



Western Area Power Administration Right of First Refusal Business Practice

Transmission Service Request Processing and Offering Right of First Refusal:

The processing of requests for transmission service will be based upon the following procedures and priorities based upon Western's OATT. If Western's transmission system becomes oversubscribed (lack of ATC), requests for transmission service may be displaced or superseded, using the Displace/Supersede timing requirements based on the criteria outlined below (where "Reservations" are defined as requests that are in a Confirmed state on OASIS, and "Requests" are pending applications for service that are not in a Confirmed state on OASIS).

See the applicable specific procedures/diagrams for the service class for processing of the ROFR. Note that certain evaluations of transmission service Requests may be done manually and may therefore affect the amount of time before the transmission service Request reaches a Confirmed state. See the applicable Regional Timing Requirements for more information.

Tier 1 - Among Long-term Firm Point-to-Point (i.e. Yearly Firm Point-to-Point Service) and Native Load/Network Firm:

1. First come, first served - No ROFR applies, except for the special case of rollover Requests pursuant to Section 2.2 of Western's OATT.

Tier 2 - Among Short-term Firm Point-to-Point (Service Increments of Monthly, Weekly, Daily, and Hourly¹):

The relative priority² of competing Requests within Tier 2 is based upon (where the Requests evaluated in the order as listed):

- 1) 1st - The higher Service Increment (i.e. Monthly, Weekly, Daily, or Hourly¹) takes priority, then
- 2) 2nd - The longer duration takes priority (for Requests in the same Service Increment), then
- 3) 3rd - Pre-confirmed Requests take priority over non Pre-confirmed Requests -- for Requests in the same Service Increment of equal duration, then
- 4) 4th - Request with highest price³ -- for Requests in the same Service Increment of equal duration and same Pre-confirmation status, then
- 5) 5th - Request with earliest queue time -- for Requests in the same Service Increment or equal duration, same Pre-confirmation status, and same price.



Where, "Longer Duration" means more multiples of the same Service Increment in a single Request. Each such multiple must be at the same level of capacity. For example, a single Request for three consecutive days shall be considered longer duration than a single Request for two consecutive days. Also, multiple service Requests or Reservations may not be grouped for the purpose of determining duration. For example, three separate one-day Requests for three consecutive days of service shall not be considered longer duration than a single Request for two consecutive days.

Preemption/ROFR Rules: Only Pre-confirmed Requests can trigger a Right of First Refusal or Preemption. Where applicable, prior to preemption resulting from the submission of a higher priority Tier 2 Pre-confirmed competing Request, Tier 2 Conditional Requests/Reservations will be offered the ROFR per section 13.2 of the Western OATT once there is a constrained resource, if the short-term Firm Reservation is in a Confirmed state. No ROFR applies if a competing Tier 1 Request preempts the Tier 2 Request/Reservation.

For competing Tier 2 Requests once there is a constrained resource, the following applies:

Tier 2 Request or Reservation	Is Preempted by Subsequent Tier 2 Request	Right of First Refusal?
Pending, not Pre-confirmed Short-term Firm	Pre-confirmed Short-term Firm of higher service increment	No
Pending, not Pre-confirmed Short-term Firm	Pre-confirmed Short-term Firm for the same service increment and of equal or longer duration	No
Pending, Pre-confirmed Short-term Firm	Pre-confirmed Short-term Firm of higher service increment	No
Pending, Pre-confirmed Short-term Firm	Pre-confirmed Short-term Firm for the same service increment but of longer duration	No
Pending, Pre-confirmed Short-term Firm	Pre-confirmed Short-term Firm for the same service increment and equal duration, but higher price	No
Confirmed but conditional Short-term Firm	Pre-confirmed Short-term Firm of higher service increment	Yes
Confirmed but conditional Short-term Firm	Pre-confirmed Short-term Firm for the same service increment but of longer duration	Yes
Confirmed but conditional Short-term Firm	Pre-confirmed Short-term Firm for the same service increment and equal duration, but higher price	Yes

a) A Confirmed Tier 2 Reservation is considered Conditional up to one (1) Hour (for Hourly Firm¹), one Day (for Daily Firm), one Week (for Weekly Firm), or one Month (for Monthly Firm) prior to schedule start.



