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Entergy Services, Inc. FERC Electric Tariff, Fourth Revised Volume No. 3¹

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Entergy Services, Inc.
FERC Electric Tariff
Fourth Revised Volume No. 3

OPEN ACCESS TRANSMISSION TARIFF

ENTERGY SERVICES, INC.

AS AGENT FOR

ENTERGY ARKANSAS, INC.
ENTERGY GULF STATES LOUISIANA, L.L.C.
ENTERGY LOUISIANA, LLC
ENTERGY MISSISSIPPI, INC.
ENTERGY NEW ORLEANS, INC.
ENTERGY TEXAS, INC.

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I. COMMON SERVICE PROVISIONS

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1.1 Affiliate

With respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.

1.2 Ancillary Services

Those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the Transmission Provider's Transmission System in accordance with Good Utility Practice.

1.3 Application

A request by an Eligible Customer for transmission service pursuant to the provisions of the Tariff.

1.4 Commission

The Federal Energy Regulatory Commission.

1.5 Completed Application

An Application that satisfies all of the information and other requirements of the Tariff, including any required deposit.

1.6 Control Area

An electric power system or combination of electric power systems to which a common automatic generation control scheme is applied in order to:

1. match, at all times, the power output of the generators within the electric power system(s) and capacity and energy purchased from entities outside the electric power system(s), with the load within the electric power system(s);
2. maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice;
3. maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice; and
4. provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice.

1.7 Curtailment

A reduction in firm or non-firm transmission service in response to a transfer capability shortage as a result of system reliability conditions.

1.8 Customer Bulk Transmission Load Ratio Share

The ratio of the Transmission Customer's Network Load to the Entergy Transmission net area peak loads, as computed in accordance with Paragraph 3.c of Attachment H.

1.9 Delivering Party

The entity supplying capacity and energy to be transmitted at Point(s) of Receipt.

1.10 Designated Agent

Any entity that performs actions or functions on behalf of the Transmission Provider, an Eligible Customer, or the Transmission Customer required under the Tariff.

1.11 Direct Assignment Facilities

Facilities or portions of facilities that are constructed by the Transmission Provider for the sole use/benefit of a particular Transmission Customer requesting service under the Tariff. Direct Assignment Facilities shall be specified in the Service Agreement that governs service to the Transmission Customer and shall be subject to Commission approval.

1.12 Eligible Customer

- i. Any electric utility (including the Transmission Provider and any power marketer), Federal power marketing agency, or any person generating electric energy for sale for resale is an Eligible Customer under the Tariff. Electric energy sold or produced by such entity may be electric energy produced in the United States, Canada or Mexico. However, with respect to transmission service that the Commission is prohibited from ordering by Section 212(h) of the Federal Power Act, such entity is eligible only if the service is provided pursuant to a state requirement that the Transmission Provider offer the unbundled transmission service, or pursuant to a voluntary offer of such service by the Transmission Provider.
- ii. Any retail customer taking unbundled transmission service pursuant to a state requirement that the Transmission Provider offer the transmission service, or pursuant to a voluntary offer of such service by the Transmission Provider, is an Eligible Customer under the Tariff.

1.13 ESI

Entergy Services, Inc., a service company subsidiary of Entergy Corporation and agent for the Transmission Provider with respect to the administration of this Tariff. Obligations imposed by the provisions of this Tariff on the Transmission Provider may in actuality be fulfilled by ESI, even though not explicitly stated in those provisions.

1.14 Facilities Study

An engineering study conducted by the Transmission Provider to determine the required modifications to the Transmission Provider's Transmission System, including the cost and scheduled completion date for such modifications, that will be required to provide the requested transmission service.

1.15 Firm Point-To-Point Transmission Service

Transmission Service under this Tariff that is reserved and/or scheduled between specified Points of Receipt and Delivery pursuant to Part II of this Tariff.

1.16 Good Utility Practice

Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region, including those practices required by Federal Power Act section 215(a)(4).

1.17 Independent Coordinator of Transmission or ICT

A party that meets the independence criteria of Section 2 of Attachment S and contracts with the Transmission Provider to implement the provisions of Attachment S. Obligations imposed by provisions of this Tariff on the Transmission Provider may be fulfilled in whole or in part by the ICT in accordance with Attachments S-V, even though not explicitly stated in those Tariff provisions.

1.18 Interruption

A reduction in non-firm transmission service due to economic reasons pursuant to Section 14.7.

1.19 Load Ratio Share

The Customer Bulk Transmission Load Ratio Share as defined in Section 1.8.

1.20 Load Shedding

The systematic reduction of system demand by temporarily decreasing load in response to transmission system or area capacity shortages, system instability, or voltage control considerations under Part III of the Tariff.

1.21 Long-Term Firm Point-To-Point Transmission Service

Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of one year or more.

1.22 Native Load Customers

The wholesale and retail power customers of the Transmission Provider on whose behalf the Transmission Provider, by statute, franchise, regulatory requirement, or contract, has undertaken an obligation to construct and operate the Transmission Provider's system to meet the reliable electric needs of such customers.

1.23 Network Customer

An entity receiving transmission service pursuant to the terms of the Transmission Provider's Network Integration Transmission Service under Part III of the Tariff.

1.24 Network Integration Transmission Service ("NITS")

The transmission service provided under Part III of the Tariff.

1.25 Network Load

The load that a Network Customer designates for Network Integration Transmission Service under Part III of the Tariff. The Network Customer's Network Load shall include all load served by the output of any Network Resources designated by the Network Customer. A Network Customer may elect to designate less than its total load as Network Load but may not designate only part of the load at a discrete Point of Delivery. Where a Eligible Customer has elected not to designate a particular load at discrete points of delivery as Network Load, the Eligible Customer is responsible for making separate arrangements under Part II of the Tariff for any Point-To-Point Transmission Service that may be necessary for such non-designated load.

1.26 Network Operating Agreement

An executed agreement that contains the terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Network Integration Transmission Service under Part III of the Tariff.

1.27 Network Operating Committee

A group made up of representatives from the Network Customer(s) and the Transmission Provider established to coordinate operating criteria and other technical considerations required for implementation of Network Integration Transmission Service under Part III of this Tariff.

1.28 Network Resource

Any designated generating resource owned, purchased or leased by a Network Customer under the Network Integration Transmission Service Tariff. Network Resources do not include any resource, or any portion thereof, that is committed for sale to third parties or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program.

1.29 Network Upgrades ("NU")

Modifications or additions to transmission-related facilities that are integrated with and support the Transmission Provider's overall Transmission System for the general benefit of all users of such Transmission System.

1.30 Non-Firm Point-To-Point Transmission Service

Point-To-Point Transmission Service under the Tariff that is reserved and scheduled on an as-available basis and is subject to Curtailment or Interruption as set forth in Section 14.7 under Part II of this Tariff. Non-Firm Point-To-Point Transmission Service is available on a stand-alone basis for periods ranging from one hour to one month.

1.31 Non-Firm Sale

An energy sale for which receipt or delivery may be interrupted for any reason or no reason, without liability on the part of either the buyer or seller.

1.32 Open Access Same-Time Information System (OASIS)

The information system and standards of conduct contained in Part 37 of the Commission's regulations and all additional requirements implemented by subsequent Commission orders dealing with OASIS.

1.33 Part I

Tariff Definitions and Common Service Provisions contained in Sections 2 through 12.

1.34 Part II

Tariff Sections 13 through 27 pertaining to Point-To-Point Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.

1.35 Part III

Tariff Sections 28 through 35 pertaining to Network Integration Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.

1.36 Parties

The Transmission Provider and the Transmission Customer receiving service under the Tariff.

1.37 Point(s) of Delivery

Point(s) on the Transmission Provider's Transmission System where capacity and energy transmitted by the Transmission Provider will be made available to the Receiving Party under Part II of the Tariff. The Point(s) of Delivery shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.

1.38 Point(s) of Receipt

Point(s) of interconnection on the Transmission Provider's Transmission System where capacity and energy will be made available to the Transmission Provider by the Delivering Party under Part II of the Tariff. The Point(s) of Receipt shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.

1.39 Point-To-Point Transmission Service ("P-t-P Service")

The reservation and transmission of capacity and energy on either a firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery under Part II of the Tariff.

1.40 Power Purchaser

The entity that is purchasing the capacity and energy to be transmitted under the Tariff.

1.41 Pre-Confirmed Application

An Application that commits the Eligible Customer to execute a Service Agreement upon receipt of notification that the Transmission Provider can provide the requested Transmission Service.

1.42 Receiving Party

The entity receiving the capacity and energy transmitted by the Transmission Provider to Point(s) of Delivery.

1.43 Regional Transmission Group (RTG)

A voluntary organization of transmission owners, transmission users and other entities approved by the Commission to efficiently coordinate transmission planning (and expansion), operation and use on a regional (and interregional) basis.

1.44 Reserved Capacity

The maximum amount of capacity and energy that the Transmission Provider agrees to transmit for the Transmission Customer over the Transmission Provider's Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under Part II of the Tariff. Reserved Capacity shall be expressed in terms of whole megawatts on a sixty (60) minute interval (commencing on the clock hour) basis.

1.45 Service Agreement

The initial agreement and any amendments or supplements thereto entered into by the Transmission Customer and the Transmission Provider for service under the Tariff.

1.46 Service Commencement Date

The date the Transmission Provider begins to provide service pursuant to the terms of an executed Service Agreement, or the date the Transmission Provider begins to provide service in accordance with Section 15.3 or Section 29.1 under the Tariff.

1.47 Short-Term Firm Point-To-Point Transmission Service

Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of less than one year.

1.48 System Condition

A specified condition on the Transmission Provider's system or on a neighboring system, such as a constrained transmission element or flowgate, that may trigger Curtailment of Long-Term Firm Point-to-Point Transmission Service using the curtailment priority pursuant to Section 13.6. Such conditions must be identified in the Transmission Customer's Service Agreement.

1.49 System Impact Study

An assessment by the Transmission Provider of (i) the adequacy of the Transmission System to accommodate a request for either Firm Point-To-Point Transmission Service or Network Integration Transmission Service and (ii) whether any additional costs may be incurred in order to provide transmission service.

1.50 Third-Party Sale

Any sale for resale in interstate commerce to a Power Purchaser that is not designated as part of Network Load under the Network Integration Transmission Service.

1.51 Transmission Customer ("TC")

Any Eligible Customer (or its Designated Agent) that (i) executes a Service Agreement, or (ii) requests in writing that the Transmission Provider file with the Commission, a proposed unexecuted Service Agreement to receive transmission service under Part II of the Tariff. This term is used in the Part I Common Service Provisions to include customers receiving transmission service under Part II and Part III of this Tariff.

1.52 Transmission Provider ("TP")

The Entergy Corporation System operating companies, namely, Entergy Arkansas, Inc., Entergy Gulf States Louisiana, L.L.C., Entergy Louisiana, LLC., Entergy Mississippi, Inc., Entergy New Orleans, Inc., and Entergy Texas, Inc., collectively or in any combination, including individually.

1.53 Transmission Provider's Monthly Transmission System Peak

The maximum firm usage of the Transmission Provider's Transmission System in a calendar month.

1.54 Transmission Service

Point-To-Point Transmission Service provided under Part II of the Tariff on a firm and non-firm basis.

1.55 Transmission System

The facilities owned, controlled or operated by the Transmission Provider that are used to provide transmission service under Part II and Part III of the Tariff.

2. Initial Allocation and Renewal Procedures

2.1 Initial Allocation of Available Transfer Capability

For purposes of determining whether existing capability on the Transmission Provider's Transmission System is adequate to accommodate a request for firm service under this Tariff, all Completed Applications for new firm transmission service received during the initial sixty (60) day period commencing with the effective date of the Tariff will be deemed to have been filed simultaneously. A lottery system conducted by an independent party shall be used to assign priorities for Completed Applications filed simultaneously. All Completed Applications for firm transmission service received after the initial sixty (60) day period shall be assigned a priority pursuant to Section 13.2.

2.2 Reservation Priority For Existing Firm Service Customers

Existing firm service customers (wholesale requirements and transmission-only, with a contract term of five years or more), have the right to continue to take transmission service from the Transmission Provider when the contract expires, rolls over or is renewed. This transmission reservation priority is independent of whether the existing customer continues to purchase capacity and energy from the Transmission Provider or elects to purchase capacity and energy from another supplier. If at the end of the contract term, the Transmission Provider's Transmission System cannot accommodate all of the requests for transmission service, the existing firm service customer must agree to accept a contract term at least equal to a competing request by any new Eligible Customer and to pay the current just and reasonable rate, as approved by the Commission, for such service; provided that, the firm service customer shall have a right of first refusal at the end of such service only if the new contract is for five years or more. The existing firm service customer must provide notice to the Transmission Provider whether it will exercise its right of first refusal no less than one year prior to the expiration date of its transmission service agreement. This transmission reservation priority for existing firm service customers is an ongoing right that may be exercised at the end of all firm contract terms of five years or longer. Service agreements subject to a right of first refusal entered into prior to October 18, 2008 or associated with a transmission service request received prior to July 13, 2007, unless terminated, will become subject to the five year/one year requirement on the first rollover date after October 18, 2008; provided that, the one-year notice requirement shall apply to such service agreements with five years or more left in their terms as of the October 18, 2008.

3. Ancillary Services

Ancillary Services are needed with transmission service to maintain reliability within and among the Control Areas affected by the transmission service. The Transmission Provider is required to offer to provide (or offer to arrange with the local Control Area operator as discussed

below), and the Transmission Customer is required to purchase, the following Ancillary Services (i) Scheduling, System Control and Dispatch, and (ii) Reactive Supply and Voltage Control from Generation or Other Sources.

The Transmission Provider is required to provide (or offer to arrange with the local Control Area operator as discussed below) the following Ancillary Services only to the Transmission Customer serving load within the Transmission Provider's Control Area (i) Regulation and Frequency Response, (ii) Energy Imbalance, (iii) Operating Reserve - Spinning, and (iv) Operating Reserve - Supplemental. The Transmission Customer serving load within the Transmission Provider's Control Area is required to acquire these Ancillary Services, whether from the Transmission Provider, from a third party, or by self-supply.

The Transmission Provider will, pursuant to Attachment P, provide (or offer to arrange with the local Control Area Operator as discussed below), to the extent it is physically feasible to do so from its resources or from resources available to it, Generator Imbalance Service when Transmission Service is used to deliver energy from a generator located within its Control Area. The Transmission Customer using Transmission Service to deliver energy from a generator located within the Transmission Provider's Control Area is required to acquire Generator Imbalance Service, whether from the Transmission Provider, from a third party, or by self-supply.

The Transmission Customer may not decline the Transmission Provider's offer of Ancillary Services unless it demonstrates that it has acquired the Ancillary Services from another source. The Transmission Customer must list in its Application which Ancillary Services it will purchase from the Transmission Provider. A Transmission Customer that exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery or an Eligible Customer that uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved is required to pay for all of the Ancillary Services identified in this section that were provided by the Transmission Provider associated with the unreserved service. The Transmission Customer or Eligible Customer will pay for Ancillary Services based on the amount of transmission service it used but did not reserve.

If the Transmission Provider is a public utility providing transmission service but is not a Control Area operator, it may be unable to provide some or all of the Ancillary Services. In this case, the Transmission Provider can fulfill its obligation to provide Ancillary Services by acting as the Transmission Customer's agent to secure these Ancillary Services from the Control Area operator. The Transmission Customer may elect to (i) have the Transmission Provider act as its agent, (ii) secure the Ancillary Services directly from the Control Area operator, or (iii) secure the Ancillary Services (discussed in Schedules 3, 4, 5, and 6, and Attachment P) from a third party or by self-supply when technically feasible.

The Transmission Provider shall specify the rate treatment and all related terms and conditions in the event of an unauthorized use of Ancillary Services by the Transmission Customer. The specific Ancillary Services, prices and/or compensation methods are described on the Schedules that are attached to and made a part of the Tariff. Three principal requirements apply to discounts for Ancillary Services provided by the Transmission Provider in conjunction with its provision of transmission service as follows: (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an Affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. A discount agreed upon for an Ancillary Service must be offered for the same period to all Eligible Customers on the Transmission Provider's system. Sections 3.1 through 3.7 below list the seven Ancillary Services.

3.1 Scheduling, System Control and Dispatch Service

The rates and/or methodology are described in Schedule 1.

3.2 Reactive Supply and Voltage Control Service

Reactive Supply and Voltage Control from Generation or Other Sources Service

The rates and/or methodology are described in Schedule 2.

3.3 Regulation and Frequency Response Service

Where applicable the rates and/or methodology are described in Schedule 3.

3.4 Energy Imbalance Service

Where applicable the rates and/or methodology are described in Schedule 4.

3.5 Operating Reserve - Spinning Reserve Service

Where applicable the rates and/or methodology are described in Schedule 5.

3.6 Operating Reserve - Supplemental Reserve Service

Where applicable the rates and/or methodology are described in Schedule 6.

3.7 Generator Imbalance Service

Where applicable the rates and/or methodology are described in Attachment P.

3.8 Allocation of Revenue

The revenue the Transmission Provider receives for providing Ancillary Services pursuant to the provisions of this Section 3, Schedules 1-6 and Attachment P will be allocated among the Entergy Operating Companies based on their Responsibility Ratios, as defined in the Entergy System Agreement and as set out in the Entergy System Bill for the most recently available month. The revenue the Transmission Provider receives pursuant to the provisions of Schedules 9 and 10 will be allocated among the Entergy Operating Companies based on their Responsibility Ratios, as defined in the Entergy System Agreement and as set out in the Entergy System Bill for the most recently available month.

4. Open Access Same-Time Information System (OASIS)

4.1 Terms and Conditions

Terms and conditions regarding Open Access Same-Time Information System and standards of conduct are set forth in 18 CFR § 37 of the Commission's regulations (Open Access Same-Time Information System and Standards of Conduct for Public Utilities) and 18 C.F.R. § 38 of the Commission's regulations (Business Practice Standards and Communication Protocols for Public Utilities). In the event available transfer capability as posted on the OASIS is insufficient to accommodate a request for firm transmission service, additional studies may be required as provided by this Tariff pursuant to Sections 19 and 32.

The Transmission Provider shall post on OASIS and its public website an electronic link to all rules, standards and practices that (i) relate to the terms and conditions of transmission service, (ii) are not subject to a North American Energy Standards Board (NAESB) copyright restriction, and (iii) are not otherwise included in this Tariff. The Transmission Provider shall post on OASIS and on its public website an electronic link to the NAESB website where any rules, standards and practices that are protected by copyright may be obtained. The Transmission Provider shall also post on OASIS and its public website an electronic link to a statement of the process by which the Transmission Provider shall add, delete or otherwise modify the rules, standards and practices that are not included in this tariff. Such process shall set forth the means by which the Transmission Provider shall provide reasonable advance notice to Transmission Customers and Eligible Customers of any such additions, deletions or modifications, the associated effective date, and any additional implementation procedures that the Transmission Provider deems appropriate.

4.2 NAESB-WEQ Business Practice Standards

- (i) Business Practices for Open Access Same-Time Information Systems (OASIS),
Version 1.4 (WEQ-001, Version 001, Oct. 31, 2007, with minor corrections applied on Nov. 16, 2007) including Standards 001-0.2 through 001-0.8, 001-0.14 through 001-0.20, 001-2.0 through 001-9.6.2, 001-9.8 through 001-12.5.2, and 001-A and 001-B;
- (ii) Business Practices for Open Access Same-Time Information Systems (OASIS)
Standards & Communications Protocols, Version 1.4 (WEQ-002, Version 001, Oct. 31, 2007, with minor corrections applied on Nov. 16, 2007) including Standards 002-1 through 002-5.10;
- (iii) Open Access Same-Time Information Systems (OASIS) Data Dictionary, Version 1.4 (WEQ-003, Version 001, Oct. 31, 2007, with minor corrections applied on Nov. 16, 2007) including Standard 003-0;

- (iv) Coordinate Interchange (WEQ-004, Version 001, Oct. 31, 2007, with minor corrections applied on Nov. 16, 2007) including Purpose, Applicability, and Standards 004-0 through 004-13, and 004-A through 004-D;
- (v) Area Control Error (ACE) Equation Special Cases Standards (WEQ-005, Version 001, Oct. 31, 2007, with minor corrections applied on Nov. 16, 2007) including Purpose, Applicability, and Standards 005-0.1 through 005-3.1.3, and 005-A;
- (vi) Manual Time Error Correction (WEQ-006, Version 001, Oct. 31, 2007, with minor corrections applied on Nov. 16, 2007) including Purpose, Applicability, and Standards 006-0.1 through 006-12;
- (vii) Inadvertent Interchange Payback (WEQ-007, Version 001, Oct. 31, 2007, with minor corrections applied on Nov. 16, 2007) including Purpose, Applicability, and Standards 007-0.1 through 007-2, and 007-A;
- (viii) Transmission Loading Relief – Eastern Interconnection (WEQ-008, Version 001, Oct. 31, 2007, with minor corrections applied on Nov. 16, 2007) including Purpose, Applicability, and Standards 008-0.1 through 008-3.11.2.8, and 008-A through 008-D;
- (ix) Gas/Electric Coordination (WEQ-011, Version 001, Oct. 31, 2007, with minor corrections applied on Nov. 16, 2007) including Standards 011-0.1 through 011-1.6;
- (x) Public Key Infrastructure (PKI) (WEQ-012, Version 001, Oct. 31, 2007, with minor corrections applied on Nov. 16, 2007) including Recommended Standard, Certification, Scope, Commitment to Open Standards, and Standards 012-0.1 through 012-1.26.5; and
- (xi) Business Practices for Open Access Same-Time Information Systems (OASIS) Implementation Guide, Version 1.4 (WEQ-013, Version 001, Oct. 31, 2007, with minor corrections applied on Nov. 16, 2007) including Introduction and Standards 013-0.1 through 013-4.2.

4.3 Posting of Redispatch Costs

The Transmission Provider shall post on OASIS its monthly average cost of redispatch for each internal congested transmission facility or interface over which (a) it provides for redispatch service using planning redispatch under the Tariff or (b) it provides and invoices customers for reliability redispatch under the Tariff. The Transmission Provider also shall post a high and low redispatch cost for the month for each such transmission constraint. The Transmission Provider shall post such information regardless of whether a Transmission Customer is required to pay the exact costs of redispatch. Local Furnishing Bonds

5. Local Furnishing Bonds ("LFB")

5.1 Transmission Providers That Own Facilities Financed by LFBs

This provision is applicable only to Transmission Providers that have financed facilities for the local furnishing of electric energy with tax-exempt bonds, as described in Section 142(f) of the Internal Revenue Code ("local furnishing bonds"). Notwithstanding any other provision of this Tariff, the Transmission Provider shall not be required to provide transmission service to any Eligible Customer pursuant to this Tariff if the provision of such transmission service would jeopardize the tax-exempt status of any local furnishing bond(s) used to finance the Transmission Provider's facilities that would be used in providing such transmission service.

5.2 Alternative Procedures for Requesting Transmission Service

- i. If the Transmission Provider determines that the provision of transmission service requested by an Eligible Customer would jeopardize the tax-exempt status of any local furnishing bond(s) used to finance its facilities that would be used in providing such transmission service, it shall advise the Eligible Customer within thirty (30) days of receipt of the Completed Application.
- ii. If the Eligible Customer thereafter renews its request for the same transmission service referred to in (i) by tendering an application under Section 211 of the Federal Power Act, the Transmission Provider, within ten (10) days of receiving a copy of the Section 211 application, will waive its rights to a request for service under Section 213(a) of the Federal Power Act and to the issuance of a proposed order under Section 212(c) of the Federal Power Act. The Commission, upon receipt of the Transmission Provider's waiver of its rights to a request for service under Section 213(a) of the Federal Power Act and to the issuance of a proposed order under Section 212(c) of the Federal Power Act, shall issue an order under Section 211 of the Federal Power Act. Upon issuance of the order under Section 211 of the Federal Power Act, the Transmission Provider shall be required to provide the requested transmission service in accordance with the terms and conditions of this Tariff.

6. Reciprocity

A Transmission Customer receiving transmission service under this Tariff agrees to provide comparable transmission service that it is capable of providing to the Transmission Provider on similar terms and conditions over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of

electric energy owned, controlled or operated by the Transmission Customer's corporate Affiliates. A Transmission Customer that is a member of, or takes transmission service from, a power pool, Regional Transmission Group, Regional Transmission Organization (RTO), Independent System Operator (ISO) or other transmission organization approved by the Commission for the operation of transmission facilities also agrees to provide comparable transmission service to the transmission-owning members of such power pool and Regional Transmission Group, RTO, ISO or other transmission organization on similar terms and conditions over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer's corporate Affiliates.

This reciprocity requirement applies not only to the Transmission Customer that obtains transmission service under the Tariff, but also to all parties to a transaction that involves the use of transmission service under the Tariff, including the power seller, buyer and any intermediary, such as a power marketer. This reciprocity requirement also applies to any Eligible Customer that owns, controls or operates transmission facilities that uses an intermediary, such as a power marketer, to request transmission service under the Tariff. If the Transmission Customer does not own, control or operate transmission facilities, it must include in its Application a sworn statement of one of its duly authorized officers or other representatives that the purpose of its Application is not to assist an Eligible Customer to avoid the requirements of this provision.

7. Billing and Payment

7.1 Billing Procedure

Within a reasonable time after the first day of each month, the Transmission Provider shall submit an invoice to the Transmission Customer for the charges for all services furnished under the Tariff during the preceding month. The invoice shall be paid by the Transmission Customer within twenty (20) days of receipt. All payments shall be made in immediately available funds payable to the Transmission Provider, or by wire transfer to a bank named by the Transmission Provider.

7.2 Interest on Unpaid Balances

Interest on any unpaid amounts (including amounts placed in escrow) shall be calculated in accordance with the methodology specified for interest on refunds in the Commission's regulations at 18 C.F.R. § 35.19a(a)(2)(iii). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt by the Transmission Provider.

7.3 Customer Default

In the event the Transmission Customer fails, for any reason other than a billing dispute as described below, to make payment to the Transmission Provider on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after the Transmission Provider notifies the Transmission Customer to cure such failure, a default by the Transmission Customer shall be deemed to exist. Upon the occurrence of a default, the Transmission Provider may initiate a proceeding with the Commission to terminate service but shall not terminate service

until the Commission so approves any such request. In the event of a billing dispute between the Transmission Provider and the Transmission Customer, the Transmission Provider will continue to provide service under the Service Agreement as long as the Transmission Customer (i) continues to make all payments not in dispute, and (ii) pays into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If the Transmission Customer fails to meet these two requirements for continuation of service, then the Transmission Provider may provide notice to the Transmission Customer of its intention to suspend service in sixty (60) days, in accordance with Commission policy.

8. Accounting for the Transmission Provider's Use of the Tariff

The Transmission Provider shall record the following amounts, as outlined below.

8.1 Transmission Revenues

Include in a separate operating revenue account or subaccount the revenues it receives from Transmission Service when making Third-Party Sales under Part II of the Tariff.

8.2 Study Costs and Revenues

Include in a separate transmission operating expense account or subaccount, costs properly chargeable to expense that are incurred to perform any System Impact Studies or Facilities Studies which the Transmission Provider conducts to determine if it must construct new transmission facilities or upgrades necessary for its own uses, including making Third-Party Sales under the Tariff; and include in a separate operating revenue account or subaccount the revenues received for System Impact Studies or Facilities Studies performed when such amounts are separately stated and identified in the Transmission Customer's billing under the Tariff.

9. Regulatory Filings

Unless otherwise specifically provided in this Tariff, nothing contained in the Tariff or any Service Agreement shall be construed as affecting in any way the right of the Transmission Provider to unilaterally make application to the Commission for a change in rates, terms and conditions, charges, classification of service, Service Agreement, rule or regulation under Section 205 of the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

Nothing contained in the Tariff or any Service Agreement shall be construed as affecting in any way the ability of any Party receiving service under the Tariff to exercise its rights under the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

10. Force Majeure and Indemnification

10.1 Force Majeure

An event of Force Majeure means any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any Curtailment, order, regulation or restriction imposed by governmental military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include an act of negligence or intentional wrongdoing. Neither the Transmission Provider nor the Transmission Customer will be considered in default as to any obligation under this Tariff if prevented from fulfilling the obligation due to an event of Force Majeure. However, a Party whose performance

under this Tariff is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Tariff.

10.2 Indemnification

The Transmission Customer shall at all times indemnify, defend, and save the Transmission Provider harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the Transmission Provider's performance of its obligations under this Tariff on behalf of the Transmission Customer, except in cases of negligence or intentional wrongdoing by the Transmission Provider.

The Transmission Customer shall at all times indemnify, defend, and save the ICT, as defined in Attachment S, harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the ICT's performance of its obligations under this Tariff on behalf of the Transmission Customer, except in cases of gross negligence or intentional wrongdoing by the ICT.

11. Creditworthiness

11.1 Credit Review

For the purpose of determining the ability of a Transmission Customer to fulfill its financial obligations pursuant to the Tariff, the Transmission Provider shall require commercially reasonable credit review procedures described in both this Section 11 and Attachment L to the Tariff. A creditworthiness review shall be conducted for each Transmission Customer upon its initial request for Transmission Service, and thereafter generally annually, or upon the anniversary of the Transmission Customer's Service Commencement Date, or upon reasonable request by the Transmission Customer.

Provided, however, any time that a Transmission Customer experiences any credit downgrade that may place it below the standards specified in Section 11.2, the Transmission Provider reserves the right to re-evaluate the Transmission Customer's creditworthiness pursuant to this Section 11.

Further, if in accordance with Section 11.3.3, the Transmission Provider determines that financial assurances that a Transmission Customer has previously provided pursuant to this Section 11 have become insufficient to protect the Transmission Provider against the risk of non-payment, Transmission Provider can require the Transmission Customer to increase such financial assurances.

11.2 Creditworthiness

Both new and existing Transmission Customers that, upon their application for Transmission Service and throughout the term of their Service Agreements, satisfy the criteria delineated in this Section 11.2 will be considered creditworthy by the Transmission Provider. Such Transmission Customers will not be required to submit financial assurances (including, with respect to new customers, the application deposits that would otherwise be required pursuant to either Sections 17.3 or 29.2 of the Tariff) in order to protect the Transmission Provider from the risk of non-payment. Pursuant to this Section 11.2, if applicable, a Transmission Customer is creditworthy if it has not, pursuant to Section 7.3, Defaulted more than once in the last twelve (12) months and:

- i. has a Standard and Poor's ("S&P") Long-Term Issuer Credit Rating of BBB- (or better); or (ii) a Moody's Investor Service, Inc. ("Moody's") Long-Term Issuer Credit Rating of Baa3 (or better). In the event that a Transmission Customer or its guarantor is rated by both S&P and Moody's, then the Transmission Provider will use the lower of the two ratings; or
- ii. is a borrower from the Rural Utilities Service ("RUS") and has a "Times Interest Earned Ratio" of 1.05 (or better) and a "Debt Service Coverage Ratio" of 1.00 (or better) in the most recent calendar year, or is maintaining the Times Interest Earned Ratio and Debt Service Coverage Ratio as established in the Transmission Customer's RUS Mortgage. The Transmission Customer must provide appropriate documentation annually, or as agreed-upon by both parties; or
- iii. is a federal agency and its financial obligations under the Tariff are backed by the full faith and credit of the United States; or
- iv. is a municipal or state agency, or a rural electric cooperative (without RUS Debt) that: (a) if applicable, has been taking Transmission Service for one (1) year and has provided documentation that its financial obligations under the Tariff are backed by the full faith and credit of the municipality or state in which it is established; or (b) has provided documentation that under the applicable laws of the state in which it is established, that its financial obligations under the Tariff are deemed to be operating expenses and that the agency or the electric cooperative is required by such applicable laws to devote its revenues first to the payment of its operating and maintenance expenses and the principal and interest of its outstanding obligations prior to payment of all other obligations; or
- v. the Transmission Customer provides a letter of unconditional and continuing guaranty from its parent company. Such letter of guaranty must be acceptable to the Transmission Provider as to form and substance and can be used only if the guarantor meets, at the time of execution and maintains during the life of the applicable Service Agreement, a minimum credit rating as stated in Section 11.2(i). However, to the extent that the guarantor is placed on watch for possible downgrade and has: (i) a S&P Long-Term Issuer Credit Rating of BBB (or below); or (ii) a Moody's Long-Term Issuer Credit Rating of Baa2 (or below), then the Transmission Customer will be required to provide additional financial assurances as provided in this Section 11. A draft, acceptable form of a continuing guaranty shall be posted on OASIS; or
- vi. the Transmission Customer has been in business for at least one (1) year and provides its most recent audited financial statements to the Transmission Provider which demonstrate that the Transmission Customer's creditworthiness is least equivalent to the standards underlying a S&P Long-Term Issuer Credit Rating of BBB- (or better) or a Moody's Long-Term Issuer Credit

Rating Baa3 (or better) based on the standards described in Attachment L; provided that if the Transmission Customer is not found to be creditworthy pursuant to this Section 11.2(vi), then pursuant to Section 11.3.5, the Transmission Provider will inform the Transmission Customer of the reasons for that determination.

11.3 Creditworthiness Procedures

The Transmission Provider shall require financial assurances in accordance with the procedures set forth below:

11.3.1 New Transmission Service

Upon its execution of a Transmission Service Agreement, a new Transmission Customer (or an existing Transmission Customer requesting new service) that does not meet the creditworthiness requirements established in Section 11.2 shall either:

- i. provide an unconditional and irrevocable standby letter of credit, or an alternative form of security identified in Section 11.5, in an amount equal to two (2) times the estimated charges for transmission and ancillary services including losses (rounded to the nearest thousand dollar increment) for an average month for that type of service. Provided, however, uncreditworthy customers applying for Non-Firm Point-to-Point Transmission Service shall provide an unconditional and irrevocable standby letter of credit, or an alternative form of security identified in Section 11.5, in an amount equal to three (3) times the estimated charges for transmission and ancillary services including losses (rounded to the nearest thousand dollar increment) for an average month for that type of service. The estimated average monthly charge for Long-Term Firm Point-to-Point and Network Integration Transmission Service shall be based on the Long-Term Firm Point-to-Point Transmission Service rate for the reserved capacity or the load being served, respectively. Any letter of credit provided by a Transmission Customer must be acceptable to the Transmission Provider and consistent with the Commercial practices established by the Uniform Commercial Code. All costs associated with the issuance and maintenance of a letter of credit shall be paid by the Transmission Customer. A draft, acceptable form of a letter of credit shall be posted on OASIS; or
- ii. arrange to prepay for Transmission Service as follows:
 - a. For requests with a term greater than one month, the prepayment for the first month must be made when the Transmission Customer makes its reservation for that Transmission Service request, and no later than five (5) business days before the commencement of service. Prepayments for the subsequent months of service must be made no later than five (5) business days prior to the beginning of each month;
 - b. For service for one (1) month or less, the Transmission Customer shall pay the total charge for service when it makes the request, and no later than five (5) business days prior to the commencement of service. For Network Integration Transmission Service

customers, the advance payment for each month shall be based on a reasonable estimate by the Transmission Provider of the charge for that month. The Transmission Provider shall pay interest on any prepayments made pursuant to this Section 11.3.1(ii) at the rates established in 18 C.F.R. § 35.19a(2)(iii).

A detailed description of Transmission Provider's prepayment procedures are included in Attachment L.

Where applicable, all uncreditworthy customers applying for new service that fail to meet Section 11.2's creditworthiness criteria shall also pay the application deposits required by either Sections 17.3 or 29.2 of the Tariff.

11.3.2 Existing Transmission Customers

Any Transmission Customer that originally meets the creditworthiness requirements of Section 11.2 and subsequently fails to meet those requirements after it requests Transmission Service but before termination of that service shall:

- i. Within five (5) business days of receipt of a notice from the Transmission Provider, provide the Transmission Provider an acceptable form of financial assurance permitted by this Section 11 that is equal to the Transmission Customer's average monthly Transmission Services charge for the applicable Transmission Service; and
- ii. Within thirty-five (35) calendar days of such notification, provide the Transmission Provider either: (a) an unconditional and irrevocable letter of credit that is equal to two (2) times the Transmission Customer's average monthly Transmission Services charge for the applicable Transmission Service, including losses; or (b) an equivalent alternate form of financial assurance pursuant to Section 11.5; or
- iii. arrange to prepay for Transmission Service in accordance with the procedures set forth in Section 11.3.1(ii). Provided, however, the Transmission Customer must provide the Transmission Provider payment for all outstanding Transmission Service charges no later than five (5) business days prior to the beginning of the next month. The average monthly Transmission Service charge for Sections 11.3.2(i) and (ii) will be based on the Transmission Customer's charges during the preceding twelve (12) months for the applicable Transmission Service. If the Transmission Customer has not yet been purchasing service for twelve (12) months, then the average will be the higher of either: (a) the average of the monthly cost of service to date; or (b) the average value specified in Section 11.3.1.

11.3.3 Right to Protect Against Additional Risk of Non-payment:

All financial assurances calculated and collected pursuant to Sections 11.3.1 and 11.3.2 must be sufficient to protect the Transmission Provider from the risk of non-payment with respect to an uncreditworthy Transmission Customer during the entire term of such customer's Transmission Service Agreement. Accordingly, after an uncreditworthy customer has provided the Transmission Provider financial assurances pursuant to Sections 11.3.1 or 11.3.2, the Transmission Provider will monitor the amount of such customer's Transmission Services charges to ensure that it has provided a sufficient amount of security to protect the Transmission Provider against the risk of non-payment. If a Transmission Customer is not in Default pursuant to Section 7.3, then the Transmission Customer shall provide the adjusted amount of financial assurances required pursuant to this Section 11.3.3 within thirty-five (35) calendar days of receipt of a notice from the Transmission Provider. A Transmission Customer will not be required to adjust its financial assurances pursuant to this Section 11.3.3 more than twice every twelve (12) months.

11.3.3.1 Adjustment of Financial Assurances Provided Pursuant to Section 11.3.1.

If a Transmission Customer provided security when initially applying for service pursuant to Section 11.3.1 and the Transmission Provider determines that the Transmission Customer's actual average monthly Transmission Services charges over any subsequent twelve (12) month period exceed the original average estimated charges for transmission and ancillary services upon which a financial assurance initially was based, then the Transmission Customer must increase its financial assurance to be equal to three (3) times its current actual average monthly purchases of Transmission Service. The value of the actual average monthly purchases of Transmission Services evaluated pursuant to this Section 11.3.3.1 will be based on the preceding twelve (12) month period as measured from the date immediately prior to the Transmission Provider's credit re-evaluation. Pursuant to Section 11.3.1, the sum of any required security will include, where applicable, any application deposits required pursuant to Sections 17.3 or 29.2.

11.3.3.2 Adjustment of Financial Assurances Provided Pursuant to Section 11.3.2.

If a Transmission Customer provided security pursuant to Section 11.3.2 and the Transmission Provider determines that the customer's actual average monthly purchases of Transmission Services over a subsequent twelve (12) month period exceed the original monthly average for charges for transmission and ancillary services upon which the amount of a financial assurance initially was based, then the Transmission Customer must increase the amount of its financial assurance to be equal to three (3) times its actual average purchases of Transmission Service. The value of the actual average monthly purchases of Transmission Services evaluated pursuant to this Section 11.3.3.2 will be based on the preceding twelve (12) month period as measured from the date immediately prior to the Transmission Provider's credit re-evaluation.

11.3.3.3 Transmission Customer Right To Request A Credit Re- evaluation.

Transmission Customers may make reasonable requests for the Transmission Provider to re-evaluate their creditworthiness pursuant to the relevant standard established in either Section

11.3.3.1 or 11.3.3.2. Based on such a re-evaluation, if appropriate, the Transmission Provider will reduce the amount of financial security requested from a Transmission Customer if an analysis of its transmission usage over the preceding twelve (12) month period indicates that the customer has provided security in excess of that required by this Section 11.

11.3.4 Right to Draw Upon Financial Assurances Upon Default

The Transmission Provider has the right to liquidate, or draw upon, all or a portion of a Transmission Customer's form of financial assurance(s) in order to satisfy a Transmission Customer's total net obligations to the Transmission Provider upon a Default pursuant to Section 7.3 of the Tariff. A Transmission Customer shall replace any liquidated, or drawn-upon, financial assurances pursuant to the timeframe delineated in Section 11.3.2.

11.3.5 Notice

The Transmission Provider's notification to a Transmission Customer will inform the Transmission Customer: (i) that it is not creditworthy pursuant to this Section 11, or in accordance with Section 11.3.3, that it must adjust previously provided financial assurances; (ii) why it is not creditworthy or why it must adjust previously provided financial assurances; (iii) that it must provide any required financial assurances by the deadlines specified in the notice; and (iv) that the Transmission Provider may take corrective actions, including suspension of service pursuant to Section 11.4, if the Transmission Customer fails to provide the required financial assurances by the specified deadlines. All notices sent to a Transmission Customer pursuant to this Section 11.3.5 shall be in writing and shall be sent to the Transmission Customer by telefax or overnight courier at the respective telephone number or courier address specified in the Transmission Customer's application for Transmission Service (or such other address as the Transmission Customer may have designated in writing to the Transmission Provider) and shall become effective upon actual receipt as evidenced by telefax confirmation sheet or tracking information provided by the overnight courier, as the case may be.

11.4 Suspension of Service

The Transmission Provider may suspend Transmission Service if:

- i. a Transmission Customer that is not in Default pursuant to Section 7.3 of this Tariff fails to provide the entirety of three (3) months of required financial assurances (or the entirety of any additional financial assurances required pursuant to Section 11.3.3 or 11.3.4) within thirty-five (35) calendar days after Transmission Provider's notification to such Transmission Customer pursuant to Section 11.3. Transmission Provider will provide at least thirty (30) calendar days written notice to the Commission before suspending Transmission Service; or
- ii. a Transmission Customer that is in Default pursuant to Section 7.3 of this Tariff fails to provide the entirety of the one month's requested financial assurance within five (5) business days

after the Transmission Provider's notification to such Transmission Customer pursuant to Section 11.3. Transmission Provider will provide five (5) calendar days written notice to the Commission before suspending Transmission Service.

Any notices sent to the Transmission Customer and to the Commission pursuant to this Section 11.4 may be telefaxed/mailed concurrently. The suspension of service shall continue only for as long as the circumstances that entitle the Transmission Provider to suspend service continue. A Transmission Customer is not obligated to pay for Transmission Service that is not provided as a result of a suspension of service. A detailed description of Transmission Provider's suspension procedures are included in Attachment L.

11.5 Alternative Forms of Financial Assurance

Transmission Customer may provide the following as acceptable alternative forms of financial assurance in the amounts specified in Sections 11.3.1 or 11.3.2:

- i. **Cash Deposit:** The Transmission Customer may provide a cash deposit that will be retained during the term of (and until full and final payment and performance of) any relevant Service Agreement. If a Transmission Customer has submitted multiple requests for Transmission Service, then the Transmission Provider may require a cash deposit for each Service Agreement. Cash deposits submitted as a form of financial assurance will be held by the Transmission Provider and the Transmission Customer will be paid an interest rate that is equal to the interest rate earned on the escrow account in which the cash deposit is held. The cash deposit can be made by wiring immediately available funds to the Transmission Provider's account.
- ii. **Surety Bond:** The Transmission Customer may provide, and maintain in effect during the term of (and until full and final payment and performance of) the applicable Service Agreement, a surety bond issued by a financial institution acceptable to Transmission Provider. If a Transmission Customer has submitted multiple requests for Transmission Service, then the Transmission Provider may require a surety bond for each Service Agreement. All costs associated with the issuance and maintenance of a surety bond shall be paid by the Transmission Customer. A draft, acceptable form of a surety bond shall be posted on OASIS.

11.6 Return of Financial Assurances

If a Transmission Customer re-establishes creditworthiness pursuant to Section 11.2, then upon verification by Transmission Provider, all financial assurances will be returned (or terminated, if applicable) to the Transmission Customer with interest (if applicable), upon payment of all past due balances to the Transmission Provider pursuant to the Tariff.

12. Dispute Resolution Procedures

12.1 Internal Dispute Resolution Procedures

Any dispute between a Transmission Customer and the Transmission Provider involving transmission service under the Tariff (excluding applications for rate changes or other changes to the Tariff, or to any Service Agreement entered into under the Tariff, which shall be presented directly to the Commission for resolution) shall be referred to a designated senior representative of the Transmission Provider and a senior representative of the Transmission Customer for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute within thirty (30) days [or such other period as the Parties may agree upon] by mutual agreement, such dispute may be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below.

12.2 External Arbitration Procedures

Any arbitration initiated under the Tariff shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association and any applicable Commission regulations or Regional Transmission Group rules.

12.3 Arbitration Decisions

Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of the Tariff and any Service Agreement entered into under the Tariff and shall have no power to modify or change any of the above in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act and/or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with the Commission if it affects jurisdictional rates, terms and conditions of service or facilities.

12.4 Costs

Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable:

1. the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or

2. one half the cost of the single arbitrator jointly chosen by the Parties.

12.5 Rights under the Federal Power Act

Nothing in this section shall restrict the rights of any party to file a Complaint with the Commission under relevant provisions of the Federal Power Act.

12A. Designation of Confidential Information

A Transmission Customer must designate information as Confidential Information to receive treatment by the Transmission Provider and the Transmission Service Monitor as Confidential Information in accordance with Attachment Y to the Tariff.

II. POINT-TO-POINT TRANSMISSION SERVICE

Preamble

The Transmission Provider will provide Firm and Non-Firm Point-To-Point Transmission Service pursuant to the applicable terms and conditions of this Tariff. Point-To-Point Transmission Service is for the receipt of capacity and energy at designated Point(s) of Receipt and the transfer of such capacity and energy to designated Point(s) of Delivery.

13. Nature of Firm Point-To-Point Transmission Service

13.1 Term

The minimum term of Firm Point-To-Point Transmission Service shall be one day and the maximum term shall be specified in the Service Agreement.

13.2 Reservation Priority

- i. Long-Term Firm Point-To-Point Transmission Service shall be available on a first-come, first-served basis, i.e., in the chronological sequence in which each Transmission Customer has requested service.
- ii. Reservations for Short-Term Firm Point-To-Point Transmission Service will be conditional based upon the length of the requested transaction or reservation. However, Pre-Confirmed Applications for Short-Term Point-to-Point Transmission Service will receive priority over earlier-submitted requests that are not Pre-Confirmed and that have equal or shorter duration. Among requests or reservations with the same duration and, as relevant, pre-confirmation status (pre-confirmed, confirmed, or not confirmed), priority will be given to an Eligible Customer's request or reservation that offers the highest price, followed by the date and time of the request or reservation.
- iii. If the Transmission System becomes oversubscribed, requests for service may preempt competing reservations up to the following conditional reservation deadlines: one day before the commencement of daily service, one week before the commencement of weekly service, and one month before the commencement of monthly service. Before the conditional

reservation deadline, if available transfer capability is insufficient to satisfy all requests and reservations, an Eligible Customer with a reservation for shorter term service or equal duration service and lower price has the right of first refusal to match any longer term request or equal duration service with a higher price before losing its reservation priority. A longer term competing request for Short-Term Firm Point-To-Point Transmission Service will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in section 13.8) from being notified by the Transmission Provider of a longer-term competing request for Short-Term Firm Point-To-Point Transmission Service. When a longer duration request preempts multiple shorter duration reservations, the shorter duration reservations shall have simultaneous opportunities to exercise the right of first refusal. Duration, 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 right of first refusal. After the conditional reservation deadline, service will commence pursuant to the terms of Part II of the Tariff.

- iv. Firm Point-To-Point Transmission Service will always have a reservation priority over Non-Firm Point-To-Point Transmission Service under the Tariff. All Long-Term Firm Point-To-Point Transmission Service will have equal reservation priority with Native Load Customers and Network Customers. Reservation priorities for existing firm service customers are provided in Section 2.2.

13.3 Use of Firm Transmission Service by the TP

The Transmission Provider will be subject to the rates, terms and conditions of Part II of the Tariff when making Third-Party Sales under (i) agreements executed on or after July 9, 1996 or (ii) agreements executed prior to the aforementioned date that the Commission requires to be unbundled, by the date specified by the Commission. The Transmission Provider will maintain separate accounting, pursuant to Section 8, for any use of the Point-To-Point Transmission Service to make Third-Party Sales.

13.4 Service Agreements

The Transmission Provider shall offer a standard form Firm Point-To-Point Transmission Service Agreement (Attachment A) to an Eligible Customer when it submits a Completed Application for Long-Term Firm Point-To-Point Transmission Service. The Transmission Provider shall offer a standard form Firm Point-To-Point Transmission Service Agreement (Attachment A) to an Eligible Customer when it first submits a Completed Application for Short-Term Firm Point-To-Point Transmission Service pursuant to the Tariff. Executed Service Agreements that contain the information required under the Tariff shall be filed with the Commission in compliance with applicable Commission regulations. An Eligible Customer that uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved and that has not executed a Service Agreement will be deemed, for purposes of assessing any appropriate charges and penalties, to have executed the appropriate Service Agreement. The Service Agreement shall, when applicable, specify any conditional curtailment options selected by the Transmission Customer. Where the Service Agreement contains conditional curtailment options and is subject to a biennial reassessment as

described in Section 15.4, the Transmission Provider shall provide the Transmission Customer notice of any changes to the curtailment conditions no less than 90 days prior to the date for imposition of new curtailment conditions. Concurrent with such notice, the Transmission Provider shall provide the Transmission Customer with the reassessment study and a narrative description of the study, including the reasons for changes to the number of hours per year or System Conditions under which conditional curtailment may occur.

13.5 TC Obligations for Facility Additions or Redispatch Costs

In cases where the Transmission Provider determines that the Transmission System is not capable of providing Firm Point-To-Point Transmission Service without (1) degrading or impairing the reliability of service to Native Load Customers, Network Customers and other Transmission Customers taking Firm Point-To-Point Transmission Service, or (2) interfering with the Transmission Provider's ability to meet prior firm contractual commitments to others, the Transmission Provider will be obligated to expand or upgrade its Transmission System pursuant to the terms of Section 15.4 and in accordance with Attachment T. The Transmission Customer must agree to compensate the Transmission Provider for any necessary transmission facility additions pursuant to the terms of Section 27 and in accordance with Attachment T. To the extent the Transmission Provider can relieve any system constraint by redispatching the Transmission Provider's resources, it shall do so, provided that the Eligible Customer agrees to compensate the Transmission Provider pursuant to the terms of Section 27 and agrees to either (i) compensate the Transmission Provider for any necessary transmission facility additions or (ii) accept the service subject to a biennial reassessment by the Transmission Provider of redispatch requirements as described in Section 15.4. Any redispatch, Network Upgrade or Direct Assignment Facilities costs to be charged to the Transmission Customer on an incremental basis under the Tariff will be specified in the Service Agreement prior to initiating service.

13.6 Curtailment of Firm Transmission Service

In the event that a Curtailment on the Transmission Provider's Transmission System, or a portion thereof, is required to maintain reliable operation of such system and the system directly and indirectly interconnected with Transmission Provider's Transmission System, Curtailments will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint. Transmission Provider may elect to implement such Curtailments pursuant to the Transmission Loading Relief procedures specified in Attachment J. If multiple transactions require Curtailment, to the extent practicable and consistent with Good Utility Practice, the Transmission Provider will curtail service to Network Customers and Transmission Customers taking Firm Point-To-Point Transmission Service on a basis comparable to the curtailment of service to the Transmission Provider's Native Load Customers. All Curtailments will be made on a non-discriminatory basis, however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Transmission Service. Long-Term Firm Point-to-Point Service subject to conditions described in Section 15.4 shall be curtailed with secondary service in cases where the conditions apply, but otherwise will be curtailed on a pro rata basis with other Firm Transmission Service. When the Transmission Provider determines that an electrical emergency exists on its Transmission System and implements emergency procedures to Curtail Firm Transmission Service, the Transmission Customer shall make the required reductions upon request of the Transmission Provider. However, the Transmission Provider reserves the right to Curtail, in whole or in part, any Firm Transmission Service provided under the Tariff when, in the Transmission Provider's sole discretion, an emergency or other unforeseen condition impairs or

degrades the reliability of its Transmission System. The Transmission Provider will notify all affected Transmission Customers in a timely manner of any scheduled Curtailments.

13.7 Classification of Firm Transmission Service

1. The Transmission Customer taking Firm Point-To-Point Transmission Service may (1) change its Receipt and Delivery Points to obtain service on a non-firm basis consistent with the terms of Section 22.1 or (2) request a modification of the Points of Receipt or Delivery on a firm basis pursuant to the terms of Section 22.2.
2. The Transmission Customer may purchase transmission service to make sales of capacity and energy from multiple generating units that are on the Transmission Provider's Transmission System. For such a purchase of transmission service, the resources will be designated as multiple Points of Receipt, unless the multiple generating units are at the same generating plant in which case the units would be treated as a single Point of Receipt.
3. The Transmission Provider shall provide firm deliveries of capacity and energy from the Point(s) of Receipt to the Point(s) of Delivery. Each Point of Receipt at which firm transmission capacity is reserved by the Transmission Customer shall be set forth in the Firm Point-To-Point Service Agreement for Long-Term Firm Transmission Service along with a corresponding capacity reservation associated with each Point of Receipt. Points of Receipt and corresponding capacity reservations shall be as mutually agreed upon by the Parties for Short-Term Firm Transmission. Each Point of Delivery at which firm transfer capability is reserved by the Transmission Customer shall be set forth in the Firm Point-To-Point Service Agreement for Long-Term Firm Transmission Service along with a corresponding capacity reservation associated with each Point of Delivery. Points of Delivery and corresponding capacity reservations shall be as mutually agreed upon by the Parties for Short-Term Firm Transmission. The greater of either (1) the sum of the capacity reservations at the Point(s) of Receipt, or (2) the sum of the capacity reservations at the Point(s) of Delivery shall be the Transmission Customer's Reserved Capacity. The Transmission Customer will be billed for its Reserved Capacity under the terms of Schedule 7. The Transmission Customer may not exceed its firm capacity reserved at each Point of Receipt and each Point of Delivery except as otherwise specified in Section 22. In the event that a Transmission Customer (including Third-Party Sales by the Transmission Provider) exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery or uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved, the Transmission Provider shall bill and the Transmission Customer shall pay for all use of Transmission Services in excess of firm reserved capacity at the rate specified in Schedule 7.

13.8 Scheduling of Firm Point-to-Point Transmission Service

Schedules for the Transmission Customer's Firm Point-To-Point Transmission Service must be submitted to the Transmission Provider no later than 10:00 a.m. of the day prior to commencement of such service. Schedules submitted after 10:00 a.m. will be accommodated, if practicable. Hour-to-hour schedules of any capacity and energy that is to be delivered must be stated in increments of 1,000 kW per hour. Transmission Customers within the Transmission Provider's service area with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 kW per hour, may consolidate their service requests at a common point of receipt into units of 1,000 kW per hour for scheduling and billing purposes. Scheduling changes will be permitted up to twenty (20) minutes before the start of the next clock hour provided that the Delivering Party and Receiving Party also agree to the schedule modification. The Transmission Provider will furnish to the Delivering Party's system operator, hour-to-hour schedules equal to those furnished by the Receiving Party (unless reduced for losses) and shall deliver the capacity and energy provided by such schedules.

Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify the Transmission Provider, and the Transmission Provider shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered.

14. Nature of Firm Point-To-Point Transmission Service

14.1 Term

Non-Firm Point-To-Point Transmission Service will be available for periods ranging from one (1) hour to one (1) month. However, a Purchaser of Non-Firm Point-To-Point Transmission Service will be entitled to reserve a sequential term of service (such as a sequential monthly term without having to wait for the initial term to expire before requesting another monthly term) so that the total time period for which the reservation applies is greater than one month, subject to the requirements of Section 18.3.

14.2 Reservation Priority

Non-Firm Point-To-Point Transmission Service shall be available from transfer capability in excess of that needed for reliable service to Native Load Customers, Network Customers and other Transmission Customers taking Long-Term and Short-Term Firm Point-To-Point Transmission Service. A higher priority will be assigned first to requests or reservations with a longer duration of service and second to Pre-Confirmed Applications. In the event the Transmission System is constrained, competing requests of the same Pre-Confirmation status and equal duration will be prioritized based on the highest price offered by the Eligible Customer for the Transmission Service. Eligible Customers that have already reserved shorter term service have the right of first refusal to match any longer term request before being preempted. A longer term competing request for Non-Firm Point-To-Point Transmission Service will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request: (a) immediately for hourly Non-Firm Point-To-Point Transmission Service after notification by the Transmission Provider; and, (b) within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in section 14.6) for Non-Firm Point-To-Point Transmission Service other than hourly transactions after notification by the Transmission Provider. Transmission service for Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service. Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have the lowest reservation priority under the Tariff.

14.3 Use of Non-Firm Transmission Service by the TP

The Transmission Provider will be subject to the rates, terms and conditions of Part II of the Tariff when making Third-Party Sales under (i) agreements executed on or after July 9, 1996 or (ii) agreements executed prior to the aforementioned date that the Commission requires to be unbundled, by the date specified by the Commission. The Transmission Provider will maintain separate accounting, pursuant to Section 8, for any use of Non-Firm Point-To-Point Transmission Service to make Third-Party Sales.

14.4 Service Agreements ("SA")

The Transmission Provider shall offer a standard form Non-Firm Point-To-Point Transmission Service Agreement (Attachment B) to an Eligible Customer when it first submits a Completed Application for

Non-Firm Point-To-Point Transmission Service pursuant to the Tariff. Executed Service Agreements that contain the information required under the Tariff shall be filed with the Commission in compliance with applicable Commission regulations.

14.5 Classification of Non-Firm P-t-P Transmission Service

Non-Firm Point-To-Point Transmission Service shall be offered under terms and conditions contained in Part II of the Tariff. The Transmission Provider undertakes no obligation under the Tariff to plan its Transmission System in order to have sufficient capacity for Non-Firm Point-To-Point Transmission Service. Parties requesting Non-Firm Point-To-Point Transmission Service for the transmission of firm power do so with the full realization that such service is subject to availability and to Curtailment or Interruption under the terms of the Tariff. In the event that a Transmission Customer (including Third-Party sales by the Transmission Provider) exceeds its non-firm reserved capacity at any Point of Receipt or Point of Delivery, the Transmission Provider shall bill and the Transmission Customer shall pay for all use of Transmission Services in excess of non-firm reserved capacity at the rate specified in Schedule 8. Non-Firm Point-To-Point Transmission Service shall include transmission of energy on an hourly basis and transmission of scheduled short-term capacity and energy on a daily, weekly or monthly basis, but not to exceed one month's reservation for any one Application, under Schedule 8.

14.6 Scheduling of Non-Firm Point-To-Point Transmission Service

Schedules for Non-Firm Point-To-Point Transmission Service must be submitted to the Transmission Provider no later than 2:00 p.m. of the day prior to commencement of such service. Schedules submitted after 2:00 p.m. will be accommodated, if practicable. Hour-to-hour schedules of energy that is to be delivered must be stated in increments of 1,000 kW per hour. Transmission Customers within the Transmission Provider's service area with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 kW per hour, may consolidate their schedules at a common Point of Receipt into units of 1,000 kW per hour. Scheduling changes will be permitted up to twenty (20) minutes before the start of the next clock hour provided that the Delivering Party and Receiving Party also agree to the schedule modification. The Transmission Provider will furnish to the Delivering Party's system operator, hour-to-hour schedules equal to those furnished by the Receiving Party (unless reduced for losses) and shall deliver the capacity and energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify the Transmission Provider, and the Transmission Provider shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered.

14.7 Curtailment or Interruption of Service

The Transmission Provider reserves the right to Curtail, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under the Tariff for reliability reasons when an emergency or other unforeseen condition threatens to impair or degrade the reliability of its Transmission System. The Transmission Provider reserves the right to Interrupt, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under the Tariff for economic reasons in order to accommodate (1) a request for Firm Transmission Service, (2) a request for Non-Firm Point-To-Point Transmission Service of greater duration, (3) a request for Non-Firm Point-To-Point Transmission Service of equal duration with a higher price, (4) transmission service for Network Customers from non-designated

resources, or (5) transmission service for Firm Point-to-Point Transmission Service during conditional curtailment periods as described in Section 15.4. The Transmission Provider also will discontinue or reduce service to the Transmission Customer to the extent that deliveries for transmission are discontinued or reduced at the Point(s) of Receipt. Where required, Curtailments or Interruptions will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint, however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Transmission Service. The Transmission Provider will follow the NERC Transmission Loading Relief Procedures (“NERC TLR Procedures”) currently in effect and accepted by FERC where the NERC TLR Procedures would effectively relieve the constraint. In addition, as described in the Transmission Provider’s business practices, where Non-Firm Point-to-Point Transmission Service, Secondary Service under Section 28.4 or other non-firm transmission service transactions (i) are contributing to the constraint and (ii) would not be Interrupted or Curtailed under the NERC TLR Procedures, the Transmission Provider will Interrupt and/or Curtail such transmission service transactions prior to Curtailing and/or Interrupting Firm Transmission Service. {In the event that the Reliability Coordinator issues a NERC TLR Level 3 curtailing non-firm transmission transactions, the Reliability Coordinator shall curtail all non-firm transmission transactions within the Entergy balancing authority area, consistent with the Tariff’s priority levels for non-firm curtailment.} If multiple transactions require Curtailment or Interruption, to the extent practicable and consistent with Good Utility Practice, Curtailments or Interruptions will be made to transactions of the shortest term (e.g., hourly non-firm transactions will be Curtailed or Interrupted before daily non-firm transactions and daily non-firm transactions will be Curtailed or Interrupted before weekly non-firm transactions). Transmission service for Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service under the Tariff. Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have a lower priority than any Non-Firm Point-To-Point Transmission Service under the Tariff. The Transmission Provider will provide advance notice of Curtailment or Interruption where such notice can be provided consistent with Good Utility Practice.

15. Service Availability

15.1 General Conditions

The Transmission Provider will provide Firm and Non-Firm Point-To-Point Transmission Service over, on or across its Transmission System to any Transmission Customer that has met the requirements of Section 16.

15.2 Determination of Available Transfer Capability

A description of the Transmission Provider’s specific methodology for assessing available transfer capability posted on the Transmission Provider’s OASIS (Section 4) is contained in Attachment C of the Tariff. In the event sufficient transfer capability may not exist to accommodate a service request, the Transmission Provider will respond by performing a System Impact Study.

15.3 Initiating Service in the Absence of an Executed SA

If the Transmission Provider and the Transmission Customer requesting Firm or Non-Firm Point-To-Point Transmission Service cannot agree on all the terms and conditions of the Point-To-Point Service Agreement, the Transmission Provider shall file with the Commission, within thirty (30) days after the date the Transmission Customer provides written notification directing the Transmission

Provider to file, an unexecuted Point-To-Point Service Agreement containing terms and conditions deemed appropriate by the Transmission Provider for such requested Transmission Service. The Transmission Provider shall commence providing Transmission Service subject to the Transmission Customer agreeing to (i) compensate the Transmission Provider at whatever rate the Commission ultimately determines to be just and reasonable, and (ii) comply with the terms and conditions of the Tariff including posting appropriate security deposits in accordance with the terms of Section 17.3.

15.4 Obligation to Provide Transmission Service

Obligation to Provide Transmission Service that Requires Expansion or Modification of the Transmission System, Redispatch or Conditional Curtailment Classification of Non-Firm Point-to-Point Transmission Service

- a. If the Transmission Provider determines that it cannot accommodate a Completed Application for Firm Point-To-Point Transmission Service because of insufficient capability on its Transmission System, the Transmission Provider will use due diligence to expand or modify its Transmission System to provide the requested Firm Transmission Service, consistent with its planning obligations in Attachment K, provided the Transmission Customer agrees to compensate the Transmission Provider for such costs pursuant to the terms of Section 27 in accordance with Attachment T. The Transmission Provider will conform to Good Utility Practice and its planning obligations in Attachment K, in determining the need for new facilities and in the design and construction of such facilities. The obligation applies only to those facilities that the Transmission Provider has the right to expand or modify.
- b. If the Transmission Provider determines that it cannot accommodate a Completed Application for Long-Term Firm Point-To-Point Transmission Service because of insufficient capability on its Transmission System, the Transmission Provider will use due diligence to provide redispatch from its own resources until (i) Network Upgrades are completed for the Transmission Customer, (ii) the Transmission Provider determines through a biennial reassessment that it can no longer reliably provide the redispatch, or (iii) the Transmission Customer terminates the service because of redispatch changes resulting from the reassessment. A Transmission Provider shall not unreasonably deny self-provided redispatch or redispatch arranged by the Transmission Customer from a third party resource.
- c. If the Transmission Provider determines that it cannot accommodate a Completed Application for Long-Term Firm Point-To-Point Transmission Service because of insufficient capability on its Transmission System, the Transmission Provider will offer the Firm Transmission Service with the condition that the Transmission Provider may curtail the service prior to the curtailment of other Firm Transmission Service for a specified number of hours per year or during System Condition(s). If the Transmission Customer accepts the service, the Transmission Provider will use due diligence to provide the service until (i) Network Upgrades are completed for the Transmission Customer, (ii) the Transmission Provider determines

through a biennial reassessment that it can no longer reliably provide such service, or (iii) the Transmission Customer terminates the service because the reassessment increased the number of hours per year of conditional curtailment or changed the System Conditions.

15.5 Deferral of Service

The Transmission Provider may defer providing service until it completes construction of new transmission facilities or upgrades needed to provide Firm Point-To-Point Transmission Service whenever the Transmission Provider determines that providing the requested service would, without such new facilities or upgrades, impair or degrade reliability to any existing firm services.

15.6 Other Transmission Service Schedules

Eligible Customers receiving transmission service under other agreements on file with the Commission may continue to receive transmission service under those agreements until such time as those agreements may be modified by the Commission.

15.7 Real Power Losses

Real Power Losses are associated with all transmission service. The Transmission Provider is not obligated to provide Real Power Losses. The Transmission Customer is responsible for replacing losses associated with all transmission service as calculated by the Transmission Provider. The applicable Real Power Loss factors are as stated in Schedules 7 and 8.

16. Transmission Customer Responsibilities

16.1 Conditions Required of Transmission Customers

Point-To-Point Transmission Service shall be provided by the Transmission Provider only if the following conditions are satisfied by the Transmission Customer:

- a. The Transmission Customer has pending a Completed Application for service;
- b. The Transmission Customer meets the creditworthiness criteria set forth in Section 11;
- c. The Transmission Customer will have arrangements in place for any other transmission service necessary to effect the delivery from the generating source to the Transmission Provider prior to the time service under Part II of the Tariff commences;
- d. The Transmission Customer agrees to pay for any facilities constructed and chargeable to such Transmission Customer under Part II of the Tariff and Attachment T, whether or not the Transmission Customer takes service for the full term of its reservation;

- e. The Transmission Customer provides the information required by the Transmission Provider's planning process established in Attachment K; and
- f. The Transmission Customer has executed a Point-To-Point Service Agreement or has agreed to receive service pursuant to Section 15.3.

16.2 TC Responsibility for Third-Party Arrangements

Any scheduling arrangements that may be required by other electric systems shall be the responsibility of the Transmission Customer requesting service. The Transmission Customer shall provide, unless waived by the Transmission Provider, notification to the Transmission Provider identifying such systems and authorizing them to schedule the capacity and energy to be transmitted by the Transmission Provider pursuant to Part II of the Tariff on behalf of the Receiving Party at the Point of Delivery or the Delivering Party at the Point of Receipt. However, the Transmission Provider will undertake reasonable efforts to assist the Transmission Customer in making such arrangements, including without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

17. Procedures for Arranging Firm P-t-P Service

17.1 Application

A request for Firm Point-To-Point Transmission Service for periods of one year or longer must contain a written Application to:

Interconnection Arrangements Administrator
Entergy Services, Inc.
P.O. Box 61000
New Orleans, LA 70161

at least sixty (60) days in advance of the calendar month in which service is to commence. The Transmission Provider will consider requests for such firm service on shorter notice when feasible. Requests for firm service for periods of less than one year shall be subject to expedited procedures contained in Attachment C to the Tariff. All Firm Point-To-Point Transmission Service requests should be submitted by entering the information listed below on the Transmission Provider's OASIS. Prior to implementation of the Transmission Provider's OASIS, a Completed Application may be submitted by (i) transmitting the required information to the Transmission Provider by telefax, or (ii) providing the information by telephone over the Transmission Provider's time recorded telephone line. Each of these methods will provide a time-stamped record for establishing the priority of the Application.

17.2 Completed Application

A Completed Application shall provide all of the information included in 18 C.F.R. § 2.20 including but not limited to the following:

- i. The identity, address, telephone number and facsimile number of the entity requesting service;

- ii. A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- iii. The location of the Point(s) of Receipt and Point(s) of Delivery and the identities of the Delivering Parties and the Receiving Parties;
- iv. The location of the generating facility(ies) supplying the capacity and energy and the location of the load ultimately served by the capacity and energy transmitted. The Transmission Provider will treat this information as confidential except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice or pursuant to RTG transmission information sharing agreements. Further, if the owner of a generating facility submits a written request to the Transmission Provider requesting the identity of a customer requesting service from the generating facility, the Transmission Provider will provide such information on a confidential basis. The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations;
- v. A description of the supply characteristics of the capacity and energy to be delivered;
- vi. An estimate of the capacity and energy expected to be delivered to the Receiving Party;
- vii. The Service Commencement Date and the term of the requested Transmission Service;
- viii. The transmission capacity requested for each Point of Receipt and each Point of Delivery on the Transmission Provider's Transmission System; customers may combine their requests for service in order to satisfy the minimum transmission capacity requirement;
- ix. A statement indicating that, if the Eligible Customer submits a Pre-Confirmed Application, the Eligible Customer will execute a Service Agreement upon receipt of notification that the Transmission Provider can provide the requested Transmission Service; and
- x. Any additional information required by the Transmission Provider's planning process established in Attachment K.

