

**Cleco Power LLC**  
**Orders 890 & 890-A Compliant OATT:**  
**Energy and Generator Imbalances**

**General**

Both energy imbalance and generator imbalance penalties exist within Cleco's OATT. These imbalance services are found as Schedule 4 and Schedule 10 respectively. Both employ a tiered approach to settling imbalances financially. As the magnitude of the imbalance grows, so do the imbalance penalties applied.

Energy imbalance service is provided when a difference occurs between the scheduled and the actual delivery of energy to a load within Cleco's control area over a single hour. Similarly, generator imbalance service is provided when a difference occurs between the outputs of a generator located in the Cleco's control area to (1) another control area or (2) a load within the transmission provider's control area over a single hour. Both are associated with the Transmission Customer. The Transmission Provider may assess the Transmission Customer imbalance charges for either hourly generator imbalance or hourly energy imbalance for the same imbalance but not both.<sup>1</sup> In such instances, Cleco's practice shall be to charge generator imbalance and to waive the energy imbalance on that transaction.

Simplistically, the three tiers and settlement prices used under Schedules 4 and 10 are:

Tier 1 (netted throughout the month for single settlement):  
Schedule deviation range- 0% to 1.5% (minimum of 2 MW)  
Settlement Cost- 100% of incremental or decremental cost

Tier 2 (settled hourly):  
Schedule deviation range- >1.5% to 7.5% (> 2 MW up to 10 MW)  
Settlement Cost- 110% incremental or 90% decremental cost

Tier 3 (settled hourly):  
Schedule deviation range- >7.5% (> 10 MW)  
Settlement Cost- 125% incremental or 75% decremental cost  
Note: Tier 3 does not apply to intermittent resource<sup>2</sup>. Tier 2 shall apply for all intermittent resource deviations above the Tier 1 magnitude.

Imbalance charges for deviations attributable to the generator following directives of the Transmission Provider, balancing authority, or reliability coordinator shall not apply and will be settled at the end of each month at 100% of incremental or decremental cost. Such directives include instructions to correct frequency decay, response to a reserve sharing event (if properly

<sup>1</sup> This exclusion will not apply to Tier 1 since in that tier the charges are small and socialized. It is not possible to determine whether there is a net imbalance until the end of the month and even then responsibility can not be attributed.

<sup>2</sup> An intermittent resource includes wind generators and run-of-river hydro units.

structured arrangements have been made with Transmission provider beforehand), or a change of output to relieve congestion.

## **Other Tariff Language and Business Practices**

### General

In the event there is a conflict between the language within this document and the OATT, the OATT language shall apply.

### Requirements

1- Imbalance revenues received by the Transmission Provider that are in excess of incremental costs (“Excess Revenues”) must be rebated to all eligible Transmission Customers (including Transmission Provider for Third-Party Sales and the Transmission Provider on behalf of its Native Load Customers<sup>3</sup>).

2- A Transmission Customer is deemed to be eligible for a rebate of imbalance penalty Excess Revenues if the Transmission Customer reserved transmission service under the OATT during the hour in which an imbalance penalty is assessed (Tier 2 and Tier 3) and that Transmission Customer incurred no generator or energy imbalance penalty<sup>4</sup>.

3- Imbalance revenues and expenses will be booked to separate accounts. The revenues will further be divided into sub-accounts distinguishing Excess Revenues from revenues collected up to 100% or Cleco’s incremental cost.

4- CPWR (Cleco Retail Energy Operations)<sup>5</sup> and CPWM (Cleco Power Wholesale Energy Services) are both departments within Cleco Power LLC. If an affiliate of Cleco Power is eligible for a rebate of Excess Revenues, the affiliate will qualify without regard to eligibility of either Cleco Power department. Similarly, the eligibility of CPWR or CPWM for a disbursement of Excess Revenues is determined based on individual performance without regard to the other’s performance.

5- Excess Revenue rebates will be calculated and distributed on a monthly basis either simultaneously on the current month’s bills to each eligible customer or as a separate cash payment to each eligible customer.

6- If there is no Transmission Customer eligible to receive an Excess Revenue rebate in a given hour for which Cleco has collected Excess Revenues, the Excess Revenues are carried forward until the first hour in which there is at least one Transmission Customer eligible to receive the

<sup>3</sup> All excess revenues collected on behalf of Native Load are flowed through the Transmission Provider to those customers.

<sup>4</sup> A customer remains eligible for an imbalance penalty disbursement even if it experience Tier 1 imbalance during that hour. Imbalance Tier 1 has not penalty component being it is billed at 100% of incremental/decremental cost.

<sup>5</sup> CPWM independently performs all wholesale Third-Party Sales on behalf of the Transmission Provider.

rebate. If a rebate is carried forward into an hour within a month following the month in which the imbalance actually occurred, interest<sup>6</sup> shall be applied.

7- At the end of each month, the distribution of Excess Revenues is calculated hourly based on a pro-rata distribution which is a function of the end-of-month invoices for transmission service under Part II and Part III of the OATT of each eligible customer versus the total of all OATT transmission invoices of eligible customers taking service that month. This distribution of imbalance Excess Revenues is not subject to revision due to billing disputes or corrections.

<sup>6</sup> Interest is calculated In accordance with 18 C.F.R. 35.19a(a)(2)(iii).

## BUSINESS PRACTICE REVISIONS

1- Issued March 05, 2008: In accordance with Ferc Order 890-A, transmission customer eligibility for a distribution of imbalance penalty excess revenues is to be calculated on an hourly basis based on that transmission customer's imbalance performance during that hour in which an imbalance penalty has occurred.