b) Once a Reservation is no longer conditional, it may not be displaced by any competing Request including higher Tier Requests.

c) While a Reservation is Conditional, it can be preempted by a higher priority competing Request according to the relative priority attributes above (e.g. Higher Service Increment: Daily Firm can be displaced by Weekly or Monthly Firm; and Longer Duration: a 1-Day Firm Request can be preempted by a 2-Day Firm Request, etc); provided the competing Request is a fixed level of capacity during its entire term. However, the previous Conditional Request/Reservation will have the ROFR once there is a constrained resource if the Reservation is in a Confirmed state, and must be provided with the option of matching the subsequent Request (within the ROFR timing requirements), prior to being displaced. The subsequent short-term Firm Request must be Pre-confirmed in order to force the ROFR on the previous short-term Firm Request or Reservation. A matching Request does not have to be a fixed level of capacity during its entire term⁴.

Tier 3 - Among Non-Designated Network: First come, first served - No ROFR applies if competing Tier 1 or Tier 2 Request preempts the Tier 3 Request/Reservation.

Tier 4 - Among Non-Firm Point-to-Point: No ROFR applies if a competing Tier 1, 2, or 3 Request preempts the Tier 4 Request/Reservation.

The relative priority² of competing Requests within Tier 4 is based upon:

- 1) 1st - The higher Service Increment (i.e. Monthly, Weekly, Daily, or Hourly) takes priority, then
- 2) 2nd - The longer duration takes priority (for Requests in the same Service Increment), then
- 3) 3rd - Pre-confirmed Requests take priority over non Pre-confirmed Requests -- for Requests in the same Service Increment of equal duration), then
- 4) 4th - Request with highest price³ -- for Requests in the same Service Increment of equal duration and same Pre-confirmation status, then
- 5) 5th - Request with earliest queue time -- for Requests in the same Service Increment or equal duration, same Pre-confirmation status, and same price

Where, "Longer Duration" means more multiples of the same Service Increment in a single Request. Each such multiple must be at the same level of capacity. For example, a single Request for three consecutive days shall be considered longer duration than a single Request for two consecutive days. Also, multiple service Requests or Reservations may not be grouped for the purpose of determining duration. For example, three separate one-day Requests for three consecutive days of service shall not be considered longer duration than a single Request for two consecutive days.



Preemption/ROFR Rules: Only Pre-confirmed Requests can trigger a Right of First Refusal or Preemption. Where applicable, prior to preemption resulting from the submission of a higher priority Tier 4 Pre-confirmed competing Request, Tier 4 Conditional Requests/Reservations will be offered the ROFR per section 14.2 of the Western OATT, once there is a constrained resource if the Reservation is in a Confirmed state. No ROFR applies if a competing Tier 1, 2, or 3 Request preempts the Tier 4 Request/Reservation. In accordance with Section 14.7 of Western's OATT, Non-firm Point-to-Point Transmission Service may be interrupted to accommodate a Request for Firm Transmission Service.

For competing Tier 4 Requests **once there is a constrained resource**, the following applies:

<u>Tier 4 Request or Reservation</u>	<u>Is Preempted by Subsequent Tier 4 Request</u>	<u>Right of First Refusal?</u>
Pending, not Pre-confirmed Non-firm	Pre-confirmed Non-firm of higher service increment	No
Pending, not Pre-confirmed Non-firm	Pre-confirmed Non-firm for the same service increment and of equal or longer duration	No
Pending, not Pre-confirmed Non-firm	Pre-confirmed Non-firm for the same service increment and equal duration, but higher price	No
Pending, Pre-confirmed Non-firm	Pre-confirmed Non-firm of higher service increment	No
Pending, Pre-confirmed Non-firm	Pre-confirmed Non-firm for the same service increment but of longer duration	No
Pending, Pre-confirmed Non-firm	Pre-confirmed Non-firm for the same service increment and equal duration, but higher price	No
Confirmed Non-firm more than one hour before start of service	Pre-confirmed Non-firm of higher service increment	Yes
Confirmed Non-firm more than one hour before start of service	Pre-confirmed Non-firm for the same service increment but of longer duration	Yes

