

## OASIS Practices

### Request Processing

#### General Policies

The following general policies apply to the processing of OASIS requests:

1. For the purpose of terminology in this document, requests, once “CONFIRMED”, become reservations. In addition, service is divided into five “tiers”:

Tier 1	Native Load, Network or Long Term Firm Service
Tier 2	Short-term Firm Service
Tier 3	Network Service from non-designated resources
Tier 4	Non-Firm Service
Tier 5	Non-Firm Point-to-Point Service over secondary receipt and delivery points

2. Requests are processed in accordance with ATC posted at the time the request is submitted. “INVALID” requests are those that are submitted with incorrect POR, POD, or Path Name; are submitted outside the request submission timelines; or are submitted without a capacity value or price bid.
3. Requests submitted greater than or equal to posted rate and less than or equal to tariff maximum (ceiling) price will be processed without questioning the customer’s motive for the bid price. Requests submitted at greater than tariff maximum (ceiling) price will be “DECLINED” and do not retain any rights or priority in the queue.
4. Requests submitted NOT PRECONFIRMED have until the earlier of: the reservation deadline, receipt of a PRECONFIRMED request of higher priority, or the time listed below to confirm:

1. Consistent with regulations and filed tariffs, measurement starts at the time the request is QUEUED.
2. Confirmation time limits are not to be interpreted to extend scheduling deadlines or to override preexemption deadlines.
3. Measurement starts at the time the request is first moved to either ACCEPTED or COUNTEROFFER. The time limit does not reset on subsequent changes of state.
4. Measurement starts at the time the Transmission Customer changes the state to REBID. The measurement resets each time the request is changed to REBID.
5. Days are defined as calendar days.
6. Subject to expedited time requirements on Section 17.1 of the pro forma tariff. Transmission Providers shall make best efforts to respond within 72 hours or prior to the scheduling deadline, whichever is earlier, to a request for Daily Firm Service received during period 2-30 days ahead of service start time.
7. Subject to Section 17.1 of the pro forma tariff, whenever feasible and on a nondiscriminatory basis, transmission providers should accommodate requests made with less than 60 days notice.

Class	Service Increment	Time Queued prior to Start	Provide Evaluation Time Limit <sup>1</sup> (measurement starts at the time the request is QUEUED)	Customer Confirmation Time Limit <sup>2</sup> after ACCEPTED or COUNTEROFFER <sup>3</sup>	Provider Counter Time Limit after REBID <sup>4</sup>
Non-Firm	Hourly	< 1 Hour	Best Effort	5 minutes	5 minutes
Non-Firm	Hourly	> 1 Hour	30 minutes	5 minutes	5 minutes
Non-Firm	Hourly	Day ahead	30 minutes	30 minutes	10 minutes
Non-Firm	Daily	N/A	30 minutes	2 hours	10 minutes
Non-Firm	Weekly	N/A	4 hours	24 hours	4 hours
Non-Firm	Monthly	N/A	2 days <sup>5</sup>	24 hours	4 hours
Firm	Daily	< 24 hours	Best effort	2 hours	30 minutes
Firm	Daily	N/A	30 days <sup>6</sup>	24 hours	4 hours
Firm	Weekly	N/A	30 days <sup>6</sup>	48 hours	4 hours
Firm	Monthly	N/A	30 days <sup>6</sup>	4 days	4 hours
Firm	Yearly	60 days <sup>7</sup>	30 days	15 days	4 hours

5. ATC, as posted by AZPS, includes the ability to interrupt reservations on lower tiers. ATC will be recalculated for future time periods at 1100 Mountain Standard Time.
6. Valid, higher-tier reservations can interrupt lower-tier reservations at any time. Higher priority reservations in the same tier do not bump lower priority reservations that have begun.
7. Requests for Extension of Existing Service:
  - a. "Any existing long-term customer that wishes to exercise its reservation priority must make an application for its new service term following the usual pro forma tariff procedures and notify the transmission provider, no less than sixty (60) days prior to the date an existing long-term contract ends and the new service term commences, that the long-term transmission customer wishes to exercise its reservation priority (right of first refusal) under Section 2.2 of the pro forma tariff."

### Request Status Values

The following list describes status values for OASIS requests:

QUEUED = initial status assigned by OASIS on receipt of the request.

RECEIVED = assigned by AZPS to acknowledge QUEUED requests.

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INVALID = assigned by AZPS indicating that the request was not submitted correctly - those that are submitted with incorrect POR, POD, or Path Name; are submitted outside the request submission timelines; or are submitted without a capacity value or price bid (final state).

STUDY = assigned by AZPS to indicate some level of study is required or being performed to evaluate the request.

REFUSED = assigned by AZPS to indicate service request has been denied due to availability of transmission capability (final state).

COUNTEROFFER = assigned by AZPS to indicate that a new OFFER\_PRICE is being proposed.

REBID = assigned by Customer to indicate that a new BID\_PRICE is being proposed.

SUPERSEDED = assigned by AZPS when a request which has not yet been confirmed is displaced by a higher priority reservation (final state)

ACCEPTED = assigned by AZPS to indicate the service request has been approved/accepted. If the reservation request was submitted PRECONFIRMED, the OASIS will immediately set the reservation status to CONFIRMED.

DECLINED = assigned by AZPS to indicate that the BID\_PRICE is unacceptable and that negotiations are terminated (final state).

CONFIRMED = assigned by Customer, in response to AZPS posting "ACCEPTED" status, to confirm service. Once a request has been "CONFIRMED", a transmission service reservation exists (final state, unless overridden by DISPLACED or ANNULLED).

