the Transmission Provider. Transmission service for Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service. Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have the lowest reservation priority under the Tariff.

* + 1. Use of Non-Firm Point-To-Point Transmission Service by the Transmission Provider:

The Transmission Provider will be subject to the rates, terms and conditions of Part II of the Tariff when making Third-Party Sales. The Transmission Provider will maintain separate accounting, pursuant to Section 8, for any use of Non-Firm Point-To-Point Transmission Service to make Third-Party Sales.

* + 1. Service Agreements:

The Transmission Provider shall offer a standard form Non-Firm Point-To-Point Transmission Service Agreement (Attachment B) to an Eligible Customer when it first submits a Completed Application for Non-Firm Point-To-Point Transmission Service pursuant to the Tariff.

* + 1. Classification of Non-Firm Point-To-Point Transmission Service:

Non-Firm Point-To-Point Transmission Service shall be offered under terms and conditions contained in Part II of the Tariff. The Transmission Provider undertakes no obligation under the Tariff to plan its Transmission System in order to have sufficient capacity for Non-Firm Point-To-Point Transmission Service. Parties requesting Non-Firm Point-To-Point Transmission Service for the transmission of firm power do so with the full realization that such service is subject to availability and to Curtailment or Interruption under the terms of the Tariff. The Transmission Provider shall specify the rate treatmentunder Schedule 11 and all related terms and conditions applicable in the event that a Transmission Customer (including Third-Party Sales by the Transmission Provider) exceeds its non-firm capacity reservation. Non-Firm Point-To-Point Transmission Service shall include transmission of energy on an hourly basis and transmission of scheduled short-term capacity and energy on an hourly, daily, weekly or monthly basis, but not to exceed one month's reservation for any one Application, under Schedule 8.

* + 1. Scheduling of Non-Firm Point-To-Point Transmission Service:

Schedules for Non-Firm Point-To-Point Transmission Service must be submitted to the Transmission Provider no later than 3:00 p.m. PPT of the Preschedule Day prior to commencement of such service. Schedules submitted after 3:00 p.m. PPT will be accommodated, if practicable. Hour-to-hour and intra-hour (four intervals consisting of fifteen minute schedules) schedules of energy that is to be delivered must be stated in increments of 1,000 kW per hour. Transmission Customers within the Transmission Provider's service area with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 kW per hour, may consolidate their schedules at a common Point of Receipt into units of 1,000 kW per hour. Scheduling changes will be permitted up to twenty (20) minutes before the start of the next scheduling interval provided that the Delivering Party and Receiving Party also agree to the schedule modification. The Transmission Provider will furnish to the Delivering Party's system operator, hour-to-hour and intra-hour schedules equal to those furnished by the Receiving Party (unless reduced for losses) and shall deliver the capacity and energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify the Transmission Provider, and the Transmission Provider shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered.

* + 1. Curtailment or Interruption of Service:

The Transmission Provider reserves the right to curtail, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under the Tariff for reliability reasons when an emergency or other unforeseen condition threatens to impair or degrade the reliability of its Transmission System or the systems directly and indirectly interconnected with Transmission Provider’s Transmission System. Transmission Provider may elect to implement such Curtailments pursuant to the WECC procedures and protocols for unscheduled flow mitigation specified in Attachment J. The Transmission Provider reserves the right to Interrupt, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under the Tariff for economic reasons in order to accommodate (1) a request for Firm Transmission Service, (2) a request for Non-Firm Point-To-Point Transmission Service of greater duration, (3) a request for Non-Firm Point-To-Point Transmission Service of equal duration with a higher price, (4) transmission service for Network Customers from non-designated resources, or (5) transmission service for Firm Point-to-Point Transmission Service during conditional curtailment periods as described in Section 15.4. The Transmission Provider also will discontinue or reduce service to the Transmission Customer to the extent that deliveries for transmission are discontinued or reduced at the Point(s) of Receipt. Where required, Curtailments or Interruptions will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint, however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Transmission Service. If multiple transactions require Curtailment or Interruption, to the extent practicable and consistent with Good Utility Practice, Curtailments or Interruptions will be made to transactions of the shortest term (e.g., hourly non-firm transactions will be Curtailed or Interrupted before daily non-firm transactions and daily non-firm transactions will be Curtailed or Interrupted before weekly non-firm transactions). Transmission service for Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service under the Tariff. Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have a lower priority than any Non-Firm Point-To-Point Transmission Service under the Tariff. The Transmission Provider will provide advance notice of Curtailment or Interruption where such notice can be provided consistent with Good Utility Practice.

* 1. Service Availability
     1. General Conditions:

The Transmission Provider will provide Firm and Non-Firm Point-To-Point Transmission Service over, on or across its Transmission System to any Transmission Customer that has met the requirements of Section 16.

* + 1. Determination of Available Transfer Capability:

A description of the Transmission Provider's specific methodology for assessing available transfer capability posted on the Transmission Provider's OASIS (Section 4) is contained in Attachment C of the Tariff. In the event sufficient transfer capability may not exist to accommodate a service request, the Transmission Provider will notify Transmission Customer of the need for a System Impact Study in accordance with Section 19.1.

* + 1. Initiating Service in the Absence of an Executed Service Agreement:

If the Transmission Provider and the Transmission Customer requesting Firm or Non-Firm Point-To-Point Transmission Service cannot agree on all the terms and conditions of the Point-To-Point Service Agreement, the Transmission Customer or Transmission Provider may submit a written notification of the disputed terms and conditions pursuant to dispute resolution procedure of Section 12 of this Tariff. The written notification should detail the acceptable versus the disputed terms and conditions. The Transmission Provider may commence providing reliable Transmission Service in compliance with this Tariff and all Applicable Reliability Standards to the Transmission Customer under an unexecuted Point-To-Point Service Agreement containing terms and conditions deemed appropriate by the Transmission Provider for such requested Transmission Service**,** subject to the Transmission Customer agreeing to (1) compensate Transmission Provider at its current just and reasonable rate, as approved by the Transmission Provider’s Board of Commissioners and Los Angeles City Council, and (2) comply with the terms and conditions of the Tariff including posting appropriate security deposits in accordance with the terms of Section 17.3.

* + 1. Obligation to Provide Transmission Service that Requires Expansion or Modification of the Transmission System, Redispatch or Conditional Curtailment:

1. If the Transmission Provider determines that it cannot accommodate a Completed Application for Firm Point-To-Point Transmission Service because of insufficient capability on its Transmission System, the Transmission Provider will use due diligence to expand or modify its Transmission System to provide the requested Firm Transmission Service, consistent with its planning obligations in Attachment K, provided the Transmission Customer agrees to compensate the Transmission Provider for such costs pursuant to the terms of Section 27. The Transmission Provider will conform to Good Utility Practice and its planning obligations in Attachment K, in determining the need for new facilities and in the design and construction of such facilities. The obligation applies only to those facilities that the Transmission Provider has the right to expand or modify.
2. If the Transmission Provider determines that it cannot accommodate a Completed Application for Long-Term Firm Point-To-Point Transmission Service because of insufficient capability on its Transmission System, the Transmission Provider will use due diligence to provide redispatch from its own resources until (i) Network Upgrades are completed for the Transmission Customer, (ii) the Transmission Provider determines through a biennial reassessment that it can no longer reliably provide the redispatch, or (iii) the Transmission Customer terminates the service because of redispatch changes resulting from the reassessment. A Transmission Provider shall not unreasonably deny self-provided redispatch or redispatch arranged by the Transmission Customer from a third-party resource.
3. If the Transmission Provider determines that it cannot accommodate a Completed Application for Long-Term Firm Point-To-Point Transmission Service because of insufficient capability on its Transmission System, the Transmission Provider will offer the Firm Transmission Service with the condition that the Transmission Provider may curtail the service prior to the curtailment of other Firm Transmission Service for a specified number of hours per year or during System Condition(s). If the Transmission Customer accepts the service, the Transmission Provider will use due diligence to provide the service until (i) Network Upgrades are completed for the Transmission Customer, (ii) the Transmission Provider determines through a biennial reassessment that it can no longer reliably provide such service, or (iii) the Transmission Customer terminates the service because the reassessment increased the number of hours per year of conditional curtailment or changed the System Conditions.
   * 1. Deferral of Service:

The Transmission Provider may defer providing service until it completes construction of new transmission facilities or upgrades needed to provide Firm Point-To-Point Transmission Service whenever the Transmission Provider determines that providing the requested service would, without such new facilities or upgrades, impair or degrade reliability to any existing firm services.

* + 1. Other Transmission Service Agreements:

Eligible Customers receiving transmission service under other agreements with the Transmission Provider may continue to receive transmission service under those agreements until such time as those agreements may expire or terminate.

* + 1. Real Power Losses:

Real Power Losses are associated with all transmission service. The Transmission Provider is not obligated to provide Real Power Losses. The Transmission Customer is responsible for replacing losses associated with all transmission service as calculated by the Transmission Provider. If Transmission Provider provides losses, the applicable charges for Real Power Losses shall be calculated based on the procedures set forth in Schedule 12. The applicable Real Power Loss factors are as follows:

1. 6.2% for any path using the Pacific Direct Current Intertie or Intermountain Power Project Direct Current segments;
2. 4.8% for any path using only Alternating Current segments; and
3. An additional 5.89% loss factor will be included for any path using the SYLMAR to PALOVERDE500 segments.

For any delivery of capacity or energy using a combination of segments, the highest loss factor will apply. Additionally, if the SYLMAR to PALOVERDE500 segment is used, then 5.89% will be added to the highest loss factor.

* 1. Transmission Customer Responsibilities
     1. Conditions Required of Transmission Customers:

Point-To-Point Transmission Service shall be provided by the Transmission Provider only if the following conditions are satisfied by the Transmission Customer:

1. The Transmission Customer has a pending transmission service request in the OASIS queue for Point-To-Point Transmission Service and, for any resale, reassignment or transfer of Firm Point-To-Point Transmission Service, it also has submitted an executed Service Agreement in the form of Attachment A-1 to the addressee identified in Section 17.1 of this Tariff;
2. The Transmission Customer has a Completed Application for service;
3. The Transmission Customer meets the creditworthiness criteria set forth in Section 11;
4. The Transmission Customer will have arrangements in place for any other transmission service necessary to effect the delivery from the generating source to the Transmission Provider prior to the time service under Part II of the Tariff commences;
5. The Transmission Customer agrees to pay for any facilities constructed and chargeable to such Transmission Customer under Part II of the Tariff, whether or not the Transmission Customer takes service for the full term of its reservation;
6. The Transmission Customer provides the information required by the Transmission Provider’s planning process established in Attachment K;
7. The Transmission Customer has executed a Point-To-Point Service Agreement including the necessary specifications for Long-Term Firm Point-To-Point Transmission Service or has agreed to receive service pursuant to Section 15.3; and
8. If applicable, the provisions of Section 5 have been satisfied.
   * 1. Transmission Customer Responsibility for Third-Party Arrangements:

Any scheduling arrangements that may be required by other electric systems shall be the responsibility of the Transmission Customer requesting service. The Transmission Customer shall provide, unless waived by the Transmission Provider, notification to the Transmission Provider identifying such systems and authorizing them to schedule the capacity and energy to be transmitted by the Transmission Provider pursuant to Part II of the Tariff on behalf of the Receiving Party at the Point of Delivery or the Delivering Party at the Point of Receipt. However, the Transmission Provider will undertake reasonable efforts to assist the Transmission Customer in making such arrangements, including without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

* 1. Procedures for Arranging Firm Point-To-Point Transmission Service
     1. Application:

Subject to Sections 17.2 and 17.3 of this Tariff, a request for Long-Term Firm Point-To-Point Transmission Service for periods greater than one year must contain a written Application to: Attention: Manager of Transmission Contracts, Los Angeles Department of Water and Power, 111 N. Hope Street, Room 1246, Los Angeles, CA 90012, at least sixty (60) days but no greater than three (3) years in advance of the calendar month in which service is to commence. Requests for Short-Term Firm Point-To-Point Transmission Service (for periods of one year or less) shall be subject to Section 17.2 of this Tariff, and any procedures posted on Transmission Provider’s OASIS. Such requests shall be processed within the time constraints provided in Section 17.5. All Firm Point-To-Point Transmission Service requests should be submitted by entering the information listed below on the Transmission Provider's OASIS. This method will be subject to a time-stamped record for establishing the priority of the Application. The Application procedures for Firm Point-To-Point Transmission Service can be found on the Transmission Provider’s OASIS website.

* + 1. Completed Application:

A Completed Application shall comply with the requirements of Sections 17.1 and 17.2 of this Tariff and also include all of the information identified in 18 CFR § 2.20 including but not limited to the following:

1. The identity, address, telephone number, electronic mail address, and facsimile number of the entity requesting service;
2. A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
3. The location of the Point(s) of Receipt and Point(s) of Delivery and the identities of the Delivering Parties and the Receiving Parties;
4. The location of the generating facility(ies) supplying the capacity and energy and the location of the load ultimately served by the capacity and energy transmitted. The Transmission Provider will treat this information as confidential except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice or pursuant to RTG transmission information sharing agreements. The Transmission Provider shall treat this information consistent with its Standards of Conduct;
5. A description of the supply characteristics of the capacity and energy to be delivered;
6. An estimate of the capacity and energy expected to be delivered to the Receiving Party;
7. The Service Commencement Date and the term of the requested Transmission Service;
8. The transmission capacity requested for each Point of Receipt and each Point of Delivery on the Transmission Provider's Transmission System; customers may combine their requests for service in order to satisfy the minimum transmission capacity requirement;
9. A statement indicating that, if the Eligible Customer submits a Pre-Confirmed Application, the Eligible Customer will execute a Service Agreement upon receipt of notification that the Transmission Provider can provide the requested Transmission Service;
10. A statement indicating which Ancillary Services the Eligible Customer will purchase from Transmission Provider. In the event the Eligible Customer chooses to self-supply any necessary Ancillary Services, the Eligible Customer must demonstrate the capability of meeting NERC and WECC requirements and is consistent with the Transmission Provider’s Business Practices when acquiring all necessary Ancillary Services from another source; and
11. Any additional information required by the Transmission Provider’s planning process established in Attachment K.

The Transmission Provider shall treat this information consistent with its Standards of Conduct.

* + 1. Deposit for Long-Term Point-To-Point Transmission Service:

A Completed Application for Long-Term Firm Point-To-Point Transmission Service also shall include a deposit of one month's charge for Reserved Capacity payable to LADWP. If the Application is rejected by the Transmission Provider because it does not meet the conditions for service as set forth herein, the deposit shall be returned. The deposit also will be returned without interest by the Transmission Provider if the Transmission Provider is unable to complete new facilities needed to provide the service. If an Application is withdrawn or the Eligible Customer decides not to enter into a Service Agreement for Long-Term Firm Point-To-Point Transmission Service, the deposit shall be refunded in full, without interest. Deposits associated with construction of new facilities are subject to the provisions of Section 19. If a Service Agreement for Long-Term Firm Point-To-Point Transmission Service is executed, the deposit, without interest, will be returned to the Transmission Customer upon expiration or termination of the Service Agreement for Firm Point-To-Point Transmission Service.

* + 1. Notice of Deficient Application:

If an Application fails to meet the requirements of the Tariff, the Transmission Provider shall notify the entity requesting service within fifteen (15) days of receipt of the reasons for such failure. The Transmission Provider will attempt to remedy minor deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the Transmission Provider shall return the Application, along with any deposit, without interest. Upon receipt of a new or revised Application that fully complies with the requirements of Part II of the Tariff, the Eligible Customer shall be assigned a new priority consistent with the date of the new or revised Application.

* + 1. Response to a Completed Application:

Following receipt of a Completed Application for Firm Point-To-Point Transmission Service, the Transmission Provider shall make a determination of available transfer capability as required in Section 15.2. The Transmission Provider shall notify the Eligible Customer as soon as practicable, but not later than thirty (30) days after the date of receipt of a Completed Application either (i) if it will be able to provide service without performing a System Impact Study or (ii) if such a study is needed to evaluate the impact of the Application pursuant to Section 19.1. Responses by the Transmission Provider must be made as soon as practicable to all completed applications (including applications by its own merchant function) and the timing of such responses must be made on a non-discriminatory basis.

* + 1. Execution of Service Agreement:

Whenever the Transmission Provider determines that a System Impact Study is not required and that the service can be provided, it shall notify the Eligible Customer as soon as practicable but no later than thirty (30) days after receipt of the Completed Application. Transmission Provider’s execution of the Service Agreement is subject to approval by its governing body. Where a System Impact Study is required, the provisions of Section 19 will govern the execution of a Service Agreement. Failure of an Eligible Customer to execute and return the Service Agreement or request the filing of an unexecuted service agreement pursuant to Section 15.3, within fifteen (15) days after it is tendered by the Transmission Provider will be deemed a withdrawal and termination of the Application and any deposit submitted shall be refunded without interest. Nothing herein limits the right of an Eligible Customer to file another Application after such withdrawal and termination.

* + 1. Extensions for Commencement of Service:

The Transmission Customer can obtain, subject to availability, up to two (2) one-year extensions for the commencement of service. The Transmission Customer may postpone service by providing written notice to Transmission Provider no less than sixty (60) days prior to the commencement of service and by paying a non-refundable annual reservation fee equal to one-month's charge for Firm Transmission Service for each year or fraction thereof within 15 days of notifying the Transmission Provider it intends to extend the commencement of service. If during any extension for the commencement of service an Eligible Customer submits a Completed Application for Firm Transmission Service, and such request can be satisfied only by releasing all or part of the Transmission Customer's Reserved Capacity, the original Reserved Capacity will be released unless the following condition is satisfied. Within thirty (30) days, the original Transmission Customer agrees to pay the Firm Point-To-Point transmission rate for its Reserved Capacity concurrent with the new Service Commencement Date. In the event the Transmission Customer elects to release the Reserved Capacity, the reservation fees or portions thereof previously paid will be forfeited.

* 1. Procedures for Arranging Non-Firm Point-To-Point Transmission Service
     1. Application:

Eligible Customers seeking Non-Firm Point-To-Point Transmission Service must submit a Completed Application to the Transmission Provider. Applications should be submitted by entering the information listed below on the Transmission Provider’s OASIS. Prior to implementation of the Transmission Provider’s OASIS, a Completed Application may be submitted by (i) transmitting the required information to the Transmission Provider by telefax, or (ii) providing the information by telephone over the Transmission Provider’s time recorded telephone line. Each of these methods will provide a time-stamped record for establishing the service priority of the Application.

* + 1. Completed Application:

A Completed Application shall provide all of the information included in 18 CFR § 2.20 including but not limited to the following:

1. The identity, address, telephone number, facsimile number and electronic mail address of the entity requesting service;
2. A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
3. The Point(s) of Receipt and the Point(s) of Delivery;
4. The maximum amount of capacity requested at each Point of Receipt and Point of Delivery; and
5. The proposed dates and hours for initiating and terminating transmission service hereunder.

In addition to the information specified above, when required to properly evaluate system conditions, the Transmission Provider also may ask the Transmission Customer to provide the following:

1. The electrical location of the initial source of the power to be transmitted pursuant to the Transmission Customer's request for service; and
2. The electrical location of the ultimate load.

The Transmission Provider will treat this information in (vi) and (vii) as confidential at the request of the Transmission Customer except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice, or pursuant to RTG transmission information sharing agreements. The Transmission Provider shall treat this information consistent with its Standards of Conduct.

1. A statement indicating that, if the Eligible Customer submits a Pre-Confirmed Application, the Eligible Customer will execute a Service Agreement upon receipt of notification that the Transmission Provider can provide the requested Transmission Service.
   * 1. Reservation of Non-Firm Point-To-Point Transmission Service:

Requests for monthly service shall be submitted no earlier than sixty (60) days before service is to commence; requests for weekly service shall be submitted no earlier than fourteen (14) days before service is to commence, requests for daily service shall be submitted no earlier than seven (7) days before service is to commence, and requests for hourly service shall be submitted no earlier than 11:00 a.m. PPT of the Preschedule Day before service is to commence. Requests for service received later than the times specified above may be accommodated by Transmission Provider.

* + 1. Determination of Available Transfer Capability:

Following receipt of a tendered schedule the Transmission Provider will make a determination on a non-discriminatory basis of available transfer capability pursuant to Section 15.2. Such determination shall be made as soon as reasonably practicable after receipt, but not later than the following time periods for the following terms of Non-Firm Point-To-Point Service (i) thirty (30) minutes for hourly service, (ii) thirty (30) minutes for daily service, (iii) four (4) hours for weekly service, and (iv) two (2) days for monthly service.

* 1. Additional Study Procedures For Firm Point-To-Point Transmission Service Requests
     1. Notice of Need for System Impact Study:

After receiving a request for service, the Transmission Provider shall determine on a non-discriminatory basis whether a System Impact Study is needed. A description of the Transmission Provider's methodology for completing a System Impact Study is provided in Attachment D. If the Transmission Provider determines that a System Impact Study is necessary to accommodate the requested service, it shall so inform the Eligible Customer, as soon as practicable. Once informed, the Eligible Customer shall timely notify the Transmission Provider if it elects to have the Transmission Provider study redispatch or conditional curtailment as part of the System Impact Study. If notification is provided prior to tender of the System Impact Study Agreement, the Eligible Customer can avoid the costs associated with the study of these options. The Transmission Provider shall within thirty (30) days of receipt of a Completed Application, tender a System Impact Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required System Impact Study, including any costs that exceed the study deposit. For a service request to remain a Completed Application, the Eligible Customer shall execute the System Impact Study Agreement and return it to the Transmission Provider along with a study deposit of $50,000 within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study Agreement or fails to return it to Transmission Provider along with the study deposit within the time prescribed above, its Application shall be deemed withdrawn and its deposit, pursuant to Section 17.3, shall be returned without interest.

