

Summary of Changes to LG&E/KU Business Practice Effective September 01, 2012

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- General organization of document was changed to the following:
 - Section 2: General Requirements of Service
 - **Section 3: Reserving Transmission Service**
 - **Section 4: Scheduling Transmission Service**
 - Section 5: Feasibility Analysis Study
 - **Section 6: System Impact Study**
 - Section 7: Performance Metrics
 - Section 8: System Failures

- Support Contact for Transmission Service:
 - ITO (Transerv)
 - (763) 205-7099
 - Support@transervinternational.net
- Support Contact for Scheduling:
 - Balancing Authority (LG&E/KU)
 - (502) 333-6704
 - ESOC@lge-ku.com
- Link for Forms: <http://www.oatioasis.com/LGEE/index.html>
- Other new documents posted in addition to Business Practice
 - TSR Study Criteria
 - GI Study Criteria

Section 3 - Reserving Transmission Service

- Descriptions of the ATC/AFC process have been deleted; these can be found in the ATCID document
- All Non-Firm Service Types will be processed through the webTrans Validation Automation Process
- Minimum Queue Time allowed before start of reservation is to allow for manual review of each Firm reservation and to minimize preempted reservations are as follows:

Priority	Existing BP	New BP
Daily Firm	1 day	1 day
Weekly Firm	1 day	2 days
Monthly Firm	1 day	7 days

Section 3 - Reserving Transmission Service

- Daily and Weekly Firm Service Types will be validated by webTrans; if they pass all validations, they will be accepted. If they fail validation for ATC/AFC and are pre-confirmed, a manual procedure will be run to test if there are any lower priority confirmed candidate reservations available for preemption
 - If validation fails for ASTFC, the ITO will attempt to borrow flowgate capacity from the owner of the congested path
- If the candidate reservation are only those for the same customer, no preemption will be done

Section 3 - Reserving Transmission Service

- Candidate reservations that have Right-of-First-Refusal (ROFR) rights under the tariff, those that are confirmed but still conditional as described in Section 13.2 of the Open Access Transmission Tariff (OATT), will be notified through the OASIS
- A customer who has been extended a ROFR right will have 2 hours to respond to a notification for a Firm Daily and 24 hours for all others
- After the response time limit has expired, the candidate reservation will be recalled and the pre-confirmed higher priority reservation will be confirmed

Section 3 - Reserving Transmission Service

- Non-Firm Reservations will not be preempted until North American Energy Standards Reliability Board (NAESB) Business Practices are approved for Preemption
- Added that the attestation of new DNR requests must be included in the Transmission Service Request (TSR) at the time of confirmation or pre-confirmation - this is for all Firm requests, including Daily Network
- Added validation criteria definitions for requests - for both the ITO and the Balancing Authority (BA)

Section 3 - Reserving Transmission Service

- For requests or portions of requests, within the 18 month window, the ITO will use the AFC/ATC process for evaluation
- For requests or portions of requests, outside the 18 month window, a System Impact Study will be performed
- Annulment of Pre-confirmed Reservations: the ITO will consider request where inadvertent errors were made by the customer within 3 days of the queue date but prior to start of service

Section 3 - Reserving Transmission Service

- The ITO may also annul a request to preserve system reliability or validation errors
- If the ITO and Transmission Owner are in agreement, the ITO will annul a confirmed NITS reservation requested by a customer
- Changed renewal language to be consistent with the 5 year rollover requirement

Section 3 - Reserving Transmission Service

- Added specific language on handling of a Reassignment or Resale of a reservation
 - Assignee must have a valid Resale Service Agreement prior to scheduling transmission rights
 - Resales are for the original path but may be redirected in the same process as any other TSR
 - Louisville Gas & Electric/Kentucky Utilities Services Company (LKE) is only the Billing Agent - Reseller still retains obligation to Transmission Owner up to the original purchase price
 - Resellers may also permanently transfer rights via a Three Party Agreement with the Transmission Owner

Section 3 - Reserving Transmission Service

- The ITO will post on the OASIS Denial of Service statistics in three fashions
 - Under the TS Metrics link on the “Reservations” page
 - Request Evaluation Reports under the AFC/Flowgate Reports, and
 - The postings of the individual Study Reports
- Rollover rights for Firm redirected service will be retained on the original path if the confirmed redirected service does not include the end of the original yearly service term; if it does, then the rollover rights will be only for the redirected path only

Section 4 - Scheduling

- All transmission usage must be scheduled except DNR capacity located within the BA serving its approved DNL located within the LGEE BA
- TEE-RSG transactions and emergency load transfers, implemented without tags, must be entered into webTrans after the fact, by the BA
- Added Scheduling Validation Criteria definitions for both the ITO and the BA
- Added language for acceptance of financial losses for imports into LGEE. The settlement for these financial losses is through the Schedule 4 imbalance calculations

Section 4 - Scheduling

- Common scheduling/tagging errors that will be Auto Denied by the ITO, scheduling entity will have to fix and re-enter the Tag
 - Incorrect Transmission AREF number
 - Transmission has not been confirmed
 - Not enough scheduling rights left on the transmission reservation specified
 - Scheduling Party does not own the transmission reservation
 - Using a North American Electric Reliability Corporation (NERC) Priority of 7 with non-firm transmission

Criteria Documents

- The following Criteria Documents posted on the LKE OASIS for the Stakeholder comments
 - TSR study Criteria
 - GI Study Criteria
- Stakeholder Comments are due by
 - August 24, 2012
- ITO will post final Study Criteria documents by
 - September 1, 2012