The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

17.3 Deposit

Unless waived because of the establishment of creditworthiness pursuant to Section 11, a Completed Application for Firm Point-To-Point Transmission Service also shall include a deposit of either one month's charge for Reserved Capacity or the full charge for Reserved Capacity for service requests of less than one month. If the Application is rejected by the Transmission Provider because it does not meet the conditions for service as set forth herein, or in the case of requests for service arising in connection with losing bidders in a Request For Proposals (RFP), said deposit shall be returned with interest less any reasonable costs incurred by the Transmission Provider in connection with the review of the losing bidder's Application or request for service that is not granted. The deposit also will be returned with interest less any reasonable costs incurred by the Transmission Provider if the

Transmission Provider is unable to complete new facilities needed to provide the service. If an Application is withdrawn or the Eligible Customer decides not to enter into a Service Agreement for Firm Point-To-Point Transmission Service, the deposit shall be refunded in full, with interest, less reasonable costs incurred by the Transmission Provider to the extent such costs have not already been recovered by the Transmission Provider from the Eligible Customer. The Transmission Provider will provide to the Eligible Customer a complete accounting of all costs deducted from the refunded deposit, which the Eligible Customer may contest if there is a dispute concerning the deducted costs. Deposits associated with construction of new facilities are subject to the provisions of Section 19. If a Service Agreement for Firm Point-To-Point Transmission Service is executed, the deposit, with interest, will be returned to the Transmission Customer upon expiration or termination of the Service Agreement for Firm Point-To-Point Transmission Service. Applicable interest shall be computed in accordance with the Commission's regulations at 18 CFR § 35.19a(a)(2)(iii), and shall be calculated from the day the deposit check is credited to the Transmission Provider's account.

17.4 Notice of Deficient Application

If an Application fails to meet the requirements of the Tariff, the Transmission Provider shall notify the entity requesting service within fifteen (15) days of receipt of the reasons for such failure. The Transmission Provider will attempt to remedy minor deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the Transmission Provider shall return the Application, along with any deposit, with interest. Upon receipt of a new or revised Application that fully complies with the requirements of Part II of the Tariff, the Eligible Customer shall be assigned a new priority consistent with the date of the new or revised Application.

17.5 Response to a Completed Application

Following receipt of a Completed Application for Firm Point-To-Point Transmission Service, the Transmission Provider shall make a determination of available transfer capability as required in Section 15.2. The Transmission Provider shall notify the Eligible Customer as soon as practicable, but not later than thirty (30) days after the date of receipt of a Completed Application either (i) if it will be able to provide service without performing a System Impact Study or (ii) if such a study is needed to evaluate the impact of the Application pursuant to Section 19.1. Responses by the Transmission Provider must be made as soon as practicable to all completed applications (including applications by its own merchant function) and the timing of such responses must be made on a non-discriminatory basis.

17.6 Execution of Service Agreement

Whenever the Transmission Provider determines that a System Impact Study is not required and that the service can be provided, it shall notify the Eligible Customer as soon as practicable but no later than thirty (30) days after receipt of the Completed Application. Where a System Impact Study is required, the provisions of Section 19 will govern the execution of a Service Agreement. Failure of an Eligible Customer to execute and return the Service Agreement or request the filing of an unexecuted service agreement pursuant to Section 15.3, within fifteen (15) days after it is tendered by the Transmission Provider will be deemed a withdrawal and termination of the Application and any deposit submitted shall be refunded with interest. Nothing herein limits the right of an Eligible Customer to file another Application after such withdrawal and termination.

17.7 Extensions for Commencement of Service

The Transmission Customer can obtain, subject to availability, up to five (5) one-year extensions for the commencement of service. The Transmission Customer may postpone service by paying a non-refundable annual reservation fee equal to one-month's charge for Firm Transmission Service for each year or fraction thereof within 15 days of notifying the Transmission Provider it intends to extend the commencement of service. If during any extension for the commencement of service an Eligible Customer submits a Completed Application for Firm Transmission Service, and such request can be satisfied only by releasing all or part of the Transmission Customer's Reserved Capacity, the original Reserved Capacity will be released unless the following condition is satisfied. Within thirty (30) days, the original Transmission Customer agrees to pay the Firm Point-To-Point transmission rate for its Reserved Capacity concurrent with the new Service Commencement Date. In the event the Transmission Customer elects to release the Reserved Capacity, the reservation fees or portions thereof previously paid will be forfeited.

18. Procedures for Arranging Non-Firm P-t-P Service

18.1 Application

Eligible Customers seeking Non-Firm Point-To-Point Transmission Service must submit a Completed Application to the Transmission Provider. Applications should be submitted by entering the information listed below on the Transmission Provider's OASIS. Prior to implementation of the Transmission Provider's OASIS, a Completed Application may be submitted by (i) transmitting the required information to the Transmission Provider by telefax, or (ii) providing the information by telephone over the Transmission Provider's time recorded telephone line. Each of these methods will provide a time-stamped record for establishing the service priority of the Application. Eligible Customers shall also provide any required financial assurances pursuant to Section 11.

18.2 Completed Application

A Completed Application shall provide all of the information included in 18 C.F.R. § 2.20 including but not limited to the following:

- i. The identity, address, telephone number and facsimile number of the entity requesting service;
- ii. A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- iii. The Point(s) of Receipt and the Point(s) of Delivery;
- iv. The maximum amount of capacity requested at each Point of Receipt and Point of Delivery;
and
- v. The proposed dates and hours for initiating and terminating transmission service hereunder.

In addition to the information specified above, when required to properly evaluate system conditions, the Transmission Provider also may ask the Transmission Customer to provide the following:

- vi. The electrical location of the initial source of the power to be transmitted pursuant to the Transmission Customer's request for service; and
- vii. The electrical location of the ultimate load.

The Transmission Provider will treat this information in (vi) and (vii) as confidential at the request of the Transmission Customer except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice, or pursuant to RTG transmission information sharing agreements. Further, if the owner of a generating facility submits a written request to the Transmission Provider requesting the identity of a customer requesting service from that generating facility, the Transmission Provider will provide such information on a confidential basis. The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

- viii. A statement indicating that, if the Eligible Customer submits a Pre-Confirmed Application, the Eligible Customer will execute a Service Agreement upon receipt of notification that the Transmission Provider can provide the requested Transmission Service.

18.3 Reservation of Non-Firm Point-To-Point Transmission Service

Requests for monthly service shall be submitted no earlier than sixty (60) days before service is to commence; requests for weekly service shall be submitted no earlier than fourteen (14) days before service is to commence, requests for daily service shall be submitted no earlier than two (2) days before service is to commence, and requests for hourly service shall be submitted no earlier than noon the day before service is to commence. Requests for service received later than 2:00 p.m. prior to the day service is scheduled to commence will be accommodated if practicable.

18.4 Determination of Available Transfer Capability

Following receipt of a tendered schedule the Transmission Provider will make a determination on a non-discriminatory basis of available transfer capability pursuant to Section 15.2. Such determination shall be made as soon as reasonably practicable after receipt, but not later than the following time periods for the following terms of service (i) thirty (30) minutes for hourly service, (ii) thirty (30) minutes for daily service, (iii) four (4) hours for weekly service, and (iv) two (2) days for monthly service.

19. Additional Study Procedures for Firm P-t-P Service Requests

19.1 Notice of Need for System Impact Study

After receiving a request for service, the Transmission Provider shall determine on a non-discriminatory basis whether a System Impact Study is needed. A description of the Transmission Provider's methodology for completing a System Impact Study is provided in Attachment D. If the Transmission Provider determines that a System Impact Study is necessary to accommodate the requested service, it shall so inform the Eligible Customer, as soon as practicable. Once informed, the Eligible Customer shall timely notify the Transmission Provider if it elects to have the Transmission Provider study redispatch or conditional curtailment as part of the System Impact

Study. If notification is provided prior to tender of the System Impact Study Agreement, the Eligible Customer can avoid the costs associated with the study of these options. The Transmission Provider shall within thirty (30) days of receipt of a Completed Application, tender a System Impact Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required System Impact Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the System Impact Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study Agreement, its application shall be deemed withdrawn and its deposit, pursuant to Section 17.3, shall be returned with interest.

19.2 System Impact Study Agreement and Cost Reimbursement

- i. The System Impact Study Agreement will clearly specify the Transmission Provider's estimate of the actual cost, and time for completion of the System Impact Study. The charge shall not exceed the actual cost of the study. In performing the System Impact Study, the Transmission Provider shall rely, to the extent reasonably practicable, on existing transmission planning studies. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's request for service on the Transmission System.
- ii. If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single System Impact Study is sufficient for the Transmission Provider to accommodate the requests for service, the costs of that study shall be pro-rated among the Eligible Customers.
- iii. For System Impact Studies that the Transmission Provider conducts on its own behalf, the Transmission Provider shall record the cost of the System Impact Studies pursuant to Section 20.

19.3 System Impact Study Procedures

Upon receipt of an executed System Impact Study Agreement, the Transmission Provider will use due diligence to complete the required System Impact Study within a sixty (60) day period. The System Impact Study shall identify (1) any system constraints, identified with specificity by transmission element or flowgate, (2) redispatch options (when requested by an Eligible Customer) including an estimate of the cost of redispatch, (3) conditional curtailment options (when requested by an Eligible Customer) including the number of hours per year and the System Conditions during which conditional curtailment may occur, and (4) additional Direct Assignment Facilities or Network Upgrades required to provide the requested service. For customers requesting the study of redispatch options, the System Impact Study shall (1) identify all resources located within the Transmission Provider's Control Area that can significantly contribute toward relieving the system constraint and (2) provide a measurement of each resource's impact on the system constraint. If the Transmission Provider possesses information indicating that any resource outside its Control Area could relieve the constraint, it shall identify each such resource in the System Impact Study. In the event that the Transmission Provider is unable to complete the required System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required

studies. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible Customer as soon as the System Impact Study is complete. The Transmission Provider will use the same due diligence in completing the System Impact Study for an Eligible Customer as it uses when completing studies for itself. The Transmission Provider shall notify the Eligible Customer immediately upon completion of the System Impact Study if the Transmission System will be adequate to accommodate all or part of a request for service or that no costs are likely to be incurred for new transmission facilities or upgrades. In order for a request to remain a Completed Application, within fifteen (15) days of completion of the System Impact Study the Eligible Customer must execute a Service Agreement or request the filing of an unexecuted Service Agreement pursuant to Section 15.3, or the Application shall be deemed terminated and withdrawn.

19.4 Facilities Studies Procedures

If a System Impact Study indicates that additions or upgrades to the Transmission System are needed to supply the Eligible Customer's service request, the Transmission Provider, within thirty (30) days of the completion of the System Impact Study, shall tender to the Eligible Customer a Facilities Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required Facilities Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the Facilities Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the Facilities Study Agreement, its application shall be deemed withdrawn and its deposit, pursuant to Section 17.3, shall be returned with interest. Upon receipt of an executed Facilities Study Agreement, the Transmission Provider will use due diligence to complete the required Facilities Study within a sixty (60) day period. If the Transmission Provider is unable to complete the Facilities Study in the allotted time period, the Transmission Provider shall notify the Transmission Customer and provide an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Transmission Customer, (ii) the Transmission Customer's appropriate share of the cost of any required Network Upgrades as determined pursuant to the provisions of Part II of the Tariff, and (iii) the time required to complete such construction and initiate the requested service. The Transmission Customer shall provide the Transmission Provider with a letter of credit or other reasonable form of security acceptable to the Transmission Provider equivalent to the costs of new facilities or upgrades consistent with commercial practices as established by the Uniform Commercial Code. The Transmission Customer shall have thirty (30) days to execute a Service Agreement or request the filing of an unexecuted Service Agreement and provide the required letter of credit or other form of security or the request will no longer be a Completed Application and shall be deemed terminated and withdrawn.

19.5 Facilities Studies Modifications

Any change in design arising from inability to site or construct facilities as proposed will require development of a revised good faith estimate. New good faith estimates also will be required in the event of new statutory or regulatory requirements that are effective before the completion of construction or other circumstances beyond the control of the Transmission Provider that significantly

affect the final cost of new facilities or upgrades to be charged to the Transmission Customer pursuant to the provisions of Part II of the Tariff.

19.6 Due Diligence in Completing New Facilities

The Transmission Provider shall use due diligence to add necessary facilities or upgrade its Transmission System within a reasonable time. The Transmission Provider will not upgrade its existing or planned Transmission System in order to provide the requested Firm Point-To-Point Transmission Service if doing so would impair system reliability or otherwise impair or degrade existing firm service.

19.7 Partial Interim Service

If the Transmission Provider determines that it will not have adequate transfer capability to satisfy the full amount of a Completed Application for Firm Point-To-Point Transmission Service, the Transmission Provider nonetheless shall be obligated to offer and provide the portion of the requested Firm Point-To-Point Transmission Service that

can be accommodated without addition of any facilities and through redispatch. However, the Transmission Provider shall not be obligated to provide the incremental amount of requested Firm Point-To-Point Transmission Service that requires the addition of facilities or upgrades to the Transmission System until such facilities or upgrades have been placed in service.

19.8 Expedited Procedures for New Facilities

In lieu of the procedures set forth above, the Eligible Customer shall have the option to expedite the process by requesting the Transmission Provider to tender at one time, together with the results of required studies, an "Expedited Service Agreement" pursuant to which the Eligible Customer would agree to compensate the Transmission Provider for all costs incurred pursuant to the terms of the Tariff. In order to exercise this option, the Eligible Customer shall request in writing an expedited Service Agreement covering all of the above-specified items within thirty (30) days of receiving the results of the System Impact Study identifying needed facility additions or upgrades or costs incurred in providing the requested service. While the Transmission Provider agrees to provide the Eligible Customer with its best estimate of the new facility costs and other charges that may be incurred, such estimate shall not be binding and the Eligible Customer must agree in writing to compensate the Transmission Provider for all costs incurred pursuant to the provisions of the Tariff. The Eligible Customer shall execute and return such an Expedited Service Agreement within fifteen (15) days of its receipt or the Eligible Customer's request for service will cease to be a Completed Application and will be deemed terminated and withdrawn.

19.9 Penalties for Failure to Meet Study Deadlines

Sections 19.3 and 19.4 require a Transmission Provider to use due diligence to meet 60-day study completion deadlines for System Impact Studies and Facilities Studies. Consistent with Attachments D, the Transmission Provider will post metrics concerning satisfaction of these deadlines on OASIS.

- i. The Transmission Provider is required to file a notice with the Commission in the event that more than twenty (20) percent of non-Affiliates' System Impact Studies and Facilities Studies completed by the Transmission Provider in any two consecutive calendar quarters are not

completed within the 60-day study completion deadlines. Such notice must be filed within thirty (30) days of the end of the calendar quarter triggering the notice requirement.

- ii. For the purposes of calculating the percent of non-Affiliates' System Impact Studies and Facilities Studies processed outside of the 60-day study completion deadlines, the Transmission Provider shall consider all System Impact Studies and Facilities Studies that it completes for non-Affiliates during the calendar quarter. The percentage should be calculated by dividing the number of those studies which are completed on time by the total number of completed studies. The Transmission Provider may provide an explanation in its notification filing to the Commission if it believes there are extenuating circumstances that prevented it from meeting the 60-day study completion deadlines.
- iii. The Transmission Provider is subject to an operational penalty if it completes ten (10) percent or more of non-Affiliates' System Impact Studies and Facilities Studies outside of the 60-day study completion deadlines for each of the two calendar quarters immediately following the quarter that triggered its notification filing to the Commission. The operational penalty will be assessed for each calendar quarter for which an operational penalty applies, starting with the calendar quarter immediately following the quarter that triggered the Transmission Provider's notification filing to the Commission. The operational penalty will continue to be assessed each quarter until the Transmission Provider completes at least ninety (90) percent of all non-Affiliates' System Impact Studies and Facilities Studies within the 60-day deadline.
- iv. For penalties assessed in accordance with subsection (iii) above, the penalty amount for each System Impact Study or Facilities Study shall be equal to \$500 for each day the Transmission Provider takes to complete that study beyond the 60-day deadline.

20. Procedures if The TP is Unable to Complete New Facilities

Procedures if the Transmission Provider is Unable to Complete New Transmission Facilities for Firm Point-To-Point Transmission Service

20.1 Delays in Construction of New Facilities

If any event occurs that will materially affect the time for completion of new facilities, or the ability to complete them, the Transmission Provider shall promptly notify the Transmission Customer. In such circumstances, the Transmission Provider shall within thirty (30) days of notifying the Transmission Customer of such delays, convene a technical meeting with the Transmission Customer to evaluate the alternatives available to the Transmission Customer. The Transmission Provider also shall make available to the Transmission Customer studies and work papers related to the delay, including all information that is in the possession of the Transmission Provider that is reasonably needed by the Transmission Customer to evaluate any alternatives.

20.2 Alternatives to the Original Facility Additions

When the review process of Section 20.1 determines that one or more alternatives exist to the originally planned construction project, the Transmission Provider shall present such alternatives for consideration by the Transmission Customer. If, upon review of any alternatives, the Transmission Customer desires to maintain its Completed Application subject to construction of the alternative facilities, it may request the Transmission Provider to submit a revised Service Agreement for Firm

Point-To-Point Transmission Service. If the alternative approach solely involves Non-Firm Point-To-Point Transmission Service, the Transmission Provider shall promptly tender a Service Agreement for Non-Firm Point-To-Point Transmission Service providing for the service. In the event the Transmission Provider concludes that no reasonable alternative exists and the Transmission Customer disagrees, the Transmission Customer may seek relief under the dispute resolution procedures pursuant to Section 12 or it may refer the dispute to the Commission for resolution.

20.3 Refund Obligation for Unfinished Facility Additions

If the Transmission Provider and the Transmission Customer mutually agree that no other reasonable alternatives exist and the requested service cannot be provided out of existing capability under the conditions of Part II of the Tariff, the obligation to provide the requested Firm Point-To-Point Transmission Service shall terminate and any deposit made by the Transmission Customer shall be returned with interest pursuant to Commission regulations 35.19a(a)(2)(iii). However, the Transmission Customer shall be responsible for all prudently incurred costs by the Transmission Provider through the time construction was suspended.

21. Provisions Relating to Affected Systems

21.1 Responsibility for Third-Party System Additions

The Transmission Provider shall not be responsible for making arrangements for any necessary engineering, permitting, and construction of transmission or distribution facilities on the system(s) of any other entity or for obtaining any regulatory approval for such facilities. The Transmission Provider will undertake reasonable efforts to assist the Transmission Customer in obtaining such arrangements, including without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

21.2 Coordination of Third-Party System Additions

In circumstances where the need for transmission facilities or upgrades is identified pursuant to the provisions of Part II of the Tariff, and if such upgrades further require the addition of transmission facilities on other systems, the Transmission Provider shall have the right to coordinate construction on its own system with the construction required by others. The Transmission Provider, after consultation with the Transmission Customer and representatives of such other systems, may defer construction of its new transmission facilities, if the new transmission facilities on another system cannot be completed in a timely manner. The Transmission Provider shall notify the Transmission Customer in writing of the basis for any decision to defer construction and the specific problems which must be resolved before it will initiate or resume construction of new facilities. Within sixty (60) days of receiving written notification by the Transmission Provider of its intent to defer construction pursuant to this section, the Transmission Customer may challenge the decision in accordance with the dispute resolution procedures pursuant to Section 12 or it may refer the dispute to the Commission for resolution.

22. Changes in Service Specifications

22.1 Modifications On a Non-Firm Basis

The Transmission Customer taking Firm Point-To-Point Transmission Service may request the Transmission Provider to provide transmission service on a non-firm basis over Receipt and Delivery

Points other than those specified in the Service Agreement (“Secondary Receipt and Delivery Points”), in amounts not to exceed its firm capacity reservation, without incurring an additional Non-Firm Point-To-Point Transmission Service charge or executing a new Service Agreement, subject to the following conditions.

- a. Service provided over Secondary Receipt and Delivery Points will be non-firm only, on an as-available basis and will not displace any firm or non-firm service reserved or scheduled by third-parties under the Tariff or by the Transmission Provider on behalf of its Native Load Customers.
- b. The sum of all Firm and non-firm Point-To-Point Transmission Service provided to the Transmission Customer at any time pursuant to this section shall not exceed the Reserved Capacity in the relevant Service Agreement under which such services are provided.
- c. The Transmission Customer shall retain its right to schedule Firm Point-To-Point Transmission Service at the Receipt and Delivery Points specified in the relevant Service Agreement in the amount of its original capacity reservation.
- d. Service over Secondary Receipt and Delivery Points on a non-firm basis shall not require the filing of an Application for Non-Firm Point-To-Point Transmission Service under the Tariff. However, all other requirements of Part II of the Tariff (except as to transmission rates) shall apply to transmission service on a non-firm basis over Secondary Receipt and Delivery Points.

22.2 Modification On a Firm Basis

Any request by a Transmission Customer to modify Receipt and Delivery Points on a firm basis shall be treated as a new request for service in accordance with Section 17 hereof, except that such Transmission Customer shall not be obligated to pay any additional deposit if the capacity reservation does not exceed the amount reserved in the existing Service Agreement. While such new request is pending, the Transmission Customer shall retain its priority for service at the existing firm Receipt and Delivery Points specified in its Service Agreement.

23. Sale or Assignment of Transmission Service

23.1 Procedures for Assignment or Transfer of Service

(a) A Transmission Customer may sell, assign, or transfer all or a portion of its rights under its Service Agreement, but only to another Eligible Customer (the Assignee). The Transmission Customer that sells, assigns or transfers its rights under its Service Agreement is hereafter referred to as the Reseller. Compensation to Resellers shall be at rates established by agreement between the Reseller and the Assignee.

(b) The Assignee must execute a service agreement with the Transmission Provider governing reassignments of transmission service prior to the date on which the reassigned service commences. The Transmission Provider shall charge the Reseller, as appropriate, at the rate stated in the Reseller’s Service Agreement with the Transmission Provider or the associated OASIS schedule and credit the Reseller with the price reflected in the Assignee’s Service Agreement with the Transmission Provider or the associated OASIS schedule; provided that, such credit shall be reversed in the event of non-payment by the Assignee. If the Assignee does not request any change

in the Point(s) of Receipt or the Point(s) of Delivery, or a change in any other term or condition set forth in the original Service Agreement, the Assignee will receive the same services as did the Reseller and the priority of service for the Assignee will be the same as that of the Reseller. The Assignee will be subject to all terms and conditions of this Tariff. If the Assignee requests a change in service, the reservation priority of service will be determined by the Transmission Provider pursuant to Section 13.2.

23.2 Limitations on Assignment or Transfer of Service

If the Assignee requests a change in the Point(s) of Receipt or Point(s) of Delivery, or a change in any other specifications set forth in the original Service Agreement, the Transmission Provider will consent to such change subject to the provisions of the Tariff, provided that the change will not impair the operation and reliability of the Transmission Provider's generation, transmission, or distribution systems. The Assignee shall compensate the Transmission Provider for performing any System Impact Study needed to evaluate the capability of the Transmission System to accommodate the proposed change and any additional costs resulting from such change. The Reseller shall remain liable for the performance of all obligations under the Service Agreement, except as specifically agreed to by the Transmission Provider and the Reseller through an amendment to the Service Agreement.

23.3 Information on Assignment or Transfer of Service

In accordance with Section 4, all sales or assignments of capacity must be conducted through or otherwise posted on the Transmission Provider's OASIS on or before the date the reassigned service commences and are subject to Section 23.1. Resellers may also use the Transmission Provider's OASIS to post transmission capacity available for resale.

24. Metering and Power Factor Correction

Metering and Power Factor Correction at Receipt and Delivery Point(s)

24.1 Transmission Customer Obligations

Unless otherwise agreed, the Transmission Customer shall be responsible for installing and maintaining compatible metering and communications equipment to accurately account for the capacity and energy being transmitted under Part II of the Tariff and to communicate the information to the Transmission Provider. Such equipment shall remain the property of the Transmission Customer.

24.2 Transmission Provider Access to Metering Data

The Transmission Provider shall have access to metering data, which may reasonably be required to facilitate measurements and billing under the Service Agreement.

24.3 Power Factor

Unless otherwise agreed, the Transmission Customer is required to maintain a power factor within the same range as the Transmission Provider pursuant to Good Utility Practices. The power factor requirements are specified in the Service Agreement where applicable.

25. Compensation for Transmission Service

25.1 Rates

Rates for Firm and Non-Firm Point-To-Point Transmission Service are provided in the Schedules appended to the Tariff: Firm Point-To-Point Transmission Service (Schedule 7); and Non-Firm Point-To-Point Transmission Service (Schedule 8). The Transmission Provider shall use Part II of the Tariff to make its Third-Party Sales. The Transmission Provider shall account for such use at the applicable Tariff rates, pursuant to Section 8.

25.2 Allocation of Revenues

The revenue that the Transmission Provider receives for providing Transmission Service, pursuant to the provisions of Paragraphs 3 and 4 of Appendix A to Schedule 7, will be allocated among the Entergy Operating Companies based on their Responsibility Ratios, as defined in the Entergy System Bill for the most recently available month.

The revenue the Transmission Provider receives for providing Distribution Service pursuant to Paragraph 5 of Appendix A to Schedule 7 shall be assigned to the Entergy Operating Company whose corresponding facilities were utilized to delivery power to the Transmission Customer.

26. Stranded Cost Recovery

The Transmission Provider may seek to recover stranded costs from the Transmission Customer pursuant to this Tariff in accordance with the terms, conditions and procedures set forth in FERC Order No. 888. However, the Transmission Provider must separately file any specific proposed stranded cost charge under Section 205 of the Federal Power Act.

27. Compensation for New Facilities and Redispatch Costs

Whenever a System Impact Study performed by the Transmission Provider in connection with the provision of Firm Point-To-Point Transmission Service identifies the need for new facilities, the Transmission Customer shall be responsible for such costs to the extent consistent with Commission policy. Whenever a System Impact Study performed by the Transmission Provider identifies capacity constraints that may be relieved by redispatching the Transmission Provider's resources to eliminate such constraints, the Transmission Customer shall be responsible for the redispatch costs to the extent consistent with Commission policy.

III. NETWORK INTEGRATION TRANSMISSION SERVICE

Preamble

The Transmission Provider will provide Network Integration Transmission Service pursuant to the applicable terms and conditions contained in the Tariff and Service Agreement. Network Integration Transmission Service allows the Network Customer to integrate, economically dispatch and regulate its current and planned Network Resources to serve its Network Load in a manner comparable to that in which the Transmission Provider utilizes its Transmission System to serve its Native Load Customers. Network Integration Transmission Service also may be used by the Network Customer to deliver economy energy purchases to its Network Load from non-designated resources on an as-available basis without additional charge. Transmission service for sales to non-designated loads will be provided pursuant to the applicable terms and conditions of Part II of the Tariff.

28. Nature of Network Integration Transmission Service

28.1 Scope of Service

Network Integration Transmission Service is a transmission service that allows Network Customers to efficiently and economically utilize their Network Resources (as well as other non-designated generation resources) to serve their Network Load located in the Transmission Provider's Control Area and any additional load that may be designated pursuant to Section 31.3 of the Tariff. The Network Customer taking Network Integration Transmission Service must obtain or provide Ancillary Services pursuant to Section 3.

28.2 Transmission Provider Responsibilities

The Transmission Provider will plan, construct, operate and maintain its Transmission System in accordance with Good Utility Practice and its planning obligations in Attachment K in order to provide the Network Customer with Network Integration Transmission Service over the Transmission Provider's Transmission System. The Transmission Provider, on behalf of its Native Load Customers, shall be required to designate resources and loads in the same manner as any Network Customer under Part III of this Tariff. This information must be consistent with the information used by the Transmission Provider to calculate available transfer capability. The Transmission Provider shall include the Network Customer's Network Load in its Transmission System planning and shall, consistent with Good Utility Practice and Attachment K, endeavor to construct and place into service sufficient transfer capability to deliver the Network Customer's Network Resources to serve its Network Load on a basis comparable to the Transmission Provider's delivery of its own generating and purchased resources to its Native Load Customers.

28.3 Network Integration Transmission Service

The Transmission Provider will provide firm transmission service over its Transmission System to the Network Customer for the delivery of capacity and energy from its designated Network Resources to service its Network Loads on a basis that is comparable to the Transmission Provider's use of the Transmission System to reliably serve its Native Load Customers.

28.4 Secondary Service

The Network Customer may use the Transmission Provider's Transmission System to deliver energy to its Network Loads from resources that have not been designated as Network Resources. Such energy shall be transmitted, on an as-available basis, at no additional charge. Secondary service shall not require the filing of an Application for Network Integration Transmission Service under the Tariff. However, all other requirements of Part III of the Tariff (except for transmission rates) shall apply to secondary service. Deliveries from resources other than Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service under Part II of the Tariff.

28.5 Real Power Losses

Real Power Losses are associated with all transmission service. The Transmission Provider is not obligated to provide Real Power Losses. The Network Customer is responsible for replacing losses associated with all transmission service as calculated by the Transmission Provider. The applicable Real Power Loss factors are as stated in Attachment H.

28.6 Restrictions on Use of Service

The Network Customer shall not use Network Integration Transmission Service for (i) sales of capacity and energy to non-designated loads, or (ii) direct or indirect provision of transmission service by the Network Customer to third parties. All Network Customers taking Network Integration Transmission Service shall use Point-To-Point Transmission Service under Part II of the Tariff for any Third-Party Sale which requires use of the Transmission Provider's Transmission System.

29. Initiating Service

29.1 Condition Precedent for Receiving Service

Subject to the terms and conditions of Part III of the Tariff, the Transmission Provider will provide Network Integration Transmission Service to any Eligible Customer, provided that (i) the Eligible Customer completes an Application for service as provided under Part III of the Tariff, (ii) the Eligible Customer and the Transmission Provider complete the technical arrangements set forth in Sections 29.3 and 29.4, (iii) the Eligible Customer executes a Service Agreement pursuant to Attachment F for service under Part III of the Tariff or requests in writing that the Transmission Provider file a proposed unexecuted Service Agreement with the Commission, (iv) the Eligible Customer satisfies Section 11's creditworthiness requirements, and (v) the Eligible Customer executes a Network Operating Agreement with the Transmission Provider pursuant to Attachment G, or requests in writing that the Transmission Provider file a proposed unexecuted Network Operating Agreement.

29.2 Application Procedures

An Eligible Customer requesting service under Part III of the Tariff must submit an Application, with a deposit approximating the charge for one month of service, to the Transmission Provider as far as possible in advance of the month in which service is to commence. Provided, however, the Transmission Provider shall waive the requirement that a deposit accompany the Application for an Eligible Customer that has satisfied Section 11's creditworthiness requirements. Unless subject to the procedures in Section 2, Completed Applications for Network Integration Transmission Service will be assigned a priority according to the date and time the Application is received, with the earliest Application receiving the highest priority. Applications should be submitted by entering the information listed below on the Transmission Provider's OASIS. Prior to implementation of the Transmission Provider's OASIS, a Completed Application may be submitted by (i) transmitting the required information to the Transmission Provider by telefax, or (ii) providing the information by telephone over the Transmission Provider's time recorded telephone line. Each of these methods will provide a time-stamped record for establishing the service priority of the Application. A Completed Application shall provide all of the information included in 18 CFR § 2.20 including but not limited to the following:

- i. The identity, address, telephone number and facsimile number of the party requesting service;
- ii. A statement that the party requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;

- iii. A description of the Network Load at each delivery point. This description should separately identify and provide the Eligible Customer's best estimate of the total loads to be served at each transmission voltage level, and the loads to be served from each Transmission Provider substation at the same transmission voltage level. The description should include a ten (10) year forecast of summer and winter load and resource requirements beginning with the first year after the service is scheduled to commence;
- iv. The amount and location of any interruptible loads included in the Network Load. This shall include the summer and winter capacity requirements for each interruptible load (had such load not been interruptible), that portion of the load subject to interruption, the conditions under which an interruption can be implemented and any limitations on the amount and frequency of interruptions. An Eligible Customer should identify the amount of interruptible customer load (if any) included in the 10 year load forecast provided in response to (iii) above;
- v. A description of Network Resources (current and 10-year projection). For each on-system Network Resource, such description shall include:
 - Unit size and amount of capacity from that unit to be designated as Network Resource
 - VAR capability (both leading and lagging) of all generators
 - Operating restrictions
 - Any periods of restricted operations throughout the year
 - Maintenance schedules
 - Minimum loading level of unit
 - Normal operating level of unit
 - Any must-run unit designations required for system reliability or contract reasons
 - Approximate variable generating cost (\$/MWH) for redispatch computations
 - Arrangements governing sale and delivery of power to third parties from generating facilities located in the Transmission Provider Control Area, where only a portion of unit output is designated as a Network Resource;

For each off-system Network Resource, such description shall include:

- Identification of the Network Resource as an off-system resource
- Amount of power to which the customer has rights

- Identification of the control area from which the power will originate
- Delivery point(s) to the Transmission Provider's Transmission System
- Transmission arrangements on the external transmission system(s)
- Operating restrictions, if any
 - Any periods of restricted operations throughout the year
 - Maintenance schedules
 - Minimum loading level of unit
 - Normal operating level of unit
 - Any must-run unit designations required for system reliability or contract reasons
- Approximate variable generating cost (\$/MWH) for redispatch computations;

For all generating resources from which Network Service has been requested, if the owner of the resource submits a written request to the Transmission Provider requesting the identity of a customer requesting network service from the resource, the Transmission Provider will provide such information on a confidential basis.

vi. Description of Eligible Customer's transmission system:

- Load flow and stability data, such as real and reactive parts of the load, lines, transformers, reactive devices and load type, including normal and emergency ratings of all transmission equipment in a load flow format compatible with that used by the Transmission Provider
- Operating restrictions needed for reliability
- Operating guides employed by system operators
- Contractual restrictions or committed uses of the Eligible Customer's transmission system, other than the Eligible Customer's Network Loads and Resources
- Location of Network Resources described in subsection (v) above
- 10 year projection of system expansions or upgrades
- Transmission System maps that include any proposed expansions or upgrades
- Thermal ratings of Eligible Customer's Control Area ties with other Control Areas;

vii. Service Commencement Date and the term of the requested Network Integration Transmission Service. The minimum term for Network Integration Transmission Service is one year;

- viii. A statement signed by an authorized officer from or agent of the Network Customer attesting that all of the network resources listed pursuant to Section 29.2(v) satisfy the following conditions: (1) the Network Customer owns the resource, has committed to purchase generation pursuant to an executed contract, or has committed to purchase generation where execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff; and (2) the Network Resources do not include any 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; except for purposes of fulfilling obligations under a reserve sharing program; and
- ix. Any additional information required of the Transmission Customer as specified in the Transmission Provider's planning process established in Attachment K.

Unless the Parties agree to a different time frame, the Transmission Provider must acknowledge the request within ten (10) days of receipt. The acknowledgement must include a date by which a response, including a Service Agreement, will be sent to the Eligible Customer. If an Application fails to meet the requirements of this section, the Transmission Provider shall notify the Eligible Customer requesting service within fifteen (15) days of receipt and specify the reasons for such failure. Wherever possible, the Transmission Provider will attempt to remedy deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the Transmission Provider shall return the Application without prejudice to the Eligible Customer filing a new or revised Application that fully complies with the requirements of this section. The Eligible Customer will be assigned a new priority consistent with the date of the new or revised Application. The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

29.3 Technical Arrangements to be Completed Prior to Service

Network Integration Transmission Service shall not commence until the Transmission Provider and the Network Customer, or a third party, have completed installation of all equipment specified under the Network Operating Agreement consistent with Good Utility Practice and any additional requirements reasonably and consistently imposed to ensure the reliable operation of the Transmission System. The Transmission Provider shall exercise reasonable efforts, in coordination with the Network Customer, to complete such arrangements as soon as practicable taking into consideration the Service Commencement Date.

29.4 Network Customer Facilities

The provision of Network Integration Transmission Service shall be conditioned upon the Network Customer's constructing, maintaining and operating the facilities on its side of each delivery point or interconnection necessary to reliably deliver capacity and energy from the Transmission Provider's Transmission System to the Network Customer. The Network Customer shall be solely responsible

for constructing or installing all facilities on the Network Customer's side of each such delivery point or interconnection.

29.5 Filing of Service Agreement

The Transmission Provider will file Service Agreements with the Commission in compliance with applicable Commission regulations.

30. Network Resources

30.1 Designation of Network Resources

Network Resources shall include all generation owned, purchased or leased by the Network Customer designated to serve Network Load under the Tariff. Network Resources 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, except for purposes of fulfilling obligations under a reserve sharing program. Any owned or purchased resources that were serving the Network Customer's loads under firm agreements entered into on or before the Service Commencement Date shall initially be designated as Network Resources until the Network Customer terminates the designation of such resources.

30.2 Designation of New Network Resources

The Network Customer may designate a new Network Resource by providing the Transmission Provider with as much advance notice as practicable or in accordance with Attachment V. A designation of a new Network Resource must be made through the Transmission Provider's OASIS by a request for modification of service pursuant to an Application under Section 29 or by complying with the requirements of Attachments T and V. This request must include a statement that the new network resource satisfies the following conditions: (1) the Network Customer owns the resource, has committed to purchase generation pursuant to an executed contract, or has committed to purchase generation where execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff; and (2) The Network Resources do not include any 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, except for purposes of fulfilling obligations under a reserve sharing program. The Network Customer's request will be deemed deficient if it does not include this statement and the Transmission Provider will follow the procedures for a deficient application as described in Section 29.2 of the Tariff. Requests under Section 29 to designate new Network Resources for periods of less than one year shall be subject to the expedited procedures contained in Attachment C to the Tariff.

30.3 Termination of Network Resources

The Network Customer may terminate the designation of all or part of a generating resource as a Network Resource by providing notification to the Transmission Provider through OASIS as soon as reasonably practicable, but not later than the firm scheduling deadline for the period of termination. Any request for termination of Network Resource status must be submitted on OASIS, and should indicate whether the request is for indefinite or temporary termination. A request for indefinite termination of Network Resource status must indicate the date and time that the termination is to be effective, and the identification and capacity of the resource(s) or portions thereof to be indefinitely

terminated. A request for temporary termination of Network Resource status must include the following:

- i. Effective date and time of temporary termination;
- ii. Effective date and time of redesignation, following period of temporary termination;
- iii. Identification and capacity of resource(s) or portions thereof to be temporarily terminated;
- iv. Resource description and attestation for redesignating the network resource following the temporary termination, in accordance with Section 30.2; and
- v. Identification of any related transmission service requests to be evaluated concomitantly with the request for temporary termination, such that the requests for 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 termination of the network resources identified in (iii) above, as well as all competing transmission service requests of higher priority.

As part of a temporary termination, a Network Customer may only redesignate the same resource that was originally designated, or a portion thereof. Requests to redesignate a different resource and/or a resource with increased capacity will be deemed deficient and the Transmission Provider will follow the procedures for a deficient application as described in Section 29.2 of the Tariff.

30.4 Operation of Network Resources

The Network Customer shall not operate its designated Network Resources located in the Network Customer's or Transmission Provider's Control Area such that the output of those facilities exceeds its designated Network Load, plus Non-Firm Sales delivered pursuant to Part II of the Tariff, plus losses, plus power sales under a reserve sharing program, plus sales that permit curtailment without penalty to serve its designated Network Load. This limitation shall not apply to changes in the operation of a Transmission Customer's Network Resources at the request of the Transmission Provider to respond to an emergency or other unforeseen condition which may impair or degrade the reliability of the Transmission System. For all Network Resources not physically connected with the Transmission Provider's Transmission System, the Network Customer may not schedule delivery of energy in excess of the Network Resource's capacity, as specified in the Network Customer's Application pursuant to Section 29, unless the Network Customer supports such delivery within the Transmission Provider's Transmission System by either obtaining Point-to-Point Transmission Service or utilizing secondary service pursuant to Section 28.4. The Transmission Provider shall

specify the rate treatment and all related terms and conditions applicable in the event that a Network Customer's schedule at the delivery point for a Network Resource not physically interconnected with the Transmission Provider's Transmission System exceeds the Network Resource's designated capacity, excluding energy delivered using secondary service or Point-to-Point Transmission Service.

30.5 Network Customer Redispatch Obligation

As a condition to receiving Network Integration Transmission Service, the Network Customer agrees to redispatch its Network Resources as requested by the Transmission Provider pursuant to Section 33.2. To the extent practical, the redispatch of resources pursuant to this section shall be on a least cost, non-discriminatory basis between all Network Customers, and the Transmission Provider.

30.6 Trans. for Network Resources Not Physically Interconnected

The Network Customer shall be responsible for any arrangements necessary to deliver capacity and energy from a Network Resource not physically interconnected with the Transmission Provider's Transmission System. The Transmission Provider will undertake reasonable efforts to assist the Network Customer in obtaining such arrangements, including without limitation, providing any information or data required by such other entity pursuant to Good Utility Practice.

30.7 Limitation on Designation of Network Resources

The Network Customer must demonstrate that it owns or has committed to purchase generation pursuant to an executed contract, or in the case of service pursuant to Attachment V, the Network Customer must satisfy the contractual requirements of that Attachment, in order to designate a generating resource as a Network Resource. Alternatively, the Network Customer may establish that execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff.

30.8 Use of Interface Capacity by the Network Customer

There is no limitation upon a Network Customer's use of the Transmission Provider's Transmission System at any particular interface to integrate the Network Customer's Network Resources (or substitute economy purchases) with its Network Loads. However, a Network Customer's use of the Transmission Provider's total interface capacity with other transmission systems may not exceed the Network Customer's Load.

30.9 Network Customer Owned Transmission Facilities

The Network Customer that owns existing transmission facilities that are integrated with the Transmission Provider's Transmission System may be eligible to receive consideration either through a billing credit or some other mechanism. In order to receive such consideration the Network Customer must demonstrate that its transmission facilities are integrated into the plans or operations of the Transmission Provider, to serve its power and transmission customers. For facilities added by the Network Customer subsequent to May 14, 2007, the Network Customer shall receive credit for such transmission facilities added if such facilities are integrated into the operations of the Transmission Provider's facilities; provided however, the Network Customer's transmission facilities shall be presumed to be integrated if such transmission facilities, if owned by the Transmission Provider, would be eligible for inclusion in the Transmission Provider's annual transmission revenue requirement as specified in Attachment H. Calculation of any credit under this subsection shall be

addressed in either the Network Customer's Service Agreement or any other agreement between the Parties.

31. Designation of Network Load

31.1 Network Load

The Network Customer must designate the individual Network Loads on whose behalf the Transmission Provider will provide Network Integration Transmission Service. The Network Loads shall be specified in the Service Agreement.

31.2 New Network Loads Connected With the Transmission Provider

The Network Customer shall provide the Transmission Provider with as much advance notice as reasonably practicable of the designation of new Network Load that will be added to its Transmission System. A designation of new Network Load must be made through a modification of service pursuant to a new Application. The Transmission Provider will use due diligence to install any transmission facilities required to interconnect a new Network Load designated by the Network Customer. The costs of

new facilities required to interconnect a new Network Load shall be determined in accordance with the procedures provided in Section 32.4 and shall be charged to the Network Customer in accordance with Commission policies.

31.3 Network Load Not Physically Interconnected with the System

This section applies to both initial designation pursuant to Section 31.1 and the subsequent addition of new Network Load not physically interconnected with the Transmission Provider. To the extent that the Network Customer desires to obtain transmission service for a load outside the Transmission Provider's Transmission System, the Network Customer shall have the option of (1) electing to include the entire load as Network Load for all purposes under Part III of the Tariff and designating Network Resources in connection with such additional Network Load, or (2) excluding that entire load from its Network Load and purchasing Point-To-Point Transmission Service under Part II of the Tariff. To the extent that the Network Customer gives notice of its intent to add a new Network Load as part of its Network Load pursuant to this section the request must be made through a modification of service pursuant to a new Application.

31.4 New Interconnection Points

To the extent the Network Customer desires to add a new Delivery Point or interconnection point between the Transmission Provider's Transmission System and a Network Load, the Network Customer shall provide the Transmission Provider with as much advance notice as reasonably practicable.

31.5 Changes in Service Requests

Under no circumstances shall the Network Customer's decision to cancel or delay a requested change in Network Integration Transmission Service (e.g. the addition of a new Network Resource or designation of a new Network Load) in any way relieve the Network Customer of its obligation to pay the costs of transmission facilities constructed by the Transmission Provider and charged to the Network Customer as reflected in the Service Agreement and as set forth in Attachment T. However,

the Transmission Provider must treat any requested change in Network Integration Transmission Service in a non-discriminatory manner.

31.6 Annual Load Resource Information Updates

The Network Customer shall provide the Transmission Provider with annual updates of Network Load and Network Resource forecasts consistent with those included in its Application for Network Integration Transmission Service under Part III of the Tariff including, but not limited to, any information provided under section 29.2(ix) pursuant to the Transmission Provider's planning process in Attachment K. The Network Customer also shall provide the Transmission Provider with timely written notice of material changes in any other information provided in its Application relating to the Network Customer's Network Load, Network Resources, its transmission system or other aspects of its facilities or operations affecting the Transmission Provider's ability to provide reliable service.

32. Additional Study Procedures For NITS Requests

32.1 Notice of Need for System Impact Study

After receiving a request for service, the Transmission Provider shall determine on a non-discriminatory basis whether a System Impact Study is needed. A description of the Transmission Provider's methodology for completing a System Impact Study is provided in Attachment D. If the Transmission Provider determines that a System Impact Study is necessary to accommodate the requested service, it shall so inform the Eligible Customer, as soon as practicable. In such cases, the Transmission Provider shall within thirty (30) days of receipt of a Completed Application, tender a System Impact Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required System Impact Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the System Impact Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study Agreement, its Application shall be deemed withdrawn and its deposit shall be returned with interest.

32.2 System Impact Study Agreement and Cost Reimbursement

- i. The System Impact Study Agreement will clearly specify the Transmission Provider's estimate of the actual cost, and time for completion of the System Impact Study. The charge shall not exceed the actual cost of the study. In performing the System Impact Study, the Transmission Provider shall rely, to the extent reasonably practicable, on existing transmission planning studies. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's request for service on the Transmission System.
- ii. If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single System Impact Study is sufficient for the Transmission Provider to accommodate the service requests, the costs of that study shall be pro-rated among the Eligible Customers.

- iii. For System Impact Studies that the Transmission Provider conducts on its own behalf, the Transmission Provider shall record the cost of the System Impact Studies pursuant to Section 8.

32.3 System Impact Study Procedures

Upon receipt of an executed System Impact Study Agreement, the Transmission Provider will use due diligence to complete the required System Impact Study within a sixty (60) day period. The System Impact Study shall identify (1) any system constraints, identified with specificity by transmission element of flowgate, (2) redispatch options (when requested by an Eligible Customer) including, to the extent possible, an estimate of the cost of dispatch, (3) available options for installation of automatic devices to curtail service (when requested by an Eligible Customer), and (4) additional Direct Assignment Facilities or Network Upgrades required to provide the requested service. For customers requesting the study of redispatch options, the System Impact Study shall (1) identify all resources located within the Transmission Provider's Control Area that can significantly contribute toward relieving the system constraint and (2) provide a measurement of each resource's impact on the system constraint. If the Transmission Provider possesses information indicating that any resource outside its Control Area could relieve the constraint, it shall identify each such resource in the System Impact Study. In the event that the Transmission Provider is unable to complete the required System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible Customer as soon as the System Impact Study is complete. The Transmission Provider will use the same due diligence in completing the System Impact Study for an Eligible Customer as it uses when completing studies for itself. The Transmission Provider shall notify the Eligible Customer immediately upon completion of the System Impact Study if the Transmission System will be adequate to accommodate all or part of a request for service or that no costs are likely to be incurred for new transmission facilities or upgrades. In order for a request to remain a Completed Application, within fifteen (15) days of completion of the System Impact Study the Eligible Customer must execute a Service Agreement or request the filing of an unexecuted Service Agreement, or the Application shall be deemed terminated and withdrawn.

32.4 Facilities Study Procedures

If a System Impact Study indicates that additions or upgrades to the Transmission System are needed to supply the Eligible Customer's service request, the Transmission Provider, within thirty (30) days of the completion of the System Impact Study, shall tender to the Eligible Customer a Facilities Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required Facilities Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the Facilities Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the Facilities Study Agreement, its Application shall be deemed withdrawn and its deposit shall be returned with interest. Upon receipt of an executed Facilities Study Agreement, the Transmission Provider will use due diligence to complete the required Facilities Study within a sixty (60) day period. If the Transmission Provider is unable to complete the Facilities Study in the allotted time period, the Transmission Provider shall notify the Eligible Customer and provide an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required.

to complete the study. When completed, the Facilities Study will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Eligible Customer, (ii) the Eligible Customer's appropriate share of the cost of any required Network Upgrades, consistent with Attachment T and (iii) the time required to complete such construction and initiate the requested service. The Eligible Customer shall provide the Transmission Provider with a letter of credit or other reasonable form of security acceptable to the Transmission Provider equivalent to the costs of new facilities or upgrades consistent with commercial practices as established by the Uniform Commercial Code. The Eligible Customer shall have thirty (30) days to execute a Service Agreement or request the filing of an unexecuted Service Agreement and provide the required letter of credit or other form of security or the request no longer will be a Completed Application and shall be deemed terminated and withdrawn.

32.5 Penalties for Failure to Meet Study Deadlines

Section 19.9 defines penalties that apply for failure to meet the 60-day study completion due diligence deadlines for System Impact Studies and Facilities Studies under Part II of the Tariff. These same requirements and penalties apply to service under Part III of the Tariff.

33. Load Shedding and Curtailments

33.1 Procedures

Prior to the Service Commencement Date, the Transmission Provider and the Network Customer shall establish Load Shedding and Curtailment procedures pursuant to the Network Operating Agreement with the objective of responding to contingencies on the Transmission System and on systems directly and indirectly interconnected with Transmission Provider's Transmission System. The Parties will implement such programs during any period when the Transmission Provider determines that a system contingency exists and such procedures are necessary to alleviate such contingency. The Transmission Provider will notify all affected Network Customers in a timely manner of any scheduled Curtailment.

33.2 Transmission Constraints

During any period when the Transmission Provider determines that a transmission constraint exists on the Transmission System, and such constraint may impair the reliability of the Transmission Provider's system, the Transmission Provider will take whatever actions, consistent with Good Utility Practice, that are reasonably necessary to maintain the reliability of the Transmission Provider's system. To the extent the Transmission Provider determines that the reliability of the Transmission System can be maintained by redispatching resources, the Transmission Provider will initiate procedures pursuant to the Network Operating Agreement to redispatch all Network Resources and the Transmission Provider's own resources on a least-cost basis without regard to the ownership of such resources. Any redispatch under this section may not unduly discriminate between the Transmission Provider's use of the Transmission System on behalf of its Native Load Customers and any Network Customer's use of the Transmission System to serve its designated Network Load.

33.3 Cost Responsibility for Relieving Transmission Constraints

Whenever the Transmission Provider implements least-cost redispatch procedures in response to a transmission constraint, the Transmission Provider and Network Customers will each bear a proportionate share of the total redispatch cost based on their respective Load Ratio Shares.

33.4 Curtailments

If a transmission constraint on the Transmission Provider's Transmission System cannot be relieved through the implementation of least-cost redispatch procedures and the Transmission Provider determines that it is necessary to Curtail scheduled deliveries, the Parties shall Curtail such schedules in accordance with the Network Operating Agreement, or pursuant to the NERC TLR Procedures specified in Attachment J. The Transmission Provider will follow the NERC TLR Procedures currently in effect and accepted by FERC where the NERC TLR Procedures would effectively relieve the constraint. In addition, as described in the Transmission Provider's business practices, where Non-Firm Point-to-Point Transmission Service, Secondary Service under Section 28.4 or other non-firm transmission service transactions (i) are contributing to the constraint and (ii) would not be Interrupted or Curtailed under the NERC TLR Procedures, the Transmission Provider will Interrupt and/or Curtail such transmission service transactions prior to Curtailing and/or Interrupting Firm Transmission Service. {In the event that the Reliability Coordinator issues a NERC TLR Level 3 curtailing non-firm transmission transactions, the Reliability Coordinator shall curtail all non-firm transmission transactions within the Entergy balancing authority area, consistent with the Tariff's priority levels for non-firm curtailment.} If multiple transactions require Curtailment or Interruption, to the extent practicable and consistent with Good Utility Practice, Curtailments or Interruptions will be made to transactions of the shortest term (e.g., hourly non-firm transactions will be Curtailed or Interrupted before daily non-firm transactions and daily non-firm transactions will be Curtailed or Interrupted before weekly non-firm transactions). Transmission service for Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service under the Tariff. Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have a lower priority than any Non-Firm Point-To-Point Transmission Service under the Tariff. The Transmission Provider will provide advance notice of Curtailment or Interruption where such notice can be provided consistent with Good Utility Practice.

33.5 Allocation of Curtailments

The Transmission Provider shall, on a non-discriminatory basis, Curtail the transaction(s) that effectively relieve the constraint. However, to the extent practicable and consistent with Good Utility Practice, any Curtailment will be shared by the Transmission Provider and Network Customer in proportion to their respective Load Ratio Shares. The Transmission Provider shall not direct the Network Customer to Curtail schedules to an extent greater than the Transmission Provider would Curtail the Transmission Provider's schedules under similar circumstances.

33.6 Load Shedding

To the extent that a system contingency exists on the Transmission Provider's Transmission System and the Transmission Provider determines that it is necessary for the Transmission Provider and the Network Customer to shed load, the Parties shall shed load in accordance with previously established procedures under the Network Operating Agreement.

33.7 System Reliability

Notwithstanding any other provisions of this Tariff, the Transmission Provider reserves the right, consistent with Good Utility Practice and on a not unduly discriminatory basis, to Curtail Network Integration Transmission Service without liability on the Transmission Provider's part for the purpose

of making necessary adjustments to, changes in, or repairs on its lines, substations and facilities, and in cases where the continuance of Network Integration Transmission Service would endanger persons or property. In the event of any adverse condition(s) or disturbance(s) on the Transmission Provider's Transmission System or on any other system(s) directly or indirectly interconnected with the Transmission Provider's Transmission System, the Transmission Provider, consistent with Good Utility Practice, also may Curtail Network Integration Transmission Service in order to (i) limit the extent or damage of the adverse condition(s) or disturbance(s), (ii) prevent damage to generating or transmission facilities, or (iii) expedite restoration of service. The Transmission Provider will give the Network Customer as much advance notice as is practicable in the event of such Curtailment. Any Curtailment of Network Integration Transmission Service will be not unduly discriminatory relative to the Transmission Provider's use of the Transmission System on behalf of its Native Load Customers. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that the Network Customer fails to respond to established Load Shedding and Curtailment procedures.

34. Rates and Charges

The Network Customer shall pay the Transmission Provider for any Direct Assignment Facilities, Ancillary Services, and applicable study costs, consistent with Commission policy, along with the following:

34.1 Monthly Charge

The monthly charges for Network Integration Transmission Service will be the charges provided for in Attachment H.

34.2 Redispatch Charge

The Network Customer shall pay a Load Ratio Share of any redispatch costs allocated between the Network Customer and the Transmission Provider pursuant to Section 33. To the extent that the Transmission Provider incurs an obligation to the Network Customer for redispatch costs in accordance with Section 33, such amounts shall be credited against the Network Customer's bill for the applicable month.

34.3 Stranded Cost Recovery

The Transmission Provider may seek to recover stranded costs from the Network Customer pursuant to this Tariff in accordance with the terms, conditions and procedures set forth in FERC Order No. 888. However, the Transmission Provider must separately file any proposal to recover stranded costs under Section 205 of the Federal Power Act.

34.4 Allocation of Revenues

The revenue the Transmission Provider receives for providing Network Transmission Service pursuant to the provisions of Paragraph 3 of Appendix 1 to Attachment H will be allocated among the Entergy Operating Companies based on their Responsibility Ratios as defined in the Entergy System Agreement and as set out in the Entergy System Bill for the most recently available month. The revenue the Transmission Provider receives for providing Distribution Service pursuant to Paragraph 4 of Appendix 1 to Attachment H shall be assigned to the Entergy Operating Company whose corresponding facilities were utilized to deliver power to the Transmission Customer.

35. Operating Arrangements

35.1 Operating under The Network Operating Agreement

The Network Customer shall plan, construct, operate and maintain its facilities in accordance with Good Utility Practice and in conformance with the Network Operating Agreement.

35.2 Network Operating Agreement

The terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Part III of the Tariff shall be specified in the Network Operating Agreement. The Network Operating Agreement shall provide for the Parties to (i) operate and maintain equipment necessary for integrating the Network Customer within the Transmission Provider's Transmission System (including, but not limited to, remote terminal units, metering, communications equipment and relaying equipment), (ii) transfer data between the Transmission Provider and the Network Customer (including, but not limited to, heat rates and operational characteristics of Network Resources, generation schedules for units outside the Transmission Provider's Transmission System, interchange schedules, unit outputs for redispatch required under Section 33, voltage schedules, loss factors and other real time data), (iii) use software programs required for data links and constraint dispatching, (iv) exchange data on forecasted loads and resources necessary for long-term planning, and (v) address any other technical and operational considerations required for implementation of Part III of the Tariff, including scheduling protocols. The Network Operating Agreement will recognize that the Network Customer shall either (i) operate as a Control Area under applicable guidelines of the Electric Reliability Organization (ERO) as defined in 18 C.F.R. § 39.1, (ii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with the Transmission Provider, or (iii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with another entity, consistent with Good Utility Practice, which satisfies the applicable reliability guidelines of the ERO. The Transmission Provider shall not unreasonably refuse to accept contractual arrangements with another entity for Ancillary Services. The Network Operating Agreement is included in Attachment G.

35.3 Network Operating Committee

A Network Operating Committee (Committee) shall be established to coordinate operating criteria for the Parties' respective responsibilities under the Network Operating Agreement. Each Network Customer shall be entitled to have at least one representative on the Committee. The Committee shall meet from time to time as need requires, but no less than once each calendar year.

SCHEDULE 1 Scheduling, System Control and Dispatch Service

This service is required to schedule the movement of power through, out of, within, or into a Control Area. This service can be provided only by the operator of the Control Area in which the transmission facilities used for transmission service are located. Scheduling, System Control and Dispatch Service is to be provided directly by the Transmission Provider (if the Transmission Provider is the Control Area operator) or indirectly by the Transmission Provider making arrangements with the Control Area operator that performs this service for the Transmission Provider's Transmission System. The Transmission Customer must purchase this service from the Transmission Provider or the Control Area operator. The charges for Scheduling, System Control and Dispatch Service are to be based on the rates set forth below. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator.

The cost for Scheduling, System Control and Dispatch Service shall be a stated rate of 0.1 mill/kWh.

SCHEDULE 2 Reactive Supply and Voltage Control Service

Reactive Supply and Voltage Control from Generation or Other Sources Service

In order to maintain transmission voltages on the Transmission Provider's transmission facilities within acceptable limits, generation facilities and non-generation resources capable of providing this service that are under the control of the control area operator are operated to produce (or absorb) reactive power. Thus, Reactive Supply and Voltage Control from Generation or other Sources Service must be provided for each transaction on the Transmission Provider's transmission facilities. The amount of Reactive Supply and Voltage Control from Generation or other Sources Service that must be supplied with respect to the Transmission Customer's transaction will be determined based on the reactive power support necessary to maintain transmission voltages within limits that are generally accepted in the region and consistently adhered to by the Transmission Provider.

Reactive Supply and Voltage Control from Generation or other Sources Service is to be provided directly by the Transmission Provider (if the Transmission Provider is the Control area operator) or indirectly by the Transmission Provider making arrangements with the Control Area operator that performs this service for the Transmission Provider's Transmission System. The Transmission Customer must purchase this service from the Transmission Provider or the Control Area operator. The charges for such service will be based on the rates set forth below. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by the Control Area operator. The total charges for the Reactive Power Supply and Voltage Control Service are a pass-through of the costs charged to the Transmission Provider.

A. Pass Through of Amounts Charged to and Paid by Entergy From Third-Party Generating Facilities for Inside the Bandwidth Reactive Power

Consistent with the Settlement Agreement reached in Docket Nos. EL06-2 and ER05-1432, effective as of June 1, 2006, Entergy has suspended the pass-through of amounts for inside the bandwidth reactive power pending the outcome of the proceedings in Docket Nos. ER05-482, ER05-977, ER05-1358, ER05-1394, ER05-1419.

B. Pass Through of Amounts Charged to and Paid by Entergy From Third-Party Generating Facilities for Outside the Bandwidth Reactive Power

Annually, Entergy will recover from all transmission customers the following costs charged to and paid by Entergy as the Transmission Provider from Third-Party Generating Facilities for outside the bandwidth reactive power: (1) reactive power service provided pursuant to rate schedules that are accepted or approved by the Commission; (2) reactive power service provided by municipals and cooperatives pursuant to rates accepted or approved by the Commission or rates that are otherwise legally enforceable; (3) out-of-pocket costs recoverable pursuant to a Commission-approved

Interconnection Agreement; and (4) lost opportunity costs that are filed by a Third-Party Generating Facility pursuant to Section 205 of the Federal Power Act and approved by the Commission. These costs paid to Generating Facilities for Reactive Service provided outside the designated power factor bandwidth will be recovered by Entergy using the total energy transmitted under the OATT. Entergy Transmission will send out the Schedule 2 bills for outside the bandwidth reactive service once a year on March 15 for the previous calendar year.

Pass Through Charge for Reactive Service Outside the Bandwidth = Total of Payment Amounts for Calendar Year/PYKT stated on a \$/kWh basis.

PYKT = Prior year total kWh transmitted on the Entergy transmission system, which is the sum for the Entergy Operating Companies of the Total kWh of Transmission for Others shown on FERC Form 1, Page 329 (Received), plus the sum of the Entergy Operating Companies' Total Distribution of Energy shown on FERC Form 1, page 401a, line 28.

SCHEDULE 3 Regulation and Frequency Response Service

Regulation and Frequency Response Service is the provision of generation and load response capability, including capacity, energy, and maneuverability, that is dispatched within a scheduling period by Entergy in order to meet the generation and demand balancing requirements for a Transmission Customer ("Transmission Customer"), and to correct mismatches between the Transmission Customer's actual loads and resources. Regulation and Frequency Response Service is accomplished by committing on-line generation whose output is raised or lowered, and by other non-generation resources capable of providing this service, manually or automatically as necessary to follow moment-by-moment changes in load. The Transmission Customer must purchase Regulation and Frequency Response Service from Entergy according to the terms and conditions described below. The Transmission Customer may make alternative comparable arrangements to satisfy its Regulation and Frequency Response Service obligation and such alternative comparable arrangements, including any performance standards and when charges under this Schedule may apply, shall be set forth in the Service Agreement and/or Network Operating Agreement.

I. Calculation of Load Following Capacity

The amount of Load Following Capacity that a Transmission Customer must purchase will be fixed at 1.41% of a (i) Network Customer's integrated peak load measured in MW at the time of the monthly Entergy Control Area peak or (ii) a Point-to-Point Transmission Customer's capacity reservation.

II. Charges

The charges for Load Following Capacity provided by Entergy shall be as follows:

Monthly Rate	\$1.94/kW-month
Weekly Rate	\$0.448/kW-week
Peak Daily	\$0.090/kW-day
Off-Peak Daily	\$0.064/kW-day
Peak Hourly	\$0.0056/kW-hourly
Off-Peak Hourly	\$0.0027/kW-hourly

The total charge in any week shall not exceed the rate for weekly service times the maximum reservation of daily service in any day that week; and shall not exceed the rate for weekly service times the maximum reservation of hourly service in any hour in that week. The total charge in any

day shall not exceed the rate for daily service times the maximum reservation of hourly service in that day.

SCHEDULE 4 Energy Imbalance Service

Energy Imbalance Service is provided when a difference occurs between the scheduled and the actual delivery of energy to a load located within a Control Area over a single hour. The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements, which may include use of non-generation resources capable of providing this service, to satisfy its Energy Imbalance Service obligation. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator. The Transmission Provider may charge a Transmission Customer a penalty for either hourly energy imbalances under this Schedule 4 or a penalty for hourly generator imbalances under Attachment P for imbalances occurring during the same hour, but not both unless the imbalances aggravate rather than offset each other.

The Transmission Provider shall establish charges for energy imbalance based on the deviation bands as follows: (i) deviations within +/- 1.5 percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be netted on a monthly basis and settled financially, at the end of the month, at 100 percent of incremental or decremental cost; (ii) deviations greater than +/- 1.5 percent up to 7.5 percent (or greater than 2 MW up to 10 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 110 percent of incremental cost or 90 percent of decremental cost, and (iii) deviations greater than +/- 7.5 percent (or 10 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 125 percent of incremental cost or 75 percent of decremental cost.

For purposes of this Schedule, incremental cost and decremental cost represent the Transmission Provider's actual average hourly cost of the last 10 MW dispatched for any purpose, e.g., to supply the Transmission Provider's Native Load Customers, correct imbalances, or make off-system sales, based on the replacement cost of fuel, unit heat rates, start-up costs (including any commitment and redispatch costs), incremental operation and maintenance costs, and purchased and interchange power costs and taxes, as applicable.

The replacement cost of fuel (including the cost of fuel for start-ups) is calculated as follows: (1) oil, coal and nuclear replacement costs are calculated based on as-booked numbers from the prior month; and (2) gas replacement costs are calculated using nominated fuel prices and quantities. Fuel invoices/databases will be used for calculating this component. The unit heat rates are calculated based on actual operation of the units for the prior 12 months. The incremental operations and maintenance costs are calculated based on the applicable O&M accounts using prior year's FERC Form 1 data. The purchased and interchange power costs and taxes are calculated based on the actual costs of the purchase. Purchase power invoices/databases will be used for calculating this component.

The Transmission Provider will credit revenues that it receives in excess of the costs it incurs to accommodate energy imbalances ("penalty revenues") to the Transmission Provider's Native Load

Customers and Transmission Customers who have not experienced energy imbalances in excess of the deviation band in the same hour as a particular penalty revenue is assessed under this Schedule. The credits shall be calculated and allocated as set out below. Transmission Customers that had incurred an energy imbalance but were nonetheless still within the first tier identified above (i.e., +/- 1.5 percent (with a minimum of 2 MW)) shall be entitled to receive a credit if they are within the first tier when a particular penalty revenue is assessed.

The penalty revenues for which the Transmission Provider provides credits consist of the sum of the following amounts:

4. for deficient energy in excess of the deviation band in an hour, the amount by which the Transmission Provider's revenues for such imbalance exceed incremental cost times the customers quantity of deficient energy in that hour;
5. for excess energy in excess of the deviation band in an hour, the amount by which any payment to a Transmission Customer is less than decremental cost times the customers quantity of excess energy in that hour.

The imbalance penalty revenues calculated shall be credited based on the ratio of transmission usage of the Transmission Provider's Native Load Customers and each Transmission Customer that did not experience an energy imbalance under this Schedule in excess of the deviation band in an hour in which a penalty is assessed to the total transmission usage from the Transmission Provider's Native Load Customers and all Transmission Customers who did not experience energy imbalances under this Schedule in excess of the deviation band in the hour. A Transmission Customer that experiences an energy imbalance in excess of the deviation band in an hour shall not receive a credit pursuant to this Section for that hour.

The Transmission Provider shall only disburse accumulated penalty revenues, plus interest calculated in accordance with 18 C.F.R § 35.19a, when the annual refund obligation for Transmission Customers (exclusive of the Transmission Provider's Native Load Customers) reaches \$100,000. The annual period will commence on January 1 every year and end on December 31. Penalty revenues in one year will be carried over into subsequent years if the \$100,000 threshold is not met.

SCHEDULE 5 Operating Reserve – Spinning Reserve Service

Spinning Reserve Service is needed to serve load immediately in the event of a system contingency. Each Transmission Customer must have spinning reserves available in the amounts as set forth below, or purchase such spinning reserves from Entergy.

I. Requirements

- A. Every Transmission Customer must have available at least 2.18% of its daily peak load, based upon hourly-integrated values, as spinning reserves. Spinning reserves must be available to serve load immediately upon the loss of a generation resource owned by the Transmission Customer or another Customer within the Entergy Control Area, and spinning reserve service must be provided by generating units that are on-line and loaded at less than maximum output, and by other non-generation resources capable of providing this service. Each Transmission Customer must specify its source of spinning reserves on a daily basis.
- B. To the extent that a Transmission Customer self-supplies spinning reserves, the Customer must make available such spinning reserves to Entergy in real-time on a daily basis. If Entergy utilizes these spinning reserves, Entergy will pay the Transmission Customer for the energy at an amount equal to Entergy's System Incremental Cost, as defined in Schedule 4.

II. Option to Purchase Spinning Reserves from Entergy

If a Transmission Customer does not wish to self-supply spinning reserves, Entergy will supply spinning reserves and a Transmission Customer must purchase an amount equal to 2.18% of (i) a Network Customer's integrated peak load at the time of the monthly Entergy Control Area Peak or (ii) the Point-to-Point Transmission Customer's capacity reservation. The charges for Spinning Reserve Service provided by Entergy shall be as follows:

Monthly Rate	\$1.94/kW-month
Weekly Rate	\$0.448/kW-week
Peak Daily	\$0.090/kW-day
Off-Peak Daily	\$0.064/kW-day
Peak Hourly	\$0.0056/kW-hourly
Off-Peak Hourly	\$0.0027/kW-hourly

The total charge in any week shall not exceed the rate for weekly service times the maximum reservation of daily service in any day that week; and shall not exceed the rate for weekly service times the maximum reservation of hourly service in any hour in that week. The total charge in any day shall not exceed the rate for daily service times the maximum reservation of hourly service in that day.