* + 1. System Impact Study Agreement and Cost Reimbursement:

1. The System Impact Study Agreement will clearly specify the Transmission Provider's cost estimate and estimated time for completion of the System Impact Study. The charge shall not exceed the actual cost of the study. In performing the System Impact Study, the Transmission Provider shall rely, to the extent reasonably practicable, on existing transmission planning studies. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's request for service on the Transmission System.
2. If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single System Impact Study is sufficient for the Transmission Provider to accommodate the requests for service, the costs of that study shall be pro-rated among the Eligible Customers.
3. For System Impact Studies that the Transmission Provider conducts on its own behalf, the Transmission Provider shall record the cost of the System Impact Studies pursuant to Section 8.2.
   * 1. System Impact Study Procedures:

Upon receipt of an executed System Impact Study Agreement within the time prescribed in Section 19.2, the Transmission Provider will use due diligence to complete the required System Impact Study within a sixty (60) day period. The System Impact Study shall identify (1) any system constraints, identified with specificity by transmission element, (2) redispatch options (when requested by an Eligible Customer) including an estimate of the cost of redispatch, (3) conditional curtailment options (when requested by an Eligible Customer) including the number of hours per year and the System Conditions during which conditional curtailment may occur, and (4) additional Direct Assignment Facilities or Network Upgrades required to provide the requested service. For customers requesting the study of redispatch options, the System Impact Study shall (1) identify all resources located within the Transmission Provider’s Control Area that can significantly contribute toward relieving the system constraint and (2) provide a measurement of each resource’s impact on the system constraint. If the Transmission Provider possesses information indicating that any resource outside its Control Area could relieve the constraint, it shall identify each such resource in the System Impact Study. In the event that the Transmission Provider is unable to complete the required System Impact Study within the sixty (60) day period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible Customer as soon as the System Impact Study is complete. The Transmission Provider will use the same due diligence in completing the System Impact Study for an Eligible Customer as it uses when completing studies for itself. The Transmission Provider shall notify the Eligible Customer immediately upon completion of the System Impact Study if the Transmission System will be adequate to accommodate all or part of a request for service or that no costs are likely to be incurred for new transmission facilities or upgrades. In order for a request to remain a Completed Application, within fifteen (15) days of completion of the System Impact Study, the Eligible Customer must execute a Service Agreement or request in writing an unexecuted Service Agreement pursuant to Section 15.3 of the Tariff and return it to Transmission Provider within the time prescribed, or the Application shall be deemed terminated and withdrawn.

* + 1. Facilities Study Procedures:

If a System Impact Study indicates that additions or upgrades to the Transmission System are needed to supply the Eligible Customer's service request, the Transmission Provider, within thirty (30) days of the completion of the System Impact Study, shall tender to the Eligible Customer a Facilities Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required Facilities Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the Facilities Study Agreement and return it to the Transmission Provider along with a study deposit of $75,000 payable to LADWP within fifteen (15) days. If the Eligible Customer elects not to execute the Facilities Study Agreement, its application shall be deemed withdrawn and its deposit, pursuant to Section 17.3, shall be returned without interest. Upon receipt of an executed Facilities Study Agreement, the Transmission Provider will use due diligence to complete the required Facilities Study within a sixty (60) day period. If the Transmission Provider is unable to complete the Facilities Study in the allotted time period, the Transmission Provider shall notify the Transmission Customer and provide an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Transmission Customer, (ii) the Transmission Customer's appropriate share of the cost of any required Network Upgrades as determined pursuant to the provisions of Part II of the Tariff, and (iii) the time required to complete such construction and initiate the requested service. The Transmission Customer shall provide the Transmission Provider with a letter of credit or other reasonable form of security acceptable to the Transmission Provider equivalent to the costs of new facilities or upgrades consistent with commercial practices as established by the Uniform Commercial Code. The Transmission Customer shall have thirty (30) days to execute a Service Agreement and provide the required letter of credit or other form of security or the request will no longer be a Completed Application and shall be deemed terminated and withdrawn.

* + 1. Facilities Study Modifications:

Any change in design arising from inability to site or construct facilities as proposed will require development of a revised good faith estimate. New good faith estimates also will be required in the event of new statutory or regulatory requirements that are effective before the completion of construction or other circumstances beyond the control of the Transmission Provider that significantly affect the final cost of new facilities or upgrades to be charged to the Transmission Customer pursuant to the provisions of Part II of the Tariff.

* + 1. Due Diligence in Completing New Facilities:

The Transmission Provider shall use due diligence to add necessary facilities or upgrade its Transmission System within a reasonable time. The Transmission Provider will not upgrade its existing or planned Transmission System in order to provide the requested Firm Point-To-Point Transmission Service if doing so would impair system reliability or otherwise impair or degrade existing firm service.

* + 1. Partial Interim Service:

If the Transmission Provider determines that it will not have adequate transfer capability to satisfy the full amount of a Completed Application for Firm Point-To-Point Transmission Service, the Transmission Provider nonetheless shall be obligated to offer and provide the portion of the requested Firm Point-To-Point Transmission Service that can be accommodated without addition of any facilities and through redispatch. However, the Transmission Provider shall not be obligated to provide the incremental amount of requested Firm Point-To-Point Transmission Service that requires the addition of facilities or upgrades to the Transmission System until such facilities or upgrades have been placed in service.

* + 1. Expedited Procedures for New Facilities:

In lieu of the procedures set forth above, the Eligible Customer shall have the option to expedite the process by requesting the Transmission Provider to tender at one time, together with the results of required studies, an "Expedited Service Agreement" pursuant to which the Eligible Customer would agree to compensate the Transmission Provider for all costs incurred pursuant to the terms of the Tariff. In order to exercise this option, the Eligible Customer shall request in writing an expedited Service Agreement covering all of the above-specified items within thirty (30) days of receiving the results of the System Impact Study identifying needed facility additions or upgrades or costs incurred in providing the requested service. While the Transmission Provider agrees to provide the Eligible Customer with its best estimate of the new facility costs and other charges that may be incurred, such estimate shall not be binding and the Eligible Customer must agree in writing to compensate the Transmission Provider for all costs incurred pursuant to the provisions of the Tariff. The Eligible Customer shall execute and return such an Expedited Service Agreement within fifteen (15) days of its receipt or the Eligible Customer's request for service will cease to be a Completed Application and will be deemed terminated and withdrawn.

* + 1. Requirement to Meet Study Completion Deadline.

Transmission Provider is required to use due diligence to meet 60-day study completion deadline for System Impact Study and Facility Impact Study pursuant to Sections 19.3 and 19.4 respectively.

* 1. Procedures if The Transmission Provider is Unable to Complete New Transmission Facilities for Firm Point-To-Point Transmission Service
     1. Delays in Construction of New Facilities:

If any event occurs that will materially affect the time for completion of new facilities, or the ability to complete them, the Transmission Provider shall promptly notify the Transmission Customer. In such circumstances, the Transmission Provider shall within thirty (30) days of notifying the Transmission Customer of such delays, convene a technical meeting with the Transmission Customer to evaluate the alternatives available to the Transmission Customer. The Transmission Provider also shall make available to the Transmission Customer studies and work papers related to the delay, including all information that is in the possession of the Transmission Provider that is reasonably needed by the Transmission Customer to evaluate any alternatives.

* + 1. Alternatives to the Original Facility Additions:

When the review process of Section 20.1 determines that one or more alternatives exist to the originally planned construction project, the Transmission Provider shall present such alternatives for consideration by the Transmission Customer. If, upon review of any alternatives, the Transmission Customer desires to maintain its Completed Application subject to construction of the alternative facilities, it may request the Transmission Provider to submit a revised Service Agreement for Firm Point-To-Point Transmission Service. If the alternative approach solely involves Non-Firm Point-To-Point Transmission Service, the Transmission Provider shall promptly tender a Service Agreement for Non-Firm Point-To-Point Transmission Service providing for the service. In the event the Transmission Provider concludes that no reasonable alternative exists and the Transmission Customer disagrees, the Transmission Customer may seek relief under the dispute resolution procedures pursuant to Section 12.

* + 1. Refund Obligation for Unfinished Facility Additions:

If the Transmission Provider and the Transmission Customer mutually agree that no other reasonable alternatives exist and the requested service cannot be provided out of existing capability under the conditions of Part II of the Tariff, the obligation to provide the requested Firm Point-To-Point Transmission Service shall terminate and any deposit made by the Transmission Customer shall be returned without interest. However, the Transmission Customer shall be responsible for all prudently incurred costs by the Transmission Provider through the time construction was suspended.

* 1. Provisions Relating to Transmission Construction and Services on the Systems of Other Utilities
     1. Responsibility for Third-Party System Additions:

The Transmission Provider shall not be responsible for making arrangements for any necessary engineering, permitting, and construction of transmission or distribution facilities on the system(s) of any other entity or for obtaining any regulatory approval for such facilities. The Transmission Provider will undertake reasonable efforts to assist the Transmission Customer in obtaining such arrangements, including without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

* + 1. Coordination of Third-Party System Additions:

In circumstances where the need for transmission facilities or upgrades is identified pursuant to the provisions of Part II of the Tariff, and if such upgrades further require the addition of transmission facilities on other systems, the Transmission Provider shall have the right to coordinate construction on its own system with the construction required by others. The Transmission Provider, after consultation with the Transmission Customer and representatives of such other systems, may defer construction of its new transmission facilities, if the new transmission facilities on another system cannot be completed in a timely manner. The Transmission Provider shall notify the Transmission Customer in writing of the basis for any decision to defer construction and the specific problems which must be resolved before it will initiate or resume construction of new facilities. Within sixty (60) days of receiving written notification by the Transmission Provider of its intent to defer construction pursuant to this section, the Transmission Customer may challenge the decision in accordance with the dispute resolution procedures pursuant to Section 12.

* 1. Changes in Service Specifications
     1. Modifications On a Non-Firm Basis:

The Transmission Customer taking Firm Point-To-Point Transmission Service may request the Transmission Provider to provide transmission service on a non-firm basis over Receipt and Delivery Points other than those specified in the Service Agreement ("Secondary Receipt and Delivery Points"), in amounts not to exceed its firm capacity reservation, without incurring an additional Non-Firm Point-To-Point Transmission Service charge or executing a new Service Agreement, subject to the following conditions.

1. Service provided over Secondary Receipt and Delivery Points will be non-firm only, on an as-available basis and will not displace any firm or non-firm service reserved or scheduled by third-parties under the Tariff or by the Transmission Provider on behalf of its Native Load Customers.
2. The sum of all Firm and non-firm Point-To-Point Transmission Service provided to the Transmission Customer at any time pursuant to this section shall not exceed the Reserved Capacity in the relevant Service Agreement under which such services are provided.
3. The Transmission Customer shall retain its right to schedule Firm Point-To-Point Transmission Service at the Receipt and Delivery Points specified in the relevant Service Agreement in the amount of its original capacity reservation.
4. Service over Secondary Receipt and Delivery Points on a non-firm basis shall not require the filing of an Application for Non-Firm Point-To-Point Transmission Service under the Tariff. However, all other requirements of Part II of the Tariff (except as to transmission rates) shall apply to transmission service on a non-firm basis over Secondary Receipt and Delivery Points.
   * 1. Modification On a Firm Basis:

Any request by a Transmission Customer to modify Receipt and Delivery Points on a firm basis shall be treated as a new request for service in accordance with Section 17 hereof, except that such Transmission Customer shall not be obligated to pay any additional deposit if the capacity reservation does not exceed the amount reserved in the existing Service Agreement. While such new request is pending, the Transmission Customer shall retain its priority for service at the existing firm Receipt and Delivery Points specified in its Service Agreement.

* 1. Sale or Assignment of Transmission Service
     1. Procedures for Resale, Assignment or Transfer of Service:

Subject to the limitations in Section 5.2 of this Tariff, Transmission Customer may sell, assign, or transfer all or a portion of its rights under its Service Agreement, but only to another Eligible Customer (the Assignee). The Transmission Customer that sells, assigns or transfers its rights under its Service Agreement is hereafter referred to as the Reseller. Compensation to Resellers shall not exceed the higher of (i) the original rate paid by the Reseller, (ii) the Transmission Provider’s maximum rate on file at the time of the assignment, or (iii) the Reseller’s opportunity cost capped at the Transmission Provider’s cost of expansion.

The Reseller and Assignee must execute the Form of Service Agreement for the Resale, Assignment or Transfer of Point-To-Point Transmission Service (Attachment A-1) with the Transmission Provider governing reassignments of transmission service prior to the date on which the reassigned service commences. Transmission Provider is not responsible for administering any financial arrangements between the Reseller and Assignee, including without limitation, the payment of financial losses and penalties. Reseller remains liable for any and all financial obligations and payments to Transmission Provider under the parent Service Agreement except as specifically agreed to by the Transmission Provider and the Reseller through an amendment to the Service Agreement. Transmission Provider will not accept payment from an Assignee for a resale transaction on behalf of a Reseller. If the Assignee does not request any change in the Point(s) of Receipt or the Point(s) of Delivery, or a change in any other term or condition set forth in the original Service Agreement, the Assignee will receive the same services as did the Reseller and the priority of service for the Assignee will be the same as that of the Reseller. The Assignee will be subject to all terms and conditions of this Tariff. If the Assignee requests a change in service, the reservation priority of service will be determined by the Transmission Provider pursuant to Section 13.2.

* + 1. Limitations on Assignment or Transfer of Service:

If the Assignee requests a change in the Point(s) of Receipt or Point(s) of Delivery, or a change in any other specifications set forth in the original Service Agreement, the Transmission Provider will consent to such change subject to the provisions of the Tariff, provided that the change will not impair the operation and reliability of the Transmission Provider's generation, transmission, or distribution systems. The Assignee shall compensate the Transmission Provider for performing any System Impact Study needed to evaluate the capability of the Transmission System to accommodate the proposed change and any additional costs resulting from such change. The Reseller shall remain liable for the performance of all obligations under the Service Agreement, except as specifically agreed to by the Transmission Provider and the Reseller through an amendment to the Service Agreement.

* + 1. Information on Assignment or Transfer of Service:

In accordance with Section 4, all sales or assignments of capacity must be conducted through or otherwise posted on the Transmission Provider’s OASIS on or before the date the reassigned service commences and are subject to Section 23.1. Resellers may also use the Transmission Provider's OASIS to post transmission capacity available for resale.

* 1. Metering and Power Factor Correction at Receipt and Delivery Points(s)
     1. Transmission Customer Obligations:

Unless otherwise agreed, the Transmission Customer shall be responsible for installing and maintaining compatible metering and communications equipment to accurately account for the capacity and energy being transmitted under Part II of the Tariff and to communicate the information to the Transmission Provider. Such equipment shall remain the property of the Transmission Customer.

* + 1. Transmission Provider Access to Metering Data:

The Transmission Provider shall have access to metering data, which may reasonably be required to facilitate measurements and billing under the Service Agreement.

* + 1. Power Factor:

Unless otherwise agreed, the Transmission Customer is required to maintain a power factor within the same range as the Transmission Provider pursuant to Good Utility Practices. The power factor requirements are specified in the Service Agreement where applicable.

* 1. Compensation for Transmission Service

Rates for Firm and Non-Firm Point-To-Point Transmission Service are provided in the Schedules appended to the Tariff: Firm Point-To-Point Transmission Service (Schedule 7); and Non-Firm Point-To-Point Transmission Service (Schedule 8). The Transmission Provider shall use Part II of the Tariff to make its Third-Party Sales. The Transmission Provider shall account for such use at the applicable Tariff rates, pursuant to Section 8.

* 1. Stranded Cost Recovery

The Transmission Provider reserves the right to recover stranded costs from the Transmission Customer pursuant to this Tariff in accordance with the terms and conditions set forth in FERC Order No. 888 and pursuant to any other applicable law. The Transmission Provider’s proposed stranded cost recovery shall be subject to the dispute resolution procedures of this Tariff.

* 1. Compensation for New Facilities and Redispatch Costs

Whenever a System Impact Study performed by the Transmission Provider in connection with the provision of Firm Point-To-Point Transmission Service identifies the need for new facilities, the Transmission Customer shall be responsible for such costs. Whenever a System Impact Study performed by the Transmission Provider identifies capacity constraints that may be relieved by redispatching the Transmission Provider's resources to eliminate such constraints, the Transmission Customer shall be responsible for the redispatch costs.

III. NETWORK INTEGRATION TRANSMISSION SERVICE

Preamble

The Transmission Provider will provide Network Integration Transmission Service pursuant to the applicable terms and conditions contained in the Tariff and Service Agreement. Network Integration Transmission Service allows the Network Customer to integrate, economically dispatch and regulate its current and planned Network Resources to serve its Network Load in a manner comparable to that in which the Transmission Provider utilizes its Transmission System to serve its Native Load Customers. Network Integration Transmission Service also may be used by the Network Customer to deliver economy energy purchases to its Network Load from non-designated resources on an as-available basis without additional charge. Transmission service for sales to non-designated loads will be provided pursuant to the applicable terms and conditions of Part II of the Tariff.

* 1. Nature of Network Integration Transmission Service
     1. Scope of Service:

Network Integration Transmission Service is a transmission service that allows Network Customers to efficiently and economically utilize their Network Resources (as well as other non-designated generation resources) to serve their Network Load located in the Transmission Provider’s Control Area and any additional load that may be designated pursuant to Section 31.3 of the Tariff. The Network Customer taking Network Integration Transmission Service must obtain or provide Ancillary Services pursuant to Section 3.

28.1A Term of Service:

The minimum term of Network Integration Transmission Service shall be more than one year and the maximum term, including all renewals granted in accordance with Section 2, shall be limited to three years pursuant Section 5.1 of this Tariff, unless in the exclusive determination of Transmission Provider, the Eligible Customer has satisfied the requirements of the Governmental Person Use Certification and the requirements of Section 5.2 of this Tariff, in which case the maximum term shall be specified in the Service Agreement; or the Transmission Provider and a firm service customer with a contract term of two (2) years or more have mutually agreed to add the automatic renewal option set forth in Section 2.1.2 of this Tariff to the initial Transmission Service Agreement.

* + 1. Transmission Provider Responsibilities:

The Transmission Provider will plan, construct, operate and maintain its Transmission System in accordance with Good Utility Practice and its planning obligations in Attachment K in order to provide the Network Customer with Network Integration Transmission Service over the Transmission Provider's Transmission System. The Transmission Provider, on behalf of its Native Load Customers, shall be required to designate resources and loads in the same manner as any Network Customer under Part III of this Tariff. This information must be consistent with the information used by the Transmission Provider to calculate available transfer capability. The Transmission Provider shall include the Network Customer's Network Load in its Transmission System planning and shall, consistent with Good Utility Practice and Attachment K, endeavor to construct and place into service sufficient transfer capability to deliver the Network Customer's Network Resources to serve its Network Load on a basis comparable to the Transmission Provider's delivery of its own generating and purchased resources to its Native Load Customers.

* + 1. Network Integration Transmission Service:

The Transmission Provider will provide firm transmission service over its Transmission System to the Network Customer for the delivery of capacity and energy from its designated Network Resources to service its Network Loads on a basis that is comparable to the Transmission Provider's use of the Transmission System to reliably serve its Native Load Customers.

* + 1. Secondary Service:

The Network Customer may use the Transmission Provider's Transmission System to deliver energy to its Network Loads from resources that have not been designated as Network Resources. Such energy shall be transmitted, on an as-available basis, at no additional charge. Secondary service shall not require the filing of an Application for Network Integration Transmission Service under the Tariff. However, all other requirements of Part III of the Tariff (except for transmission rates) shall apply to secondary service. Deliveries from resources other than Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service under Part II of the Tariff.

* + 1. Real Power Losses:

Real Power Losses are associated with all transmission service. The Transmission Provider is not obligated to provide Real Power Losses. The Network Customer is responsible for replacing or paying for losses associated with all transmission service as calculated by the Transmission Provider. If Transmission Provider provides losses, the applicable charges for Real Power Losses shall be calculated based on the procedures set forth in Schedule 12. The applicable Real Power Loss factors are as follows:

a. 6.2% for any delivery of capacity or energy using the Pacific Direct Current Intertie or Intermountain Power Project Direct Current segments; and

b. 4.8% for any delivery of capacity or energy using only Alternating Current segments; and

c. An additional 5.89% loss factor will be included for any path using the PALOVERDE500 to SYLMAR segments.

For any delivery of capacity or energy using a combination of segments, the highest loss factor will apply. Additionally, if the PALOVERDE500 to SYLMAR segment is used, then 5.89% will be added to the highest loss factor.

* + 1. Restrictions on Use of Service:

The Network Customer shall not use Network Integration Transmission Service for (i) sales of capacity and energy to non-designated loads, or (ii) direct or indirect provision of transmission service by the Network Customer to third parties. All Network Customers taking Network Integration Transmission Service shall use Point-To-Point Transmission Service under Part II of the Tariff for any Third-Party Sale which requires use of the Transmission Provider's Transmission System. The Transmission Provider shall specify any appropriate charges and penalties and all related terms and conditions applicable in the event that a Network Customer uses Network Integration Transmission Service or secondary service pursuant to Section 28.4 to facilitate a wholesale sale that does not serve a Network Load.

* 1. Initiating Service
     1. Condition Precedent for Receiving Service:

Subject to the terms and conditions of Part III of the Tariff, the Transmission Provider will provide Network Integration Transmission Service to any Eligible Customer, provided that (i) the Eligible Customer completes an Application for service as provided under Part III of the Tariff, (ii) the Eligible Customer and the Transmission Provider complete the technical arrangements set forth in Sections 29.3 and 29.4, (iii) the Eligible Customer executes a Service Agreement pursuant to Attachment F for service under Part III of the Tariff, and (iv) the Eligible Customer executes a Network Operating Agreement with the Transmission Provider pursuant to Attachment G.

