

Business Practice Undesignation of Network Resources

1. General

- 1.1 Network Service may not be used for sales to non-designated loads or direct or indirect provision of transmission service to third parties.
- 1.2 Designated Network Resources (“DNRs”) 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 (for example, DNRs cannot be used to make firm off-system sales).
- 1.3 A DNR must be terminated or “undesignated” (temporarily or permanently) in order to be used to make firm off-system sales.
- 1.4 A notification of termination of network resource designation should indicate whether it is for a finite period (*i.e.*, temporary undesignation) or for an indefinite period (*i.e.*, permanent undesignation).
- 1.5 DNRs may be used, without undesignation, to make non-firm sales to parties other than their Designated Network Loads – that is, sales where the Network Customer may interrupt service, without penalty, in order to serve its Designated Network Loads.
- 1.6 Network Customers should use Point-To-Point Transmission Service under Part II of the APS OATT for any third-party sale which requires use of the APS transmission system.
- 1.7 Network Customers that engage in unreserved use of the APS transmission system (for example, inappropriate use of Network Service to make a third-party sale) will be charged for that unreserved use based on the rate for Firm Point-to-Point service, and in accordance with the requirements of Scheduled 7, Section 7 of the APS OATT (entitled Overrun of Reserved Transmission Capacity).
- 1.8 Designated generating units that are on an outage – planned or unplanned – are not required to be undesignated. Undesignation is required only when the DNR does not meet the requirements to be a DNR (for example, when the DNR is being used to support a firm third-party sale).

2. Reserve Sharing Arrangements

- 2.1 The APS OATT clarifies that supplying power under a FERC-approved reserve sharing program (*e.g.*, SRSG) is an appropriate use of DNRs. Providing power under a FERC-approved reserve sharing program does not trigger un-designation or re-designation requirements.
- 2.2 The procedures for completing and submitting e-tags when supplying or receiving power under a reserve sharing agreement is included in the Reserving and Scheduling Transmission Service Business Practice.

3. “Book Outs”

- 3.1 The APS OATT permits bookouts of DNRs without un-designation of the booked out DNR or designation of substitute products provided the required procedures (e.g. designation of a network resource) for arranging the transactions involved in the bookout were properly followed in the first place prior to the bookout.
- 3.2 The procedures for completing and submitting e-tags when scheduling an un-designated product as a substitute for a booked out DNR over the primary network transmission assigned to the booked out DNR are included in the Reserving and Scheduling Transmission Service Business Practice.
- 3.3 APS reserves the right to conduct periodic audits of a Network Customer to ensure compliance with this requirement.

4. System Emergencies

- 4.1 The APS OATT provides that a DNR may be used to supply power to a third party on a firm basis to address or forestall an Emergency without a corresponding undesignation of that DNR.
 - 4.1.1 The supply of such power from the DNR may not last for more than two consecutive hours.
 - 4.1.2 Within one (1) Working Day of the last delivery of such Emergency power, the Network Customer is required to provide a notice to APS containing the details of such supply. The notice should be sent via e-mail to oasisadm@apsc.com and the subject line of the e-mail should contain “Emergency”. The notice should be contained in the body of the e-mail and should not be an attachment to the e-mail.
 - 4.1.3 Within one (1) Working Day of receipt of such notice from the Network Customer, APS will post the notice on the OASIS.
- 4.2 The APS OATT provides that in an Emergency, APS, in its capacity as a Balancing Authority may take whatever actions are necessary and may direct a Network Customer to take whatever actions are necessary to keep the system in operation. APS will report to FERC and post on OASIS each Emergency that resulted in any deviation from the APS OATT, within 24 hours of such a deviation.
- 4.3 The procedures for completing and submitting e-tags when scheduling an Emergency purchase or sale are included in the Reserving and Scheduling Transmission Service Business Practice.

5. Information Required for a Notification of Temporary Undesignation of a Network Resource

- 5.1 Temporary undesignation notifications must include:
 - 5.1.1 Effective date and time of the temporary undesignation.
 - 5.1.2 Effective date and time of redesignation. Any undesignation notification that does not included an effective date and time of redesignation will be deemed to be a notification of indefinite undesignation.