SCHEDULE 6 Operating Reserve – Supplemental Reserve Service

Supplemental Reserve Service is needed to serve load in the event of a system contingency. Supplemental reserves must be available to serve load within 10 minutes of a contingency. Each Transmission Customer must have supplemental reserves available in the amounts as set forth below, or purchase such supplemental reserves from Entergy.

I. Requirements

- A. Every Transmission Customer must have available at least 2.17% of its daily peak load, based upon hourly-integrated values as supplemental reserves. Supplemental reserves must be available to serve load within 10 minutes upon the loss of a generation resource owned by the Transmission Customer or another Customer within the Entergy Control Area, and supplemental reserve service may be provided by generating units that are on-line but unloaded, by quick-start generation or by interruptible load, or by other non-generation resources capable of providing this service. Each Transmission Customer must specify its source of supplemental reserves on a daily basis.
- B. To the extent that a Transmission Customer self-supplies supplemental reserves, the Customer must make available such supplemental reserves to Entergy in real-time on a daily basis. If Entergy utilizes these supplemental reserves, Entergy will pay the Transmission Customer for the energy at an amount equal to Entergy's System Incremental Cost, as defined in Schedule 4.

II. Option to Purchase Supplemental Reserves from Entergy

If a Transmission Customer does not wish to self-supply supplemental reserves, Entergy will supply supplemental reserves and a Transmission Customer must purchase an amount equal to 2.17% of (i) a Network Customer's integrated peak load at the time of the monthly Entergy Control Area Peak or (ii) the Point-to-Point Transmission Customer's capacity reservation. The charges for Supplemental Reserve Service provided by Entergy shall be as follows:

Monthly Rate	\$1.94/kW-month
Weekly Rate	\$0.448/kW-week
Peak Daily	\$0.090/kW-day
Off-Peak Daily	\$0.064/kW-day
Peak Hourly	\$0.0056/kW-hourly
Off-Peak Hourly	\$0.0027/kW-hourly

The total charge in any week shall not exceed the rate for weekly service times the maximum reservation of daily service in any day that week; and shall not exceed the rate for weekly service times the maximum reservation of hourly service in any hour in that week. The total charge in any

day shall not exceed the rate for daily service times the maximum reservation of hourly service in that day.

SCHEDULE 7 Firm Point-To-Point Transmission Service

The Transmission Customer shall compensate the Transmission Provider each month for Reserved Capacity at the sum of the applicable charges set forth in Appendix A to this Schedule 7 unless the pricing provisions of Attachment T related to redispatch or the construction of new facilities apply.

Discounts: Three principal requirements apply to discounts for transmission service as follows: (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer initiated requests for discounts (including requests for use by one's wholesale merchant or an Affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission services rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.

APPENDIX A Point-To-Point Transmission Service Charges

1. Rate Structure

The Customer shall pay Companies for Long-Term Firm Point-to-Point, Short-Term Firm Point-to-Point Transmission Service, Non-Firm Point-to-Point Transmission Service and Distribution Service, as applicable in accordance with the provisions of Paragraphs 3 - 7 of this Appendix A.

- Resales: The rates and rules governing charges and discounts stated in this Schedule 7 shall not apply to resales of transmission service, compensation for which shall be governed by Section 23.1 of the Tariff.

2. Loss Factors

The following loss factors shall be applied, as applicable, on a cumulative basis to adjust metered (or scheduled) loads and Customer's net generation and purchased power on the load side of the Customer's meter to the Entergy Transmission System input level for all purposes under this Appendix A:

Type of Service	Loss Factor
Transmission Service	1.03
Distribution Transformation Service	1.01
Distribution Line Service	1.02

However, lower loss factors shall be utilized for a customer's loads when the Customer satisfactorily demonstrates that the loss factors set out above are excessive.

3. Firm Transmission Service

a. Firm Transmission Service Charge

Customers may take Long-Term Firm Transmission Service by executing a Service Agreement with a term of one year or longer. Customers may take Short-Term Firm Transmission Service on a monthly, weekly, or daily basis. Customers may also take a combination of the above services, which shall be referred to hereinafter, collectively, as "Firm Transmission Service". The type of Firm Transmission Service to be utilized for any given transaction shall be set out in the Service Agreement.

Customers receiving Firm Transmission Service shall pay a Firm Transmission Service Charge monthly. The Firm Transmission Service Charge for any calendar month for each type of Firm

Transmission Service provided in that month shall be equal to the Customer's Firm Transmission Billing Quantity for that service in that month, as defined in Paragraph 3.b below, multiplied by the corresponding Firm Transmission Service Rate in effect for that same month, as defined in Paragraph 3.c below. Should a Customer receive more than one type of Firm Transmission Service in a month, the charges for each such service shall be determined and then aggregated to determine the Firm Transmission Service Charge for that month.

b. Firm Transmission Billing Quantity

The Firm Transmission Billing Quantity for each type of Firm Transmission Service provided in any calendar month shall be the Customer's corresponding Contract Quantity (kW) as set out in the then currently effective Service Agreement, or as otherwise agreed by the Company and the Customer. The Contract Quantity shall reflect adjustment for losses to the Entergy Transmission System input level. The Contract Quantity for Long-Term Firm Transmission Service and for Monthly, Weekly, and Daily Short-Term Firm Transmission Service shall be stated in kW.

c. Firm Transmission Service Rates

The following rates shall apply to the corresponding type of Firm Transmission Service, as set out in Paragraph 3.a above:

1. Long-Term Firm Transmission Service Rate
2. Monthly Short-Term Firm Transmission Service Rate
3. Weekly Short-Term Firm Transmission Service Rate
4. Daily On-Peak Short-Term Firm Transmission Service Rate
5. Daily Off-Peak Short-Term Firm Transmission Service Rate

The above rates shall be referred to hereinafter, collectively, as "Firm Transmission Service Rates" and, individually, as "Firm Transmission Service Rate".

The Firm Transmission Service Rate applicable to each type of Firm Transmission Service shall be determined by application of the corresponding Firm Transmission Service Rate formula contained in Attachment 1 to this Appendix A in accordance with the provisions of Paragraphs 6 - 7 below.

4. Non-firm Transmission Service

a. Non-firm Transmission Service Charge

Customers receiving Non-firm Transmission Service shall pay a Non-firm Transmission Service Charge monthly. The Non-firm Transmission Service Charge for any calendar month for Non-firm Transmission Service provided in that month shall be equal to the Customer's Non-firm Transmission Billing Energy for both Hourly On-Peak service and Hourly Off-Peak service in that month, as defined in Paragraph 4.b below, multiplied by the corresponding Non-firm Transmission Service Rates, as defined in Paragraph 4.c below, in effect for the periods in which the service was provided.

However, in no event shall a Customer taking Non-Firm Transmission Service in any month pay more for such Non-Firm Transmission Service than that Customer would have paid for Short-Term Firm Transmission Service for the same period of service, i.e., day, week or month.

b. Non-firm Transmission Billing Energy

The Hourly On-Peak and Hourly Off-Peak Non-firm Transmission Billing Energy (kWh) for a Customer in any calendar month shall be the corresponding energy most recently scheduled by that Customer for delivery on a non-firm basis during the on-peak period and the off-peak period, respectively, during that same month, as reduced by the energy scheduled for periods during which the Company interrupts service and as adjusted for losses to the Entergy Transmission System input level. On-Peak hours are from the hour beginning at 6:00 AM and continuing until the hour ending at 10:00 PM Monday through Friday. All other hours are Off-Peak hours.

c. Non-firm Transmission Service Rates

The Maximum Hourly On-Peak Non-firm Transmission Service Rate and the Maximum Hourly Off-Peak Non-Firm Transmission Service Rate shall be determined by application of the corresponding Maximum Non-Firm Transmission Service Rate formula contained in Attachment 1 to this Appendix A in accordance with the provisions of Paragraphs 6 - 7 below. The Company and the Customer may agree to base charges for Non-Firm Transmission Service on any rate up to the applicable (i.e. Hourly On-Peak or Hourly Off-Peak) Maximum Non-Firm Transmission Service Rate, but in no event shall the agreed upon rate exceed the applicable maximum rate.

5. Distribution Service

3 Distribution Service Charge

- (i) Customers utilizing a Company's Distribution Facilities, as defined in Paragraph 5.b below, on January 18, 1996, shall pay a monthly Distribution Service Charge which shall be based upon the charges and billing units contained in currently existing service agreements for the same service. Where an existing customer is charged a rate that includes both distribution and transmission components, only the distribution component will be assessed as the distribution charge.
- (ii) Customers not utilizing a Company's Distribution Facilities on January 18, 1996, as defined in Paragraph 5.a(i) above, and which commence utilization of a Company's Distribution Facilities after January 18, 1996, shall pay a monthly Distribution Service Charge determined as follows:
 - 1. the Distribution Facilities serving the Customer shall be determined on a direct assignment basis;
 - 2. the Company's gross investment in the directly assigned facilities, as determined in (1) above shall be multiplied by 1.5% to determine the monthly Distribution Service Charge. The directly assigned investment shall be revised whenever new delivery points are added or major additions are made at existing delivery points.

b. Distribution Facilities

Distribution Facilities for a Company shall consist of all distribution facilities of that Company for which the corresponding investment consists of the balances in FERC Accounts 360 - 370.

6. Initial Rates

The Firm Transmission Service Rate and the Non-firm Transmission Service Rates ("Rates") that are to be initially effective shall be based upon the most currently available historical calendar year data.

7. Redetermination of Rates

The Rates shall then be redetermined each year based on actual data for the immediately prior calendar year. The redetermined Rates shall become effective for bills rendered on or after June 1 of that year for service during the preceding calendar month and shall remain in effect for twelve months. Each annual redetermination of the Rates shall be submitted to the FERC in an informational filing on or about May 1 of each year and shall consist of the following:

1. Comparison of the redetermined Rates with the previously effective Rates
2. Calculation of the redetermined Rates
3. Workpapers showing (a) the source of all data utilized, and (b) other supporting documentation as specified in the Offer of Partial Settlement filed in FERC Docket No. ER95-112-000 on January 18, 1996.

Each annual filing shall reflect the most accurate data available at the time of filing. However, data as reported in the operating companies' Each annual filing shall reflect the most accurate data available at the time of filing. However, data as reported in the operating companies' FERC Form 1's for the applicable calendar year shall be used to the extent possible. Data required under the rate formula that is not reported in the respective operating companies' FERC Form 1 for the applicable calendar year shall be supported with appropriate documentation which shall be included in the workpapers accompanying each annual redetermination filing. Data, including FERC Form 1 data, shall be subject to challenge as set forth below.

A copy of each annual filing shall also be provided to each Customer. The FERC Staff, Customers, and Companies shall have 120 days after each such filing to review the redetermination of the Rates and file a complaint at the FERC concerning such redetermination. The FERC Staff and the Customers shall have 60 days after each such filing to serve discovery requests on the Company. Such discovery shall be of the same nature as discovery in cases set for hearing before the FERC, but shall be limited to what is appropriate to determine if the Company has properly applied the rate formulas, if the data included in the formula rate redetermination is proper, and if application of the rate formulas is consistent with Commission policy.

The redetermined Rates shall be subject to refund or surcharge until the latest of (1) the end of the review period, if at such time there is no outstanding, unresolved complaint pursuant to this section; (2) the final resolution of any complaint filed pursuant to this section; or (3) any required corrections have been made. Any errors in data or application of the formulas in Attachment 1 to this Appendix A that are detected by any party during the review period shall be corrected by Companies as soon as possible after the end of the review period. A corrected filing of the redetermined Rates shall then be submitted to the FERC with a copy to each Customer. After final acceptance by the FERC of the redetermined Rates, Companies shall make any required refund or surcharge to each Customer on the next normal monthly billing.

ATTACHMENT 1 Formula Rate

GENERAL NOTES

1. THE TEST YEAR SHALL BE THE CALENDAR YEAR USED TO DETERMINE THE VALUE OF THE VARIOUS PARAMETERS IN THE FOLLOWING FORMULA.
2. EXCEPT WHERE INDICATED OTHERWISE, THE COST CONCEPTS CONTAINED IN THIS ATTACHMENT 1 ARE TO BE DETERMINED BY SUMMING THE CORRESPONDING VALUES FOR THE VARIOUS ENTERGY OPERATING COMPANIES.
3. ALL RATE BASE ITEMS REFLECT 13-MONTH AVERAGE BALANCES FOR THE TEST YEAR. THE COST OF CAPITAL IS TO BE DETERMINED AS OF THE END OF THE TEST YEAR. THE COST OF LONG-TERM DEBT WILL BE CALCULATED AS FOLLOWS: THE PRINCIPLE AMOUNT OUTSTANDING IN DECEMBER OF THE TEST YEAR FOR EACH BOND ISSUANCE WILL BE MULTIPLIED BY THE COUPON RATE FOR THAT BOND (INCLUDING THE COST OF ANY INSURANCE OR OTHER ISSUANCE COSTS), AND ANY AMORTIZATION OF DEBT EXPENSE, DEBT DISCOUNT OR LOSS ON REACQUIRED DEBT WILL BE ANNUALIZED BY TAKING THE EXPENSE FOR DECEMBER OF THE TEST YEAR TIMES 12. THE COST OF PREFERRED STOCK WILL BE CALCULATED IN A SIMILAR MANNER.
4. ALL EXPENSE ITEMS UNLESS OTHERWISE SPECIFIED REFLECT TOTAL TEST YEAR AMOUNTS.
5. IN THE EVENT EITHER THE STATUTORY STATE OR FEDERAL CORPORATE INCOME TAX RATES CHANGE AFTER THE ANNUAL RATE REDETERMINATION IS SUBMITTED IN ANY YEAR, THEN THE RATES SHALL BE REDETERMINED ON AN INTERIM BASIS TO REFLECT SUCH TAX RATE CHANGE. ALL OTHER PARAMETERS SHALL REMAIN UNCHANGED. THE REDETERMINED RATES SHALL BECOME EFFECTIVE COMMENCING WITH THE BILLING MONTH IN WHICH THE TAX RATE(S) CHANGE. ANY SUCH REDETERMINATION SHALL BE SUBMITTED TO THE FERC AND THE CUSTOMER(S) AND SHALL CONSIST OF THE FOLLOWING:
 - A. TRANSMITTAL LETTER SETTING OUT BASIS FOR THE CHANGE
 - B. COPY OF DOCUMENTATION SUPPORTING THE CHANGE IN STATUTORY TAX RATE(S)

C. COMPARISON SHOWING EFFECT OF THE CHANGE ON AFFECTED CUSTOMERS

D. REDETERMINATION OF THE RATES REFLECTING THE REVISED TAX RATE(S)

6. IF ONE OR MORE OF THE RETAIL REGULATORY AUTHORITIES FOR ANY OF THE ENTERGY OPERATING COMPANIES UTILIZES NON-TRADITIONAL REGULATORY TREATMENT FOR STORM DAMAGE COSTS THAT AFFECTS ELECTRIC PLANT IN SERVICE, THEN SUCH NON-TRADITIONAL REGULATORY TREATMENT SHALL BE REVERSED FOR PURPOSES OF THE DEVELOPMENT OF THE RATES UNDER THIS RATE FORMULA FOR ELECTRIC PLANT IN SERVICE, DEPRECIATION EXPENSE AND ACCUMULATED PROVISION FOR DEPRECIATION. ANY ACCUMULATED DEFERRED INCOME TAXES ASSOCIATED WITH THE ELECTRIC PLANT IN SERVICE ADJUSTMENT SHALL BE INCLUDED IN THE RATEMAKING BALANCE. IF SUCH NON-TRADITIONAL REGULATORY TREATMENT RESULTS IN THE ISSUANCE OF BONDS TO FINANCE THE ELECTRIC PLANT IN SERVICE BEING RESTORED, THEN AN AMOUNT OF SUCH BONDS EQUAL TO THE ELECTRIC PLANT IN SERVICE ADJUSTMENT AT THE END OF THE TEST YEAR WILL BE INCLUDED IN THE DEVELOPMENT OF THE COST OF CAPITAL.

COMMON PARAMETERS

COST OF CAPITAL

CC = BEFORE TAX COST OF CAPITAL

CC = $D * DR + \frac{PF * PR + CE * CR}{TX}$

TX

WHERE:

D = EMBEDDED COST RATE OF LONG-TERM DEBT

DR = DEBT CAPITALIZATION RATIO

PF = EMBEDDED COST RATE OF PREFERRED STOCK

PR = PREFERRED STOCK CAPITALIZATION RATIO

CE = 0.1100

CR = COMMON EQUITY CAPITALIZATION RATIO

TX = COMPOSITE CORPORATE AFTER TAX RATE

$$TX = (1 - S)(1 - F)$$

WHERE:

S = AVERAGE EFFECTIVE STATUTORY STATE CORPORATE INCOME TAX RATE FOR THE ENTERGY OPERATING COMPANIES AS WEIGHTED BY NET TRANSMISSION PLANT INVESTMENT IN THOSE OPERATING COMPANIES (1)

F = STATUTORY FEDERAL CORPORATE INCOME TAX RATE

ACCUMULATED DEFERRED INCOME TAXES

ADIT = ACCUMULATED DEFERRED INCOME TAXES

ADIT = ADTL + ITC

WHERE:

ADTL = THE BALANCES IN ACCOUNTS 190, 281, 282, AND 283 AS REDUCED BY (1) ANY AMOUNTS ASSOCIATED WITH REGULATORY ASSETS OR LIABILITIES CREATED BY THE ACTION OF A RETAIL REGULATOR AND (2) OTHER AMOUNTS NOT GENERALLY AND PROPERLY INCLUDABLE FOR COST OF SERVICE PURPOSES

ITC = ACCUMULATED DEFERRED INVESTMENT TAX CREDIT - 3% PORTION ONLY

PLANT RATIO

TPR = TRANSMISSION PLANT RATIO

TPR = $\frac{TPLT}{PPLT + TPLT + DPLT + GPLT}$

WHERE:

PPLT = PRODUCTION PLANT IN SERVICE

TPLT = TRANSMISSION PLANT IN SERVICE

DPLT = DISTRIBUTION PLANT IN SERVICE

GPLT = GENERAL PLANT IN SERVICE—EXCLUDING COAL MINING
EQUIPMENT

LABOR RATIO

TLR = TRANSMISSION LABOR RATIO

TLR = $\frac{TL}{PXAG}$

PXAG

WHERE:

TL = TRANSMISSION PAYROLL CHARGED TO O&M EXPENSE

PXAG = PAYROLL CHARGED TO O&M EXPENSE, EXCEPT
ADMINISTRATIVE AND GENERAL O&M EXPENSE

A&G EXPENSE

AG = INCLUDABLE ADMINISTRATIVE AND GENERAL O&M EXPENSE

AG = AGXP - EEI - EPRI - RRE

WHERE:

AGXP = TOTAL ADMINISTRATIVE AND GENERAL O&M EXPENSE

EEI = EDISON ELECTRIC INSTITUTE EXPENSES

EPRI = ELECTRIC POWER RESEARCH INSTITUTE EXPENSES

RRE = RETAIL REGULATORY EXPENSES

OTHER TAX RATE

OTR = OTHER TAX RATE

$$\text{OTR} = \frac{\text{TXO} - \text{PYTX} - \text{RTX}}{\text{PPLT} + \text{TPLT} + \text{DPLT} + \text{GPLT}}$$

WHERE:

TXO = TAXES OTHER THAN INCOME TAXES (ACCOUNT 408.1)

PYTX = PAYROLL RELATED TAX EXPENSE

RTX = RETAIL RELATED TAXES (2)

PPLT = PRODUCTION PLANT IN SERVICE

TPLT = TRANSMISSION PLANT IN SERVICE

DPLT = DISTRIBUTION PLANT IN SERVICE

GPLT = GENERAL PLANT IN SERVICE—EXCLUDING COAL MINING EQUIPMENT

NOTES:

- 1) THE EFFECTIVE STATE TAX RATE FOR A COMPANY OPERATING IN MORE THAN ONE STATE SHALL BE THE ARITHMETIC AVERAGE OF THE EFFECTIVE TAX RATE FOR THOSE STATES
- 2) INCLUDES, BUT NOT LIMITED TO, GROSS RECEIPTS TAX, FRANCHISE TAXES, REGULATORY ASSESSMENT TAXES/FEES, USE TAXES, OCCUPATION TAXES AND ALL OTHER SIMILAR TAXES LEVIED ON THE BASIS OF RETAIL CUSTOMERS, RETAIL MWH SALES, OR RETAIL REVENUES.

LONG-TERM FIRM TRANSMISSION SERVICE RATE

LFTSR = LONG-TERM FIRM TRANSMISSION SERVICE RATE (\$/kW-MONTH)

$$\text{LFTSR} = \frac{\text{TRB} * \text{CC} + (\text{TPLTXS} / \text{TPLT}) * (-\text{TREV} - \text{FREV} + \text{TXP} - \text{TPR} * \text{ITCWO} / \text{TX}) + \frac{\text{SECUR}_{\text{KR}} + \text{SECUR}_{\text{GI}} + \text{SECUR}_{\text{IS}}}{12 * \text{TKW}}}{1}$$

WHERE:

TRB = TRANSMISSION RATE BASE

$$TRB = TPLTXS - TDRXS + (TPLTXS/TPLT) * [TLR * (GPLT - GDR) + TPR * (MS + PPT - ADIT)] + URA$$

WHERE:

TPLTXS = TRANSMISSION PLANT IN SERVICE EXCLUDING STEP-UP TRANSFORMERS

TDRXS = TRANSMISSION ACCUMULATED DEPRECIATION EXCLUDING STEP-UP TRANSFORMERS (1)

TPLT = TRANSMISSION PLANT IN SERVICE (2)

TLR = TRANSMISSION LABOR RATIO

GPLT = GENERAL PLANT IN SERVICE - EXCLUDING COAL MINING EQUIPMENT

GDR = GENERAL PLANT ACCUMULATED DEPRECIATION - EXCLUDING COAL MINING EQUIPMENT

TPR = TRANSMISSION PLANT RATIO

MS = MATERIALS AND SUPPLIES

PPT = PREPAID TAXES AND INSURANCE

ADIT = ACCUMULATED DEFERRED INCOME TAXES

URA = UNAMORTIZED REGULATORY ASSET (3)

CC = BEFORE TAX COST OF CAPITAL

TREV = SHORT-TERM FIRM AND NON-FIRM TRANSMISSION SERVICE REVENUE RECEIVED UNDER SCHEDULES 7 AND 8, INCLUDING, AS APPLICABLE, IMPUTED SHORT-TERM FIRM AND NON-FIRM TRANSMISSION REVENUES ASSOCIATED WITH ENTERGY'S OFF-SYSTEM SALES BASED ON THE APPROPRIATE SHORT-TERM FIRM OR NON-FIRM TRANSMISSION SERVICE RATE

MREV = FACILITIES REVENUE ASSOCIATED WITH TRANSMISSION FACILITIES WHICH ARE DIRECTLY ASSIGNED TO CUSTOMERS AND FOR WHICH COSTS ARE NOT RECOVERED THROUGH A CONTRIBUTION-IN-AID,.

TXP = TOTAL TRANSMISSION EXPENSE

$$TXP = TOM - TEQ + TLR * AG + TDX + TLR * GDX + OTR * TPLT + TLR * PYTX + RA$$

WHERE:

TOM = TRANSMISSION O&M EXPENSE EXCLUSIVE OF SYSTEM CONTROL AND DISPATCHING EXPENSE IN FERC ACCOUNT 561 (4)

TEQ = TRANSMISSION EQUALIZATION EXPENSE INCURRED UNDER SCHEDULE MSS-2 OF THE ENTERGY SYSTEM AGREEMENT

AG = INCLUDABLE ADMINISTRATIVE AND GENERAL O&M EXPENSE

TDX = TRANSMISSION DEPRECIATION EXPENSE (5)

GDX = GENERAL PLANT DEPRECIATION EXPENSE

OTR = OTHER TAX RATE

PYTX = PAYROLL RELATED TAX EXPENSE

RA = REGULATORY ASSET RELATED EXPENSE (6)

TKW = THE ENTERGY SYSTEM NET AREA PEAK DEMAND (kW) FOR THE TEST YEAR ("ENTERGY PEAK"), WHICH SHALL INCLUDE THE LOAD PLACED ON THE ENTERGY TRANSMISSION SYSTEM AT THE TIME OF THE ENTERGY PEAK BY ENTERGY'S INTERRUPTIBLE RETAIL CUSTOMERS, AS INCREASED BY FIRM TRANSMISSION SERVICE, INCLUDING FIRM OFF-SYSTEM SALES, UNDER AGREEMENTS WITH TERMS EXCEEDING 12 MONTHS, WHICH ARE NOT INCLUDED IN THE ENTERGY PEAK. (7)(8)

SECUR_{KR} = AMOUNT FOR THE CURRENT TEST YEAR IN COLUMN (J) ON ATTACHMENT C TO THE SETTLEMENT AGREEMENT IN DOCKET NO. ER10-984.

SECUR_{GI} = AMOUNT FOR THE CURRENT TEST YEAR IN COLUMN (J) ON ATTACHMENT D TO THE SETTLEMENT AGREEMENT IN DOCKET NO. ER10-984.

SECUR_{IS} = AMOUNT FOR THE CURRENT TEST YEAR IN COLUMN (G) ON EAI ICE-STORM VALUATION ATTACHED TO THE COMPANY'S APPLICATION IN DOCKET NO. ER11-xxxx

NOTE:

- 1) Transmission depreciation shall be adjusted by Table C amounts for reductions of the 13-Month Average Depreciation Expense for AFUDC previously capitalized and funded with transmission customer prepayments.
- 2) Transmission plant shall be adjusted for the unamortized balance of transmission customer prepayments in the "B" sub-account of FERC Account 253, but limited to prepayments received for construction (*i.e.*, excluding tax gross-ups and accrued interest) and adjusted for AFUDC previously capitalized and funded by transmission customer prepayments.

- 3) This variable contains a value(s) that results from a FERC order(s) that requires deferral and amortization over a future period such as Table B – Unamortized Rate Base Asset for Accrued Interest for transmission customer prepayments.
- 4) AMOUNTS IN FERC ACCOUNT 565 SHALL BE INCLUDED ONLY TO THE EXTENT SUCH AMOUNTS REPRESENT PAYMENTS FOR THE USE OF TRANSMISSION FACILITIES OF OTHERS THAT SUPPORT ENTERGY’S TRANSMISSION SYSTEM. THE VARIABLE “TOM” SHALL BE ADJUSTED TO EXCLUDE THE INDEPENDENT COORDINATOR OF TRANSMISSION ANNUAL COSTS WHICH SHALL BE RECOVERED VIA SCHEDULE 10.
- 5) TRANSMISSION EXPENSE SHALL BE ADJUSTED BY THE TABLE C AMOUNTS – ACCUMULATED DEPRECIATION EXPENSE FOR AFUDC PREVIOUSLY CAPITALIZED AND FUNDED BY TRANSMISSION CUSTOMER PREPAYEMENTS.
- 6) THIS VARIABLE CONTAINS A VALUE(S) THAT RESULTS FROM AN ORDER(S) THAT REQUIRES DEFERRAL AND AMORTIZATION OVER A FUTURE PERIOD SUCH AS TABLE B AMORTIZATION OF INTEREST EXPENSE FOR TRANSMISSION CUSTOMER PREPAYMENTS ACCRUED AND PAID INTEREST.
- 7) FIRM TRANSMISSION SERVICE, INCLUDING FIRM OFF-SYSTEM SALES, UNDER AGREEMENTS NOT INCLUDED IN THE ENTERGY PEAK SHALL UTILIZE CAPACITY RESERVATION AMOUNTS SET BY CONTRACT, WHERE APPLICABLE - INCLUDING FOR FIRM OFF-SYSTEM SALES THAT PORTION OF THE CAPACITY RESERVATION AMOUNTS SET BY CONTRACT NOT OTHERWISE INCLUDED IN THE ENTERGY PEAK - AND METERED OR SCHEDULED LOADS AT THE TIME OF THE ENTERGY PEAK OTHERWISE.
- 8) FIRM DELIVERIES ARE TO BE ADJUSTED FOR LOSSES TO THE TRANSMISSION SYSTEM INPUT LEVEL UTILIZING THE APPLICABLE LOSS FACTORS SET OUT IN PARAGRAPH 2 OF APPENDIX A.

SHORT-TERM FIRM TRANSMISSION SERVICE RATES

MFTSR = MONTHLY FIRM TRANSMISSION RATE (\$/kW-MONTH)

$$MFTSR = \frac{12 * LFTSR * TKW + (TPLTXS / TPLT) * TREV}{12 * TKW}$$

WHERE:

LFSTR = LONG-TERM FIRM TRANSMISSION SERVICE RATE AS DEFINED ON PAGES 5 AND 6 OF THIS ATTACHMENT 1

TKW = THE ENTERGY SYSTEM NET AREA PEAK DEMAND (kW) FOR THE TEST YEAR (“ENTERGY PEAK”), WHICH SHALL INCLUDE THE LOAD PLACED ON THE ENTERGY TRANSMISSION SYSTEM AT THE TIME OF THE ENTERGY PEAK BY ENTERGY’S INTERRUPTIBLE RETAIL CUSTOMERS, AS INCREASED BY FIRM TRANSMISSION SERVICE, INCLUDING FIRM OFF-SYSTEM SALES, UNDER AGREEMENTS WITH TERMS EXCEEDING 12 MONTHS, WHICH ARE NOT INCLUDED IN THE

ENTERGY PEAK.

TPLTXS = TRANSMISSION PLANT IN SERVICE EXCLUDING STEP-UP TRANSFORMERS

TPLT = TRANSMISSION PLANT IN SERVICE

TREV = SHORT-TERM FIRM AND NON-FIRM TRANSMISSION SERVICE REVENUE RECEIVED UNDER SCHEDULES 7 AND 8, INCLUDING, AS APPLICABLE, IMPUTED SHORT-TERM FIRM AND NON-FIRM TRANSMISSION REVENUES ASSOCIATED WITH ENTERGY'S OFF-SYSTEM SALES BASED ON THE APPROPRIATE SHORT-TERM FIRM OR NON-FIRM TRANSMISSION SERVICE RATE

WFTSR = WEEKLY FIRM TRANSMISSION RATE (\$/kW-WEEK)

$$WFTSR = \frac{12 * MFTSR}{52}$$

DPFTSR = DAILY ON-PEAK FIRM TRANSMISSION RATE (\$/kW-DAY) (1)(2)

$$DPFTSR = \frac{12 * MFTSR}{260}$$

DOFTSR = DAILY OFF-PEAK FIRM TRANSMISSION RATE (\$/kW-DAY) (1)(2)

$$DOFTSR = \frac{12 * MFTSR}{365}$$

NOTE:

- 1) On-Peak days are Monday through Friday. Off-Peak days are Saturday and Sunday.

- 2) The total charge in any week for Daily On-Peak and Daily Off-Peak Firm Transmission Service shall not exceed the Weekly Short-Term Firm Transmission Service rate multiplied by the maximum daily capacity reservation during such week.

MAXIMUM NON-FIRM TRANSMISSION SERVICE RATES

HPNTSR = HOURLY ON-PEAK NON-FIRM TRANSMISSION SERVICE RATE (\$/kWh)
(1)(2)

$$\text{HPFTSR} = \frac{12 * \text{LFTSR} * \text{TKW} + (\text{TPLTXS} / \text{TPLT}) * \text{TREV}}{4,160 * \text{TKW}}$$

MFTSR = HOURLY OFF-PEAK NON-FIRM TRANSMISSION SERVICE RATE
(\$/kWh) (1)

$$\text{MFTSR} = \frac{12 * \text{LFTSR} * \text{TKW} + (\text{TPLTXS} / \text{TPLT}) * \text{TREV}}{8,760 * \text{TKW}}$$

WHERE:

LFSTR = LONG-TERM FIRM TRANSMISSION SERVICE RATE AS DEFINED ON
PAGES 5 AND 6 OF THIS ATTACHMENT 1

TKW = THE ENTERGY SYSTEM NET AREA PEAK DEMAND (kW) FOR THE
TEST YEAR ("ENTERGY PEAK"), WHICH SHALL INCLUDE THE LOAD
PLACED ON THE ENTERGY TRANSMISSION SYSTEM AT THE TIME
OF THE ENTERGY PEAK BY ENTERGY'S INTERRUPTIBLE RETAIL
CUSTOMERS, AS INCREASED BY FIRM TRANSMISSION SERVICE,
INCLUDING FIRM OFF-SYSTEM SALES, UNDER AGREEMENTS WITH
TERMS EXCEEDING 12 MONTHS, WHICH ARE NOT INCLUDED IN THE
ENTERGY PEAK.

TPLTXS = TRANSMISSION PLANT IN SERVICE EXCLUDING STEP-UP
TRANSFORMERS

TPLT = TRANSMISSION PLANT IN SERVICE

TREV = SHORT-TERM FIRM AND NON-FIRM TRANSMISSION SERVICE
REVENUE RECEIVED UNDER SCHEDULES 7 AND 8, INCLUDING, AS
APPLICABLE, IMPUTED SHORT-TERM FIRM AND NON-FIRM
TRANSMISSION REVENUES ASSOCIATED WITH ENTERGY'S OFF-
SYSTEM SALES BASED ON THE APPROPRIATE SHORT-TERM FIRM
OR NON-FIRM TRANSMISSION SERVICE RATE

NOTE:

- i. On-peak hours are from the hour beginning at 6:00 a.m. and continuing until the hour ending at 10:00 p.m. Monday through Friday. All other hours are off-peak hours.
- ii. The hourly on-peak non-firm transmission rate is a ceiling rate capped at the respective firm rate. The total charge in any day for hourly service shall not exceed the weekly rate multiplied by the maximum hourly capacity reservation during such day. In addition, the total demand charge in any week pursuant to a reservation of hourly or daily service shall not exceed the weekly rate multiplied by the maximum hourly capacity reservation in any hour during such week.

SCHEDULE 8 Non-Firm Point-to-Point Transmission Service

The Transmission Customer shall compensate the Transmission Provider for Non-Firm Point-To-Point Transmission Service in accordance with the provisions of Section 4 of Appendix A to Schedule 7 of this Tariff.

Three principal requirements apply to discounts for transmission service as follows (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an Affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery of the Transmission System.

Resales: The rates and rule governing charges and discounts stated in this Schedule 8 or incorporated by reference from Schedule 7 shall not apply to resales of transmission services, compensation for which shall be governed by section 23.1 of the Tariff.

SCHEDULE 9 Recovery of RTO and ICT Development and Start-Up Costs

The transmission customer shall compensate the Transmission Provider each month for the projected term of the 48 month recovery period at a rate of \$0.1068/MWh.

1. Rate Structure

The transmission customer ("Customer") shall pay the Transmission Provider ("Provider" or "Company") each month for recovery of Regional Transmission Organization and Independent Coordinator of Transmission Development and Start-Up Costs ("Pre-Op Costs") in accordance with the provisions below.

2. Transmission Service

a. Transmission Service Charge

Customers receiving transmission service under Part II or Part III of the Transmission Provider's Open Access Transmission Tariff ("Tariff") shall pay a Pre-Op Costs Transmission Service Charge monthly. The Pre-Op Costs Transmission Service Charge for any calendar month shall be equal to the Customer's Pre-Op Costs Transmission Billing Quantity for transmission service in that month, defined in Paragraph 2.b. below, and multiplied by the Pre-Op Costs Transmission Service Rate as defined in Paragraph 2.c, below. Should a Customer receive more than one type of transmission service in a month, the charges for each such service shall be determined and then aggregated to determine the Pre-Op Costs Transmission Service Charge for that month.

b. Transmission Billing Quantity

The Pre-Op Costs Transmission Billing Quantity for each type of transmission service provided to the Customer in any calendar month shall be the energy associated with the Customer's transmission service as determined from the Service Agreement(s) under which the Customer is receiving transmission service, or as otherwise agreed by the Company and the Customer. The Pre-Op Costs Transmission Billing Quantity shall be stated in MWh and reflect an adjustment for losses to the Entergy Transmission System input level.

c. Transmission Service Rate and Term of Recovery

The Pre-Op Costs Transmission Service Rate ("Rate") applicable to each type of transmission service for any calendar month shall be \$0.1068/MWh. The Rate will remain in effect for a projected period of 48 months and shall automatically terminate no later than December 31, 2010.

d. Reconciliation

1. The Transmission Provider shall calculate each month beginning in February 2007: (i) a monthly imputed total system recovery amount which shall be determined by multiplying the \$0.1068/MWh charge times the monthly total system energy delivered during the preceding

month; and (ii) the cumulative imputed total system recovery amount which shall be the sum of the monthly imputed total system recovery amounts.

2. If the monthly imputed total system recovery for a month would result in a cumulative imputed total system recovery amount in excess of \$69.5 million, the Schedule 9 charge for that month will be reduced below \$0.1068/MWh to a point where the cumulative imputed total system recovery will equal \$69.5 million to prevent any excess recovery.
3. Once the Schedule 9 charge has been reduced below \$0.1068/MWh pursuant to section d.2, above, then the Schedule 9 charge for all subsequent months shall be zero (\$0.0000/MWh).

SCHEDULE 10 Recovery of ICT Operation Costs

The transmission customer shall compensate the Transmission Provider each month in accordance with the provisions in Appendix 1 attached to this Schedule 10.

1. Rate Structure

The transmission customer ("Customer") shall pay the Transmission Provider ("Provider" or "Company") each month for recovery of Independent Coordinator of Transmission Operations Costs ("ICT Op Costs") in accordance with the provisions of this Appendix 1.

2. Transmission Service

a. Transmission Service Charge

Customers receiving transmission service under Part II or Part III of the Transmission Provider's Open Access Transmission Tariff ("Tariff") shall pay an ICT Op Costs Transmission Service Charge monthly. The ICT Op Costs Transmission Service Charge in any calendar month shall be equal to the Customer's ICT Op Costs Transmission Billing Quantity for transmission service in that month, as defined in Paragraph 2.b. below, multiplied by the ICT Op Costs Transmission Service Rate, as defined in Paragraph 2.c. below. Should a Customer receive more than one type of transmission service in a month, the charges for each such service shall be determined and then aggregated to determine the ICT Op Costs Transmission Service Charge for that month. An ICT Op Costs Transmission Service Charge will be imputed for all other customers receiving transmission service during that same month.

The total ICT Op Costs Transmission Service Charge for any month shall be the sum of the ICT Op Costs Transmission Service Charge for customers receiving transmission service under Part II or Part III of the Tariff plus the imputed ICT Op Costs Transmission Service Charge for all other customers receiving transmission service during that same month.

b. Transmission Billing Quantity

The ICT Op Costs Transmission Billing Quantity for each type of transmission service provided to the Customer in any calendar month shall be the energy associated with the Customer's transmission service as determined from the Service Agreement(s) under which the Customer is receiving transmission service, or as otherwise agreed by the Company and the Customer. The ICT Op Costs Transmission Billing Quantity shall be stated in MWh and reflect adjustment for losses to the Entergy Transmission System input level. Transmission Service Rate and Term of Recovery

The Pre-Op Costs Transmission Service Rate ("Rate") applicable to each type of transmission service for any calendar month shall be \$0.1068/MWh. The Rate will remain in effect for a projected period of 48 months and shall automatically terminate no later than December 31, 2010.

c. Transmission Service Rate

For transmission service billings rendered prior to June 2008, (Note: No rate redetermination will be made for this Schedule 10 in 2007 due to the short time the initial rate would be in effect.) the ICT Op Costs Transmission Service Rate ("Rate") applicable to each type of transmission service shall be the ICT base contract amount for calendar year 2007 plus any projected additional ICT Op costs for calendar year 2007 divided by the total energy transmitted by the Entergy Transmission System in calendar year 2005, where the energy is expressed in MWh and includes an adjustment for losses to the Entergy Transmission System input level.

For transmission service billings rendered in June 2008 and beyond, the Rate applicable to each type of transmission service for any calendar month shall be updated on or about May 1, 2008 and annually thereafter. The Rate shall be the immediately previous calendar year's total ICT Op Costs (Note: To minimize over-collection or under-collection of ICT costs, known or projected cost decreases or increases may be added to the prior year's ICT Op Costs for the Rate redetermination.) plus a true-up amount (Note: For the filing in 2008, the true-up amount shall be calculated for the first month of ICT operations through December 31, 2007. For all annual filings thereafter, the true-up amount shall be calculated for the immediately previous calendar year.) divided by the total energy transmitted by the Entergy Transmission System in the prior calendar year, where the energy is expressed in MWh and includes an adjustment for losses to the Entergy Transmission System input level. The true-up amount is the immediately previous calendar year's actual ICT Op Costs less the sum of the actual and imputed collections under this Schedule 10 during the immediately previous calendar year.

The ICT Op Costs Transmission Service Rate (Rate) applicable to each type of transmission service shall be determined by application of the ICT Op Costs Transmission Service Rate formula contained in Attachment A to this Appendix 1 in accordance with the provisions of this Schedule 10.

3. Recovery of ICT Op Costs

Recovery of ICT Op Costs will begin with transmission service billings issued for the first (1st) full month of ICT operations and will continue monthly thereafter for services provided by the ICT or a successor approved by the Federal Energy Regulatory Commission that provides equivalent services to those provided by the ICT.

GENERAL NOTES

6. RECOVERY OF ICT OP COSTS WILL BEGIN WITH BILLINGS RENDERED FOR THE FIRST (1ST) FULL MONTH OF ICT OPERATIONS AND WILL CONTINUE MONTHLY THEREAFTER FOR RECOVERY OF COSTS BILLED BY THE ICT OR ITS SUCCESSORS.
7. THE INITIAL RATE WILL BE DEVELOPED USING TOTAL PROJECTED ANNUALIZED ICT OP COSTS FOR CALENDAR YEAR 2007 AND WILL REMAIN IN EFFECT UNTIL REDETERMINED RATES ARE IMPLEMENTED IN JUNE 2008. THEREAFTER, RATES WILL BE REDETERMINED ANNUALLY ON OR ABOUT MAY 1 USING THE PRIOR CALENDAR YEAR'S TOTAL ICT OP COSTS, AS ADJUSTED FOR KNOWN OR PROJECTED CHANGES IN ICT OP COSTS, PLUS OR MINUS A TRUE-UP AMOUNT FOR UNDER-COLLECTIONS OR OVER-COLLECTIONS.

8. FOR THE FILING IN 2008, THE TRUE-UP AMOUNT SHALL BE CALCULATED FROM THE FIRST MONTH OF ICT OPERATIONS THROUGH DECEMBER 31, 2007. FOR ALL ANNUAL FILINGS THEREAFTER, THE TRUE-UP AMOUNT SHALL BE CALCULATED FOR THE IMMEDIATELY PREVIOUS CALENDAR YEAR.

ICT OP COSTS TRANSMISSION SERVICE RATE

ICTTSR = ICT OP COSTS SERVICE RATE (\$/MWH)

$$\text{ICTTSR} = \frac{\text{OPCOS}}{\text{MWH}}$$

WHERE:

$$\text{OPCOS} = \text{ICT OP COSTS}$$

$$\text{OPCOS} = \text{ACOS} + \text{ADJ} + \text{TUA}$$

$$\text{ACOS} = \text{PRIOR YEAR ANNUAL ICT OP COST (1)}$$

$$\text{ADJ} = \text{ADJUSTMENT (2)}$$

$$\text{TUA} = \text{TRUE-UP AMOUNT (3)}$$

$$\text{MWH} = \text{TOTAL MWH TRANSMITTED BY THE ENTERGY TRANSMISSION SYSTEM FOR THE PREVIOUS CALENDAR YEAR INCLUDING ADJUSTMENT FOR LOSSES TO THE ENTERGY TRANSMISSION SYSTEM INPUT LEVEL (4)}$$

NOTES:

- C. THE 2007 CALENDAR YEAR PROJECTED ANNUALIZED ICT OP COSTS WILL BE USED FOR THE INITIAL RATE CALCULATION
- D. ADJUSTMENT FOR KNOWN OR PROJECTED CHANGES IN ICT OP COSTS
- E. THE ACTUAL ICT OP COSTS LESS THE SUM OF THE ACTUAL AND IMPUTED COLLECTIONS
- F. 2005 MWH WILL BE USED FOR THE INITIAL RATE CALCULATION

ATTACHMENT A
Firm Point-To-Point Transmission Service Agreement

BETWEEN

ENTERGY SERVICES, INC.
ACTING AS AGENT FOR
ENTERGY ARKANSAS, INC.,
ENTERGY GULF STATES LOUISIANA, L.L.C.
ENTERGY LOUISIANA, LLC,
ENTERGY MISSISSIPPI, INC.
ENTERGY NEW ORLEANS, INC., AND
ENTERGY TEXAS, INC.

AND

[CUSTOMER]

- 1.0 This Service Agreement, dated as of _____, is entered into, by and between Entergy Services, Inc. (Entergy Services), acting as agent for Entergy Arkansas, Inc., a corporation organized and existing under the laws of the State of Arkansas, Entergy Gulf States Louisiana, L.L.C., a limited liability company organized and existing under the laws of the State of Louisiana, Entergy Louisiana, LLC, a limited liability company organized and existing under the laws of the State of Texas, Entergy Mississippi, Inc., a corporation organized and existing under the laws of the State of Mississippi, Entergy New Orleans, Inc., a corporation organized and existing under the laws of the State of Louisiana, and Entergy Texas, Inc., a corporation organized and existing under the laws of the State of Texas (collectively, the "Transmission Provider"), and [Customer], a corporation organized and existing under the laws of the State of ("Transmission Customer").

- 2.0 The Transmission Customer has been determined by the Transmission Provider to have a Completed Application for Firm Point-To-Point Transmission Service under the Tariff.
- 3.0 The Transmission Customer has provided to the Transmission Provider an Application deposit in accordance with the provisions of Section 17.3 of the Tariff, or has satisfied the creditworthiness requirements of Section 11 of the Tariff.
- 4.0 Service under this agreement shall commence on the later of (1) the requested service commencement date, or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) such other date as it is permitted to become effective by the Commission. Service under this agreement shall terminate on such date as mutually agreed upon by the parties.
- 5.0 The Transmission Provider agrees to provide and the Transmission Customer agrees to take and pay for Firm Point-To-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Service Agreement.
- 6.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider:

Interconnection Arrangements Administrator

Entergy Services, Inc.

P.O. Box 61000

New Orleans, LA 70161

Transmission Customer:

7.0 The Tariff is incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

Entergy Services, Inc.:

By: _____
Title Date

Transmission Customer:

By: _____
Name Title Date

Specifications For Long-Term Firm Point-To-Point

Transmission Service

1.0 Term of Transaction: _____

Start Date: _____

Termination Date: _____

2.0 Description of capacity and energy to be transmitted by Transmission Provider including the electric Control Area in which the transaction originates.

3.0 Point(s) of Receipt: _____

Delivering Party: _____

4.0 Point(s) of Delivery: _____

Receiving Party: _____

5.0 Maximum amount of capacity and energy to be transmitted (Reserved Capacity):

Designation of party(ies) subject to reciprocal service obligation:

7.0 Name(s) of any Intervening Systems providing transmission service:

8.0 Service under this Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of the Tariff.)

8.1 Transmission Charge:

8.2 System Impact and/or Facilities Study Charge(s):

8.3 Direct Assignment Facilities Charge:

8.4 Ancillary Services Charges:

8.5 The charges for Recovery of Regional Transmission Organization and Independent Coordinator of Transmission Development, Start-Up and Operations Costs are as provided for in Entergy's Open Access Transmission Tariff, Schedules 9 and 10.

ATTACHMENT A-1

SA for Resale/Reassignment/Transfer of P-t-P Service

Form of Service Agreement for the Resale, Reassignment or Transfer of Point-To-Point Transmission Service

- 1.0 This Service Agreement, dated as of _____, is entered into, by and between _____ (the Entergy Services, Inc.), and _____ (the Assignee).
- 2.0 The Assignee has been determined by the Transmission Provider to be an Eligible Customer under the Tariff pursuant to which the transmission service rights to be transferred were originally obtained.
- 3.0 The terms and conditions for the transaction entered into under this Service Agreement shall be subject to the terms and conditions of Part II of the Transmission Provider's Tariff, except for those terms and conditions negotiated by the Reseller of the reassigned transmission capacity (pursuant to Section 23.1 of this Tariff) and the Assignee, to include: contract effective and termination dates, the amount of reassigned capacity or energy, point(s) of receipt and delivery. Changes by the Assignee to the Reseller's Points of Receipt and Points of Delivery will be subject to the provisions of Section 23.2 of this Tariff.
- 4.0 The Transmission Provider shall credit the Reseller for the price reflected in the Assignee's Service Agreement or the associated OASIS schedule.
- 5.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Entergy Services, Inc.:

Interconnection Arrangements Administrator

Entergy Services, Inc.

P.O. Box 61000

New Orleans, LA 70161

Assignee:

6.0 The Tariff is incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

Transmission Provider:

By: _____
Name Title Date

Assignee:

By: _____
Name Title Date

Specifications For The Resale, Reassignment Or Transfer of
Long-Term Firm Point-To-Point Transmission Service

1.0 Term of Transaction: _____ Start Date:
_____ Termination Date:

2.0 Description of capacity and energy to be transmitted by Transmission Provider including the electric Control Area in which the transaction originates.

3.0 Point(s) of Receipt: _____ Delivering
Party: _____

4.0 Point(s) of Delivery: _____ Receiving
Party: _____

5.0 Maximum amount of reassigned capacity: _____

6.0 Designation of party(ies) subject to reciprocal service obligation:

7.0 Name(s) of any Intervening Systems providing transmission service:

8.0 Service under this Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of the Tariff.)

8.1 Transmission Charge: _____

8.2 System Impact and/or Facilities Study Charge(s): _____

8.3 Direct Assignment Facilities Charge: _____

8.4 Ancillary Services Charges: _____

8.5 The charges for Recovery of Regional Transmission Organization and Independent Coordinator of Transmission Development, Start-Up and Operations Costs are as provided for in Entergy's Open Access Transmission Tariff, Schedules 9 and 10.

9.0 Name of Reseller of the reassigned transmission capacity: _____

ATTACHMENT B
Non-Firm Point-To-Point Transmission Service Agreement
BETWEEN

ENTERGY SERVICES, INC.
ACTING AS AGENT FOR
ENTERGY ARKANSAS, INC.,
ENTERGY GULF STATES LOUISIANA, L.L.C.
ENTERGY LOUISIANA, LLC,
ENTERGY MISSISSIPPI, INC.
ENTERGY NEW ORLEANS, INC., AND
ENTERGY TEXAS, INC.

AND

[CUSTOMER]

- 1.0 This Service Agreement, dated as of _____, is entered into, by and between Entergy Services, Inc. (Entergy Services), acting as agent for Entergy Arkansas, Inc., a corporation organized and existing under the laws of the State of Arkansas, Entergy Gulf States Louisiana, L.L.C., a limited liability company organized and existing under the laws of the State of Louisiana, Entergy Louisiana, LLC, a limited liability company organized and existing under the laws of the State of Texas, Entergy Mississippi, Inc., a corporation organized and existing under the laws of the State of Mississippi, Entergy New Orleans, Inc., a corporation organized and existing under the laws of the State of Louisiana, and Entergy Texas, Inc., a corporation organized and existing under the laws of State of Texas (collectively, the "Transmission Provider"), and [Customer], a corporation organized and existing under the laws of the State of ("Transmission Customer").
- 2.0 The Transmission Customer has: (i) been determined by the Transmission Provider to be a Transmission Customer under Part II of the Tariff (ii) filed a Completed Application for Non-Firm Point-To-Point Transmission Service in accordance with Section 18.2 of the Tariff, and (iii) has satisfied the creditworthiness requirements of Section 11 of the Tariff.

- 3.0 Service under this Agreement shall be provided by the Transmission Provider upon request by an authorized representative of the Transmission Customer.
- 4.0 The Transmission Customer agrees to supply information the Transmission Provider deems reasonably necessary in accordance with Good Utility Practice in order for it to provide the requested service.
- 5.0 The Transmission Provider agrees to provide and the Transmission Customer agrees to take and pay for Non-Firm Point-To-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Service Agreement.
- 6.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider:

Interconnection Arrangements Administrator
Entergy Services, Inc.
P.O. Box 61000
New Orleans, LA 70161

Transmission Customer:

- 7.0 The Tariff is incorporated herein and made a part hereof.

8.0 The charges for Recovery of Regional Transmission Organization and Independent Coordinator of Transmission Development, Start-Up and Operations Costs are as provided for in Entergy's Open Access Transmission Tariff, Schedules 9 and 10.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

Entergy Services, Inc.:

By: _____
Title Date

Transmission Customer:

By: _____
Name Title Date

ATTACHMENT C

Methodology to Assess Available Transfer Capability

1. GENERAL

1.1 Division of Responsibilities

The division of responsibilities between the Transmission Provider and the Independent Coordinator of Transmission ("ICT") in performing duties related to the procedures described in this Attachment C is controlled by Attachment S to the Tariff, including the Transmission Service Protocol and other ICT Protocols appended thereto (collectively, the "ICT Protocols").

The term "Entergy" is used to delineate the requirements or procedures applicable to the Transmission System and the Tariff generally, but is not used to delineate the division of responsibilities between Entergy and the ICT. Instead, the term "Transmission Provider" is used to delineate those duties that are performed by Entergy personnel, as opposed to the ICT.

1.2 Definitions

Capitalized terms used herein are defined in Section 1 and Attachment M (Source and Sink) of the Tariff, and NAESB Open Access Same-Time Information System ("OASIS") Standard WEQ-001-2.2 (Firm and Non-Firm) and NAESB OASIS Implementation Guide Standard WEQ-013-2.2 (Transaction Status). Additional capitalized terms used herein are defined below solely for purposes of this Attachment C.

AFC Process: The software, data inputs, assumptions and flow-based study methodology used to calculate AFC values and evaluate TSRs in the Operating, Planning and Study Horizons.

AFC Software: As defined in Section 2.2 of the Transmission Service Protocol. A list of software applications, including off-line calculation tools, used in the AFC Process is included in the TSR Business Practices.

Available Flowgate Capability (AFC): The amount of transfer capability remaining over a Flowgate for additional transmission service above Existing Transmission Commitments. AFC may be Firm or Non-Firm as described in Sections 3.2 and 3.3.

Available Transfer Capability (ATC): A measure of the transfer capability remaining in the physical transmission network for further commercial activity over and above Existing Transmission Commitments.

Automatic Generation Control (AGC) Facility: For purposes of the AFC Process, AGC Facilities are those generating facilities that are available to balance load and generation in the AFC Process. The designation of a facility as an AGC Facility in the AFC Process is a modeling assumption and is not based on whether the facility has automatic generation control capability.

Base Case Models: As defined in Section 2.3 of the Transmission Service Protocol. When referenced in this Attachment C, "Base Case Model" includes the EMS-Based Models and the Monthly Base Case Models used to calculate AFC values.

Base Flow_{NON-FIRM}: The power flow impact on a Flowgate attributable to Non-Firm and Firm Existing Transmission Commitments that are modeled as discrete injections or withdrawals in Base Case Models.

Base Flow_{FIRM}: The power flow impact on a Flowgate attributable to Firm Existing Transmission Commitments that are modeled as discrete injections or withdrawals in Base Case Models.

Critical Energy Infrastructure Information (CEII): As defined in Attachment K.

Confidential Information: As defined in Attachment K.

Capacity Benefit Margin (CBM): The amount of Firm transmission transfer capability reserved by the Transmission Provider for LSEs, whose loads are located on the Transmission System, to enable access by those entities to generation from interconnected systems to meet generation reliability requirements.

Counterflow: The impact from transmission Reservations that decrease the flow on a monitored Flowgate.

Customer: A Transmission Customer, Network Customer, Eligible Customer or the Transmission Provider when designating resources and loads on behalf of its Native Load Customers, as applicable.

Default Format: The generation dispatch methodology used in the Operating and Planning Horizons when a LSE fails to submit generation dispatch data as required in Section 6.3.

EMS-Based Models: The Base Case Models derived from the Transmission Provider's EMS State Estimator and used to calculate AFC values in the Operating and Planning Horizons.

Effective ATC: The amount of ATC effectively available for a particular Source/Sink pair based on the Significantly Impacted Flowgate with the lowest AFC value for that Source/Sink pair.

Embedded Control Area: A Control Area that is not directly interconnected with any other Control Area or transmission system other than the Transmission Provider's Control Area and Transmission System.

Energy Management System (EMS): The collection of software and hardware used to monitor and operate the Transmission System in real-time.

Existing Transmission Commitments (ETCs): The existing uses of the Transmission System consisting of Firm ETCs and Non-Firm ETCs.

External Control Area: A Control Area other than an Embedded Control Area or the Transmission Provider's Control Area.

Firm AFC: The amount of Firm transfer capability over a Flowgate that remains available for additional transmission service as calculated per the formula in Section 3.3.

Firm Existing Transmission Commitments (Firm ETCs): The existing Firm uses of the Transmission System, as adjusted for Counterflows and released and redirected Firm service. Firm ETCs include: (1) Firm service to the Transmission Provider's Native Load Customers; (2) Firm Network Service from Network Resources; (3) Firm PTP Service; (4) grandfathered Firm service under pre-Order No. 888 transmission or bundled agreements; and (5) rollover rights associated with maintaining Firm service.

First-Tier External Control Area: An External Control Area that is directly interconnected with the Transmission Provider's Control Area and Transmission System.

Flowgate: A Flowgate is either: (1) a single transmission facility (monitored element); or (2) a set of transmission facilities (monitored and contingent elements). Flowgates represent transmission facilities that are monitored in the AFC Process for potential constraints.

Generating Facility Owner: The owner of a generating facility interconnected with the Transmission System pursuant to an LGIA or other interconnection and operating Agreement.

HE: Hour Ending.

Hourly Format: The dispatch information file described in Section 6.3.1.2.

Interchange: The amount of energy estimated to flow across the boundary between two Control Areas.

Load Serving Entities (LSEs): Network Customers and the entity responsible for serving the Transmission Provider's Native Load Customers.

Local Planning Criteria: The Transmission Provider's local reliability criteria as defined in Attachment K.

Master List of Flowgates (Master List): The list of Flowgates monitored in the AFC Process pursuant to Section 2.

Monthly Base Case Models: The Base Case Models derived from the NERC/SERC regional modeling process described in Section 15 and used to calculate AFC values in the Study Horizon.

Most Limiting Flowgates: For each transfer path, the Flowgates used to evaluate a TSR pursuant to Section 10.1.

NERC: The North American Electric Reliability Corporation in its role as the Electric Reliability Organization.

NERC Reliability Standards: The currently effective mandatory reliability standards adopted by NERC and approved by the Commission.

Net Interchange: The amount of net energy estimated to flow across the boundary of a Control Area based on the Interchange values that Control Area shares with each adjacent Control Area.

Network Service: Network Integration Transmission Service.

Non-Firm Existing Transmission Commitments (Non-Firm ETC): The existing Non-Firm uses of the Transmission System, as adjusted for Counterflows, released TRM and CBM capacity, and released or redirected Firm service. Non-Firm ETCs include: (1) Non-Firm service to the Transmission Provider's Native Load Customers; (2) Secondary Network Service; (3) Non-Firm PTP Service; and (4) grandfathered Non-Firm service under pre-Order No. 888 transmission or bundled agreements.

Non-Firm AFC: The amount of Non-Firm transfer capability over a Flowgate that remains available for additional transmission service as calculated per the formula in Section 3.2.

Operating Horizon: The horizon for calculating AFC values that includes all hours of the current day (Day 1) and, after 12:00 p.m. of the current day, all hours of the next day (Day 2).

Planning Horizon: The horizon for calculating AFC values that extends from the end of the Operating Horizon through the thirty-first day (Day 31).

PMax Flowgate: A Flowgate which represents the maximum rating of a generating facility pursuant to the relevant LGIA or other interconnection and operating agreement.

Priority Dispatch: The generation dispatch information referenced in Section 6.3.2 and described in the TSR Business Practices.

PTP Service: Point-to-Point Transmission Service.

Qualifying Facility: A cogeneration or small production facility that meets criteria established in the Public Utility Regulatory Policies Act of 1978 and the Commission's implementing regulations in 18 CFR Part 292.

Remaining ETCs: Existing Transmission Commitments that are algebraically decremented from AFC values as described in Section 7.3.

Reservation: A TSR that has been both: (1) Accepted or Counteroffered by the ICT; and (2) Confirmed or submitted Pre-Confirmed by the Customer. A TSR that has not entered a final state of Confirmed is not a Reservation for purposes of this Attachment C.

Response Factors: A measure of the impact that each Source-to-Sink transaction has on a monitored Flowgate, as calculated on a transaction-specific and Flowgate-specific basis.

RFCalc: The Response Factor Calculator software application (or its successor).

Scenario Analyzer: The software that posts approximate AFC values and allows Customers to evaluate transfer capability without actually submitting a TSR.

Secondary Network Service: Secondary service provided on a Non-Firm basis pursuant to Section 28.4 of the Tariff.

SERC: SERC Reliability Corporation.

Significantly Impacted Flowgate: For a particular TSR, a Significantly Impacted Flowgate is any Flowgate for which the TSR has a Response Factor equal to or greater than the three percent (3%) Response Factor threshold specified in Section 9.2.

Stack Format: The dispatch information file described in Section 6.3.1.1.

State Estimator: A software application designed to produce the best estimate of electric system voltage and phase angles utilizing available measurements.

Study Horizon: The horizon for calculating AFC values that extends from the end of the Planning Horizon (Month 2) through the eighteenth month (Month 18).

TieCap Flowgate: A Flowgate used to evaluate power flows between the Transmission Provider's Control Area and other Control Areas as described in Section 4.1.

Total Flowgate Capability (TFC): The total capability of a Flowgate based on the thermal, voltage, stability or contractual limits for the facilities that define the Flowgate.

Transmission Reliability Margin (TRM): The amount of transmission transfer capability needed to provide a reasonable level of assurance that the system will remain reliable. TRM accounts for the inherent uncertainty in system conditions and its associated effects on transfer capability evaluations and the need for operating flexibility to ensure reliable system operation as system conditions change.

Transmission Service Request Business Practices (TSR Business Practices): The business practices referenced in Sections 2.1, 2.4, 2.12, and 2.13 of the Transmission Service Protocol, including but not limited to the specific practices identified in Section 14 herein.

Transmission Service Request (TSR): A request submitted over OASIS for: (1) PTP Service; (2) Network Service; (3) Secondary Network Service; or (4) designation of a Network Resource by the entity responsible for serving the Transmission Provider's Native Load Customers.

Transmission Service Protocol: The ICT Transmission Service Protocol appended to Attachment S to the Tariff.

Unit Commitment (UC) Format: The dispatch information file described in Section 6.3.1.3.

webTrans: The Transmission Provider's software application used to process TSRs and calculate AFC values, including any successor software that may be developed by OATI.

1.3 Applicability

In accordance with Attachment S to the Tariff and the Transmission Service Protocol, the ICT applies the procedures set forth herein on a non-discriminatory basis to evaluate ATC/AFC within an eighteen-month horizon for the following types of TSRs: (1) Short-Term Firm PTP Service; (2) Non-Firm PTP Service; (3) requests by existing Network Customers to designate new Network Resources in daily, weekly or monthly increments; and (4) Secondary Network Service.

The ICT responds to valid Completed Applications for PTP Service, Network Service and Secondary Network Service described in the preceding paragraph by performing studies pursuant to this Attachment C to assess whether sufficient transmission capability exists to accommodate the service requested in the Application. PTP Service TSRs are submitted based on Source(s) and Sink(s) as required by Attachment M of the Tariff. Network Resource TSRs are submitted by designating Network Resources and/or Network Load as required by Sections 30 and 31 of the Tariff. Secondary Network Service TSRs are submitted by identifying resources that are not designated Network Resources pursuant to Section 28.4 of the Tariff.

2. CRITERIA FOR MONITORED FLOWGATES

2.1 Criteria for Initial Selection of Monitored Flowgates

The AFC Process determines AFC by monitoring the impact of TSRs on certain specified Flowgates. In selecting the initial set of monitored Flowgates, the Transmission Provider performed a one-time historical analysis that included Flowgates that violated: (1) 100% loading of a transmission facility rating for normal operation; (2) 100% loading of a transmission facility rating during first contingency conditions; (3) 92% of nominal voltage under single contingency conditions for transmission substation voltages below 230 kV; (4) a 92% to 96% nominal voltage under single contingency conditions for EHV stations (230 kV and above); and (5) 100% of the stability rating (as established by specific stability studies) under normal operation or single contingency event.

The Transmission Provider used criteria based upon NERC Standard I.A and SERC's supplement to that standard (which were in effect when the one-time historical analysis was performed) to define when a transmission facility exceeds 100% of its rating. In determining whether a facility met that criteria, the Transmission Provider reviewed its existing power flow studies, including Generator Operating Limit studies, Total Transfer Capability/ATC studies, System Impact Studies and studies performed in the real-time environment. These studies were performed by using a base case power flow model to simulate a series of contingency analyses and monitoring all transmission facilities above a select voltage level depending upon the study being performed. To the extent that a particular facility exceeded 100% of its rating in previous studies or in real-time operating conditions, the Transmission Provider considered the frequency and severity of those occurrences when determining whether the Flowgate should be monitored.

2.2 Criteria for Adding/Removing Monitored Flowgates

The ICT posts the Master List of Flowgates ("Master List") on OASIS, as well as a log of all changes thereto. The ICT or the Transmission Provider may propose to modify the Master List (on a permanent or temporary basis) by including new Flowgates or removing existing Flowgates. If an original Flowgate is renamed, the original name is noted on the Master List. For modifications proposed by the Transmission Provider (either permanent or temporary), the Transmission Provider documents and supplies to the ICT all studies, analyses and research conducted in connection with the proposed change. The ICT reviews and validates all proposed changes to the Master List to ensure that such changes are consistent with the criteria outlined below. For purposes of this Section 2.2, the responsibility of the ICT to "review and validate" means that the ICT reviews the inputs and results of any study or analysis and confirms that the study results reasonably reflect the application and product of the criteria specified in this Section 2.2.

2.2.1 Adding New Flowgates

The Transmission Provider uses the following process to add new Flowgates to the Master List. The ICT reviews and validates that new Flowgates are added to the Master List in accordance with the following criteria.

- i. When, through operational experience, a Flowgate violates the loading, stability, or voltage criteria for either normal operation or single contingency conditions as established in the Local Planning Criteria, the Transmission Provider adds the identified Flowgate to the Master List and the ICT updates the Master List on OASIS.
- ii. When new facilities, including, but not limited to, generating facilities and transmission facility additions or upgrades, are added to the Transmission System, the Transmission Provider performs studies to identify additional Flowgates to add to the Master List, in accordance with the criteria listed in subsection (i) above.
- iii. When a new transmission facility is added that relieves an existing Flowgate listed on the Master List, the Transmission Provider performs studies to determine whether a Flowgate should be identified to replace the unconstrained Flowgate on the Master List, in accordance with the criteria listed in subsection (i) above.

Flowgates used in the AFC process may also be added to the Master List when any limiting Element/Contingency combination within the Transmission model has been requested to be included by any other Transmission Service Provider. Flowgates outside of the Transmission System may also be included in the list of Flowgates to be monitored consistent with applicable NERC Reliability Standards, including MOD-030. These external Flowgates are used to determine transfer capability values that may be limited by Flowgates external to the Transmission System.

2.2.2 Removing Flowgates

The Transmission Provider uses the following process to remove Flowgates from the Master List. The ICT reviews and validates that the removal of Flowgates from the Master List is in accordance with the following process:

- i. On an annual basis, the Transmission Provider reviews the AFC Impact Logs to determine which Flowgates on the Master List have not limited service on the Transmission System.
- ii. From the resulting list of Flowgates identified in the annual process, the Transmission Provider derives a subset of Flowgates with loading levels that do not exceed 60 percent of the applicable rating to populate a list of Flowgates that are candidates for removal. This list is generated as follows: (1) Flowgates that did not appear in any final TSR evaluation are given the highest priority

for removal and are at the top of the proposed removal list; and (2) evaluated Flowgates with the smallest post-request loading as a function of Total Flowgate Capability (“TFC”) are added to the list in ascending order of magnitude.

- iii. The Transmission Provider reviews the list of removal candidates against historical real-time flow data to identify the post-contingent loading level of each Flowgate candidate proposed for removal. Where the historical projected post-contingent loading violates the facility rating, the Flowgate is excluded from the list of removal candidates.
- iv. The resulting list is sorted by post-request loading level (as identified in subsection (ii) above) and prioritized for removal from the Master List. If the number of Flowgates identified through this removal review process exceeds the number of Flowgates added to the Master List in the review year, the Transmission Provider removes the same number of Flowgates as were added to the Master List in the review year. If fewer Flowgates are identified by the removal review process than were added during the review year, the Transmission Provider expands the total number of Flowgates on the Master List as necessary to maintain reliability, in accordance with NERC standard MOD-030, of the Transmission System. The Transmission Provider provides the ICT with an updated Master List and the ICT posts the updated Master List on OASIS.

As indicated above, the AFC Process is designed to retain a constant number of Flowgates (approximately 300 Flowgates) on the Master List. Expansion of this total number of Flowgates may be necessary as system conditions change.

2.2.3 Adding and Removing Temporary Flowgates

The Transmission Provider uses the following process to add and remove temporary Flowgates to the Master List. The ICT reviews and validates that temporary Flowgates are added to the Master List in accordance with the following criteria.