* + 1. Application Procedures:

An Eligible Customer requesting service under Part III of the Tariff must submit an Application, with a deposit approximating the charge for one month of service, to the Transmission Provider as far as possible in advance of the month in which service is to commence. Unless subject to the procedures in Section 2, Completed Applications for Network Integration Transmission Service will be assigned a priority according to the date and time the Application is received, with the earliest Application receiving the highest priority. Applications should be submitted by entering the information listed below on the Transmission Provider’s OASIS. Prior to implementation of the Transmission Provider's OASIS, a Completed Application may be submitted by (i) transmitting the required information to the Transmission Provider by telefax, or (ii) providing the information by telephone over the Transmission Provider's time recorded telephone line. Each of these methods will provide a time-stamped record for establishing the service priority of the Application. A Completed Application shall provide all of the information included in 18 CFR § 2.20 including but not limited to the following:

1. The identity, address, telephone number and facsimile number of the party requesting service;
2. A statement that the party requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
3. A description of the Network Load at each delivery point. This description should separately identify and provide the Eligible Customer's best estimate of the total loads to be served at each transmission voltage level, and the loads to be served from each Transmission Provider substation at the same transmission voltage level. The description should include a ten (10) year forecast of summer and winter load and resource requirements beginning with the first year after the service is scheduled to commence;
4. The amount and location of any interruptible loads included in the Network Load. This shall include the summer and winter capacity requirements for each interruptible load (had such load not been interruptible), that portion of the load subject to interruption, the conditions under which an interruption can be implemented and any limitations on the amount and frequency of interruptions. An Eligible Customer should identify the amount of interruptible customer load (if any) included in the 10-year load forecast provided in response to (iii) above;
5. A description of Network Resources (current and 10-year projection). For each on-system Network Resource, such description shall include:
   * + - Unit size and amount of capacity from that unit to be designated as Network Resource
       - VAR capability (both leading and lagging) of all generators
       - Operating restrictions
         * Any periods of restricted operations throughout the year
         * Maintenance schedules
         * Minimum loading level of unit
         * Normal operating level of unit
         * Any must-run unit designations required for system reliability or contract reasons
       - Approximate variable generating cost ($/MWH) for redispatch computations
       - Arrangements governing sale and delivery of power to third parties from generating facilities located in the Transmission Provider Control Area, where only a portion of unit output is designated as a Network Resource;

For each off-system Network Resource, such description shall include:

* + - * Identification of the Network Resource as an off-system resource
      * Amount of power to which the customer has rights
      * Identification of the control area from which the power will originate
      * Delivery point(s) to the Transmission Provider’s Transmission System
      * Transmission arrangements on the external transmission system(s)
      * Operating restrictions, if any
        + Any periods of restricted operations throughout the year
        + Maintenance schedules
        + Minimum loading level of unit
        + Normal operating level of unit
        + Any must-run unit designations required for system reliability or contract reasons
      * Approximate variable generating cost ($/MWH) for redispatch computations;

1. Description of Eligible Customer's transmission system:
   * + - Load flow and stability data, such as real and reactive parts of the load, lines, transformers, reactive devices and load type, including normal and emergency ratings of all transmission equipment in a load flow format compatible with that used by the Transmission Provider
       - Operating restrictions needed for reliability
       - Operating guides employed by system operators
       - Contractual restrictions or committed uses of the Eligible Customer's transmission system, other than the Eligible Customer's Network Loads and Resources
       - Location of Network Resources described in subsection (v) above
       - 10-year projection of system expansions or upgrades
       - Transmission System maps that include any proposed expansions or upgrades
       - Thermal ratings of Eligible Customer's Control Area ties with other Control Areas;
2. Service Commencement Date and the term of the requested Network Integration Transmission Service;
3. A statement signed by an authorized officer from or agent of the Network Customer attesting that all of the network resources listed pursuant to Section 29.2(v) satisfy the following conditions: (1) the Network Customer owns the resource, has committed to purchase generation pursuant to an executed contract, or has committed to purchase generation where execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff; and (2) the Network Resources do not include any resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program; and
4. Any additional information required of the Transmission Customer as specified in the Transmission Provider’s planning process established in Attachment K.

Unless the Parties agree to a different time frame, the Transmission Provider must acknowledge the request within ten (10) days of receipt. The acknowledgement must include a date by which a response, including a Service Agreement, will be sent to the Eligible Customer. If an Application fails to meet the requirements of this section, the Transmission Provider shall notify the Eligible Customer requesting service within fifteen (15) days of receipt and specify the reasons for such failure. Wherever possible, the Transmission Provider will attempt to remedy deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the Transmission Provider shall return the Application without prejudice to the Eligible Customer filing a new or revised Application that fully complies with the requirements of this section. The Eligible Customer will be assigned a new priority consistent with the date of the new or revised Application. The Transmission Provider shall treat this information consistent with Transmission Provider’s Standards of Conduct.

* + 1. Technical Arrangements to be Completed Prior to Commencement of Service:

Network Integration Transmission Service shall not commence until the Transmission Provider and the Network Customer, or a third party, have completed installation of all equipment specified under the Network Operating Agreement consistent with Good Utility Practice and any additional requirements reasonably and consistently imposed to ensure the reliable operation of the Transmission System. The Transmission Provider shall exercise reasonable efforts, in coordination with the Network Customer, to complete such arrangements as soon as practicable taking into consideration the Service Commencement Date.

* + 1. Network Customer Facilities:

The provision of Network Integration Transmission Service shall be conditioned upon the Network Customer's constructing, maintaining and operating the facilities on its side of each delivery point or interconnection necessary to reliably deliver capacity and energy from the Transmission Provider's Transmission System to the Network Customer. The Network Customer shall be solely responsible for constructing or installing all facilities on the Network Customer's side of each such delivery point or interconnection.

* 1. Network Resources
     1. Designation of Network Resources:

Network Resources shall include all generation owned, purchased or leased by the Network Customer designated to serve Network Load under the Tariff. Network Resources may not include resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program. Any owned or purchased resources that were serving the Network Customer's loads under firm agreements entered into on or before the Service Commencement Date shall initially be designated as Network Resources until the Network Customer terminates the designation of such resources.

* + 1. Designation of New Network Resources:

The Network Customer may designate a new Network Resource by providing the Transmission Provider with as much advance notice as practicable. A designation of a new Network Resource must be made through the Transmission Provider’s OASIS by a request for modification of service pursuant to an Application under Section 29. This request must include a statement that the new network resource satisfies the following conditions: (1) the Network Customer owns the resource, has committed to purchase generation pursuant to an executed contract, or has committed to purchase generation where execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff; and (2) The Network Resources do not include any resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program. The Network Customer’s request will be deemed deficient if it does not include this statement and the Transmission Provider will follow the procedures for a deficient application as described in Section 29.2 of the Tariff.

* + 1. Termination of Network Resources:

The Network Customer may terminate the designation of all or a part of a generating resource as a Network Resource by providing notification to the Transmission Provider through OASIS as soon as reasonably practicable, but not later than the firm scheduling deadline for the period of termination. Any request for termination of Network Resource status must be submitted on OASIS, and should indicate whether the request is for indefinite or temporary termination. A request for indefinite termination of Network Resource status must indicate the date and time that the termination is to be effective, and the identification and capacity of the resource(s) or portions thereof to be indefinitely terminated. A request for temporary termination of Network Resource status must include the following:

1. Effective date and time of temporary termination;
2. Effective date and time of redesignation, following period of temporary termination;
3. Identification and capacity of resource(s) or portions thereof to be temporarily terminated;
4. Resource description and attestation for redesignating the network resource following the temporary termination, in accordance with Section 30.2; and
5. Identification of any related transmission service requests to be evaluated concomitantly with the request for temporary termination, such that the requests for undesignation and the request for these related transmission service requests must be approved or denied as a single request. The evaluation of these related transmission service requests must take into account the termination of the network resources identified in (iii) above, as well as all competing transmission service requests of higher priority.

As part of a temporary termination, a Network Customer may only redesignate the same resource that was originally designated, or a portion thereof. Requests to redesignate a different resource and/or a resource with increased capacity will be deemed deficient and the Transmission Provider will follow the procedures for a deficient application as described in Section 29.2 of the Tariff.

* + 1. Operation of Network Resources:

The Network Customer shall not operate its designated Network Resources located in the Network Customer's or Transmission Provider's Control Area such that the output of those facilities exceeds its designated Network Load, plus Non-Firm Sales delivered pursuant to Part II of the Tariff, plus losses, plus power sales under a reserve sharing program, plus sales that permit curtailment without penalty to serve its designated Network Load. This limitation shall not apply to changes in the operation of a Transmission Customer's Network Resources at the request of the Transmission Provider to respond to an emergency or other unforeseen condition which may impair or degrade the reliability of the Transmission System. For all Network Resources not physically connected with the Transmission Provider’s Transmission System, the Network Customer may not schedule delivery of energy in excess of the Network Resource’s capacity, as specified in the Network Customer’s Application pursuant to Section 29, unless the Network Customer supports such delivery within the Transmission Provider’s Transmission System by either obtaining Point-to-Point Transmission Service or utilizing secondary service pursuant to Section 28.4. Schedule 11 of this Tariff specifies the rate treatment and all related terms and conditions applicable in the event that a Network Customer’s schedule at the delivery point for a Network Resource not physically interconnected with the Transmission Provider's Transmission System exceeds the Network Resource’s designated capacity, excluding energy delivered using secondary service or Point-to-Point Transmission Service.

* + 1. Network Customer Redispatch Obligation:

As a condition to receiving Network Integration Transmission Service, the Network Customer agrees to redispatch its Network Resources as requested by the Transmission Provider pursuant to Section 33.2. To the extent practical, the redispatch of resources pursuant to this section shall be on a least cost, non-discriminatory basis between all Network Customers, and the Transmission Provider.

* + 1. Transmission Arrangements for Network Resources Not Physically Interconnected With The Transmission Provider:

The Network Customer shall be responsible for any arrangements necessary to deliver capacity and energy from a Network Resource not physically interconnected with the Transmission Provider's Transmission System. The Transmission Provider will undertake reasonable efforts to assist the Network Customer in obtaining such arrangements, including without limitation, providing any information or data required by such other entity pursuant to Good Utility Practice.

* + 1. Limitation on Designation of Network Resources:

The Network Customer must demonstrate that it owns or has committed to purchase generation pursuant to an executed contract in order to designate a generating resource as a Network Resource. Alternatively, the Network Customer may establish that execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff.

* + 1. Use of Interface Capacity by the Network Customer:

There is no limitation upon a Network Customer's use of the Transmission Provider's Transmission System at any particular interface to integrate the Network Customer's Network Resources (or substitute economy purchases) with its Network Loads. However, a Network Customer's use of the Transmission Provider's total interface capacity with other transmission systems may not exceed the Network Customer's Load.

* + 1. Network Customer Owned Transmission Facilities:

The Network Customer that owns existing transmission facilities that are integrated with the Transmission Provider's Transmission System may be eligible to receive consideration either through a billing credit or some other mechanism. In order to receive such consideration, the Network Customer must demonstrate that its transmission facilities are integrated into the plans or operations of the Transmission Provider, to serve its power and transmission customers. For facilities added by the Network Customer subsequent to the date the Los Angeles City Council makes Part III effective, the Network Customer shall receive credit for such transmission facilities added if such facilities are integrated into the operations of the Transmission Provider’s facilities; provided however, the Network Customer’s transmission facilities shall be presumed to be integrated if such transmission facilities, if owned by the Transmission Provider, would be eligible for inclusion in the Transmission Provider’s Annual Transmission Revenue Requirement as specified in Attachment H. Calculation of any credit under this subsection shall be addressed in either the Network Customer's Service Agreement or any other agreement between the Parties.

* 1. Designation of Network Load
     1. Network Load:

The Network Customer must designate the individual Network Loads on whose behalf the Transmission Provider will provide Network Integration Transmission Service. The Network Loads shall be specified in the Service Agreement.

* + 1. New Network Loads Connected With the Transmission Provider:

The Network Customer shall provide the Transmission Provider with as much advance notice as reasonably practicable of the designation of new Network Load that will be added to its Transmission System. A designation of new Network Load must be made through a modification of service pursuant to a new Application. The Transmission Provider will use due diligence to install any transmission facilities required to interconnect a new Network Load designated by the Network Customer. The costs of new facilities required to interconnect a new Network Load shall be determined in accordance with the procedures provided in Section 32.4 and shall be charged to the Network Customer in accordance with LADWP’s policies.

* + 1. Network Load Not Physically Interconnected with the Transmission Provider

This section applies to both initial designation pursuant to Section 31.1 and the subsequent addition of new Network Load not physically interconnected with the Transmission Provider. To the extent that the Network Customer desires to obtain transmission service for a load outside the Transmission Provider's Transmission System, the Network Customer shall have the option of (1) electing to include the entire load as Network Load for all purposes under Part III of the Tariff and designating Network Resources in connection with such additional Network Load, or (2) excluding that entire load from its Network Load and purchasing Point-To-Point Transmission Service under Part II of the Tariff. To the extent that the Network Customer gives notice of its intent to add a new Network Load as part of its Network Load pursuant to this section the request must be made through a modification of service pursuant to a new Application.

* + 1. New Interconnection Points:

To the extent the Network Customer desires to add a new Delivery Point or interconnection point between the Transmission Provider's Transmission System and a Network Load, the Network Customer shall provide the Transmission Provider with as much advance notice as reasonably practicable.

* + 1. Changes in Service Requests:

Under no circumstances shall the Network Customer's decision to cancel or delay a requested change in Network Integration Transmission Service (e.g. the addition of a new Network Resource or designation of a new Network Load) in any way relieve the Network Customer of its obligation to pay the costs of transmission facilities constructed by the Transmission Provider and charged to the Network Customer as reflected in the Service Agreement. However, the Transmission Provider must treat any requested change in Network Integration Transmission Service in a non-discriminatory manner.

* + 1. Annual Load and Resource Information Updates:

The Network Customer shall provide the Transmission Provider with annual updates of Network Load and Network Resource forecasts consistent with those included in its Application for Network Integration Transmission Service under Part III of the Tariff including, but not limited to, any information provided under section 29.2(ix) pursuant to the Transmission Provider’s planning process in Attachment K. The Network Customer also shall provide the Transmission Provider with timely written notice of material changes in any other information provided in its Application relating to the Network Customer's Network Load, Network Resources, its transmission system or other aspects of its facilities or operations affecting the Transmission Provider's ability to provide reliable service.

* 1. Additional Study Procedures For Network Integration Transmission Service Requests
     1. Notice of Need for System Impact Study:

After receiving a request for service, the Transmission Provider shall determine on a non-discriminatory basis whether a System Impact Study is needed. A description of the Transmission Provider's methodology for completing a System Impact Study is provided in Attachment D. If the Transmission Provider determines that a System Impact Study is necessary to accommodate the requested service, it shall so inform the Eligible Customer, as soon as practicable. In such cases, the Transmission Provider shall within thirty (30) days of receipt of a Completed Application, tender a System Impact Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required System Impact Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the System Impact Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study Agreement, its Application shall be deemed withdrawn and its deposit shall be returned without interest.

* + 1. System Impact Study Agreement and Cost Reimbursement:

1. The System Impact Study Agreement will clearly specify the Transmission Provider's estimate of the actual cost, and time for completion of the System Impact Study. The charge shall not exceed the actual cost of the study. In performing the System Impact Study, the Transmission Provider shall rely, to the extent reasonably practicable, on existing transmission planning studies. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's request for service on the Transmission System.
2. If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single System Impact Study is sufficient for the Transmission Provider to accommodate the service requests, the costs of that study shall be pro-rated among the Eligible Customers.
3. For System Impact Studies that the Transmission Provider conducts on its own behalf, the Transmission Provider shall record the cost of the System Impact Studies pursuant to Section 8.
   * 1. System Impact Study Procedures:

Upon receipt of an executed System Impact Study Agreement, the Transmission Provider will use due diligence to complete the required System Impact Study within a sixty (60) day period. The System Impact Study shall identify (1) any system constraints, identified with specificity by transmission element or flowgate, (2) redispatch options (when requested by an Eligible Customer) including, to the extent possible, an estimate of the cost of redispatch, (3) available options for installation of automatic devices to curtail service (when requested by an Eligible Customer), and (4) additional Direct Assignment Facilities or Network Upgrades required to provide the requested service. For customers requesting the study of redispatch options, the System Impact Study shall (1) identify all resources located within the Transmission Provider’s Control Area that can significantly contribute toward relieving the system constraint and (2) provide a measurement of each resource’s impact on the system constraint. If the Transmission Provider possesses information indicating that any resource outside its Control Area could relieve the constraint, it shall identify each such resource in the System Impact Study. In the event that the Transmission Provider is unable to complete the required System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible Customer as soon as the System Impact Study is complete. The Transmission Provider will use the same due diligence in completing the System Impact Study for an Eligible Customer as it uses when completing studies for itself. The Transmission Provider shall notify the Eligible Customer immediately upon completion of the System Impact Study if the Transmission System will be adequate to accommodate all or part of a request for service or that no costs are likely to be incurred for new transmission facilities or upgrades. In order for a request to remain a Completed Application, within fifteen (15) days of completion of the System Impact Study the Eligible Customer must execute a Service Agreement or the Application shall be deemed terminated and withdrawn.

* + 1. Facilities Study Procedures:

If a System Impact Study indicates that additions or upgrades to the Transmission System are needed to supply the Eligible Customer's service request, the Transmission Provider, within thirty (30) days of the completion of the System Impact Study, shall tender to the Eligible Customer a Facilities Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required Facilities Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the Facilities Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the Facilities Study Agreement, its Application shall be deemed withdrawn and its deposit shall be returned without interest. Upon receipt of an executed Facilities Study Agreement, the Transmission Provider will use due diligence to complete the required Facilities Study within a sixty (60) day period. If the Transmission Provider is unable to complete the Facilities Study in the allotted time period, the Transmission Provider shall notify the Eligible Customer and provide an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Eligible Customer, (ii) the Eligible Customer's appropriate share of the cost of any required Network Upgrades, and (iii) the time required to complete such construction and initiate the requested service. The Eligible Customer shall provide the Transmission Provider with a letter of credit or other reasonable form of security acceptable to the Transmission Provider equivalent to the costs of new facilities or upgrades consistent with commercial practices as established by the Uniform Commercial Code. The Eligible Customer shall have thirty (30) days to execute a Service Agreement and provide the required letter of credit or other form of security or the request no longer will be a Completed Application and shall be deemed terminated and withdrawn.

* 1. Load Shedding and Curtailments
     1. Procedures:

Prior to the Service Commencement Date, the Transmission Provider and the Network Customer shall establish Load Shedding and Curtailment procedures pursuant to the Network Operating Agreement with the objective of responding to contingencies on the Transmission System and on systems directly and indirectly interconnected with Transmission Provider’s Transmission System. The Parties will implement such programs during any period when the Transmission Provider determines that a system contingency exists and such procedures are necessary to alleviate such contingency. The Transmission Provider will notify all affected Network Customers in a timely manner of any scheduled Curtailment.

* + 1. Transmission Constraints:

During any period when the Transmission Provider determines that a transmission constraint exists on the Transmission System, and such constraint may impair the reliability of the Transmission Provider's system, the Transmission Provider will take whatever actions, consistent with Good Utility Practice, that are reasonably necessary to maintain the reliability of the Transmission Provider's system. To the extent the Transmission Provider determines that the reliability of the Transmission System can be maintained by redispatching resources, the Transmission Provider will initiate procedures pursuant to the Network Operating Agreement to redispatch all Network Resources and the Transmission Provider's own resources on a least-cost basis without regard to the ownership of such resources. Any redispatch under this section may not unduly discriminate between the Transmission Provider's use of the Transmission System on behalf of its Native Load Customers and any Network Customer's use of the Transmission System to serve its designated Network Load.

* + 1. Cost Responsibility for Relieving Transmission Constraints:

Whenever the Transmission Provider implements least-cost redispatch procedures in response to a transmission constraint, the Transmission Provider and Network Customers will each bear a proportionate share of the total redispatch cost based on their respective Load Ratio Shares.

* + 1. Curtailments of Scheduled Deliveries:

If a transmission constraint on the Transmission Provider's Transmission System cannot be relieved through the implementation of least-cost redispatch procedures and the Transmission Provider determines that it is necessary to Curtail scheduled deliveries, the Parties shall Curtail such schedules in accordance with the Network Operating Agreement or pursuant to the Transmission Loading Relief procedures specified in Attachment J.

* + 1. Allocation of Curtailments:

The Transmission Provider shall, on a non-discriminatory basis, Curtail the transaction(s) that effectively relieve the constraint. However, to the extent practicable and consistent with Good Utility Practice, any Curtailment will be shared by the Transmission Provider and Network Customer in proportion to their respective Load Ratio Shares. The Transmission Provider shall not direct the Network Customer to Curtail schedules to an extent greater than the Transmission Provider would Curtail the Transmission Provider's schedules under similar circumstances.

* + 1. Load Shedding:

To the extent that a system contingency exists on the Transmission Provider's Transmission System and the Transmission Provider determines that it is necessary for the Transmission Provider and the Network Customer to shed load, the Parties shall shed load in accordance with previously established procedures under the Network Operating Agreement.

* + 1. System Reliability:

Notwithstanding any other provisions of this Tariff, the Transmission Provider reserves the right, consistent with Good Utility Practice and on a not unduly discriminatory basis, to Curtail Network Integration Transmission Service without liability on the Transmission Provider's part for the purpose of making necessary adjustments to, changes in, or repairs on its lines, substations and facilities, and in cases where the continuance of Network Integration Transmission Service would endanger persons or property. In the event of any adverse condition(s) or disturbance(s) on the Transmission Provider's Transmission System or on any other system(s) directly or indirectly interconnected with the Transmission Provider's Transmission System, the Transmission Provider, consistent with Good Utility Practice, also may Curtail Network Integration Transmission Service in order to (i) limit the extent or damage of the adverse condition(s) or disturbance(s), (ii) prevent damage to generating or transmission facilities, or (iii) expedite restoration of service. The Transmission Provider will give the Network Customer as much advance notice as is practicable in the event of such Curtailment. Any Curtailment of Network Integration Transmission Service will be not unduly discriminatory relative to the Transmission Provider's use of the Transmission System on behalf of its Native Load Customers. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that the Network Customer fails to respond to established Load Shedding and Curtailment procedures.

* 1. Rates and Charges

The Network Customer shall pay the Transmission Provider for any Direct Assignment Facilities, Ancillary Services, and applicable study costs, consistent with LADWP requirements, along with the following:

* + 1. Monthly Demand Charge:

The Network Customer shall pay a monthly Demand Charge, which shall be determined by multiplying its Load Ratio Share times one twelfth (1/12) of the Transmission Provider's Annual Transmission Revenue Requirement specified in Attachment H.

* + 1. Determination of Network Customer's Monthly Network Load:

The Network Customer's monthly Network Load is its hourly load (including its designated Network Load not physically interconnected with the Transmission Provider under Section 31.3) coincident with the Transmission Provider's Monthly Transmission System Peak.