a) A Confirmed Tier 4 Reservation for the next hour will not be displaced within one (1) hour of the start of service by a subsequent competing Tier 4 Request of longer duration.⁵

b) A Confirmed Tier 4 Reservation will not be displaced by a subsequent competing Tier 4 Request of equal duration and higher price.⁶

c) Once an offer to provide Tier 4 service at a given price is extended, and while this 1st Request is still pending but within the Customer Confirmation Time Limit, the pending Tier 4 Request shall not be preempted by a subsequent competing Tier 4 Request of equal duration and higher price, unless the subsequent Request is submitted as Pre-confirmed.⁷

d) A Tier 4 Request or Reservation can be preempted by a higher priority competing Request according to the relative priority attributes above (e.g. Higher Service Increment: Daily Non-firm can be displaced



by Weekly or Monthly Non-firm; Longer Duration: a 1-Day Non-firm Request can be preempted by a 2-Day Non-firm Request, etc); provided the competing Request is **a fixed level of capacity during its entire term**. However, the previous Request/ Reservation will have the ROFR once there is a constrained resource if the Reservation is in a Confirmed state, and must be provided with the option of matching the subsequent Request (within the ROFR timing requirements), prior to being displaced. The subsequent Non-firm Request must be Pre-confirmed in order to force the ROFR on the previous Non-firm Request or Reservation. A matching Request does not have to be a fixed level of capacity during its entire term.⁴

Tier 5 - Among Non-Firm Point-to-Point over Secondary POR/POD: No ROFR applies if competing Tier 1, 2, 3, or 4 Request preempts the Tier 5 Request/Reservation.

Preemption Criteria:

1. Recall of capacity from pre-empted Reservation:

a) Only the portion of the capacity required to accommodate the competing Request will be recalled from the pre-empted Reservation.⁸

¹ Some Western Regions may offer Hourly Firm. If a Western Region offers Hourly Firm, by posting notice on its OASIS, then an Hourly service increment will be included.

² NAESB WEQ 001-4.15

³ If a Western Region only charges their "Up To" price for transmission service on a path and does not offer discounts, price does not impact the priority of competing requests.