- i. The Transmission Provider identifies one or more Flowgates that may be necessary to add to the AFC Process due to a temporary system configuration or condition in accordance with the criteria listed in subsection 2.2.1(i) above. Temporary system configurations and conditions include planned or unplanned transmission facility outages and other temporary or unforeseen system events.
- ii. The temporary Flowgate is added to the AFC Process in advance of the temporary system configuration/condition or after the temporary condition is detected depending on the circumstances. The temporary Flowgate is applied to one or more of the AFC horizons (Operating, Planning and/or Study Horizons) depending on the expected duration of the temporary system configuration or condition. The Transmission Provider provides the ICT with an updated Master List and the ICT posts the updated Master List on OASIS.
- iii. The Transmission Provider monitors the temporary system configuration or condition resulting in the addition of a temporary Flowgate. Once the temporary configuration or condition has ended, the temporary Flowgate implemented as a result of the temporary configuration or condition is identified for removal. The Transmission Provider provides the ICT with an updated Master List and the ICT posts the updated Master List on OASIS.

3. CALCULATION OF AFC VALUES

3.1 Base Case Models

The AFC Process generates Base Case Models that simulate anticipated Transmission System conditions based on the data inputs and assumptions described in Sections 4 - 9. Flowcharts of the AFC Process identifying the databases used in calculating AFC values are attached as Appendix 1 to this Attachment C.

In accordance with Sections 8.1 and 8.2 of the Transmission Service Protocol, the Transmission Provider maintains and services the AFC Software. Under Sections 6 and 8 of the Transmission Service Protocol, the Transmission Provider is also responsible for supplying data inputs and information necessary for creating EMS-Based Models and Monthly Base Case Models. The ICT is responsible for reviewing and validating the data inputs, information and Base Case Models. For purposes of this Section 3, the responsibility of the ICT to "review and validate" means that the ICT takes reasonable steps to ensure that the data inputs are properly loaded and reflected in either the AFC Software or the Transmission Provider's modeling processes and that the resultant AFC values: (1) reasonably reflect the application and product of AFC Software or the Transmission Provider's modeling processes; and (2) are reasonably consistent with the current topology of the Transmission System.

3.2 Non-Firm AFC Formula

WebTrans computes Non-Firm AFC for the Operating, Planning and Study Horizons. RFCalc and off-line calculator tools calculate Base Flow (including the impact of Non-Firm and Firm ETCs) by solving the applicable Base Case Model. The AFC Software may adjust the Base Flow to remove a percentage of the Counterflow from Non-Firm ETCs as described in Section 8. WebTrans algebraically decrements the AFC values for the Most Limiting Flowgates to reflect the impact of any Remaining ETCs as described in Section 7. No counterflow is associated with Remaining ETCs. WebTrans determines Non-Firm AFC in accordance with the following formula:

$$\text{Non-Firm AFC} = \text{TFC} - \text{Firm and Non-Firm ETCs} - \text{TRM}$$

$$\text{Firm and Non-Firm ETCs} = \text{Adjusted Base Flow}_{\text{NON-FIRM}} + \text{Remaining ETCs}$$

$$\text{Adjusted Base Flow}_{\text{NON-FIRM}} = \text{Original Base Flow} + (CF_1 * X^1)$$

Where:

X = Positive Flow

X' = Counterflow

Original Base Flow = X – X'

CF1 = Counterflow factor

3.3 Firm AFC Formula

WebTrans computes Firm AFC for the Planning and Study Horizons. Firm AFC is not available for the Operating Horizon. The AFC Software calculates Base Flow (including the impact of Non-Firm and Firm ETCs) by solving the applicable Base Case Model. After the Base Case Model has been solved for a time segment, webTrans removes the effects of Non-Firm ETCs to calculate Base Flow (Firm). The AFC Software may adjust the Base Flow to remove a percentage of the Counterflow from Firm ETCs as described in Section 8. WebTrans algebraically decrements the AFC values for the Most Limiting Flowgates to reflect the impact of any Remaining ETCs as described in Section 7. No counterflow is associated with Remaining ETCs. WebTrans uses the following formula to determine Firm AFC:

$$\text{Firm AFC} = \text{TFC} - \text{TRM} - \text{CBM} - \text{Firm ETCs}$$

$$\text{Firm ETCs} = \text{Adjusted Base Flow}_{\text{FIRM}} + \text{Remaining Firm ETCs}$$

$$\text{Adjusted Base Flow}_{\text{FIRM}} = \text{Adjusted Base Flow}_{\text{NON-FIRM}} - \text{Non-Firm ETCs}$$

3.4 Link to Transmission Provider's AFC Formulas

In addition to the description provided in Sections 3.2 and 3.3 above, the formulas that the Transmission Provider uses when calculating AFC are available on the info.htm page of the Transmission Provider's OASIS by selecting the link titled "Calculation of AFC".

3.5 AFC Calculation Horizons

3.5.1 Operating Horizon

In the Operating Horizon, Non-Firm AFC values for each Flowgate are calculated by webTrans, which uses Response Factors and Base Flows calculated by RFCalc. WebTrans calculates Non-Firm AFC values for all hours of Day 1 and, after 12:00 p.m., all hours of Day 2. Firm AFC values are not calculated for the Operating Horizon because TSRs for Network Resources and Firm PTP Service must be submitted by 12:00 p.m. on the day prior to commencement of such service.

3.5.2 Planning Horizon

In the Planning Horizon, Firm and Non-Firm AFC values for each Flowgate are calculated by webTrans, which uses Response Factors and Base Flows calculated by RFCalc. WebTrans calculates hourly Firm and Non-Firm AFC values for Day 2 through Day 7 and daily Firm and Non-Firm AFC values for Day 8 to Day 31.

3.5.3 Study Horizon

In the Study Horizon, the ICT, using data inputs and Base Case Models developed (or collected) by the Transmission Provider, calculates monthly Response Factors and Base Flows by conducting off-line power flow studies. The Base Case Models are developed on a rolling (at least) eighteen-month basis and are representative of monthly peak-hour conditions. Firm and Non-Firm AFC values for each Flowgate are calculated for the peak hour of each month from Month 2 to Month 18.

3.6 Resynchronization of AFC Values

AFC values are resynchronized every hour during the Operating Horizon, at least every day during the Planning Horizon, and no less than every month during the Study Horizon. Resynchronizations may occur more frequently if necessary. To the extent the Transmission Provider agrees to more frequent resynchronizations on a regular basis, the TSR Business Practices will describe the basis for that frequency. The ICT may also direct resynchronizations of AFC values pursuant to Section 8.3 of the Transmission Service Protocol. Resynchronization may be delayed in certain circumstances, including but not limited to, allowing for the archiving of data associated with the prior resynchronization. To the extent that RFCalc cannot compute a

scheduled resynchronization, the last valid RFCalc resynchronization is used to post AFC values and to evaluate TSRs.

During the resynchronization process, the AFC Software incorporates updated data inputs to develop EMS-Based Models and Monthly Base Case Models that define each time point included in the Operating, Planning and Study Horizons. The updated data inputs are used to calculate new AFC values in accordance with the formulas described in Sections 3.2 and 3.3.

When a new TSR is in Study, Accepted, or Counteroffered status between resynchronizations, or a Reservation is Confirmed between resynchronizations, the AFC values for the Most Limiting Flowgates are updated in webTrans by algebraically decrementing the impact of the new transactions as described in Section 7.3.1. At the time of the next resynchronization, the Operating, Planning and Study Horizons are updated so that new Reservations are modeled as physical injections and withdrawals (rather than by algebraic decrementing) as described in Section 7.

4. TOTAL FLOWGATE CAPABILITY

4.1 Calculation of Total Flowgate Capability

TFC is calculated based on the thermal, voltage, stability or contractual limits for the facilities that define the Flowgate. For the TieCap Flowgates used to evaluate power flows between the Transmission Provider's Control Area and each First-Tier External Control Area and Embedded Control Area, the TFC value is the total interface rating between the two Control Areas. The rating for a TieCap Flowgate is defined by either: (1) the thermal limit of all transmission facilities that define the interface; (2) a contractual limit contained in operating agreements; or (3) the maximum generation capability or load of that Control Area. For PMax Flowgates, the TFC value represents the maximum rating of the generating facility pursuant to the relevant LGIA or other interconnection and operating agreement. For all other Flowgates, the TFC value is based on the thermal, stability or voltage limits as calculated in accordance with Section 4.2. The Master List of Flowgates identifies which Flowgates are based on voltage or stability. All other Flowgates are based on thermal limits.

4.2 Transmission Facility Ratings

For purposes of TFC calculations, Transmission Provider's facility ratings are established in accordance with NERC Reliability Standard FAC-008 and FAC-009 (or any successor standards). The Transmission Provider uses the normal rating (as defined by NERC Reliability Standards) for purposes of TFC calculations. The TSR Business Practices describe the basis for the Transmission Provider's facility ratings.

5. MARGINS

5.1 Transmission Reliability Margin

A TRM value of zero is used in calculating AFC values and in reviewing TSRs on the Transmission System, unless the Transmission Provider submits a filing under Section 205 of the Federal Power Act for a higher value.

5.2 Capacity Benefit Margin

A CBM value of zero is used in calculating AFC values and in reviewing TSRs on the Transmission System, unless the Transmission Provider submits a filing under Section 205 of the Federal Power Act for a higher value. Such a filing will also address the release of CBM for Non-Firm service.

6. DATA INPUTS FOR BASE CASE MODELS

6.1 Responsibilities

Under Sections 6 and 8 of the Transmission Service Protocol, the Transmission Provider is responsible for supplying (or collecting) the data inputs and information necessary for creating the hourly and daily EMS-Based Models and the Monthly Base Case Models. For the Operating and Planning Horizons, the EMS-Based Models are created by RFCalc relying on data inputs collected by the Transmission Provider and data taken from the Transmission Provider's EMS State Estimator. For the Study Horizon, the Transmission Provider creates Monthly Base Case Models for use with off-line power flow applications. The Monthly Base Case Models are derived from the Seasonal Base Case Models developed pursuant to the NERC and SERC regional modeling processes described in Section 15 and Attachment D to the Tariff. Sections 6 and 7 below describe the process used by RFCalc to create the EMS-Based Models and the process used by the Transmission Provider to create Monthly Base Case Models from the Seasonal Base Case Models. The ICT is responsible for reviewing and validating the data inputs, information and Base Case Models supplied by the Transmission Provider. The ICT's "review and validation" responsibility obligates the ICT to take reasonable steps to ensure that the data inputs are properly loaded and reflected in the Transmission Provider's modeling processes and that the resultant AFC values: (1) reasonably reflect the application and product of these modeling processes; and (2) are reasonably consistent with the current topology of the Transmission System.

LSEs, or their designated agents, are required to submit the load and generation dispatch data for use in the AFC Process as described below. The fact that the Transmission Provider develops load and generation forecast methodologies to account for instances where an LSE, or its designated agent, has failed to supply this data or where the supplied data does not comply with the applicable requirements does not eliminate or alter the obligation on LSEs, or their designated agents, to supply the required data in the first instance. The process and format for LSEs, or their designated agents, to submit load and generation dispatch data required under Attachment K is governed by those Tariff provisions. The process and format for LSEs, or their designated agents, to submit other load and generation dispatch data used in AFC calculations is governed by this Attachment C and any applicable TSR Business Practices, except that the provisions of Section 9.2 of Attachment K shall apply to all load and generation data supplied by LSEs, or their designated agents, that qualifies as CEII or Confidential Information.

6.2 Load Forecasts

6.2.1 Operating and Planning Horizons

LSEs, or their designated agents, are required to submit load forecast data for their respective loads through a secure Web-based portal. The data submitted must include the forecasted hourly load for next 11 days and forecasted peak-hour load for the next 24 days. The TSR Business Practices further specify the format, content and timing of the load data submission. If a LSE, or its designated agent, does not supply load forecast data for a particular time period pursuant to this Section 6.2.1, the Transmission Provider creates a load forecast for purposes of calculating AFC values by assigning these non-forecasted areas a factor derived using historical load values for the LSE. The TSR Business Practices further describe the process and format for LSEs, or their designated agents, to submit the required load forecast data for the Operating and Planning Horizons.

6.2.2 Study Horizon

Load forecast data for LSEs is based on the data provided by those LSEs pursuant to Attachment K to the Tariff. The Transmission Provider uses this load forecast data in the development of the Monthly Base Case Models. If no such data is provided, the Transmission Provider defines the load level based on a monthly scaling factor. The monthly scaling factor utilizes the peak historical load for the LSE and/or Transmission Provider as a reference. Cogeneration, industrial, and auxiliary load is assumed to be constant in each month.

6.3 Generation Dispatch Forecasts

6.3.1 Operating and Planning Horizons

LSEs, or their designated agents, are required to submit generation dispatch data for their loads through the same secure Web-based portal used for the submission of load data. LSEs, or their designated agents, have the option of submitting generation dispatch data in one of three formats: (1) Stack Format; (2) Hourly Format; and (3) Unit Commitment Format (UC Format). If a LSE, or its designated agent, fails to properly submit generation dispatch data in one of these formats, RFCalc relies on the data identified in Section 7.1.1.4 under the Default Format. The TSR Business Practices further describe the process and format for LSEs, or their designated agents, to submit the required generation dispatch forecast data for the Operating and Planning Horizons.

6.3.1.1 Stack Format

LSEs that choose the Stack Format option are required to submit three separate lists (or “stacks”) of Reservations for Network Resources meeting their load, with each list arranged in the dispatch order preferred by the LSE with the resource to be dispatched first listed first and the resource to be dispatched last listed last. A separate stack should be submitted for each of the following periods: (1) the peak hours (HE 7-22) for each day of the next 11 days; (2) the off-peak hours (HE 1-6, 23-24) for the next 11 days; and (3) the peak hours for the next 24 days.

The Reservations listed in each Stack Format file must be identified by OASIS ID numbers. Only Reservations may be submitted in the Stack Format file. TSRs cannot be submitted in the Stack Format file. Only Reservations serving the LSE's load can be specified in the Stack Format file. The sum total of the Reservation capacity listed in the Stack Format file must be at least equal to the highest forecasted load and losses in each hour of the three periods identified above. To the extent that partial or full requirements customers included in load of the Transmission Provider's Native Load Customers submit separate generation dispatch data, the dispatch file that is provided is not required to have generation match load and losses.

6.3.1.2 Hourly Format

LSEs that choose the Hourly Format option are required to submit a forecasted hourly dispatch for each hour of the next 11 days, (Days 1-11) and for the peak-hour load for each day of the next 24 days (Days 12-35). The forecasted hourly and peak-hour dispatch must be provided on a Reservation-specific basis. Resources that do not currently have an OASIS ID number are required to obtain an OASIS ID number that is used for purposes of this option. Only Reservations may be submitted in the Hourly Format. TSRs cannot be submitted in the Hourly Format file. The forecasted hourly dispatch listed in the Hourly Format file must be equal to the forecasted load and losses for each time point. To the extent that partial or full requirements customers included in load of the Transmission Provider's Native Load Customers submit separate generation dispatch data, the dispatch file that is provided is not required to have generation match load and losses.

6.3.1.3 Unit Commitment Format

LSEs that choose the UC Format option are required to submit the following information:

- i. A UC Format file that contains the LSE's Network Resource Reservations and the following information for those Network Resources: (1) minimum and maximum run levels as established in the relevant LGIA, other interconnection and operating agreement or power supply arrangement; (2) resource availability (*i.e.*, outage schedule); and (3) a forecasted hourly dispatch of those resources for each hour of the next 11 days, (Days 1-11) and for the peak-hour load for each day of

the next 24 days (Days 12-35). This forecasted hourly dispatch, standing alone, does not have to equal total load and losses but cannot exceed total load and losses.

- ii. One or more Stack Format files containing the LSE's Reservations arranged in dispatch order. A separate Stack Format is required for each period (peak during the next 11 days, off-peak during the next 11 days, and peak for the next 20 days) for which the UC Format file is insufficient to meet load and losses in any hour.

The UC and Stack Format files, when combined, must provide sufficient resources to meet forecasted load and losses in each hour of the three periods identified above. To the extent that partial or full requirements customers included in the load of Transmission Provider's Native Load Customers submit separate generation dispatch data, the dispatch file is not required to have generation match load and losses. Only Reservations may be submitted in the UC Format. TSRs cannot be submitted in the UC Format files. The TSR Business Practices set forth the requirements for types of Reservations that may be included in UC Format files.

6.3.2 Study Horizon

LSEs are required to provide planned and unplanned outage data and a Priority Dispatch file for their respective Network Resources under this Section 6.3.2. The Priority Dispatch file contains the LSE's preferred priority stack dispatch for its Network Resources. The TSR Business Practices describe the process and format for submitting such information, including the requirements related to the types of Reservations that may be included in the Priority Dispatch file.

Because the Monthly Base Case Models represent the single peak-hour for each month, any Network Resources that are scheduled to be offline for at least two weeks during the month are treated as out-of-service in the peak-hour model used for the entire month. If two Network Resources in the same transmission planning region are out of service at non-overlapping intervals during the month, only one Network Resource is modeled offline. In determining which Network Resource to model offline, the Transmission Provider will model the Network Resource with the largest facility rating, unless the other Network Resource has a more significant reliability impact.

6.4 Generation Dispatch for Qualifying Facilities

In the Operating and Planning Horizon, Qualifying Facilities are dispatched at a net injection level of zero MW. In the Study Horizon, Qualifying Facilities are dispatched to the level of the relevant facility's host load such that the host load is served entirely by the Qualifying Facility. Any generation in excess of the amount required to serve the Qualifying Facility's host load is modeled as follows. Network Resource Reservations sourced from a Qualifying Facility are added to that facility's dispatch level as described in Section 7.1.1 (Operating and Planning Horizons) and Section 7.1.2 (Study Horizon). Reservations for PTP Service are added to a Qualifying Facility's dispatch level in accordance with Section 7.2.

6.5 Generating Facility Operating Characteristics

Generating Facility Owners are required to provide the following information for use in the AFC Process: facility ratings, operating characteristics, minimum and maximum run levels, planned and unplanned outages, and derates. The TSR Business Practices specify the format and process for submitting such information.

6.6 Transmission System Topology and Outages

6.6.1 Operating and Planning Horizons

The EMS-Based Models used in the Operating and Planning Horizons include a detailed representation of the Transmission Provider's Control Area and Transmission System and Embedded Control Areas. For the first

three hours of the Operating Horizon, transmission system topology is supplied to RFCalc from the EMS State Estimator. The Transmission Provider adjusts this topology for Hours 4 through Day 31, based on planned and unplanned transmission facility outage schedules. Transmission outages (planned and unplanned) on facilities with voltage levels at 115 kV or above are incorporated into the Base Case Models. The TSR Business Practices describe how transmission construction projects not currently in-service are treated for purposes of the EMS-Based Models.

6.6.2 Study Horizon

The Monthly Base Case Models include a detailed representation of the Transmission Provider's Control Area and Transmission System and Embedded Control Areas. Transmission system topology is derived from the Seasonal and Monthly Base Case Models referenced in Section 6.1. The system topology represented in the Monthly Base Case Models is updated during each Study Horizon update, including planned and unplanned transmission outages and any changes to the transmission outage schedule that may occur between each update. When developing topology data inputs for the Monthly Base Case Models, the Transmission Provider assumes: (1) all 345 kV and 500 kV lines that are scheduled out of service are modeled out of service for the entire month; and (2) all 115 kV – 230 kV lines that are scheduled out of service for at least five days are modeled out of service for the entire month. The Transmission Provider may model outages of certain critical 115 kV – 230 kV lines scheduled to be out of service for less than five days during the month if reliability concerns are anticipated during the outage. The TSR Business Practices describe how transmission construction projects not currently in-service are treated for purposes of the Monthly Base Case Models.

6.7 Rollover Rights Under Section 2.2 of the Tariff

Reservations with rollover rights under Section 2.2 of the Tariff are assumed to expire if not renewed prior to the applicable deadline. If data collection for the relevant model is completed prior to the deadline for renewing rollover rights, the Transmission Provider assumes that rollover rights are exercised by the Customer. If data collection for the relevant model is completed after the applicable deadline and a renewal TSR has not been submitted, the prior Reservation is removed from the Base Case Models.

7. MODELING BASE FLOWS

7.1 Service to Network/Transmission Provider's Native Load Customers

7.1.1 Operating and Planning Horizon

RFCalc relies on the Stack, Hourly and UC Format files to model service to Network Load and the Transmission Provider's Native Load Customers provided that those files meet the requirements specified herein. Otherwise, RFCalc dispatches generation for Network Load and the Transmission Provider's Native Load Customers by relying on the Default Format, as described in Section 7.1.1.4. In the Operating Horizon, RFCalc also relies on Firm schedules to model services to these loads. Regardless of the format selected, generation is modeled to serve load in the following order (first-to-last): (1) Network Customers outside of the Transmission Provider's Control Area; (2) Network Customers and grandfathered customers in the Transmission Provider's Control Area; (3) Network Customers that are full or partial requirements customers of the entity supplying the Transmission Provider's Native Load Customers; and (4) Transmission Provider's Native Load Customers. When necessary to enforce zonal import limits, the EMS-Based Models may also be dispatched by specific zones rather than on an entire Control Area basis pursuant to the TSR Business Practice related to enforcing zonal import limits.

7.1.1.1 Hourly Format

For LSEs that choose the Hourly Format, RFCalc dispatches the Reservations as specified in the file. All Reservations (or portions thereof) that are not dispatched in the Hourly Format file but that are still available for scheduling by the LSE on a Firm basis are modeled in accordance with Section 7.3.2. If the dispatch provided

in the Hourly Format file is insufficient to serve the load of that LSE, or is in excess of that load and losses, the Default Format is used except for LSEs that have alternative arrangements for serving the shortfall (e.g., customers that have other full or partial requirements contracts or have reserved additional service). For these full or partial requirements customers, the hourly dispatch is not required to be equal to load and losses, and any unbalanced portion of their load is balanced with full or partial requirements resources.

7.1.1.2 Stack Format

For LSEs that choose the Stack Format, RFCalc dispatches the Reservations sequentially in the dispatch order until the load requirements are met. Once RFCalc has dispatched the Reservations such that generation meets load and losses, any remaining Reservations (or portions thereof) are modeled in accordance with Section 7.3.2.

7.1.1.3 UC Format

For LSEs that choose the UC Format, RFCalc dispatches the available Network Resources at the hourly levels specified in the UC Format file. RFCalc uses the Reservations identified in the Stack Format file to meet load to the extent that the dispatch of the UC Format file does not fully serve the load and losses. While modeling Reservations specified in the Stack Format file, RFCalc only dispatches the portion of a Reservation not specified in the UC Format file. If there are any Reservations remaining after load has been met, those Reservations are modeled in accordance with Section 7.3.2.

7.1.1.4 Default Format

All LSEs, or their designated agents, are required to provide generation dispatch and load forecast data in accordance with Sections 6.2.1 and 6.3.1. In the event that the Transmission Provider serves as a LSE, the Transmission Provider is subject to Sections 6.2.1 and 6.3.1. RFCalc dispatches Reservations and resources according to the Default Format during any resynchronization where generation dispatch information has not been provided in accordance with Section 6.3.1 (i.e., where a valid Hourly, Stack or UC Format file is not available as described below). This includes instances where a LSE, or its designated agent, fails to meet its obligation to provide the file or where the file does not meet the applicable requirements.

Under the Default Format, generation is dispatched to meet load as follows. If the load data is provided by a LSE, RFCalc uses that data. If the load data is not provided, RFCalc derives the load by using a scale factor against the load forecast for the Transmission Provider's Native Load Customers. If the LSE has provided a UC Format file, RFCalc first models the UC Format file dispatch and then models all other Reservations (Network Resources and PTP Service sinking to the LSE) to meet the remaining load. RFCalc models these Reservations in reverse queue order and only dispatches the portion of a Reservation not specified in the UC Format file. If the LSE has not provided a UC Format file, or if the dispatch provided in the relevant dispatch files (UC and/or Stack or Hourly) are not sufficient to meet the load and losses of the LSE, RFCalc balances the remaining load and losses as follows:

- i. For LSEs that have alternative arrangements for serving the shortfall (e.g., customers that have other full or partial requirements contracts or have reserved additional service), any unbalanced portion of their load is balanced with the full or partial requirements resources.
- ii. For LSEs that do not have such arrangements, RFCalc models any additional Reservations that sink to the LSE but that have not been specified in the Stack Format file (if such a file was provided). These Reservations are modeled in reverse queue order (i.e., the last queued are modeled first). If the LSE provided an Hourly Format file and the dispatch in the file is insufficient to meet the LSE load or is in excess of load and losses, RFCalc will model

the Reservations that sink to the LSE in reverse queue order. If the load is still not met after modeling all of the LSE's Reservations, RFCalc utilizes the AGC Facilities in the Control Area in which the load resides to meet the remaining load. If the load is still not met after exhausting all AGC Facilities, RFCalc adjusts the Net Interchange of the Control Area to balance the load. If the Net Interchange adjustment also fails to meet the load, the powerflow may diverge for that particular timepoint.

7.1.2 Study Horizon

Generation dispatch for service to Network Load and the load of the Transmission Provider's Native Load Customers will be based on the Priority Dispatch file required under Section 6.3.2 to the extent that such a file is provided. To the extent a LSE, or its designated agent, fails to provide the Priority Dispatch file, service to that LSE's load is represented by modeling power purchase contracts designated as Network Resources in monthly or yearly increments or for which Secondary Network Service has been obtained in monthly increments and dispatching owned generating facilities that are Network Resources for that LSE to meet any shortfall between those contracts and load plus losses. To the extent that power purchase contracts exceed load plus losses, those contracts will be dispatched in reverse queue order until generation meets load plus losses. The initial dispatch levels for each LSE are modified (either according to the Priority Dispatch file or on a *pro rata* basis in the absence of such a file) as follows:

- i. Generation dispatch levels for each LSE are modified as necessary to account for differences in the load contained in Seasonal Base Case Models and the Monthly Base Case Models, updated generation outage data, and changes in Net Interchange calculated pursuant to Section 7.4.1.2.
- ii. When necessary to enforce zonal import limits, the Base Case Models may also be dispatched by specific zones rather than on an entire Control Area basis pursuant to the Transmission Provider's business practice for enforcing zonal import limits.

When a LSE does not have sufficient Network Resources or Secondary Network Service to meet its load and losses, the Transmission Provider dispatches uncommitted generating facilities that are deliverable within the Control Area (*i.e.*, generating facilities with NRIS) on a *pro rata* basis to meet the remainder.

Any Reservations in excess of the Customer's load will not be modeled in the Base Case Model. Per Section 7.3.2, the unmodeled portion of these requests will be algebraically decremented on the PMax and TieCap Flowgates. Expiration dates and rollover rights for Firm Network Resource Reservations will be handled in accordance with Section 6.7.

7.2 Modeling Firm and Non-Firm PTP Service

7.2.1 Operating Horizon

In the Operating Horizon, Firm PTP Service Reservations are modeled at the level at which service has been scheduled and Non-Firm PTP Service Reservations are modeled at their respective Reservation capacity levels, provided that no generating facility exceeds the maximum rating provided pursuant to Section 6.5. Where a grandfathered customer serves its load using grandfathered transmission service comparable to either PTP Service or a combination of grandfathered transmission service and PTP Service, the grandfathered service or PTP Service is treated as service to Network Load/Transmission Provider's Native Load Customers and is modeled in accordance with Section 6.3.

7.2.2 Planning Horizon

In the Planning Horizon, Firm PTP Service Reservations and Non-Firm PTP Service Reservations at their respective Reservation capacity levels, provided that no generating facility exceeds the maximum rating provided pursuant to Section 6.5. Where a grandfathered customer serves its load using grandfathered transmission service comparable to either PTP Service or a combination of grandfathered transmission service and PTP Service, the grandfathered service or PTP Service is treated as service to Network Load/Transmission Provider's Native Load Customers and is modeled in accordance with Section 6.3. As set forth in Section 3.3, the effects of Non-Firm PTP Service Reservations modeled in the Planning Horizon is removed to calculate Base Flow (Firm) and Firm AFC values.

7.2.3 Study Horizon

In the Study Horizon, Firm PTP Service Reservations and Non-Firm PTP Service Reservations are modeled at their respective Reservation capacity levels, provided that no generating facility exceeds the maximum rating provided pursuant to Section 6.5. Where a grandfathered customer serves its load using grandfathered transmission service comparable to either PTP Service or a combination of grandfathered transmission service and PTP Service, the grandfathered service or PTP Service is treated as service to Network Load/Transmission Provider's Native Load Customers and is modeled in accordance with Section 6.3. As set forth in Section 3.3, the effects of Non-Firm PTP Service Reservations modeled in the Study Horizon are removed to calculate Base Flow (Firm) and Firm AFC values.

7.3 Existing Transmission Commitments Not Modeled in Base Flows

7.3.1 TSRs

PTP TSRs and Network Resource TSRs that have a status of Accepted or Counteroffered are not modeled as discrete injections or withdrawals in Base Flows in the Operating, Planning, and Study Horizons. These TSRs are algebraically decremented against the PMax and TieCap Flowgates and the remaining Most Limiting Flowgates until such time as they are Withdrawn, Refused, or Confirmed. When an Accepted or Counteroffered TSR is Confirmed in between resynchronizations in the Operating and Planning Horizons, the TSR continues to be algebraically decremented against the PMax and TieCap Flowgates and the remaining Most Limiting Flowgates until such time as there is an RFCalc and webTrans resynchronization. When an Accepted or Counteroffered TSR is Confirmed in between resynchronizations in the Study Horizon, the TSR continues to be algebraically decremented against the PMax and TieCap Flowgates and the remaining Most Limiting Flowgates until such time as there is a recalculation of Base Flows through the off-line calculator tools and a webTrans resynchronization. If a TSR is Withdrawn, Refused, or otherwise becomes invalid in between resynchronizations in the Operating, Planning and Study Horizons, the TSR is no longer algebraically decremented against the PMax and TieCap Flowgates and the remaining Most Limiting Flowgates after the following resynchronization. TSRs that are in Study mode are algebraically decremented against the PMax and TieCap Flowgates and the remaining Most Limiting Flowgates in all horizons.

7.3.2 Reservations In Excess of Network Load and Native Load

Under the procedures for modeling of generation dispatch described in Section 7.1, there will be instances where certain Network Resource Reservations or grandfathered Reservations are not modeled in the EMS-Based Models or Monthly Base Case Models. These Reservations are algebraically decremented on the PMax and TieCap Flowgates. For those Reservations that are partially dispatched in the EMS-Based or Monthly Base Case Models, the un-modeled impact of those Reservations is algebraically decremented against the PMax and TieCap Flowgates. In both instances described above, the impact of such Reservations is not algebraically decremented against the other Significantly Impacted Flowgates. This process is the same for the Operating, Planning and Study Horizons, except for PMax Flowgates in the Operating Horizon which are determined by using the MW output of each generating facility as computed by RFCalc.

7.4 Net Interchange and External Control Areas

7.4.1 Net Interchange

7.4.1.1 Operating and Planning Horizons

Net Interchange for the Transmission Provider's Control Area is computed by using all Reservations and Schedules that are modeled in accordance with Sections 7.1 and 7.2 to balance the loads and bilateral transactions with all Embedded Control Areas and First-Tier External Control Areas. RFCalc derives Net Interchange for larger First-Tier External Control Areas by taking actual, current Net Interchange information from the State Estimator and adjusting that value to forecast future Net Interchange values. For smaller First-Tier External Control Areas and Embedded Control Areas, the Net Interchange is computed by using the Reservations/Schedules available from the OASIS in the same manner as Net Interchange computations for Transmission Provider's Control Area.

7.4.1.2 Study Horizon

Net Interchange for the Transmission Provider's Control Area is computed by using all Reservations that are modeled to balance the loads and bilateral transactions with all Embedded Control Areas and First-Tier External Control Areas. The Net Interchange for External Control Areas is derived: (1) from the SERC regional models and Seasonal Base Case Models for the Interchange between that External Control Area and any other adjacent External Control Area; and (2) from Reservations taken from the Transmission Provider's OASIS for the Interchange between the Transmission Provider's Control Area and that External Control Area. All Reservations between the Transmission Provider Control Area and the First-Tier External Control Areas are modeled in accordance with Sections 7.1-7.3. Any base transactions that exist in the SERC regional models and Seasonal Base Case Models between the Transmission Provider's Control Area and First-Tier External Control Areas or Embedded Control Areas are updated to reflect Reservations taken from OASIS.

7.4.2 External Control Areas

7.4.2.1 Operating and Planning Horizons

The EMS-Based Models contain a detailed representation of certain External Control Areas and all other External Control Areas are equivalenced (*i.e.*, are modeled at less than full detail). Transmission system topology for External Control Areas is derived from the EMS-Based Model and is updated each business day to reflect transmission facility outages for External Control Areas based on NERC SDX outage data provided by those Control Areas. Only outages on facilities that are contained in the EMS-Based Models can be modeled in the Operating and Planning Horizons. Load data for equivalenced External Control Areas is based on data provided by the Southwest Power Pool RTO ("SPP RTO") or derived from NERC SDX data, as scaled to match the equivalence detail of each External Control Area in the EMS-Based Models. Load data for non-equivalenced External Control Areas is derived consistent with Section 6.2.1 or using NERC SDX or SPP RTO data.

In the absence of generation dispatch data for equivalenced External Control Areas, RFCalc initializes generating facilities at the level specified by the State Estimator. After modeling Reservations for each equivalenced External Control Area, RFCalc adjusts the dispatch of AGC Facilities in that Control Area to balance the load and Net Interchange. The adjustment is implemented on a modified *pro rata* basis, so that all AGC Facilities reach their rated maximum or minimum limits simultaneously.

For non-equivalenced External Control Areas, RFCalc initializes generating facilities at their minimum output level and then dispatches these facilities based on the generation dispatch data provided by the Control Area

Operator (or Reservations if needed). If the Control Area load and Net Interchange is not balanced, RFCalc adjusts the dispatch of AGC Facilities in that Control Area to balance the load and Net Interchange. The adjustment is implemented on a modified *pro rata* basis, such that all AGC Facilities reach their rated maximum or minimum limits simultaneously.

7.4.1.2 Study Horizon

In the Monthly Base Case Models, External Control Areas are modeled at the level of detail contained in the NERC/SERC regional models and Seasonal Base Case Models developed pursuant to the modeling and updating processes described in Section 15 herein and Attachment D to the Tariff. These models incorporate the system topology, facility ratings, generation dispatch, load forecasts, Net Interchange, and transmission uses provided by External Control Areas that participate in the SERC modeling process. Data for the Southern Company and TVA Control Areas are further updated on a monthly basis in coordination with those entities as described in Section 15 herein.

In addition to the updates mentioned above, the Transmission Provider updates First-Tier External Control Area information in the Monthly Base Case Models as follows: (1) Net Interchange between the Transmission Provider's Control Area and First-Tier External Control Areas is updated with data from OASIS as per Section 7.4.1.2; (2) generating facilities that are located in First-Tier External Control Areas and have generator-specific Response Factors are committed and dispatched in accordance with the Reservations sourced from each facility; and (3) if a First-Tier External Control Area operator provides a preferred priority stack dispatch for that Control Area, the generating facilities included in the priority stack dispatch file are committed and dispatched in the order provided. After modeling the generating facilities as described above, or in the absence of the External Control Area Operator providing the data referenced in (3) above, all generating facilities in the First-Tier External Control Area not declared to be out of service by the External Control Area are scaled on a modified *pro rata* basis (so that all generating facilities reach their rated maximum or minimum limits simultaneously) to account for any remaining imbalance between generation and load plus losses.

8. COUNTERFLOWS

The AFC Software may adjust the Base Flow associated with a particular Flowgate by removing a percentage of Counterflow impacts in the calculation of AFC values. The formula used for adjusting Base Flows to take into account Counterflows is set forth in Section 3. The Transmission Provider, in conjunction with the ICT, reviews scheduling data and other operational experience to determine Counterflow percentages and evaluate the reasonableness of the established Counterflow percentages through periodic reviews. The Transmission Provider provides to the ICT all studies, analysis and research conducted in connection with any proposed change to the Counterflow calculation. The ICT independently reviews and validates these, and posts on OASIS notice of any such change prior to effectiveness. For purposes of this section, the responsibility of the ICT to "review and validate" means that the ICT reviews the inputs and results of any study or analysis provided by the Transmission Provider and confirms that the results reasonably reflect the application and product of such studies and analyses. The TSR Business Practices identify: (1) the amount of Counterflow impacts removed from the Base Flow; (2) the actual Counterflow calculations, including workpapers, with any historical data used to derive the Counterflow percentages; (3) the frequency of reviews of Counterflows; and (4) a description of the process used to review scheduling data and other operational experience for purposes of establishing Counterflow percentages in sufficient detail to address reasonable inquiries as to Counterflows in the Operating, Planning and Study Horizons.

9. RESPONSE FACTORS

In order to evaluate whether a TSR uses all, some, or none of the AFC for a particular Flowgate, the AFC Software calculates Response Factors using the EMS-Based Models and Monthly Base Case Models. The

Response Factors for a particular TSR determine which Flowgates meet the specified threshold for being considered Significantly Impacted Flowgates for that TSR under Section 9.3.

9.1 Response Factors For Directly Interconnected Generating Facilities

Response Factors are calculated for each generating facility that is directly interconnected with the Transmission System, including all facilities within the Transmission Provider's Control Area and any Embedded Control Areas, regardless of ownership or affiliation. RFCalc utilizes State Estimator models to calculate Response Factors in the Operations and Planning Horizons, while the ICT uses Monthly Base Case Models developed by the Transmission Provider and off-line power flow applications to calculate Response Factors in the Study Horizon. Response Factors are resynchronized on the same basis and with the same frequency as AFC values as described in Section 3.6. When calculating Response Factors, the AFC Software relies on participation factors to define how specific generating facilities participate in the transfer relative to other generating facilities within the same Source or Sink. The participation factor is a measure of a generating facility's relative upward or downward movement within a Source or Sink during Response Factor calculations. The TSR Business Practices describe the process for incorporating existing and new Sources and Sinks in the calculation of Response Factors, including subsystem definitions and participation factors.

9.2 Response Factors For First-Tier External Control Areas

As described in further detail below, Response Factors for a First-Tier External Control Area are used to evaluate TSRs from any generating facility in that Control Area, unless a generator-specific Response Factor has been calculated for a border generating facility.

For transactions that Source in an External Control Area, Response Factors for the External Control Area are calculated by ramping up available generating facilities or AGC Facilities in that Control Area on a modified *pro rata* basis, such that all generating facilities simultaneously reach their rated maximum outputs. For transactions that sink in an External Control Area, Response Factors are calculated for the External Control Area by ramping down available generating facilities or AGC Facilities in that Control Area on a modified *pro rata* basis, such that all generating facilities reach their rated minimum outputs simultaneously. The TSR Business Practices describe the process for incorporating existing and new Sources and Sinks in the calculation of Response Factors for External Control Areas, including subsystem definitions and participation factors.

Generator-specific Response Factors are calculated on an "as needed" basis for border generating facilities, *i.e.*, generating facilities that are located on other transmission systems/Control Areas and are also in "close electric proximity" to the Transmission System. The ICT or the Transmission Provider may propose that a generator-specific Response Factor be calculated for a border generating facility consistent with the criteria provided below. Response Factor proposals offered by the Transmission Provider are subject to review and validation by the ICT and are accompanied by any studies, analysis and research conducted by the Transmission Provider. For purposes of this Section 9.2, the review and validation responsibility of the ICT means that the ICT reviews the studies and analysis to verify that the Transmission Provider followed the applicable criteria and that the results reasonably reflect the application and product of such studies and analyses.

To determine whether generator-specific Response Factors should be calculated for a border generating facility, two criteria are applied. First, the generating facility must be in close electric proximity to the Transmission System such that the generating facility is either: (1) directly interconnected with the Transmission System, but located in a different Control Area; or (2) interconnected with the Transmission System of another transmission provider within one or two buses of the Transmission System. Second, a

significant difference must exist between the Response Factors for all other generating facilities in the External Control Area and the Response Factors for the specific border generating facility.

9.3 Response Factor Threshold

To determine whether a Flowgate is a Significantly Impacted Flowgate, a Response Factor threshold of three percent (3%) is applied. A Flowgate is only considered a Significantly Impacted Flowgate for a particular TSR if the Response Factor for that Flowgate is equal to or greater than the three percent (3%) threshold. If operating conditions indicate that a revision to the Response Factor threshold is necessary to enable accurate representation of system transfer capability and, thereby maintain system reliability, the Transmission Provider will reevaluate this threshold with notice to ICT. All changes to the Response Factor threshold are filed with the Commission.

10. EVALUATING TSRs

10.1 Flowgates Used to Evaluate TSRs

Although the AFC Process monitors many Flowgates, webTrans uses a more limited set of Flowgates to evaluate individual TSRs. When evaluating any single TSR, webTrans considers no more than fifteen Flowgates, which are referred to as the Most Limiting Flowgates for that TSR. The Most Limiting Flowgates for any TSR include: (1) any applicable PMax Flowgate; (2) any applicable TieCap Flowgates; and (3) the Significantly Impacted Flowgates with the lowest AFC values. The list of Flowgates used to evaluate a particular TSR is re-determined during each resynchronization.

10.2 Accepting and Refusing TSRs

For each TSR, the AFC Software identifies the Most Limiting Flowgates for that TSR and evaluates the additional loading impact of the TSR on those Flowgates. The amount of capacity requested is separately multiplied by the Response Factor for each of the Most Limiting Flowgates to produce the additional loading impact of the TSR on each Flowgate. The loading impact is subtracted from the AFC value for each Flowgate. Each TSR is evaluated against these values as follows:

- i. If the AFC values for all of the Most Limiting Flowgates remain positive or equal to zero after being reduced to account for the additional loading, the TSR is Accepted.
- ii. If the AFC value for any of the Most Limiting Flowgates is negative after being reduced to account for the additional loading impact of the TSR, and there are no Reservations with a priority lower than the TSR that can be Preempted under Section 13.2 of the Tariff, the TSR is Refused or Counteroffered.
- iii. If the AFC value for any of the Most Limiting Flowgates is negative after being reduced to account for the additional loading impact of the TSR, and one or more Reservations with a priority lower than the TSR can be Preempted under Section 13.2 of the Tariff to increase the AFC value on that Flowgate, the TSR is Accepted (to the extent that preemption caused the AFC value returned to the same level that existed prior to the reduction to account for the TSR) or Counteroffered (to the extent that preemption caused the AFC value to increase but not completely return to the same level that existed prior to the reduction to account for the TSR). The lower priority Reservations are Preempted only to the extent necessary to alleviate the additional loading impact of the Accepted TSR or the portion of the TSR that is Counteroffered.

10.3 PMax and TieCap Flowgates

Regardless of the applicable AFC values for other Flowgates, Accepted TSRs and Reservations from a particular generating facility shall not exceed the maximum rating of that facility as described in the governing

LGIA or other interconnection and operating agreement. The amount of AFC available across a Control Area interface cannot exceed the total interface rating between the two Control Areas. Consistent with NERC Reliability Standards and operating agreements, the capacity between these interfaces is rated. This limit is typically defined by the thermal limit of all transmission facilities that define the interface. Other Control Area interfaces may be limited based upon the maximum generation capability or load of that Control Area. These limits are honored in the AFC Process through proxy Flowgates, referred to as the PMax and TieCap Flowgates. To the extent that the TSR, standing alone or aggregated with other TSRs or Reservations, exceeds the maximum rating of the generating facility, the PMax Flowgate will be limiting for that particular TSR. To the extent that the TSR, standing alone or aggregated with other TSRs or Reservations, exceeds the interface limit, the TieCap Flowgate will be limiting for that particular TSR.

10.4 Redirect TSRs

Requests to Redirect all or a portion of a Firm PTP Reservation from an alternate Point-of-Receipt (Source) or to an alternative Point-of-Delivery (Sink) on a Firm basis are evaluated in the following manner: (1) the Most Limiting Flowgates associated with both TSRs (the original TSR and the Redirect TSR) are identified; (2) the AFC Flowgates are separated into two groups (Group 1 includes Flowgates that are common to both TSRs and Group 2 includes the remaining Flowgates identified in the list of the Most Limiting Flowgates by the Redirect TSR); and (3) the impact of the Redirect TSR is then calculated and evaluated according to subsections (i)-(v) below:

- i. If the AFC value of any Flowgates in Group 1 is less than or equal to zero, before applying the impact of the Redirect TSR, and the impact of the Redirect is greater than the parent TSR (higher Response Factor), the Redirect TSR is Refused.
- ii. If the AFC value of any Flowgate in Group 2 is less than or equal to zero, before applying the impact of the Redirect TSR, the Redirect TSR is Refused.
- iii. If the AFC value of any Flowgates in Group 1 is greater than zero, before applying the impact of the Redirect TSR, and the impact of the Redirect is greater than the parent TSR (higher Response Factor), the Redirect TSR is Counteroffered for a MW amount equal to the MW that would cause the AFC on the Flowgate to equal zero.
- iv. If the impact of the Redirect TSR causes the AFC of any Flowgate in Group 2 to drop below zero, the Redirect TSR is Counteroffered for a MW amount equal to the MW that would cause the AFC of the Most Limiting Flowgate (*i.e.*, the Flowgate with the largest negative AFC value) in Group 2 to equal zero.
- v. In all other circumstances, the Redirect TSR is Accepted.

11. SYSTEM IMPACT STUDIES

System Impact Studies are performed in accordance with Attachment D to the Tariff. System Impact Studies are not performed for TSRs that fall within the Operating, Planning or Study Horizons of the AFC Process, except as specifically provided for in Attachment D.

12. SCENARIO ANALYZER

The Transmission Provider posts approximate AFC values by supplying a Scenario Analyzer tool that identifies the applicable AFC value for any Source/Sink path for which AFC values are calculated. The Scenario Analyzer allows Customers to evaluate transfer capability by submitting a proxy service request. The Scenario Analyzer provides Customers with an immediate response by performing the same flow-based review and using the same flow-based engine webTrans uses to determine whether actual TSRs can be accommodated. The Scenario Analyzer notifies the Customer whether or not the evaluation passes the AFC check and

provides evaluation identification number (SA####). The Customer can then query the request evaluation within OASIS and is provided the following information associated with the request: all constrained Most Limiting Flowgates, the hour(s) when the constraints exist, and the amount of Flowgate capacity available. Because the Scenario Analyzer does not submit an actual TSR over OASIS, it does not decrement Flowgate AFC or guarantee that AFC will be available when an actual TSR is submitted over OASIS.

13. AFC-RELATED DATA

A list of the AFC-related data that is either posted on OASIS or supplied upon request is contained in the TSR Business Practices, including a description of any applicable confidentiality requirements and procedures. The list identifies: (1) the data used to calculate AFC values; (2) information and supporting data used to explain the reason(s) TSRs are Refused or Counteroffered; (3) other AFC-related information provided by the Transmission Provider; and (4) whether the information referenced in (1)-(3) is posted on OASIS on a regular basis or is provided upon request.

14. TSR BUSINESS PRACTICES RELATED TO AFC PROCESS

Additional detail regarding the AFC Process is available in the TSR Business Practices posted on OASIS. At a minimum, the TSR Business Practices will address the following AFC-related topics:

- i. Software Applications Used in the AFC Process (Section 1.2)
- ii. Frequency of Resynchronizations (Section 3.6)
- iii. Facility Ratings (Section 4.2)
- iv. Load Data Submission—Operating/Planning Horizons (Section 6.2.1)
- v. Generation Dispatch Data Submission—Operating/Planning Horizons (Section 6.3.1)
- vi. Generation Dispatch Data Submission—Study Horizon (Section 6.3.2)
- vii. Generating Facility Operating Characteristics (Section 6.5)
- viii. Transmission Construction Projects Not Currently-In Service (Section 6.6)
- ix. Zonal Import Limits (Section 7.1.2)
- x. Counterflows (Section 8)
- xi. Adding New Sources and Sinks (Section 9.1)
- xii. Calculation of Response Factors (Sections 9.1 and 9.2)
- xiii. Data Regarding the AFC Process (Section 13)

The TSR Business Practices, including the practices listed above, are subject to the requirements of Section 4 of the Tariff and Section 5 of the Transmission Service Protocol.

15. REGIONAL COORDINATION

The Transmission Provider coordinates transfer capability values with neighboring utilities in accordance with applicable NERC Reliability Standards, SERC regional criteria, and NAESB business practices (once effective, as appropriate). The Transmission Provider and the ICT participate with NERC multi-regional and SERC regional modeling groups to develop the NERC/SERC regional models and the transmission planning models described in Attachment K. The NERC and SERC regional models are developed consistent with the applicable NERC/SERC modeling group procedures, the current SERC near-term and long-term procedure manuals, and all applicable, current NERC Reliability Standards and SERC reliability criteria. The regional models include an aggregation of each SERC participant's transmission planning model for their respective transmission systems. Pursuant to Attachments D and K, the NERC/SERC regional models are the basis for the Annual and Seasonal Base Case Models used for transmission planning, System Impact Studies and Facilities Studies. Pursuant to Attachment K and the Transmission Service Protocol, the ICT participates in the NERC/SERC regional model development processes with the Transmission Provider.

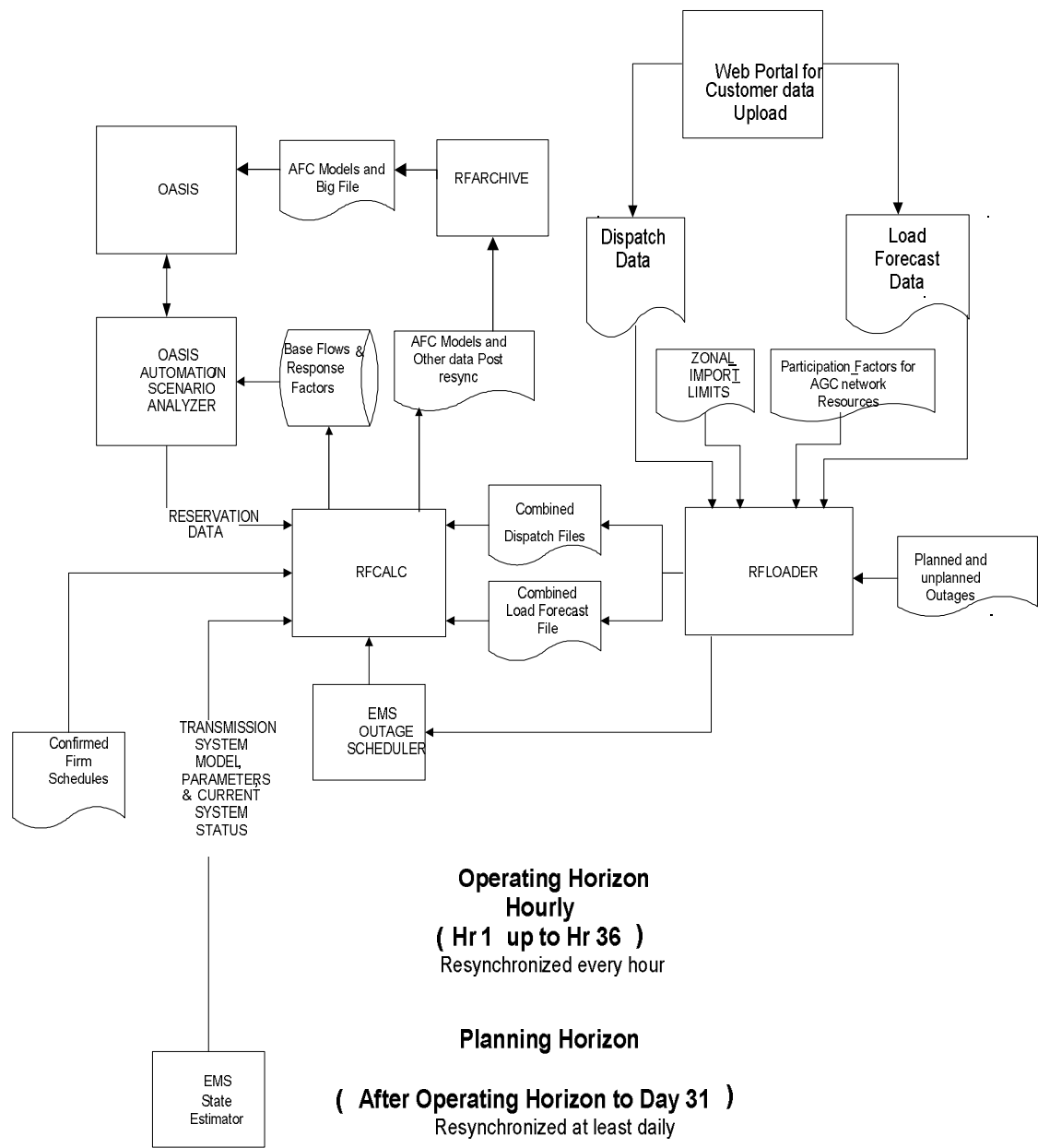
The Seasonal Base Models derived from the NERC/SERC regional process are the basis for the Monthly Base Case Models used to calculate AFC values in the Study Horizon. The Seasonal Base Case Models are updated according to the frequency required by applicable NERC Reliability Standards or SERC reliability criteria (if any), but in no event less than the frequency specified in Attachment K. The Seasonal Base Case Models incorporate the system topology, facility ratings, generation dispatch, load forecasts, and transmission uses provided by each SERC participant as part of the NERC/SERC regional modeling processes. The updating process for the Seasonal Base Case Models is described in Attachment D.

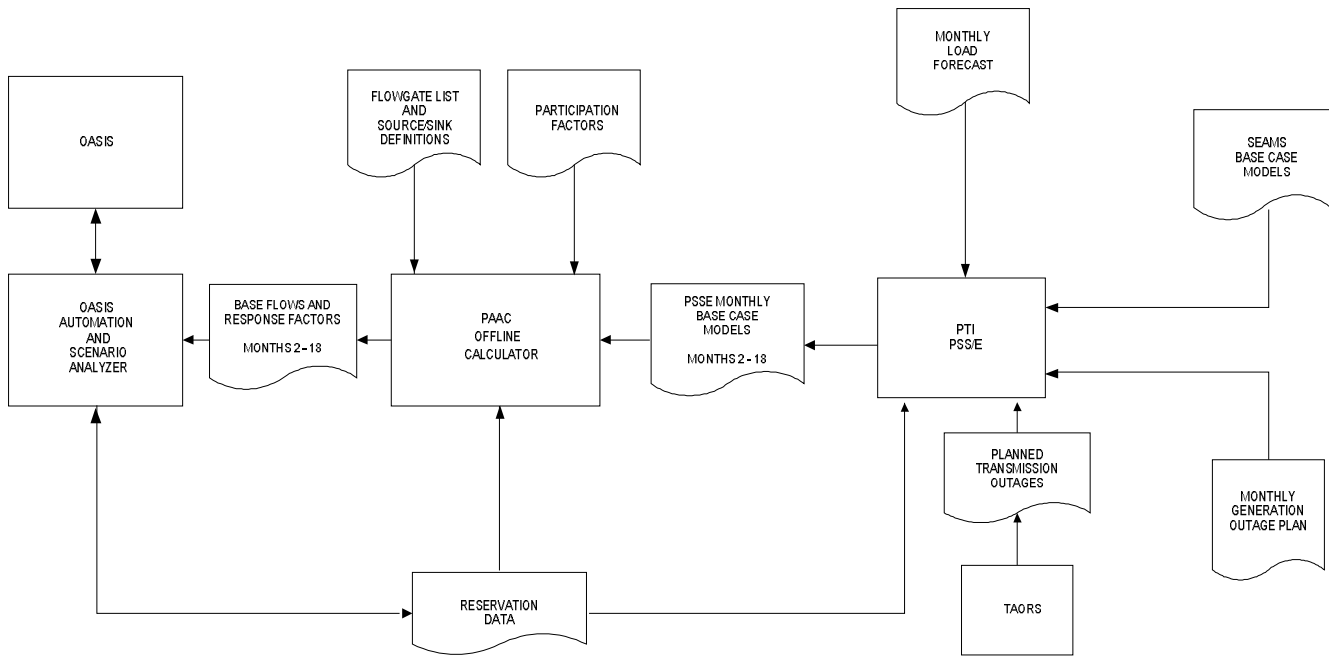
The Transmission Provider further coordinates with Southern Company and TVA on a monthly basis to update the Seasonal Base Case Models and produce updated data inputs for the Monthly Base Case Models used to calculate AFC values for Months 2-18 of the Study Horizon. The monthly updates coordinated with Southern Company and TVA include updates to the same system parameters (system topology, facility ratings, generation dispatch, load forecasts, and transmission uses) provided by each SERC participant as part of the SERC regional modeling processes, except that those parameters are provided for each individual month. The Transmission Provider further updates the Monthly Base Case Models with data available from other External Control Areas as described in Section 7.4.

For the EMS-Based Models used in the Operating and Planning Horizons, transmission facility outages for External Control Areas are derived from NERC SDX outage data provided by those Control Areas. Load data for External Control Areas is based on data supplied by the SPP RTO or the NERC SDX. Additional updates to data for External Control Areas is described in Section 7.4.

Exhibit 1 to Attachment C

Appendix 1 – Flowcharts





Study Horizon
Monthly
(Month 2 to Month 18)
Resynchronized at least once a month

ATTACHMENT D

Methodology for Completing A System Impact Study

1. GENERAL

1.1 Division of Responsibilities

The purpose of this Attachment D is to describe the procedures for conducting System Impact Studies and Facilities Studies when evaluating requests for Point-to-Point Transmission Service and Network Integration Transmission Service under Sections 19 and 32 of the Tariff, including those studies conducted for the entity responsible for serving the Transmission Provider's Native Load Customers.

The division of responsibilities between the Transmission Provider and the ICT in performing duties related to the procedures described herein is controlled by Attachment S and Attachment K to the Tariff, including the ICT Protocols appended to Attachment S. The term "Entergy" is used to delineate the requirements or procedures applicable to the Transmission System and Tariff generally, but is not used to delineate the division of responsibilities between Entergy and the ICT. Instead, the term "Transmission Provider" is used to delineate those duties that are performed by Entergy personnel, as opposed to the ICT.

1.2 Definitions

Capitalized terms used herein are defined in Section 1 of Part I and Attachments L and M of the Tariff, and NAESB Open Access Same-Time Information System (OASIS) Standard WEQ-002-4.2.10.2 (service status values) and Standard WEQ-001-2.2 (Firm and Non-Firm). Additional capitalized terms used herein are defined below solely for purposes of this Attachment D.

Available Flowgate Capability (AFC): As defined in Attachment C.

AFC Process: As defined in Attachment C.

Available Transfer Capability (ATC): As defined in Attachment C.

Base Case Model: As defined in Attachment K. When referenced in this Attachment D, "Base Case Model" includes the "Annual," "Seasonal," "Monthly" or other power flow models used by the ICT. The Seasonal Base Case Model includes the Winter Season (November, December, and January) and the Summer Season (June, July, and August).

Base Plan: The plan developed pursuant to Section 7 of Attachment K.

Base Plan Upgrade: As defined in Attachment T.

Customer: A Transmission Customer, Network Customer, Eligible Customer or the Transmission Provider, when designating resources and loads on behalf of its Native Load Customers, as applicable.

Condition Option: For conditional firm transmission service, the specific System Conditions, (including but not limited to designation of limiting transmission elements, such as a transmission line, substation, or flowgate) when a curtailment priority of Secondary Network Service may apply.

Construction Plan: The plan developed pursuant to Section 6 of Attachment K.

Embedded Control Area: A Control Area that is not directly interconnected with any other Control Area or Transmission System other than the Transmission Provider's Control Area and Transmission System.

Energy Resource Interconnection Service (ERIS): As defined in Attachment N.

External Control Area: A Control Area other than an Embedded Control Area or the Transmission Provider's Control Area.

Facilities Study Agreement: An agreement for the implementation of a Facilities Study under Sections 19.4 and 32.4 of the Tariff and this Attachment D.

First-Tier External Control Area: An External Control Area that is directly interconnected with the Transmission Provider's Control Area and Transmission System.

Hourly Cap Option: For conditional firm transmission service, the annual number of hours when a curtailment priority of Secondary Network Service may apply.

Interchange Distribution Calculator (IDC): The mechanism used by reliability coordinators in the Eastern Interconnection to calculate the distribution of interchange transactions over specific flowgates. It includes a database of all interchange transactions and a matrix of the distribution factors for the Eastern Interconnection.

LGIA: A Large Generation Interconnection Agreement entered into pursuant to Attachments N and O.

Load Serving Entities (LSEs): Network Customers and the entity responsible for serving the Transmission Provider's Native Load Customers.

Local Planning Criteria: The Transmission Provider's local reliability criteria as defined in Attachment K.

NAESB: The North American Energy Standards Board.

NERC: The North American Electric Reliability Corporation in its role as the Electric Reliability Organization.

NERC Reliability Standards: The currently effective reliability standards promulgated by NERC and approved by the Commission.

Network Service: Network Integration Transmission Service.

Network Resource Interconnection Service (NRIS): As defined in Attachment N.

Outage Transfer Distribution Factor (OTDF): The flow on the limiting element, facility or flowgate with a given contingency expressed as a percent of power transferred.

Provisional Upgrade: A transmission construction project that is not currently in-service and that meets one of the three criteria specified Section 2.3.1.1.

PTP Service: Point-to-Point Transmission Service.

Qualifying Facility: A cogeneration or small production facility that meets criteria established in the Public Utility Regulatory Policies Act of 1978 and the Commission's implementing regulations in 18 C.F.R. Part 292.

Reservation: A TSR that has been: (1) Accepted or Counteroffered by the ICT; and (2) Confirmed or submitted Pre-Confirmed by the Customer. A TSR that has not entered a final state of Confirmed is not a Reservation for purposes of this Attachment D.

Secondary Network Service: Secondary service provided on a Non-Firm basis pursuant to Section 28.4 of the Tariff.

Second-Tier External Control Area: An External Control Area that is not directly interconnected with the Transmission's Provider's Transmission System and Control Area.

SERC: The SERC Reliability Corporation.

Supplemental Upgrade: As defined in Attachment T.

System Impact Study Agreement: An agreement for the implementation of a System Impact Study under Sections 19.3 and 32.3 of the Tariff and this Attachment D.

Transmission Reliability Margin (TRM): The amount of transmission transfer capability needed to provide a reasonable level of assurance that the system will remain reliable. TRM accounts for the inherent uncertainty in system conditions and its associated effects on transfer capability evaluations and the need for operating flexibility to ensure reliable system operation as system conditions change.

Transmission Service Request (TSR): A request for Point-to-Point Transmission Service or Network Integration Transmission Service under the Tariff or a request to designate Network Resources by the entity responsible for serving the Transmission Provider's Native Load Customers, as applicable.

Transmission Service Request Business Practices (TSR Business Practices): The business practices referenced in Sections 2.1, 2.4, 2.12, and 2.13 of the Transmission Service Protocol, including but not limited to the specific practices identified in Section 9.

Transmission Service Protocol: The ICT Transmission Service Protocol appended to Attachment S of the Tariff.

1.3 When a System Impact Study is Required

TSRs must be evaluated to determine if there is sufficient transfer capability to Accept the TSR and ensure reliable service for existing Transmission Customers and Native Load Customers. A System Impact Study is a power flow network analysis of whether a particular TSR can be reliably accommodated. To the extent a TSR cannot be reliably accommodated without the construction of transmission upgrades, the System Impact Study provides a preliminary estimate of possible costs associated with the necessary facilities. The Customer may also request that the System Impact Study evaluate the availability of planning redispatch and conditional firm service as alternatives to transmission upgrades. The ICT determines whether a System Impact Study is necessary pursuant to the procedures described in Attachments C and D of the Tariff. System Impact Studies are performed for the following: (1) TSRs for Long-Term Firm PTP Service; (2) TSRs by new Network Customers to commence Network Service; (3) requests by existing Network Customers to designate Network Resources in yearly increments; (4) requests by an existing Network Customer to designate a new Network Load; and (5) requests by Customers seeking to rollover an existing Network Service Agreement or grandfathered agreement under Section 2.2 of the OATT with the designation of additional or different resources or loads than are designated under the existing contract for service.

System Impact Studies are not performed for TSRs other than those listed in (1)-(5), except in the following circumstances: (1) monthly TSRs for Firm PTP Service or to designate new Network Resources in monthly increments where the service is to take place beyond the horizon for which AFC values are calculated; (2) TSRs refused in the AFC Process where the Customer requested a System Impact Study to evaluate solely the potential for transmission upgrades to increase the applicable AFC values; or (3) TSRs that require the addition of a new sink within the Transmission System.

Consistent with Section 19 of the Tariff, where a TSR for Long-Term Firm PTP Service cannot be satisfied out of existing transmission capacity, the ICT will, at the request of the Customer and in the System Impact Study, identify: (1) the transmission upgrades necessary to provide the service; and (2) the options for providing service during the period prior to completion of those transmission upgrades. Additionally, if upgrades cannot be completed prior to the expiration of the requested service term, the ICT will, at the request of the Customer, identify options in the System Impact Study for providing the service during the requested term. Unless the Customer opts otherwise, the options studied by the ICT include planning redispatch and conditional firm service. Planning redispatch and conditional firm service options are not offered to a requesting Customer if providing either of these services would degrade or impair the reliability of service to existing Customers taking Firm service and/or Native Load Customers. In accordance with the Transmission Provider's TSR Business Practices, the ICT evaluates and determines whether the provision of planning redispatch or conditional firm service would degrade or impair the reliability of service to existing Customers taking Firm service and/or Native Load Customers. A Customer may choose either planning redispatch or conditional firm service, but not both, for a particular Reservation.

1.4 When a Facilities Study is Required

If the System Impact Study indicates the TSR can be reliably accommodated without the addition of any transmission upgrades (including Provisional Upgrades), the TSR is Accepted without the need for a Facilities Study. If the System Impact Study indicates that the TSR can be reliably accommodated only with Provisional Upgrades being placed in-service, the ICT will notify the customer of this fact in writing and provide the customer with a Facilities Study Agreement. By the deadline specified for executing the Facilities Study Agreement, the Customer must either: (1) confirm in writing that it is willing to accept those limitations presented by the Provisional Upgrade and request that the ICT Accept the service; or (2) execute and return the Facilities Study Agreement. If the System Impact Study indicates that the TSR can be reliably accommodated with only the addition of transmission upgrades other than Provisional Upgrades (either standing alone or in conjunction with Provisional Upgrades), the TSR remains in "Study" mode until such time as the Customer requests a Facilities Study (in which case a Facilities Study is performed) or the deadline for such a request expires (in which case the TSR is Retracted).

If a Customer elects to Confirm a TSR subject to additional transmission upgrades being constructed (including Provisional Upgrades), and those upgrades are delayed beyond the in-service date required to accommodate the resulting Reservation, the provisions of Section 20 of Tariff will be applied to PTP Service TSRs, and Network Customers will have the option of delaying service until such time as the upgrades are placed in-service or requesting a new Facilities Study under Section 32 of the Tariff. If a Customer elects to Confirm a TSR subject to a Provisional Upgrade being placed in-service and that upgrade is cancelled, the Customer may request that the TSR be restudied in a new Facilities Study or Annulled. A restudy does not require the submission of a new TSR and is performed using Base Case Models that are updated with current data as of the time the restudy is performed, including any additional Firm uses of the Transmission System under Section 2.3.2.

The ICT shall tender a Facilities Study Agreement as necessary pursuant to Section 19.4 of the Tariff. The Facilities Study is a more in-depth study of the upgrades required to provide the requested service, including an AC analysis of the TSR to confirm whether transmission upgrades are necessary. To the extent transmission upgrades are necessary, the Facilities Study includes a good-faith estimate of the costs and time required to complete construction of any such upgrades and an analysis of the cost allocation for those upgrades as specified under Attachment T to the Tariff.

1.5 Queue for System Impact and Facilities Studies

The priority of Long-Term Firm PTP Service TSRs, Network Resource TSRs and requests to exercise rollover rights under Section 2.2 of the Tariff is determined on a first-come, first-served basis under Section 13.2 of the Tariff. The ICT maintains separate queues related to System Impact Studies and Facilities Studies. Long-Term Firm TSRs that require a System Impact Study are placed in a System Impact Study queue based on the date and time that an executed System Impact Study Agreement is received by the ICT. TSRs that require a Facilities Study are placed in a Facilities Study queue based on the date and time that an executed Facilities Study Agreement is received by the ICT. Where Short-Term Firm TSRs have been denied through the AFC Process and the Customer has requested a System Impact Study to analyze transmission upgrades, such studies are placed in the System Impact Study queue based on the date and time that an executed System Impact Study Agreement is received by the ICT. System Impact and Facilities Studies are performed in the order in which service is requested over OASIS, not the order in which executed Study Agreements are received by the ICT.

2. BASE CASE MODEL DEVELOPMENT

2.1 NERC and SERC Regional Models

Consistent with Section 6 of the Transmission Service Protocol, the Base Case Models used in System Impact Studies are based on the updated regional models developed pursuant to the NERC multi-regional and SERC regional model development processes. The NERC and SERC regional models are developed and updated consistent with the applicable NERC/SERC modeling group procedures, the current SERC near-term and long-term procedure manuals, and all applicable, current NERC Reliability Standards and SERC reliability criteria. The NERC models are updated on an annual basis and are used to develop the SERC regional models. The long-term SERC regional models are updated on an annual basis, and the short-term SERC regional models are updated annually with quarterly adjustments. The SERC regional models are used to develop the Seasonal Base Case Models (representing a period of 10 years) and Monthly Base Case Models used in System Impact Studies. The ICT participates in the regional model development process, as set forth in Attachment K, for the SERC region with the Transmission Provider.