* + 1. Determination of Transmission Provider's Monthly Transmission System Load:

The Transmission Provider's monthly Transmission System load is the Transmission Provider's Monthly Transmission System Peak minus the coincident peak usage of all Firm Point-To-Point Transmission Service customers pursuant to Part II of this Tariff plus the Reserved Capacity of all Firm Point-To-Point Transmission Service customers.

* + 1. Redispatch Charge:

The Network Customer shall pay a Load Ratio Share of any redispatch costs allocated between the Network Customer and the Transmission Provider pursuant to Section 33. To the extent that the Transmission Provider incurs an obligation to the Network Customer for redispatch costs in accordance with Section 33, such amounts shall be credited against the Network Customer's bill for the applicable month.

* + 1. Stranded Cost Recovery:

The Transmission Provider reserves the right to recover stranded costs from the Transmission Customer pursuant to this Tariff in accordance with the terms and conditions set forth in FERC Order No. 888 and pursuant to any other applicable law. The Transmission Provider’s proposed stranded cost recovery shall be subject to the dispute resolution procedures of this Tariff.

* 1. Operating Arrangements
     1. Operation under The Network Operating Agreement:

The Network Customer shall plan, construct, operate and maintain its facilities in accordance with Good Utility Practice and in conformance with the Network Operating Agreement.

* + 1. Network Operating Agreement:

The terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Part III of the Tariff shall be specified in the Network Operating Agreement. The Network Operating Agreement shall provide for the Parties to (i) operate and maintain equipment necessary for integrating the Network Customer within the Transmission Provider's Transmission System (including, but not limited to, remote terminal units, metering, communications equipment and relaying equipment), (ii) transfer data between the Transmission Provider and the Network Customer (including, but not limited to, heat rates and operational characteristics of Network Resources, generation schedules for units outside the Transmission Provider's Transmission System, interchange schedules, unit outputs for redispatch required under Section 33, voltage schedules, loss factors and other real time data), (iii) use software programs required for data links and constraint dispatching, (iv) exchange data on forecasted loads and resources necessary for long-term planning, and (v) address any other technical and operational considerations required for implementation of Part III of the Tariff, including scheduling protocols. The Network Operating Agreement will recognize that the Network Customer shall either (i) operate as a Control Area under applicable guidelines of the Electric Reliability Organization (ERO) as defined in 18 C.F.R. § 39.1, (ii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with the Transmission Provider, or (iii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with another entity, consistent with Good Utility Practice, which satisfies the applicable reliability guidelines of the ERO. The Transmission Provider shall not unreasonably refuse to accept contractual arrangements with another entity for Ancillary Services. The Network Operating Agreement is included in Attachment G.

* + 1. Network Operating Committee:

If there are Network Customers, a Network Operating Committee (Committee) shall be established to coordinate operating criteria for the Parties' respective responsibilities under the Network Operating Agreement. If a Committee is established, each Network Customer shall be entitled to have at least one representative on the Committee, and the Committee shall meet from time to time as need requires, but no less than once each calendar year.

SCHEDULE 1

Scheduling, System Control and Dispatch Service

This service is required to schedule the movement of power through, out of, within, or into a Control Area. This service can be provided only by the operator of the Control Area in which the transmission facilities used for transmission service are located. Scheduling, System Control and Dispatch Service is to be provided directly by the Transmission Provider (if the Transmission Provider is the Control Area operator) or indirectly by the Transmission Provider making arrangements with the Control Area operator that performs this service for the Transmission Provider's Transmission System. The Transmission Customer must purchase this service from the Transmission Provider or the Control Area operator. The charges for Scheduling, System Control and Dispatch Service are to be based on the rates set forth below. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator.

All Transmission Customers required to acquire Scheduling, System Control and Dispatch Service shall pay a charge invoiced monthly for Scheduling, System Control and Dispatch Service provided by the Transmission Provider equal to the amount set forth below. For Point-to-Point Transmission Service, the rate shall be applied to the Transmission Customer’s Reserved Capacity.

|  |  |  |
| --- | --- | --- |
| **Schedule 1 - Scheduling, System Control and Dispatch Service** | | |
| **Service** | **Period** | **Rates** |
| Hourly | On-Peak | $0.425/MWh |
| Hourly | Off-Peak | $0.202/MWh |
| Daily | Full | $0.005/kW-day |
| Weekly | Full | $0.034/kW-mo |
| Monthly | Full | $0.147/kW-mo |
| Yearly | Full | $1.770/kW-yr |

SCHEDULE 2

Reactive Supply and Voltage Control from Generation or Other Sources Service

In order to maintain transmission voltages on the Transmission Provider's transmission facilities within acceptable limits, generation facilities and non-generation resources capable of providing this service that are under the control of the control area operator are operated to produce (or absorb) reactive power. Thus, Reactive Supply and Voltage Control from Generation or Other Sources Service must be provided for each transaction on the Transmission Provider's transmission facilities. The amount of Reactive Supply and Voltage Control from Generation or Other Sources Service that must be supplied with respect to the Transmission Customer's transaction will be determined based on the reactive power support necessary to maintain transmission voltages within limits that are generally accepted in the region and consistently adhered to by the Transmission Provider.

Reactive Supply and Voltage Control from Generation or Other Sources Service is to be provided directly by the Transmission Provider (if the Transmission Provider is the Control Area operator) or indirectly by the Transmission Provider making arrangements with the Control Area operator that performs this service for the Transmission Provider's Transmission System. The Transmission Customer must purchase this service from the Transmission Provider or the Control Area operator. The charges for such service will be based on the rates set forth below. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by the Control Area operator.

All Transmission Customers required to acquire reactive supply and voltage control shall pay a charge invoiced monthly for reactive supply and voltage control equal to the amount set forth below. For Point-to-Point Transmission Service, the rate shall be applied to the Transmission Customer’s Reserved Capacity.

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| --- | --- | --- |
| **Schedule 2 – Reactive Supply and Voltage Control from Generation and Other Sources Service** | | |
| **Service** | **Period** | **Rates** |
| Hourly | On-Peak | $0.633/MWh |
| Hourly | Off-Peak | $0.301/MWh |
| Daily | Full | $0.007/kW-day |
| Weekly | Full | $0.051/kW-wk |
| Monthly | Full | $0.220/kW-mo |
| Yearly | Full | $2.634/kW-yr |

SCHEDULE 3

Regulation and Frequency Response Service

Regulation and Frequency Response Service is necessary to provide for the continuous balancing of resources (generation and interchange) with load and for maintaining scheduled Interconnection frequency at sixty cycles per second (60 Hz). Regulation and Frequency Response Service is accomplished by committing on-line generation whose output is raised or lowered (predominantly through the use of automatic generating control equipment) and by other non-generation resources capable of providing this service as necessary to follow the moment-by-moment changes in load. The obligation to maintain this balance between resources and load lies with the Transmission Provider (or the Control Area operator that performs this function for the Transmission Provider).

The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Regulation and Frequency Response Service obligation.

The amount of and charges for Regulation and Frequency Response Service are set forth below. To the extent the Control Area operator performs this service for the Transmission Provider; charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator.

1. **Regulation and Frequency Response Service Requirements**:

The Transmission Customer’s total load within the Transmission Provider’s Control Area shall not exceed the Transmission Customer’s Reserved Capacity, and the Transmission Provider shall have no obligation to provide this service for any other loads of the Transmission Customer.

A Transmission Customer purchasing Regulation and Frequency Response Service will be required to purchase an amount of such service equal to 3.496 percent of the Transmission Customer’s Reserved Capacity for Point-to-Point Transmission Service. Where the Transmission Customer’s Reserved Capacity is used to deliver power from a non-dispatchable resource physically or electrically located in the Transmission Provider’s Control Area to the Transmission Customer’s load, the Transmission Customer shall purchase Generator Regulation and Frequency Response Service under Schedule 10. The Transmission Provider may not charge a Transmission Customer for service under both Schedule 3 and Schedule 10 for the same Reserved Capacity. The billing determinants for this service shall be reduced by any portion of the 3.496 percent purchase obligation that a Transmission Customer obtains from third-parties or supplies itself.

1. **Compensation to for Regulation and Frequency Response Service:**

All Transmission Customers required to acquire Regulation and Frequency Response Service shall pay a charge invoiced monthly equal to the amount set forth below.

|  |  |  |
| --- | --- | --- |
| **Schedule 3 – Regulation and Frequency Response Service** | | |
| **Service** | **Period** | **Rates** |
| Hourly | On-Peak | $22.878/MWh |
| Hourly | Off-Peak | $10.864/MWh |
| Daily | Full | $0.261/kW-day |
| Weekly | Full | $1.830/kW-wk |
| Monthly | Full | $7.931/kW-mo |
| Yearly | Full | $95.171/kW-yr |

SCHEDULE 4

Energy Imbalance Service

Energy Imbalance Service is provided when a difference occurs between the scheduled and the actual delivery of energy to a load located within a Control Area over a single hour. The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements, which may include use of non-generation resources capable of providing this service, to satisfy its Energy Imbalance Service obligation. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator. The Transmission Provider may charge a Transmission Customer a penalty for either hourly energy imbalances under this Schedule or a penalty for hourly generator imbalances under Schedule 9 for imbalances occurring during the same hour, but not both unless the imbalances aggravate rather than offset each other.

The Transmission Provider has established charges for energy imbalance based on the deviation bands as follows:

(i) deviations within +/- 1.5 percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be netted on a monthly basis and settled financially, at the end of the month, using the Hourly Pricing Proxy;

(ii) deviations greater than +/- 1.5 percent up to 7.5 percent (or greater than 2 MW up to 10 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer’s scheduled transaction(s) will be settled financially, at the end of each month, at 110 percent the Hourly Pricing Proxy for under-scheduling or 90 percent of the Hourly Pricing Proxy for over-scheduling; and (iii) deviation greater than +/- 7.5 percent (or greater than 10 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer’s scheduled transaction(s) will be settled financially, at the end of each month, at 125 percent of the Hourly Pricing Proxy for under-scheduling or 75 percent of the Hourly Pricing Proxy for over-scheduling.

**Hourly Pricing Proxy**: For purposes of this Schedule, “Hourly Pricing Proxy” is defined as the average price for each hour of the delivered energy price at SP15 day-ahead Index. In the event the referenced index price is negative, the referenced index price shall be deemed to be zero dollars ($0). At the end of each month, the Transmission Provider shall calculate the Hourly Pricing Proxy using pricing information from Dow Jones, the California ISO or another authenticated source.

SCHEDULE 5

Operating Reserve - Spinning Reserve Service

Spinning Reserve Service is needed to serve load immediately in the event of a system contingency. Spinning Reserve Service may be provided by generating units that are on-line and loaded at less than maximum output and by non-generation resources capable of providing this service. The Transmission Provider must offer this service when the transmission service is used: (a) to serve load within the Transmission Provider’s Control Area and (b) to support sales from generators located within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Spinning Reserve Service obligation. The amount of and charges for Spinning Reserve Service are set forth below. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator.

1. **Spinning Reserve Service Requirements:**

The Transmission Customer may purchase Spinning Reserve Service under this Tariff to satisfy its spinning reserve obligations commensurate with the amount of Reserved Capacity purchased from the Transmission Provider. Specifically, the Transmission Customer’s total load within the Transmission Provider’s Control Area shall not exceed the Transmission Customer’s Reserved Capacity, and the Transmission Provider shall have no obligation to provide this service for any other loads of the Transmission Customer.

If spinning reserves are provided by any party other than the Transmission Provider, sufficient transmission capacity shall be purchased to provide for the delivery of spinning reserves under any credible single contingency. Spinning reserves shall not be provided by the same generation resource supplying load, since loss of this resource represents a credible single contingency.

The Transmission Customer shall identify in its Application the manner by which it intends to provide for spinning reserves. The use of any resources owned by parties other than the Transmission Provider as spinning reserve resources shall be subject to verification by the Transmission Provider, and such resources shall conform to applicable WECC and NERC criteria for spinning reserves.

A Transmission Customer purchasing Spinning Reserve Service will be required to purchase an amount of such service equal to 6.027 percent of the Transmission Customer’s Reserved Capacity for Point-to-Point Transmission Service. However, a Transmission Customer shall purchase an amount of Spinning Reserve Service equal to 50 percent of the Transmission Customer’s Reserved Capacity for Point-to-Point Transmission Service when the scheduled generation is determined by the Transmission Provider to be the most-severe-single contingency of the Transmission Provider during the period of time in which service is provided. The billing determinants for this service shall be reduced by any portion of the percent purchase obligation that a Transmission Customer obtains from third-parties or supplies itself.

1. **Compensation for Spinning Reserve Service:**

All Transmission Customers required to acquire Spinning Reserve Service shall pay a charge invoiced monthly equal to the amount set forth below.

|  |  |  |  |
| --- | --- | --- | --- |
| **Schedule 5 – Operating Reserve – Spinning Reserve Service** | | | |
|  | |  | 6.027% Purchase Requirement or  50% Purchase Requirement |
| **Service** | **Period** |  | **Rates** |
| Hourly | On-Peak |  | $37.064/MWh |
| Hourly | Off-Peak |  | $17.601/MWh |
| Daily | Full |  | $0.424/kW-day |
| Weekly | Full |  | $2.965/kW-wk |
| Monthly | Full |  | $12.849/kW-mo |
| Yearly | Full |  | $154.186/kW-yr |

SCHEDULE 6

Operating Reserve - Supplemental Reserve Service

Supplemental Reserve Service is needed to serve load in the event of a system contingency; however, it is not available immediately to serve load but rather within a short period of time. Supplemental Reserve Service may be provided by generating units that are on-line but unloaded, by quick-start generation or by interruptible load or other non-generation resources capable of providing this service. The Transmission Provider must offer this service when the transmission service is used: (a) to serve load within its Control Area and (b) to support sales from generators located within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Supplemental Reserve Service obligation. The amount of and charges for Supplemental Reserve Service are set forth below. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator.

1. **Supplemental Reserve Service Requirements:**

The Transmission Customer may purchase Supplemental Reserve Service under this Tariff to satisfy its supplemental reserve obligations commensurate with the amount of Reserved Capacity purchased from the Transmission Provider. Specifically, the Transmission Customer’s total load within the Transmission Provider’s Control Area shall not exceed the Transmission Customer’s Reserved Capacity, and the Transmission Provider shall have no obligation to provide this service for any other loads of the Transmission Customer.

If supplemental reserves are provided by any party other than the Transmission Provider, sufficient transmission capacity shall be purchased to provide for the delivery of supplemental reserves under any credible single contingency.

The Transmission Customer shall identify in its Application the manner by which it intends to provide for supplemental reserves. The use of any resources owned by parties other than the Transmission Provider as supplemental reserve resources shall be subject to verification by the Transmission Provider, and such resources shall conform to applicable WECC and NERC criteria for supplemental reserves.

A Transmission Customer purchasing Supplemental Reserve Service will be required to purchase an amount of such service equal to 6.027 percent of the Transmission Customer’s Reserved Capacity for Point-to-Point Transmission Service. However, a Transmission Customer shall purchase an amount of Supplemental Reserve Service equal to 50 percent of the Transmission Customer’s Reserved Capacity for Point-to-Point Transmission Service when the scheduled generation is determined by the Transmission Provider to be the most-severe-single contingency of the Transmission Provider during the period of time in which service is provided. The billing determinants for this service shall be reduced by any portion of the percent purchase obligation that a Transmission Customer obtains from third-parties or supplies itself.

1. **Compensation for Supplemental Reserve Service:**

All Transmission Customers required to acquire Supplemental Reserve Service shall pay a charge invoiced monthly equal to the amount set forth below.

|  |  |  |  |
| --- | --- | --- | --- |
| **Schedule 6 – Operating Reserve – Supplemental Reserve Service** | | | |
|  | |  | 6.027% Purchase Requirement or  50% Purchase Requirement |
| **Service** | **Period** |  | **Rates** |
| Hourly | On-Peak |  | $8.554/MWh |
| Hourly | Off-Peak |  | $4.062/MWh |
| Daily | Full |  | $0.098/kW-day |
| Weekly | Full |  | $0.684/kW-wk |
| Monthly | Full |  | $2.965/kW-mo |
| Yearly | Full |  | $35.583/kW-yr |

SCHEDULE 7

Long-Term Firm and Short-Term Firm Point-To-Point

**Transmission Service**

**A. Rates**: The Transmission Customer shall compensate the Transmission Provider each month for Reserved Capacity at the sum of the applicable charges set forth below:

* 1. **Yearly delivery**: one-twelfth of the demand charge of $44.236/kW of Reserved Capacity per year.
  2. **Monthly** **delivery**: $3.686/kW of Reserved Capacity per month.
  3. **Weekly** **delivery**: $0.851/kW of Reserved Capacity per week.
  4. **Daily** **delivery**: $0.122/kW of Reserved Capacity per day.
  5. **On-Peak Hourly delivery**: $10.634/MW of Reserved Capacity per hour.
  6. **Off-Peak Hourly delivery**: $5.050/MW of Reserved Capacity per hour.

The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified in section (3) above times the highest amount in kilowatts megawatts of Reserved Capacity in any day during such week. The basic charge for Hourly delivery shall not exceed the price per megawatts of Reserved Capacity per hour specified in sections (5) or (6) above during on-peak and off-peak hours, respectively. The total demand charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (4) above for Daily delivery times the highest amount in kilowatts of Reserved Capacity in any hour during such day. In addition, the total demand charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (3) above for Weekly delivery times the highest amount in kilowatts of Reserved Capacity in any hour during such week. For purposes of Hourly Delivery under this Schedule 7, “on-peak” hours shall be hours ending 07:00 through 22:00 PPT, Monday through Saturday excluding holidays, and “off-peak” hours shall be all other hours.

**B.**  **Discounts**: Three principal requirements apply to discounts for transmission service as follows (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an Affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.

**C. Resales**: The rates and rules governing charges and discounts stated above shall not apply to resales of transmission service, compensation for which shall be governed by section 23.1 of the Tariff.

SCHEDULE 8

Non-Firm Point-To-Point Transmission Service

**A. Rates**: The Transmission Customer shall compensate the Transmission Provider for Non-Firm Point-To-Point Transmission Service up to the sum of the applicable charges set forth below:

1. **Monthly** **delivery**: $3.686/kW of Reserved Capacity per month.
2. **Weekly** **delivery**: $0.851/kW of Reserved Capacity per week.
3. **Daily** **delivery**: $0.122/kW of Reserved Capacity per day.
4. **On-Peak Hourly delivery**: $10.634/MW of Reserved Capacity per hour.
5. **Off-Peak Hourly delivery**: $5.050/MW of Reserved Capacity per hour.

The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified in section (2) above times the highest amount in kilowatts of Reserved Capacity in any day during such week. The basic charge for Hourly delivery shall not exceed the price per megawatts of Reserved Capacity per hour specified in sections (4) or (5) above during on-peak and off-peak hours, respectively. The total demand charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (4) or (5) above times the highest amount in kilowatts of Reserved Capacity in any hour during such day. In addition, the total demand charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (2) above times the highest amount in kilowatts of Reserved Capacity in any hour during such week. For purposes of Hourly Delivery under this Schedule 8, “on-peak” hours shall be hours ending 7:00 through 22:00 PPT, Monday through Saturday excluding holidays, and “off-peak” hours shall be all other hours.

**B. Discounts**: Three principal requirements apply to discounts for transmission service as follows (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an Affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.

**C. Resales**: The rates and rules governing charges and discounts stated above shall not apply to resales of transmission service, compensation for which shall be governed by section 23.1 of the Tariff.

SCHEDULE 9

**Generator Imbalance Service**

Generator Imbalance Service is provided when a difference occurs between the output of a generator located in the Transmission Provider’s Control Area and a delivery schedule from that generator to (1) another Control Area or (2) a load within the Transmission Provider’s Control Area over a single hour. The Transmission Provider must offer this service, to the extent it is physically feasible to do so from its resources or from resources available to it, when Transmission Service is used to deliver energy from a generator located within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements, which may include use of non-generation resources capable of providing this service, to satisfy its Generator Imbalance Service obligation. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area Operator. The Transmission Provider may charge a Transmission Customer a penalty for either hourly generator imbalances under this Schedule or a penalty for hourly energy imbalances under Schedule 4 for imbalances occurring during the same hour, but not both unless the imbalances aggravate rather than offset each other.

The Transmission Provider shall charge for Generator Imbalance Service based on the deviation bands as follows:

(i) deviations within +/- 1.5 percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be netted on a monthly basis and settled financially, at the end of the month, using the Hourly Pricing Proxy;

(ii) deviations greater than +/- 1.5 percent up to 7.5 percent (or greater than 2 MW up to 10 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 110 percent the Hourly Pricing Proxy for under-scheduling or 90 percent of the Hourly Pricing Proxy for over-scheduling; and

(iii) deviations greater than +/- 7.5 percent (or greater than 10 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 125 percent of the Hourly Pricing Proxy for under-scheduling or 75 percent of the Hourly Pricing Proxy for over-scheduling, except that an intermittent resource will be exempt from this deviation band and will pay the deviation band charges for all deviations greater than the larger of 1.5 percent or 2 MW. An intermittent resource, for the limited purpose of this Schedule is an electric generator that is not dispatchable and cannot store its fuel source and therefore cannot respond to changes in system demand or respond to transmission security constraints.

**Hourly Pricing Proxy**: For purposes of this Schedule, “Hourly Pricing Proxy” is defined as the average price for each hour of the delivered energy price at SP15 day-ahead Index. In the event the referenced index price is negative, the referenced index price shall be deemed to be zero dollars ($0). At the end of each month, the Transmission Provider shall calculate the Hourly Pricing Proxy using pricing information from Dow Jones, the California ISO or another authenticated source.

Notwithstanding the foregoing, deviations from scheduled transactions in order to respond to directives by the Transmission Provider, a Control Area, or a reliability coordinator shall not be subject to the deviation bands identified above and, instead, shall be settled financially, at the end of the month, at 100 percent of the Hourly Pricing Proxy. Such directives may include instructions to correct frequency decay, respond to a reserve sharing event, or change output to relieve congestion.