⁴ Order 890 para 818

⁵ NAESB WEQ Standard 001-4.23

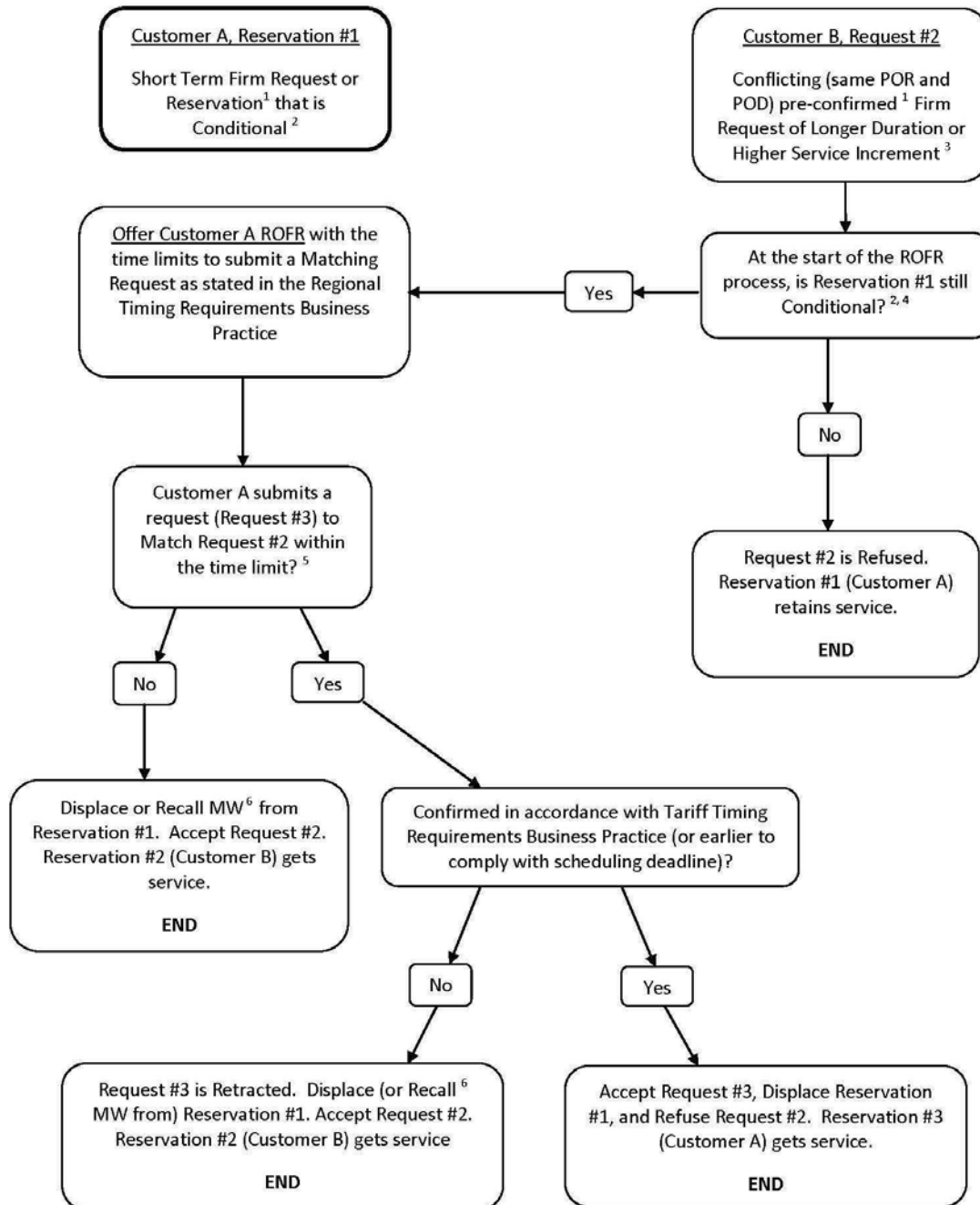
⁶ NAESB WEQ Standard 001-4.22

⁷ NAESB WEQ Standard 001-4.25

⁸ Order 890 para 817

Simplified Short Term Firm ROFR Diagram

This process is to be used for competing requests when there is a constrained resource.



Tier 2 – Short-term FIRM

FOOTNOTES (From Short-term Firm Diagram):

- 1 If Request #1 is the Request that creates the constrained resource, Request #1 processing will be completed in queue order. Once the constrained resource condition exists, then a subsequent Request is not entitled to the Right of First Refusal (ROFR) unless it is in a Confirmed state on Oasis (Confirmed). A competing Request will not force a Right of First Refusal unless it is submitted as pre-confirmed.
- 2 A Monthly Firm Reservation becomes unconditional within 1 month of the start time. A Weekly Firm Reservation becomes unconditional within 1 week of the start time. A Daily Firm Reservation becomes unconditional within 1 day of the start time. An Hourly Firm Reservation becomes unconditional within 1 hour of the start time. After a Reservation becomes unconditional Reservation #1 cannot be displaced or superseded by another firm Request.
- 3 See the accompanying Tier 2 Business Practice narrative.
- 4 The competing Request will be moved to a confirmed state, pending the outcome of the ROFR process. An entry shall be made in the Provider's comment explaining the conditionality and will include the TSR number of any other involved Reservation or Request.
- 5 The Competing Flag will be set on the Reservation that has the ROFR. The time limit will be based on Response Time entered by the Transmission Provider, or in the absence of a Response Time being entered; the Updated Time on the TSR after the Competing Flag is checked by the Transmission Provider.
- 6 If only a portion of the capacity of Reservation #1 is required to accommodate Request #2, the capacity needed will be Recalled from Reservation #1 instead of completely displacing the Reservation.

General Notes:

Once a Request is Confirmed, it shall not be pre-empted by a subsequent Request of equal duration (even for higher price).

Requests of longer duration or higher service increment or equal duration/service increment and higher price will force ROFR. To force a ROFR the Request must be the same service increment but for longer duration or a higher service increment. The Request must also be at the same level of capacity fixed over the term of the Request (e.g. same MW for more months). If NO discounting, price does not apply.

When a longer duration Request preempts multiple shorter duration Reservations, the shorter duration Reservations shall have simultaneous opportunities to exercise ROFR. Duration, pre-confirmation status, 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 ROFR (Order 890, P1430). If NO discounting, price does not apply. Time of response is the queue time; first queued has higher priority.