2.2 Development of Seasonal and Monthly Base Case Models

The Seasonal and Monthly Base Case Models used in System Impact Studies are subject to the ICT's review and validation pursuant to Sections 6.1 and 6.2 of the ICT Transmission Service Protocol. For purposes of this Section 2.2, the responsibility of the ICT to "review and validate" shall mean that the ICT will take reasonable steps to ensure that the data inputs are properly loaded and reflected in the Transmission Provider's modeling processes and that the resultant AFC and/or ATC values: (1) reasonably reflect the application and product of the Transmission Provider's modeling processes; and (2) are reasonably consistent with the topology of the Transmission System as reflected in the applicable SERC regional model(s).

2.2.1 Seasonal Base Case Models

The Seasonal Base Case Models used in performing System Impact Studies are derived from the NERC and SERC regional models created as part of the regional modeling process described above. The Seasonal Base Case Models incorporate the system topology, facility ratings, generation dispatch, load forecasts, and transmission uses provided by each SERC participant as part of the NERC/SERC regional modeling processes. The Seasonal Base Case Models are developed by: (1) modifying the most recent SERC regional models to include the detailed representation of the Transmission Provider's Control Area and Transmission System and any Embedded Control Areas; and (2) updating data inputs made available after the most recent SERC regional model was finalized. These modifications and updates are conducted consistent with the applicable NERC/SERC modeling group procedures, the current SERC near-term and long-term procedure manuals, and all applicable, current NERC Reliability Standards and SERC reliability criteria.

The SERC regional models are modified on an annual basis to include a detailed representation of the Transmission System and Embedded Control Areas. The data inputs used in Seasonal Base Case Models are updated according to the frequency required by applicable NERC Reliability Standards or SERC reliability criteria (if any), but in no event less than the frequency specified in Section 5.3 of Attachment K. The data input updates applied to the SERC regional models to produce Seasonal Base Case Models include the following:

- i. System topology data as described in Section 2.3.1;
- ii. Existing Firm uses and rollover data as described in Section 2.3.2;
- iii. Load forecast data as described in Section 2.3.3.1; and
- iv. Resource forecasts and generation dispatch data as described in Section 2.3.4.1.

In addition to these updates, the Seasonal Base Case Models are further updated by the ICT prior to evaluating a TSR as described in Section 3.1 below.

2.2.2 Monthly Base Case Models

Monthly Base Case Models are developed for Month 2 through Month 18 for use in performing System Impact Studies. The Monthly Base Case Models are derived from the Seasonal Base Case Models developed in accordance with the SERC near-term modeling procedures, as updated by the Transmission Provider, the ICT and other SERC members to include data inputs made available after the most recent near-term SERC regional model was developed. The Transmission Provider coordinates with Southern Company and TVA on a monthly basis to update the Seasonal Base Case Models and develop Monthly Base Case Models as described in Section 14 of Attachment C. In addition to these updates, the Monthly Base Case Models are also updated as described in Attachment C and again by the ICT prior to evaluating a TSR as described in Section 3.1 below.

2.3 Data Included in Seasonal and Monthly Base Case Models

2.3.1 System Topology

All Seasonal and Monthly Base Case Models include a detailed representation of the Transmission Provider's Control Area and Transmission System and Embedded Control Areas. External Control Areas are retained at the level of detail contained in the SERC regional models.

The system topology represented in Seasonal and Monthly Base Case Models is based on the SERC regional models and is updated as per the frequency specified in Sections 2.2.1, 2.2.2, and 3.1. Topology changes can include recently energized construction projects (new substations/lines/transformers, upgrades, conversions, etc.), corrections of transmission element or facility modeling parameters (impedances, ratings, etc.), the decommissioning of equipment, updates to the projected in-service date of Provisional Upgrades under Section 2.3.1.1, and changes in TRM values applied under Section 2.3.1.3.

2.3.1.1 Transmission Construction Projects Not Currently In-Service

Transmission construction projects that have not been completed and are not currently in-service are not included in the NERC/SERC regional models or the Annual, Seasonal and Monthly Base Case Models derived from the regional models, unless the upgrades qualify under one of the three criteria specified below:

- i. Transmission upgrades that have been determined in a Facilities Study as necessary to accommodate a Network Resource or PTP Service Reservation (including Reservations on behalf of the Transmission Provider's Native Load Customers) are included in Base Case Models starting in the season/month in which the upgrade is expected to be in service and for all seasons/months thereafter; provided that the Customer holding such Reservation has executed a Service Agreement providing for the cost allocation of such upgrades or an unexecuted Service Agreement providing for the same has been filed with, and allowed to become effective by, the Commission.
- ii. Transmission upgrades that have been determined in a Facilities Study as necessary to accommodate a request to interconnect a generating facility are included in Base Case Models starting in the season/month in which the upgrade is projected to be in service and for all seasons/months thereafter; provided that the generating facility has executed a GIA or an unexecuted GIA has been filed with, and allowed to become effective by, the Commission.
- iii. Transmission upgrades in the Transmission Provider's Construction Plan are included in Base Case Models starting in the season/month in which the upgrade is expected to be in service and for all seasons/months thereafter; provided that the Transmission Provider has approved funding for the construction of the upgrade. Upgrades qualifying under this (iii) that would not otherwise qualify under (i) or (ii) include upgrades that are necessary to maintain firm service and meet reliability criteria. The funding status of all Transmission upgrades is identified in the Transmission Provider's Construction Plan.

The fact that a particular upgrade is classified as a Base Plan Upgrade or a Supplemental Upgrade for purposes of cost allocation under Attachment T is not determinative of whether a particular upgrade meets any of the criteria above, i.e., Base Plan and Supplemental Upgrades that meet the criteria above are included in Base Case Models, while Base Plan and Supplement Upgrades that do not meet the criteria are excluded.

Transmission upgrades that qualify under one of the three criteria above are considered "Provisional Upgrades." In the event that a Provisional Upgrade is cancelled or delayed, the upgrade is removed from: (1) all NERC/SERC regional models and Base Case Models in the case of a cancellation; or (2) the NERC/SERC regional models and Base Case Models for seasons/months prior to the new projected in-service date in the case of a delay. Transmission construction projects necessary to provide transmission or interconnection service to the Transmission Provider's native load customers are included in Base Case Models upon execution of a Service Agreement for the provision of such transmission or interconnection service. Transmission construction projects that do not qualify as Provisional Upgrades are included in the NERC/SERC regional models and the Annual, Seasonal and Monthly Base Case Models once construction is completed and the upgrades are placed into service. Examples of such transmission construction projects include maintenance and infrastructure-related upgrades that are limited in scope and have a fluid in-service date (i.e., breaker replacements). The mechanism for updating the NERC/SERC regional models and Annual,

Seasonal and Monthly Base Case Models to take into account cancelled, delayed, or newly completed and energized upgrades is described in Sections 2.1, 2.2, 2.3.1 and 3.1. In addressing the modeling treatment of transmission construction projects that have not been completed and are not currently in-service, nothing in this Section 2.3.1.1 or Attachment D addresses whether, or to what extent, a particular transmission project may be cancelled or delayed or the obligation of the requesting Customer with respect thereto.

2.3.1.2 Transmission Facility Ratings

The transmission facility ratings used in System Impact Studies are established in accordance with NERC Reliability Standard FAC-008 and FAC-009 (or any successor standards). The Transmission Provider uses the same rating (i.e., the Normal Rating as defined by NERC Standards) for purposes of System Impact and Facilities Studies. The TSR Business Practices describe the basis for the Transmission Provider's facility ratings. The ICT will periodically review the facilities rating method set forth in the TSR Business Practices and validate its implementation.

2.3.1.3 Transmission Reliability Margin

TRM is used by the Transmission Provider in the limited circumstances described below and is recalculated as conditions identified during review warrant. TRM is only applied to the Transmission Provider's facilities. A review of TRM and the value assigned is conducted by the Transmission Provider on a seasonal basis. Prior to each season, the Transmission Provider performs an assessment of TRM and its assigned value to determine if a recalculation of TRM values is necessary. Factors to be considered in the determination include, among other things: (1) aggregate load forecast error; (2) load distribution error; (3) variation in facility loadings due to balancing of generation within a Control Area; (4) forecast uncertainty in system topology; (5) allowances for parallel path and loop flow impacts; (6) allowances for simultaneous path interactions; (7) variations in generation dispatch; and (8) short-term system operator response. The TRM assessment methodology and the TRM values applied in System Impact and Facilities Studies are posted on OASIS in the TSR Business Practices and are provided to stakeholders as part of the stakeholder process identified in Section 9 of the Transmission Service Protocol.

2.3.2 Existing Firm Uses of the Transmission System and Rollover Rights

Existing Firm uses of the Transmission System are modeled in Base Case Models for the full term of service. Existing Firm uses of the Transmission System include: (1) Firm PTP Service Reservations; (2) Firm service to the Transmission Provider's Native Load Customers; (3) Firm Network Service from Network Resources; (4) grandfathered Firm service under pre-Order No. 888 transmission or bundled agreements. To the extent Long-Term Firm PTP Service or Network Service is entitled to rollover rights, that service is modeled in Base Case Models for periods beyond the term of service, unless: (1) the Service Agreement specifies that rollover rights are not available for the applicable period; (2) the Customer has failed to exercise its rollover rights by the specified deadline; or (3) the customer has waived its rollover rights in writing to the Transmission Provider.

Long-Term Firm PTP Service is modeled by dispatching the generating facility sourcing the Reservation to the full amount specified in the Reservation, provided that the output level does not exceed the maximum rating of the generating facility. Firm PTP Service Reservations based on planning redispatch or conditional firm service are modeled on the same basis as other Long-Term Firm PTP Service Reservations. The modeling of Firm service to Native Load Customers, Network Customers and grandfathered agreement customers is achieved according to the process described in Sections 2.3.3 and 2.3.4.

The modeling of Firm TSRs will comply with the capacity rights established in the Tariff. TSRs in "Study" mode (i.e., currently in the System Impact Study process or the Facilities Study process) are only simulated in the evaluation of subsequent TSRs and only to the extent necessary to protect the superior capacity rights of the

first-in-time TSRs. Long-Term PTP Service TSRs and Network Resource TSRs in study mode are included in Base Case Models used to evaluate subsequent TSRs. To the extent that Short-Term Firm PTP Service Reservations are included in Base Case Models, a secondary analysis is performed as necessary to determine if the TSR being studied can be Accepted by “bumping” preemptible TSRs that have at least a 3% impact on the overloaded facility pursuant to Section 13.2 of the Tariff. To the extent that a request to undesignate a Network Resource is submitted to the Transmission Provider prior to a System Impact Study being completed, the ATC associated with the undesignation (and the duration of the undesignation) is made available as described in the applicable NAESB business practice or, prior to a final NAESB business practice, the Transmission Provider’s interim business practice required under Section 3.2.2.2.

Non-Firm Reservations and TSRs (including Non-Firm PTP Service and Secondary Network Service) and Qualifying Facility transactions for which Firm transmission service has not been obtained are excluded from Seasonal and Monthly Base Case Models.

2.3.3 Load Forecasts

2.3.3.1 Seasonal Base Case Models

The load forecasts for the Transmission Provider’s system peak load contained in the NERC and SERC regional models are based on the most recent full calendar year (January-December) coincident system peak demand. LSEs are required to provide a load forecast annually to the Transmission Provider and the ICT, along with updates to that forecast, as described in more detail in Attachment K. The most recent peak demand provided by LSEs is used because it reasonably reflects load adjustments (e.g., losses, load growth, load reductions, cogeneration) that would have occurred prior to the peak load period. If there are significant load changes (additions or reductions) that occurred within the system after the peak load period, the load forecast is adjusted to take these changes into consideration. The types of loads represented in these load forecasts include the loads of the following customer types: retail, wholesale (including wholesale load under the Tariff and grandfathered agreements), industrial, nuclear generating facility, and cogenerating facility. To create Base Case Models of the off-peak seasons, the Transmission Provider applies monthly scaling factors to load forecasts that are based on historical load data. Forecasted loads are adjusted according to the actual peak for the year, weather normalization, block load changes and growth trending.

2.3.3.2 Monthly Base Case Models

The derivation of load forecasts for Monthly Base Case Models used in System Impact Studies is based on the NERC/SERC regional models and Seasonal Base Case Models, as updated by the process described in Attachment C for the Study Horizon of the AFC Process.

2.3.4 Resource Forecasts and Generation Dispatch

2.3.4.1 Seasonal Base Case Models

The resource forecasts and generation dispatch levels represented in the Seasonal Base Case Models are based on the generation data included in the NERC and SERC regional models, which in turn is based on the resource forecasts provided pursuant to Attachment K. The resource forecasts and generation dispatch levels contained in the SERC regional models are updated when converting those models to the Seasonal Base Case Models used in System Impact Studies. These updates incorporate additional information provided by LSEs, as well as new Reservations taken from the Transmission Provider’s OASIS.

LSEs are required to provide a resource plan annually to the Transmission Provider and the ICT, along with updates to that resource plan, pursuant to Attachment K. If an LSE fails to provide or update its resource

plan, the last resource plan submitted by that LSE is used in conjunction with OASIS data regarding Network Resources of a term of one-year or more if available. The generation resources identified in the various LSE resource plans are dispatched on an economic basis to the extent that the LSE provides sufficient cost information.

In the event that a LSE fails to submit a resource plan that provides sufficient generation resources to meet forecasted load, the forecasted load is met by dispatching uncommitted generation resources interconnected to the Transmission System to serve the shortfall, including resources that have not reserved Long-Term Firm PTP Service to a specific sink or otherwise have not been included in the long-term resource plans of a LSE. With respect to short-falls in a LSE's resource plan, NRIS and ERIS resources are dispatched on a pro rata basis subject to mitigating the negative effects of those resources on the elements/flowgates limiting the proposed transfer by removing the power flow impact of these resources on those elements/flowgates; provided, however, that the ability of an NRIS resource to deliver its full capacity to the local area during peak load conditions is not limited by the proposed transfer.

Resources used to serve the shortfall in this manner are dispatched according to the following priority:

- i. Generating facilities that have obtained NRIS, but have not obtained Long-Term Firm service (either PTP Service or Network Service) to a specific sink are dispatched first. The dispatch level is based on a uniform dispatch up to each facility's uncommitted capacity (i.e., the difference between the reserved service and the maximum output of the facility). To the extent that all NRIS resources are at maximum output in the model, any remaining shortfall between an LSE's load and the resources used to serve that load is met by using a uniform dispatch of the uncommitted capacity of ERIS resources based on (ii) and (iii) below.
- ii. Generating facilities that have only obtained ERIS and that are owned by LSEs but are designated as Non-Firm are dispatched second. The dispatch level is based on a uniform dispatch up to each facility's uncommitted capacity (i.e., the difference between the reserved service and the maximum output of the facility).
- iii. Generating facilities that have only obtained ERIS (or its equivalent under pre-Order No. 2003 interconnection agreements) are dispatched third.

2.3.4.2 Monthly Base Case Models

The derivation of resource forecasts and generation dispatch levels for Monthly Base Case Models used in System Impact Studies is based on the NERC/SERC regional models and Seasonal Base Case Models, as updated by the process described in Attachment C for the Study Horizon of the AFC Process.

2.3.5 CBM

Capacity Benefit Margin (CBM) is not currently used in the Seasonal or Monthly Base Case Models as applied to TSRs.

3. PERFORMING THE SYSTEM IMPACT STUDY

To determine if there is sufficient capability to both Accept a TSR and ensure reliable service for existing Transmission Customers and Native Load Customers, a full network load flow analysis is performed for each TSR subject to a System Impact Study under Section 1.3. The load flow analysis component of a System Impact Study consists of the following steps: (1) selecting and updating Base Case Models; (2) simulating the proposed transfer; (3) evaluating the impact of the proposed transfer against applicable reliability criteria; and (4) evaluating the impact of the proposed transfer on Provisional Upgrades. Pursuant to Section 7.1 of the

Transmission Service Protocol, the ICT performs System Impact Studies as necessary to evaluate whether sufficient transmission capability exists to accommodate a TSR. Sections 19 and 32 of the Tariff provide additional details regarding the timing and requirements associated with obtaining a System Impact Study and the ICT Protocols appended to Attachment S of the Tariff provide a description of the division of responsibilities between the Transmission Provider and the ICT.

3.1 Selecting and Updating the Base Case Models

Seasonal Base Case Models exist for each Winter Season and Summer Season for a ten-year horizon. Monthly Base Case Models exist for each month for an eighteen-month horizon. Seasonal Base Case Models are applied to all TSRs (or any portions thereof) that extend beyond the horizon for which Monthly Base Case Models are available. Monthly Base Case Models are applied to all TSRs (or any portions thereof) that fall within the 18 month horizon for which Monthly Base Case Models are available.

When selecting the Base Case Models applicable to a particular TSR, the most recent version of each model is used to ensure that the Base Case Models include updated data inputs as described in Section 2. As described in Section 7.1.2 of the Transmission Service Protocol, before performing a specific System Impact Study, the applicable Base Case Models are further updated to reflect additional information regarding new Reservations and TSRs (as described in Section 2.3.2), changes in system topology (as described in Section 2.3.1), and the removal of any TSRs that have been preempted pursuant to Section 13.2 of the Tariff. The updated Base Case Models are subject to a final review to confirm that the updating process was performed correctly.

3.2 Simulating the Proposed Transfer

Once the appropriate Base Case Models have been selected and updated, load flow simulations are performed as described below.

3.2.1 Requests for PTP Service

For PTP Service TSRs that are considered “imports” (i.e., TSRs that are sourced from External Control Areas and that sink “into” the Transmission Provider’s Control Area or an Embedded Control Area), the transfer is simulated as follows. If the source is located in an External Control Area and the specific generating facility sourcing the TSR is known, that specific generating facility is scaled up to simulate the transfer. If no generating facility is specified (i.e., the source is specified as the whole Control Area), the transfer is simulated by proportionally increasing all generation in that Control Area (i.e., an increase in dispatch not relative to the current level of dispatch). Customers are only required to identify the specific generating facility where the External Control Area in question is a First-Tier External Control Area and the customer wants the ability to schedule service from a generating facility for which facility-specific response factors are calculated pursuant to Section 9.2 of Attachment C to the Tariff. The generation resources previously serving the PTP load in the Base Case Model are ramped down on an economic basis (to the extent economic data is available) based on the specified dispatch for that load or, if there is no such dispatch, ramped down based on a pro rata scale down of those resources (i.e., a decrease in dispatch that is relative to the current level of dispatch).

For PTP Service TSRs that are considered “exports” (i.e. TSRs that are sourced from inside the Transmission Provider’s Control Area or an Embedded Control Area and that sink in an External Control Area), Attachment M of the Tariff requires that the specific generating facility be identified in the TSR. The transfer is simulated by increasing the dispatch of that generating facility and decreasing generation dispatch within the sink Control

Area on an economic basis (to the extent economic data is available) or, alternatively, a proportional basis. If the identified generating facility is a designated Network Resource and is modeled online in the Base Case Model at a level that does not allow for the transfer (i.e., generating facility would exceed its maximum rating), the transfer is simulated as described above, except that the Base Case Model is first modified by scaling down the generating facility (so it can later be scaled up to simulate the transfer) and economically scaling up generating facilities inside the source Control Area (to compensate for scaling down of the generating facility under study) if economic data is available; otherwise, scaling will be on a pro rata basis.

For PTP Service TSRs that are considered “through” transactions (i.e., TSRs that source in one First-Tier External Control Area and sink in a different First-Tier External Control Area), one transfer is simulated using the method for “imports” and another transfer is simulated using the method for “exports.”

For PTP Service TSRs that are considered “internal” transactions to the Transmission System (i.e., TSRs that source and sink in the Transmission Provider’s Control Area, an Embedded Control Area, or a combination thereof), Attachment M requires that a specific generating facility to be identified in the TSR. The study is performed by first creating a Base Case Model that excludes the PTP load and reduces the generation previously serving that load. The transfer is then simulated by increasing the dispatch level of the new generating facility to meet the load.

Requests to redirect a Long-Term PTP Service Reservation for a period of one year or more are studied by first removing the power flow impact of original PTP Service Reservation and then simulating the transfer associated with the redirect TSR in a manner consistent with the provisions above.

3.2.2 Requests to Designate New Network Resources

Requests to designate new Network Resources can be studied individually or in a “cluster” when submitted simultaneously with a request to undesignate an existing Network Resource. The distinction between the two options for purposes of System Impact Study modeling is the manner in which the transfer is simulated. All other Base Case Model data, assumptions, and criteria are the same. The method for simulating transfers under each of the two options is described in Sections 3.2.2.1 and 3.2.2.2.

3.2.2.1 Network Resource (No Simultaneous Undesignation)

For Network Resource TSRs that are submitted without a simultaneous undesignation request, the proposed Network Resource is modeled as an additional Network Resource above and beyond the existing Network Resources for the Network Customer. This allows the new Network Resource to be designated without undesignating an existing Network Resource. This analysis simulates the transfer in two ways: generation-to-generation and generation-to-load. The transfer to generation is from the Network Resource being studied to the Customer’s existing designated Network Resources. It is performed by reducing the dispatch of the Network Customer’s existing Network Resources on an economic basis and increasing the dispatch of the Network Resource. The transfer to load is from the Network Resource being studied to the Network Customer’s load. It is performed by first reducing the Network Customer’s load by the requested amount and economically dispatching the existing Network Resources to the new load level. These different analyses are performed to differentiate the constraints used to serve the load and the constraints caused by the new generator.

The Base Case Model is the same for both the generation-to-generation and generation-to-load analyses. The transfer case models resulting from both the generation-to-generation and generation-to-load analyses are compared with the Base Case Model to determine whether a valid limit is impacted and whether any constraints result from the request to designate the new Network Resource that may require network upgrades in order to be alleviated.

3.2.2.2 Network Resource (Simultaneous Undesignation)

For Network Resource TSRs that are simultaneously submitted with one or more requests to undesignate some subset of the Network Customer's existing Network Resources pursuant to Section 30.3 of the Tariff, the new Network Resource is first studied as described in Section 3.2.2.1. In the event that service cannot be Accepted without transmission upgrades, the proposed Network Resource and simultaneously submitted undesignation requests are evaluated together in a cluster study. This allows the new Network Resource to be designated only to the extent that sufficient capacity rights associated with the undesignated Network Resource(s) are surrendered on either a temporary or permanent basis. The cluster study is performed by simultaneously ramping up the new Network Resource and ramping down the subset of the Network Customer's existing Network Resources identified as eligible for undesignation.

The evaluation of the new Network Resource request and the undesignation request are processed taking proper account of all competing TSRs of higher priority as required under Section 30.3 of the Tariff. The simultaneously submitted Network Resource TSR and undesignation request may result in undesignated capacity being released to the market when the undesignation request is Confirmed. This capacity may be released permanently or temporarily. The TSR Business Practices will include interim procedures that describe how undesignation requests will be processed and how any additional capacity will be made available pending implementation of the NAESB Standards addressing such matters.

3.2.2.3 Network Resources In External Control Areas

If the Network Resource is located in an External Control Area and the specific generating facility sourcing the TSR is known, that specific generating facility is scaled up to simulate the transfer as described in Sections 3.2.2.1 or 3.2.2.2 as applicable. If the Network Resource is located in an External Control Area and no generating facility is specified (i.e., the source is specified as the whole Control Area), the transfer is simulated by proportionally increasing all generation in that Control Area as described in Sections 3.2.2.1 or 3.2.2.2 as applicable. Customers are only required to identify the specific generating facility where the External Control Area in question is a First-Tier External Control Area and the customer wants the ability to schedule service from a generating facility for which facility-specific response factors are calculated pursuant to Section 9.2 of Attachment C to the Tariff. If the Network Resource is a power purchase contract, the transfer is simulated as described in Section 3.2.2.4.

3.2.2.4 Requests to Designate Contracts as Network Resources

Network Customers may designate power purchase contracts as Network Resources pursuant to Sections 29, 30, and 32 of the Tariff and Attachment E. If the Customer seeks to designate a power purchase agreement as a Network Resource, the Customer must provide the information described in Section 29.2 of the Tariff so that the TSR may be studied. Studies of these TSRs are performed using the same methods described above in Sections 3.2.2.1, 3.2.2.2, and 3.2.2.3 where the power purchase contract is sourced from a single generating facility. If the power purchase contract being designated as Network Resource is a system sale or is sourced from multiple generating facilities, the transfer is simulated by proportionally increasing all generating facilities participating in the sale.

3.2.3 Requests to Commence Network Service

An initial request to commence Network Service involves: (1) an existing Network Customer that is seeking Network Service for a new Network Load under a new Service Agreement; (2) a Customer that was previously taking service under a grandfathered agreement and is seeking to exercise rollover rights under Section 2.2 of the Tariff and transition to Network Service; or (3) a Customer seeking Network Service that is otherwise not currently a Network Customer under the Tariff.

All requests to commence Network Service are studied by first removing the power flow impact of prior service to that load included in the Base Case Models (if any) and then by simulating the transfer as described above

in Section 3.2.2.1. Requests to commence Network Service that fall under (2) above are studied in accordance with the additional requirements specified under Section 3.2.

3.2.4 Rollover Requests

3.2.4.1 Network Service

Pursuant to Section 1.3, a System Impact Study is required to evaluate requests by Customers seeking to rollover a Network Service Agreement under Section 2.2 of the OATT with the designation of additional or different resources or loads than are designated under the existing contract for service. If the change in resources or loads substantially changes power flows on the Transmission System, the Customer's right to continue taking service may be affected by transmission constraints. In circumstances where an existing joint operating agreement terminates and the parties to that agreement seek to each rollover a subset of previously designated resources and load, each party is entitled to rollover the portion of the previously designated resources owned by that party. The provision of such rollover rights may result in a change in generation dispatch, but does not result in the resources being dispatched at a level exceeding their dispatch levels under the joint operating agreement. Generation dispatch may be changed without requiring a new System Impact Study, and each Transmission Customer is permitted to change its generation dispatch up to the designated network resource level. Changes in generation dispatch are reflected in the Transmission Provider's subsequent Base Plan. To determine whether a change in receipt or delivery points (Network Resources/Network Loads) results in a substantial change in power flows on the Transmission system, a System Impact Study is performed to determine whether: (1) the change causes a constraint on the Transmission System or an increase in power flows (relative to the power flows without the changed receipt or delivery point) over a previously-identified constrained facility; and (2) the pre-contingent or post-contingent flows associated with the change have at least a three percent transfer distribution factor/outage transfer distribution factor, respectively over the constrained facility. **For purposes of this Section 3.2.4.1, a "previously-identified" facility is a facility that has been identified as constrained in either the Transmission Provider's Base Plan or Reliability Assessment or Entergy's Construction Plan.** Nothing in this Section 3.2.4.1 is intended to alter or otherwise modify the upgrade cost responsibility methodology set forth in Attachment T.

The results of any System Impact Study performed shall identify any limitations on the Customer's current request to rollover its service as well as limitations on its rights to renew or rollover of its service in future terms. If the System Impact Study determines that the criteria in (1) and (2) are met, a Facilities Study can be requested by the Customer to further evaluate the rollover request.

When performing the System Impact Study, the transfer is simulated as described in Section 3.2.2.

3.2.4.2 Grandfathered Service

Where a Customer previously taking service under a grandfathered agreement seeks to transition to Network Service by designating the same resources and loads that are contained in the grandfathered agreement, a System Impact Study is not required to rollover the service. Pursuant to Section 2.3.2, where a Customer previously taking service under a grandfathered agreement seeks to transition to Network Service with the designation of new or different resources and loads than are designated under the existing contract for service, a System Impact Study is required to determine if the change in resources or loads substantially changes power flows on the Transmission System. If the change in resources or loads substantially changes power flows on the Transmission System, the Customer's right to continue taking service may be affected by transmission constraints. In circumstances where an existing joint operating agreement terminates and the parties to that agreement seek to each rollover a subset of previously designated resources and load, each party is entitled to rollover the portion of the previously designated resources owned by that party. The provision of such rollover rights may result in a change in generation dispatch, but does not result in the

resources being dispatched at a level exceeding their dispatch levels under the joint operating agreement. Generation dispatch may be changed without requiring a new System Impact Study, and each Transmission Customer is permitted to change its generation dispatch up to the designated network resource level. Changes in generation dispatch are reflected in the Transmission Provider's subsequent Base Plan. To determine whether a change in receipt or delivery points results in a substantial change in power flows on the Transmission system, a System Impact Study is performed to determine whether: (1) the change causes a constraint on the Transmission System or an increase in power flows (relative to the power flows without the changed receipt or delivery point) over a previously-identified constrained facility; and (2) the pre-contingent or post-contingent flows associated with the change have at least a three percent transfer distribution factor/outage transfer distribution factor, respectively over the constrained facility. **For purposes of this Section 3.2.4.2, a "previously-identified" facility is a facility that has been identified as constrained in either the Transmission Provider's Base Plan or Reliability Assessment or Entergy's Construction Plan.** Nothing in this Section 3.2.4.1 is intended to alter or otherwise modify the upgrade cost responsibility methodology set forth in Attachment T.

The results of any System Impact Study performed shall identify any limitations on the Customer's current request to transition to Network Service as well as limitations on its rights to renew or rollover of its Network Service in future terms. If the System Impact Study determines that the criteria in (1) and (2) are met, a Facilities Study can be requested by the Customer to further evaluate the request to transition to Network Service.

When performing the System Impact Study, the transfer is simulated as described in Sections 3.2.3 and 3.2.2.1. Where the Customer is designating new or different resources (but not new or different loads), the Customer may request the transfer be studied as described in Section 3.2.2.2 in the event that service cannot be Accepted without transmission upgrades or redispatch under the method described in Sections 3.2.3 and 3.2.2.1.

3.2.4.3 Point- to- Point Service

Requests to exercise rollover rights associated with a PTP Service Reservation by changing the Points of Delivery or Receipt or Source or Sink of the original Reservation will be treated as new requests for service under Section 22 of the Tariff and must be submitted as new requests over OASIS. Requests for PTP Service are studied as per Section 3.2.1.

3.3 Evaluating Thermal Limits on the Proposed Transfer

Once the impact of the proposed transfer is simulated in the Base Case Model, the resulting "change" case is evaluated to determine if allowing the proposed transfer is consistent with the thermal limits established in NERC Reliability Standards, SERC reliability criteria, contract path agreements, and Local Planning Criteria. Voltage, short-circuit and stability issues are analyzed as part of the Facilities Study process described in Section 6.

A DC contingency analysis is performed to evaluate thermal limits. This flow-based analysis considers the impact of single transmission element contingencies on all monitored elements. The analysis is conducted using a full monitored element list and a full contingent element list for facilities in the Transmission's Provider Control Area and those facilities embedded in the Transmission Provider's Control Area. Additionally, DC flowgates are included in monitored/contingency element sets for flowgates located in First-Tier External Control Areas and/or Control Areas where the TSR sources or sinks. The monitored and contingent element list includes all transmission facilities at 115kV or higher. If the proposed transfer involves a generating facility that is located on the 69kV transmission system, the monitored and contingent element list also includes all

transmission facilities at 69kV and greater. The thermal violation thresholds are the same as those specified for contingency evaluations in which facility loadings must be within their Normal Rating as defined by NERC Reliability Standards TPL-001 and TPL-002 (or any successor standards thereto), SERC reliability criteria, and Local Planning Criteria.

The DC contingency analysis identifies any monitored transmission facility that exceeds the thermal limits. An OTDF cutoff of 3% is used to determine whether a facility identified in the System Impact Study is considered a valid limit. If the OTDF for a particular facility is equal to or greater than the 3% threshold, then the facility is considered a valid limit to the transfer, while a facility with a less than 3% OTDF is not considered a valid limit to the transfer. To the extent an overloaded facility had already exceeded the applicable thermal limit prior to simulating the proposed transfer, the overload is not considered a valid limit unless the proposed transfer increases the level/severity of the overload by an OTDF of 3% or greater.

All valid thermal limits are examined to determine whether: (1) non-coincident generation or transmission outages are contributing to the overload or (2) the dispatch assumptions designed to make up for the short-fall in an LSE's resource plan under Section 2.3.4 are contributing to the overload. With respect to outages, the applicable Seasonal or Monthly Base Case Model may be divided into more granular models to evaluate whether the proposed transfer produces the same or similar overloads when the non-coincident outages are modeled separately. If it does not, then the validity of the limit is determined by the ICT. With respect to short-falls in an LSE's resource plan, the NRIS, Non-Firm, and ERIS resources are dispatched as established in Section 2.3.4.1.

3.4 Evaluating the Need for Provisional Upgrades

To the extent that the Base Case Models used to evaluate a TSR include Provisional Upgrades pursuant to Section 2.3.1.1, the study also evaluates whether those upgrades are necessary to accommodate the TSR. To perform this evaluation, the study calculates the OTDF impact that the proposed transfer has on all Provisional Upgrades. If the proposed transfer has an OTDF equal to or greater than 3% on a Provisional Upgrade, the study specifies that the TSR cannot be accommodated prior to completion of the Provisional Upgrade, subject to a Facilities Study being performed at the request of the Customer as described in Sections 1.4 and 6.3.

4. DEVELOPING MITIGATION PLANS

To the extent the System Impact Study identifies violations of the thermal limits specified in Section 3.3, the study also considers mitigation options that may eliminate the violations and may allow for the TSR to be Accepted. Pursuant to Section 7.1.3 of the Transmission Service Protocol, the Transmission Provider is responsible for developing the mitigation plan to address any constrained transmission elements/flowgates. The Transmission Provider documents and supplies to the ICT all studies, analyses, and research conducted in connection with the mitigation options. The ICT reviews and validates all proposed mitigation plans to ensure that such changes are consistent with the criteria outlined below. For purposes of this Section 4, the responsibility of the ICT to "review and validate" shall mean that the ICT reviews the inputs and results of any study or analysis and confirm that the study results reasonably reflect the application and product of the criteria specified in Section 4. To the extent that the applicable thermal limit was exceeded prior to simulating the TSR, the scope of any necessary mitigation plans (including transmission upgrades, planning redispatch, conditional firm service, and automatic operating guides) for that TSR is determined without taking into account the amount of loading in excess of the applicable thermal limit that existed prior to simulating the proposed transfer.

4.1 Evaluating Transmission Upgrade Options

Each System Impact Study that identifies a limiting element/flowgate that constrains the proposed transfer also provides a high-level cost estimate of transmission upgrades necessary to mitigate the loading on the identified transmission element/flowgate. The System Impact Study identifies transmission system constraints by transmission element or flowgate and the planning-level cost estimates to address those constraints. Because of the time frame involved in conducting System Impact Studies, the estimated costs of transmission upgrades is based on: (1) to the extent available, any previous System Impact Study or Facilities Study that estimated the cost of the upgrade in question; or (2) a dollar-per-mile cost estimate where new transmission lines are required. Because the upgrade costs identified in System Impact Studies are planning estimates only, it is expected that the costs will change during the more detailed Facilities Study process, which provides an in-depth study of the upgrades as described in Section 6.

The System Impact Study also identifies any limiting elements/flowgates that are included in either the applicable Construction Plan or Base Plan but were not included as Provisional Upgrades in Base Case Models used to evaluate the TSR. To the extent that such limiting elements/flowgates remaining constraining to the TSR in the Facilities Study, the ICT assesses the cost allocation of upgrades necessary to relieve those constraints in the Facilities Study report as per Section 6.4.

4.2 Evaluating Conditional Firm Service Options

If the Customer requests a study of conditional firm transmission service as part of a TSR for Long-Term Firm PTP Service, the System Impact Study shall identify curtailment conditions, including: (1) the specific System Condition(s) when curtailment may apply using a Secondary Network Service curtailment priority, including, but not limited to, designation of limiting transmission elements, such as a transmission line, substation, or flowgate (“Condition Option”); and/or (2) the annual number of hours (i.e., the total number of hours for a calendar year) when curtailment using a Secondary Network Service curtailment priority may apply (“Hourly Cap Option”).

Under the Condition Option, System Conditions may include, but are not limited to, designation of limiting transmission elements, such as a transmission line, substation or flowgate. Designation of system load levels, standing alone, will not qualify as an acceptable System Condition. Load levels would have to be linked to a specific constraint or transmission element that is associated with the request for service, e.g., load levels in a constrained load pocket.

Prior to executing a Service Agreement on the basis of conditional firm transmission service, the Customer must select either the Condition Option or the Hourly Cap Option. Such information is included in the Service Agreement. If the Customer selects the Hourly Cap Option, the Transmission Provider has the flexibility to curtail the Customer using a Secondary Network Service curtailment priority for any reliability reason during those hours, including but not limited to, the System Conditions identified in the System Impact Study. A curtailment priority of the same level as Secondary Service under Section 28 of the Tariff applies for the hours or specific System Conditions when conditional firm service is conditional. During non-conditional periods or after the number of hours under the Hourly Cap Option has been exhausted, conditional firm service is subject to pro rata curtailment consistent with the curtailment of other Firm service.

4.2.1 Conditional Firm Service Pending Upgrades

If a Customer commits to pay the costs associated with transmission upgrades necessary to provide the requested service on a fully Firm basis, the Condition Option or the Hourly Cap Option identified shall remain in

effect until such time as the upgrades have been completed and are in service. The Service Agreement shall specify a good faith estimate of upgrade costs as determined through the Facilities Study. The Customer is responsible for the final costs of any necessary upgrades as determined after the completion of the upgrade.

4.2.2 Conditional Firm Service Without Upgrades

If a Customer is unwilling to commit to the payment of network upgrade costs, the Transmission Provider, in conjunction with the ICT, shall have a periodic right to reassess the conditions or hours under which the Transmission Provider may curtail the service. This reassessment may occur every two years during the term of the service or during the evaluation of a request to rollover the service. Reassessments may not be performed during intervening periods. The Transmission Provider and the Transmission Customer, in negotiating the applicable Service Agreement, shall coordinate the timing of the biennial reassessment with the deadline for declaring rollover intent for the service at issue. The Customer receives service for the requested term unless the Transmission Provider determines through its biennial reassessment that the conditional firm service can no longer be reliably provided. The Customer may also choose to terminate the service at the time of reassessment if: (1) there is a change in the specific conditions when the Secondary Network Service curtailment priority applies to conditional firm transmission service, as specified in the Customer's Service Agreement; or (2) there is a change in the annual number of hours conditional firm transmission service may be curtailed under the lower curtailment priority, as specified in the Customer's Service Agreement.

If a change to curtailment conditions is required due to a reassessment, the ICT must provide the reassessment study to the Customer along with a narrative statement describing the study and reasons for changes to the curtailment conditions no later than 90 days prior to the date for imposition of these new conditions or requirements. The ICT shall assess the conditions based on two years of service or the continuation of the term of service, whichever is less.

4.2.1 Service Agreements

The conditional firm transmission service option is considered a variation of Long-Term Firm PTP Service and is priced at the rate for Long-Term Firm PTP Service, as set forth in the Tariff. Service Agreements that incorporate conditional firm options, and any amendments to such agreements, are considered non-conforming agreements, which are filed with the Commission pursuant to Section 205 of the Federal Power Act. The Service Agreement shall specify: the relevant congested transmission facilities; whether the Transmission Provider will provide conditional firm service in order to provide the Long-Term Firm PTP Service; either (1) specific System Condition(s) during which conditional curtailment may occur or (2) annual number of conditional curtailment hours during which conditional curtailment may occur; and a good faith estimate of upgrade costs as determined through the Facilities Study if the Customer has committed to fund such upgrades.

4.3 Evaluating Redispatch Options

If requested by the Customer, the System Impact Study for a TSR for Long-Term PTP Service also contains an evaluation of redispatch options for alleviating thermal overloads associated with the proposed transfer. The System Impact Study shall identify: (1) system constraints identified with specificity by transmission element or flowgate, for which redispatch may be provided; and (2) options for redispatch of the Transmission Provider's Network Resources, including a non-binding estimate of the incremental cost of redispatch. For Customers

requesting the study of redispatch options, the System Impact Study shall also identify: (1) all resources, whether available or not, located within the Transmission Provider's Control Area or an Embedded Control Area that can significantly contribute toward relieving the system constraint; and (2) the impact of each identified resource on the congested facilities. If the ICT possesses information indicating that any resource outside the Transmission Provider's Control Area could relieve the constraint, it shall identify each such resource in the System Impact Study. This requirement does not obligate the ICT to undertake any additional investigation or study to identify generation options located outside of the Transmission Provider's Control Area.

The System Impact Study considers the availability of the Transmission Provider's resources to provide redispatch. Redispatch of the Transmission Provider's resources is not available if: (1) providing redispatch would degrade or impair the reliability of service to Native Load Customers, Network Customers, or Firm PTP Service Customers; (2) the Transmission Provider's resources cannot resolve all constraints identified during the System Impact Study; or (3) providing redispatch would otherwise interfere with the Transmission Provider's ability to meet prior firm contractual commitments to others. The Transmission Provider may consider the impact of the redispatch service in reducing its reserve margin below that necessary to maintain reliability or causing a single contingency to overload the system when determining whether the service can be reliably provided. The System Impact Study process examines Network Resources over which the Transmission Provider has operational control, but does not evaluate the opportunity to provide redispatch by making additional purchases for that purpose.

A Customer may request an analysis of the Customer's ability to redispatch its own resources in a manner that allows for the new service without the need to construct transmission upgrades. A Customer also can arrange for its own planning redispatch through bilateral markets and submit plans to the ICT for such planning redispatch. Such arrangements must be sufficiently detailed and coordinated with the ICT and the Transmission Provider to ensure that reliability is maintained. Postings of third party offers on the Transmission Provider's OASIS are permitted in accordance with Commission policy.

4.3.1 Planning Redispatch Pending Upgrades

If a Customer commits to pay the costs associated with upgrades necessary to provide the requested service on a fully firm basis, the redispatch solution identified shall remain in effect until such time as the upgrades have been completed and are in service. The Service Agreement shall specify a good faith estimate of upgrade costs as determined through the Facilities Study. The Customer, however, is responsible for the final costs of any necessary upgrades as determined after the completion of the upgrades.

4.3.2 Planning Redispatch Without Upgrades

If a Customer is unwilling to commit to the payment of network upgrade costs, the Transmission Provider in conjunction with the ICT shall have a periodic right to reassess the planning redispatch required to keep the service firm. This reassessment may occur every two years during the term of the service or sooner if at the continuation of the term of service. Reassessments may not be performed during intervening periods. The Transmission Provider and the Customer, in negotiating the applicable Service Agreement, shall coordinate the timing of the biennial reassessment with the deadline for declaring rollover intent for the service at issue. The Customer receives service for the requested term unless the Transmission Provider in conjunction with the ICT determines through a biennial reassessment that the redispatch solution can no longer be reliably provided. The Customer may also choose to terminate the service at the time of reassessment if there is a change in the redispatch conditions specified in the Customer's Service Agreement.

If a change to the redispatch requirements is proposed due to a reassessment, the ICT must provide the reassessment study to the Customer along with a narrative statement describing the study and reasons for changes to the redispatch requirements no later than 90 days prior to the date for imposition of these new conditions or requirements. The ICT shall assess the redispatch requirements based on two years of service or the continuation of the term of service, whichever is less.

4.3.3 Service Agreements

Service Agreements that incorporate planning redispatch, and any amendments to such agreements, are considered non-conforming agreements, which are filed with the Commission pursuant to section 205 of the Federal Power Act. The Service Agreement shall specify: the relevant congested transmission facilities, whether the transmission provider will provide planning redispatch in order to provide the Long-Term Firm PTP Service; other planning redispatch arrangements; the estimated incremental costs associated with the provision of planning redispatch; a good faith estimate of upgrade costs as determined through the Facilities Study if the Customer has committed to fund such upgrades; and other incremental costs for inclusion in the monthly actual incremental costs, including opportunity costs and purchased power costs, if applicable.

4.4 Operating Guides and Automatic Devices

Manual Operating Guides are not used in the evaluation of TSRs. Only Automatic Operating Guides that have been evaluated for reliability impact, level of risk, and effectiveness are used for the evaluation of TSRs. Any Automatic Operating Guides that are used in TSR evaluations are posted on OASIS. The System Impact Study will evaluate the use of automatic devices to curtail service.

5. THE SYSTEM IMPACT STUDY REPORT

All System Impact Study reports contain the following information:

- i. the transaction data associated with the TSR (*i.e.*, OASIS ID number, Point of Receipt, Point of Delivery, direction, amount requested, and time period requested);
- ii. the Base Case Models and power flow software used to evaluate the TSR;
- iii. a general description of the updated data inputs included in the Base Case Models;
- iv. the confirmed transactions (*i.e.*, Reservations) and unconfirmed transactions (*i.e.*, TSRs) with a higher priority that were included in the Base Case Models;
- v. the method used to simulate the proposed transfer;
- vi. whether the Customer is required to match the term of a competing Reservation or TSR to obtain the service;
- vii. the comments of the Transmission Provider and any areas of disagreement pursuant to Sections 7.1.3 and 7.1.4 of the Transmission Service Protocol; and
- viii. whether there was sufficient ATC to Accept the TSR without transmission upgrades, planning redispatch or conditional firm service, and the amount of ATC that was determined to be available.

Where a System Impact Study identifies the need for additional transmission upgrades or the Customer requests the evaluation of other mitigation options identified in Sections 19.3 or 32.3 of the Tariff, the System Impact Study report also includes the following information:

- i. the information outlined in Section 19.3 (for PTP Service TSRs) or Section 32.3 (for Network Service TSRs) of the Tariff as applicable to each Customer's request;
- ii. any transmission upgrades identified in the System Impact Study report that are also considered Provisional Upgrades required to provide service under Section 3.4 (including the options available to the Customer to Confirm the service or request a Facilities Study under Section 1.5); and
- iii. any transmission upgrades identified in the System Impact Study report that are also included in either the Construction Plan or Base Plan, but were not included in Base Case Models as Provisional Upgrades under Section 2.3.1.1.

6. FACILITIES STUDIES

The Customer may request a Facilities Study be conducted if the System Impact Study finds that additional transmission upgrades (including Provisional Upgrades) are necessary before the TSR can be Accepted. The Customer may also request a Facilities Study be conducted if the System Impact Study finds that the TSR can only be Accepted with planning redispatch or on a conditional firm basis.

The Facilities Study is an in-depth study of the upgrades required to reliably accommodate the TSR and includes a good faith estimate of the costs and time required to complete construction and initiate service. Facilities Studies are subject to the procedures and requirements set forth in Sections 19, 20, and 32 of the Tariff, as well as this Attachment D. Pursuant to Section 7.2 of the Transmission Service Protocol, the ICT shall tender a Facilities Study Agreement as required under the Tariff. The Transmission Provider conducts the Facilities Study using the Base Case Model provided by the ICT and the criteria defined in this Attachment D. The ICT reviews and validates the Facilities Study as described in Section 7.2.3 of the Transmission Service Protocol. For purposes of this Section 6, the responsibility of the ICT to "review and validate" shall mean that the ICT reviews the inputs and results of any study or analysis and confirm that the study results reasonably reflect the application and product of the Facilities Study criteria specified in this Section 6. The ICT posts all Facilities Study reports on OASIS.

6.1 Scope of a Facilities Study

A Facilities Study is performed pursuant to the request of a Customer whose TSR cannot be accommodated without the addition of transmission upgrades (including Provisional Upgrades). The results of such a study provide the Customer with a list of necessary upgrades, the estimated cost of those upgrades, and the time required to construct and place in-service the upgrades needed to accommodate the TSR.

The Facilities Study includes a "Project Execution Plan" comprised of the following elements:

- i. The work scope of the project which includes:
 - Safety requirements
 - Rebuilding, reconductoring, or new construction of transmission lines
 - Substation additions, modification, and/or new substation construction
 - Equipment addition, replacement, and/or modifications

- Relay modifications on the Transmission System
 - Supervisory Control and Data Acquisition (SCADA) requirements
 - Metering requirements
 - Telecommunications requirements
 - AGC requirements;
- ii. A list of assumptions used in developing the scope;
 - iii. An estimated project schedule;
 - iv. An estimated cost of the project, including equipment, engineering, procurement, and construction work costs; and
 - v. A risk assessment.

6.2 Evaluating the Scope of Necessary Upgrades

When determining the scope of upgrades necessary to accommodate the TSR, the Facilities Study examines the thermal limits described in Section 3.3 and the voltage limits specified for contingency evaluations under NERC Reliability Standards TPL-001 and 002 (or any successor standards), SERC reliability criteria, and the Local Planning Criteria. The impact of any new transmission facilities on stability and short circuit issues is also evaluated. The Facilities Study uses the same Base Case Models as used for System Impact Studies, except that the most recent versions of those models are used to the extent available. To the extent that the applicable thermal limit was exceeded prior to simulating the TSR, the scope of any necessary upgrades for that TSR is determined without taking into account the amount of loading in excess of the applicable thermal limit that existed prior to simulating the proposed transfer.

As part of the reliability analysis, the Facilities Study includes an AC analysis of the Transmission System. Because of the nature of the AC analysis, TRM is not used to determine the need for transmission upgrades during the Facilities Study stage. If after taking into consideration updates to the Base Case Models, the AC analysis, and the elimination of TRM, the TSR can be accommodated without constructing upgrades, the TSR is Accepted. If the System Impact Study identified any limiting elements/flowgates that were included in either the applicable Construction Plan or Base Plan but were not included as Provisional Upgrades in the Base Case Models used to evaluate the TSR, the Facilities Study also confirms whether those elements/flowgates remain constraining to the TSR after taking into consideration the factors described above.

To the extent that transmission upgrades are necessary, those upgrades are designed in accordance with Good Utility Practice, NERC Reliability Standards, SERC reliability criteria, and Local Planning Criteria.

6.3 Provisional Upgrades

As described in Section 1.5, Customers may request a Facilities Study to confirm the need for Provisional Upgrades to be placed in-service to accommodate a TSR. In addition to the analysis performed for all Facilities Studies under Sections 6.1 and 6.2, a Facilities Study involving Provisional Upgrades may also evaluate (at the request of the Customer prior to the start of the Facilities Study) alternative upgrades that could accommodate the TSR in the event the Provisional Upgrades are delayed or cancelled.

6.4 Cost Allocation of Transmission Upgrades

The final Facilities Study report contains an analysis by the ICT of whether the necessary upgrades (including Provisional Upgrades or upgrades not included in Base Case Models under Section 2.3.1.1.) qualify as Base Plan or Supplemental Upgrades and the cost allocation of such upgrades in accordance with Attachment T.

7. CLUSTERING OF TRANSMISSION STUDIES

There are three types of cluster studies that are performed by the ICT: (1) requests by a Network Customer to study simultaneously submitted Network Resource and undesignation TSRs; (2) requests to study multiple sources to the same sink; and (3) requests to study the same source to multiple sinks. Both System Impact Studies and Facilities Studies may be performed in clusters. Cluster studies under (1) are implemented consistent with Section 3.2.2 and the TSR Business Practices related to the designation and undesignation of Network Resources. Cluster studies under (2) and (3) are implemented as described below.

The ICT is not required to study TSRs in clusters, but will do so upon the request of a Customer when such a request can be reasonably accommodated and all affected Customers agree to be studied in the cluster. Under such circumstances, clustering is implemented on the basis of queue position and source locations. If the ICT elects to study TSRs using clustering, all TSRs in the cluster must be in consecutive order and must be: (1) from multiple sources to the same sink: or (2)

to multiple sinks from the same source. TSRs that meet the requirements of this paragraph are considered members of the "Queue Cluster."

Where a Queue Cluster involves multiple Customers, each individual Customer must accept the study results of a Queue Cluster as it relates to all TSRs studied (not just that individual Customer's TSR) and cannot request that a particular TSR be studied individually compared to the rest of the Queue Cluster. Once a System Impact Study Agreement is signed by all members of the Queue Cluster, a Customer can only opt out of a System Impact Study Queue Cluster, request an individual study for the same TSR, or request inclusion of the same TSR in a new Queue Cluster, during the period of time after the completion of the applicable System Impact Study and before the applicable Facilities Study. In the event that a Customer opts out of a System Impact Study Queue Cluster, the costs of the System Impact Study are allocated pro rata among the original Customers in the Queue Cluster. In the event that the remaining Customers elect to proceed to a Facilities Study, the Customer that opted out of the System Impact Study Queue Cluster is not considered a member of the Facilities Study Queue Cluster. Once a Facilities Study Agreement is signed by all members of the Queue Cluster, a Customer can only opt out of a Facility Study Queue Cluster, request an individual study for the same TSR, or request inclusion of the same TSR in a new Queue Cluster, during the period of time after completion of the applicable Facilities Study. The costs of the Facilities Study are allocated pro rata among the members of the Facilities Study Queue Cluster even where one Customer opts out of the Facilities Study Queue Cluster after completion of the study. Any Customer that opts out of a System Impact Study or Facilities Study Queue Cluster can only reenter the study queue by submitting a new TSR and requesting either anew individual study or a new cluster study.

8. System Impact and Facilities Study Data

A list of the System Impact and Facilities Study data that are either posted on OASIS or supplied upon request is contained in the TSR Business Practices, including a description of any applicable procedures and confidentiality requirements. The list identifies: (1) the data used to perform System Impact Studies and Facilities Studies; (2) information and supporting data used to explain the reason(s) TSRs are Refused or Counteroffered; (3) any other study-related information provided by the Transmission Provider; and (4) whether the information referenced in (1)-(3) is posted on OASIS on a regular basis or is provided upon request. To the extent a Customer requests System Impact Study or Facilities Study data that has been supplied by a different Customer or LSE or that qualifies as CEII, the provisions of Section 9 of Attachment K shall apply.

A list of System Impact Study and Facilities Study reports is posted on OASIS by the ICT. Actual Study reports are available upon request to the extent such reports are not already accessible on OASIS through the hyperlinks included with the list. The ICT is responsible for finalizing the System Impact Study and Facilities Study reports and updating the list on OASIS after the study is completed.

9. TSR BUSINESS PRACTICES RELATED TO STUDIES

Additional detail regarding the System Impact and Facilities Studies is available in the TSR Business Practices posted on OASIS. At a minimum, the TSR Business Practices will address the following topics related to these studies:

- i. Facility Ratings (Section 2.3.1.2)
- ii. Transmission Reliability Margin (Section 2.3.1.3)
- iii. Undesignation of Network Resources and Capacity Release (Section 3.2.2.2)
- iv. Conditional Firm Service and Planning Redispatch (Sections 4.2 and 4.3)
- v. Data Regarding the System Impact and Facilities Studies (Section 8)

The TSR Business Practices, including the practices listed above, are subject to the requirements of Section 4 of the Tariff and Section 5 of the Transmission Service Protocol.

ATTACHMENT E

Transmission Service Request Criteria

1. RESPONSIBILITIES

The division of responsibilities between the Transmission Provider and the ICT in performing duties related to the procedures described herein is controlled by Attachment S to the Tariff, including the ICT Protocols appended thereto.

The term “Entergy” is used to delineate the requirements or procedures applicable to the Transmission System and Tariff generally, but is not used to delineate the division of responsibilities between Entergy and the ICT. Instead, the term “Transmission Provider” is used to delineate those duties that will be performed by Entergy personnel, as opposed to the ICT.

2. DEFINITIONS

Capitalized terms used herein are defined in Section 1 of Part I and Attachment M of the Tariff, NAESB Open Access Same-Time Information System (“OASIS”) Standard WEQ-001-2.2 (Firm and Non-Firm) and NAESB OASIS Implementation Guide Standard WEQ-013-2.2 (Transaction Status). Additional capitalized terms used herein are defined below solely for purposes of this Attachment E.

AFC: As defined in Attachment C.

AFC Process: As defined in Attachment C.

ATC: As defined in Attachment C.

Customer: A Transmission Customer, Network Customer, Eligible Customer, or the Transmission Provider when designating resources and loads on behalf of its Native Load Customers, as applicable.

Embedded Control Area: A Control Area that is not directly interconnected with any other Control Area or Transmission System other than the Transmission Provider’s Control Area and Transmission System.

Emergency Assistance: Emergency Assistance is the service offered to Eligible Customers by the Transmission Provider in order to assist in the alleviation of any abnormal system condition that requires automatic or immediate manual action to prevent or limit the failure of transmission facilities or generation supply that could adversely affect the reliability of the Transmission System.

External Control Area: A Control Area other than an Embedded Control Area or the Transmission Provider’s Control Area.

First-Tier External Control Area: An External Control Area that is directly interconnected with the Transmission Provider's Control Area and Transmission System.

Hourly Power Purchase Contract: As defined in Section 7.7.

ICT: The Independent Coordinator of Transmission as defined in Section 1.6 of Attachment S to the Tariff.

NERC: The North American Electric Reliability Corporation in its role as the Electric Reliability Organization.

Network Service: Network Integration Transmission Service.

Off-System Resource: A generating facility located in an External Control Area, or a power purchase that is being sourced from one or more generating facilities, each of which is located in an External Control Area.

On-System Resource: A generating facility located in the Transmission Provider's Control Area or an Embedded Control Area, or a power purchase that is being sourced from one or more generating facilities, at least one of which is located in either the Transmission Provider's Control Area or an Embedded Control Area.

Pre-Confirmed TSR: A Transmission Service Request submitted as a Pre-Confirmed Application under Section 1.41 of the Tariff.

PTP Service: Point-to-Point Transmission Service.

Reliability Coordinator: The entity defined under NERC Standard IRO-000-1 (or its successor standard).

Reservation: A TSR that has been: (i) Accepted or Counteroffered by the ICT; and (ii) Confirmed or submitted Pre-Confirmed by the Customer. A TSR that has not entered a final state of Confirmed is not a Reservation for purposes of this Attachment E.

Second-Tier External Control Area: An External Control Area that is not directly interconnected with the Transmission Provider's Transmission System and Control Area.

Secondary Delivery Point: As defined in Section 22.1 of the Tariff.

Secondary Network Service: Secondary service provided on a Non-Firm basis pursuant to Section 28.4 of the Tariff.

Secondary Receipt Point: As defined in Section 22.1 of the Tariff.

Sink: As defined in Attachment M.

Source: As defined in Attachment M.

Transmission Service Protocol: The Transmission Service Protocol appended to Attachment S to the Tariff.

Transmission Service Request (TSR): A request submitted over OASIS for: (1) PTP Service; (2) Network Service; (3) Secondary Network Service; or (4) designation of a Network Resource by the entity responsible for serving the Transmission Provider's Native Load Customers.

Transmission Service Request Business Practices (TSR Business Practices): The business practices referenced in Sections 2.4, 2.12, and 2.13 of the Transmission Service Protocol, including but not limited to the specific practices identified in Section 10 herein.

3. PROCEDURES FOR LOSS COMPENSATION SERVICE

Capacity and energy losses occur when Transmission Provider delivers electricity across its transmission facilities for a Customer. Pursuant to Sections 15.7 and 28.5 of the Tariff, Customers are required to make their own arrangements for providing losses. Network Customers are responsible for losses as established in their respective Network Operating Agreements.

PTP Customers are responsible for losses as follows:

- i. NERC E-tags are used as PTP Service schedules on the Transmission System. Under Section 3.2.3 of the Transmission Service Protocol, the Transmission Provider processes and evaluates PTP Service schedules, subject to the ICT's authority to direct changes to such schedules as the Reliability Coordinator. All NERC E-tags utilizing PTP Service must indicate how the transmission losses will be supplied in the loss accounting section of the tag.
- ii. For each PTP Service schedule, the losses for that transaction must be provided at the Point of Receipt. This applies to all PTP Service schedules regardless of whether the losses are supplied from internal sources. Loss accounting must be supplied or the tag will not be implemented.
- iii. The loss factor on the Transmission System is 1.03. The energy received at the Transmission Provider's Point of Receipt must be equal to the energy scheduled for delivery to the Point of Delivery multiplied by the loss factor of 1.03. The TSR Business Practices set forth the manner through which the Transmission Provider applies rounding of the resulting loss factor calculation to the extent rounding is applied.
- iv. A valid tag must meet the following validations to be considered a valid schedule: (1) loss type is in-kind (InK); (2) losses provided on the entire tag must be $1.03 \times$ Point of Delivery; (3) losses provided for the first segment of the energy profile must be at least $1.03 \times$ Point of Delivery; and (4) total losses provided after each subsequent segment must also equal at least $1.03 \times$ Point of Delivery. In order for the tag to be implemented, the loss accounting must be distributed evenly throughout the duration of the transaction. For purposes of this provision, the TSR Business Practices set forth the manner through which the Transmission Provider applies rounding of the resulting loss factor calculation to the extent rounding is applied.

4. SCHEDULING SERVICE AND EMERGENCY ASSISTANCE

4.1 Scheduling PTP and Network Service

Transmission Provider accepts new schedules up to 20 minutes prior to the start of the schedule instead of 20 minutes prior to the top of the hour. The following guidelines should be followed for submitting partial hour schedules:

- i. New schedules or schedule changes must be submitted no later than 20 minutes prior to the start of service. New schedules or schedule changes received after the 20 minute deadline will be deemed LATE and will be denied for anything other than emergency reliability reasons.
- ii. The schedule segment must be at least 10 minutes in length. Transmission Provider follows NERC ramping standards.
- iii. The Customer must have enough transmission capacity reserved on one or more Reservations to cover the instantaneous MW amount. For example, if a Customer wishes to schedule 100 MW for 15 minutes, then the Reservation must be for 100 MW for at least the entire hour and not for the integrated amount of 25 MWH.
- iv. The smallest increment of PTP Service and Network Service that Transmission Provider offers is fixed hourly (starts at the beginning of a clock hour and stops at the end of a clock hour); therefore, if the schedule crosses the hour, the Customer must have enough Reservation(s) in each hour to cover the instantaneous MW amount. For example if a Customer wishes to start a 100 MW schedule at 00:45 and end it at 01:15, then the Customer must have a Reservation for 100 MW for the entire hour ending at 1:00 and the entire hour ending at 2:00.

To the extent neighboring Control Areas have the right to approve or deny an NERC E-tag associated with a schedule, they must also approve the details and timing of the submitted schedule. Under Section 3.2.3 of the ICT Transmission Service Protocol appended to Attachment S of the Tariff, the Transmission Provider will process and evaluate all service schedules, subject to the ICT's authority to direct changes to such schedules as the Reliability Coordinator.

4.2 Changes to PODs/PORs and Sources/Sinks

For TSRs that originate or sink in a First-Tier External Control Area or an Embedded Control Area, Transmission Provider will evaluate the TSRs based on the available transfer capability between Transmission Provider and the Source/Sink Control Area regardless of the contract path. When a schedule is received with a Source or Sink that is different from that originally specified on the TSR, Transmission Provider will evaluate the change to determine whether or not a change to the Point of Receipt or Point of Delivery is required. If a change to the Point of Receipt or Point of Delivery is required, the schedule will not be approved because all TSRs to modify Points of Receipt and Points of Delivery must be submitted through the Redirect function on OASIS so that AFC may be evaluated.

The Transmission Provider will determine whether a change in Source and/or Sink information in a schedule requires that the schedule be refused according to the following criteria:

- i. The schedule will be refused if: (i) the Source (or Sink) changes from a First-Tier External Control Area or Embedded Control Area to another First-Tier External Control Area or Embedded Control Area; (ii) the Source (or Sink) changes from a Second-Tier External Control Area to a First-Tier External Control Area or an Embedded Control Area other than the Point of Receipt (or Point of Delivery) Control Area on the Reservation; (iii) the Source (or Sink) changes from a First or Second Tier External Control Area or an Embedded Control Area to a bus within the Transmission Provider's Control Area; (iv) the Source (or Sink) changes from a bus within the Transmission Provider's Control Area to a First or Second Tier External Control Area or an Embedded Control Area; (v) the Source (or Sink) changes from a bus within the Transmission Provider's Control Area to a different bus within the Transmission Provider's Control Area; and (vi) the Source changes from a First-Tier External Control Area to a generator within that Control Area for which generator-specific AFC values are calculated.
- ii. The schedule will be accepted if: (i) the Source (or Sink) changes from a First-Tier External Control Area or an Embedded Control Area to a Second Tier Control Area with no change in the Point of Receipt (or Point of Delivery) Control Area on the Reservation; (ii) the Source (or Sink) changes from a Second Tier Control Area to another Second-Tier External Control Area with no change in the Point of Receipt (or Point of Delivery) Control Area on the Reservation; and (iii) the Source (or Sink) changes from a Second-Tier External Control Area to a First-Tier External Control Area or an Embedded Control Area that is also the Point of Receipt (or Point of Delivery) Control Area on the Reservation.

4.3 Arranging for Emergency Assistance

All Customers receiving Emergency Assistance must submit a Reservation after the fact. It is the responsibility of the Sink Control Area to make sure that the Reservation is entered. For Sink Control Areas that are not Network Customers of the Transmission Provider, the type "PTP Emergency Assist" should be used. For Sink Control Areas that are Network Customers of the Transmission Provider, the type "Network Emergency Assist" should be used. Under Section 3.1 of the ICT Transmission Service Protocol, the ICT will process TSRs for PTP Service and Network Service after the fact when such requests are for Emergency Assistance. All such TSRs must be submitted to the Transmission Provider Pre-Confirmed.

The Customer must have executed a valid Service Agreement with Transmission Provider to obtain PTP Service to support a request for Emergency Assistance. The Transmission Provider will file an unexecuted Service Agreement with the Commission in the case that the Customer does not agree to execute a Service Agreement.

5. PROCEDURES TO REDIRECT POINT-TO-POINT TRANSMISSION SERVICE

5.1 Modifications to PTP Service

Modifications to PTP Service pursuant to Sections 22.1 and 22.2 of the Tariff should be submitted via OASIS using the Redirect function. The procedures governing service modifications are described below.

- i. Only Confirmed, Firm PTP Service Reservations may be redirected.
- ii. Redirect TSRs may not extend beyond the start and end times of the original (parent) Reservation.
- iii. The new TSR must:
 - be assigned either the Firm or Non-Firm service type,
 - be assigned the Redirect request type, and
 - include the Assignment_Ref of their original Reservation.
- iv. Redirect TSRs for alternate path service which are submitted with Request_Type= Original are not valid.
- v. Only Original, Matching, Renewal, Resale, Deferral, and Firm Redirect Reservations may be redirected. Reservations that have been redirected on a Non-Firm basis may not be redirected again, unless the Non-Firm redirect is terminated.
- vi. Multiple Reservations cannot be combined into a single redirected Reservation.

5.2 Modification of PTP Service On A Firm Basis

As available, Customers may modify the Point of Receipt /Point of Delivery of Confirmed, Firm PTP Service on a Firm basis at no additional cost per Section 22.2 and Attachment M of the Tariff.

- i. Requests to redirect a Confirmed, PTP Service Reservation on a Firm basis will be treated as a new TSR for Firm PTP Service.
- ii. Requests to redirect Firm PTP Service on a short-term Firm basis must be submitted via OASIS using the Redirect function no later than 12:00 noon on the day prior to the start of the redirected service. Requests to redirect PTP Service on a Long-Term Firm basis (twelve months or longer) will be processed as if the Customer was submitting an initial TSR for Long-Term Firm PTP Service.
- iii. The Redirect TSR must include the assignment number of the original Reservation in the related reference field.
- iv. Requests to modify on a Firm basis will be declined to the extent that the capacity of the original Reservation has already been scheduled for the same period of time as the Redirect.
- v. Requests to modify on a Firm basis may be submitted in daily, weekly, monthly, or yearly service increments.
- vi. Requests to modify on a Firm basis must be within the time interval of the original Reservation (the Redirect cannot start before the original start date or end after the original end date).

- vii. The Customer will lose the rights to the redirected portion of the original Reservation for the same period of time as the Redirect when the Redirect TSR is Confirmed by the Customer.
- viii. Transmission capacity “rollover” rights under Section 2.2 of the Tariff will only apply to the redirected Reservation where: (a) the original Reservation was entitled to such rights; (b) the original Reservation was redirected for the entire remaining term; and (c) where rollover capacity has been determined to be available pursuant to Attachment D to Tariff.

5.3 Modification of PTP Service On A Non-Firm Basis

As available, Customers with Confirmed, Firm PTP Service Reservations may take service over secondary Points of Receipt and/or Points of Delivery on a Non-Firm basis per Section 22.1 of the Tariff.

- i. Requests to take service over secondary Points of Receipt and/or Points of Delivery on a Non-Firm basis should be submitted via OASIS using the Redirect function.
- ii. The sum of all Firm schedules and redirected secondary Reservations shall not exceed the capacity of the original Firm Reservation.
- iii. The Customer retains the right to schedule Firm PTP Service at the Point of Receipt and Point of Delivery of the original Reservation.
- iv. The Redirect TSR must include the assignment number of the original Reservation in the related reference field.
- v. Redirect TSRs may be submitted only in an hourly service increment.

6. RESALE OF POINT-TO-POINT TRANSMISSION SERVICE

A Customer may assign Firm and Non-Firm PTP Transmission Service pursuant to Section 23 of the Tariff. While assignor and assignee may be able to negotiate the prices applicable to assigned capacity, the assignee shall execute a Service Agreement directly with the Transmission Provider. The assignee will pay the Transmission Provider for Transmission Service at the negotiated rate and the Transmission Provider will bill or credit the assignor with any difference between the negotiated rate and the assignor's original rate. The TSR Business Practices describe how to post “RESALE” capacity.

7. REQUESTING, CONFIRMING AND VERIFYING NETWORK RESOURCES

7.1 Purpose

The purpose of this Section 7 is to describe the procedures by which Network Customers must: (1) request and Confirm Network Resource designations over Entergy's OASIS; and (2) attest that the applicable Tariff requirements have been met for each Network Resource TSR that is Confirmed. The Transmission Provider's wholesale merchant function, when serving its Native Load Customers, shall request, Confirm and attest to Network Resources in the same manner as Network Customers. Network Resource designations submitted in the Weekly Procurement Process governed by Attachment V to the Tariff are subject to the procedures contained in Attachment V, not Sections 7.2-7.9 below.