**SCHEDULE 10**

**Generator Regulation and Frequency Response Service**

Generator Regulation and Frequency Response Service is necessary to provide for the continuous balancing of resources (generation and interchange) with load and for maintaining scheduled Interconnection frequency at sixty cycles per second (60 Hz). Generator Regulation and Frequency Response Service is accomplished by committing on-line generation whose output is raised or lowered (predominantly through the use of automatic generating control equipment) and/or by other non-generation resources capable of providing this service as necessary to follow the moment-by-moment changes in generation output. The obligation to maintain this balance between resources and the generator’s schedule lies with the Transmission Provider (or the Control Area that performs this function for the Transmission Provider).

The Transmission Provider (or the Control Area that performs this function for the Transmission Provider) must offer this service when transmission service is used to deliver energy from a generator physically or electrically located within the Transmission Provider’s Control Area. Generator Regulation and Frequency Response Service applies to the extent that a Transmission Customer is not already subject to Regulation and Frequency Response Service provided under Schedule 3 for the same Reserved Capacity. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements, which may include use of non-generation resources or processes capable of providing this service, to satisfy its Generator Regulation and Frequency Response Service obligation.

The amount of and charges for Generator Regulation and Frequency Response Service are set forth below. To the extent a Control Area performs this service for the Transmission Provider, charges to the Transmission Customer or generator are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area. The Transmission Provider may not charge a Transmission Customer for service under both Schedule 3 and Schedule 10 for the same Reserved Capacity.

1. **Generator Regulation and Frequency Response Service Requirements**:

The Transmission Customer or generator shall identify in its Application the manner by which it intends to provide for Generator Regulation and Frequency Response Service. The use of any resources owned by parties other than the Transmission Provider shall conform to applicable the Western Electricity Coordinating Council (WECC) and the North American Electric Reliability Council (NERC) criteria.

A Transmission Customer or generator delivering energy outside of the Transmission Provider’s Control Area from a dispatchable generation resource and purchasing Generator Regulation and Frequency Response Service will be required to purchase such service based on 3.496 percent of the maximum name plate capacity of the generator.

A Transmission Customer delivering energy from a non-dispatchable generating resource: (a) to load in the Transmission Provider’s Control Area, or (b) outside of the Transmission Provider’s Control Area, shall in each case purchase Generator Regulation and Frequency Response Service based on 9.278 percent of the maximum name plate capacity of the generator.

The billing determinants for this service shall be reduced by any portion of the purchase obligation that a Transmission Customer or generator obtains from third-parties or supplies itself.

1. **Compensation to for Generator Regulation and Frequency Response Service:**

All Transmission Customers required to acquire Generator Regulation and Frequency Response Service shall pay a charge invoiced monthly equal to the amount set forth below.

|  |  |  |  |
| --- | --- | --- | --- |
| **Schedule 10 – Generator Regulation and Frequency Response Service** | | | |
|  | | 3.496% Purchase Requirement (Note 1) | 9.278% Purchase Requirement  (Note 1) |
| **Service** | **Period** | **Rates** | **Rates** |
| Hourly | On-Peak | $22.878/MWh | $22.878/MWh |
| Hourly | Off-Peak | $10.864/MWh | $10.864/MWh |
| Daily | Full | $0.261/kW-day | $0.261/kW-day |
| Weekly | Full | $1.830/kW-wk | $1.830/kW-wk |
| Monthly | Full | $7.931/kW-mo | $7.931/kW-mo |
| Yearly | Full | $95.171/kW-yr | $95.171/kW-yr |

**Note 1:** 3.496% Purchase Requirement applies when using a dispatchable generation resource. 9.278% Purchase Requirement applies when using a non-dispatchable generation resource.

SCHEDULE 11

Unreserved Use of Transmission Service

The Transmission Provider will impose an Unreserved Use charge and penalty in any circumstance where the Transmission Provider detects that an Eligible Customer has used transmission service that it has not reserved (including instances where transmission was used in excess of the quantity reserved). For the purpose of this Schedule 11, and in accordance with Section 13.4 under this Tariff, such Eligible Customer shall be deemed to have executed the appropriate Service Agreement attached to this Tariff.

In each case of Unreserved Use, the Transmission Customer shall pay, exclusive of any discounts that may be offered to any other Eligible Customer during the Unreserved Use period, an Unreserved Use charge and penalty. The Transmission Provider will calculate unreserved use penalties as follows:

1. The penalty for a single hour of Unreserved Use is two times the Transmission Provider’s rate at the time of the unreserved use for Daily Firm Point-To-Point Transmission Service as set forth on Schedule 7;
2. More than one Unreserved Use penalty assessment for service of a given duration will increase the penalty period to the next longest duration (e.g., hourly to daily, daily to weekly, weekly to monthly), with the penalty being two times the Transmission Provider’s rate in effect at the time of the Unreserved Use for Firm Point-To-Point Transmission Service for the applicable service duration; and
3. For the actual period of Unreserved Use, the Transmission Provider will charge the Eligible Customer for any ancillary services associated with the customer’s Unreserved Use pursuant to the terms of Schedules 1, 2, 3, 4, 5, 6, 8, 9 and 10 of the Tariff.

**SCHEDULE 12**

Real Power Losses

Transmitting electricity at high voltage results in fractional energy lost due to resistance, which varies depending on voltage level and length of the transmission element. For any transmission service, there is an associated real power loss. Transmission Provider, however, is not obligated to provide Real Power Losses. The Transmission Customer is responsible for replacing Real Power Losses associated with all transmission service as delineated in this Schedule 12.

**Loss Path**

Transmission Customer acquiring Firm, or Non-Firm Point-to-Point Transmission Service or Network Integration Transmission Service shall reimburse Transmission Provider for Real Power Losses that result from transmitting electric energy across the Transmission Provider’s Transmission System and such Real Power Losses will be assessed based on the Real Power Loss factor associated with the following paths:

1. Any path using the Pacific Direct Current Intertie or Intermountain Power Project Direct Current transmission line; or
2. Any path using the Palo Verde and Sylmar segments; or
3. Any path using alternating current segments.

**Loss Settlement**

Pursuant to Section 15.7 and Section 28.5 of the Tariff, this Schedule 12 and Transmission Provider’s Business Practices posted on OASIS, Transmission Customer at the time of scheduling Firm or Non-Firm Point-to-Point Transmission Service or Network Integration Transmission Service shall elect to settle Real Power Losses pursuant to Section 2(a) of this Schedule, Financial Settlement, or Section 2(b) of this Schedule, Physical Delivery. Otherwise, the scheduled Point-to-Point Transmission Service will result in Financial Settlement pursuant to Section 2(a) below.

1. **Financial Settlement**

Real Power Losses shall be the percentage identified in the Transmission Provider’s OASIS website multiplied by Transmission Customer’s usage (measured in MWhs) as measured by the revenue-quality meter(s) installed at the Point(s) of Receipt during each hour less any curtailments, correction or adjustments mutually agreed on by Transmission Provider and Transmission Customer.

In the event that the Transmission Provider provides Real Power Losses service to Transmission Customer, Transmission Customer shall compensate the Transmission Provider for each hour of service provided at a rate equal to the Hourly Pricing Proxy as defined in Schedule 4 or 9.

1. **Physical Delivery**

At the election of the Transmission Customer, physical delivery of Real Power Losses shall be scheduled to Transmission Provider concurrently with transmission schedules and said losses shall be the percentage identified in the Transmission Provider’s OASIS website multiplied by Transmission Customer’s usage (measured in MWhs) as measured by the revenue-quality meter(s) installed at the Point(s) of Receipt during each hour less any curtailments, correction or adjustments mutually agreed on by Transmission Provider and Transmission Customer. Transmission Provider shall deliver to the Point(s) of Delivery the amount of power received from a Transmission Customer at Point(s) of Receipt less Real Power Losses. Any hourly differences between the amounts of power scheduled to be delivered at the Point(s) of Delivery (plus applicable Real Power Losses) and the actual amounts of energy received at the Point(s) of Receipt shall be accounted for as Energy Imbalance subject to charges pursuant to Schedule 4.

**Page 1 of 4**

**ATTACHMENT A**

**Form Of Service Agreement For**

**Firm Point-To-Point Transmission Service**

1. This Service Agreement, dated as of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, is entered into, by and between \_\_\_\_\_\_\_\_\_\_\_\_\_ (the Transmission Provider), and \_\_\_\_\_\_\_\_\_\_\_\_ ("Transmission Customer").
2. The Transmission Customer has been determined by the Transmission Provider to have a Completed Application for Firm Point-To-Point Transmission Service under the Tariff.
3. The Transmission Customer has provided to the Transmission Provider an Application deposit in accordance with the provisions of Section 17.3 of the Tariff. This section does not apply to Short-Term Transmission Agreements.
4. Service under this agreement shall commence on the later of (l) the requested service commencement date, or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed. Service under this agreement shall terminate on such date as mutually agreed upon by the parties.
5. The Transmission Provider agrees to provide and the Transmission Customer agrees to take and pay for Firm Point-To-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Service Agreement.
6. Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

**Page 2 of 4**

Transmission Provider:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Transmission Customer:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

7.0 The Tariff is incorporated herein and made a part hereof.

8.0 For Long-Term Firm Point-to-Point Service, Transmission Customer has included the two-page form entitled *“Specifications For Long-Term Firm Point-To-Point*

*Transmission Service”* and such form is made a part of this agreement.

9.0 The following provision applies, only if the contract term is two (2) years or more:

**Automatic renewal option**: This TSA will automatically renew for an additional term of two (2) years, unless either Party notifies the other party of the termination of this automatic renewal option on or before the date that is one (1) year prior the last day of the initial term of the TSA, and one (1) year prior to the last day of each subsequent term of the TSA thereafter.

10. If applicable (refer to Section 5.2 of the Tariff), Transmission Customer has attached the executed Governmental Use Certificate (refer to Attachment A-2 of the Tariff).

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

Transmission Provider:

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name Title Date

Transmission Customer:

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name Title Date

**Page 3 of 4**

Specifications For Long-Term Firm Point-To-Point

Transmission Service

1. Term of Transaction: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Start Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Termination Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. Description of capacity and energy to be transmitted by Transmission Provider including the electric Control Area in which the transaction originates.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. Point(s) of Receipt:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Delivering Party:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. Point(s) of Delivery:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Receiving Party:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. Maximum amount of capacity and energy to be transmitted

(Reserved Capacity):\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. Designation of party(ies) subject to reciprocal service obligation:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
2. Name(s) of any intervening systems providing transmission service:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Page 4 of 4**

1. Service under this Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of the Tariff.)
   1. Transmission Charge:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

* 1. System Impact and/or Facilities Study Charge(s):

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

* 1. Direct Assignment Facilities Charge:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

* 1. Ancillary Services Charges: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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**ATTACHMENT A-1**

**Form Of Service Agreement For**

**The Resale, Assignment Or Transfer Of**

**Point-To-Point Transmission Service**

An existing Transmission Customer in good standing may resell Point-to-Point Transmission Service (“Reseller”) to another party (“Assignee”), which hereinafter may be referred to collectively as “Parties” and individually as “Party.” Both Reseller and Assignee must execute this Form Of Service Agreement For The Resale, Assignment Or Transfer of Point-To-Point Transmission Service prior to the scheduling of any transmission service related hereto.

1. This Service Agreement, dated as of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, is entered into, by and between \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (the Transmission Provider), \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (the Reseller), and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (the Assignee).
2. Terms used herein with initial capitalization, whether in the singular or the plural, shall have the meanings specified in the Tariff and are hereby incorporated into this Service Agreement. Terms used herein, whether in the singular or the plural, which are not defined in the Tariff shall have the meanings set forth below:

2.1 Parent Reservation – an existing, confirmed reservation being modified by a Resale.

2.2 Resale – The request to convey scheduling rights associated with a reservation for Point-To-Point Transmission Service from a Reseller to an Assignee.

1. Transmission Provider shall provide Point-To-Point Transmission Service and Ancillary Services to the Assignee in accordance with Section 23 of the Tariff for each Resale transaction requested under this Service Agreement after each of the following conditions has been satisfied:

3.1 Assignee has entered into an agreement for Resale with Reseller;

3.2 Reseller has been determined by Transmission Provider to have submitted on Transmission Provider’s OASIS a Completed Application;

3.3 The Assignee has been determined by the Transmission Provider to be an Eligible Customer under the Tariff pursuant to which the transmission service rights to be transferred were originally obtained and Reseller and Assignee have executed this Service Agreement;

3.4 Reseller has resold Point-To-Point Transmission Service (Parent Reservation) purchased on Transmission Provider’s OASIS for which Transmission Provider is the primary provider and for which there is sufficient available capacity on the Parent Reservation for the requested duration. The transmission service being resold may not have been previously scheduled, redirected, resold or otherwise encumbered; and

3.5 The Resale Transaction must be confirmed on OASIS prior to scheduling the capacity.

1. Assignee agrees to supply information Transmission Provider deems reasonably necessary in accordance with the provisions of Parts I and II of the Tariff and this Service Agreement.
2. Once the Assignee has met the conditions in Section 3 of this Service Agreement, Transmission Provider agrees to provide and Assignee agrees to take Point-To-Point Transmission Service and Ancillary Services requested for a transaction in accordance with the terms and conditions of Parts I and II of the Transmission Provider’s Tariff, except for those terms and conditions specifically agreed to by Transmission Provider and included herein. .
3. Assignee acknowledges that it may be required by Reseller to compensate Reseller for Real Power Losses for which Reseller has compensated Transmission Provider in accordance with Schedule 12.
4. Assignee acknowledges that it may be required by Reseller to compensate Reseller for penalties as are provided for in the Tariff.
5. Transmission Provider is not responsible for administering any financial arrangements between the Reseller and the Assignee, including without limitation, the payment of financial losses.
6. Reseller remains liable for any and all financial obligations and payments to Transmission Provider under the original service agreement and Parent Reservation. Transmission Provider will not accept payment from an Assignee for a resale transaction on behalf of a Reseller.
7. Any request from Assignee to redirect must be made on the Transmission Provider’s OASIS, list Transmission Provider as the Provider and Seller, and may be subject to additional charges or credits if accepted and confirmed.
8. Any Resale reservation is subject to displacement should the Parent Reservation be displaced by a higher priority request.
9. Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.
10. If applicable (refer to Section 5.2 of the Tariff), Transmission Customer has attached the executed Governmental Use Certificate (refer to Attachment A-2 of the Tariff).

**Page 2 of 4**

Transmission Provider:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Assignee:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Reseller:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. The Tariff is incorporated herein and made a part hereof.

For Resale or Assignment of Long-Term Firm Point-to-Point Service, Assignee has included the two-page form entitled *“Specifications For The Resale, Assignment Or Transfer of Long-Term Firm Point-To-Point Transmission Service”* and such form is made a part of this agreement.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

Transmission Provider:

By:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name Title Date

Assignee:

By:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name Title Date

Reseller:

By:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name Title Date

**Page 3**

Specifications For The Resale, Assignment Or Transfer of

Long-Term Firm Point-To-Point Transmission Service

1. Term of Transaction: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Start Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Termination Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. Description of capacity and energy to be transmitted by Transmission Provider including the electric Control Area in which the transaction originates.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. Point(s) of Receipt:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Delivering Party:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. Point(s) of Delivery:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Receiving Party:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. Maximum amount of reassigned capacity: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
2. Designation of party(ies) subject to reciprocal service obligation:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
3. Name(s) of any Intervening Systems providing transmission service:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Page 4**

1. Service under this Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of the Tariff.)
   1. Transmission Charge:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

* 1. System Impact and/or Facilities Study Charge(s):

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

* 1. Direct Assignment Facilities Charge:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

* 1. Ancillary Services Charges: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. Name of Reseller of the reassigned transmission capacity:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Attachment A-2**

**FORM OF**

**GOVERNMENTAL PERSON USE CERTIFICATE**

**PURSUANT TO SECTION 5.2**

In connection with the execution of any transmission service agreement (the “TSA”) between the Los Angeles Department of Water and Power (“Transmission Provider”) and [NAME of COUNTER PARTY] (“Eligible Customer”), relating to Transmission Service provided over certain transmission facilities described therein (the “Facilities”), Eligible Customer certifies, represents and agrees as follows:

**Officer Signing.** I am the duly [elected/appointed] [Title] of Eligible Customer, authorized to sign this Certificate.

**Tax-Exempt Bonds**. Eligible Customer understands that this Certificate relates to Facilities that were financed with tax-exempt bonds, Build America Bonds and/or Qualified Energy Conservation Bonds, issued by or on behalf of the Transmission Provider.

**Governmental Status.** The Eligible Customer is a municipal utility that is owned by a state or local governmental unit or a political subdivision or instrumentality thereof, or is itself a state or local governmental unit or a political subdivision or instrumentality thereof (a “Governmental Person”).

**Qualifying Use**. Except as provided in (e) and (f) below, for the term of any TSA, including any renewal periods, the Eligible Customer will use the Facilities to transmit electricity only in connection with its retail electric system in providing electricity to its retail electric customers.

**Short-term Uses**. Any sale, assignment, transfer or lay-off in any manner of any service provided to the Eligible Customer under any TSA shall comply with the Tariff procedures for resale, assignment or transfer of service, including but not limited to Sections 5.2.5 and Section 23 of this Tariff.

**Governmental Person Uses Permitted**. In the event there is to be a sale, lay-off, or other transfer in any manner, of any service pursuant to any TSA, by the Eligible Customer, to another Governmental Person for a period of longer than 3 years, such may only be permitted if such other Governmental Person satisfies the requirements of Section 5.2 and executes a form of this Certificate.

**Additional information.** Eligible Customer agrees to immediately inform, in writing, Transmission Provider of any change regarding the foregoing certifications, representations and agreements and agrees that, if such change is reasonably likely, in the discretion of Transmission Provider, to adversely affect the tax-exempt status of the Transmission Providers bonds, Transmission Provider may immediately terminate any TSA in accordance with Tariff Section 5.1.

SUBSCRIBED AND SWORN BEFORE A NOTARY PUBLIC

Dated:

by\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

[Name and title of senior management representative duly authorized to represent Eligible Customer]

**ATTACHMENT B**

**Form Of Service Agreement For Non-Firm Point-To-Point**

**Transmission Service**

1. This Service Agreement, dated as of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, is entered into, by and between \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (the Transmission Provider), and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (Transmission Customer).
2. The Transmission Customer has been determined by the Transmission Provider to be a Transmission Customer under Part II of the Tariff and has filed a Completed Application for Non-Firm Point-To-Point Transmission Service in accordance with Section 18.2 of the Tariff.
3. Service under this Agreement shall be provided by the Transmission Provider upon request by an authorized representative of the Transmission Customer.
4. The Transmission Customer agrees to supply information the Transmission Provider deems reasonably necessary in accordance with Good Utility Practice in order for it to provide the requested service.
5. The Transmission Provider agrees to provide and the Transmission Customer agrees to take and pay for Non-Firm Point-To-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Service Agreement.
6. Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Transmission Customer:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

7.0 The Tariff is incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

Transmission Provider:

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name Title Date

Transmission Customer:

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name Title Date

**ATTACHMENT C**

**Methodology To Assess Available Transfer Capability**

The Transmission Provider’s methodology to assess Available Transmission Capacity is set forth as follows:

**Purpose**

These requirements are documentation provided to comply with NERC Standard MOD-001-1a. It ensures that calculations are performed by Transmission Service Providers to maintain awareness of available transmission system capability on its system. The ATC process flow diagram is laid out in the ATC Diagram shown in the ATC Information folder on OASIS.

**R1.** Los Angeles Department of Water and Power (LADWP) selected the Rated System Path Methodology, MOD-029-1a, to calculate Available Transfer Capability (ATC).

**R2.** LADWP calculates ATC in the following periods:

**R2.1** Hourly values for at least the next 48 hours.

**R2.2** Daily values for at least the next 31 calendar days.

**R2.3** Monthly values for at least the next 12 months (months 2-13).

**R3.1** Information describing how the selected methodology (or methodologies) has been implemented, in such detail that, given the same information used by the Transmission Service Provider, the results of the ATC or AFC calculations can be validated.

The Total Transfer Capability (TTC) is obtained from the WECC Path Catalog, facility ratings, LADWP planning and operational studies, or contractual allocations.

The TTC obtained above is entered as the default capacity in the system data. As outages are known and scheduled, the new TTC replaces the default capacity as the TTC in the ATC calculation. Prescheduled or planned outages are entered in advance. Forced outages are entered as they occur in real-time.

Implementation of the ATC calculation is based on the ATC formula configuration in the OATI program. Each element of the ATC formula can be set up, in three time horizons, to affect ATC based on contractual agreements and business practices. The configurations are described as follow:

Firm and Non-Firm Existing Transmission Commitments (ETCs) are modeled using each of the elements in R5 and R6 of MOD-029-1a. The equation to calculate ETC is:

**ETCF = NLF + NITSF + GFF + PTPF + RORF +OSF**

**NLF** is the firm capacity set aside to serve peak Native Load forecast commitments for the time period being calculated, to include losses, and Native Load growth, not otherwise included in Transmission Reliability Margin or Capacity Benefit Margin.

**NITSF** is the firm capacity reserved for Network Integration Transmission Service serving Load, to include losses, and Load growth, not otherwise included in Transmission Reliability Margin or Capacity Benefit Margin.

**GFF** is the firm capacity set aside for grandfathered Transmission Service and contracts for energy and/or Transmission Service, where executed prior to the effective date of a Transmission Service Provider’s Open Access Transmission Tariff or “safe harbor tariff.”

**PTPF** is the firm capacity reserved for confirmed Point-to-Point Transmission Service.

**RORF** is the firm capacity reserved for Roll-over rights for contracts granting Transmission Customers the right of first refusal to take or continue to take Transmission Service when the Transmission Customer’s Transmission Service contract expires or is eligible for renewal.

**OSF** is the firm capacity reserved for any other service(s), contract(s), or agreement(s) not specified above using Firm Transmission Service as specified in the ATCID.

**ETCNF = NLNF + NITSNF + GFNF + PTPNF + RORNF +OSNF**

**NLNF** is the non-firm capacity set aside to serve peak Native Load forecast commitments for the time period being calculated, to include losses, and Native Load growth, not otherwise included in Transmission Reliability Margin or Capacity Benefit Margin.