A “competing Request” may include a Request that overlaps with only part of another existing transmission Reservation since both Requests cannot be granted simultaneously, and may preempt one or more existing transmission Reservations or parts thereof.

A customer can retain its original Reservation by matching the competing service Request’s cost, duration, or service increment terms exactly or by exceeding one or more of the terms of a competing transmission service Request.

A customer’s ROFR to match a competing transmission service Request applies to the primary transmission service, not the reassignment of scheduling rights.

There is no ROFR for competing Long-Term Yearly Firm, Network Firm, or Network Service from Non-Designated Resources.

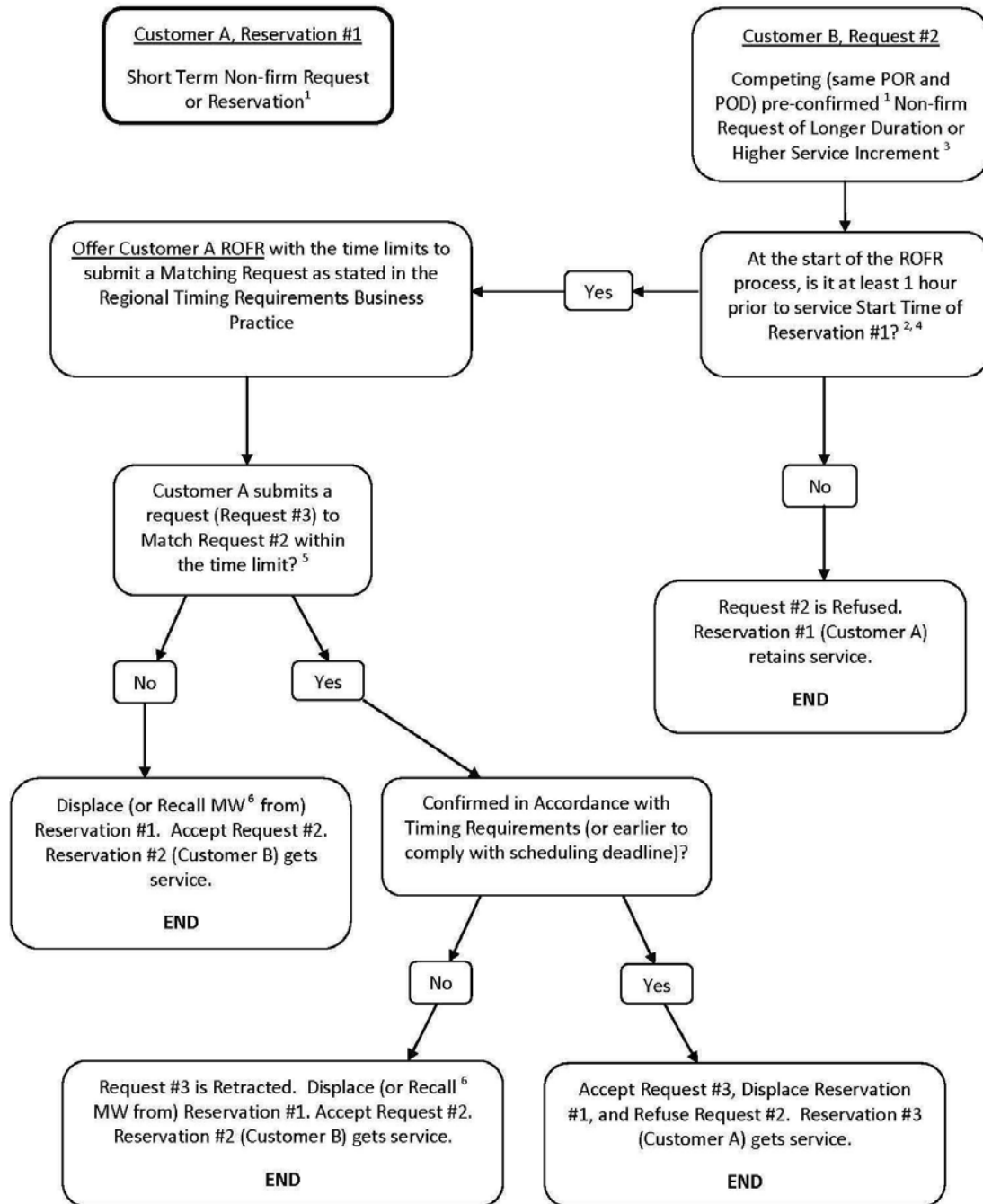
When Requests are Displaced, Superseded, or MW are Recalled on OASIS, an entry shall be made in the Seller’s Comments explaining the action. If another Request is involved, that Request or Reservation number will be referenced.