- 5.1.3 Identification and capacity of resource(s) or portion(s) of the resource(s) to be temporarily undesignated.
- 5.1.4 An attestation for re-designating the network resource following the temporary undesignation in accordance with the requirements for Requests for Designation of a Network Resource described in the Designation of Network Resources Business Practice. The name of the individual making the attestation should be clearly identified.
- 5.1.5 The APS OATT allows Network Customers, when making requests to re-designate a Network Resource following a period of temporary termination, to incorporate by reference unchanged information provided when that resource was first designated.
- 5.1.6 Identification of any related transmission service request(s) to be evaluated concomitantly with the notification of temporary undesignation, such that the notification of 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 undesignation of the network resource(s) as well as all competing transmission service requests of higher priority.
- 5.2 As part of a temporary undesignation, a Network Customer may only re-designate the same resources or portions of resources that were originally designated. Requests to re-designate a different resource and/or a resource with increased capacity will be deemed deficient.
- 5.3 When properly undesignated and re-designated, the re-designated Network Resource will retain the queue priority of the original designation request for that resource.
- 5.4 Failure to include the effective date and time of redesignation will result in the notification of undesignation being deemed a notification of indefinite undesignation.
- 5.5 The suggested form for temporary undesignations is attached to this Business Practice.

6. Information Required for a Notification of Indefinite Undesignation of a Network Resource

- 6.1 A notification of indefinite undesignation of a Network Resource must indicate:
 - 6.1.1 The date and time that the undesignation is to be effective, and
 - 6.1.2 The identification and capacity of the resource(s) or portion(s) of resource(s) to be indefinitely undesignated.
- 6.2 After an indefinite undesignation of a resource, the network customer has no continuing rights to use such resource as a DNR unless and until it is appropriately designated again.

7. Additional Information Required

- 7.1 A current list of DNRs for each Network Customer is required to be posted on OASIS. The list is to include for each DNR the name of the resource, its geographic and electrical location, its total installed capacity and the amount of capacity to be designated as a Network Resource.
- 7.2 A list of each Network Customer's DNRs as of July 13, 2007 is posted on OASIS.
- 7.3 As described in the Designation of Network Resources Business Practice, Network Customers that make a request to designate a new Network Resource or provide notification of a temporary or permanent undesignation of a Network Resource should provide to APS monthly and daily lists of DNRs.
- 7.4 During pre-schedule, Network Customers that provide notification of undesignation of a Network Resource should do so by providing a list of the resource(s) to be undesignated and the hourly MW quantity of undesignation for each resource.
- 7.5 During real time, Network Customers that provide notification of undesignation of a Network Resource after pre-schedule should do so by providing an updated list (include both pre-scheduled and real-time undesignation notifications) of the resource(s) to be undesignated and the MW quantity of undesignation for each resource to be undesignated in the next operating hour.
- 7.6 The notifications of undesignation of a Network Resource should identify Network Resources using a naming convention that is consistent with the list(s) of Designated Resources provided pursuant to the Designation of Network Resources Business Practice.
- 7.7 When viewed together, the pre-schedule/real-time undesignation notifications and the lists identifying DNRs, will provide a current list of DNRs for each hour for each Network Customer.
- 7.8 The suggested form for notifications of temporary undesignations is attached to this Business Practice.

8. Timeline and Process for Submitting Notifications of Undesignation of Network Resources

- 8.1 Notifications of undesignations should be submitted no later than the following deadlines: (i) for periods of one day or longer, no later than 1100 MST of the pre-scheduling date; and (ii) for undesignations of less than one day no later than 25 minutes before the hour for which the undesignation applies.¹
- 8.2 Network Customers that provide notifications of temporary or permanent undesignations of a Network Resource should provide to APS:

¹ As described in the Determination of Available Transfer Capability Business Practice, firm ATC will not be decremented as a result of undesignations of Network Resources submitted after 1100 MST of the pre-schedule day until NERC/NAESB and the APS OASIS provider have acted to automate the OASIS process for handling undesignations.