**NITSNF** is the non-firm capacity set aside for Network Integration Transmission Service serving Load (i.e., secondary service), to include losses, and load growth not otherwise included in Transmission Reliability Margin or Capacity Benefit Margin.

**GFNF** is the non-firm capacity set aside for grandfathered Transmission Service and contracts for energy and/or Transmission Service, where executed prior to the effective date of a Transmission Service Provider’s Open Access Transmission Tariff or “safe harbor tariff.”

**RORNF** is the non-firm capacity reserved for Roll-over rights for contracts granting Transmission Customers the right of first refusal to take or continue to take Transmission Service when the Transmission Customer’s Transmission Service contract expires or is eligible for renewal.

**PTPNF** is non-firm capacity reserved for confirmed Point-to-Point Transmission Service.

**OSNF** is the non-firm capacity reserved for any other service(s), contract(s), or agreement(s) not specified above using non-firm transmission service as specified in the ATCID.

The three horizons in the ATC formula are:

**Scheduling Horizon** – The Scheduling Horizon is a specified number of hours extending past the current hour.

**Operating Horizon** – The Operating Horizon is a specified number of hours extending past the end of the Scheduling Horizon.

**Planning Horizon** – The Planning Horizon is a specified number of days extending past the end of the Operating Horizon.

The horizons and models are system settings configured by LADWP and OATI. They are changed from time to time to meet new system upgrades, business practices, contractual, or reliability requirements.

LADWP uses the ATC formula in R7 and R8 of the MOD-029-1a Rated System Path Methodology:

**ATCF = TTC – ETCF – CBM – TRM + PostbackF + CounterflowsF**

**ATCF** is the firm Available Transfer Capability for the ATC Path for that period.

**TTC** is the Total Transfer Capability of the ATC Path for that period.

**ETCF** is the sum of existing firm commitments for the ATC Path during that period.

**CBM** is the Capacity Benefit Margin for the ATC Path during that period. LADWP currently does not utilize CBM.

**TRM** is the Transmission Reliability Margin for the ATC Path during that period. LADWP currently does not utilize TRM.

**PostbacksF** are changes to firm Available Transfer Capability due to a change in the use of Transmission Service for that period, as defined in Business Practices.

**CounterflowsF** are adjustments to firm Available Transfer Capability as determined by the Transmission Service Provider and specified in their ATCID.

**ATCNF = TTC – ETCF – ETCNF – CBMS – TRMU + PostbackNF + CounterflowsNF**

**ATCNF** is the non-firm Available Transfer Capability for the ATC Path for that period.

**TTC** is the Total Transfer Capability of the ATC Path for that period.

**ETCF** is the sum of existing firm commitments for the ATC Path during that period.

**ETCNF** is the sum of existing non-firm commitments for the ATC Path during that period.

**CBMS** is the Capacity Benefit Margin for the ATC Path that has been scheduled during that period. LADWP currently does not utilize CBMS.

**TRMU** is the Transmission Reliability Margin for the ATC Path that has not been released for sale (unreleased) as non-firm capacity by the Transmission Service Provider during that period. LADWP currently does not utilize TRMU.

**PostbacksNF** are changes to non-firm Available Transfer Capability due to a change in the use of Transmission Service for that period, as defined in Business Practices.

**CounterflowsNF** are adjustments to non-firm Available Transfer Capability as determined by the Transmission Service Provider and specified in its ATCID.

Any forced outages which reduce the preschedule transmission capacity will be reflected in the TTC and ATC. Actual usage from the ETCs (tagged capacity) would be used in the calculations. Counterflow and Postbacks are also used in the ATC calculation, as discussed below.

**Postbacks** - Postbacks can be Firm or Non-Firm. Firm postbacks impact ATC when a reservation is redirected firm, or when a reservation is recalled. Postbacks impact ATC calculation in the Scheduling, Operating, and Planning horizons. Firm postback is a “credit” to a reservation in the ATC formula.

Non-Firm postbacks occur when there is unscheduled capacity from ETCs. Non-Firm postback also occurs when a redirected Non-Firm is relinquished by the customer, or when it is recalled. Non-Firm postbacks impact ATC calculation in the Scheduling, Operating, and Planning horizons.

**Counterflow** – Counterflows are adjustment to Non-Firm ATC on a segment. LADWP’s counter-schedule methodology is referenced in section R3.2 of this document.

**R3.2.** Description of the manner in which the Transmission Service Provider will account for confirmed TSRs and counterflows in Firm and Non Firm ATC calculations:

**Confirmed Reservations**

NL, GF, PTP, and ROR type reservations impact Firm and Non firm ATC. Unscheduled NL, GF, PTP and ROR reservations are post back as Non-Firm ATC during the Scheduling Horizon.

OS type reservations only impact the Non-Firm ATC. Unscheduled OS reservations are post back as Non-Firm ATC during the Scheduling, Operating, and Planning Horizons.

LADWP models the Operating and Planning Horizon ATC formula to be similar with confirmed ETCs to impact ATC. The Operating and Planning Horizons do not post back unscheduled ETCs. The only exception is the post back of unscheduled OS type reservations in all three Horizons as discussed above.

**Counterflow Methodology**

LADWP implements counterflow by using Counter Segments. All LADWP posted paths are modeled as Counter Segments, unless contractual arrangement prohibits it. Adjustment to Non-Firm ATC due to counterflow is modeled when a Firm or Non-Firm tag is received. Only confirmed Firm or confirmed Non-Firm tags create a counterflow of Non-Firm MW capacity in the reverse direction. LADWP does not use expected interchange or internal flow to create counterflow. Counterflow segments affect the ATC calculation in the Scheduling Horizon only.

**R3.3** The identity of the Transmission Operators and Transmission Service Providers from which the Transmission Service Provider receives data for use in calculating ATC.

**APS** – Arizona Public Service Company

**BPA** - Bonneville Power Administration

**CISO** - California Independent System Operator

**NEVP** – Nevada Power Company (New Vision Energy South)

**PAC** - PacifiCorp

**SPP** – Sierra Pacific Power (New Vision Energy North)

**SRP** – Salt River Project

**WALC** – Western Area Power Administration – Lower Colorado

**WECC** – Western Electricity Coordinating Council

**R3.4** The identity of the Transmission Service Providers and Transmission Operators to which it provided data for use in calculating transfer capability.

**APS** – Arizona Public Service Company

**BPA** - Bonneville Power Administration

**CISO** - California Independent System Operator

**NEVP** – Nevada Power Company (New Vision Energy South)

**PAC** - PacifiCorp

**SPP** – Sierra Pacific Power (New Vision Energy North)

**SRP** – Salt River Project

**WALC** – Western Area Power Administration – Lower Colorado

**R3.5 Description of allocation processes**

1. ***Processes used to allocate Transfer Capability of LADWP posted Paths***

LADWP utilized the Rated System Path methodology (MOD 29-1-1a) in the determination of Total Transfer Capability (TTC) on its transmission system.

The TTC posted is the LADWP ownership or contractual share of the line capacity. LADWP models its system in segments. A segment can be one or more lines in parallel. A posted path usually consists of one or more segments in series. For a posted path with multiple segments, the segment with the most limiting capacity will determine the TTC for the posted path.

1. ***Transfer capability allocation processes among sub-paths within a larger ATC path***

LADWP’s transfer capability allocation processes among sub-paths within a large ATC path are determined in the following ways:

1. Transmission line studies for some critical facilities’ contingencies are conducted mostly by the operator of the path, or by the responsible entity assigned to conduct such studies.
2. Contractual rights or agreements with other Transmission Owners.
3. Transfer capability allocations provided by the Transmission Operator.
4. ***Transfer capability allocation processes among multiple owners***
5. The **Pacific DC Intertie** (Celilo to Sylmar) Path 65 rating from North to South was established by the Los Angeles Department of Water and Power, and the Bonneville Power Administration.  
     
   The rating for South to North was established by LADWP, and the Bonneville Power Administration, in conjunction with the California Power Pool.  
     
   The TTC for this segment is based on the shared entitlements between multiple owners.
6. The **Intermountain DC** line (IPPDC) Path 27 has multiple owners. The Intermountain DC to Adelanto NE-SW rating was established by LADWP, the operating agent of the IPPDC. The SW-NE rating was established jointly by LADWP and PacifiCorp-Utah Power. The TTC for this segment is based on the shared entitlements between multiple owners.
7. The Intermountain to Mona 230 kV line is part of the Northern Transmission System (NTS). Utah Munis, Southern Munis, and LADWP have entitlements on these lines. TTC of the line change seasonally based on the generation shares and contractual agreement between the Utah Munis and Intermountain Power Agency.
8. The Intermountain to Gonder 230 kV line is part of the NTS. Utah Munis, Southern Munis, and LADWP have entitlements on these lines. TTC of the line change seasonally based on the generation shares and the contractual agreement between the Utah Munis and Intermountain Power Agency.
9. The Utah imports limit may further reduce the ATC on the NTS that can be imported from the Mona 230 kV line or the Gonder 230 kV line down the IPP DC line. The Utah imports limit changes seasonally and is monitored in real-time.
10. The TTCallocation for multiple owners on the Marketplace to McCullough500 segment is based on the Mead Phoenix Project and Mead Adelanto Project.
11. SCE determines the TTC for the Eldorado500 – Mohave segment and allocates TTC to the Owners. CISO is the Transmission Operator of the segment.
12. Arizona Public Service (APS) is the operator of the 500kV transmission system from the Navajo500 to the Moenkopi500. The TTC for this system is determined by APS.
13. The McCullough230 – McCullough500 transmission segment consists of the three transformer banks. Each bank has ownership shares between LADWP, NEVP, or WALC. LADWP is the operator of this segment. The scheduling limit may be reduced with outage on the facility.
14. ***Paths with forward looking congestion management and seams coordination***
15. Sylmar to SCE (SP15)**,** Path 41, is limited by the flows on the three 220/230 kV transformer banks at Sylmar switching station. The path is jointly owned between LADWP and SCE. The path is not scheduled therefore there is no allocation table for the shares. LADWP and CAISO monitor and manage the flow of this path.

ii) The Victorville-Lugo 500kV line is owned independently from the midpoint of the line to the respective service areas of SCE (LUGO) and LADWP (Victorville). LADWP owns 100% of the line up to the midpoint. CISO manages the Victorville-Lugo line from the midpoint to LUGO.

1. ***Transfer capability allocation process for internal paths***

TTC for LADWP internal paths are mostly flow-limited, so the TTC is determined by thermal rating. LADWP uses power flow studies to calculate TTC for the Victorville to LASYSTEM segment and other internal paths.

**R3.6** Description of how generation and transmission outages are considered in ATC calculations.

*R3.6.1* *The criteria used to determine when an outage that is in effect part of a day impacts a daily calculation.*

An outage that affects part of a day will impact all hours during the day when the outage is in effect. The daily ATC will take this outage into account, and use the minimum TTC for those hours to calculate the daily ATC for that day.

*R 3.6.2* *The criteria used to determine when an outage that is in effect part of a month impacts a monthly calculation*.

An outage that affects part of a month will impact the hours during those days when the outage is in effect. The monthly ATC will take this outage into account, and use the minimum TTC for those days to calculate the monthly ATC for that month.

*R3.6.3* *How outages from other Transmission Service Providers that cannot be mapped to the Transmission model used to calculate transfer capability are addressed.*

The Outage Coordinator notifies Grid Operations of all system outage information which includes LADWP’s new TTC value. The TTC is adjusted according to the outage information and uploaded to OASIS.

**R7***.* LADWP calculates ATC with assumptions no more limiting than those used in the planning of operations for corresponding time periods, if a study has been performed for the time period.

The tools used to determine TTC are the GE PSLF power flow and stability programs using system modeling data obtained through WECC and power flow cases developed by WECC.

For study assumptions, LADWP uses power flow cases developed by WECC. All WECC power flow cases include the load level and generation levels representing forecasted load and generation for the study period to maximize the transfers for the path under study.

**ATTACHMENT D**

**Methodology for Completing a System Impact Study and Form Agreement**

1. **Methodology**

The Transmission Provider will perform studies, when necessary, that assess whether sufficient transfer capacity is available to provide a requested Transmission Service. Transmission Provider will exercise the same due diligence in performing a System Impact Study for a Transmission Customer as it would for its own use of the system. Transmission Provider will follow Attachment C to this Tariff, reliability principles, standards, and procedures of Western Electricity Coordinating Council (WECC) and the North American Electric Reliability Corporation (NERC) or their successors, in addition to Transmission Provider planning criteria.

In determining the level of capacity available for new Transmission Service requests, the Transmission Provider may exclude from capacity to be made available for new Transmission Service requests, that capacity needed to meet current and reasonably forecasted demand of Native Load Customers, customers with existing firm contracts and potential customers having pending valid requests for firm transmission under this Tariff.

Factors to be considered in determining the capacity availability on the transmission system will include but not be limited to:

(1) Steady state power flow study results;

(2) Stability study results;

(3) WECC, NERC, and APS' system design criteria;

(4) Transmission capacity of the existing system;

(5) Transmission capacity of the system after the request is added;

(6) Reliability requirements of APS and applicant; and

(7) Type and terms of the service requested.

1. **Form of System Impact Study Agreement**

Transmission Provider shall utilize the form of System Impact Study Agreement set forth below:

**SYSTEM IMPACT STUDY AGREEMENT**

**THIS AGREEMENT** is made and entered into this \_\_\_\_ day of \_\_\_\_\_\_\_, 20\_\_\_ by and between **[insert Transmission Customer]**, existing under the laws of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, sometimes hereinafter referred to as (“Eligible Customer”) and the CITY OF LOS ANGELES acting by and through the DEPARTMENT OF WATER AND POWER, a department organized and existing under the Charter of the City of Los Angeles, a municipal corporation of the State of California ("Transmission Provider "). Eligible Customer and Transmission Provider each may be referred to as a "Party," or collectively as the "Parties."

**RECITALS**

**WHEREAS,** Eligible Customer has submitted a Completed Application (the “Application”) for Firm Point-To-Point Transmission Service pursuant to Section 17.2 of the Open Access Transmission Tariff (“Tariff”) for the Transmission Provider (as may be supplemented, modified, or replaced);

**WHEREAS,** Eligible Customer has requested **[insert]** MW of Firm Point-To-Point Transmission Service from **[insert]**, under Request No. **[insert]**, to commence on **[insert]** and end on **[insert]**.

**WHEREAS,** Eligible Customer has received notice from the Transmission Provider that a System Impact Study is necessary to accommodate the service requested in the Application; and

**WHEREAS,** the Transmission Provider must cause the preparation of a System Impact Study to assess the adequacy of the Transmission System and any other affected systems to accommodate the Application. (

**NOW, THEREFORE,** in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

**ARTICLE 1. DEFINITIONS**

**1.** The terms used in this Agreement with initial capitalization shall have the meanings specified in the Tariff.

**ARTICLE 2. TERMINATION**

**2.1 Effective Date**. This Agreement shall become effective on the date on which this Agreement is made and fully executed by the Parties (“Effective Date”).

**2.2 Term**. This Agreement shall become effective as provided in Section 2.1 of this Agreement and shall continue in full force and effect until the earlier of (i) the Parties agree to mutually terminate this Agreement, (ii) One year after the Effective Date; or (iii) earlier termination as provided for under this Agreement.

**2.3 Termination for Breach**. A Party may terminate this Agreement upon thirty (30) days advance notice to the other Parties of a breach by a Party to this Agreement; provided that, the terminating Party notified the breaching Party in writing of the alleged breach and the breaching Party failed to cure such breach within fifteen (15) business days after the date of said notice and further provided that such terminating Party complies with any and all applicable laws, rules and regulations relating to such termination.

**2.4 Termination or Withdrawal**. Any request to terminate or withdraw from a study shall be deemed as a withdrawal of the Application in accordance with Section 19 of the Tariff.

**2.5 Liability on Termination**. Eligible Customer shall remain liable to the Transmission Provider for costs of the System Impact Study already incurred, costs of the System Impact Study that cannot be reasonably avoided and any costs associated with terminating the System Impact Study.

**ARTICLE 3. STUDY**

**3.1 Study**. The Transmission Provider shall cause a System Impact Study to be performed in accordance with the applicable provisions of the Tariff. The Transmission Provider shall rely on existing transmission planning studies as provided in the Tariff. All terms and conditions of the Tariff are incorporated herein by reference.

**3.2 Scope**. The scope of the System Impact Study shall be as set forth in the Tariff and shall be subject to the data and other information provided in the Application and any additional information, assumptions or methodology set forth in Attachment D of the Tariff. Eligible Customer shall review the data and information that it has provided to the Transmission Provider and provide updated data and information as necessary. The Transmission Provider will advise Eligible Customer of additional information as may be reasonably deemed necessary by the Transmission Provider to complete the System Impact Study and Eligible Customer shall promptly submit the additional information. Such additional information shall be obtained only if required by Good Utility Practice and shall be subject to the consent of Eligible Customer, not to be unreasonably withheld, conditional or delayed.

**3.3 Report**. The final report of the System Impact Study shall identify the following information:

**3.3.1** Any system constraints due to thermal overload, voltage limit violations, or instability or inadequately damped response to system disturbances resulting from the service requested by the Application.

**3.3.2** A preliminary estimate of the scope of any Direct Assignment Facilities or Network Upgrades required to accommodate the Application.

**3.3.3** Together with a copy of the final report, the related work papers shall be made available to the Eligible Customer.

**3.4 Coordination**. The Transmission Provider will coordinate the System Impact Study with any affected Transmission Provider, and with any Regional Transmission Organizations (“RTO”) or Independent System Organization (“ISO”). If the required study coordination effort increases the expected study scope, study costs or delays the expected completion date, the Transmission Provider will inform the Eligible Customer. Eligible Customer acknowledges and agrees that Transmission Provider will provide all Confidential Information and/or study data that is reasonably needed by any Transmission Provider, RTO or ISO participating in the System Impact Study and to other parties as may be required by the Tariff or applicable federal, state or local law, rule or regulation.

**3.5 Estimated Time**. The estimated time for completion of the System Impact Study is sixty (60) days. The Transmission Provider shall use due diligence to complete the System Impact Study within the estimated time.

**3.6 Representative**. Eligible Customer shall appoint and make available to the Transmission Provider a designated and authorized representative through which the Transmission Provider can coordinate work pertaining to the System Impact Study.

**ARTICLE 4. COSTS AND PAYMENT**

**4.1 Estimated Cost**. The estimated cost for performance of the System Impact Study is [[insert dollar amount]]. The estimated cost is the Transmission Provider’s good faith estimate of the costs to perform the System Impact Study. The estimated cost does not include any costs incurred by other Transmission Providers, RTOs or ISOs.

**4.2 Reimbursement**. Eligible Customer shall reimburse the Transmission Provider in full for performing the System Impact Study. Eligible Customer shall also reimburse any Transmission Provider, RTO or ISO in full for performing any work related to the System Impact Study, either directly or through payment to the Transmission Provider. These reimbursements shall include payment for all actual costs of the System Impact Study. As provided in the Tariff, Eligible Customer shall not be charged for existing transmission planning studies, but will be responsible for charges associated with modifications to the existing transmission planning studies that are reasonable necessary to evaluate the impact of the Application.

**4.3 Deposit and Payment**. The Eligible Customer shall submit with this Impact Study Agreement a deposit in the amount of $50,000.00 (the “Deposit”). The Deposit will be applied toward the costs of the System Impact Study to be reimbursed by the Eligible Customer pursuant to Paragraph 4.2 of this Agreement. Eligible Customer shall prepay the costs of any study, analysis and review work performed by or on behalf of the Transmission Provider or, as applicable, any affected Transmission Provider, RTO or ISO, to the extent such costs exceed the Deposit. The Transmission Provider shall refund to the Eligible Customer any portion of the Deposit that exceeds the amount of the costs to be reimbursed pursuant to Paragraph 4.2. The Transmission Provider shall invoice the Eligible Customer, from time to time, for the amount(s) by which costs to be reimbursed pursuant to Paragraph 4.2 exceed the amount of the Deposit and any prepayments. The Eligible Customer shall pay any such invoice within thirty (30) days of receipt.

**ARTICLE 5. MISCELLANEOUS PROVISIONS**

**5.1** **Indemnification**. The Eligible Customer shall at all times indemnify, defend, and hold harmless the Transmission Provider, its officials (elected or appointed), Boards, officers, managers, agents, employees, assigns and successors in interest, from and against any and all suits, causes of action, claims, charges, damages, demands, judgments, civil fines, penalties, costs and expenses (including, without limitation, reasonable attorneys’ fees and costs of experts and consultants), or losses of any kind or nature whatsoever including, without limitation, business interruption, death, bodily injury or personal injury to any person, damage or destruction or loss of use to or of any property (financial, physical, or intellectual) by or to third parties (collectively “Losses”) arising by reason of or incident to or directly or indirectly related to Transmission Provider performing or causing to be performed the System Impact Study in whole or in part under this Agreement on behalf of the Eligible Customer, except in cases of gross negligence or intentional wrongdoing by the Transmission Provider.

**5.2 Accuracy of Information**. The Eligible Customer represents and warrants that, to the best of its knowledge and in accordance with Good Utility Practice, the information that it provides to the Transmission Provider in connection with this System Impact Study Agreement and the System Impact Study is accurate and complete. The Eligible Customer acknowledges and accepts that it has a continuing obligation under this System Impact Study Agreement to promptly provide the Transmission Provider with any additional information required to update the information previously provided within no less than forty-eight (48) hours.

**5.3 Disclaimer of Warranty; Limitation of Liability and Release**. In performing or causing the System Impact Study to be performed, the Transmission Provider may rely on the information provided by the Eligible Customer and third parties, which Transmission Provider may not have any control over the veracity or accuracy of such information. For data, information and other studies submitted by the Eligible Customer or obtained from third parties or industry sources,

TRANSMISSION PROVIDER HEREBY EXPRESSLY DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED, WHETHER ARISING BY OPERATION OF LAW, COURSE OF PERFORMANCE OR DEALING, CUSTOM, USAGE IN THE ELECTRIC INDUSTRY, OR OTHERWISE, INCLUDING WITHOUT LIMITATION, IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. FURTHERMORE, TRANSMISSION PROVIDER SHALL NOT BE LIABLE TO ELIGIBLE CUSTOMER UNDER ANY CIRCUMSTANCES, UNDER ANY THEORY OF LIABILITY AT LAW OR IN EQUITY, WHETHER SUCH LIABILITY IS KNOWN OR UNKNOWN AT THE TIME OF SIGNING THIS AGREEMENT, OR ANY TIME THEREAFTER, FOR ANY DEATH, BODILY INJURY, AND LOSS OF USE OR DAMAGE OR DESTRUCTION OF ANY PROPERTY OR ANY BUSINESS INTERRUPTION, TO A THIRD PARTY OR TO ELIGIBLE CUSTOMER.