WITHDRAWN = assigned by Customer at any point in request evaluation to withdraw the request from any further action (final state).

DISPLACED = assigned by AZPS when a "CONFIRMED" reservation from a Customer is displaced by a longer term reservation and the Customer has exercised right of first refusal (i.e. refused to match terms of new request) (final state).

ANNULLED = infrequently assigned by AZPS when, in special circumstances, by mutual agreement with the Customer, a confirmed reservation is to be voided (final state).

RETRACTED = assigned by AZPS when the Customer fails to confirm or withdraw the request within the required time period (final state).

## Request Processing Procedure

Requests are processed in the order they are received in accordance with the following procedure:

1. Is the request valid?

**Y:** see 2. below

**N:** "INVALID", seller comments = "reason for invalidity".

2. Is the bid price acceptable?

**Y:** see 3. below.

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**N:** “DECLINED”, seller comments = “price too low/above ceiling”.

3. Can the request be served from existing ATC?

**Y:** “ACCEPTED”. Once “CONFIRMED”, lower-tier reservations may be interrupted to prevent the path from being oversubscribed.

**N:** see 4. below.

4. Can the request (#NNN) bump a same-tier reservation/request?

**Y:** “ACCEPTED”. Upon confirmation, see 5. below if bumping on duration. If higher in price, existing customer’s reservation/request is “DISPLACED” or “SUPERSEDED”, seller comments = “bumped on price by NNN”. Bumped customer has first right to remaining ATC up to the duration of the bumped reservation/request by immediately submitting a new request that references the old reservation/request. NOTE: Requests with longer duration and higher price will be considered as bumping on price.

**N:** “REFUSED”. Seller comments = insufficient ATC”. Customer has first right to remaining ATC by immediately submitting a new request that references the old request number.

5. Does the existing customer exercise the right to match duration?

**Y:** Existing customer submits matching request #MMM. Once “CONFIRMED”, existing customer’s old reservation is “DISPLACED”, seller comments = “matched NNN with MMM” and new customer’s reservation is “DISPLACED”, seller comments = “matched by MMM”. New customer has first right to remaining ATC up to the duration of NNN by immediately submitting a new request that reference NNN.

**N:** Existing customer’s reservation is “DISPLACED”, seller comments = “bumped on duration by NNN”. Bumped customer has first right to remaining ATC up to the duration of the bumped reservation by immediately submitting a new request that references the bumped reservation.

## Narrative Explanation of AZPS’ CBM Practices

### Who performs the assessment:

The Merchant staff at Arizona Public Service Company performs the assessment of Capacity Benefit Margin as the provider of generation resources to the Transmission group for service to Native Load.

### Methodology used to perform the assessment:

The CBM reserved for APS is normally based on generating unit exposure. A base load generator trip is considered a system emergency. Although a transmission line may become the single largest exposure at any one point in time during the real-time operating day, generating unit exposure is routinely used for determining CBM. The single largest generation source for APS is a Palo Verde unit at 369MWs. When a PV unit is lost, it is possible to replace at least a portion the energy at the PV hub and use the same transfer capacity to supply the demand. The loss of a PV unit seriously constricts the market at the hub, making large blocks of energy difficult to obtain at any price. The neighboring utilities to the North of our control area that are not associated with PV would likely become the market to replace at least half of the energy needed. The loss of a Four Corners or Cholla unit poses a similar problem due to the limited number of market participants at those locations, most of which are participants in those plants. It is necessary to constantly review the market and potential counterparty constraints in our requesting of CBM. We keep the requested CBM on the few viable

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transmission paths leading to the Phoenix valley at a minimum at all times, attempting never to exceed 250MWs in total on all paths, well under the magnitude our single largest exposure.

We believe this methodology is appropriately conservative to maintain a reliable control area as well as reasonable for other market participants interested in obtaining transmission on the grid.

### **Timeframe for updates to CBM set-asides:**

The Merchant staff will request, no sooner than for the next succeeding month, the Transmission staff for CBM set-asides by path for use after the first hour of generation loss. During the first hour, the Transmission group will activate reserves via the Southwest Reserve Sharing Group and use TRM for transmitting these reserves. Every business day the Merchant staff will update their requests for CBM by path as previous assumptions are eliminated and information is more certain. The Transmission staff will modify CBM on the same business day as the Merchant provides those updates.

### **Who can use CBM for Generation Emergencies:**

The use of CBM for Generation emergencies will be permitted by APS Merchant, Ajo Improvement Company, Navajo Tribal Utility Authority (Network Customers), Ak Chin Electric Utility Authority (a Firm Point to Point Customer with load in the control area), and currently unspecified Scheduling Coordinators with Retail Network Transmission Service to serve competitive retail loads within the AZPS service territory. The same Scheduling Coordinators using the AZPS transmission system to service competitive retail load within another Control Areas service territory may not use CBM.

An Emergency is defined as loss of generation resources to serve Native Load that have not been recovered within 59 minutes and had been temporarily replaced by activation of reserves within a Reserve Sharing Group.

### **Method of requesting use of CBM:**

Until modifications to the AZPS OASIS are made, requests for use of CBM for non-firm transmission may be made by indicating that the customer wished to use CBM set aside on the requested path by sending an email to [Mark.Hackney@aps.com](mailto:Mark.Hackney@aps.com). The customer is alerted to the fact that CBM is only on certain segments and that if insufficient transmission exists on other segments that make up the requested path, the request will not be accommodated.