7.2 Submitting Requests Over OASIS

Eligible Customers requesting Network Service for the first time must provide the information required to initiate Network Service under Section 29 of the Tariff and must submit TSRs over OASIS to designate Network Resources pursuant to Section 30.2 of the Tariff. TSRs by existing Network Customers to designate new Network Resources must be made over OASIS as a request for modification of service pursuant to Section 30.2 of the Tariff or by complying with the requirements of Attachments T and V to the Tariff. TSRs to designate Network Resources must be submitted no later than 12:00 noon CPT on the day prior to the commencement of service. Such TSRs should be submitted sooner, if practicable, to ensure that the ICT can evaluate the TSR prior to the commencement of service.

7.3 Network Resource Information and Attestations

The Network Resource information and attestation required under Sections 29.2(v) and 29.2(viii) of the Tariff must be submitted over OASIS. Requests to undesignate Network Resources must also be submitted over OASIS. The Transmission Provider's OASIS node will be modified to conform to NAESB standards related to the submission of the attestation and other Network Resource information and requests to undesignate Network Resources, once the NAESB process is completed and the standards are incorporated by reference into the Commission's OASIS regulations.

The TSR Business Practices provide interim procedures for submitting the Network Resource information and attestations over OASIS during the period prior to the implementation of the enhanced OASIS functionality referenced above. The interim procedures will include the following:

- i. Provisions to prevent the disclosure of commercially sensitive information, including information regarding operating restrictions, approximate variable generating costs, and arrangements governing the sale and delivery of power to third parties.
- ii. Provisions that provide instructions for submitting undesignation requests, including provisions addressing the process for Customers to: submit undesignation and new Network Resource requests on a simultaneous basis, request that undesignation and new Network Resource requests be studied in a coordinated manner, identify the amount of capacity from each existing Network Resource that can be undesignated to

accommodate a new Network Resource, and identify whether the undesignation is permanent or temporary.

Customers should refer to Sections 30.2, 29.2(v) and 29.2(viii) of the Tariff for a description of the attestation and other information required to designate Network Resources. Additional procedures related to the submission of the attestation and other information requirements are set forth below as well as in the TSR Business Practices posted on the Transmission Provider's OASIS.

7.4 Deadlines for Submitting Network Resource Information and Attestations

The information required under Section 29.2(v) of the Tariff and the attestation required under Sections 29.2(viii) and 30.2 of the Tariff must be submitted at the time the TSR to designate the Network Resource is submitted over OASIS by the Customer. If the Customer does not include the attestation or other information at the time required under this section, or if the attestation or information does not meet the requirements of the Tariff, the TSR will be considered deficient under Section 29.2 of the Tariff unless otherwise specified herein.

7.5 Transmission Arrangements for Off-System Resources

When designating an Off-System Resource as a Network Resource, Section 29.2(v) of the Tariff requires that the Customer include a description of the Firm transmission arrangements on external transmission systems. Under Section 7.4, this information must be provided at the time the initial TSR to designate the Network Resource is submitted over OASIS.

7.5.1 Power Purchase Contracts

Where the Off-System Resource is a power purchase contract, this requirement must be satisfied by providing OASIS numbers corresponding to Firm or Conditional Firm TSRs pending over each external transmission system necessary to form a Firm path from the point at which the buyer takes title of the power to the relevant delivery point on the Transmission Provider's Transmission System, to the extent such points are distinct.

7.5.2 Generating Facilities

Where the Off-System Resource is a generating facility, this requirement must be satisfied by providing OASIS numbers corresponding to Firm or Conditional Firm TSRs pending over each external transmission system necessary to form a Firm path from the generating facility to the relevant delivery point on the Transmission Provider's Transmission System.

7.5.3 Status of Off-System Transmission Arrangements

The OASIS numbers provided pursuant to Sections 7.5.1 and 7.5.2 do not have to correspond to Confirmed Firm or Conditional Firm Reservations at the time the Customer submits or Confirms the TSR to designate the Off-System Resource as a Network Resource. However, the Customer must have Confirmed Firm or Conditional Firm Reservations sufficient to support the Network Resource TSR prior to the commencement of service.

7.5.4 Verifications By the ICT

For each Off-System Resource, the ICT shall verify, through OASIS, that the OASIS numbers provided by the Customer correspond to Firm or Conditional Firm PTP Service or Network Service TSRs that are sufficient to create a Firm path to the Transmission Provider's system and are in a valid, active state as reflect on another transmission provider's OASIS.

7.5.5 Notification of Changed Circumstances

After a TSR to designate an Off-System Resource as a Network Resource has been Confirmed over OASIS, the Customer is obligated to notify the ICT if the OASIS numbers provided by the Customer pursuant to Section 7.5 do not result in Confirmed Firm or Conditional Firm PTP Service or Network Service Reservations sufficient to create a Firm path on the necessary external transmission systems.

The Customer must provide such notification to the ICT no later than the earlier of: (A) one day prior to the commencement of service for the Off-System Network Resource; or (B) the next business day following either: (1) the Customer receiving notice that any one of the off-system TSRs have been Refused or otherwise rejected by the relevant transmission provider; or (2) the Customer's failure to Confirm any one of the off-system TSRs by the confirmation deadline applicable to that TSR. The TSR Business Practices describe the procedures for providing such notification.

To the extent that the Customer provides such notification by the deadlines above, the ICT will terminate the Network Resource Reservation for that Off-System Resource and the Customer will be deemed to have complied with the requirements of this Section 7.5.

7.6 Power Purchase Contracts

All power purchase contracts designated as a Network Resource must be reduced to writing and executed by the deadlines specified below. For purposes of this Section 7.6 and the attestation requirements addressed hereunder, binding contracts memorialized in electronic format (such as electronic audio recordings or other electronic writings) qualify as executed, written contracts.

7.6.1 Preconfirmed TSRs

Network Customers are not required to execute a written contract prior to submitting the TSR (and required attestation) to designate a power purchase contract as a Network Resource, unless that the TSR is submitted Preconfirmed. For Preconfirmed TSRs, the contract must be executed by the Customer prior to, or contemporaneously with, the submission of the Preconfirmed TSR. Executed contracts supporting Preconfirmed TSRs may be contingent on the availability of transmission service under Part III of the Tariff.

7.6.2 Non-Preconfirmed TSRs

Pursuant to Section 29.2(viii) of the Tariff, Network Customers may also request designation of a Network Resource (and submit the required attestation) where execution of the power purchase contract is contingent on the availability of transmission service under Part III of the Tariff. Such requests cannot be submitted Preconfirmed. Section 7.6.3 describes the power purchase arrangements sufficient to submit the required attestation where execution of the power purchase contract is contingent on the availability of transmission service under Part III of the Tariff. To the extent a Network Customer submits such an attestation and transmission service is determined to be available, the Network Customer must either: (1) execute a written power purchase contract by the deadlines specified in Section 7.6.2.1; or (2) provide notice that a written contract was not executed pursuant to the procedures specified in Section 7.6.3.

7.6.2.1 Attestation Requirements for Unexecuted Contracts

Power purchase arrangements meet the requirement that “execution of a power purchase contract is contingent on the availability of transmission service” for purposes of submitting the attestation required under the Transmission Provider’s Tariff so long as the availability of transmission service is the only contingency to which an unexecuted power purchase contract is subject.

Power purchase arrangements other than those described herein may not meet the requirement that execution of a power purchase contract is contingent on the availability of transmission service. The ICT is not responsible for ensuring that any power purchase arrangements relied on by a Network Customer in this regard meet either generally applicable FERC requirements or the requirements above.

If a Customer has not submitted the attestation with the TSR because the power purchase arrangements may not otherwise meet the requirement that execution of a power purchase contract is contingent on the availability of transmission service, the TSR will be considered deficient under Section 29.2 of the Tariff.

7.6.2.2 Deadlines for Unexecuted Contracts

After transmission service has been determined to be available, the Network Customer must either: (1) execute a written contract that meets the Network Resource requirements by the deadlines specified in this Section 7.6.2.2; or (2) provide notice that

a written contract was not executed pursuant to the procedures specified in Section 7.6.3.

The deadline for executing a written contract that meets the Network Resource requirements is no later than the deadline to Confirm the TSR. If a written contract is not executed by that deadline, the Customer may not Confirm the TSR.

7.6.3 Notification of Changed Circumstances

After a TSR to designate a Network Resource is Confirmed, the Customer is obligated to notify the ICT if execution of a written contract fails to occur by the deadlines specified in Sections 7.6.2.2. Such notification is provided as follows:

- i. For TSRs to designate Network Resources on a daily or weekly basis, the failure to Confirm the TSR provides sufficient notice that a written contract was not executed by the applicable deadline. To the extent that the Customer does not Confirm by the applicable deadline, the TSR is considered Withdrawn and the Customer is deemed to have complied with the requirements of this Section 7.6.
- ii. For TSRs to designate Network Resources on a monthly or annual basis that were Confirmed on OASIS, the Customer must provide the ICT written notification that a written contract was not executed by the deadline specified in Section 7.6.2.2 no later than the next business day following the expiration of that deadline. To the extent that the Customer provides such notification, the ICT will manually terminate the Network Resource Reservation and, assuming such notice was timely, the Customer will be deemed to have complied with the requirements of this Section 7.6. The TSR Business Practices describe the procedures for providing such written notification.

If an executed, written power purchase contract is terminated after a TSR to designate a Network Resource has been Confirmed but prior to the termination date of the Network Resource Reservation, the Customer is obligated to notify the ICT as soon as reasonable practical that the Network Resource Reservation should be terminated. To the extent that the Customer provides such notification, the ICT will manually terminate the Network Resource Reservation and, assuming such notice was timely, the Customer will be deemed to have complied with the requirements of this Section 7.6.

7.7 Hourly Power Purchase Contracts

Hourly Power Purchase Contracts (as defined and referred to herein) are power purchase contracts that can be called upon to serve Network Load for less than twenty-four (24) hours of any day covered by the term of the contract. Network Customers may rely on a single Network Resource Reservation to serve Network Load with multiple Hourly Power Purchase Contracts subject to the following requirements:

- i Each Hourly Power Purchase Contract meets the requirements to be designated as a Network Resource under the Tariff;
- ii. Each Hourly Power Purchase Contract is available to serve Network Load for no less than eight (8) hours of each individual day covered by the requested term of service;
- iii Each Hourly Power Purchase Contract(s) is subject to the same operating restrictions (if any) and variable costs provided pursuant to Section 29.2 of the Tariff for the Network Resource Reservation; and
- iv The attestation provided pursuant to Section 29.2 of the Tariff is accurate for each Hourly Power Purchase Contract used to serve Network Load under the Network Resource Reservation.

For each Network Resource Reservation supported by one or more Hourly Power Purchase Contracts, the Customer may schedule the Reservation only during the hours covered by the applicable Hourly Power Purchase Contracts and only in an amount that does not exceed the capacity of the Reservation or the amount of generation purchased under the Hourly Power Purchase Contracts for each hour.

7.8 Secondary Network Service

Customers may obtain Secondary Network Service to deliver energy to Network Loads from resources that are not designated Network Resources. Secondary Network Service must be requested in accordance with Section 28.4 of the Tariff. Customers may not use Secondary Network Service to serve load other than the Customer's Network or Native Load.

7.9 Rollover Rights for Network Service

7.9.1 Upon Expiration of Network Service Agreement

Service Agreements for Network Service that are at least five years or longer in duration are entitled to rollover rights under Section 2.2 of the Tariff subject to the limitations described in the System Impact Study conducted when the Customer originally requested Network Service and any subsequent System Impact Study concerning additional Network Resource designations. Only those Network Resources that are designated at the time the Service Agreement expires are entitled to rollover rights based on expiration of the Service Agreement.

7.9.2 Prior to Expiration of Network Service Agreement

During the term of a Service Agreement for Network Service, rollover rights may also be available for any Network Resource designated by the Customer for a period of five years or longer. These rollover rights are based on the term of the Service Agreement

and are subject to the System Impact Study conducted when that particular resource is designated by the Customer.

7.9.3 System Impact Studies

All Network Resources designated for a period of five years or more will be studied for rollover rights pursuant to the System Impact Study process in Attachment D to the Tariff at the time such Network Resources are designated over OASIS. To the extent a Network Resource is designated for a period of less than five years but is still eligible for rollover rights because it will be designated as a Network Resource at the time the Service Agreement expires, the Network Customer must request that a System Impact Study be performed in order to evaluate the availability of rollover rights. Network Resources designated through the AFC Process under Attachment C to the Tariff are not eligible for rollover rights even if such Network Resources are designated at the time the Service Agreement expires.

8. CONTROL AREA DESIGNATION REQUIREMENTS

Generators connecting to the Transmission System have the following options available regarding Control Area election: (1) be included in the Transmission Provider's Control Area; (2) be included in another existing Control Area (e.g. TVA, LaGen, LEPA, or CLECO); or (3) create a new Control Area that may be a generation-only Control Area or a combination of generation and load.

8.1 Transmission Provider's Control Area

When a generating facility is included in the Transmission Provider's Control Area the following principles apply:

- i. The Generator Imbalance Service is provided by Entergy.
- ii. The facility must arrange for Transmission Service over the Transmission System through the ICT.
- iii. The ICT will perform NERC Reliability Coordinator functions.

8.2 Other Existing Control Areas

When a generating facility is included in another existing Control Area the following principles apply:

- i. The Generator Imbalance Service shall be provided by another Control Area.
- ii. The facility must arrange for Transmission Service over the Transmission System through the ICT.
- iii. The Reliability Coordinator for the host Control Area provides NERC Reliability Coordinator functions for the facility.

8.3 New Control Areas

When a generating facility creates a separate Control Area the following principles apply:

- i. The Generator Imbalance Service must be self-provided or arranged through a contract.
- ii. The facility must arrange for Transmission Service over the Transmission System through the ICT.
- iii. The facility must arrange for performance of NERC Reliability Coordinator functions.

8.4 Process for Control Area Designation/Election

Control Area designation/election for new generating facilities commencing operation for the first time must be made a minimum of ninety (90) days in advance of initial synchronization to the Transmission System. Initial Control Area election and any subsequent change in Control Area election must remain in effect for a minimum of twelve months.

Requests to subsequently modify a Control Area election must be submitted in writing to the Transmission Provider in compliance with the "Notice" section of the applicable Interconnection and Operating Agreement. The generating facility must provide one-line diagrams of the proposed change identifying metering points. The generating facility requesting a change in its Control Area is responsible for all costs associated with accommodating such TSRs. Subsequent TSRs to change a Control Area must be submitted in writing to the Transmission Provider a minimum of ninety (90) days prior to the effective date. The Transmission Provider will provide notice to the ICT regarding Control Area designations.

9. CREDITWORTHINESS PROCEDURES

In accordance with Section 11 of the Tariff, draft copies of an acceptable Letter of Credit, Surety Bond and Continuing Guaranty are posted on Entergy's OASIS.

A Customer that has been in business for at least one year and is not rated by Standard & Poor's or Moody's Investor Service, Inc. may establish creditworthiness in accordance with Section 11 of the Tariff by submitting its most recent audited financial statements to Entergy for review. A description of the financial information required and Entergy's evaluation process can be viewed on Entergy's OASIS.

The Transmission Provider will be responsible for determining whether a Customer has met the requirements specified in Section 11 of the Tariff.

10. TSR BUSINESS PRACTICES

Additional detail regarding the Transmission Provider's procedures for reserving and scheduling transmission service can be found in the TSR Business Practices posted on OASIS. At a minimum, the TSR Business Practices will address the following topics:

- i. Procedures for Posting Resale Capacity (Section 6)
- ii. Interim Procedures for Designating (Section 7.3)
- iii. Interim Procedures for UnDesignating (Section 7.3)
- iv. Notification of Changed Circumstances (Section 7.5.5 and 7.6.3)

The TSR Business Practices, including the practices listed above, are subject to the requirements of Section 4 of the Tariff and Section 5 of the Transmission Service Protocol.

ATTACHMENT F
Service Agreement for NITS

BETWEEN

ENTERGY SERVICES, INC.
ACTING AS AGENT FOR
ENTERGY ARKANSAS, INC.,
ENTERGY GULF STATES LOUISIANA, L.L.C.,
ENTERGY LOUISIANA, LLC,
ENTERGY MISSISSIPPI, INC.,
ENTERGY NEW ORLEANS, INC., AND
ENTERGY TEXAS, INC.

AND

(CUSTOMER)

- 1.0 This Service Agreement, dated as of _____, is entered into, by and between Entergy Services, Inc. ("Entergy Services"), acting as agent for Entergy Arkansas, Inc., a corporation organized and existing under the laws of the State of Arkansas, Entergy Gulf States Louisiana, L.L.C., a limited liability company organized and existing under the laws of the State of Louisiana, Entergy Louisiana, LLC, a limited liability company organized and existing under the laws of the State of Texas, Entergy Mississippi, Inc., a corporation organized and existing under the laws of the State of Mississippi, Entergy New Orleans, Inc., a corporation organized and existing under the laws of the State of Louisiana, and Entergy Texas, Inc., a corporation organized and existing under the laws of the State of Texas (collectively the "the Transmission Provider"), and

_____ ("Transmission Customer") a corporation organized and existing under the laws of the State of _____ .

- 2.0 The Transmission Customer has been determined by the Transmission Provider to have a Completed Application for Network Integration Transmission Service under the Tariff.
- 3.0 The Transmission Customer has provided to the Transmission Provider an Application deposit in the amount of \$_____, in accordance with the provisions of Section 29.2 of the Tariff, or has satisfied the creditworthiness requirements of Section 11 of the Tariff.
- 4.0 Service under this agreement shall commence on the later of (1) _____ or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) such other date as it is permitted to become effective by the Commission. Service under this agreement shall terminate on _____.
- 5.0 The Transmission Provider agrees to provide and the Transmission Customer agrees to take and pay for Network Integration Transmission Service in accordance with the provisions of Part III of the Tariff and this Service Agreement.
- 6.0 (a) Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider:

Interconnection Arrangements Administrator
Entergy Services, Inc.
P. O. Box 61000
New Orleans, LA 70161

Transmission Customer:

(b) In the event that Transmission Customer intends to grant any other entity, including Transmission Provider, the right to act as its agent under this Service Agreement, Transmission Customer must provide to Transmission Provider a copy of an executed agency agreement between Transmission Customer and entity.

7.0 The Tariff is incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

Entergy Services, Inc.:

By: _____
Title Date

Transmission Customer:

By: _____
Name Title Date

Specifications For Network Integration Transmission Service

1.0 Term of Transaction:

Start Date:

Termination Date:

2.0 Description of Network Resources and Network Loads for Network Integration Transmission Service including the electric Control Area in which the Network Resources and Network Loads are located.

Resources:

Load:

Designation of Party(ies) subject to reciprocal service obligation:

3.0 Name(s) of Intervening Systems providing transmission service:

4.0 Service under this Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of the Tariff.)

5.1 Transmission Charge:

5.2 System Impact and/or Facilities Study Charge(s):

5.3 Direct Assignment Facilities Charge:

5.4 Ancillary Services Charges:

- 5.4.1 The charges for Scheduling, System Control and Dispatch Services are as provided for in Entergy's Open Access Transmission Tariff, Schedule 1.
 - 5.4.2 The charges for Reactive Supply and Voltage Control from Generation Sources Services are as provided for in Entergy's Open Access Transmission Tariff, Schedule 2.
 - 5.4.3 The charges for Regulation and Frequency Response Service are as provided for in Entergy's Open Access Transmission Tariff, Schedule 3.
 - 5.4.4 The charges for Energy Imbalance Service are as provided for in Entergy's Open Access Transmission Tariff, Schedule 4.
 - 5.4.5 The charges for Operating Reserve – Spinning Reserve Service are as provided for in Entergy's Open Access Transmission Tariff, Schedule 5.
 - 5.4.6 The charges for Operating Reserve – Supplemental Reserve Service are as provided for in Entergy's Open Access Transmission Tariff, Schedule 6.
- 5.5 The charges for Recovery of Regional Transmission Organization and Independent Coordinator of Transmission Development, Start-Up and Operations Costs are as provided for in Entergy's Open Access Transmission Tariff, Schedules 9 and 10.

ATTACHMENT G
Network Operating Agreement

BETWEEN

ENTERGY SERVICES, INC.

AS AGENT FOR

Entergy Arkansas, Inc.

Entergy Gulf States Louisiana, L.L.C.

Entergy Louisiana, LLC

Entergy Mississippi, Inc.

Entergy New Orleans, Inc.

Entergy Texas, Inc.

AND

[CUSTOMER]

This Network Operating Agreement, dated as of _____, is entered into, by and between Entergy Services, Inc. ("Entergy Services"), acting as agent for Entergy Arkansas, Inc., a corporation organized and existing under the laws of the State of Arkansas, Entergy Gulf States Louisiana, L.L.C., a limited liability company organized and existing under the laws of the State of Louisiana , Entergy Louisiana, LLC, a limited liability company organized and existing under

the laws of the State of Texas, Entergy Mississippi, Inc., a corporation organized and existing under the laws of the State of Mississippi, Entergy New Orleans, Inc., a corporation organized and existing under the laws of the State of Louisiana, and Entergy Texas, Inc., a corporation organized and existing under the laws of the State of Texas (collectively the "Transmission Provider"), and _____ ("Transmission Customer") a corporation organized and existing under the laws of the State of _____.

RECITALS WHEREAS, the Transmission Provider are engaged in the business of generating, purchasing, transmitting, and distributing electric power and energy in portions of the States of Arkansas, Louisiana, Mississippi, and Texas;

WHEREAS, on July 14, 1997, Entergy Services, on behalf of the Transmission Provider, filed with the Federal Energy Regulatory Commission ("FERC") in Docket No. OA97-657-000 an Open Access Transmission Tariff ("Tariff"), as amended on July 13, 2007 in Docket No. OA07-17-000, pursuant to which the Transmission Provider will provide Network Integration Transmission Service, i.e. a firm service that is intended to provide an Eligible Customer access to the Transmission Provider's Transmission System in a manner that allows the Eligible Customer to integrate, economically dispatch, and regulate its current and planned Network Resources to serve its Network Load where all or part of such Network Load is directly connected to the Transmission System;

WHEREAS, the Tariff contemplates that Entergy Services will act as agent for the Transmission Provider with respect to the administration of the Tariff, and the Transmission Provider in the Entergy System Agency Agreement, as amended, have authorized Entergy Services to act as their agent with respect to the execution of new contracts and administration of contracts;

WHEREAS, [Customer] is a corporation engaged in [brief description of Customer's activities];

WHEREAS, [Customer] has requested Network Integration Transmission Service under Part III of the Tariff ("Network Service");

WHEREAS, Sections 29.1 and 35.2 of the Tariff require that as a condition of receiving service under Part III of the Tariff, the Transmission Provider and [Customer] enter into a Network Operating Agreement and shall have in place the contractual and/or technical and other requirements needed to function as a Control Area and/or operate within another Control Area under applicable guidelines of the NERC and the Southwest Power Pool, Inc. ("SPP");

WHEREAS, Entergy Services has determined that [Customer] is an Eligible Customer within the meaning of the Tariff and that the Transmission Provider may be able to provide the requested Network Service to [Customer] under the terms and conditions of the Tariff;

NOW, THEREFORE, Entergy Services and [Customer] agree as follows:

ARTICLE I

DEFINITIONS AND PROVISIONS OF THE TARIFF

Section 1.1 - Inclusion of Terms and Definitions in Tariff

The Network Operating Agreement, including any attachments hereto, incorporates by reference all the provisions and definitions of the Tariff and any Service Agreement between the parties entered pursuant to the Tariff, as the Tariff and the Service Agreement may currently exist or as they may be subsequently amended.

Section 1.2 - Additional Definitions

Section 1.2.1 - Data Acquisition Equipment: Supervisory control and data acquisition equipment ("SCADA"), remote terminal units ("RTUs") necessary to obtain information from a party's facilities, telephone equipment, leased telephone circuits, fiber optic circuits, and other communications equipment necessary to transmit data to/from remote locations, and any other equipment or service necessary to provide for the telemetry and control requirements under this Operating Agreement. The Data Acquisition Equipment utilized by [Customer] to implement this Operating Agreement shall monitor analog and digital signals deemed desirable by Transmission Provider or [Customer] to implement the provisions of this Operating Agreement to receive service under the Tariff.

Section 1.2.2 - [Customer] Control Area: The Control Area operated by [Customer].

Section 1.2.3 - [Customer's] Energy Control Center: Shall mean the facility operated by [Customer] to carry out the duties and responsibilities of operating a Control Area, as specified in this Operating Agreement.

Section 1.2.4 - Metering Equipment: State-of-the-art high accuracy solid state kW and kWh meters, metering cabinets, metering panels, conduits, cabling, high accuracy current transformers, and high accuracy potential transformers which, directly or indirectly, provide input to meters or transducers, meter recording devices (e.g., Solid State Data Receivers), telephone circuits, signal or pulse dividers, transducers, pulse accumulators, and any other equipment necessary to implement the provisions of this Operating Agreement and to receive service under the Tariff. All the Metering Equipment installed by [Customer] in accordance with this Operating Agreement shall conform to Transmission Provider's standards for similar installations.

Section 1.2.5 - Protective Equipment: Includes, but shall not be limited to, protective relays, relaying panels, relaying cabinets, circuit breakers, conduits, cabling, current transformers, potential transformers, coupling capacitor voltage transformers, wave traps, transfer trip and fault recorders, which directly or indirectly provide input to relays, fiber optic communications equipment, power line carrier equipment and telephone

circuits, and any other equipment necessary to implement the protection provision of this Operating Agreement.

ARTICLE II

TERM

Section 2.1 - Term of the Agreement: This Operating Agreement shall become effective on the date it is executed, and shall continue in effect unless and until the Tariff and/or the [Customer's] Service Agreement is terminated.

Section 2.2 - Commencement of Service: Prior to commencement of service, Transmission Provider and [Customer] shall install, subject to the provisions of this Operating Agreement, all Metering Equipment, Data Acquisition Equipment, Protective Equipment, any other associated equipment, and software necessary for: (i) the operation of the [Customer] system as a Control Area consistent with the requirements of the Tariff and the safe and reliable operation of the Transmission Provider Transmission System, and for (ii) Transmission Provider to measure the electricity produced by each generating resource that [Customer] has designated as a Network Resource and that is connected to the Entergy system or on a part of the Customers' system that is connected to the Entergy system.

Section 2.3 - Effect of Termination: [Customer's] provision of notice to terminate its Service Agreement and/or the Operating Agreement shall not relieve [Customer] of its obligation to pay Transmission Provider any rates,

charges, fees, or costs provided for under this Operating Agreement and that are owed to Transmission Provider as of the date of termination.

ARTICLE III

NETWORK INTEGRATION TRANSMISSION SERVICE

Section 3.1 - Network Integration Transmission Service: In order to enable [Customer] to serve the Network Load as a single Control Area as provided for in Part III of the Tariff, this Operating Agreement sets out the terms and conditions under which Transmission Provider and [Customer] will operate their respective systems and specifies the equipment that will be installed and operated. The parties shall operate and maintain their respective systems in a manner that will allow [Customer] to operate its system and Control Area consistent with Transmission Provider's ability to safely and reliably incorporate the [Customer] Control Area within Transmission Provider's Transmission System in accordance with the terms of this Operating Agreement and consistent with Good Utility Practice; provided, however, that notwithstanding any other provision of this Operating Agreement, Transmission Provider shall retain the sole responsibility and authority for the operating decisions of the [Customer] and Transmission Provider as they relate to the integrity and the security of the Transmission System.

ARTICLE IV

CONTROL AREA AND DATA EQUIPMENT

Section 4.1 - Control Area Equipment: [Customer] shall be responsible for the purchase, installation, upgrading, operation, maintenance, and replacement of all Data Acquisition Equipment, Metering Equipment, Protection Equipment, and any other associated equipment and software not presently installed, which may be required by either Party for [Customer] to implement and operate a single Control Area [for its Member Systems], in accordance with Good Utility Practice. All equipment installed or existing equipment utilized by [Customer] to establish and operate a single Control Area shall conform to Transmission Provider's standards or practices. Transmission Provider shall have the right to review and approve, prior to its installation, such equipment and software as may be required in this Article IV to ensure conformance with Transmission Provider's standards or practices.

Section 4.2 - Control Area Data: [Customer] shall incorporate the information obtained from [Customer's] Metering Equipment and Data Acquisition Equipment into [Customer's] Energy Control Center as the [Customer] determines to be necessary to incorporate its Member Systems into a single Control Area operating within the Transmission Provider's Transmission System consistent with the terms and conditions of the Tariff.

Section 4.3 - [Customer]/Transmission Provider Data Link: The term the "[Customer]/Transmission Provider Data Link" as used in this Operating Agreement shall refer to the direct communications link between [Customer's] Energy Control Center and the

Transmission Provider's System's Operations Control Center ("SOC") that will enable the SOC to receive real-time telemetry and data from [Customer's] Energy Control Center and [Customer's] Energy Control Center to receive real-time telemetry and data from the SOC in accordance with Transmission Provider's standards or practices. Transmission Provider shall have the right to inspect such equipment and software in order to assure conformance with Transmission Provider's standards or practices. The selection of real-time telemetry and data to be received by Transmission Provider and [Customer] shall be at their reasonable discretion, as deemed necessary for reliability, security, economics, and/or monitoring of system operations. This telemetry includes, but is not limited to, loads, line flows, voltages, generator output, and breaker status at any of [Customer's] transmission facilities. To the extent Transmission Provider or [Customer] require telemetry that is not available, [Customer] shall, at its own expense, install any Metering Equipment, Data Acquisition Equipment, or other equipment and software necessary for the telemetry to be received by Transmission Provider or [Customer] via the [Customer]/ Transmission Provider Data Link.

Section 4.4 - Computer Modifications: Transmission Provider and [Customer] shall be responsible for implementing any computer modifications or changes required to their own computer system(s) as necessary to implement this Article IV.

Section 4.5 - Notification and Coordination Prior To Commencement Of Work:
[Customer] shall notify and coordinate with Transmission Provider prior to the commencement of any work by [Customer], Member Systems, or contractors or agents performing on behalf of either or both, which may directly or indirectly have an adverse effect on the [Customer] or the Transmission Provider Control Area, the [Customer]/Transmission Provider Data Link, or Transmission Provider's reliability.

ARTICLE V

METERING OF NETWORK LOAD

Section 5.1 - Metering of Network Load: The Network Load shall be metered on an hourly integrated basis by Point of Delivery in accordance with Transmission Provider's standards or practices for similarly determining Transmission Provider's load. The actual hourly Network Loads by Point of Delivery, including internal generation, for each calendar month shall be provided to Transmission Provider by [Customer] by the seventh day of the following calendar month in an interpretable electronic format specified by Transmission Provider.

ARTICLE VI

OPERATING COMMITTEE

Section 6.1 - Operating Committee: Transmission Provider and [Customer] shall each appoint a member and an alternate to an Operating Committee, and

so notify the other party of such appointment(s) in writing. Such appointment(s) may be changed at any time by similar notice. The Operating Committee shall meet as necessary to carry out the duties set forth herein. The Operating Committee shall hold meetings at the request of either Transmission Provider or [Customer], at a time and place agreed upon by the members of the Operating Committee. Each member and alternate shall be a responsible person working with the day-to-day operations of their respective system. The Operating Committee shall represent the Transmission Provider and [Customer] in all matters arising under this Operating Agreement which may be delegated to it by mutual agreement of the parties hereto.

Section 6.1.1 - Duties: The duties of the Operating Committee shall include those specifically referred to elsewhere in this Operating Agreement, plus, but not limited to, the following:

- Coordinate operation and maintenance schedules;
- Establish and maintain control and operating procedures, including those pertaining to information transfers between Control Centers, consistent with the provisions of this Operating Agreement;
- Establish data requirements necessary for Transmission Provider to provide Network Service in accordance with the terms and conditions of the Tariff;
- Review Metering Equipment, Data Acquisition Equipment, Protection Equipment, and any other equipment or software requirements, standards and procedures;

- Establish standards for the design, operation, and maintenance of the facilities necessary to integrate the [Customer's] electric system with the Transmission System (including, but not limited to, remote terminal units, metering, communications equipment, and relaying equipment);
- Redispatch procedures and issues;
- Load curtailment procedures; and
- Such other duties as may be conferred upon it by mutual agreement of the Parties hereto.

Section 6.1.2 - Operating Committee Agreements: Each Party shall cooperate in providing to the Operating Committee all information required in the performance of the Operating Committee's duties. All decisions and agreements, if any, made by the Operating Committee shall be evidenced in writing. The Operating Committee shall have no power to amend or alter the provisions of this Network Operating Agreement or the Service Agreement.

Section 6.2 - Dispute Resolution: In the event a dispute arises between the parties concerning the operation or interpretation of the Operating Agreement, the parties shall attempt to resolve the matter between themselves. In the event the parties are unable to resolve the matter within 30 days, the dispute shall be resolved in accordance with the procedures specified in Section 12 of the Tariff.

ARTICLE VII

OPERATIONS

Section 7.1 - Regulation of Transfer of Electric Capacity and Energy:

[Customer] is responsible for operating in a manner to provide for its Network Load at all times, and to hold deviations from frequency-biased net interchange schedules to a minimum in accordance with Good Utility Practice and NERC and SPP requirements.

Section 7.2 - Cogeneration and Small Power Production Facilities: If a

Qualifying Facility is located or locates in the future on the [Customer] system and the owner or operator of such Qualifying Facility sells the output of such Qualifying Facility to an entity other than [Customer], the delivery of such Qualifying Facility's power and energy to any receiving entity other than Transmission Provider shall be subject to and contingent upon proper transmission arrangements being established with Transmission Provider prior to commencement of delivery of any such power and energy.

Section 7.3 - Voltage Support: [Customer] will use reasonable best efforts to have in the shortest practicable time, but under no circumstances greater than two years after the request of commencement of service under the Tariff, sufficient reactive compensation and control to (i) meet voltage schedules designated by Transmission Provider's operations personnel for each Network Resource or at each interface of Transmission Provider with the Customer System where the Customer operates a Network Resource behind the interface, or (ii) meet power factor requirements (as specified in Appendix "A" of this Operating Agreement and that may be modified from time-to-time in accordance with Transmission Provider's Standards or Practices) at each Point of Delivery or

delivery point behind which the Customer does not operate a Network Resource. If [Customer] does not provide the necessary reactive compensation and control to comply with the objectives described in this Section 7.3, Transmission Provider shall have the unilateral right to install equipment necessary at [Customer's] expense.

Section 7.4 - Real-time System Data Requirements: [Customer] shall provide Transmission Provider via the [Customer]/Transmission Provider Data Link, at least once every one minute -- or at such other time interval as may be agreed to by the Operating Committee -- loads, line flows, voltages, generator outputs, breaker status, or other information that Transmission Provider deem necessary for providing service under the Tariff and this Operating Agreement, and ensuring the security and reliability of the Transmission System.

Section 7.5 - Other Operational Data Requirements: The parties shall cooperate with each other in exchanging operational data needed for the safe and reliable operation of each party's system and to implement the provisions of this Operating Agreement, including but not limited to the following information and the information required by Section 35 of the Tariff.

Section 7.5.1 - Annual Operating Load Forecast: [Customer] shall provide Transmission Provider by October 1 of each year [Customer's] best forecast of the following calendar year's, monthly peak Network Load in kW, along with the power factor for each Point of Delivery at such time.

Such forecast shall be made using forecasting techniques consistent with Good Utility Practice.

Section 7.5.2 - Annual Operating Network Resource Availability

Forecast: [Customer] shall provide to Transmission Provider by October 1 of each year [Customer's] best forecast of the following calendar year's planned Network Resource availability forecast (e.g. all planned resource outages, including off-line and on-line dates). Such forecast shall be made using good forecasting techniques available and generally deemed acceptable in the electric utility industry. [Customer] shall inform Transmission Provider, in a timely manner, of any changes to [Customer's] planned annual operating Network Resource Availability Forecast.

Section 7.5.2.1 - Annual Operating Conflicts Due To

Transmission Constraints: In the event that Transmission Provider determine that the Annual Operating Network Resource Availability Forecast, as provided in accordance with Section 7.5.2 of this Operating Agreement, cannot be accommodated due to a transmission constraint on the Transmission System, and such constraint may jeopardize the security of the Transmission System or adversely affect the economic operation of either Transmission Provider or [Customer], to the extent possible, the Operating Committee will coordinate the annual operating network resource availability forecast of both parties to mitigate the transmission constraint.

Section 7.5.3 - Daily Operating Forecast: [Customer] shall provide Transmission Provider, by 10:00 a.m. of the day prior to each calendar day, [Customer's] best forecast of the (i) maximum non-coincident flow (both import and export) at each of the Transmission Provider's interfaces with [Customer] and/or its Member Systems, (ii) first contingency maximum non-coincident flow (both import and export) at each of the Transmission Provider interfaces with [Customer's] System, (iii) any planned transmission or generation outage(s) on the system of the [Customer] or on a system other than that of Transmission Provider where a Network Resource is located, (iv) the individual coincident Member Systems loads along with the commitment/dispatch of the Network Resources at peak operating period(s) (the peak operating period(s) will be determined by Transmission Provider's operating personnel and may be changed from time-to-time as necessary), and (v) any other information that Transmission Provider's operating personnel deem appropriate. [Customer] shall keep Transmission Provider informed in a timely manner, of any changes to its current Daily Operating Forecast as provided in accordance with this Section 7.5.3.

Section 7.5.3.1 - Operating Conflicts Due to Transmission

Constraints: In the event that Transmission Provider determines that the Daily Operating Forecast, as provided in accordance with Section 7.5.3 of this Operating Agreement, cannot be accommodated due to a transmission constraint on the

Transmission Provider's Transmission System, and such constraint may jeopardize the security of the Transmission System or adversely affect the economic operation of either Transmission Provider or [Customer], the provision of Section 33 of the Tariff for redispatch and/or interruptions and curtailment will be implemented.

Section 7.6 - Maintenance Of Equipment Necessary For The Metering Of

Network Load: [Customer] shall, on a regular basis or at Transmission Provider's request, at its own expense, test, calibrate, verify and validate the Metering Equipment, Data Acquisition Equipment, and other equipment or software used to determine Network Load. Transmission Provider shall have the right to inspect such tests, calibrations, verifications, and validations of the Metering Equipment, Data Acquisition Equipment, and other equipment or software used to determine the Network Load. Upon Transmission Provider's request, [Customer] will provide Transmission Provider a copy of the installation, test, and calibration records of the Metering Equipment, Data Acquisition Equipment, and other equipment or software. Transmission Provider shall, at [Customer's] expense, have the right to monitor the factory acceptance test, the field acceptance test, and the installation of any Metering Equipment, Data Acquisition Equipment, and other equipment or software used to determine the Network Load.

Section 7.7 - Notification and Coordination Prior to Commencement of

Maintenance: Transmission Provider and [Customer] shall notify and coordinate with the other Party prior to the commencement of any maintenance by

Transmission Provider or [Customer], Member Systems, or contractors or agents performing on behalf of either or both, which may directly or indirectly have an adverse effect on the [Customer] or Transmission Provider Control Area, [Customer]/Transmission Provider Data Link, or [Customer] or Transmission Provider's reliability.

Section 7.8 - Interchange and Transmission Service Scheduling: [Customer] shall inform, coordinate, and schedule with Transmission Provider all interchange and transmission service transactions in accordance with Transmission Provider's standards, and practices, the terms and conditions of the Tariff.

ARTICLE VIII

ANCILLARY FUNCTIONS AND SERVICES

Section 8.1 Ancillary Function

Ancillary functions are all those functions necessary to support the transmission of electric power and energy from resources to loads while maintaining reliable operation of the Transmission Provider's Transmission System in accordance with Good Utility Practice. As required in accordance with Section 35.2 of the Tariff, a Network Integration Transmission Service Customer must obtain services for or provide certain Ancillary Functions under this Section 8. The Transmission Customer shall either:

- (i) operate as a control area under applicable guidelines of NERC and SPP; (ii) satisfy its control area requirements, including all Ancillary

Services, by contracting with the Transmission Provider. The Transmission Provider shall not unreasonably refuse to accept contractual arrangements with another entity for Ancillary Services; (iii) satisfy its control area requirements, including all Ancillary Services, by contracting with another entity consistent with Good Utility Practice which satisfies NERC and regional requirements.

The specific ancillary functions required are Scheduling, System Control and Dispatch; Reactive Supply/Voltage Control from Generation Sources; Regulation and Frequency Response; Energy Imbalance; Operating Reserves- Spinning Reserve; Operating Reserves- Supplemental; and Generator Imbalance Service as described in Section 3 of the tariff. The Transmission Provider will provide and the Customer will purchase these Ancillary Services to the extent the required under Section 3 of the Tariff. Contractual arrangements for the Ancillary Services will be specified in the Network Service Agreement.

ARTICLE IX

NETWORK PLANNING

Section 9.1 - Network Planning Information: In order for Transmission Provider to plan, on an ongoing basis, to meet [Customer's] firm long-term requirements for Network Service, [Customer] shall, in addition to the information required in Section 29.2 of the Tariff, provide Transmission Provider with the information listed below, and any other data reasonably necessary for Transmission Provider to plan for and provide Network Service. This type of

information is consistent with Transmission Provider's information requirements for planning to serve Transmission Provider's Native Load Customers and is consistent with Transmission Provider's ten year planning process.

Section 9.1.1 - Annual Planning Network Load Forecast: [Customer]

shall provide Transmission Provider by October 1 of each year [Customer's] best forecast monthly peak Network Load by Point of Delivery in kW and kVAR for the following ten calendar years. Such forecast shall be made using forecasting techniques consistent with Good Utility Practice.

Section 9.1.2 - Annual Planning Network Resource Forecast:

[Customer] shall provide to Transmission Provider by October 1 of each year (i) [Customer's] best forecast of the subsequent ten years' planned Network Resources and all pertinent information regarding such Network Resources, (ii) a copy of [Customer's] most current firm purchased power commitments (including the underlying agreement for purchased power) for the next ten years on a unit specific basis for any Network Resource which is a firm unit specific purchased power resource, and (iii) for purchased power commitments that are non-unit specific, any information necessary for Transmission Provider (including the underlying agreement for purchased power) to model how the purchased power commitment would be dispatched by [Customer] to meet the Network Load; provided, however, that the information provided by [Customer] pursuant to this Section 9.1.2 shall not be deemed a substitute for the written notice

required for designating new Network Resources under Section 30.2 of the Tariff.

Section 9.1.3 - Annual Planning Network Transmission Facilities:

[Customer] shall provide Transmission Provider any planned internal transmission facilities on the [Customer's] systems (lines, transformers, reactive equipment, etc.) for each of the subsequent ten calendar years.

Section 9.1.4 - Technical Data Format: [Customer] shall provide Transmission Provider the best available data associated with Network Loads, Network Resources, and transmission facilities for modeling purposes in an electronic format specified by Transmission Provider. The electronic format specified by Transmission Provider shall be a format commonly used in the electric utility industry.

ARTICLE X

COST RESPONSIBILITY

Section 10.1 - Costs: [Customer] shall be responsible for all costs incurred by [Customer] and Transmission Provider to implement the provisions of this Operating Agreement including, but not limited to, engineering, administrative and general expenses, material, and labor expenses associated with the specifications, design, review, approval, purchase, installation, maintenance, modification, repair, operation, replacement, checkouts, testing, upgrading, calibration, removal, relocation of equipment, or software.

Section 10.2 - On-Going Maintenance: [Customer] shall be responsible for all costs incurred by [Customer] and Transmission Provider for on-going operation and maintenance of the facilities required to implement the provisions of this Operating Agreement. Such work shall include, but is not limited to, normal and extraordinary engineering, administrative and general expenses, material, and labor expenses associated with the specifications, design, review, approval, purchase, installation, maintenance, modification, repair, operation, replacement, checkouts, testing, calibration, removal, or relocation of equipment required to accommodate this Operating Agreement.

ARTICLE XI

REDISPATCH

Section 11.1 - Redispatch: Redispatch Procedures may be implemented by the Transmission Provider when a transmission constraint exists on the Transmission System, and such constraint may impair the reliability of the Transmission System or adversely affect the economic operations of the Transmission Provider or the Transmission Customer or to meet long-term firm transmission requirements under the Point-to-Point Tariff. The procedure for such redispatch of the generation resources of the Transmission Provider and the Customer(s) is attached as Appendix B. This procedure is not for the purpose of sustaining non-firm service, which is curtailable.

ARTICLE XII

INSURANCE

Section 12.1 - Liability and Indemnification: The provisions of Section 10 of the Tariff shall be applicable to the [Customer].

Section 12.1.1 - Insurance: In the event that Transmission Provider determine that [Customer] may not have the resources or authority to meet its indemnification obligations under the Tariff, Transmission Provider may require that [Customer] procure, or cause to be procured, a policy or policies of liability insurance to cover generally all indemnifiable liabilities which might arise under this Operating Agreement. Transmission Provider and its Affiliates shall be designated under such policy or policies as either the named insured or an additional named insured.

ARTICLE XIII

UNILATERAL CHARGES AND MODIFICATIONS

Section 13.1 - Unilateral Changes And Modifications: Nothing in this Agreement shall be construed as affecting in any way the right of either party to unilaterally make application to the FERC for a change in the rates, charges, or terms and conditions of service provided in this Operating Agreement, or for termination of such service consistent with this Operating Agreement, pursuant to Section 205 or 206 of the Federal Power Act and the Rules and Regulations of the FERC promulgated thereunder; provided, however, that it is expressly recognized that this Operating Agreement is necessary for the implementation of

the Tariff and, therefore, no party shall propose a change to this Operating Agreement that is inconsistent with the rates, terms and conditions of the Tariff.

ARTICLE XIV

GENERAL PROVISIONS

Section 14.1: In addition to the provisions of the Tariff, the following provisions shall apply:

Section 14.1.1 - Interconnection Contracts: Nothing contained in this Operating Agreement shall be construed to affect any of the provisions in the Interconnection Agreement between Transmission Provider and [Customer], as such contract may be amended from time-to-time; provided, however, that [Customer] may be required by Transmission Provider to terminate or modify such Interconnection Agreements as necessary to receive service under the Tariff. In the event of a conflict between any of the provisions of the Tariff, the Interconnection Agreement, or this Operating Agreement, the terms of the Tariff shall control over the other agreements and the terms of this Operating Agreement shall control over the Interconnection Agreement.

Section 14.1.2 - Disturbances: Each Party shall, insofar as practicable, protect, operate and maintain its system and facilities as to avoid or minimize the likelihood of disturbances which might cause impairment of or jeopardy to service to the customers of the other party, or to systems interconnected therewith.

Section 14.1.3 - Billing And Payment: Billing and payment pursuant to this Operating Agreement shall be in accordance with Section 34 of the Tariff.

Section 14.1.4 - Expanded Network Operations: In the event a new Member System not in Transmission Provider's service area is added under Part III of the Tariff, this Operating Agreement will be modified as necessary.

IN WITNESS WHEREOF, the Parties hereto have caused this Operating Agreement to be executed by their duly authorized officers, and copies delivered to each Party, to become effective as of the Effective Date.

ENTERGY SERVICES, INC.

[CUSTOMER]

By: _____

By: _____

[Name & Title]

[Name & Title]

APPENDIX A

POWER FACTOR REQUIREMENTS AT EACH COMPANY DELIVERY POINT TO A CUSTOMER THAT DOES NOT CONNECT TO A NETWORK RESOURCE

ON PEAK

The On-Peak hours are the hours during the On Peak Period; consistent with the then existing On-Peak Period definition in the NERC Operating Manual.

Currently, the NERC On-Peak Period is hour ending 0700 to hour ending 2200 Central Standard Time, Monday through Saturday, excluding Thanksgiving Day, Christmas Day, New Year's Day, Memorial Day, Independence Day, and Labor Day.

DELIVERY POINT POWER FACTOR RANGE (High Side) Delivery Point "A" 0.97 lead to 0.97 lag Delivery Point "B" 0.97 lead to 0.97 lag Delivery Point "C" 0.97 lead to 0.97 lag Delivery Point "D" 0.97 lead to 0.97 lag

Such range should be adhered to except for momentary deviations or at Transmission Provider's written consent

OFF PEAK

Off Peak Hours: All other hours besides the "On-Peak Hours"

DELIVERY POINT POWER FACTOR RANGE (High Side) Delivery Point "A" 0.95 lead to 0.95 lag Delivery Point "B" 0.95 lead to 0.95 lag Delivery Point "C" 0.95 lead to 0.95 lag Delivery Point "D" 0.95 lead to 0.95 lag

Such range should be adhered to except for momentary deviations or at Transmission Provider's written consent

APPENDIX B

REDISPATCH PROCEDURES AND REDISPATCH COSTS FOR NETWORK INTEGRATION TRANSMISSION SERVICE

I. Purpose

Redispatch Procedures may be implemented by the Transmission Provider when a transmission constraint exists on the Transmission System, and such constraint may impair the reliability of the Transmission System or adversely affect the economic operations of the Transmission Provider or the Transmission Customer or to meet long-term firm transmission requirements under the Tariff. This procedure is not for the purpose of sustaining non-firm service, which is curtailable, and does not apply to service granted pursuant to Attachment V.

II. Obligations

The Transmission Provider shall redispatch its own generation resources and Transmission Customers' Network and other resources to accomplish the stated purpose. As a condition precedent to receiving Network Integration Transmission Service, a Transmission Customer agrees to redispatch its Network and other resources as requested by the Transmission Provider. The Transmission Provider will similarly be obligated to redispatch its own Network Resources and other resources. The Transmission Provider will redispatch its own resources and the resources of all Network Integration Service Transmission Customers. To the extent practical, the redispatch of all such resources shall be on a least cost, non-discriminatory basis as between all Network Integration Service Transmission Customers and the Transmission Provider.

III. Redispatch for Operating Constraints

A. Determination of Redispatch Costs

When the Transmission Provider determines that a transmission constraint exists, it shall reduce non-firm transactions in the priority order specified in the Tariff and Network Integration Service Transmission Tariffs. The Transmission Provider will schedule for redispatch, in a least cost manner, its own and all Network Integration Transmission Service Customers' Network and other resources, including purchases, to relieve the constraint. In those instances where the need for redispatch has been anticipated sufficiently in advance of the first hour of required redispatch, the procedure will be implemented in advance to

be effective beginning in the first hour. When the need for redispatch has not been anticipated by at least one hour, then for the balance of the first hour in which redispatch is implemented, the Transmission Provider will redispatch its own generation as needed to relieve the constraint. In this instance, the redispatch procedure will be implemented, effective beginning the second hour. The procedure to be implemented is as follows:

1. Determine the Network and other resources that will most effectively relieve the transmission constraint.
2. The Transmission Provider, in coordination with the Network Integration Service Customer whose Network and other resources may be redispatched, shall determine the incremental cost of each redispatch option that may relieve the transmission constraint. Redispatch shall then be implemented in the nominally least cost manner.
3. Redispatch shall continue until no longer necessary to relieve the transmission constraint.
4. The Transmission Provider and the Transmission Customer shall calculate their respective redispatch costs for the appropriate period and submit them to the Transmission Provider monthly, within 5 working days of the end of the calendar month.

B. Redispatch Charge

The Transmission Provider shall pay each Transmission Customer its respective redispatch cost within 10 working days of receipt of the costs.

The Transmission Provider shall total the previous month's redispatch costs, determine the Transmission Provider's and each Network Customer's Load Ratio Share of the costs, and submit a bill to each Customer within 10 working days of receipt of the costs. Each Customer shall pay the Transmission Provider the identified costs within 10 working days of receipt of the bill.

ATTACHMENT H

Network Integration Transmission Service Charges

The Transmission Customer shall compensate the Transmission Provider each month in accordance with the provisions of Appendix 1 attached to this Attachment H.

Appendix 1 Network Integration Transmission Service Charge

1. Rate Structure

The Customer shall pay Companies for Network Integration Transmission Service ("NITS") in accordance with the provisions of Paragraphs 3 - 5 of this Appendix 1.

2. Loss Factors

The following loss factors shall be applied, as applicable, on a cumulative basis to adjust metered (or scheduled) loads and Customer's net generation and purchased power on the load side of the Customer's meter to the Entergy Transmission System input level for all purposes under this Appendix A:

Type of Service	Loss Factor
Transmission Service	1.03
Distribution Transformation Service	1.01
Distribution Line Service	1.02

However, lower loss factors shall be utilized for a Customer's loads when the Customer satisfactorily demonstrates that the loss factors set out above are excessive.

3. Network Transmission Service

a. Network Transmission Service Charge

All Customers taking NITS utilize Entergy's Transmission System, as defined in Paragraph 3.b below, and shall pay a monthly Network Transmission Service Charge. The Network Transmission Service Charge for any calendar month shall be equal to the Customer's Transmission Load Ratio for that month, as defined in Paragraph 3.c below, multiplied by one-twelfth (1/12) of the Network Transmission Service Revenue Requirement in effect for that same month, as defined in Paragraph 3.d below.

b. Transmission System

The Transmission System shall consist of the Companies' facilities for which the investment is recorded in FERC Accounts 350-359, except that step-up transformers shall be excluded.

c. Transmission Load Ratio

A Customer's Transmission Load Ratio for any calendar month shall be the ratio of:

- (i) the sum for the twelve months ending with that month of:
 - (1) the 60-minute metered (or most recently scheduled) loads (kW) at the Customer's points of delivery with each month's load reduced by the amount served by the Companies under a power sales contract which includes transmission charges, if any;
 - (2) the 60-minute net generation from the Customer's generator(s) located on the load side of the meter; and
 - (3) the 60-minute power purchased by the Customer and delivered on the Customer's side of the meter,

all coincident with the corresponding monthly Entergy System net area peak loads, as set out in the Entergy System Bills for those same months ("Entergy Peak"), and adjusted for losses to the Entergy Transmission System input level; to

- (ii) the sum for the twelve months ending with that month of the monthly 60-minute Entergy Transmission System Loads (kW), where the Entergy Transmission System Load for any month is defined as the Entergy Peak, which shall include the load placed on the Entergy

Transmission System at the time of the Entergy Peak, by Entergy's interruptible retail customers, plus:

- (1) all firm transmission service, including firm off-system sales, under agreements with terms exceeding twelve (12) months which are not included in the Entergy Peak, utilizing capacity reservation amounts set by contract, where applicable -- including for firm off-system sales that portion of the capacity reservation amounts set by contract not otherwise included in the Entergy Peak -- and metered or scheduled loads at the time of the Entergy Peak otherwise;
- (2) the net generation from NITS Customers' generator(s) located on the load side of the meter; and
- (3) the 60-minute power purchased by NITS Customers and delivered on the Customers' side of the meters;

all measured at the time of the Entergy Peak and adjusted for losses to the Entergy Transmission System input level.

d. Network Transmission Service Revenue Requirement

The Network Transmission Service Revenue Requirement ("NTSRR") shall be determined by application of the Network Transmission Service Revenue Requirement Formula contained in Attachment A to this Appendix 1 ("NTSRR Formula") in accordance with the provisions of Paragraph 5 below.

4. Distribution Service

a. Distribution Service Charge

- (i) Customers utilizing a Company's Distribution Facilities, as defined in Paragraph 4.b below, on January 18, 1996, shall pay a monthly Distribution Service Charge based upon the charges and billing units contained in currently existing service agreements for the same service. Where an existing customer is charged a rate that includes both distribution and transmission components, only the distribution component will be assessed as the distribution charge.
- (ii) Customers not utilizing a Company's Distribution Facilities on January 18, 1996, as defined in Paragraph 4.a(i) above, and which commence utilization of a Company's Distribution Facilities after

January 18, 1996 in conjunction with NITS shall pay a monthly Distribution Service Charge determined as follows:

1. the Distribution Facilities serving the Customer shall be determined on a direct assignment basis;
2. the Company's gross investment in the directly assigned facilities, as determined in (1) above shall be multiplied by 1.5% to determine the monthly Distribution Service Charge.

The directly assigned investment shall be revised whenever new delivery points are added or major additions are made at existing delivery points.

b. Distribution Facilities

Distribution Facilities for a Company shall consist of all distribution facilities of that Company for which the corresponding investment consists of the balances in FERC Accounts 360 - 370.

5. Redetermination of NTSRR

The NTSRR that is to be initially effective shall be based on actual data for the immediately prior calendar year. The NTSRR shall then be redetermined each year based on actual data for the immediately prior calendar year. The redetermined NTSRR shall become effective for bills rendered on or after June 1 of that year for service during the preceding calendar month and shall remain in effect for twelve months. Each annual redetermination of the NTSRR shall be submitted to the FERC in an informational filing on or about May 1 of each year and shall consist of the following:

- (1) Comparison of the redetermined NTSRR with the previously effective NTSRR
- (2) Calculation of the redetermined NTSRR
- (3) Workpapers showing (a) the source of all data utilized, and (b) other supporting documentation as specified in the Offer of Partial Settlement filed in FERC Docket No. ER95-112-000 on January 18, 1996.

Each annual informational filing shall reflect the most accurate data available at the time of filing. However, data as reported in the operating companies' FERC Form 1 for the applicable calendar year shall be used to the extent possible.

Data required under the rate NTSRR Formula that is not reported in the respective operating companies' FERC Form 1 for the applicable calendar year shall be supported with appropriate documentation which shall be included in the workpapers accompanying each annual redetermination filing. Data, including FERC Form 1 data, shall be subject to challenge as set forth below.

A copy of each annual informational filing shall also be provided to each Customer. The FERC Staff, Customers, and Companies shall have 120 days after each such filing to review the redetermination of the NTSRR and file a complaint at the FERC concerning such redetermination. The FERC Staff and the Customers shall have 60 days after each such filing to serve discovery requests on the Company. Such discovery shall be of the same nature as discovery in cases set for hearing before the FERC, but shall be limited to what is appropriate to determine if the Company has properly applied the NTSRR Formula, if the data included in the NTSRR redetermination is proper, and if application of the NTSRR Formula is consistent with Commission policy.

Attachment A Network Transmission Service Revenue Requirement Formula

GENERAL NOTES

1. THE TEST YEAR SHALL BE THE CALENDAR YEAR USED TO DETERMINE THE VALUE OF THE VARIOUS PARAMETERS IN THE FOLLOWING FORMULA.
2. EXCEPT WHERE INDICATED OTHERWISE, THE COST CONCEPTS CONTAINED IN THIS ATTACHMENT A ARE TO BE DETERMINED BY SUMMING THE CORRESPONDING VALUES FOR THE VARIOUS ENTERGY OPERATING COMPANIES.
3. ALL RATE BASE ITEMS REFLECT 13-MONTH AVERAGE BALANCES FOR THE TEST YEAR. THE COST OF CAPITAL IS TO BE DETERMINED AS OF THE END OF THE TEST YEAR. THE COST OF LONG-TERM DEBT WILL BE CALCULATED AS FOLLOWS: THE PRINCIPLE AMOUNT OUTSTANDING IN DECEMBER OF THE TEST YEAR FOR EACH BOND ISSUANCE WILL BE MULTIPLIED BY THE COUPON RATE FOR THAT BOND (INCLUDING THE COST OF ANY INSURANCE OR OTHER ISSUANCE COSTS), AND ANY AMORTIZATION OF DEBT EXPENSE, DEBT DISCOUNT OR LOSS ON REACQUIRED DEBT WILL BE ANNUALIZED BY TAKING THE EXPENSE FOR DECEMBER OF THE TEST YEAR TIMES 12. THE COST OF PREFERRED STOCK WILL BE CALCULATED IN A SIMILAR MANNER.
4. ALL EXPENSE ITEMS UNLESS OTHERWISE SPECIFIED REFLECT TOTAL TEST YEAR AMOUNTS.
5. IN THE EVENT EITHER THE STATUTORY STATE OR FEDERAL CORPORATE INCOME TAX RATES CHANGE AFTER THE ANNUAL NTSRR REDETERMINATION IS SUBMITTED IN ANY YEAR, THEN THE

RATES SHALL BE REDETERMINED ON AN INTERIM BASIS TO REFLECT SUCH TAX RATE CHANGE. ALL OTHER PARAMETERS SHALL REMAIN UNCHANGED. THE REDETERMINED NTSRR SHALL BECOME EFFECTIVE COMMENCING WITH THE BILLING MONTH IN WHICH THE TAX RATE(S) CHANGE. ANY SUCH REDETERMINATION SHALL BE SUBMITTED TO THE FERC AND THE CUSTOMER(S) AND SHALL CONSIST OF THE FOLLOWING:

- (A) TRANSMITTAL LETTER SETTING OUT BASIS FOR THE CHANGE
- (B) COPY OF DOCUMENTATION SUPPORTING THE CHANGE IN STATUTORY TAX RATE(S)
- (C) COMPARISON SHOWING EFFECT OF THE CHANGE ON AFFECTED CUSTOMERS
- (D) REDETERMINATION OF THE NTSRR REFLECTING THE REVISED TAX RATE(S)

6. IF ONE OR MORE OF THE RETAIL REGULATORY AUTHORITIES FOR ANY OF THE ENTERGY OPERATING COMPANIES UTILIZES NON-TRADITIONAL REGULATORY TREATMENT FOR STORM DAMAGE COSTS THAT AFFECTS ELECTRIC PLANT IN SERVICE, THEN SUCH NON-TRADITIONAL REGULATORY TREATMENT SHALL BE REVERSED FOR PURPOSES OF THE DEVELOPMENT OF THE RATES UNDER THIS RATE FORMULA FOR ELECTRIC PLANT IN SERVICE, DEPRECIATION EXPENSE AND ACCUMULATED PROVISION FOR DEPRECIATION. ANY ACCUMULATED DEFERRED INCOME TAXES ASSOCIATED WITH THE ELECTRIC PLANT IN SERVICE ADJUSTMENT SHALL BE INCLUDED IN THE RATEMAKING BALANCE. IF SUCH NON-TRADITIONAL REGULATORY TREATMENT RESULTS IN THE ISSUANCE OF BONDS TO FINANCE THE ELECTRIC PLANT IN SERVICE BEING RESTORED, THEN AN AMOUNT OF SUCH BONDS EQUAL TO THE ELECTRIC PLANT IN SERVICE ADJUSTMENT AT THE END OF THE TEST YEAR WILL BE INCLUDED IN THE DEVELOPMENT OF THE COST OF CAPITAL.

COMMON PARAMETERS

COST OF CAPITAL

CC = BEFORE TAX COST OF CAPITAL

$$CC = \frac{D * DR + PF * PR + CE * CR}{TX}$$

WHERE:

D = EMBEDDED COST RATE OF LONG-TERM DEBT

DR = DEBT CAPITALIZATION RATIO

PF = EMBEDDED COST RATE OF PREFERRED STOCK

PR = PREFERRED STOCK CAPITALIZATION RATIO

CE = 0.1100

CR = COMMON EQUITY CAPITALIZATION RATIO

TX = COMPOSITE CORPORATE AFTER TAX RATE

TX = (1 - S)(1 - F)

WHERE:

AVERAGE EFFECTIVE STATUTORY STATE
CORPORATE INCOME TAX RATE FOR THE ENTERGY

S = OPERATING COMPANIES AS WEIGHTED BY NET
TRANSMISSION PLANT INVESTMENT IN THOSE
OPERATING COMPANIES (1)

F = STATUTORY FEDERAL CORPORATE INCOME TAX
RATE

ACCUMULATED DEFERRED INCOME TAXES

ADIT = ACCUMULATED DEFERRED INCOME TAXES

ADIT = ADTL + ITC

WHERE:

ADTL = THE BALANCES IN ACCOUNTS 190, 281, 282, AND 283 AS REDUCED BY (1) ANY AMOUNTS ASSOCIATED WITH REGULATORY ASSETS OR LIABILITIES CREATED BY THE ACTION OF A RETAIL REGULATOR AND (2) OTHER AMOUNTS NOT GENERALLY AND PROPERLY INCLUDABLE FOR COST OF SERVICE PURPOSES

ITC = ACCUMULATED DEFERRED INVESTMENT TAX CREDIT – 3% PORTION ONLY

PLANT RATIO

TPR = TRANSMISSION PLANT RATIO

$$TPR = \frac{TPLT}{PPLT + TPLT + DPLT + GPLT}$$

WHERE:

PPLT = PRODUCTION PLANT IN SERVICE

TPLT = TRANSMISSION PLANT IN SERVICE

DPLT = DISTRIBUTION PLANT IN SERVICE

GPLT = GENERAL PLANT IN SERVICE—EXCLUDING COAL MINING EQUIPMENT

LABOR RATIO

TLR = TRANSMISSION LABOR RATIO

$$\text{TLR} = \frac{\text{TL}}{\text{PXAG}}$$

WHERE:

TL = TRANSMISSION PAYROLL CHARGED TO O&M EXPENSE

PXAG = PAYROLL CHARGED TO O&M EXPENSE, EXCEPT
ADMINISTRATIVE AND GENERAL O&M EXPENSE

A&G EXPENSE

AG = INCLUDABLE ADMINISTRATIVE AND GENERAL O&M EXPENSE

AG = AGXP - EEI - EPRI - RRE

WHERE:

AGXP = TOTAL ADMINISTRATIVE AND GENERAL O&M EXPENSE

EEI = EDISON ELECTRIC INSTITUTE EXPENSES

EPRI = ELECTRIC POWER RESEARCH INSTITUTE EXPENSES

RRE = RETAIL REGULATORY EXPENSES

OTHER TAX RATE

OTR = OTHER TAX RATE

$$\text{OTR} = \frac{\text{TXO} - \text{PYTX} - \text{RTX}}{\quad}$$

$$\text{PPLT} + \text{TPLT} + \text{DPLT} + \text{GPLT}$$

WHERE:

TXO = TAXES OTHER THAN INCOME TAXES (ACCOUNT 408.1)

PYTX = PAYROLL RELATED TAX EXPENSE

RTX = RETAIL RELATED TAXES (2)

PPLT = PRODUCTION PLANT IN SERVICE

TPLT = TRANSMISSION PLANT IN SERVICE

DPLT = DISTRIBUTION PLANT IN SERVICE

GPLT = GENERAL PLANT IN SERVICE—EXCLUDING COAL MINING EQUIPMENT

NOTES:

- (1) THE EFFECTIVE STATE TAX RATE FOR A COMPANY OPERATING IN MORE THAN ONE STATE SHALL BE THE ARITHMETIC AVERAGE OF THE EFFECTIVE TAX RATE FOR THOSE STATES
- (2) INCLUDES, BUT NOT LIMITED TO, GROSS RECEIPTS TAX, FRANCHISE TAXES, REGULATORY ASSESSMENT TAXES/FEEs, USE TAXES, OCCUPATION TAXES AND ALL OTHER SIMILAR TAXES LEVIED ON THE BASIS OF RETAIL CUSTOMERS, RETAIL MWH SALES, OR RETAIL REVENUES.

NETWORK TRANSMISSION SERVICE REVENUE REQUIREMENT

NTSRR
= NETWORK TRANSMISSION SERVICE REVENUE REQUIREMENT

$$\text{NTSRR} = \text{TRB} * \text{CC} + (\text{NTPLT} / \text{TPLT}) * (-\text{TREV} - \text{FREV} + \text{TXP} - \text{TPR} * \text{ITCWO/TX}) + \text{SECUR}_{\text{KR}} + \text{SECUR}_{\text{GI}} + \text{SECUR}_{\text{IS}}$$

WHERE:

TRB = TRANSMISSION SYSTEM RATE BASE

$$\text{TRB} = \text{NTPLT} - \text{NTDR} + (\text{NTPLT}/\text{TPLT} * [\text{TLR} * (\text{GPLT} - \text{GDR}) + \text{TPR} * (\text{MS} + \text{PPT} - \text{ADIT})] + \text{URA}$$

WHERE:

NTPLT = TRANSMISSION PLANT IN SERVICE BALANCE FOR FACILITIES INCLUDED IN THE NETWORK TRANSMISSION SYSTEM, AS DEFINED IN PARAGRAPH 3.b OF APPENDIX 1 ("NETWORK TRANSMISSION PLANT")

NTDR = NETWORK TRANSMISSION PLANT ACCUMULATED DEPRECIATION (1)

TPLT = TRANSMISSION PLANT IN SERVICE (2)

TLR = TRANSMISSION LABOR RATIO

GPLT = GENERAL PLANT IN SERVICE - EXCLUDING COAL MINING EQUIPMENT

GDR = GENERAL PLANT ACCUMULATED DEPRECIATION - EXCLUDING COAL MINING EQUIPMENT

TPR = TRANSMISSION PLANT RATIO

MS = MATERIALS AND SUPPLIES

PPT = PREPAID TAXES AND INSURANCE

ADIT = ACCUMULATED DEFERRED INCOME TAXES

URA = UNAMORTIZED REGULATORY ASSET (3)

CC = BEFORE TAX COST OF CAPITAL

TREV = SHORT-TERM FIRM AND NON-FIRM TRANSMISSION SERVICE REVENUE RECEIVED UNDER SCHEDULES 7 AND 8, INCLUDING, AS APPLICABLE, IMPUTED SHORT-TERM FIRM AND NON-FIRM TRANSMISSION REVENUES ASSOCIATED WITH ENTERGY'S OFF-SYSTEM SALES BASED ON THE APPROPRIATE SHORT-TERM FIRM OR NON-FIRM TRANSMISSION SERVICE RATE

FREV = FACILITIES REVENUE ASSOCIATED WITH TRANSMISSION FACILITIES WHICH ARE DIRECTLY ASSIGNED TO CUSTOMERS AND FOR WHICH COSTS ARE NOT RECOVERED THROUGH A CONTRIBUTION-IN-AID.