ELIGIBLE CUSTOMER DOES SO HEREBY ACKNOWLEDGE THAT IT HAS READ AND COMPREHENDED THE FOLLOWING PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542 (OR ITS SUCCESSOR STATUTE) WHICH PROVIDES:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.”

BEING AWARE OF SAID CODE SECTION, ELIGIBLE CUSTOMER HEREBY EXPRESSLY WAIVES ANY RIGHTS IT MAY HAVE THEREUNDER, AS WELL AS UNDER ANY OTHER STATUTES OR COMMOM LAW PRINCIPLES OF SIMILAR EFFECT.

Upon execution of this System Impact Study Agreement, the Eligible Customer acknowledges and accepts that it has not relied on any representations or warranties not specifically set forth herein.

**5.4 Representations and Warranties**. The Eligible Customer represents and warrants that it is free to enter into this Agreement and to perform each of the terms and covenants of it. The Eligible Customer represents and warrants that it has undertaken or will cooperate with Transmission Provider in undertaking any environmental review required for its proposed project, including but not limited to the California Environmental Quality Act (CEQA) as amended and stated within Cal. Pub. Res. Code §§ 21000-21178 or any successor statute; provided however, Transmission Provider’s undertaking and completion of the System Impact Study, or issuance of a system impact study report, shall neither be construed as a guarantee of an agreement nor an approval of the proposed project. The Eligible Customer further represents and warrants it is not restricted or prohibited contractually or otherwise, from entering into and performing this agreement, and that the execution and performance of this Agreement by Eligible Customer will not constitute a violation or breach of any other agreement between it and any other person or entity.

**5.5 Force Majeure**. If a Force Majeure Event prevents the Transmission Provider from fulfilling any obligations under this System Impact Study Agreement, Transmission Provider shall promptly notify the Eligible Customer in writing, and shall suspend or modify its performance under said agreement until the Force Majeure Event, to the extent that the effect of the Force Majeure Event cannot be mitigated by use of Good Utility Practice or commercially reasonable efforts. For purposes of this System Impact Study Agreement, a “Force Majeure Event” means any event or circumstance caused by reason of Force Majeure that prevents or delays Transmission Provider’s performance under this Agreement which (a) is beyond the reasonable control of the Transmission Provider and (b) was unable to be prevented or provided against by exercising Good Utility Practice or commercially reasonable efforts. In the event that the Transmission Provider suspended its performance, it shall resume its obligations under this System Impact Study Agreement as soon as reasonably possible upon resolution of the Force Majeure Event. In the event that the Parties mutually agree to modify Transmission Provider’s performance as a result of the Force Majeure Event, this System Impact Study Agreement shall be modified in accordance with Section 5.12 herein.

**5.6 Assignment.** This System Impact Study Agreement shall not be assigned, conveyed or transferred to any third party unless the provisions of Section 4.3 of the LGIP have been satisfied and Transmission Provider consents to such assignment, conveyance or transfer in writing.

**5.7 Governing Law**. This Agreement was made and entered into in the City of Los Angeles and shall be governed by, interpreted and enforced in accordance with the laws of the State of California and the City of Los Angeles, without regard to conflict of law principles.

**5.8 Venue.** All litigation arising out of, or relating to this System Impact Study Agreement, shall be brought in a court of competent jurisdiction located in Los

Angeles County, in the State of California. The Parties irrevocably agree to submit to the exclusive jurisdiction of such courts in the State of California and waive any defense of *forum non conveniens.*

**5.9 Waivers.** Any waiver, which such waiver must be in writing, at any time by any Party of its rights with respect to a default under this System Impact Study Agreement, or with respect to any other matter arising in connection with said agreement, shall not be deemed a waiver with respect to any subsequent default or other mater arising in connection therewith. Any delay, short of the statutory period of limitation in asserting or enforcing any right, shall not be deemed a waiver of such right.

**5.10 Binding Effect.** This System Impact Study Agreement shall be binding upon, and inure to the benefit of, the Parties and their respective successors or assigns, subject to Sections 4.3 of the LGIP.

**5.11 Attorney Fees and Costs.** Both Parties agree that in any action to enforce the terms of this Agreement that each Party shall be responsible for its own attorney fees and costs.

**5.12 Entire Agreement.** This System Impact Study Agreement contains the entire agreement and understanding between the Parties, their agents, and employees as to the subject matter herein. This Agreement may be amended only by a written document signed by both Parties.

**IN WITNESS THEREOF,** the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

DEPARTMENT OF WATER AND POWER OF

THE CITY OF LOS ANGELES

By:

Title:

Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**[INSERT TRANSMISSION CUSTOMER]**

By:

Title:

Date:

**ATTACHMENT E**

**Index of Point-To-Point Transmission Service Customers**

A list of LADWP Point‐To‐Point Transmission Service Customers can be found when you log on to the OATI OASIS WestTrans website located at: <https://www.oasis.oati.com>.

**ATTACHMENT F**

**Form of Service Agreement for**

**Network Integration Transmission Service**

**Service Agreement For**

**Network Integration Transmission Service**

1. This Service Agreement, dated as of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, is entered into by and between the City of Los Angeles Department of Water and Power (“LADWP” or “Transmission Provider”), and\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(“Transmission Customer”), and shall become effective on the date of its execution.

2. Transmission Customer has been determined by Transmission Provider to have a Completed Application for Network Integration Transmission Service under Part III of this Tariff and has provided the Transmission Provider an Application Deposit in the amount of $\_\_\_\_\_\_\_\_\_\_\_\_\_\_ in accordance with Section 29.2 of the Tariff.

3. Transmission Customer shall execute a Network Operating Agreement with LADWP in accordance with Section 35.2 of the Tariff prior to commencement of transmission service hereunder.

4. In accordance with Section 2 of the Tariff, the maximum term for Network Integration Transmission Service, including all renewals granted, shall be limited to three years, unless:

4.1 In the exclusive determination of Transmission Provider, the Eligible Customer has satisfied the requirements of the Governmental Person Use Certification and the requirements of Section 5.2 of the Tariff, in which case the maximum term shall be specified in the Service Agreement for Network Integration Transmission Service; or

4.2 The Transmission Provider and a firm Network Integration Transmission Service customer with a contract term of two (2) years or more have mutually agreed to add the automatic renewal option set forth in Section 2.1.2 of the Tariff to the initial Service Agreement for Network Integration Transmission Service.

5. Service under this Service Agreement shall commence on (A) the later of (1) \_\_\_\_\_\_\_\_\_\_\_\_\_ or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) such other date as mutually agreed upon, and (B) the date that Network Customer and the Transmission Provider have completed all necessary technical arrangements in accordance with the provisions of Sections 29.3 and 29.4 of the Tarff. Service under this Service Agreement shall terminate on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

6. If at any time during the term of this Service Agreement the Transmission Provider finds that the Transmission Customer fails to meet the credit requirements of Section 11 and Attachment L to the Tariff as they may be amended, the Transmission Customer shall provide any additional forms of security as required by Attachment L.

7. Transmission Provider shall provide and Transmission Customer shall take and pay for Network Integration Transmission Service in accordance with the provisions of Part III of the Tariff, this Service Agreement, and the Network Operating Agreement, as they may be amended from time to time. Exhibit 1 to this Service Agreement lists initial Network Resources, Network Loads, points of interconnection between Transmission Customer’s facilities and Transmission Provider’s Transmission System, and Transmission Customer’s initial Load Ratio Share.

8. Any notice or request made to or by either Party regarding this Service Agreement shall be made in writing to the representative of the other Party as indicated below.

Transmission Provider:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Network Customer:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

9.0 The Tariff specifications for Network Integration Transmission Service, and the Network Operating Agreement are incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective officials.

City of Los Angeles Department of Water and Power:

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name Title Date

Network Customer:

By:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name Title Date

ATTACHMENT F, EXHIBIT 1

SPECIFICATIONS FOR NETWORK INTEGRATION TRANSMISSION SERVICE

1.0 This Service Agreement, dated as of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, is entered into, by and between LADWP (“Transmission Provider”), and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (“Network Customer”).

2.0 Term of Network Integration Transmission Service:

Start Date:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Termination Date:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

3.0 Description of capacity and/or energy to be transmitted by Transmission Provider across the Transmission Provider’s Transmission System (including electric control area in which the transaction originates). MWs of the eligible retail customer or authorized agency’s requirements may originate from firm resources located outside of the Transmission Provider’s Transmission System and will be transmitted across the Transmission Provider’s Transmission System subject to point-to-point transmission service from the Point(s) of Receipt listed below. The remaining MWs of the eligible customer or authorized agency requirements (Network Load plus Losses) will originate from inside the Transmission Provider’s Transmission System as designated below. Non-firm energy will be transmitted on an as available basis when requested by the eligible customer or authorized agency: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

4.0 Network Resources:

4.1 Transmission Customer Generation Owned:

|  |  |  |  |
| --- | --- | --- | --- |
| Resource | Directly interconnected with Transmission System? Y/N | Total Capacity | Capacity  Designated as Network Resource |
|  |  |  |  |
|  |  |  |  |

4.2 Transmission Customer Generation Purchased:

|  |  |
| --- | --- |
| Source | Total Capacity |
|  |  |
|  |  |

4.3 Total Network Resources: (1) + (2) = \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

5.0 Transmission Load

Eligible customer’s Network Load: Eligible Customer’s Network Load measured at the Point(s) of Delivery listed below is its full load requirement as it changes from time to time, including load growth. Eligible Customer’s most recent coincident peak load measured at Point(s) of Delivery and adjusted for distribution and transmission losses as appropriate is \_\_\_ MW.

5.1 Network Customer’s Network Load:

|  |  |  |  |
| --- | --- | --- | --- |
| Network Load | Points of Delivery | Delivery Transmission Voltage Level | MW or % of Load |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

5.2 Total Network Load =

6.0 Designation of party(ies) subject to reciprocal service obligation:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

7.0 Name of any intervening systems providing transmission service: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

8.0 Service under this Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of the Tariff.)

8.1 Load Ratio Share of Annual Transmission Revenue Requirement.

8.1.1 For the first twelve months of service under this Service Agreement commencing on the Start Date set forth in Section 1 of the Specifications, Transmission Customer’s Load Ratio Share will be determined based on Transmission Customer’s average Load Ratio Share in the months in which Transmission Customer has taken service. After the first twelve months of service, Load Ratio Share will be calculated on a rolling twelve month average basis.

8.2 System Impact and/or Facilities Study Charge(s): \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

8.3 Direct Assignment Facilities Charge: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

8.4 Ancillary Services:

8.4.1 Scheduling System, Control and Dispatch Service: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

8.4.2 Reactive Supply and Voltage Control from Generation or Other Sources Service: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

8.4.3 Regulation and Frequency Response Service: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

8.4.4 Energy Imbalance Service: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

8.4.5 Operating Reserve - Spinning Reserve Service:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

8.4.6 Operating Reserve - Supplemental Reserve Service: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

8.5 Redispatch Charges: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

8.6 Power Factor Requirements:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Transmission Provider:

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name, Title, Date

Network Customer:

By:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name, Title, Date

**ATTACHMENT G**

**Form of Operating Agreement for**

**Network Integration Transmission Service**

**Network Operating Agreement**

**1. Parties**

This Network Operating Agreement (“Agreement” or “Operating Agreement”) is entered into by and between the City of Los Angeles on behalf of its Department of Water and Power (“LADWP” or “Transmission Provider”), and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (“Network Customer”), which hereinafter may be referred to collectively as “Parties” and individually as “Party.”

**2. Recitals**

2.1 The Network Customer has executed a Service Agreement for Network Integration Transmission Service (“Service Agreement”) with LADWP; and

2.2 LADWP and the Network Customer desire to enter into this Operating Agreement to specify (i) the terms and conditions under which the Network Customer will operate its facilities that interconnect with LADWP’s Transmission Facilities and (ii) the technical and operational matters associated with implementation of Network Integration Transmission Service in accordance with the Tariff.

NOW, THEREFORE, in consideration of the promises, covenants, and conditions contained in this Agreement, the Parties agree as follows:

3. **Effective Date and Term of Service**

3.1 This Operating Agreement shall become effective upon execution by both Parties and shall terminate upon the termination of the Service Agreement between LADWP and the Network Customer.

3.2 This Agreement is entered into in implementation of Network Integration Transmission Service in accordance with the Tariff and the Service Agreement. This Agreement shall neither amend nor supersede the Tariff or Service Agreement. All terms and conditions of the Tariff and the Service Agreement related to Network Integration Transmission Service are incorporated herein by this reference. In the event of any conflict between the terms of the Tariff and the terms of this Agreement, the terms of the Tariff shall govern.

**4. Definitions**

Terms used herein with initial capitalization, whether in the singular or the plural, shall have the meanings specified in the Tariff and are hereby incorporated into this Operating Agreement. Terms used herein, whether in the singular or the plural, which are not defined in the Tariff shall have the following meanings:

4.1 **Transmission Reduction Plan**: A plan provided by the Network Customer to the Transmission Provider which directs the systematic adjustment of the network transmission capacity for the Network Customer or the Eligible Customer, to match the Network Customer’s available Network Resources in order to maintain system reliability.

4.2 When the terms **Load Responsibility**, **Regulating Margin**, **Most Severe Single Contingency** (MSSC), **Non-Spinning Reserves**, **Operating Reserves**, and **Spinning Reserves** are used herein, the WECC definitions of those terms apply.

5. **Metering and Communication Equipment**

5.1 The Transmission Provider shall install, own, and maintain revenue quality meters at each point of interconnection between the Transmission Provider’s Transmission System and the Network Customer’s Network Load and Network Resources. If feasible, such meters shall be installed at the high voltage bus at each point of interconnection of the Transmission Provider’s Transmission System with the Network Customer’s Network Load and with any Network Resources directly connected to the Transmission Provider’s Transmission System. The meters shall measure and record both real power (watts) and reactive power (vars) flow, if applicable, in both directions. Meters not installed at the high voltage bus or at the point of interconnection shall be compensated for line losses and transformation losses to the point of interconnection, if applicable.

5.1.1 The Transmission Provider shall read or retrieve meter data at midnight (Pacific Time) on the last day of each calendar month or such other time as may be required to carry out the provisions of the Tariff. The Transmission Provider shall use the meter data for determining energy imbalances, accounting, and billing.

5.1.2 The revenue meters shall be tested by the Transmission Provider at least once a year and within ten (10) Working Days after a request by the Network Customer. The Network Customer shall pay for the cost of the requested test if the meter has been tested within the previous twelve months. The Network Customer will be afforded the opportunity to be present during any meter test. The Transmission Provider shall promptly repair, adjust, or replace any meter or associated equipment found to be defective or inaccurate.

5.1.3 The Transmission Provider shall adjust the recorded data to compensate for the effect of an inaccurate meter. Such adjustment shall be made for a maximum period of thirty days prior to the date of the test or for the period during which such inaccuracy may be determined to have existed, whichever period is shorter. No adjustment prior to the beginning of the next preceding month shall be made except by agreement of the Parties. Should any meter fail to register, the Transmission Provider shall estimate, from the best information available, the demand created, energy flow, and var flows during the period of the failure. The Transmission Provider shall, as soon as possible, correct the Network Customer’s bills affected by the inaccurate meter. That correction, when made, shall constitute full adjustment of any claim arising out of the inaccurate meter for the period of the correction.

5.2 The Network Customer and the Transmission Provider shall install communications facilities, equipment, and software to schedule and monitor Network Load and any directly connected Network Resources, to exchange data, and for any other purpose as reasonably required to implement this Agreement, the Service Agreement, and the Tariff in accordance with Good Utility Practice. Such installation shall be at the Network Customer’s expense.

5.3 All metering, communications, and data exchanges required to implement this Agreement, the Service Agreement, and the Tariff shall be automated to the greatest extent practical. The Network Operating Committee shall coordinate standards and specifications for metering and communications equipment as well as any related hardware and software required to implement this Agreement, the Service Agreement, and the Tariff, provided such metering and communications equipment and any related hardware and software shall, if possible, be compatible with the Transmission Provider’s existing or planned facilities or software, meet all applicable WECC and NERC standards and regional criteria , and be consistent with Good Utility Practice.

5.4 The Network Customer shall procure, install and maintain, at its sole expense, all metering for its Network Resources directly connected to its system, and any communications equipment, and any related hardware and software required to be installed on its system or on the system of the Eligible Customer it serves, in accordance with this Section 5. The Network Customer shall reimburse the Transmission Provider for all expenses incurred by the Transmission Provider for any metering and communications equipment, and related hardware and software, including any modifications to existing facilities or software required for the Transmission Provider to provide Network Integration Transmission Service in accordance with this Agreement, the Service Agreement, and the Tariff.

6. **Qualifications For Network Resources**

All designated Network Resources directly interconnected to the Transmission Provider’s Transmission System shall be capable of performing in accordance with applicable NERC and WECC standards and regional criteria and Good Utility Practice. If the Network Customer elects to provide any Ancillary Services using its Network Resources, the Parties shall agree upon any communications, control, protection or other equipment required in accordance with applicable NERC and WECC criteria and Good Utility Practice to be installed on the system of the Network Customer or the Eligible Customer receiving service, as applicable, or the Transmission Provider’s system in order for the Network Customer to provide such Ancillary Services. Any equipment or facilities required for the Network Customer to provide such Ancillary Services shall be procured, installed, and maintained at the Network Customer’s sole expense

7. **Interconnection** **of Network Resources or Transmission Facilities**

7.1 The Network Customer shall interconnect its Network Resources, if applicable, and its own transmission facilities with the Transmission Provider’s Transmission System in accordance with all applicable WECC and NERC standards and regional criteria and Good Utility Practice. The facilities and procedures required for such interconnection(s) shall be consistent with applicable NERC and WECC standards and regional criteria, this Agreement, the Tariff, and Good Utility Practice.

7.2 The Network Customer, at its sole expense, shall procure, install, and maintain all equipment and facilities on its side of the interconnection as applicable. The Transmission Provider shall own, install, and maintain all facilities necessary to interconnect such Network Resource or transmission facility to the Transmission System on the Transmission Provider’s side of the interconnection at the Network Customer’s sole expense. Such interconnection facilities shall include any equipment necessary to protect the Transmission Provider’s system, including, but not limited to, short circuit protection, breaker closing/reclosing control, loss of synchronism, overcurrent/undercurrent devices such as relays, remote terminal units, circuit breakers, and meters. Such facilities shall meet the Transmission Provider’s specifications and shall be subject to inspection and testing by the Transmission Provider.

7.3 The Network Customer shall operate its directly interconnected Network Resources, as applicable, and directly interconnected transmission facilities in accordance with any applicable NERC or WECC standards and regional criteria and Good Utility Practice. Such operation includes, but is not limited to, following voltage schedules, free governor response, meeting power factor requirements at the point of interconnection with the Transmission Provider’s system, equipment maintenance coordination, and communication of necessary data, information, or reports. The Network Customer shall pay the cost of any needed modification of the Transmission Provider’s computer hardware and software to accommodate the Network Customer’s Regulating Margin and Operating Reserve requirements. Any resources used by the Network Customer to meet its Regulating Margin and Operating Reserve requirements, whether the Network Customer’s applicable Network Resources or a third party’s generating resources, shall meet the same requirements as the Transmission Provider’s generating resources used to meet the Regulating Margin and Operating Reserve requirements, including but not limited to, automatic generation control capability, ramp rate, and governor response, and are subjected to random testing, and if applicable, a monthly start-up test.

8 **Interconnection of Customer Load**

8.1 Facilities for the interconnection of the Network Customer’s Network Load to the Transmission Provider’s Transmission System shall be installed, operated and maintained in accordance with Good Utility Practice.

8.2 The Network Customer desires to receive service as described in the Service Agreement. Any applicable service criteria of the Network Customer, including, but not limited to, any redundancy desired in transmission elements available to serve Network Load from the Transmission Provider’s Transmission System shall be specified by the Network Customer. If technically feasible, the Transmission Provider shall provide service as requested in the Service Agreement and in accordance with such criteria, conditioned on the Transmission Provider obtaining any necessary regulatory permits and complying with any other state or local requirements for the construction of any required facilities.

8.3 The Network Customer shall keep the Transmission Provider informed on a timely basis of any changes in its Network Load and its designated Network Resources as required under the Tariff. The Network Customer shall cooperate in the planning of any addition to or upgrade of interconnection facilities to accommodate Network Load growth or a Network Resource addition.

8.4 The Transmission Provider shall own, operate, and maintain all interconnection facilities on the Transmission Provider’s side of the interconnection with the Network Customer's Network Load. The Network Customer shall pay all costs and expenses for such interconnection facilities that are used exclusively to provide Network Integration Transmission Service to the Network Customer including, but not limited to, the costs of permitting, planning, procuring, constructing, owning, maintaining, and operating any such facilities.

8.5 The Network Customer shall provide and maintain, at its sole expense, facilities on its side of the interconnection in accordance with Good Utility Practice. The Network Customer shall install protective equipment on its system and take any other reasonable measures to protect the safe and reliable operation of the Transmission Provider’s system from disturbances on the Network Customer’s system in accordance with Good Utility Practice.

8.6 The Network Customer shall provide or facilitate the Transmission Provider’s access to the interconnection facilities of the Network Customer to the extent necessary for the Transmission Provider to construct, operate, or maintain interconnection facilities. The Parties shall cooperate with one another in scheduling maintenance to any interconnection facility or in taking any interconnection facility out of service, provided that in an emergency the Transmission Provider may take facilities out of service if necessary to protect the Transmission Provider’s system.