What is new in TSR SIS Criteria

- Ad Hoc Study Group and Study Scope
- ATC/AFC/ASTFC check if new TSR starts within the posted ATC horizon
- Flowgate Analysis for all LKE and Non-LKE flowgates honored in the LKE ATC process
- Addition of selected NERC Category C3 contingencies
- Impacted Facilities Definition
 - 5% TDF for System intact and 3% TDF for OTDF
- Planning Redispatch Option Criteria
- Conditional Curtailment Option Criteria

Section 6 - System Impact Study

- Added language that Network Upgrades common to both the TSR and a generator in the interconnection queue will be the responsibility of the generator interconnection customer
- The customer and the Transmission Owner may mutually agree to defer a SIS in the SIS agreement
- Added language to describe how changes to load forecast will be studied
 - LKE will annually perform a Sensitivity Study of the load forecast received from all Network Customers in December 2012; this study will start on February 01, 2013 and LKE will use due diligence to complete the study within 60 days
 - The ITO will review, approve, and post a report within 15 business days after the study is complete

Section 6 - System Impact Study

- Transmission Service Requests must still be entered for:
 - new delivery points, or
 - changes to the load of existing delivery points, in any of the next 5 years, that meet the following conditions
 - 5 MW or more for 69 kV load delivery points, or
 - 10 MW or more for load delivery point voltages above 100 kV
- Delivery point configuration changes made within the Network Operating Agreement may also be material changes and require a TSR; the material modification determination will be determined by the ITO.

Section 6 - System Impact Study

- Because the ITO will be performing studies in parallel, a restudy may be required if it is determined that modeling assumptions are different for higher queued projects, which could significantly impact new facility requirements or service commencement
- A restudy after execution of a service agreement will only occur if the agreement allows

Section 6 - System Impact Study

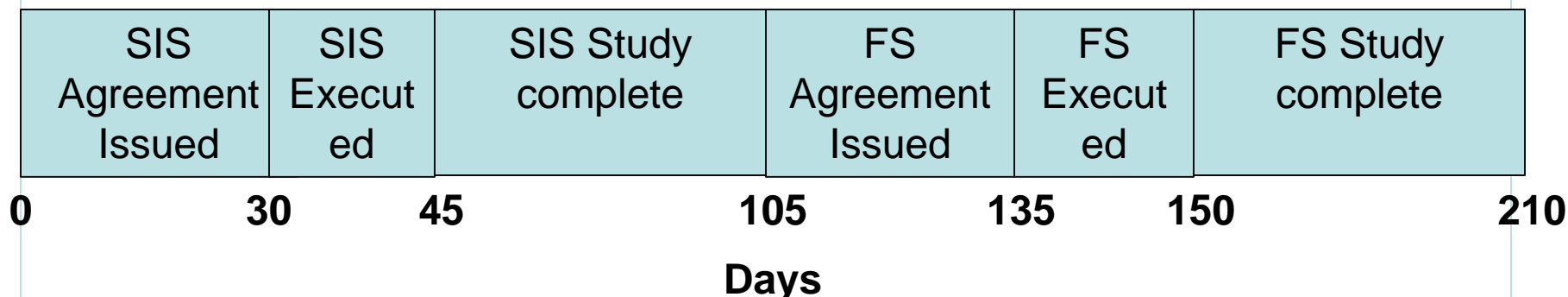
- If third party constraints are identified in the System Impact Study (SIS), the customer must provide a plan for alleviating those constraints, the ITO will verify agreement with the third party Transmission Owner
- The customer may request up to 60 days to resolve third party constraints

Fast Track TSR Study Procedure

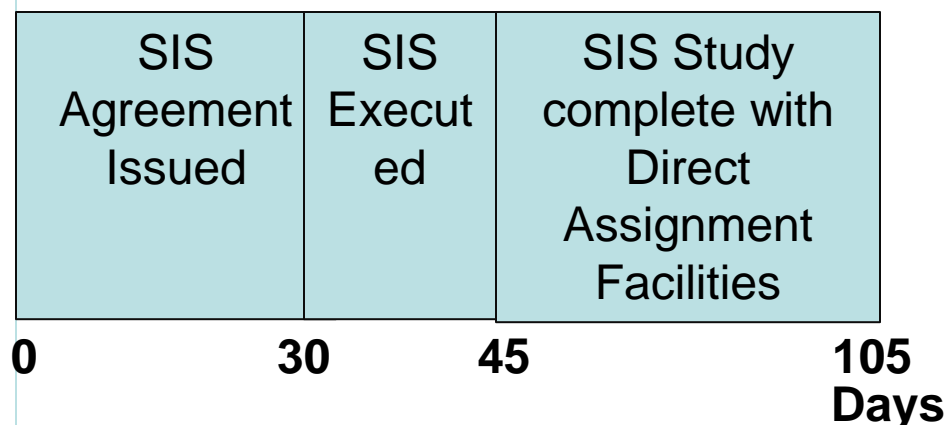
- ITO will perform Fast Track TSR study if a:
 - Point-to-Point transmission service requests is 20 MW or less
 - Network Transmission Service request is:
 - » 10 MW or less at the Delivery Point for below 100 kV
 - » 20 MW or less at the Delivery Point for 100 kV and above
- No Facilities study is needed if there are no network upgrades identified in the SIS
 - LG&E/KU will start a concurrent study with SIS for the Direct Assignment Facilities requirements
- Reduced SIS Study Requirements
 - No ad hoc study group
 - Limited study cases

Processing Time for Fast Track TSR

TSR >20 MW



Fast Track TSR - (With No Network Upgrade)



- Any Questions?

Thank You

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(763) 205-7099