- 8.3.1 By 1100 MST of the last pre-schedule day before the undesignation, a notification of undesignation of Network Resources which lists the Network Resource(s) to be undesignated for periods of one day or longer. Notifications of undesignation of less than one day may also be submitted on this list. The notification should include the hourly MW quantity of undesignation for each resource. The information should be e-mail to Oasisadm@apsc.com. The subject line of the e-mail should contain "UDR".
 - 8.3.2 By 25 minutes before the start of the operating hour, the notification submitted in pre-schedule should be updated to include notifications of undesignation of less than one day. The updated listing submitted to APS in real-time should thus include all undesignated resources for the next operating hour including the hourly MW quantity of undesignation for each resource listed. The information should be e-mailed to Oasisadm@apsc.com. The subject line of the e-mail should contain "UDR".
 - 8.3.3 In the event of failure of the e-mail system, Network Customers should submit their requests via fax to the Transmission Services Trading Section Leader at (602) 250-1155.
- 8.3 The suggested form for temporary undesignations is attached to this Business Practice.

10. Arizona Independent Scheduling Administrator and Part IV of the OATT

- 10.1 The APS OATT contains Part IV. Retail Network Integration Transmission Service (RNITS) and Attachment L, the Arizona Independent System Administrator (AzISA) Protocols Manual (PM).
- 10.2 The AzISA is implementing the PM in a phased process, and many of the provisions of the PM are not currently in effect. The following requirements of the PM are in effect and apply to Scheduling Coordinators (SCs) taking Retail Network Transmission Service:
 - 10.2.1 The SC must request service under Part IV of the APS OATT.
 - 10.2.2 The SC must enter into a Service Agreement for Retail Network Integration Transmission Service (Attachment J to the APS OATT) and Standard Form of Retail Network Operating Agreement (Attachment K to the APS OATT). This will allow APS to charge for transmission service using the rates designed specifically for service to retail loads.
 - 10.2.3 The SC must enter into an "Agreement By and Among Arizona Independent Scheduling Administrator Association, Scheduling Coordinators and Transmission Providers".
 - 10.2.4 APS will abide by the dispute resolution procedures contained in Section 6 of the AzISA By-Laws.

- 10.2.5 APS will abide by Section 4.3.4.1 of the PM which is the provision that allows SCs serving competitive retail access customer in the APS service territory to use, in aggregate for all SCs, up to 200 MW of transmission capacity from Palo Verde to the APS Load Zones previously held by APS for service to standard offer retail customers.
- 10.3 Otherwise, RNITS will be governed by the procedures specified in the APS Business Practices related to Network Service until such time as the AzISA implements additional provisions of the PM.

These Business Practices describe general conditions and practices. There may be specific circumstances that require some variation from or are not addressed by these Business Practices.

Notification of Temporary Undesignation

Date Submitted: _____

Date of Undesignation: _____

Source (DNR)	DNR to be Undesignated Del Pt	DNR to be Undesignated Delivery Volt	HE 1	HE 2	HE 3	HE 4	HE 5	HE 6	HE 7	HE 8	HE 9	HE 10	HE 11	HE 12	HE 13	HE 14	HE 15	HE 16	HE 17	HE 18	HE 19	HE 20	HE 21	HE 22	HE 23	HE 24	
Pre-Schedule																											
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Real-time																											
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	

Each line above represents a notification of temporary undesignation of designated network resource status, as described in Order 890. The amount of MWs being undesignated is shown for each hour with a non-zero entry. The full capacity of the resource should be considered designated for all hours shown with a zero, and shall be re-designated at the conclusion of HE24. (Customer Name) states that for re-designation, each resource specified herein is currently a designated resource and each resource satisfies the following conditions: (a) (Customer Name) owns the resource, has committed to purchase power pursuant to an executed contract or has committed to purchase generation where execution of a contract is contingent upon the availability of network transmission service under the OATT, and (b) the Network Resource does not include any resources, or any portion thereof, that is committed for sale to non-designated third-party load or otherwise cannot be called upon to meet the (Customer Name) Network Load on a non-interruptible basis. For the redesignation of the resource, (Customer Name) incorporates by reference the unchanged information previously submitted to APS for the original designation of the resource.

(Name of Individual Submitting Request)