8.7 Unless otherwise mutually agreed, each Party shall provide the reactive power requirement of its own electric system or, if the Network Customer is serving an Eligible Customer, the electric system of the Eligible Customer receiving service, and each Party shall cooperate to control the flow of such reactive power to prevent the introduction of objectionable operating conditions on the other Party’s system or on that of the Eligible Customer receiving service.

9.0 Control **Area Requirements and Ancillary Services**

9.1 A Network Customer shall ensure that, to the extent it has its own Control Area that is directly interconnected to the Transmission Provider’s Control Area, that interconnected Control Area satisfies its own balancing requirements, including all necessary Ancillary Services, by: (i) operating as a Control Area under applicable guidelines of NERC and WECC; or (ii) contracting with the Transmission Provider to provide Control Area services; or (iii) providing such services itself or contracting with a third party in a manner that is consistent with Good Utility Practice and which satisfies applicable NERC and WECC requirements.

9.2 The Network Customer shall provide to the Transmission Provider a Transmission Reduction Plan on behalf of itself or the Eligible Customer it is serving, as applicable, to facilitate the matching of transmission capacity with the resources available to serve load. The Transmission Reduction Plan shall be provided before service commences and thereafter updated at least annually or whenever the Network Customer revises its designated loads and/or resources.

9.3 A Network Customer that arranges to have a third party meet its Operating Reserve requirements shall also meet the requirements of Section 9.3 above. The Operating Reserve requirement for the Network Customer is as specified by the WECC and as implemented by the Transmission Provider. Inasmuch as the Transmission Provider is obligated to meet the WECC’s requirements, as they may be modified from time to time, the Network Customer recognizes and agrees that its Operating Reserve requirement may change to reflect WECC modifications.

9.4 In order to facilitate the use of Operating Reserves from outside the Control Area, the Network Customer shall have available unloaded reserved firm transmission capacity at least equal to that Operating Reserve amount. Such transmission may be loaded with interruptible energy so that, upon interruption of the energy, transmission service is available to replace such energy from the Operating Reserves.

9.5 The Network Customer shall restore Operating Reserves to the required level within sixty (60) minutes of the event necessitating the loading of the reserve.

9.6 If in real time, the Network Customer has not scheduled sufficient resources to match its actual load and the Network Customer is notified by the Control Area operator that its resource shortage is impacting system reliability, the Network Customer shall supplement and/or adjust its scheduled Network Resources within fifteen (15) minutes of such notification by the Control Area operator.

9.7 In the event that the Network Customer does not balance its loads and resources as required in Sections 9.4 or 9.5, above, the Control Area operator will initiate the Network Customer’s Transmission Reduction Plan as provided pursuant to Section 9.2.

10. **Network Planning**

10.1 By February 1 of each year or such other time as the Network Operating Committee may agree, the Network Customer shall provide to the Transmission Provider its load and resource plans applicable to the Service Agreement(s) for itself or for the Eligible Customer to which it is providing service, as applicable, pursuant to Sections 29.2 and 35.2 of the Tariff. Such resource plans shall list the Network Customer’s existing and planned generating resources that will serve as Network Resources for the Service Agreement(s). In the event the Service Agreement(s) load(s) will be satisfied by resources interconnected to a system outside of the Transmission Provider’s Transmission System, the Network Customer may provide a resource plan that demonstrates and confirms the firm supply of generation designated for the Service Agreement(s) that meets the definition of “Network Resource” in the Tariff. In addition, in the event the Service Agreement(s) load(s) will be satisfied by resources interconnected to a system outside of the Transmission Provider’s Transmission System, the Network Customer shall demonstrate that it has arranged point-to-point transmission service. In addition, the Network Customer must provide any planned transmission facility additions or upgrades and expected loads, that may affect the service to be provided under the Service Agreement(s) for each of the next ten (10) years or such other period(s) as may be agreed by the Network Operating Committee. The Network Customer shall provide information regarding any planned Network Resource to be interconnected to the Transmission Provider’s Transmission System, as required by the Tariff, or by the Network Operating Committee, or by the Transmission Provider as reasonably necessary for efficient Transmission System planning.

10.2 The Network Operating Committee shall coordinate the maintenance schedules of any of any Network Customer’s or its Eligible Customer’s generating resources and transmission and substation facilities directly interconnected to the Transmission Provider’s Transmission System, to the greatest extent practical, to ensure sufficient transmission resources are available to maintain system reliability and reliability of service. By February 1 of each year, the Network Customer shall provide to the Transmission Provider the maintenance schedules and planned outages of each of its designated network generating resources directly interconnected to the Transmission Provider’s Transmission System for the next year, and the Network Customer shall update the information at least thirty days in advance of the date specified for the forecasted maintenance outage. Such information shall include, but not be limited to, the expected time the unit will be separated from the system and the time at which the unit is available for (i) parallel operation, (ii) loading, and (iii) if applicable, to be put on automatic generation control.

10.3 The Network Customer shall obtain (i) concurrence from the Transmission Provider at least 72 hours before beginning any scheduled maintenance of its own and/or its Eligible Customer’s, as applicable, directly interconnected facilities and (ii) clearance from the Transmission Provider when the Network Customer is ready to begin maintenance on a designated generating resource located within the Transmission Provider’s Control Area, or a transmission line or substation interconnected to the Transmission Provider’s Transmission System. The Network Customer shall immediately notify the Transmission Provider at the time when any unscheduled or forced outages occur and again when such unscheduled or forced outages end. The Network Customer shall notify and coordinate with the Transmission Provider prior to re-paralleling the generating resource, transmission line, or substation.

11. **Scheduling of Network Resources**

11.1 The Network Customer shall provide the Transmission Provider with such reports and information concerning its network operation as are reasonably necessary to enable the Transmission Provider to operate the Transmission System efficiently.

11.2 All schedules from either inside or outside of the Transmission Provider’s Control Area shall be in whole megawatts. Forecasts of generation and load from within the Transmission Provider’s Control Area shall also be in whole megawatts.

11.3 The Network Customer shall notify the Transmission Provider of forecasted Network Load and intended hourly schedules of Network Resources, any economy energy purchases for the next day(s) of operation, and relevant interchange schedules consistent with the timing and obligations set forth in the Transmission Provider’s OATT. The Network Customer shall transmit all the preschedules and forecasts to the Transmission Provider in a format compatible with the Transmission Provider's energy management system or similar equipment. Such preschedules and forecasts shall include, as applicable:

(a) each import into or export out of the Transmission Provider’s Transmission System portion of the Transmission Provider’s Control Area from Network Resources and economy energy purchases;

(b) each power purchase and sale from within the Control Area;

(c) losses;

(d) generation from each generating resource;

(e) Network Load at each point designated in the Service Agreement;

(f) regulating margin;

(g) spinning and non-spinning reserve from each Network Resource;

(h) spinning and non-spinning reserve purchased from the Transmission Provider or from each third party;

(i) available capacity from each Network Resource and the Network Customer’s MSSC;

(j) transmission service associated with each preschedule and forecast;

(k) incremental cost data for each Network Resource; and

(l) any other information as required by the Transmission Provider to schedule the Network Customer’s Network Resources in accordance with the Tariff.

11.4 On or before seven (7) days in advance of each operating day, the Network Customer shall provide the Transmission Provider with a preliminary forecast for each operating day specifying, as relevant and applicable to the service to be provided under the Service Agreement(s), forecasted generation, interchange, and load. On or before five (5) days before the beginning of each month, the Network Customer shall submit a forecast of total monthly energy and operating reserves to be purchased from the Transmission Provider, and/or a third party, and/or to be supplied by the Network Customer.

11.5 The Network Customer shall provide to the Transmission Provider information including, but not limited to, watts, vars, generator status, generator breaker status, generator terminal voltage and high side transfer voltage for any Network Resources directly interconnected to the Transmission Provider’s Transmission System, unless otherwise agreed.

11.6 The Network Customer shall provide generating resource characteristics for any Network Resources directly interconnected to the Transmission Provider’s Transmission System to the Transmission Provider as necessary to implement redispatch and to facilitate constraint and reserve management.

12. **System Security**

12.1 If the Transmission Provider determines that redispatching Network Resources (including reductions in off-system purchases) to relieve an existing or potential Transmission System constraint is the most effective way to ensure the reliable operation of the Transmission System, the Transmission Provider shall redispatch its resources and the Network Customer’s Network Resources on a least-cost basis without regard to the ownership of such resources. The Transmission Provider shall inform the Network Customer of its redispatch practices and procedures, as they may be modified from time to time.

12.1.1 Incremental cost data submitted in accordance with Section 11.3 of this Operating Agreement shall be used, along with similar data for the Transmission Provider’s resources, as the basis for least-cost redispatch for the next day(s) of operation. The Transmission Provider will implement least-cost redispatch consistent with its existing contractual obligations and its current practices and procedures for its own resources. The Network Customer shall respond immediately to requests for redispatch from the Transmission Provider

12.1.2 If the Network Customer experiences any changes to its incremental costs, the Network Customer must submit those changes to the Transmission Provider. Any redispatch in accordance with this Agreement shall be based on the last incremental cost data received from the Network Customer prior to redispatch and any redispatch cost shall be based on such incremental cost data.

12.1.3 The Network Customer may audit particular redispatch events, at its own expense, during normal business hours following reasonable notice to the Transmission Provider. Either the Network Customer or the Transmission Provider may request an audit of the other Party’s incremental cost data by an independent agent at the requester’s cost, provided that such independent agent shall not be a buyer, seller, or broker of wholesale energy or an affiliate of such an entity and that such independent agent shall agree to keep such cost data confidential and to use such data solely for the purpose of the audit.

12.1.4 Once redispatch has been implemented, the Transmission Provider shall track the costs incurred by both the Transmission Provider and the Network Customer based on the submitted incremental costs. The Transmission Provider and the Network Customer will each bear a proportional share of the total redispatch costs based on their then-current Load Ratio Shares. The Transmission Provider will debit or credit the Network Customer's monthly bill as appropriate.

12.2 If a system security issue cannot be resolved by redispatch in accordance with Section 12.1 of this Operating Agreement, the Network Customer shall curtail its schedules as requested by the Transmission Provider. The Transmission Provider shall curtail, on a nondiscriminatory basis, the transaction(s) that effectively relieve the constraint. To the extent practical and consistent with Good Utility Practice, any Curtailment shall be shared by the Transmission Provider and the Network Customer in proportion to their respective Load Ratio Shares.

12.3 The Parties shall implement load shedding programs to maintain the reliability and integrity of the Transmission Provider’s Control Area, as provided in Section 33.6 of the Tariff.

12.3.1 Load shedding shall include any combination of the following: (i) automatic load shedding; (ii) manual load shedding; and (iii) rotating interruption of customer load. The Transmission Provider will order load shedding to maintain the relative sizes of load served within the area requiring load shedding, unless otherwise required by circumstances beyond the control of the Transmission Provider or the Network Customer.

12.3.2 Automatic load shedding devices will operate without notice. When manual load shedding or rotating interruptions are necessary, the Transmission Provider shall notify the Network Customer’s dispatchers or schedulers of the required action and the Network Customer shall comply as directed by the Transmission Provider.

12.3.3 The Transmission Provider shall, at its own expense, provide, operate, and maintain in service high-speed, digital under-frequency load shedding equipment on its own Transmission System. To the extent the Network Customer or Eligible Customer receiving service under the Service Agreement(s) has high-speed, digital under-frequency load shedding equipment on its system that is directly interconnected to the Transmission Provider’s Transmission System, the Network Customer shall ensure that it and/or the Eligible Customer, as applicable, shall at its own expense provide, operate, and maintain that equipment. The Network Customer’s and Eligible Customer’s equipment shall be (i) compatible and coordinated with the Transmission Provider’s load shedding equipment and (ii) set for the amount of load to be shed with frequency trips and tripping time as determined by the Transmission Provider. In the event the Transmission Provider modifies the load shedding system, the Network Customer shall, at its own expense, make changes to its equipment and setting of such equipment, as required. The Network Customer shall test and inspect the load shedding equipment within ninety days of taking Network Integration Transmission Service under the Tariff and at least once every two years thereafter and promptly provide a written report to the Transmission Provider of the results of such test. The Transmission Provider may request a test of the load shedding equipment with reasonable notice.

12.4 If the Network Customer fails to redispatch or curtail its Network Resources, or the Network Customer or Eligible Customer receiving service under the Service Agreement(s) fails to shed load in accordance with this Section 12, the Network Customer shall pay the Transmission Provider for each kilowatt-hour of generation or load it failed to redispatch, curtail or shed in accordance with Schedule 4 of the Tariff, Energy Imbalance.

13. **Network Operating Committee**

13.1 If constituted, the Network Operating Committee shall consist of one representative and one alternate from the Network Customer and one representative and one alternate from the Transmission Provider.

13.2 The Network Operating Committee shall coordinate operating criteria for the Parties’ respective responsibilities under this Agreement.

13.3 Once constituted, the Network Operating Committee shall meet at least once a year, or at such other time as the Network Operating Committee may agree, to review the Parties’ resource plans, to discuss the availability of transmission service for planned Network Resources designated under the Service Agreement(s), and to discuss the need for any additions to or upgrades of interconnection facilities in accordance with Section 8 of this Operating Agreement, as well as any other matters relating to the provision of Network Integration Transmission Service.

13.4 The Network Operating Committee shall not have any authority to (i) modify, amend, terminate, or supersede any provision of this Agreement, the Service Agreement, or the Tariff or (ii) to require any expansion of or addition to the Transmission Provider’s Transmission System. The Transmission Provider shall have the authority to adopt rules or procedures for the implementation of this Agreement, the Service Agreement, and the Tariff that are consistent with such agreements, the Tariff, and Transmission Provider’s local requirements and business practices.

14. **Assignment**

This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns, but shall not be assigned by either Party, except to successors to all or substantially all of the electric properties and assets of such Party, without the written consent of the other.

15. **Dispute Resolution**

Disputes under this Agreement shall be subject to the dispute resolution procedures of Section 12 of the Tariff.

16. **Non-Dedication of Facilities**

An undertaking by either Party to the other Party under this Agreement shall not constitute the dedication of the system, or any portion thereof, of that Party to the public or to the other Party, or affect the status of that Party as an independent system. Any such undertaking shall cease upon the termination of this Agreement.

17. **Municipal Tax Exempt Bonds**.

Notwithstanding any other provision of this Agreement, Transmission Provider shall not be required to provide any service under this Agreement if in Transmission Provider’s sole discretion the provision of such service would result in “private business use” as defined in Section 141(b)(6) of the Internal Revenue Code and the Treasury Regulations promulgated thereunder, as such laws and regulations may be amended, updated, modified or replaced.

18. **Waivers**

Any waiver by either Party of its rights with respect to a default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not be deemed a waiver with respect to any subsequent default or other matter arising in connection therewith. No waiver of any provision of this Agreement by Transmission Provider shall be effective unless such waiver is in writing and signed by an authorized representative of the Transmission Provider. Any delay, short of the statutory period of limitation in assessing or enforcing any right, shall not be deemed a waiver of such right.

19. **Relationship of Parties**

The obligations and liabilities of the Parties are several and not joint or collective, and nothing herein contained shall be construed as an association, joint venture, trust, or partnership, or to impose a trust or partnership covenant, obligation, or liability on or with regard to either Party. Each Party shall be individually liable and responsible for its own covenants, obligations, and liabilities as herein provided. Neither Party shall be under the control of or shall be deemed to control the other Party. Neither Party shall be the agent of or have a right or power to bind the other Party without such other Party's express written consent.

20. **Governing Law and Costs**

This Operating Agreement was made and entered into pursuant to the laws of the State of California and the City of Los Angeles. This Operating Agreement shall be governed by, interpreted and enforced in accordance with the laws of the State of California without regard to conflict of law principles. Both Parties hereto agree that in any action to enforce the terms of this Operating Agreement, each Party shall be responsible for its own attorneys’ fees and costs.

21. **Captions and Headings**

All captions and headings appearing in this Operating Agreement are inserted to facilitate reference and shall not govern, except where logically necessary, the interpretations of the provisions hereof.

22. **Notices**

Any notice or request made to or by either Party regarding this Operating Agreement shall be made to the representative of the other Party as indicated in the Service Agreement for Network Integration Transmission Service.

23. **Signature Clause**

The signatories hereto represent that they have been appropriately authorized to enter into this Agreement on behalf of the Party for which they sign.

**IN WITNESS WHEREOF,** the Parties have caused this Operating Agreement to be executed as of the\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_.

|  |  |
| --- | --- |
| **For LADWP**  DEPARTMENT OF WATER AND POWER OF THE CITY OF LOS ANGELES BY BOARD OF WATER AND POWER COMMISSIONERS OF THE CITY OF LOS ANGELES | **For [Network Customer]** |
| **By:** | **By:** |
| **Date:** | **Date:** |
| **And:** | **And:** |

**ATTACHMENT H**

**Annual Transmission Revenue Requirement**

**For Network Integration Transmission Service**

1 The Annual Transmission Revenue Requirement for purposes of the Network Integration Transmission Service shall be $220,193,799.

2. The amount in (1) shall be effective until amended by the Transmission Provider.

**ATTACHMENT I**

**Index Of Network Integration Transmission Service Customers**

**None**

**ATTACHMENT J**

**Procedures for Addressing Parallel Flows**

In a June 17, 2009 filing, the North American Electric Reliability Corporation’s (“NERC”), consistent with Section 215 of the Federal Power Act and as directed by the Commission, requested Commission approval of revision to the Qualified Transfer Path Unscheduled Flow (USF) Relief for the Western Electricity Coordinating Council (“WECC”), Reliability Standard IRO-006-WECC-1 on March 26, 2007, and approved by the Commission on June 8, 2007. The revised Reliability Standard approved by the Commission on March 17, 2011 is intended to mitigate transmission overloads due to unscheduled flow on a transfer path designated by WECC as being qualified for unscheduled flow mitigation, and any subsequent revisions thereto, are hereby incorporated and made part of this Tariff. The current WECC Unscheduled Flow Reduction Procedure can be accessed via the NERC website at:

[**http://www.nerc.com/files/IRO-006-WECC-1.pdf**](http://www.nerc.com/files/IRO-006-WECC-1.pdf)

**ATTACHMENT K**

**Transmission Planning Process**

**ATTACHMENT L**

**Creditworthiness Procedures**

**1. PURPOSE**

For purposes of determining the ability of the Transmission Customer to meet its obligations pursuant to the Tariff, the Transmission Provider will apply the credit review procedures described herein.

Prior to the execution of a Service Agreement, the Transmission Provider will review the Transmission Customer’s creditworthiness and at least annually thereafter or more frequently as deemed necessary by the Transmission Provider. This can be accomplished by contacting the Department’s Risk Control Group at 213-367-4339. The Risk Control Group will inform the Transmission Group’s Contract Manager when credit has been established. After the Transmission Service Agreement is signed, the Risk Control Group will establish the counterparty in its risk reporting system.

**2. PROCEDURE FOR DETERMINING LEVEL OF CREDIT**

**2.1 Minimum Creditworthiness Standards for Unsecured Credit**

The Transmission Customer must meet at least one the following criteria to be considered to receive unsecured credit:

1. Be a load serving entity. A load serving entity (LSE) is a distribution utility or an electric utility that has a service obligation to its retail customers.
2. Have or have a parent company with an investment-grade credit rating from the following national credit rating organizations: Standard & Poor’s (S&P), Moody’s Investor Services (Moody’s), Fitch Ratings (Fitch) and have an Expected Default Frequency (EDF) equivalent of S&P/Moody’s credit rating of at least investment grade. The lowest rating should be investment grade.

The table below lists the current maximum unsecured credit limit structure for the Department’s Transmission Business:

|  |  |
| --- | --- |
| **Category** | **Maximum Unsecured Credit Limit(1)** |
| Investment Grade | $5,000,000 |
| Non-Rated Subsidiary with Parent Guaranty | $2,000,000 |
| Non-Rated Internal Scored(2) | $1,000,000 |
| Non-Investment Grade | $0 |

(1) Limits are not to exceed 1.00% of the counterparty’s most recent owner’s/stockholder’s equity.

(2) Internal Scores are derived from assessments of the financial strength and corresponding ability to pay on a timely basis.

Once a credit limit has been reached no additional sales may be made until payment or additional credit assurance is received. If at any time a Transmission Customer fails to pay unsecured amounts owed to LADWP, the credit limit is reduced to zero.

**2.2 Credit Enhancements**

Credit enhancements will be required from Transmission Customers that do not meet the Minimum Creditworthiness Standards for Unsecured Credit or are exceeding their credit limits can come in any one of the following forms:

1. an irrevocable letter of credit issued by a financial institution acceptable to the Transmission Provider and possess a credit rating of at least A3 by Moody’s and A- by S&P and/or Fitch
2. a payment (parent) guarantee issued by an investment rated parent company or other obligor not to exceed 1% of guarantor’s most recent stockholders’ equity in pre-approved payment (parent) guarantee language (Exhibit 3)
3. an escrow trust account
4. a surety/performance bond
5. a prepayment of at least ten days prior to transmission service and no interest will be paid thereon

**2.3 Amount of Enhancement**

The amount of enhancement will be equivalent to the lesser of the amount of the total contract notional value or the notional value of anticipated transmission services for a rolling 60-day period.

**3. CHANGES IN CREDITWORTHINESS AND COLLATERAL**

The Transmission Provider shall notify the Transmission Customer when credit requirements are not met and additional credit enhancement is required. The Transmission Customer shall post additional credit enhancement in accordance with Attachment L, Section 2.2, within 3 business days of notification by Transmission Provider that its credit requirements are not met or additional credit enhancement is required.

**4. DELINQUENCIES AND ADVERSE EVENTS**

When the Transmission Customer’s account becomes past due, the Transmission Provider will stop conducting any new business with the Transmission Customer until the matter is resolved.

Upon notification of a Transmission Customer’s bankruptcy, no new business will be conducted with the Transmission Customer and its credit limit will be reduced to zero. Upon emergence from bankruptcy, the Transmission Customer must be firmly reestablished in the marketplace as evidenced by its return to an investment grade credit status by S&P or Moody’s or by successfully participating in the market for at least one year, before the Transmission Customer can reapply for credit under the regular procedures outlined in this attachment.

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ATTACHMENT M

Large Generator Interconnection Procedures