When a subsequent Request is for Firm service, once the Firm Request has been confirmed, all affected non-Firm Requests will be displaced/interrupted with no Right of First Refusal offered, even if the affected non-Firm Request has already begun service.

If Western currently charges its “up to” price for transmission service on the path, a bid for higher price would not apply when considering Requests of equal duration.

Simplified Short Term Non-firm ROFR Diagram

This process is to be used for competing requests when there is a constrained resource.



Tier 4 – Non-Firm

FOOTNOTES (From Non-Firm Diagram):

- 1 If Request #1 is the Request that creates the constrained resource, Request #1 processing will be completed in queue order. Once the constrained resource condition exists, then a subsequent Request is not entitled to the Right of First Refusal (ROFR) unless it is in a Confirmed state on Oasis (Confirmed). A competing Request will not force a Right of First Refusal unless it is submitted as pre-confirmed.
- 2 The Right of First Refusal only applies as long as the second Request is queued at least 1 hour prior to start time of Reservation #1. After that time Reservation #1 cannot be displaced or superseded by another non-Firm Request.
- 3 See the accompanying Business Practice narrative.
- 4 The competing Request will be moved to a conditionally confirmed state, pending the outcome of the ROFR process. An entry shall be made in the Provider's comment area explaining the conditionality and will include the request number of any other involved Reservation or Request.
- 5 The Competing Flag will be set on the Reservation that has the ROFR. The time limit will be based on Response Time entered by the Transmission Provider, or in the absence of a Response Time being entered; the Updated Time on the TSR after the Competing Flag is checked by the Transmission Provider.
- 6 If only a portion of the capacity of Reservation #1 is required to accommodate Request #2, the capacity needed will be Recalled from Reservation #1 instead of completely displacing the Reservation.

General Notes:

Once a request is Confirmed, it shall not be pre-empted by a subsequent Request of equal duration (even for higher price).

Requests of longer duration or higher service increment or equal duration/service increment and higher price will force ROFR. To force a ROFR the Request must be the same service increment but for longer duration or a higher service increment. The Request must also be at the same level of capacity fixed over the term of the Request (e.g. same MW for more months). If NO discounting, price does not apply.

When a longer duration Request preempts multiple shorter duration Reservations, the shorter duration Reservations shall have simultaneous opportunities to exercise ROFR. Duration, pre-confirmation status, 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 ROFR (Order 890, P1430). If NO discounting, price does not apply. Time of response is the queue time; first queued has higher priority.

A "competing Request" may include a Request that overlaps with only part of another existing transmission reservation since both Requests cannot be granted simultaneously, and may preempt one or more existing transmission Reservations or parts thereof.



A customer can retain its original Reservation by matching the competing service Request's cost, duration, or service increment terms exactly or by exceeding one or more of the terms of a competing transmission service Request.

A customer's ROFR to match a competing transmission service Request applies to the primary transmission service, not the reassignment of scheduling rights.

There is no ROFR for competing Long-Term Yearly Firm, Network Firm, or Network Service from Non-Designated Resources.

When Requests are Displaced, Superseded, or MW are Recalled on OASIS, an entry shall be made in the Seller's Comments explaining the action. If another Request is involved, that Request or Reservation number will be referenced.

When a subsequent Request is for Firm service, once the Firm Request has been confirmed, all affected non-Firm Requests will be displaced/interrupted with no Right of First Refusal offered, even if the affected non-Firm Request has already begun service.

If Western currently charges its "up to" price for transmission service on the path, a bid for higher price would not apply when considering Requests of equal duration.

Any Firm Request within the time of the non-Firm Reservation will have priority and the non-Firm Reservation will not have ROFR.