TXP = TOTAL TRANSMISSION EXPENSE

TXP = $TOM - TEQ + TLR * AG + TDX + TLR * GDX + OTR * TPLT + TLR * PYTX + RA$

WHERE:

TOM = TRANSMISSION O&M EXPENSE (4)

TEQ = TRANSMISSION EQUALIZATION EXPENSE INCURRED UNDER SCHEDULE MSS-2 OF THE ENTERGY SYSTEM AGREEMENT

AG = INCLUDABLE ADMINISTRATIVE AND GENERAL O&M EXPENSE

TDX = TRANSMISSION DEPRECIATION EXPENSE (5)

GDX = GENERAL PLANT DEPRECIATION EXPENSE

OTR = OTHER TAX RATE

PYTX = PAYROLL RELATED TAX EXPENSE

RA = REGULATORY ASSET RELATED EXPENSE (6)

ITCWO = INVESTMENT TAX CREDIT WRITE-OFF

TX = COMPOSITE CORPORATE AFTER TAX RATE

SECUR_{KR} = AMOUNT FOR THE CURRENT TEST YEAR IN COLUMN (J) ON ATTACHMENT C TO THE SETTLEMENT AGREEMENT IN DOCKET NO. ER10-984

SECUR_{GI} = AMOUNT FOR THE CURRENT TEST YEAR IN COLUMN (J) ON ATTACHMENT D TO THE SETTLEMENT AGREEMENT IN DOCKET NO. ER10-984

SECUR_{IS} = AMOUNT FOR THE CURRENT TEST YEAR IN COLUMN (G) ON EAI ICESTORM VALUATION ATTACHED TO THE COMPANY'S APPLICATION IN DOCKET NO. ER11-xxxx

NOTES:

- (1) Transmission depreciation shall be adjusted by Table C amounts for reductions of the 13-Month Average Depreciation Expense for AFUDC

previously capitalized and funded with transmission customer prepayments.

- (2) Transmission plant shall be adjusted for the unamortized balance of transmission customer prepayments in the "B" sub-account of FERC Account 253, but limited to prepayments received for construction (i.e., excluding tax gross-ups and accrued interest) and adjusted for AFUDC previously capitalized funded by transmission customer prepayments.
- (3) This variable contains a value(s) that results from an FERC order(s) that requires deferral and amortization over a future period such as Table A - Unamortized Rate Base Asset for Accrued Interest for transmission customer prepayments.
- (4) AMOUNTS IN FERC ACCOUNT 565 SHALL BE INCLUDED ONLY TO THE EXTENT SUCH AMOUNTS REPRESENT PAYMENTS FOR THE USE OF TRANSMISSION FACILITIES OF OTHERS THAT SUPPORT ENTERGY'S TRANSMISSION SYSTEM.

THE VARIABLE "TOM" SHALL BE ADJUSTED TO EXCLUDE THE INDEPENDENT COORDINATOR OF TRANSMISSION COSTS WHICH SHALL BE RECOVERED VIA SCHEDULE 10.

- (5) TRANSMISSION EXPENSE SHALL BE ADJUSTED BY THE TABLE C AMOUNTS –ACCUMULATED DEPRECIATION EXPENSE FOR AFUDC PREVIOUSLY CAPITALIZED AND FUNDED BY TRANSMISSION CUSTOMER PREPAYMENTS.
- (6) THIS VARIABLE CONTAINS A VALUE(S) THAT RESULTS FROM AN ORDER(S) THAT REQUIRES DEFERRAL AND AMORTIZATION OVER A FUTURE PERIOD SUCH AS TABLE B AMORTIZATION OF INTEREST EXPENSE FOR TRANSMISSION CUSTOMER PREPAYMENTS ACCRUED AND PAID INTEREST.

ATTACHMENT I

Index of P-t-P and NITS Customers

The Transmission Provider complies with its obligation to identify its various Point-to-Point Transmission Service and Network Integration Transmission Service Customer through its submission of Electronic Quarterly Reports pursuant to FERC Order No. 2001.

ATTACHMENT J

NERC's Transmission Loading Relief Procedures

The North American Electric Reliability Council's ("NERC") Transmission Loading Relief ("TLR") Procedures originally filed March 18, 1998, and any amendments thereto, including the most recent Version 3 Reliability Standards accepted in Docket No. ER06-1545-002, on March 6, 2007, on file and accepted by FERC, are hereby incorporated and made part of this Tariff. See www.nerc.com for the current version of the NERC's TLR Procedures.

ATTACHMENT K

Transmission Planning Process

1. General

1.1. This Attachment K describes:

- 1.1.1. the processes and standards that the Transmission Provider uses to develop its Construction Plan and the Independent Coordinator of Transmission (ICT) uses to develop the Base Case Model and the Base Plan for the Entergy Transmission System. These plans and models will address (i) transmission services provided pursuant to service agreements under the Tariff, (ii) the Transmission Provider's use of the Transmission System to serve its Native Load Customers; and (iii) any other obligations of the Transmission Provider to provide wholesale transmission services. The planning process under this Attachment K shall treat similarly-situated customers comparably;
 - 1.1.2. the division of responsibilities and duties between the Transmission Provider and the ICT in the planning processes hereunder; and
 - 1.1.3. processes for stakeholder, Interested Government Agency, and other interested party input into the Base Plan, the Construction Plan, and the Base Case Model, including the points within the transmission planning process whereby stakeholders may provide input into the process.
- 1.2. The ICT shall perform the functions enumerated herein in an independent manner and, in all cases, shall use its independent judgment to ensure that transmission planning is conducted on a non-discriminatory basis. The Transmission Provider shall perform its functions in a manner consistent with (i) Good Utility Practice, (ii) its obligations to Native Load Customers and its obligations to Transmission and Interconnection Customers under FERC Order Nos. 888, 890, and 2003, and (iii) its regulatory and contractual obligations, if any, to other parties related to the planning and expansion of the Transmission System.

2. Definitions

The following definitions apply to this Attachment K. Capitalized terms that are not specifically defined below shall have the meaning assigned to them under the Tariff.

- 2.1. Approved Expansion Plan means (a) in the case of Entergy, the Construction Plan and (b) in the case of another Regional Planning Party, the plan that includes the transmission projects that party has committed either to construct or to cause to be constructed.
- 2.2. Base Case Model means a power flow model representing the Transmission System that is used for reliability assessments, transmission service request studies, and economic studies. When referenced in this document, “Base Case Model” refers to both annual and seasonal power flow models used in the transmission planning process described herein.
- 2.3. Base Plan means the plan developed pursuant to Section 7 herein.
- 2.4. Base Plan Upgrades is as defined in Attachment T of the Tariff.
- 2.5. Critical Energy Infrastructure Information or CEII shall mean specific engineering, vulnerability, or detailed design information about proposed or existing critical infrastructure (physical or virtual) that: (1) relates details about the production, generation, transmission, or distribution of energy; (2) could be useful to a person planning an attack on critical infrastructure; (3) is exempt from mandatory disclosure under the Freedom of Information Act; and (4) gives strategic information beyond the location of the critical infrastructure.
- 2.6. Confidential Information means, for purposes of this Attachment K, information or data that is proprietary, commercially valuable or competitively sensitive, or is a trade secret, and has been designated as confidential by the supplying party, provided that such information is not available from public sources or is not otherwise subject to

disclosure under any tariff or agreement administered by the Transmission Provider. Confidential Information includes, but is not limited to, (i) customer-specific information regarding: load forecasts, billing determinants, scheduling and reservation data, power purchases, and contracts; (ii) generator-specific information regarding: unit commitment and dispatch levels, generator cost data, heat rates, outage and maintenance schedules, operating restrictions, ramp rates, and automatic generation control capability and ranges; and (iii) system information regarding: avoided costs and system incremental costs.

- 2.7. Construction Plan means the plan developed pursuant to Section 6 herein.
- 2.8. Interested Government Agencies means the Federal Energy Regulatory Commission, the Council of the City of New Orleans, La., the Mississippi Public Service Commission, the Louisiana Public Service Commission, the Public Utility Commission of Texas, and the Arkansas Public Service Commission.
- 2.9. Inter-Regional Participating Transmission Owners means transmission owners participating in the Southeast Inter-Regional Participation Process.
- 2.10. Inter-Regional Study is as defined in Section 14.5 of this Attachment K.
- 2.11. Joint Planning Committee or JPC is as defined in Section 13.1.2.1 of this Attachment K.
- 2.12. LTTIWG means the Long-Term Transmission Issues Working Group, a stakeholder working group formed as part of the ICT stakeholder process to address, among other things, the Transmission Provider's

long-term transmission expansion planning process, or a successor stakeholder group thereto.

- 2.13. Planning Criteria means the criteria, standards, and procedures used in developing the Construction Plan and ICT Base Plan as set forth in the following: (i) applicable NERC Reliability Standards and SERC supplements to those standards; (ii) the Transmission Provider's local reliability criteria that are provided to the ICT for posting on OASIS; and (iii) the Transmission Provider's business practices that are related to compliance with all of the above criteria and that are provided to the ICT for posting on OASIS.
- 2.14. Regional Participant is a participant in the LTTIWG or the TWG.
- 2.15. Regional Planning Parties are the Transmission Provider, SPP, and any other transmission owners that participate in the Regional Planning Process pursuant to coordination agreements with the Transmission Provider.
- 2.16. Regional Planning Process is the planning process conducted in accordance with Section 13.1 of this Attachment K.
- 2.17. Regional Stakeholder Meeting is a joint meeting between or among any two or more of the following: the LTTIWG, the TWG, and the stakeholder committee having responsibility for transmission expansion issues of any other entity that becomes a Regional Planning Party.
- 2.18. Regional Study is an economic transmission planning study or reliability transmission study conducted in accordance with Section 13.1.5 of this Attachment K.

- 2.19. Southeast Inter-Regional Participation Process is the process for conducting stakeholder requested Inter-Regional Studies, as addressed in Section 13.2 of this Attachment K.
- 2.20. Southeast Inter-Regional Participation Process Stakeholder Group is the forum through which stakeholders will participate in the Southeast Inter-Regional Participation Process.
- 2.21. SPP is the Southwest Power Pool Regional Transmission Organization.
- 2.22. Supplemental Upgrades is as defined in Attachment T of the Tariff.
- 2.23. Transmission Planning Summit is as defined in Section 9.1.3 of this Attachment K.
- 2.24. TWG is SPP's Transmission Working Group, or a successor stakeholder group thereto.

3. Criteria for Transmission Planning

3.1. Applicability

- 3.1.1. The Transmission Provider and the ICT shall conduct transmission planning on a non-discriminatory basis in accordance with the Planning Criteria.
- 3.1.2. Advanced technologies and demand-side resources will be treated comparably, where appropriate in the transmission planning process, to transmission and generation solutions. Transmission plans developed under this Attachment K will be technology neutral, balancing costs, benefits, and risks associated with the use

of transmission, generation, and demand-side resources to meet the needs of transmission customers and the Transmission Provider.

3.2. ICT Review of the Planning Criteria

3.2.1. The Transmission Provider shall supply the ICT with the current Planning Criteria including: (i) applicable NERC Reliability Standards and SERC supplements to those standards; (ii) the Transmission Provider's local reliability criteria; and (iii) the Transmission Provider's business practices related to compliance with all of the above criteria.

3.2.2. The ICT will independently review the Transmission Provider's Planning Criteria to ensure that these criteria are sufficiently defined for interested parties to understand how transmission planning is conducted. If the ICT concludes that additional detail is required, the Transmission Provider will modify the appropriate business practice documents to include the additional detail. Information shall be provided in sufficient detail to enable interested parties to replicate the Construction Plan, the ICT's reliability assessment, and the Base Plan.

3.3. Modifications

3.3.1. All modification to the Planning Criteria will be made in accordance with Sections 9 and 10 of this Attachment K.

3.3.2. The Transmission Provider will not modify the Planning Criteria without providing prior notice to the ICT. The draft modified Planning Criteria shall be posted on OASIS.

3.3.3. Following posting of the draft modified Planning Criteria on OASIS, the ICT shall conduct one or more stakeholder meetings to provide stakeholders with additional information on the modifications to the Planning Criteria and allow input regarding such modifications. The modified Planning Criteria shall not be made effective until at least one such stakeholder meeting has been conducted. The ICT also may independently propose that the Transmission Provider modify the Planning Criteria by raising such a proposal directly with the Transmission Provider or in a report to Interested Government Agencies.

3.3.4. Modifications to the Transmission Provider's local reliability criteria will be applied to a Base Plan previously completed if and only if: (i) the ICT agrees with such retroactive application; and (ii) the modified criteria are more stringent than the criteria used in developing the previously completed Base Plan. However, nothing in this Section 3.3.4 modifies the ICT's responsibility to independently develop the Base Plan or limits the ICT's discretion in the development of the Base Plan as provided in Section 7.1 of this Attachment.

4. Overview of Planning Process

The transmission planning process includes the following elements: (i) development of the Base Case Model; (ii) development of the Transmission Provider's Construction Plan and evaluation of that plan by the ICT; (iii) development of the Base Plan; (iv) the Transmission Planning Summit and receipt and consideration of other stakeholder input to the development of the ICT's reliability assessment, the Base Case Model, the Base Plan, Regional and Inter-Regional Studies, and the Construction Plan; (v) coordinated regional and inter-regional planning; and (vi) identification of economic upgrades.

5. Base Case Model Development

5.1. The ICT shall create the Base Case Model for the Transmission System.

- 5.1.1. The Base Case Model shall include all existing long-term, firm uses of the Transmission System, including: (i) Network Integration Transmission Service; (ii) firm transmission service for the Transmission Provider's Native Load; (iii) Long-Term Point-to-Point Transmission Service; and (iv) firm transmission service provided in accordance with grandfathered agreements.
- 5.1.2. The Base Case Model will be developed in accordance with modeling procedures used to develop NERC multi-regional and SERC regional models.
- 5.2. The Transmission Provider shall provide to the ICT such data inputs as may be necessary to facilitate the preparation of the Base Case Model by the ICT. The ICT shall review and validate the data inputs that are provided for use in the Base Case Model so as to ensure that the data inputs and resulting model are consistent with the Planning Criteria. The ICT will review the Base Case Model with the Transmission Provider and stakeholders.
- 5.3. The ICT will participate with the Transmission Provider in regional model development processes necessary to create regional seasonal and annual models. Quarterly, the ICT and Transmission Provider will update the seasonal and annual models to reflect changes on the Transmission Provider's system. Such models will serve as the annual and seasonal Base Case Models under this Attachment K.

6. Construction Plan Development

- 6.1. Using the most current validated regional models described in Section 5, each year the Transmission Provider shall develop the Construction Plan, which will contain (i) all transmission upgrade projects on the Transmission System that are necessary to satisfy the Planning Criteria and (ii) any economic upgrade projects identified by the

Transmission Provider in accordance with this Attachment K for inclusion in the Construction Plan.

- 6.2. The Transmission Provider shall submit the draft Construction Plan to the ICT to be posted on OASIS. The Transmission Provider shall review the draft Construction Plan with the ICT and stakeholders. The ICT and stakeholders may provide the Transmission Provider with comments on the draft Construction Plan.
- 6.3. The ICT will perform an independent reliability assessment of the Transmission System using the Planning Criteria. As part of this assessment, the ICT will independently evaluate whether: (i) the Transmission Provider's Construction Plan complies with the Planning Criteria; and (ii) whether there are upgrade projects in the Construction Plan that are not necessary to meet the Planning Criteria. In addition to reviewing the Construction Plan, the ICT may also begin the process of identifying opportunities for regional optimization of the Construction Plan as provided in Section 13.
- 6.4. The ICT shall provide the Transmission Provider and stakeholders its conclusions regarding the reliability assessment and evaluation of the Construction Plan. If there are any outstanding issues that the ICT believes the Transmission Provider should address, those also shall be provided at that time. After the Transmission Provider reviews the ICT's conclusions, the Transmission Provider may submit a revised Construction Plan or notify the ICT that it will not revise the Construction Plan. The Transmission Provider will provide documentation to the ICT and stakeholders regarding any outstanding issues identified by the ICT but that are not addressed in a new Construction Plan.
- 6.5. The Construction Plan development process shall be performed consistent with the timeline included as Appendix 1 of this Attachment K. Further, the Construction Plan and reliability assessment shall be performed in accordance with Sections 9 and 10 of this Attachment K.

7. Base Plan Development

- 7.1. Each year, the ICT shall independently develop the Base Plan for the Transmission System. The ICT shall develop the Base Plan consistent with the Planning Criteria, provided that the ICT shall have sole discretion as to the inclusion or exclusion of the Transmission Provider's business practices and local reliability criteria in the Base Plan. The Base Plan will identify all transmission upgrades and construction projects that the ICT believes are necessary to comply with the Planning Criteria. The ICT may rely on the Construction Plan, stakeholder and regulator input, and its own reliability assessment in developing the Base Plan or amending the Base Plan.
- 7.2. The Base Plan development process shall be performed consistent with the timeline included as Appendix 1, consistent with the steps described in Appendix 2 of this Attachment K, and in accordance with Sections 9 and 10 of this Attachment K.
- 7.3. The Base Plan will be the basis for the ICT's allocation of costs between Base Plan Upgrades and Supplemental Upgrades as those terms are used in Attachment T.

8. Construction of Upgrades

- 8.1. The ICT will identify any instances where the Base Plan and the Construction Plan diverge. The ICT and the Transmission Provider will inform the Interested Government Agencies of any such divergence. Based on regulatory feedback, the Transmission Provider may further revise the Construction Plan or the ICT may further revise the Base Plan.
- 8.2. To the extent the Construction Plan includes projects that are not included in the Base Plan, the Transmission Provider may build such projects, subject to applicable siting and permitting requirements.

- 8.3. To the extent the Base Plan includes projects that are not included in the Construction Plan, the Transmission Provider will have no obligation to proceed with such projects for purposes of reliability. To the extent such projects are determined by the Transmission Provider to be required to accommodate a request for transmission or interconnection service under the Tariff, the construction of such projects will be governed by the applicable Transmission Service Agreement or Large Generator Interconnection Agreement, and the pricing of such projects will be governed by Attachment T.

9. Coordination and Openness

9.1. Stakeholder Review and Input

9.1.1. Stakeholder Review and Input Regarding Planning Criteria, Data Gathering, and Study Processes

- 9.1.1.1. Prior to posting the Planning Criteria or changes to the Planning Criteria, the ICT will provide stakeholders an opportunity to provide input regarding the Planning Criteria or changes thereto.
- 9.1.1.2. Prior to or during the development of the ICT's reliability assessment, the Base Case Models, the Base Plan, and Regional and Inter-Regional Studies, the ICT will provide stakeholders an opportunity to provide input, including written comments, regarding (a) data gathering and the study process associated with development of the ICT's reliability assessment, the Base Case Model, the Base Plan, and Regional and Inter-Regional Studies and (b) other inputs, assumptions, and methodologies relied upon in developing the ICT's reliability assessment, the Base Case Model, the Base Plan, and Regional and Inter-Regional Studies.

- 9.1.1.3. Prior to or during the development of the Construction Plan, the Transmission Provider will provide stakeholders an opportunity to provide input, including written comments, regarding (a) data gathering and the study process associated with development of the Construction Plan and (b) other inputs, assumptions, and methodologies relied upon in developing the Construction Plan.
- 9.1.1.4. The ICT shall make all written comments publicly available to all interested parties by posting them on the Transmission Provider's OASIS or the ICT website, as appropriate.
- 9.1.1.5. The ICT shall hold a stakeholder meeting to address the comments submitted by stakeholders in accordance with this Section 9.1.
- 9.1.1.6. Stakeholders will be provided an opportunity to submit comments in a manner that provides the Transmission Provider and the ICT sufficient time to consider such comments prior to completion of the Construction Plan and Base Plan.

9.1.2. Stakeholder Review and Input Regarding the Base Case Models, the Base Plan, Regional and Inter-Regional Studies, and the Construction Plan Outside of the Transmission Planning Summit

- 9.1.2.1. Through the LTTIWG, the ICT will provide an opportunity outside of the Transmission Planning Summit for stakeholders to provide input, including written comments, regarding the reliability assessment, the Base Case Models, the Base Plan, and Regional and Inter-Regional Studies.

9.1.2.2. Through the LTTIWG, the Transmission Provider will provide an opportunity outside of the Transmission Planning Summit for stakeholders to provide input, including written comments, regarding the Construction Plan.

9.1.2.3. Through the LTTIWG, stakeholders will be provided an opportunity to submit comments in a manner that provides the Transmission Provider and the ICT sufficient time to consider such comments prior to completion of the Construction Plan and Base Plan.

9.1.3. The Transmission Planning Summit

9.1.3.1. The ICT will lead the Transmission Planning Summit.

9.1.3.2. At the Transmission Planning Summit:

9.1.3.2.1. the ICT will review the ICT's independent reliability assessment and the Transmission Provider's Construction Plan with stakeholders and regulators;

9.1.3.2.2. the ICT will provide an opportunity for the Transmission Provider, stakeholders, Interested Government Agencies, and other interested parties to address the Base Case Model, the Planning Criteria, and underlying data and assumptions used in developing transmission plans and models;

9.1.3.2.3. the ICT will (i) solicit feedback on the transmission reliability projects and economic projects that have been identified, including regional and inter-regional projects; (ii) solicit alternatives to those projects; (iii)

explain the planning process; and (iv) explain how and where to obtain information about the transmission system;

9.1.3.2.4. The ICT shall review any potential regional optimization or economic opportunities determined in accordance with Regional and Inter-Regional Studies.

9.1.3.3. The Transmission Planning Summit shall be held annually. At the conclusion of each Summit, the ICT shall determine whether one or more additional Summit sessions is warranted to comply with this Attachment K. The ICT shall solicit comments from the Transmission Provider and stakeholders on the desire for additional sessions.

9.1.3.4. Stakeholders, representatives of Interested Government Agencies, and other interested parties may submit comments and suggestions to the ICT, either before or after the Transmission Planning Summit. The ICT shall make those comments and suggestions publicly available to all interested parties by posting them on the Transmission Provider's OASIS or the ICT website, as appropriate.

9.1.3.5. Stakeholders may request additional information from the ICT or the Transmission Provider.

9.1.3.5.1. Additional information shall be provided to the extent consistent with this Attachment K.

9.1.3.5.2. Any additional information furnished at the request of a stakeholder shall be posted on the Transmission Provider's OASIS following the provision of the information to the requesting stakeholder.

9.1.3.5.3. Any dispute regarding a request for additional information under Section 9.1.3.5 shall be resolved in accordance with this Attachment K.

9.1.3.6. The Transmission Provider and the ICT will review stakeholder input received during, or resulting from, the Transmission Planning Summit. The Transmission Provider will provide the ICT recommendations regarding that input. If appropriate, this may include revisions to the Construction Plan.

9.1.4. The ICT shall provide reasonable notice of all meetings under this Section 9.1, including the Transmission Planning Summit, through a posting on OASIS and the ICT's website. Such notice shall specify the form in which the meeting will take place, the date and time of such meeting, and as applicable the location of such meeting. The form of a meeting may include, but is not limited to, in-person meetings, teleconferences, or webinars, provided that the Transmission Planning Summit shall be an in-person meeting.

9.1.5. All stakeholder meetings under this Attachment K shall be open to all interested parties, including interconnected generators, power marketers, load serving entities, wholesale customers, and Interested Government Agencies, and shall be subject to the confidentiality and CEI provisions of this Attachment K.

9.1.6. Sponsors of transmission solutions, generation solutions, and solutions utilizing demand resources will be provided equal opportunities to participate throughout the transmission planning process that are equivalent to the opportunities provided to other stakeholders and interested parties.

9.2. Confidential Information and CEI

- 9.2.1. Except as may be required by subpoena or other compulsory process, the ICT and the Transmission Provider shall not disclose Confidential Information to any person or entity without prior written consent of the party that supplied the Confidential Information.
- 9.2.2. Except as may be required by subpoena or other compulsory process, information designated as CEII shall be made available to a party only after such party executes a Confidentiality Agreement in the form of Appendix 3 hereto.
- 9.2.3. Upon receipt of a subpoena or other compulsory process for the disclosure of Confidential Information or CEII, the ICT or Transmission Provider, as applicable, shall promptly notify the party that supplied the data and shall furnish all reasonable assistance requested by the supplying party to prevent disclosure, and shall not release the data until the supplying party provides written consent or until the supplying party's legal options are exhausted. Upon request from an Interested Government Agency for Confidential Information or CEII, such consent may not be unreasonably withheld if the Interested Government Agency agrees to maintain confidentiality with a protective order or other procedure(s) of the agency for protecting confidential information.
- 9.2.4. The confidentiality of Confidential Information and CEII provided to Interested Government Agencies shall be maintained with a protective order or other procedures of the agency for protecting Confidential Information.

10. Transparency

10.1. Planning Criteria

10.1.1. The ICT will be responsible for ensuring that the Planning Criteria are (i) posted on OASIS; and, (ii) sufficiently detailed so that the transmission planning process is transparent and understandable, subject to the confidentiality and CEI provisions of this Attachment K. Information shall be provided in sufficient detail to enable interested parties to replicate the Construction Plan, the ICT's reliability assessment, and the Base Plan.

10.1.2. The ICT will post on OASIS any draft modification to the Planning Criteria.

10.1.3. Once the amendments to the Planning Criteria have been finalized by the Transmission Provider following ICT and stakeholder input, the ICT will post the final, new version of the Planning Criteria on OASIS.

10.1.4. Using the appropriate stakeholder exploder list, the ICT shall notify stakeholders of the posting of the Planning Criteria.

10.2. Base Case Model

10.2.1. The ICT shall post the Base Case Model, any changes to the Base Case Model, and the basic data and assumptions used in developing the Base Case Model, on the Transmission Provider's OASIS. To the extent practicable, such postings shall be made at least 30 days prior to any stakeholder meeting scheduled to address such Base Case Model.

10.2.2. The ICT shall post such additional information, including IDEV files, that will permit a stakeholder to develop the models used to develop the Construction Plan.

10.2.3. Such postings will be subject to the confidentiality and CEII provisions of this Attachment K.

10.2.4. Using the appropriate stakeholder exploder list, the ICT shall notify stakeholders of the postings under this Section 10.2.

10.3. Construction Plan

10.3.1. The ICT shall post a draft Construction Plan, and any changes to the draft Construction Plan, on the Transmission Provider's OASIS. The Transmission Provider also shall post on the Transmission Provider's OASIS the basic methodology, criteria, processes, data, and assumptions used in developing the Construction Plan. Such information shall be provided in sufficient detail to enable interested parties to replicate the Construction Plan. To the extent practicable, the ICT will post the Construction Plan on the Transmission Provider's OASIS at least 30 days prior to the stakeholder meeting scheduled to address such Construction Plan.

10.3.2. Once the Construction Plan has been finalized by the Transmission Provider following ICT and stakeholder input, the ICT will post the final Construction Plan on OASIS.

10.3.3. Such postings will be subject to the confidentiality and CEII provisions of this Attachment K.

10.3.4. Using the appropriate stakeholder exploder list, the ICT shall notify stakeholders of the postings under this Section 10.3.

10.4. Reliability Assessment

10.4.1. The ICT shall post the ICT's draft reliability assessment, and any changes to the draft reliability assessment, on the Transmission Provider's OASIS. The ICT also shall post on the Transmission Provider's OASIS the basic methodology, criteria, processes, data, and assumptions used in developing the reliability assessment. Such information shall be provided in sufficient detail to enable interested parties to replicate the reliability assessment. To the extent practicable, the ICT will post the draft reliability assessment on the Transmission Provider's OASIS at least 30 days prior to the stakeholder meeting scheduled to address such reliability assessment.

10.4.2. Once the reliability assessment has been finalized by the ICT following Transmission Provider and stakeholder input, the ICT will post the final reliability assessment on OASIS.

10.4.3. Such postings will be subject to the confidentiality and CEII provisions of this Attachment K.

10.4.4. Using the appropriate stakeholder exploder list, the ICT shall notify stakeholders of the postings under this Section 10.4.

10.5. Base Plan

10.5.1. The ICT shall post the draft Base Plan, and any changes to the draft Base Plan, on the Transmission Provider's OASIS. The ICT also shall post on the Transmission Provider's OASIS the basic methodology, criteria, processes, data, and assumptions used in developing the Base Plan. Such information shall be provided in sufficient detail to enable interested parties to replicate the Base Plan. To the extent practicable, the ICT will post the draft Base Plan on the Transmission Provider's OASIS at least 30 days prior to the stakeholder meeting scheduled to address such Base Plan.

10.5.2. Once the Base Plan has been finalized by the ICT following Transmission Provider and stakeholder input, the ICT will post the final Base Plan on OASIS.

10.5.3. The ICT shall post a document explaining any differences in the basic assumptions and criteria used in developing the Base Plan and Construction Plan.

10.5.4. Such postings will be subject to the confidentiality and CEII provisions of this Attachment K.

10.5.5. Using the appropriate stakeholder exploder list, the ICT shall notify stakeholders of the postings under this Section 10.5.

10.6. Other Information In addition to the foregoing, and subject to the confidentiality and CEII provisions of this Attachment K, the basic methodology, criteria, processes, data, and assumptions in other studies and planning processes performed under this Attachment K shall be made available to customers, other stakeholders, and independent third parties. Such information shall be provided in sufficient detail to enable interested parties to replicate the applicable study. Such information shall include, but shall not be limited to, modeling response files, documents detailing the Transmission Provider's proposed and approved transmission reliability projects, maps, and special notices.

11. Information Exchange

11.1. Network Customer Obligations The Transmission Provider shall provide Network Customers a data template for load and resource forecasts in the form of Appendix 4 to this Attachment K. Network Customers shall complete and return the template by the date

requested by the Transmission Provider. Unless otherwise agreed by the ICT, this information will be requested during the fall of each year.

11.1.1. The ICT shall post on OASIS the load and resource forecast template developed by the Transmission Provider.

11.1.2. The Transmission Provider shall review with stakeholders the load and resource forecast template and provide an overview of how information is to be submitted.

11.1.3. Information provided by Network Customers via the load and resource forecast template shall be used by the Transmission Provider and the ICT in developing the Base Case Model as described in Section 5 of this Attachment K.

11.1.4. The ICT and Transmission Provider shall treat information provided by Network Customers in accordance with this Section 11.1 as Confidential Information under this Attachment K.

11.2. Point-to-Point Customer Obligations The Transmission Provider shall provide Point-to-Point Customers a data template for firm point-to-point transmission services in the form of Appendix 5 to this Attachment K. Point-to-Point Customers shall complete and return the template by the date requested by the Transmission Provider. Unless otherwise agreed by the ICT, this information will be requested during the fall of each year.

11.2.1. The ICT shall post on OASIS the firm point-to-point transmission services template developed by the Transmission Provider.

11.2.2. The Transmission Provider shall review with stakeholders the firm point-to-point transmission services template and provide an overview of how information should be submitted.

11.2.3. Information provided by Point-to-Point Customers via the firm point-to-point transmission services template shall be used by the Transmission Provider and ICT in developing the Base Case Model as described in Section 5 of this Attachment K.

11.2.4. The ICT and Transmission Provider shall treat information provided by Point-to-Point Customers in accordance with this Section 11.2 as Confidential Information under this Attachment K.

11.3. The Customer shall provide written notice to the ICT and the Transmission Provider of material changes in any information previously provided under this Section 11. Such notice shall be provided no later than 30 days from the date the Customer became aware of such material change.

12. Dispute Resolution

12.1. If a party believes that the requirements of this Attachment K are not being satisfied, such party shall provide the Transmission Provider and the ICT with written notice of the dispute or claim. The notice shall identify the nature of the dispute and provide a brief description of the respective positions of the parties.

12.2. The ICT shall ensure that a notice of any dispute or claim arising under this Attachment K is posted on the Transmission Provider's OASIS within five business days of the ICT's receipt of the challenging party's notice.

12.3. Within ten calendar days after receipt by the ICT and the Transmission Provider of a notice of any dispute or claim, the matter shall be referred

to a designated senior representative of the disputing party, the ICT, and the Transmission Provider for resolution on an informal basis.

- 12.4. In the event the designated representatives are unable to resolve the claim or dispute within 30 calendar days of the ICT's and the Transmission Provider's receipt of the notice of dispute, such claim or dispute may, upon mutual agreement of the parties, be submitted to mediation under terms and conditions agreed to by the parties.
- 12.5. In the event the parties do not reach agreement through mediation conducted in accordance with Section 12.4 of this Attachment K, or do not agree to submit such claim or dispute to mediation, such claim or dispute may, upon mutual agreement of the parties, be submitted to arbitration in accordance with Section 12 of the Tariff.
- 12.6. Except to the extent the parties mutually agree to arbitration in accordance with Section 12.5 of this Attachment K, the foregoing is without prejudice to any affected party requesting that the Commission resolve any dispute at any time that is within the jurisdiction of the Commission, including, but not limited to, by submitting a complaint pursuant to Section 206 of the Federal Power Act.
- 12.7. The ICT's position shall control pending resolution of any dispute under this Section 12.
- 12.8. Notwithstanding the foregoing, disputes between the Transmission Provider and the ICT shall be resolved in accordance with Attachment S of the Tariff.

13. Regional Coordination

13.1. Regional Planning

13.1.1. General Provisions Regarding Regional Planning

13.1.1.1. The ICT shall coordinate with the Transmission Provider, SPP and SPP's respective members--which include the Transmission Provider's immediate neighboring transmission owners, Arkansas Electric Cooperative Corporation, Lafayette Utilities System, Oklahoma Gas & Electric Company, American Electric Power-West, East Texas Electric Cooperative, Southwestern Power Administration, Empire District Electric Company, City of Clarksdale, and Cleco Corporation--to:

13.1.1.1.1. share Approved Expansion Plans to ensure that they are simultaneously feasible and otherwise use consistent assumptions and data;

13.1.1.1.2. address requests for Regional Studies submitted in accordance with Section 14.5 of this Attachment K;

13.1.1.1.3. identify any opportunities for regional optimization of the Construction Plan with the construction plans of the Regional Planning Parties. The evaluation of such opportunities will commence in earnest after the Transmission Planning Summit, but may also begin as part of the ICT's assessment of the Construction Plan under Section 6 and/or the ICT's development of the Base Plan under Section 7. As used herein, the term "regional optimization" means the identification of a set of coordinated transmission upgrades on the system of more than one party that satisfies the parties' respective planning criteria at a lower overall cost than if the parties had planned and constructed needed upgrades on a non-coordinated basis.

- 13.1.1.2. Other transmission owners in the Entergy or SPP regions also may participate in the regional planning process as Regional Planning Parties.
 - 13.1.1.3. The Regional Planning Process shall be performed consistent with the timeline included as Appendix 6 to this Attachment K.
 - 13.1.1.4. The Regional Planning Process shall be subject to provisions for the protection of Confidential Information and CEII under this Attachment K.
 - 13.1.1.5. To the extent other adjoining transmission owners have seams agreements or joint planning processes with the Transmission Provider, the ICT will identify any opportunities for regional optimization of the Transmission Provider's Construction Plan with the construction plans of those adjoining transmission owners. The ICT shall review such optimization opportunities with the Transmission Provider, other affected transmission owners, Interested Government Agencies, stakeholders, and other interested parties.
- 13.1.2. Joint Planning Committee
- 13.1.2.1. The Regional Planning Parties shall form a Joint Planning Committee ("JPC") comprised of representatives of the Regional Planning Parties in numbers and functions to be identified by the Regional Planning Parties from time to time as necessary to ensure that the JPC has the appropriate subject matter experts to perform its functions as stated below. Each Regional Planning Party shall have the right, every other year, to designate a Chairman of the JPC to serve a one-year calendar term, except that the term of the first Chairman shall end December 31 of the year that

Chairman's term commences. The Regional Planning Parties jointly shall agree on the first Chairman. The Chairman shall be responsible for the scheduling of meetings, the preparation of agendas for meetings, and the production of minutes of meetings.

13.1.2.2. The JPC:

- 13.1.2.2.1. may request information from a Regional Planning Party as provided herein;
- 13.1.2.2.2. shall have responsibility leading all meetings related thereto;
- 13.1.2.2.3. shall ensure that all JPC or associated meetings conform to the intent of the Commission's Standards of Conduct;
- 13.1.2.2.4. may establish working groups as necessary to provide for adequate review, performance, and development of Regional Studies;
- 13.1.2.2.5. shall, as necessary, coordinate the provision of information by the Regional Planning Parties to federal and state agencies or other regional or multi-state bodies;
- 13.1.2.2.6. shall, as necessary, establish a schedule for the rotation of responsibility for data management, coordination of Regional Stakeholder Meetings, coordination of analysis activities, report preparation, and other activities;

13.1.2.2.7. shall meet at least annually to review transmission planning activities associated with the joint planning process described in this Section 13.1; and

13.1.2.2.8. shall, as necessary, engage in dispute resolution under Section 13.1.7.

13.1.3. Sharing of System Plans and Associated Data and Assumptions

13.1.3.1. Subject to Section 13.1.6, each Regional Planning Party shall provide the other Regional Planning Party with the following data and information to the extent such data and information is necessary to ensure (a) the simultaneous feasibility of the Regional Planning Parties' Approved Expansion Plans and (b) the use of consistent assumptions and data in the development of such system plans:

13.1.3.1.1. Each Regional Planning Party's Approved Expansion Plan.

13.1.3.1.2. Data for the development of transmission modeling of load-flow, short-circuit, and stability cases. Data will include (a) all relevant modeling information, including ten (10) year load forecasts and (b) all critical assumptions that are used in the development of the applicable party's models.

13.1.3.1.3. Access to Base Case Models (up to the next ten (10) years) will be provided as requested to either Regional Planning Party or the JPC.

- 13.1.3.1.4. The status of System Impact Studies, Facilities Studies, Interconnection System Impact Studies, and Interconnection Facilities Studies, to the extent that a commitment has been made to a system enhancement as a result of any such studies.
- 13.1.3.1.5. Transmission system maps for the Regional Planning Party's bulk transmission system and lower voltage transmission system, to the extent such maps are relevant to the coordination of planning between the Regional Planning Parties.
- 13.1.3.1.6. Contingency lists for use in load flow and stability analyses. Such information shall include (a) lists of all single and double contingency events analyzed in the load flow and stability analyses and (b) breaker diagrams for the Regional Planning Party's transmission system, to the extent such diagrams are relevant to the coordination of planning between the Regional Planning Parties.
- 13.1.3.1.7. The timing of each planned enhancement referenced in Section 13.1.3.1.4 or that otherwise is included in a Regional Planning Party's Approved Expansion Plan. Such information shall include (a) estimated completion dates, (b) project mobilization schedules, (c) the likelihood that a system enhancement will be completed, (d) whether/when the system enhancement should be included in System Impact Studies, Facilities Studies, Interconnection System Impact Studies, Interconnection Facilities Studies, Inter-Regional Studies, Regional Studies, and any other reliability or economic transmission plan or model prepared in accordance with this Attachment K, and (e) all related applications for regulatory

approvals and the status thereof. Such information shall be provided annually and as changes in status occur. The Regional Planning Parties shall post the same information for regional planning purposes, including modeling response (IDEV) files, posted with regard to the development of their Approved Expansion Plans.

13.1.3.1.8. Information regarding long-term firm transmission services on all modeled interfaces that are necessary to reflect system limits or conditions.

13.1.3.1.9. Summaries of (a) each Regional Planning Party's reliability studies related to development of Approved Expansion Plans and (b) the ICT's reliability assessment.

13.1.3.1.10. Such other data and information as is needed for each Regional Planning Party to plan its own system accurately and reliably and to assess the impact of conditions existing on the system of the other Regional Planning Party.

13.1.3.2. The information identified in Section 13.1.3.1 shall be provided as follows:

13.1.3.2.1. Load flow data initially will be exchanged in PSS/E format. To the extent practical, short-circuit data initially will be exchanged in PSS/E format.

13.1.3.2.2. To the extent practical, the maintenance and exchange of power system modeling data will be implemented through databases.

13.1.3.2.3. When feasible, transmission maps and breaker diagrams will be provided in an electronic format agreed upon by the Regional Planning Parties.

13.1.3.2.4. Formats for the exchange of other data will be agreed upon by the Regional Planning Parties from time to time.

13.1.4. Assessing Simultaneous Feasibility of System Plans and Use of Consistent Assumptions and Data

13.1.4.1. The Regional Planning Parties will perform such analyses as necessary to ensure that all system plans shared in accordance with this Section 13.1 are simultaneously feasible and otherwise use consistent assumptions and data.

13.1.4.2. Such analyses shall identify (1) when the Regional Planning Parties' Approved Expansion Plans are not simultaneously feasible and (2) when the use of data or assumptions used in the development of such system plans is inconsistent.

13.1.4.3. To the extent that the Regional Planning Parties determine that their Approved Expansion Plans are not simultaneously feasible or the use of data or assumptions used in the development of such system plans is inconsistent, the Regional Planning Parties shall notify the JPC, which shall then attempt to identify solutions that will ensure that the Regional Planning Parties' plans are simultaneously feasible and that the data or assumptions used in the development of such system plans is consistent. Each Regional Planning Party will work with its applicable stakeholder working group or groups to attempt to identify solutions that will ensure that

the Regional Planning Parties' plans are simultaneously feasible.

- 13.1.4.4. Recovery of Costs: As between the Regional Planning Parties, each Regional Planning Party shall be responsible for its own costs associated with performing analyses under this Section 13.1.4.

13.1.5. Regional Studies

13.1.5.1. Overview

- 13.1.5.1.1. The Regional Planning Parties shall engage annually in a regional, joint transmission planning process in order to address requests for Regional Studies ("Regional Planning Process").
- 13.1.5.1.2. The JPC will be responsible for providing the technical support and personnel required for the Regional Planning Process.
- 13.1.5.1.3. The JPC shall, based upon the requested studies and considering stakeholder input, lead the development of study assumptions, perform additional model development, and perform any other coordination efforts with Regional Participants, other interested parties, and impacted external planning processes necessary to perform a Regional Study consistent with this Section 13.1.5. The JPC also shall, as necessary to perform a Regional Study: (a) perform analyses, (b) develop solution options, (c) evaluate stakeholder-suggested solution options, and (d) develop reports. After a Regional Study is completed,

the JPC shall distribute applicable reports, subject to any applicable confidentiality provisions, to all stakeholders.

13.1.5.2. Performing Regional Studies

- 13.1.5.2.1. The Regional Planning Process shall include performing up to a total of five Step 1 and Step 2 Regional Studies annually.
- 13.1.5.2.2. A Step 1 evaluation consists of a high level screening of the requested study and will be performed within a single year's planning cycle to identify transfer constraints and likely transmission enhancements to resolve the identified constraints. A Step 1 evaluation will provide approximate costs and timelines associated with transmission enhancements identified in the evaluation.
- 13.1.5.2.3. Stakeholders will have the option to request a Step 2 evaluation to be performed during the subsequent year's Regional Planning Process cycle. In the event stakeholders request a Step 2 evaluation, the JPC will develop detailed cost estimates and timelines associated with the identified transmission enhancements.

13.1.5.3. Requesting Regional Studies

- 13.1.5.3.1. Any interested party may request a Regional Study under the applicable Regional Planning Party's transmission tariff, through the LTTIWG, or through the TWG.

13.1.5.3.2. The Regional Participants may consider clustering similar Regional Study requests. In this regard, if two or more of the Regional Study requests are similar in nature and the Regional Participants conclude that clustering of such requests and studies is appropriate, the applicable studies will be clustered for purposes of the transmission evaluation.

13.1.5.4. Regional Stakeholder Meetings

13.1.5.4.1. During each cycle of the Regional Planning Process, which cycle is bi-annual in duration, the JPC will conduct three Regional Stakeholder Meetings. The information to be discussed at such meetings will be made available in draft form for stakeholder review prior to any such meeting by posting on the SPP and Entergy websites. The JPC will use reasonable efforts to make such information available at least 10 calendar days prior to the particular meeting.

13.1.5.4.2. At the first Regional Stakeholder Meeting:

13.1.5.4.2.1. all requests for Regional Studies will be presented;

13.1.5.4.2.2. stakeholders will select up to five Regional Studies that will be evaluated within the planning cycle;
and

13.1.5.4.2.3. stakeholders will be provided an opportunity to provide comments regarding the assumptions to be used in the applicable study.

13.1.5.4.3. After the JPC performs initial analyses of the Regional Studies, it will conduct the second Regional Stakeholder Meeting. At this meeting:

13.1.5.4.3.1. the results of the initial analyses will be reviewed;
and

13.1.5.4.3.2. stakeholders will be provided an opportunity to provide comments regarding the initial analyses.

13.1.5.4.4. After the JPC finalizes its analyses and drafts Regional Study reports, the JPC will conduct the third Regional Stakeholder Meeting. At this meeting:

13.1.5.4.4.1. the Regional Study reports will be presented to stakeholders; and

13.1.5.4.4.2. stakeholders will be provided an opportunity to provide comments regarding the draft reports.

13.1.5.4.5. After the JPC finalizes its reports, such reports are to be provided to all stakeholders.

13.1.5.5. Construction of System Enhancements Identified in Regional Studies

13.1.5.5.1. To the extent regional optimization opportunities or regional economic upgrades are identified in a

Regional Study, each Regional Planning Party shall have the option of revising its construction plan.

13.1.5.5.2. Entergy shall revise its Construction Plan only as provided in Section 13.5 of this Attachment K.

13.1.5.5.3. SPP shall not proceed with a regional economic upgrade unless the upgrade is covered under the SPP's transmission tariff or an interested party enters into a binding sponsor arrangement to fund the portion of costs allocated to the SPP system associated with such economic upgrade, or cost recovery otherwise is provided for under SPP's transmission tariff. SPP shall not have any obligation to proceed with a regional economic upgrade if it does not obtain all regulatory approvals deemed necessary by SPP to proceed with the applicable project.

13.1.5.6. Regional Studies shall not affect the study queues for transmission or interconnection services.

13.1.5.7. Recovery of Regional Study Costs

13.1.5.7.1. As between the Regional Planning Parties, each Regional Planning Party shall be responsible for its own costs associated with performing Regional Studies.

13.1.5.7.2. Each Regional Planning Party may recover its costs associated with performing Regional Studies in accordance with that Regional Planning Party's transmission tariff.

13.1.5.7.3. A stakeholder requesting a Regional Study may be required to enter into agreement(s) with Regional Planning Party(ies) obligating the customer to pay for the Regional Planning Party's(ies') actual costs of the study.

13.1.5.8. Cost Allocation and Construction of Upgrades Identified in the Regional Planning Process

13.1.5.8.1. The costs of facilities identified in a Regional Study are to be allocated to the Entergy Transmission System to the extent that Entergy constructs such facilities. Such costs are to be further allocated in accordance with Section 15 of this Attachment K.

13.1.5.8.2. The costs of facilities identified in a Regional Study are to be allocated to the SPP transmission system to the extent that SPP constructs such facilities. Such costs are to be further allocated in accordance with the SPP transmission tariff.

13.1.5.9. Stakeholder Participation

13.1.5.9.1. The Regional Planning Process is open to any interested party.

13.1.5.9.2. Participants in the Regional Planning Process ("Regional Participants") shall:

13.1.5.9.2.1. adhere to the Commission's Standards of Conduct requirements in all discussions of the Regional Planning Process;

13.1.5.9.2.2. propose and select the Regional Studies to be evaluated;

13.1.5.9.2.3. provide comments on the scope elements of Regional Studies, including study assumptions, criteria, and methodology; case development and technical analyses; problem identification, assessment, and development of solutions (including proposing alternative solutions for evaluation); comparison and selection of the preferred solution options; and Regional Study reports; and

13.1.5.9.2.4. provide comments and recommendations to the JPC on the Regional Planning Process.

13.1.5.9.3. The Regional Participants may organize themselves however they deem appropriate for purposes of participating in the Regional Planning Process.

13.1.5.9.4. Regional Participants shall have access to data necessary to facilitate their participation in the Regional Planning Process.

13.1.5.9.5. A Regional Participant may request that the JPC provide data and information that would facilitate its ability to replicate Regional Studies while ensuring that CEII and other Confidential Information is protected.

13.1.5.9.6. The process for obtaining CEII data and information used in the Regional Planning Process, when such data or information is not competitively sensitive or otherwise confidential, is as follows:

13.1.5.9.6.1. CEII data used in the Regional Planning Process shall be made available from the Transmission Provider in accordance with this Section

13.1.5.9.6. CEII data used in the Regional Planning Process shall be made available from another Regional Planning Party in accordance with provisions established by that party.

13.1.5.9.6.2. Upon a Regional Planning Party's receipt of a request for CEII data of another Regional Planning Party, the Regional Planning Party receiving the request shall promptly notify the other Regional Planning Party of the request.

13.1.5.9.6.3. A Regional Participant may be certified to obtain CEII data used in the Regional Planning Process by following the confidentiality procedures posted on the Transmission Provider's website (e.g., making a formal request for CEII, authorizing background checks, executing the CEII Confidentiality Agreement).

13.1.5.9.6.4. The Transmission Provider reserves the discretionary right to waive the certification process, in whole or in part, for anyone that the Transmission Provider deems appropriate to receive CEII data. The Transmission Provider also reserves the discretionary right to reject a request for CEII data; upon such rejection, the

requestor may pursue the dispute resolution procedures set forth below.

13.1.5.9.7. The process for obtaining confidential data and information used in the Regional Process that is not CEII is as follows:

13.1.5.9.7.1. the Regional Participant must execute a Confidentiality Agreement in a form to be posted on the Regional Planning Parties' websites;

13.1.5.9.7.2. Resource-specific data shall not be made available by a Regional Planning Party if the data has been designated confidential by the data provider or if the data can be used to (a) determine security constrained unit commitment or economic dispatch of resources or (b) perform an economic evaluation of costs and benefits.

13.1.5.9.8. The requirements of Sections 13.1.5.9.6 and 13.1.5.9.7 shall apply to information that is competitively sensitive/otherwise confidential and also CEII.

13.1.6. Confidential Information and CEII

13.1.6.1. Except as may be required by subpoena or other compulsory process, the JPC, the ICT, and the Regional Planning Parties shall not disclose Confidential Information to any person or entity without prior written consent of the party that supplied the Confidential Information. Any data subject to this Section 13.1.6 will be redacted prior to and is not subject to public review or posting. The handling of any

commercially sensitive economic data also will conform to rules and practices set forth by the SPP Economic Modeling and Methods Task Force and Entergy.

- 13.1.6.2. In addition, each Regional Planning Party shall ensure that its employees, its agents, its subcontractors and its subcontractors' employees, and agents to whom Confidential Information is given or exposed, agree to be bound by the terms and conditions contained herein. Each Regional Planning Party shall be liable for any breach of this Section 13.1.6.2 by its employees, its agents, its subcontractors, and its subcontractors' employees and agents.
- 13.1.6.3. This obligation of confidentiality shall not extend to data and information that, at no fault of a recipient Regional Planning Party, is or was: (a) in the public domain or generally available or known to the public; (b) disclosed to a recipient by a non-Regional Planning Party who had a legal right to do so; (c) independently developed by a Regional Planning Party or known to such Regional Planning Party prior to its disclosure hereunder; and (d) which is required to be disclosed by subpoena, law, or other directive of an Interested Government Agency.
- 13.1.6.4. Except as may be required by subpoena or other compulsory process, information designated as CEII shall be made available to a party only after such party complies with Section 13.1.5.9.6.
- 13.1.6.5. Upon receipt of a subpoena or other compulsory process for the disclosure of Confidential Information or CEII, the Regional Planning Party receiving such subpoena or other compulsory process shall promptly notify the Regional Planning Party that supplied the applicable data, shall

furnish all reasonable assistance requested by the supplying Regional Planning Party to prevent disclosure, and shall not release the data until the supplying Regional Planning Party provides written consent or until the supplying Regional Planning Party's legal options are exhausted. Upon request from an Interested Government Agency for Confidential Information or CEII, such consent may not be unreasonably withheld if the Interested Government Agency agrees to maintain confidentiality with a protective order or other procedure(s) of the agency for protecting Confidential Information or CEII.

13.1.6.6. Each Regional Planning Party shall protect Confidential Information and CEII from disclosure, dissemination, or publication. Regardless of whether a Regional Planning Party is subject to the jurisdiction of the Commission under the Federal Power Act, and regardless of whether a Regional Planning Party is an RTO, each Regional Planning Party agrees to restrict access to all Confidential Information and CEII to only those persons authorized to view such information: (a) by the Commission's Standards of Conduct, 18 C.F.R. Part 358 or, if more restrictive, (b) by such Regional Planning Party's board resolutions, tariff provisions, or other internal policies governing access to, and the sharing of, energy market or transmission system information.

13.1.6.7. All Confidential Information and CEII provided by the supplying Regional Planning Party shall be returned by the receiving Regional Planning Parties to the supplying Regional Planning Party promptly upon request. Upon termination or expiration of this Section 13.1, a Regional Planning Party shall use reasonable efforts to destroy, erase, delete, or return to the supplying Regional Planning Party any and all written or electronic Confidential Information and CEII. In no event after termination of this Section 13.1.6 or a request from the supplying party for the return of Confidential Information shall a receiving Regional

Planning Party retain copies of any Confidential Information or CEII provided by a supplying Regional Planning Party.

13.1.6.8. Each Regional Planning Party acknowledges that remedies at law are inadequate to protect against breach of the covenants and agreements in this Section 13.1.6, and hereby in advance agrees, without prejudice to any rights to judicial relief that it may otherwise have, to the granting of equitable relief, including injunction, in the supplying Regional Planning Party's favor without proof of actual damages. In addition to the equitable relief referred to in this Section, a supplying Regional Planning Party shall only be entitled to recover from a receiving Regional Planning Party any and all gains wrongfully acquired, directly or indirectly, from a receiving Regional Planning Party's unauthorized disclosure of Confidential Information or CEII.

13.1.7. Dispute Resolution Procedures

13.1.7.1. Any procedural or substantive dispute between a stakeholder and a Regional Planning Party that arises under Section 13.1 of this Attachment K will be addressed by the Regional Planning Party's dispute resolution procedures in its transmission tariff. If the dispute involves both Regional Planning Parties, the Regional Planning Parties and the affected stakeholders will use reasonable efforts to consolidate the resolution of the dispute.

13.1.7.2. A dispute between stakeholders that does not involve a Regional Planning Party (other than a Regional Planning Party's ownership and/or control of the underlying facilities), is to be resolved using the Commission's alternative means of dispute resolution or other means agreed to by the stakeholders.

13.1.7.3. The Regional Planning Parties shall attempt in good faith to achieve consensus among the Regional Planning Parties with respect to all matters arising under Section 13.1 of this Attachment K and to use reasonable efforts through good faith discussion and negotiation to avoid and resolve disputes that could delay or impede a Regional Planning Party from receiving the benefits of Section 13.1 of this Attachment K. The dispute resolution procedures under this Section 13.1.7 apply to any dispute between the Regional Planning Parties that arises from a Regional Planning Party's performance of, or failure to perform, Section 13.1 of this Attachment K and which the Regional Planning Parties are unable to resolve prior to invocation of these procedures.

13.1.7.3.1. In the event a dispute arises, a Regional Planning Party must initially give notice of the dispute to the JPC. Within fifteen (15) days of such notice, the JPC shall meet and the Regional Planning Parties will attempt to resolve the dispute by reasonable efforts through good faith discussion and negotiation. In addition to a Regional Planning Party's JPC representative, a Regional Planning Party shall also be permitted to bring no more than two (2) additional individuals to JPC meetings held in attempts to resolve the dispute as subject matter experts; however, all such participants must be employees of the Regional Planning Party they represent or of the ICT. In addition, each Regional Planning Party may bring no more than two (2) attorneys.

13.1.7.3.2. In the event a dispute arises and the JPC has been unsuccessful in resolving the dispute, a Regional Planning Party may give notice of the dispute to the other Regional Planning Party. Within fifteen (15) days of such notice, the matter shall be referred to a designated senior representative of each Regional Planning Party for resolution on an informal basis.

- 13.1.7.3.3. In the event the designated representatives are unable to resolve the claim or dispute within thirty (30) calendar days of the notice of dispute, such claim or dispute may, upon mutual agreement of the parties, be submitted to mediation under terms and conditions agreed to by the Regional Planning Parties.
- 13.1.7.3.4. In the event the Regional Planning Parties do not reach agreement through mediation conducted in accordance with Section 13.1.7.3.3, or do not agree to submit such claim or dispute to mediation, such claim or dispute may, upon mutual agreement of the Regional Planning Parties, be submitted to arbitration in accordance with terms agreed to by the Regional Planning Parties.
- 13.1.7.3.5. Except to the extent the parties mutually agree to arbitration in accordance with Section 13.1.7.3.4, the foregoing is without prejudice to a Regional Planning Party requesting at any time that the Commission resolve any dispute that is within the jurisdiction of the Commission, including, but not limited to, by submitting a complaint pursuant to Section 206 of the Federal Power Act.
- 13.1.7.3.6. Notwithstanding the foregoing, in the event of disputes involving Confidential Information, infringement or ownership of intellectual property or rights pertaining thereto, or any dispute where a Regional Planning Party seeks temporary or preliminary injunctive relief to avoid alleged immediate and irreparable harm, the procedures stated in this Section 13.1.7 shall apply, but shall not preclude a Regional Planning Party from seeking such temporary or preliminary injunctive relief. If a Regional Planning

Party seeks such judicial relief but fails to obtain it, the Regional Planning Party seeking such relief shall pay the reasonable attorneys' fees and costs of the other Regional Planning Party or Regional Planning Parties incurred with respect to opposing such relief.

- 13.1.8. The failure of a Regional Planning Party to insist, on any occasion, upon strict performance of any provision of this Section 13.1 will not be considered a waiver of any right held by such Regional Planning Party. Any waiver on any specific occasion by either Regional Planning Party shall not be deemed a continuing waiver of such right, nor shall it be deemed a waiver of any other right under this Section 13.1.

13.2. Inter-Regional Planning

- 13.2.1. Entergy and the ICT shall participate in the Southeast Inter-Regional Participation Process. The Southeast Inter-Regional Participation Process is to be performed consistent with Appendix 7 to this Attachment K.

- 13.2.2. The models developed in the regional model development process, as reviewed during the Southeast Inter-Regional Participation Process, shall be used in the Southeast Inter-Regional Participation Process.

- 13.2.3. The Southeast Inter-Regional Participation Process is to be performed annually.

- 13.2.3.1. The Inter-Regional Participating Transmission Owners are to perform up to a total of five Step 1 and Step 2 Inter-Regional Studies annually.

- 13.2.3.2. A Step 1 evaluation consists of a high level screen of the requested study and will be performed within a single year's planning cycle to identify transfer constraints and likely transmission enhancements to resolve the identified constraints associated with a requested study. A Step 1 evaluation also is to provide approximate costs and timelines associated with transmission enhancements identified in the evaluation.
- 13.2.3.3. Stakeholders are to have the option to request a Step 2 evaluation to be performed during the subsequent year's Inter-Regional Participation Process cycle. In the event stakeholders request a Step 2 evaluation, the Inter-Regional Participating Transmission Owners are to develop detailed cost estimates and timelines associated with the final transmission enhancements. The Step 2 evaluation is to provide for coordination with stakeholders and among the impacted Inter-Regional Participating Transmission Owners.
- 13.2.3.4. The Southeast Inter-Regional Participation Process Stakeholder Group ("SIRPPSG") should consider clustering similar Inter-Regional Study requests. In this regard, if two or more of the Inter-Regional Study requests are similar in nature and the Inter-Regional Participating Transmission Owners conclude that clustering of such requests and studies is appropriate, the Inter-Regional Participating Transmission Owners may, following communications with the SIRPPSG, cluster those studies for purposes of the transmission evaluation.
- 13.2.4. A Transmission Customer may request an Inter-Regional Study as part of the ICT stakeholder process, the Regional Planning Process, or the Southeast Inter-Regional Participation Process. The Inter-Regional Studies requested through each Inter-Regional Participating Transmission Owner's open-access

transmission tariff, and the Inter-Regional Studies requested directly through the Southeast Inter-Regional Participation Process, will be consolidated and evaluated as part of the Southeast Inter-Regional Participation Process.

- 13.2.5. The Transmission Provider and the ICT shall provide transmission planning personnel to serve on the Southeast Inter-Regional Participation Process study coordination team.
 - 13.2.5.1. The Southeast Inter-Regional Participation Process study coordination team is to lead the development of study assumptions, perform additional model development, and perform any other coordination efforts with stakeholders and impacted external planning processes.
 - 13.2.5.2. The study coordination team also is to be responsible for performing analyses, developing solution options, evaluating stakeholder suggested solution options, and developing reports.
 - 13.2.5.3. After an Inter-Regional Study is completed, the study coordination team is to distribute applicable reports, subject to any applicable confidentiality provisions, to all Inter-Regional Participating Transmission Owners and stakeholders.
- 13.2.6. During each cycle of the Southeast Inter-Regional Participation Process, the Inter-Regional Participating Transmission Owners are to conduct three inter-regional stakeholder meetings. The information to be discussed at such meetings is to be made available in final draft form for stakeholder review prior to any such meeting by posting on the Southeast Inter-Regional Participation Process website and/or by e-mail to SIRPPSG members. The Participating Transmission Owners are to use reasonable efforts to

make such information available at least 10 calendar days prior to the particular meeting.

13.2.6.1. At the “1st Inter-Regional Stakeholder Meeting:”

- 13.2.6.1.1. all requests for Inter-Regional Studies are to be evaluated;
- 13.2.6.1.2. stakeholders are to select up to five studies that will be evaluated within the planning cycle; and
- 13.2.6.1.3. the study coordination team is to coordinate with stakeholders regarding study assumptions. Stakeholders are to be provided an opportunity to provide comments regarding the assumptions to be used in the applicable study.

13.2.6.2. After the study coordination team performs initial analyses of the Inter-Regional Studies, the Inter-Regional Participating Transmission Owners are to conduct the “2nd Inter-Regional Stakeholder Meeting.” At this meeting:

- 13.2.6.2.1. the study coordination team is to review the results of the initial analyses; and
- 13.2.6.2.2. stakeholders are to be provided an opportunity to provide comments regarding the initial analyses.

13.2.6.3. After the study coordination team finalizes its analyses and drafts Inter-Regional Study reports, the Inter-Regional

Participating Transmission Owners are to conduct the “3rd Inter-Regional Stakeholder Meeting.” At this meeting:

13.2.6.3.1. the Inter-Regional Study reports are to be presented to stakeholders;

13.2.6.3.2. stakeholders are to be provided an opportunity to provide comments regarding the draft reports.

13.2.6.4. After the study coordination team finalizes its reports, such reports are to be provided to all Inter-Regional Participating Transmission Owners and stakeholders

13.2.7. Stakeholder Participation

13.2.7.1. The purpose of the SIRPPSG is to facilitate stakeholder participation in the Southeast Inter-Regional Participation Process.

13.2.7.2. The SIRPPSG is not to have the right to amend the purpose, responsibilities, membership, or data and information release provisions of this Section 13.2.

13.2.7.3. SIRPPSG membership is open to any interested party.

13.2.7.4. The SIRPPSG and participants in the SIRPPSG are to:

- 13.2.7.4.1. adhere to the intent of the Commission's Standards of Conduct requirements in all discussions of the Southeast Inter-Regional Participation Process;
- 13.2.7.4.2. develop the SIRPPSG annual work plan and activity schedule;
- 13.2.7.4.3. propose and select the Inter-Regional Studies to be evaluated;
- 13.2.7.4.4. provide comments on the scope elements of Inter-Regional Studies, including study assumptions, criteria, and methodology; case development and technical analyses; problem identification, assessment, and development of solutions (including proposing alternative solutions for evaluation); comparison and selection of the preferred solution options; and Inter-Regional Study reports; and
- 13.2.7.4.5. provide comments and recommendations to the Inter-Regional Participating Transmission Owners on the Southeast Inter-Regional Participation Process.

13.2.8. Access to Data

- 13.2.8.1. SIRPPSG members are to be permitted to request data and information that would facilitate their ability to replicate Inter-Regional Studies while ensuring that CEII and other confidential data is protected.
- 13.2.8.2. The process for obtaining CEII data and information used in the SIRPP, when such data or information is not

competitively sensitive or otherwise confidential, is to be as follows:

- 13.2.8.2.1. SIRPPSG members may be certified to obtain CEII data used in the SIRPP by following the confidentiality procedures posted on the SIRPP website (e.g., making a formal request for CEII, authorizing background checks, executing the SIRPP CEII Confidentiality Agreement).
- 13.2.8.2.2. The Inter-Regional Participating Transmission Owners reserve the discretionary right to waive the certification process, in whole or in part, for anyone that the Inter-Regional Participating Transmission Owners deem appropriate to receive CEII. The Inter-Regional Participating Transmission Owners also reserve the discretionary right to reject a request for CEII; upon such rejection, the requestor may pursue the SIRPP dispute resolution procedures set forth below.
- 13.2.8.3. The process for obtaining confidential data and information used in the SIRPP that is not CEII is to be as follows:
 - 13.2.8.3.1 The Inter-Regional Participating Transmission Owners will make reasonable efforts to preserve the confidentiality of Confidential Information that is confidential but not CEII in accordance with the provisions of the Tariff and the requirements of (and/or agreements with) NERC and/or SERC, as well as any agreements with the other Inter-Regional Participating Transmission Owners and any other contractual or legal confidentiality requirements.

13.2.8.3.2 Without limiting the applicability of the foregoing, to the extent confidential non-CEII information is provided in the Southeast Inter-Regional Participation Process and is needed to participate in the Southeast Inter-Regional Participation Process and/or to replicate Inter-Regional Studies, it will be made available to those SIRPPSG members who have executed the SIRPP Non-CEII Confidentiality Agreement, which is posted on the SIRPP website.

13.2.8.4. The requirements of Sections 13.2.8.2 and 13.2.8.3 apply to information that is both competitively sensitive/otherwise confidential and CEII.

13.2.9. Inter-Regional Studies shall not affect the queues for transmission or interconnection services.

13.2.10. Inter-Regional Cost Allocation.

13.2.10.1 The costs of facilities constructed as a result of the SIRPP are to be allocated to all of the transmission owners in an SIRPP Regional Planning Process to the extent transmission owners in that regional process construct such facilities, provided that absent an agreement for cost allocation among such transmission owners, the costs are to be allocated to the individual transmission owners that construct such facilities.

13.2.10.2 The costs allocated in accordance with Section 13.2.10.1 are to be further allocated in accordance with the cost allocation principles of the SIRPP Regional Planning Process and/or the individual transmission owner, as applicable.

13.2.10.3 The cost allocation principles for each SIRPP Regional Planning Process are to be posted on the SIRPP website.

13.2.11. Dispute Resolution

13.2.11.1. Any procedural or substantive dispute between a stakeholder and a Participating Transmission Owner that arises from the SIRPP will be addressed by the Participating Transmission Owner's dispute resolution procedures in its respective Regional Planning Process. If dispute resolution proceedings commenced in multiple Regional Planning Processes involve a single dispute among multiple Participating Transmission Owners, the affected Participating Transmission Owners, in consultation with the affected stakeholders, are to use reasonable efforts to consolidate the resolution of the dispute.

13.2.11.2. A dispute between stakeholders that does not involve a Participating Transmission Owner (other than a Participating Transmission Owner's ownership and/or control of the underlying facilities), is to be resolved using the Commission's alternative means of dispute resolution or other means agreed to by the stakeholders.

13.2.11.3. Nothing herein shall restrict the rights of any party to file a Complaint with the Commission under relevant provisions of the Federal Power Act.

13.3. The ICT and the Transmission Provider shall participate in the regional model development process for the SERC region.

- 13.4. The ICT shall participate on the Regional Planning Stakeholder Group of the Southeastern Region (or its successor) to coordinate the Construction Plan developed for the Entergy System.
- 13.5. To the extent regional or inter-regional optimization opportunities or regional or inter-regional economic upgrades are identified, the Transmission Provider and the other individual transmission owners shall have the option of revising their construction plans.
- 13.5.1. The Transmission Provider shall not proceed with a regional optimization opportunity or regional economic upgrade unless a Customer under the Tariff, Entergy's Energy Management Organization, or another interested party enters into binding arrangements to fund such upgrade. A party may fund such upgrades based on its own economic analysis of the value of the upgrade. Neither the ICT nor the Transmission Provider guarantees that any such upgrade will provide economic benefits to the funding customer or any other party.
- 13.5.2. If the Transmission Provider determines that it will proceed with a regional optimization opportunity or regional economic upgrade, the Transmission Provider shall enter into negotiations with other affected transmission owners for a binding agreement governing the allocation of construction costs and responsibility for the coordinated set of upgrades. The Transmission Provider shall not have any obligation to proceed with a regional optimization opportunity or a regional economic upgrade if a satisfactory agreement cannot be negotiated with other affected transmission owners.
- 13.5.3. The Transmission Provider shall not have any obligation to proceed with a regional optimization opportunity or a regional economic upgrade if it does not obtain all regulatory approvals deemed necessary by the Transmission Provider to proceed with the applicable project.

- 13.6. Based on the outcome of the regional and inter-regional optimization of the Transmission Provider's Construction Plan and the construction plans of adjoining transmission owners, the ICT may revise its Base Plan.
- 13.7. If the Construction Plan or the Base Plan is revised in accordance with Sections 13.5 or 13.6 of this Attachment K, such amended plan(s) shall be posted on the Transmission Provider's OASIS. In addition, using the appropriate stakeholder e-mail exploder list, the ICT shall notify stakeholders of the posting of the Construction Plan or Base Plan. The ICT shall conduct one or more meetings with stakeholders to obtain comments and input regarding the modifications.

14. Economic Planning Studies

- 14.1. The ICT will identify potential economic upgrades on the Transmission System, including upgrades to existing facilities as well as construction of new facilities.
- 14.2. Economic upgrades may include (i) accelerating Base Plan Upgrades that, if accelerated, would relieve one or more economic constraints; (ii) modifying Base Plan Upgrades that, as modified, would relieve one or more economic constraints; and (iii) planning and constructing facilities that are not Base Plan Upgrades.
- 14.3. The ICT will identify such upgrades based on screening criteria, which may include considerations such as frequent transmission loading relief events, frequently constrained flowgates in the Available Flowgate Capability process or the Weekly Procurement Process (WPP), flowgates with high congestion costs as identified in the WPP process, and commonly invoked must-run operating guides.

- 14.3.1. The ICT, in conjunction with the Transmission Provider, will perform a preliminary analysis of the cost of upgrading each facility identified by the ICT, and will post this information on OASIS, subject to the confidentiality and CEI provisions of this Attachment K.
- 14.3.2. The ICT will provide information about the potential benefits of the upgrades. This information will include the ICT's estimate of the increase in MW that could flow over the facility as a result of upgrading each identified facility. The ICT, at its discretion, may also: (i) provide an approximation of the reduction in congestion on the facility, based on projected changes in actual flows that would result from the upgrade of the facility; (ii) provide an approximation of the potential savings from the upgrade, using a re-simulation of historic WPP results; and (iii) identify the potential beneficiaries of the upgrade. The ICT will post this information on OASIS, subject to the confidentiality and CEI provisions of this Attachment K.
- 14.4. The ICT will provide stakeholders an opportunity to provide input, including written comments, regarding the screening criteria and process to be utilized in accordance with Section 14.3. The ICT shall make all written comments publicly available to all interested parties by posting them on the Transmission Provider's OASIS or the ICT website, as appropriate.
- 14.5. In addition to studies conducted pursuant to Section 14.1, a Transmission Customer, an Interconnection Customer, or a potential customer (including the Transmission Provider's wholesale merchant function) may request the ICT to conduct one or more economic upgrade studies evaluating specific, potential upgrades or other specific investments that could reduce transmission congestion or integrate new resources and loads on an aggregated or regional basis. Such party may request a study (i) of the Transmission Provider's Transmission System (Entergy System Study), (ii) across the interconnected systems of the Transmission Provider and one or more Regional Planning Parties (Regional Study), or (iii) across the interconnected systems of the Transmission Provider and one or more

Inter-Regional Participating Transmission Owners (Inter-Regional Study). Further, the requesting party may ask the ICT to perform only a Facilities Study (as described in the Transmission Service and Interconnection Service Protocols appended to Attachment S) to determine the cost of the upgrade, or it may ask for an additional assessment as outlined in Section 14.3.2 above, in addition to a cost analysis.

14.5.1. The ICT, in consultation with the Transmission Provider and stakeholders, shall develop the procedures and timelines for parties to request economic upgrade studies under Section 14.5 and post such procedures and timelines on OASIS.

14.5.2. Requests for economic upgrade studies will be processed in a separate queue from transmission and interconnection service requests. Specific requests for transmission and interconnection services will be processed in accordance with the Tariff.

14.5.2.1. While the ICT is not required to study specific requests for an economic upgrade in a cluster, the ICT will do so upon the request of a party requesting an economic upgrade study ("Economic Study Party") when such a request can be reasonably accommodated and all affected Economic Study Parties agree to be studied in the cluster. Under such circumstances, clustering is implemented on the basis of queue position and the nature and compatibility of the request. Economic Study Parties submitting requests that meet the requirements of this paragraph are considered members of the "Economic Upgrade Queue Cluster."

14.5.2.2. In the event that a request for a cluster study involves a Regional Planning Party, Inter-Regional Participating Transmission Owner, or other regional group of stakeholders, the ICT will coordinate the cluster request with such parties. Where an Economic Upgrade Queue Cluster

involves multiple Economic Study Parties, each individual Economic Study Party must accept the study results of an Economic Upgrade Queue Cluster as it relates to all requests studied and cannot request that a particular request be studied individually compared to the rest of the Economic Upgrade Queue Cluster without submitting a new request for a study. Once a study agreement for an Economic Upgrade Queue Cluster study is signed by all members of the Economic Upgrade Queue Cluster, a Customer can opt out of an Economic Upgrade Queue Cluster, request an individual study for the same request, or request inclusion of the same study request in a new Economic Upgrade Queue Cluster, only after the Economic Upgrade Queue Cluster study is completed. The costs of the Economic Upgrade Queue Cluster study will be allocated *pro rata* among the original parties in the Economic Upgrade Queue Cluster.

14.5.3. The ICT will, prior to a calendar year, identify up to a total of five economic studies (other than Inter-Regional Studies) that are the highest priority studies.

14.5.3.1. The ICT shall seek input from the Transmission Provider and stakeholders before identifying the highest priority studies.

14.5.3.2. The costs of the highest priority studies shall be included in the Transmission Provider's transmission cost of service, and shall not be directly assigned to the customer(s) requesting the studies. The actual costs to the Transmission Provider and the ICT for each other study performed pursuant to a request submitted in accordance with Section 14.5 shall be allocated to the party(ies) requesting such study.

14.5.4. A party that requests an economic study in accordance with Section 14.5 must supply all relevant data reasonably within the

party's possession to enable the Transmission Provider and the ICT to calculate the level of congestion costs that are relevant to such study and that are occurring or are expected to occur. To the extent the Transmission Provider's merchant function or regulated operations possesses information necessary to conduct the study, it shall provide such information.

- 14.5.4.1. Information provided in accordance with this Section 14.5.6 shall be treated in accordance with the confidentiality and CEI provisions of this Attachment K
- 14.5.4.2. Disputes regarding access to information under this Section 14.5.6 shall be resolved in accordance with this Attachment K.
- 14.5.5. A request for a Regional Study or an Inter-Regional Study shall be performed in accordance with Section 13 of this Attachment K.
- 14.5.6. In response to a request for an Entergy System Study:
 - 14.5.6.1. The ICT, in conjunction with the Transmission Provider, shall perform a preliminary analysis of the cost of upgrading each facility identified in the study request, and will post this information on OASIS, subject to the confidentiality and CEI provisions of this Attachment K.
 - 14.5.6.2. The ICT will, as applicable, provide information about the potential benefits of the upgrades. This information will include the ICT's estimate of the increase in MW that could flow over the facility as a result of upgrading each identified facility. The ICT, at its discretion, may also: (i) provide an approximation of the reduction in congestion on the facility,

based on projected changes in actual flows that would result from the upgrade of the facility; (ii) provide an approximation of the potential savings from the upgrade, using a re-simulation of historic WPP results; and (iii) identify the potential beneficiaries of the upgrade. The ICT will post this information on OASIS, subject to the confidentiality and CEI provisions of this Attachment K.

14.5.6.3. The criteria used to perform customer-requested economic studies shall be the same criteria used in accordance with Section 14.3, 14.3.1 and 14.3.2.

14.6. A party wishing to proceed with upgrades must submit a request for transmission service under the Tariff or request optional upgrades under an existing Interconnection and Operating Agreement or a Large Generator Interconnection Agreement.

14.6.1. Customers may fund economic upgrades based on their own economic analysis of the value of the upgrade. The ICT may not require the Transmission Provider to construct an upgrade unless the customer has agreed to fund the upgrade. Neither the ICT nor the Transmission Provider guarantees that any such upgrade will provide economic benefits to the funding customer or any other party.

14.6.2. To the extent a requesting customer funds an economic upgrade in order to permit a change in the dispatch of an existing Network Resource, the Transmission Provider and the ICT shall reflect the modified dispatch in the Base Case Models for the Transmission System and in the Transmission Provider's operating guides, as applicable.

14.7. The ICT shall report periodically to Interested Government Agencies (but at least annually) regarding all planning activities related to

economic upgrades. The ICT also shall post on the Transmission Provider's OASIS information relating to (i) each request for an economic planning study and (ii) responses to such requests. Such posting shall be subject to the confidentiality and CEI requirements of this Attachment K.

15. Cost Allocation

- 15.1. The costs of upgrades to the Transmission System, and the costs of upgrades incurred as part of the Regional Planning Process or the SIRPP that are allocated to the Transmission System, shall be allocated to Customers in accordance with Attachment T of the Tariff.
- 15.2. The rights of parties that pay for Supplemental Upgrades on an incremental basis shall be allocated in accordance with Attachment T of the Tariff.

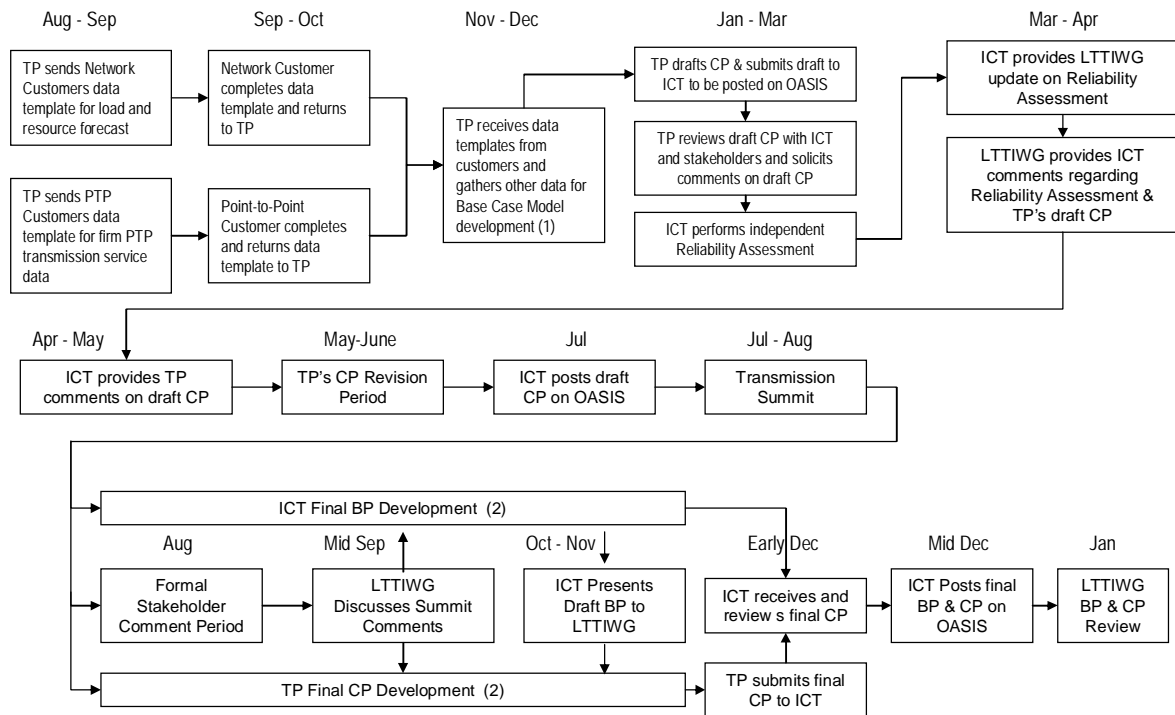
16. Recovery of Planning Costs

- 16.1. The ICT shall provide the standard Customer Study Request Agreement to the customer requesting one of the following types of studies: Entergy System Study, Regional Study, or Inter-Regional Study. This Agreement shall be executed by the ICT and the customer.
- 16.2. Except as otherwise provided herein, the agreement shall obligate the customer to pay for the actual costs of the study, including any costs incurred by the ICT or Transmission Provider associated with performing their respective functions.

Appendix 1 to Attachment K Base Plan and Construction Plan Development Process Timeline

BASE PLAN AND CONSTRUCTION PLAN DEVELOPMENT PROCESS TIMELINE

Approximate Dates



Abbreviations

TP: Transmission Provider

CP: Construction Plan

ICT: Independent Coordinator of

Transmission

BP: Base Plan

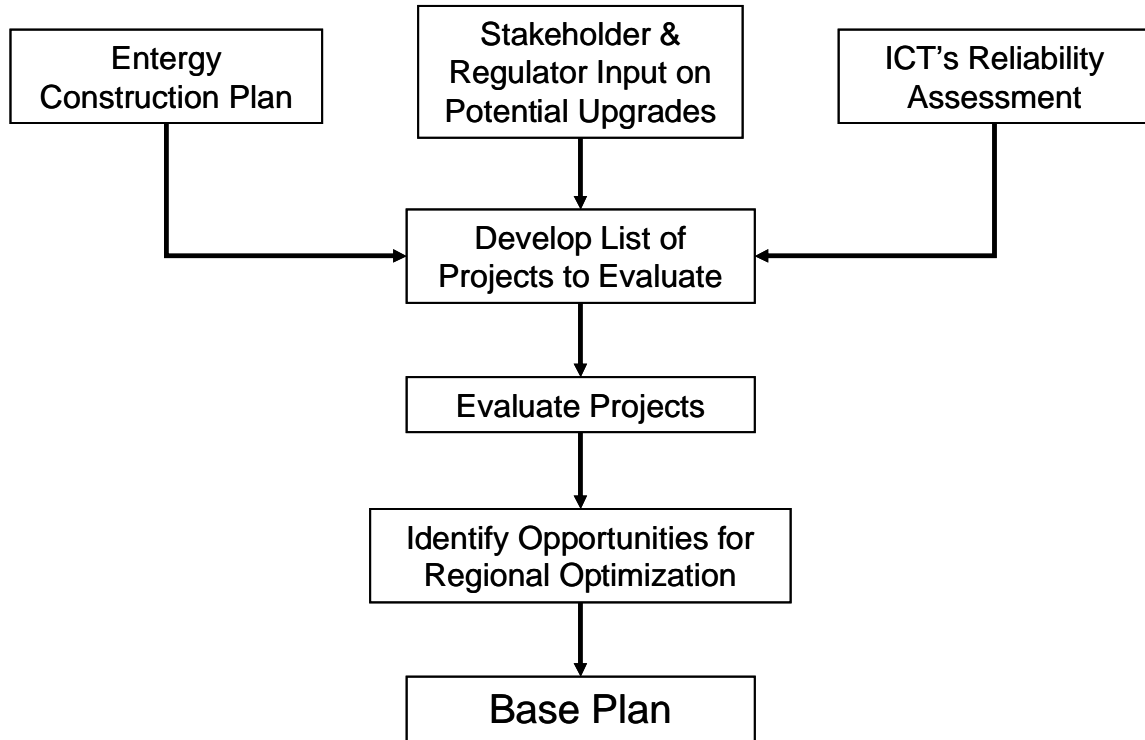
LTTIWG: Long-Term Transmission Issues

Working Group

(1) The ICT shall post quarterly updates of Base Case Models on OASIS. Stakeholders shall be provided an opportunity to comment on such updated Base Case Models.

(2) BP and CP development to also consider output from Regional and Inter-Regional Study Processes.

Appendix2 to Attachment K Base Plan Development Flow Chart
BASE PLAN DEVELOPMENT FLOW CHART



Appendix3 to Attachment K Confidentiality Agreement
CONFIDENTIALITY AGREEMENT

Southwest Power Pool, Inc., as Independent Coordinator of Transmission (ICT) for the Transmission Provider, plans to make available certain Critical Energy Infrastructure Information (CEII) to your company (Recipient) related to planning models and data developed in accordance with Attachment K of the Transmission Provider's Tariff. Prior to receiving this information, the ICT requires that Recipient execute this Confidentiality Agreement (Agreement).

For the purposes of this Agreement only, "employees" include third parties retained for (i) professional advice (including, without limitation, attorneys, accountants, consultants, bankers and financial advisors) or (ii) temporary administrative, clerical or programming support. "Need to know" means that the employee requires the CEII in order to perform his or her responsibilities in connection with Recipient transacting business with the ICT or the Transmission Provider.

By executing this Agreement, Recipient is affirming that all information designated as CEII under Attachment K will be maintained in the strictest confidence and will not be disclosed to any person or entity other than its officers, directors, and employees who have a need to know, who have been advised of the confidentiality of the material, and who have agreed to be bound by the terms of this Agreement. Recipient shall take necessary precautions to prevent disclosure of the CEII to the public or any third party. Recipient agrees that the CEII will not be copied or furnished to other parties. Recipient will safeguard the CEII with the same degree of care to avoid unauthorized disclosure as Recipient uses to protect its own confidential and private information.

CEII will be deemed the property of the ICT, the Transmission Provider, or the party providing the CEII to the ICT or the Transmission Provider (Disclosing Party). Recipient will, within ten days of a written request by the ICT, the Transmission Provider, or the Disclosing Party, (i) return all CEII to the ICT, the Transmission Provider, or the Disclosing Party or (ii) if so directed, destroy all such CEII. Recipient will also, within ten days of a written request by the ICT, the

Transmission Provider, or the Disclosing Party, certify in writing that it has satisfied the obligations of such a request.

The parties agree that an impending or existing violation of any provision of this Agreement would cause the ICT, the Transmission Provider, and the Disclosing Party irreparable injury for which there would be no adequate remedy at law, and that the ICT, the Transmission Provider, and the Disclosing Party will be entitled to seek immediate injunctive relief prohibiting such violation without the posting of bond or other security, in addition to any other rights and remedies available.

No patent, copyright, trademark or other proprietary right is licensed, granted or otherwise transferred by this Agreement or any disclosure hereunder, except for the right to use such information in accordance with this Agreement. No manufacturing or software license under any patents or copyrights of any party is granted by this Agreement or by any disclosure of CEII. No warranties of any kind are given for the CEII disclosed under this Agreement.

This Agreement may not be assigned by Recipient without the prior written consent of the ICT, and Transmission Provider, and the Disclosing Party(ies). Any assignment in violation of this provision will be void. This Agreement will be binding upon the parties and their respective successors and assigns.

If any provision of this Agreement is held invalid or unenforceable, such provision will be deemed deleted from this Agreement and replaced by a valid and enforceable provision which so far as possible achieves the parties intent in agreeing to this original provision. The remaining provisions of this Agreement will continue in full force and affect.

Recipient warrants that it has the authority to enter into this Agreement.

ACKNOWLEDGED AND AGREED:

Company

By: _____

Name: _____

Title: _____

SAMPLE LOAD AND RESOURCE FORECAST DATA TEMPLATE

Reporting Party (Company Name):	
Reported by:	
Title:	
Telephone Number:	
Fax Number:	
E-Mail:	

Historical and Projected Peak Demand

All Time Peak Demand	MW	Date
Summer		
Winter		

OPTIONAL
REQUIRED
REQUIRED

[illegible][illegible][illegible]

[illegible][illegible]

Projected Capacity																			
Reporting Year:		Forecast (Summer)										Forecast (Winter)							
Net Capacity (MW)	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Yr 1-2	Yr 2-3	Yr 3-4	Yr 4-5	Yr 5-6	Yr 6-7	Yr 7-8	Yr 8-9	
Existing firm resources within Entergy CA																			
Firm long-term transactions from resources outside Entergy CA (with assumed rollover rights)																			
Total Firm Resources	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Existing non-firm resources within Entergy CA																			
Committed planned resources																			
Total Non-Firm Resources	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Available Resources	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	

VALIDATION CHECK:
SUM OF CAPACITY >= DEMAND?
 (Y/N) YES YES YES YES YES YES YES YES YES YES YES YES YES YES YES YES YES YES YES
 Projected seasonal peak load should be less than or equal to "Total Available Resources".

[illegible][illegible]

Sheet 8: Non-Firm Resources

[illegible]

Sheet 9: Additional Information

Please insert any additional information here that would be helpful in understanding the data provided.

SAMPLE FIRM POINT-TO-POINT TRANSACTIONS TEMPLATE

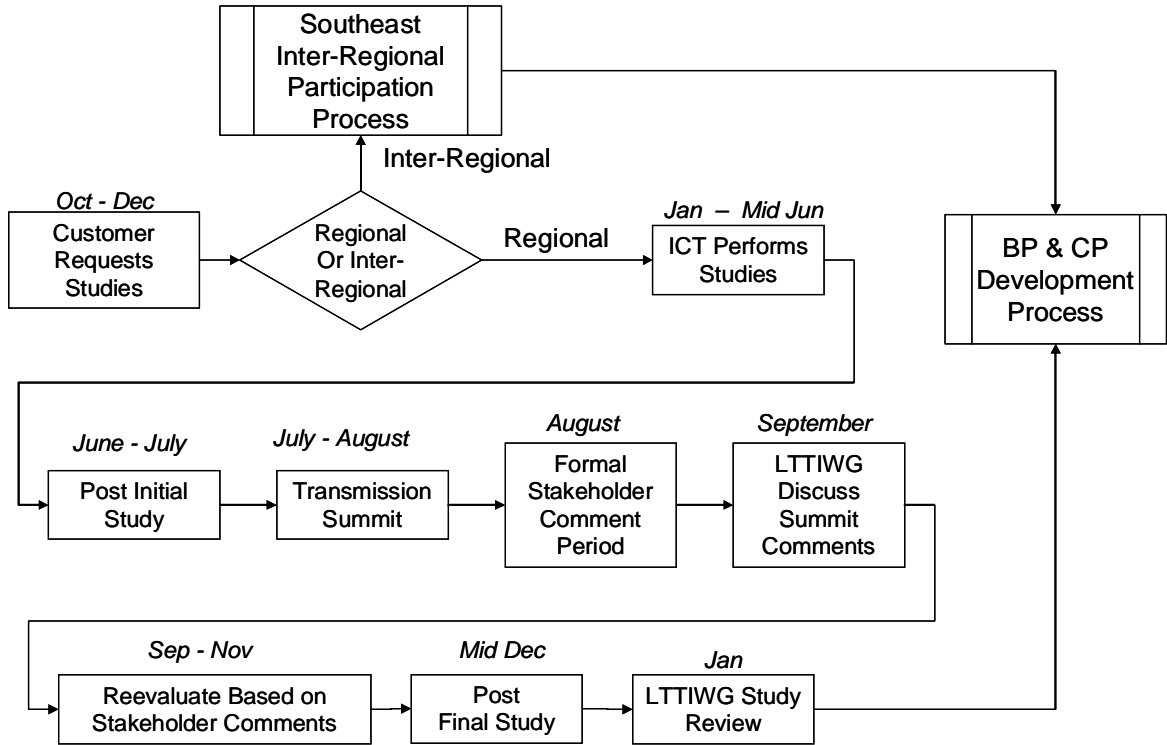
Reporting Party (Company Name):	
Reported by:	
Title:	
Telephone Number:	
Fax Number:	
E-Mail:	

[illegible]

Appendix6 to Attachment K Regional Planning Study Process

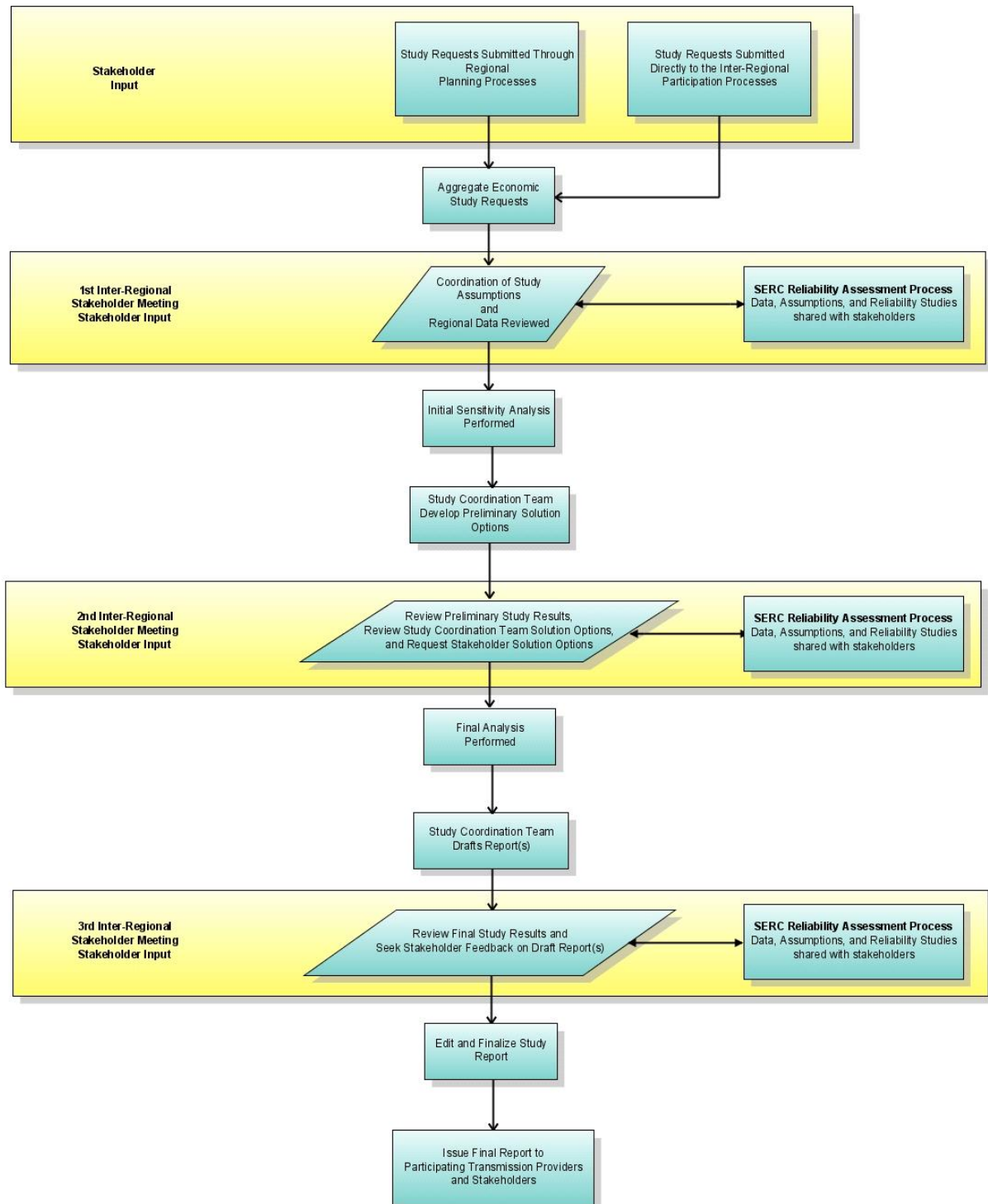
REGIONAL PLANNING STUDY PROCESS

Approximate Dates



Appendix7 to Attachment K Southeast Inter-Regional Participation Process

SOUTHEAST INTER-REGIONAL PARTICIPATION PROCESS



ATTACHMENT L

Creditworthiness Procedures

A. Creditworthiness Evaluation for Unrated TC

1. Purpose. Part A of this Attachment L describes the creditworthiness evaluation that will apply under Section 11.(2)(vi) of the Tariff when Transmission Customers do not have Long-Term Issuer Credit Ratings issued by either Standard & Poor's ("S&P") or Moody's Investor Services, Inc. ("Moody's").
2. Evaluation Process
 2. Transmission Customers that do not have S&P or Moody's Long-Term Issuer Credit Ratings can establish creditworthiness if they: (1) have been in business at least one year; and (2) provide audited financial statements that demonstrate that they meet the standards that are at least equivalent to the standards underlying a S&P Long-term Issuer Credit Rating of BBB- (or better) or Moody's Long-term Issuer Credit Rating of Baa3 (or better).
 - a. Such financial statements should include the Transmission Customer's business start date, present ownership, line of business, as well as overall credit ratings, financial stress or credit score assigned by public sources.
 - a. A Transmission Customer must also provide sworn financial information sufficient to allow the Transmission Provider to evaluate, among other things, the customer's liquidity, profitability, leverage, and cash flow measures from year-to-year and for comparison to other companies in the same industry.

8. In conducting its credit review, the Transmission Provider may consider a Transmission Customer's reported trade experiences, including the average high and highest trade reference, compared to the industry average. The Transmission Provider may also review the public record for reported suits, liens, judgments and UCC filings, and in order to determine if the Transmission Customer is operating under any chapter of the bankruptcy laws and/or is subject to liquidation or debt reduction procedures under state laws.
- If the Transmission Customer is found not to be creditworthy pursuant to Section 11.2(vi) of the Tariff, the Transmission Provider will provide the Transmission Customer a written explanation of such determination.

B. Prepayment of Service

1. Purpose. Part B of this Attachment L describes the implementation of the prepayment provisions for new and existing Transmission Customers under Section 11.3 of the Tariff.

2. General Requirements

7.3 A Transmission Customer wishing to prepay for Transmission Service must provide at least 30 days notice of its election of prepayment status. The election must be made on a calendar month basis. Upon election of prepayment status, the Transmission Customer must immediately provide to Transmission Provider a phone number, a fax number, a primary contact name, and an email address in order to facilitate the necessary rapid exchange of invoice data and remittance of funds. Any outstanding Transmission Service charges, including charges for the current month's service, will be invoiced at the end of the current month pursuant to the normal transmission service customer billing cycle. These charges **must** be paid by the due date, which will be the earlier of the normally calculated due date or five (5) Business Days prior to the beginning of the next month.

- a. This prepayment process assumes a valid OASIS request is one that has been approved by the ICT and confirmed by the prepaying Transmission Customer.

- d. By virtue of the inherent nature of Daily Non-firm and Hourly Non-firm service, the Transmission Provider is unable to accommodate these types of service under the FERC approved prepayment provisions.

3. Invoices and Payments

- a. On each Business Day, the Transmission Provider will identify all confirmed reservations from prepaying Transmission Customers through the end of the prior calendar day, generate invoices, and transmit the invoices to the prepaying Transmission Customer by fax and/or email. A separate invoice will be generated for each confirmed OASIS reservation. A Business Day is defined as one which is recognized by the Federal Reserve Bank as an operational day and excludes weekends and holidays as defined by the Federal Reserve Bank.

iii. For reservations of one month or less, the invoice due date for prepaid Transmission Service will be two (2) business days following the date of the invoice and no later than five (5) business days prior to the start of service for that reservation (i.e., the earlier of two (2) business days following the date of the invoice or five (5) business days prior to the start of service for that reservation).

- a. For reservations of more than one month, the invoice due date for the initial month of prepaid Transmission Service will be two (2) business days following the date of the invoice and no later than five (5) business days prior to the start of service for that reservation (i.e., the earlier of two (2) business days following the date of the invoice or five (5) business days prior to the start of service for that reservation). For subsequent months, the invoice due date will be five (5) business days prior to the beginning of each month.
- a. Table 1 shows a sample timeline of invoice dates and invoice due dates for service.

[illegible]

Ex 3			Confirm	Inv Dt				Inv Due Dt								SOS
Ex 4				Confirm	Inv Dt			Inv Due Dt								SOS
Ex 5					Confirm			Inv Dt & Due Dt								SOS
Ex 6						Confirm		Inv Dt & Due Dt								SOS
Ex 7							Confirm	Inv Dt & Due Dt								SOS

Legend: BD = Bus Day, NBD = Non Bus Day, SOS = Start of Service

Note 1: Note that Monday, May 24, 2004 is the fifth Business Day prior to SOS for OASIS reservations with SOS = June 1, 2004. Note also in this example, Sunday, May 23, 2004 is the final calendar day on which the PPTC may confirm an OASIS request with SOS = June 1, 2004.

C. Suspension of Service

1. Purpose: In accordance with Section 11.4 of the Tariff, the Transmission Provider may suspend Transmission Service if the Transmission Customer fails to provide the financial assurance required under Section 11.3.3 or 11.3.4. Part C to this Attachment L describes the process that will apply if the Transmission Provider suspends a Transmission Customer's Transmission Service.
2. The Transmission Customer will be notified of its obligation to provide financial assurance and the required deadline to provide this financial assurance in accordance with Section 11.3.5 of the Tariff. If the Transmission Customer fails to meet these noticed deadlines, the Transmission Provider will notify the ICT and will implement any such suspension of Transmission Service.
3. Suspension of service means all confirmed reservations will be recalled. All new reservations submitted by a suspended

Transmission Customer will be rejected until its financial assurance requirements are satisfied.

4. The Transmission Provider will manage suspension of Transmission Service on a weekly basis to allow the suspended capacity to be returned to the market. This means that if service is suspended on or after Monday of the week, the reservation will not be restored until the next Monday following the time the Transmission Customer's financial assurance requirements are satisfied.
 - Reservations for one week or less will be recalled upon suspension of Transmission Service and returned to the market
 - Reservations of more than one week will be recalled for the balance of the current week and on a weekly basis thereafter until the Transmission Customer provides the required financial assurance.
5. The Transmission Provider will not restore the capacity to the Transmission Customer within the week of suspension. The Transmission Customer must make a new OASIS request after providing the required financial assurance if service is desired during the week of suspension. The ICT will approve the new request only if capacity is available.
6. The Transmission Customer will not be billed for Transmission Service that has been suspended for failure to provide the required financial assurance.

ATTACHMENT M

Source and Sink Requirements for P-t-P Service

1. **Generally:** All Transmission Customers taking service under the point to point transmission service provisions of Entergy's Open Access Transmission Tariff ("OATT") must submit to Entergy OASIS reservations and transmission schedules that designate specific and valid sources and sinks.

2. Definitions

2.01 Source: A "source" is the location of the generating facility(ies) supplying the capacity and energy to be transmitted.

2.02 Sink: A "sink" is the location of the load ultimately served by the capacity and energy transmitted.

3. Valid Sources and Sinks On the Entergy Transmission System

3.01 Source: If the source is on the Entergy Transmission System, the source must be a specific and valid generator bus. A load bus is not a valid source. Only one generator bus may be listed as the source.

3.02 Sink: If the sink is on the Entergy Transmission System, the sink must be a specific and valid load bus. A generator bus is not a valid sink. Only one load bus may be listed as the sink.

3.03 Posting: Entergy will post on OASIS and update as appropriate a list of all specific and valid sources and sinks on the Entergy Transmission System.

4. Valid Sources and Sinks Off the Entergy Transmission System

4.01 Source: If the source is not on the Entergy Transmission System, the source can be the control area where the source generating unit is located. A load only control area is not a valid source.

4.02 Sink: If the sink is not on the Entergy Transmission System, the sink can be the control area where the ultimate load is located. A generation only control area is not a valid sink.

5. Scheduled Amount: The scheduled amount for any point to point transmission schedule cannot exceed the amount of the Entergy approved OASIS reservation and either of the following: (a) for sources on the Entergy Transmission System, the rated capability of the generating facility(ies) at the generator bus; or (b) for sinks on the Entergy Transmission System, the maximum allowable load at the load bus.

6. Modifications in Service Specifications

6.01 Generally: Source or sink information provided in an OASIS reservation or transmission schedule can be modified consistent with Section 22 of Entergy's OATT.

6.02 Service under Section 22 of Entergy's OATT: If the Transmission Customer submits source or sink information in a transmission schedule that is different from the information provided in the OASIS reservation, the following procedures shall be followed:

- 6.02.01** Pursuant to Section 22 of Entergy's OATT and Section 6.03 of this attachment, Entergy shall determine whether the change in source or sink information requires it to provide service over Receipt or Delivery Points other than those specified in the OASIS reservation.
- 6.02.02** If the change in source or sink information does not require Entergy to provide service over Receipt or Delivery Points other than those originally specified in the OASIS reservation, then Entergy shall accept the transmission schedule.
- 6.02.03** If the change in source or sink information does require Entergy to provide service over Receipt or Delivery Points other than those originally specified in the OASIS reservation, Entergy shall refuse the transmission schedule, and the Transmission Customer shall have the option of submitting: (a) a new schedule that conforms to the original OASIS reservation; (b) a new OASIS reservation for firm service over the new Receipt or Delivery Points consistent with Section 22.2 of Entergy's OATT; or (c) a new OASIS reservation for non firm service over Secondary Receipt or Delivery Points consistent with Section 22.1 of Entergy's OATT.

6.03 Changes in Receipt or Delivery Points: Modifications to source and sink information will require Entergy to provide service over Receipt or Delivery Points other than those originally specified in the OASIS reservation, if either of the following applies:

- 6.03.01** For original sources or sinks on the Entergy Transmission System, the new source or sink is located in a different control area than the original source or sink OR is connected to the Entergy Transmission System at

a different transmission substation than the original source or sink.

6.03.02 For original sources or sinks off the Entergy Transmission System, the new source or sink is located in a different control area than the original source or sink AND Entergy would have evaluated different Receipt or Delivery Points in deciding whether to grant the original service request.

7. **NERC Tags as Schedules:** In order to minimize scheduling work for all entities, Entergy will accept NERC Tags as transmission schedules, provided that the information described above is supplied on the NERC Tags.

ATTACHMENT N

Standard Large Generator Interconnection Procedures (LGIP)

Applicable to Generating Facilities that exceed 20MW

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Appendix 6 – Interconnection Procedures for a Wind Generating Plant

Appendix 7 - Standard Large Generator Interconnection Agreement

Section 1 Definitions

Adverse System Impact shall mean the negative effects due to technical or operational limits on conductors or equipment being exceeded that may compromise the safety and reliability of the electric system.

Affected System shall mean an electric system other than the Transmission Provider's Transmission System that may be affected by the proposed interconnection.

Affected System Operator shall mean the entity that operates an Affected System.

Affiliate shall mean, with respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.

Ancillary Services shall mean those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the Transmission Provider's Transmission System in accordance with Good Utility Practice.

Applicable Laws and Regulations shall mean all duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

Applicable Reliability Council shall mean the reliability council applicable to the Transmission System to which the Generating Facility is directly interconnected.

Applicable Reliability Standards shall mean the requirements and guidelines of NERC, the Applicable Reliability Council, and the Control Area of the Transmission System to which the Generating Facility is directly interconnected.

Base Case shall mean the base case power flow, short circuit, and stability data bases used for the Interconnection Studies by the Transmission Provider or Interconnection Customer.

Breach shall mean the failure of a Party to perform or observe any material term or condition of the Standard Large Generator Interconnection Agreement.

Breaching Party shall mean a Party that is in Breach of the Standard Large Generator Interconnection Agreement.

Business Day shall mean Monday through Friday, excluding Federal Holidays.

Calendar Day shall mean any day including Saturday, Sunday or a Federal Holiday.

Clustering shall mean the process whereby a group of Interconnection Requests is studied together, instead of serially, for the purpose of conducting the Interconnection System Impact Study.

Commercial Operation shall mean the status of a Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation.

Commercial Operation Date of a unit shall mean the date on which the Generating Facility commences Commercial Operation as agreed to by the Parties pursuant to Appendix E to the Standard Large Generator Interconnection Agreement.

Confidential Information shall mean any confidential, proprietary or trade secret information of a plan, specification, pattern, procedure, design, device, list, concept, policy or compilation relating to the present or planned business of a Party, which is designated as confidential by the Party supplying the information, whether conveyed orally, electronically, in writing, through inspection, or otherwise.

Control Area shall mean an electrical system or systems bounded by interconnection metering and telemetry, capable of controlling generation to maintain its interchange schedule with other Control Areas and contributing to frequency regulation of the interconnection. A Control Area must be certified by an Applicable Reliability Council.

Default shall mean the failure of a Breaching Party to cure its Breach in accordance with Article 17 of the Standard Large Generator Interconnection Agreement.

Dispute Resolution shall mean the procedure for resolution of a dispute between the Parties in which they will first attempt to resolve the dispute on an informal basis.

Distribution System shall mean the Transmission Provider's facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which distribution systems operate differ among areas.

Distribution Upgrades shall mean the additions, modifications, and upgrades to the Transmission Provider's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Generating Facility and render the transmission service necessary to effect Interconnection Customer's wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities.

Effective Date shall mean the date on which the Standard Large Generator Interconnection Agreement becomes effective upon execution by the Parties subject to acceptance by FERC, or if filed unexecuted, upon the date specified by FERC.

Emergency Condition shall mean a condition or situation: (1) that in the judgment of the Party making the claim is imminently likely to endanger life or property; or (2) that, in the case of a Transmission Provider, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to Transmission Provider's Transmission System, Transmission Provider's Interconnection Facilities or the electric systems of others to which the Transmission Provider's Transmission System is directly connected; or (3) that, in the case of Interconnection Customer, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Generating Facility or Interconnection Customer's Interconnection Facilities. System restoration and black start shall be considered Emergency Conditions; provided that Interconnection Customer is not obligated by the Standard Large Generator Interconnection Agreement to possess black start capability.

Energy Resource Interconnection Service shall mean an Interconnection Service that allows the Interconnection Customer to connect its Generating Facility to the Transmission Provider's Transmission System to be eligible to deliver the Generating Facility's electric output using the existing firm or nonfirm capacity of the Transmission Provider's Transmission System on an as available basis. Energy Resource Interconnection Service in and of itself does not convey transmission service.

Engineering & Procurement (E&P) Agreement shall mean an agreement that authorizes the Transmission Provider to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection in order to advance the implementation of the Interconnection Request.

Environmental Law shall mean Applicable Laws or Regulations relating to pollution or protection of the environment or natural resources.

Federal Power Act shall mean the Federal Power Act, as amended, 16 U.S.C. §§ 791a et seq.

FERC shall mean the Federal Energy Regulatory Commission (Commission) or its successor.

Force Majeure shall mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include acts of negligence or intentional wrongdoing by the Party claiming Force Majeure.

Generating Facility shall mean Interconnection Customer's device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

Generating Facility Capacity shall mean the net capacity of the Generating Facility and the aggregate net capacity of the Generating Facility where it includes multiple energy production devices.

Good Utility Practice shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

Governmental Authority shall mean any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing

authority or power; provided, however, that such term does not include Interconnection Customer, Transmission Provider, or any Affiliate thereof.

Hazardous Substances shall mean any chemicals, materials or substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "hazardous constituents," "restricted hazardous materials," "extremely hazardous substances," "toxic substances," "radioactive substances," "contaminants," "pollutants," "toxic pollutants" or words of similar meaning and regulatory effect under any applicable Environmental Law, or any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law.

Initial Synchronization Date shall mean the date upon which the Generating Facility is initially synchronized and upon which Trial Operation begins.

In-Service Date shall mean the date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Transmission Provider's Interconnection Facilities to obtain back feed power.

Interconnection Customer shall mean any entity, including the Transmission Provider, Transmission Owner or any of the Affiliates or subsidiaries of either, that proposes to interconnect its Generating Facility with the Transmission Provider's Transmission System.

Interconnection Customer's Interconnection Facilities shall mean all facilities and equipment, as identified in Appendix A of the Standard Large Generator Interconnection Agreement, that are located between the Generating Facility and the Point of Change of Ownership, including any modification, addition, or upgrades to such facilities and equipment necessary to physically and electrically interconnect the Generating Facility to the Transmission Provider's Transmission System. Interconnection Customer's Interconnection Facilities are sole use facilities.

Interconnection Facilities shall mean the Transmission Provider's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Generating Facility to the Transmission Provider's Transmission System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Interconnection Facilities Study shall mean a study conducted by the Transmission Provider or a third party consultant for the Interconnection Customer to determine a list of facilities (including Transmission Provider's Interconnection Facilities and Network Upgrades as identified in the Interconnection System Impact Study), the cost of those facilities, and the time required to interconnect the Generating Facility with the Transmission Provider's Transmission System. The scope of the study is defined in Section 8 of the Standard Large Generator Interconnection Procedures.

Interconnection Facilities Study Agreement shall mean the form of agreement contained in Appendix 4 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection Facilities Study.

Interconnection Feasibility Study shall mean a preliminary evaluation of the system impact and cost of interconnecting the Generating Facility to the Transmission Provider's Transmission System, the scope of which is described in Section 6 of the Standard Large Generator Interconnection Procedures.

Interconnection Feasibility Study Agreement shall mean the form of agreement contained in Appendix 2 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection Feasibility Study.

Interconnection Request shall mean an Interconnection Customer's request, in the form of Appendix 1 to the Standard Large Generator

Interconnection Procedures, in accordance with the Tariff, to interconnect a new Generating Facility, or to increase the capacity of, or make a Material Modification to the operating characteristics of, an existing Generating Facility that is interconnected with the Transmission Provider's Transmission System.

Interconnection Service shall mean the service provided by the Transmission Provider associated with interconnecting the Interconnection Customer's Generating Facility to the Transmission Provider's Transmission System and enabling it to receive electric energy and capacity from the Generating Facility at the Point of Interconnection, pursuant to the terms of the Standard Large Generator Interconnection Agreement and, if applicable, the Transmission Provider's Tariff.

Interconnection Study shall mean any of the following studies: the Interconnection Feasibility Study, the Interconnection System Impact Study, and the Interconnection Facilities Study described in the Standard Large Generator Interconnection Procedures.

Interconnection System Impact Study shall mean an engineering study that evaluates the impact of the proposed interconnection on the safety and reliability of Transmission Provider's Transmission System and, if applicable, an Affected System. The study shall identify and detail the system impacts that would result if the Generating Facility were interconnected without project modifications or system modifications, focusing on the Adverse System Impacts identified in the Interconnection Feasibility Study, or to study potential impacts, including but not limited to those identified in the Scoping Meeting as described in the Standard Large Generator Interconnection Procedures.

Interconnection System Impact Study Agreement shall mean the form of agreement contained in Appendix 3 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection System Impact Study.

IRS shall mean the Internal Revenue Service.

Joint Operating Committee shall be a group made up of representatives from Interconnection Customers and the Transmission Provider to coordinate operating and technical considerations of Interconnection Service.

Large Generating Facility shall mean a Generating Facility having a Generating Facility Capacity of more than 20 MW.

Loss shall mean any and all losses relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's performance, or non-performance of its obligations under the Standard Large Generator Interconnection Agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnifying Party.

Material Modification shall mean those modifications that have a material impact on the cost or timing of any Interconnection Request with a later queue priority date.

Metering Equipment shall mean all metering equipment installed or to be installed at the Generating Facility pursuant to the Standard Large Generator Interconnection Agreement at the metering points, including but not limited to instrument transformers, MWh-meters, data acquisition equipment, transducers, remote terminal unit, communications equipment, phone lines, and fiber optics.

NERC shall mean the North American Electric Reliability Council or its successor organization.

Network Resource shall mean any designated generating resource owned, purchased, or leased by a Network Customer under the Network Integration Transmission Service Tariff. Network Resources do not include any

resource, or any portion thereof, that is committed for sale to third parties or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis.

Network Resource Interconnection Service shall mean an Interconnection Service that allows the Interconnection Customer to integrate its Large Generating Facility with the Transmission Provider's Transmission System (1) in a manner comparable to that in which the Transmission Provider integrates its generating facilities to serve native load customers; or (2) in an RTO or ISO with market based congestion management, in the same manner as Network Resources. All requests for Network Resource Interconnection Service shall be administered and studied consistent with the deliverability provisions set forth in Attachment N-1 to the Tariff. Network Resource Interconnection Service in and of itself does not convey transmission service.

Network Upgrades shall mean the additions, modifications, and upgrades to the Transmission Provider's Transmission System required at or beyond the point at which the Interconnection Facilities connect to the Transmission Provider's Transmission System to accommodate the interconnection of the Large Generating Facility to the Transmission Provider's Transmission System.

Notice of Dispute shall mean a written notice of a dispute or claim that arises out of or in connection with the Standard Large Generator Interconnection Agreement or its performance.

Optional Interconnection Study shall mean a sensitivity analysis based on assumptions specified by the Interconnection Customer in the Optional Interconnection Study Agreement.

Optional Interconnection Study Agreement shall mean the form of agreement contained in Appendix 5 of the Standard Large Generator Interconnection Procedures for conducting the Optional Interconnection Study.

Party or Parties shall mean Transmission Provider, Transmission Owner, Southwest Power Pool, Inc. as Independent coordinator of Transmission ("ICT"), Interconnection Customer or any combination of the above.

Point of Change of Ownership shall mean the point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Customer's Interconnection Facilities connect to the Transmission Provider's Interconnection Facilities.

Point of Interconnection shall mean the point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Facilities connect to the Transmission Provider's Transmission System.

Queue Position shall mean the order of a valid Interconnection Request, relative to all other pending valid Interconnection Requests, that is established based upon the date and time of receipt of the valid Interconnection Request by the Transmission Provider.

Reasonable Efforts shall mean, with respect to an action required to be attempted or taken by a Party under the Standard Large Generator Interconnection Agreement, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

Scoping Meeting shall mean the meeting between representatives of the Interconnection Customer and Transmission Provider conducted for the purpose of discussing alternative interconnection options, to exchange information including any transmission data and earlier study evaluations that would be reasonably expected to impact such interconnection options, to analyze such information, and to determine the potential feasible Points of Interconnection.

Site Control shall mean documentation reasonably demonstrating: (1) ownership of, a leasehold interest in, or a right to develop a site for the purpose of constructing the Generating Facility; (2) an option to purchase or acquire a leasehold site for such purpose; or (3) an exclusivity or other business relationship between Interconnection Customer and the entity having the right to sell, lease or grant Interconnection Customer the right to possess or occupy a site for such purpose.

Small Generating Facility shall mean a Generating Facility that has a Generating Facility Capacity of no more than 20 MW.

Stand Alone Network Upgrades shall mean Network Upgrades that an Interconnection Customer may construct without affecting day-to-day operations of the Transmission System during their construction. Both the Transmission Provider and the Interconnection Customer must agree as to what constitutes Stand Alone Network Upgrades and identify them in Appendix A to the Standard Large Generator Interconnection Agreement.

Standard Large Generator Interconnection Agreement (LGIA) shall mean the form of interconnection agreement applicable to an Interconnection Request pertaining to a Large Generating Facility that is included in the Transmission Provider's Tariff.

Standard Large Generator Interconnection Procedures (LGIP) shall mean the interconnection procedures applicable to an Interconnection Request pertaining to a Large Generating Facility that are included in the Transmission Provider's Tariff.

System Protection Facilities shall mean the equipment, including necessary protection signal communications equipment, required to protect (1) the Transmission Provider's Transmission System from faults or other electrical disturbances occurring at the Generating Facility and (2) the Generating Facility from faults or other electrical system disturbances occurring on the Transmission Provider's Transmission System or on other delivery systems or other generating

systems to which the Transmission Provider's Transmission System is directly connected.

Tariff shall mean the Transmission Provider's Tariff through which open access transmission service and Interconnection Service are offered, as filed with FERC, and as amended or supplemented from time to time, or any successor tariff.

Transmission Owner shall mean an entity that owns, leases or otherwise possesses an interest in the portion of the Transmission System at the Point of Interconnection and may be a Party to the Standard Large Generator Interconnection Agreement to the extent necessary.

Transmission Provider shall mean the public utility (or its designated agent) that owns, controls, or operates transmission or distribution facilities used for the transmission of electricity in interstate commerce and provides transmission service under the Tariff. The term Transmission Provider should be read to include the Transmission Owner when the Transmission Owner is separate from the Transmission Provider.

Transmission Provider's Interconnection Facilities shall mean all facilities and equipment owned, controlled, or operated by the Transmission Provider from the Point of Change of Ownership to the Point of Interconnection as identified in Appendix A to the Standard Large Generator Interconnection Agreement, including any modifications, additions or upgrades to such facilities and equipment. Transmission Provider's Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Transmission System shall mean the facilities owned, controlled or operated by the Transmission Provider or Transmission Owner that are used to provide transmission service under the Tariff.

Trial Operation shall mean the period during which Interconnection Customer is engaged in on-site test operations and commissioning of the Generating Facility prior to Commercial Operation.

Section 2 Scope and Application

2.1 Application of Standard Large Generator Interconnection Procedures

Sections 2 through 13 apply to processing an Interconnection Request pertaining to a Large Generating Facility.

2.2 Comparability

Transmission Provider shall receive, process and analyze all Interconnection Requests in a timely manner as set forth in this LGIP. Transmission Provider will use the same Reasonable Efforts in processing and analyzing Interconnection Requests from all Interconnection Customers, whether the Generating Facilities are owned by Transmission Provider, its subsidiaries or Affiliates or others.

2.3 Base Case Data.

Transmission Provider shall provide base power flow, short circuit and stability databases, including all underlying assumptions, and contingency list upon request subject to confidentiality provisions in LGIP Section 13.1. Transmission Provider is permitted to require that Interconnection Customer sign a confidentiality agreement before the release of commercially sensitive information or Critical Energy Infrastructure Information in the Base Case data. Such databases and lists, hereinafter referred to as Base Cases, shall include all (1) generation projects and (ii) transmission projects, including merchant transmission projects that are proposed for the Transmission System for which a transmission expansion plan has been submitted and approved by the applicable authority.

2.4 No Applicability to Transmission Service.

Nothing in this LGIP shall constitute a request for transmission service or confer upon an Interconnection Customer any right to receive transmission service.

Section 3 Interconnection Requests

3.1 General

An Interconnection Customer shall submit to Transmission Provider an Interconnection Request in the form of Appendix 1 to this LGIP and a refundable deposit of \$10,000. Transmission Provider shall apply the deposit toward the cost of an Interconnection Feasibility Study.

Interconnection Customer shall submit a separate Interconnection Request for each site and may submit multiple Interconnection Requests for a single site. Interconnection Customer must submit a deposit with each Interconnection Request even when more than one request is submitted for a single site. An Interconnection Request to evaluate one site at two different voltage levels shall be treated as two Interconnection Requests.

At Interconnection Customer's option, Transmission Provider and Interconnection Customer will identify alternative Point(s) of Interconnection and configurations at the Scoping Meeting to evaluate in this process and attempt to eliminate alternatives in a reasonable fashion given resources and information available. Interconnection Customer will select the definitive Point(s) of Interconnection to be studied no later than the execution of the Interconnection Feasibility Study Agreement.

3.2 Identification of Types of Interconnection Services

At the time the Interconnection Request is submitted, Interconnection Customer must request either Energy Resource Interconnection Service or Network Resource Interconnection Service, as described; provided, however, any Interconnection Customer requesting Network Resource Interconnection Service may also request that it be concurrently studied for Energy Resource Interconnection Service, up to the point when an Interconnection Facility Study Agreement is executed. Interconnection Customer may then elect to proceed with Network Resource Interconnection Service or to proceed under a lower level of interconnection service to the extent that only certain upgrades will be completed.

3.2.1 Energy Resource Interconnection Service.

3.2.1.1 The Product

Energy Resource Interconnection Service allows Interconnection Customer to connect the Large Generating Facility to the Transmission System and be eligible to deliver the Large Generating Facility's output using the existing firm or non-firm capacity of the Transmission System on an "as available" basis. Energy Resource Interconnection Service does not in and of itself convey any right to deliver electricity to any specific customer or Point of Delivery.

3.2.1.2 The Study

The study consists of short circuit/fault duty, steady state (thermal and voltage), and stability analyses. In addition, when applicable, the study shall include a regional transfer capability analysis and/or a nuclear plant off-site power analysis. The short circuit/fault duty analysis would identify direct Interconnection Facilities required and the Network Upgrades necessary to address short circuit issues associated with the Interconnection Facilities. The stability and steady state studies would identify necessary upgrades to allow full output of the proposed Large Generating Facility and would also identify the maximum allowed output, at the time the study is performed, of the interconnecting Large Generating Facility without requiring additional Network Upgrades. In conjunction with this study, Transmission Provider shall perform a reactive power analysis at the Point of Interconnection as it relates to the Transmission System.

3.2.2 Network Resource Interconnection Service

3.2.2.1

The Product

Transmission Provider must conduct the necessary studies and construct the Network Upgrades needed to integrate the Large Generating Facility (1) in a manner comparable to that in which Transmission Provider integrates its generating facilities to serve native load customers; or (2) in an ISO or RTO with market based congestion management, in the same manner as Network Resources. Network Resource Interconnection Service Allows Interconnection Customer 's Large Generating Facility to be designated as a Network Resource, up to the Large Generating Facility's full output, on the same basis as existing Network Resources interconnected to Transmission Provider's Transmission System, and to be studied as a Network Resource on the assumption that such a designation will occur.

3.2.2.2

The Study

The Interconnection Study for Network Resource Interconnection Service shall assure that Interconnection Customer's Large Generating Facility meets the requirements for Network Resource Interconnection Service and as a general matter, that such Large Generating Facility's interconnection is also studied with Transmission Provider's Transmission System under a variety of severely stressed conditions, to determine whether, with the Large Generating Facility at full output, the aggregate of generation in the local area can be delivered to the aggregate of load on Transmission Provider's Transmission System, consistent with Transmission Provider's reliability criteria and procedures. This approach assumes that some portion of existing Network Resources are displaced by the output of Interconnection Customer's Large Generating Facility. At an Interconnection Customer's request, Transmission Provider will provide written justification that non-peak-load based studies are required for reliability purposes. The Interconnection Study for

Network Resource Interconnection Service +deliverability provisions set forth in Attachment N-1 to the Tariff. Network Resource Interconnection Service in and of itself does not convey any right to deliver electricity to any specific customer or Point of Delivery. The Transmission Provider may also study the Transmission System under non-peak load conditions. However, upon request by the Interconnection Customer, the Transmission Provider must explain in writing to the Interconnection Customer why the study of non-peak load conditions is required for reliability purposes.

3.3 Valid Interconnection Request

3.3.1 Initiating an Interconnection Request.

To initiate an Interconnection Request, Interconnection Customer must submit all of the following: (i) a \$10,000 deposit, (ii) a completed application in the form of Appendix 1, and (iii) demonstration of Site Control or a posting of an additional deposit of \$10,000. Such deposits shall be applied toward any Interconnection Studies pursuant to the Interconnection Request. If Interconnection Customer demonstrates Site Control within the cure period specified in Section 3.3.3 after submitting its Interconnection Request, the additional deposit shall be refundable; otherwise, all such deposit(s), additional and initial, become non-refundable.

The expected In-Service Date of the new Large Generating Facility or increase in capacity of the existing Generating Facility shall be no more than the process window for the regional expansion planning period (or in the absence of a regional planning process, the process window for Transmission Provider's expansion planning period) not to exceed seven years from the date the Interconnection Request is received by Transmission Provider, unless Interconnection Customer demonstrates that engineering, permitting and construction of the new Large Generating Facility or increase in capacity of the existing Generating Facility will take longer than the regional expansion planning period. The In-Service

Date may succeed the date the Interconnection Request is received by Transmission Provider by a period up to ten years, or longer where Interconnection Customer and Transmission Provider agree, such agreement not to be unreasonably withheld.

3.3.2 Acknowledgment of Interconnection Request

Transmission Provider shall acknowledge receipt of the Interconnection Request within five (5) Business Days of receipt of the request and attach a copy of the received Interconnection Request to the acknowledgement.

3.3.3 Deficiencies in Interconnection Request

An Interconnection Request will not be considered to be a valid request until all items in Section 3.3.1 have been received by Transmission Provider. If an Interconnection Request fails to meet the requirements set forth in Section 3.3.1, Transmission Provider shall notify Interconnection Customer within five (5) Business Days of receipt of the initial Interconnection Request of the reasons for such failure and that the Interconnection Request does not constitute a valid request. Interconnection Customer shall provide Transmission Provider the additional requested information needed to constitute a valid request within ten (10) Business Days after receipt of such notice. Failure by Interconnection Customer to comply with this Section 3.3.3 shall be treated in accordance with Section 3.6.

3.3.4 Scoping Meeting

Within ten (10) Business Days after receipt of a valid Interconnection Request, Transmission Provider shall establish a date agreeable to Interconnection Customer for the Scoping Meeting, and such date shall be no later than thirty (30) Calendar Days from receipt of the valid Interconnection Request, unless otherwise mutually agreed upon by the Parties.

The purpose of the Scoping Meeting shall be to discuss alternative interconnection options, to exchange information including any transmission data that would reasonably be expected to impact such interconnection options, to analyze such information and to determine the potential feasible Points of Interconnection. Transmission Provider and Interconnection Customer will bring to

the meeting such technical data, including, but not limited to: (i) general facility loadings, (ii) general instability issues, (iii) general short circuit issues, (iv) general voltage issues, and (v) general reliability issues as may be reasonably required to accomplish the purpose of the meeting. Transmission Provider and Interconnection Customer will also bring to the meeting personnel and other resources as may be reasonably required to accomplish the purpose of the meeting in the time allocated for the meeting. On the basis of the meeting, Interconnection Customer shall designate its Point of Interconnection, pursuant to Section 6.1, and one or more available alternative Point(s) of Interconnection. The duration of the meeting shall be sufficient to accomplish its purpose.

3.4 OASIS Posting

Transmission Provider will maintain on its OASIS a list of all Interconnection Requests. The list will identify, for each Interconnection Request: (i) the maximum summer and winter megawatt electrical output; (ii) the location by county and state; (iii) the station or transmission line or lines where the interconnection will be made; (iv) the projected In-Service Date; (v) the status of the Interconnection Request, including Queue Position; (vi) the type of Interconnection Service being requested; and (vii) the availability of any studies related to the Interconnection Request; (viii) the date of the Interconnection Request; (ix) the type of Generating Facility to be constructed (combined cycle, base load or combustion turbine and fuel type); and (x) for Interconnection Requests that have not resulted in a completed interconnection, an explanation as to why it was not completed. Except in the case of an Affiliate, the list will not disclose the identity of Interconnection Customer until Interconnection Customer executes an LGIA or requests that Transmission Provider file an unexecuted LGIA with FERC. Before holding a Scoping Meeting with its Affiliate, Transmission Provider shall post on OASIS an advance notice of its intent to do so. Transmission Provider shall post to its OASIS site any deviations from the study timelines set forth herein. Interconnection Study reports and Optional Interconnection Study reports shall be posted to Transmission Provider's OASIS site subsequent to the meeting between Interconnection Customer and Transmission Provider to discuss the applicable study results. Transmission Provider shall also post any known deviations in the Large Generating Facility's In-Service Date.

3.5 Coordination with Affected Systems

Transmission Provider will coordinate the conduct of any studies required to determine the impact of the Interconnection Request on Affected Systems with Affected System Operators and, if possible, include those results (if available) in its applicable Interconnection Study within the time frame specified in this LGIP. Transmission Provider will include such Affected System Operators in all meetings held with Interconnection Customer as required by this LGIP. Interconnection Customer will cooperate with Transmission Provider in all matters related to the conduct of studies and the determination of modifications to Affected Systems. A Transmission Provider which may be an Affected System shall cooperate with Transmission Provider with whom interconnection has been requested in all matters related to the conduct of studies and the determination of modifications to Affected Systems.

3.6 Withdrawal

Interconnection Customer may withdraw its Interconnection Request at any time by written notice of such withdrawal to Transmission Provider. In addition, if Interconnection Customer fails to adhere to all requirements of this LGIP, except as provided in Section 13.5 (Disputes), Transmission Provider shall deem the Interconnection Request to be withdrawn and shall provide written notice to Interconnection Customer of the deemed withdrawal and an explanation of the reasons for such deemed withdrawal. Upon receipt of such written notice, Interconnection Customer shall have fifteen (15) Business Days in which to either respond with information or actions that cures the deficiency or to notify Transmission Provider of its intent to pursue Dispute Resolution.

Withdrawal shall result in the loss of Interconnection Customer's Queue Position. If an Interconnection Customer disputes the withdrawal and loss of its Queue Position, then during Dispute Resolution, Interconnection Customer's Interconnection Request is eliminated from the queue until such time that the outcome of Dispute Resolution would restore its Queue Position. An Interconnection Customer that withdraws or is deemed to have withdrawn its Interconnection Request shall pay to Transmission Provider all costs that Transmission Provider prudently incurs with respect to that Interconnection Request prior to Transmission Provider's receipt of notice described above. Interconnection Customer must pay all monies due to Transmission Provider before it is allowed to obtain any Interconnection Study data or results.

Transmission Provider shall (i) update the OASIS Queue Position posting and (ii) refund to Interconnection Customer any portion of Interconnection Customer's deposit or study payments that exceeds the costs that Transmission Provider has incurred, including interest calculated in accordance with section 35.19a(a)(2) of FERC's regulations. In the event of such withdrawal, Transmission Provider, subject to the confidentiality provisions of Section 13.1, shall provide, at Interconnection Customer's request, all information that Transmission Provider developed for any completed study conducted up to the date of withdrawal of the Interconnection Request.

Section 4 Queue Position

4.1 General.

Transmission Provider shall assign a Queue Position based upon the date and time of receipt of the valid Interconnection Request; provided that, if the sole reason an Interconnection Request is not valid is the lack of required information on the application form, and Interconnection Customer provides such information in accordance with Section 3.3.3, then Transmission Provider shall assign Interconnection Customer a Queue Position based on the date the application form was originally filed. Moving a Point of Interconnection shall result in a lowering of Queue Position if it is deemed a Material Modification under Section 4.4.3.

The Queue Position of each Interconnection Request will be used to determine the order of performing the Interconnection Studies and determination of cost responsibility for the facilities necessary to accommodate the Interconnection Request. A higher queued Interconnection Request is one that has been placed "earlier" in the queue in relation to another Interconnection Request that is lower queued.

Transmission Provider may allocate the cost of the common upgrades for clustered Interconnection Requests without regard to Queue Position.

4.2 Clustering.

At Transmission Provider's option, Interconnection Requests may be studied serially or in clusters for the purpose of the Interconnection System Impact Study, consistent with Attachment N-1 to the Tariff.

Clustering shall be implemented on the basis of Queue Position. If Transmission Provider elects to study Interconnection Requests using Clustering, all Interconnection Requests received within a period not to exceed one hundred and eighty (180) Calendar Days, hereinafter referred to as the "Queue Cluster Window" shall be studied together without regard to the nature of the underlying Interconnection Service, whether Energy Resource Interconnection Service or Network Resource Interconnection Service. The deadline for completing all Interconnection System Impact Studies for which an Interconnection System Impact Study Agreement has been executed during a Queue Cluster Window shall be in accordance with Section 7.4, for all Interconnection Requests assigned to the same Queue Cluster Window. Transmission Provider may study an Interconnection Request separately to the extent warranted by Good Utility Practice based upon the electrical remoteness of the proposed Large Generating Facility. Clustering Interconnection System Impact Studies shall be conducted in such a manner to ensure the efficient implementation of the applicable regional transmission expansion plan in light of the Transmission System's capabilities at the time of each study.

The Queue Cluster Window shall have a fixed time interval based on fixed annual opening and closing dates. Any changes to the established Queue Cluster Window interval and opening or closing dates shall be announced with a posting on Transmission Provider's OASIS beginning at least one hundred and eighty (180) Calendar Days in advance of the change and continuing thereafter through the end date of the first Queue Cluster Window that is to be modified.

4.3 Transferability of Queue Position

An Interconnection Customer may transfer its Queue Position to another entity only if such entity acquires the specific Generating Facility identified in the Interconnection Request and the Point of Interconnection does not change.

4.4 Modifications

Interconnection Customer shall submit to Transmission Provider, in writing, modifications to any information provided in the Interconnection Request. Interconnection Customer shall retain its Queue Position if the modifications are in accordance with Sections 4.4.1, 4.4.2 or 4.4.5, or are determined not to be Material Modifications pursuant to Section 4.4.3.

Notwithstanding the above, during the course of the Interconnection Studies, either Interconnection Customer or Transmission Provider may identify changes to the planned interconnection that may improve the costs and benefits (including reliability) of the interconnection, and the ability of the proposed change to accommodate the Interconnection Request. To the extent the identified changes are acceptable to Transmission Provider and Interconnection Customer, such acceptance not to be unreasonably withheld, Transmission Provider shall modify the Point of Interconnection and/or configuration in accordance with such changes and proceed with any re-studies necessary to do so in accordance with Section 6.4, Section 7.6 and Section 8.5 as applicable and Interconnection Customer shall retain its Queue Position.

4.4.1 Prior to the return of the executed Interconnection System Impact Study Agreement to Transmission Provider, modifications permitted under this Section shall include specifically: (a) a decrease of up to 60 percent of electrical output (MW) of the proposed project; (b) modifying the technical parameters associated with the Large Generating Facility technology or the Large Generating Facility step-up transformer impedance characteristics; and (c) modifying the interconnection configuration. For plant increases, the incremental increase in plant output will go to the end of the queue for the purposes of cost allocation and study analysis.

4.4.2 Prior to the return of the executed Interconnection Facility Study Agreement to Transmission Provider, the modifications permitted under this Section shall include specifically: (a) additional 15 percent decrease of electrical output (MW), and (b) Large Generating Facility technical parameters associated with modifications to Large

Generating Facility technology and transformer impedances; provided, however, the incremental costs associated with those modifications are the responsibility of the requesting Interconnection Customer.

4.4.3 Prior to making any modification other than those specifically permitted by Sections 4.4.1, 4.4.2, and 4.4.5, Interconnection Customer may first request that Transmission Provider evaluate whether such modification is a Material Modification. In response to Interconnection Customer's request, Transmission Provider shall evaluate the proposed modifications prior to making them and inform Interconnection Customer in writing of whether the modifications would constitute a Material Modification. Any change to the Point of Interconnection, except those deemed acceptable under Sections 4.4.1, 6.1, 7.2 or so allowed elsewhere, shall constitute a Material Modification. Interconnection Customer may then withdraw the proposed modification or proceed with a new Interconnection Request for such modification.

4.4.4 Upon receipt of Interconnection Customer's request for modification permitted under this Section 4.4, Transmission Provider shall commence and perform any necessary additional studies as soon as practicable, but in no event shall Transmission Provider commence such studies later than thirty (30) Calendar Days after receiving notice of Interconnection Customer's request. Any additional studies resulting from such modification shall be done at Interconnection Customer's cost.

4.4.5 Extensions of less than three (3) cumulative years in the Commercial Operation Date of the Large Generating Facility to which the Interconnection Request relates are not material and should be handled through construction sequencing.

Section 5 Procedures for Requests Submitted Prior to Eff. Date of LGIP

5.1 Queue Position for Pending Requests

5.1.1 Any Interconnection Customer assigned a Queue Position prior to the effective date of this LGIP shall retain that Queue Position.

5.1.1.1 If an Interconnection Study Agreement has not been executed as of the effective date of this LGIP, then such Interconnection Study, and any subsequent Interconnection Studies, shall be processed in accordance with this LGIP.

5.1.1.2 If an Interconnection Study Agreement has been executed prior to the effective date of this LGIP, such Interconnection Study shall be completed in accordance with the terms of such agreement. With respect to any remaining studies for which an Interconnection Customer has not signed an Interconnection Study Agreement prior to the effective date of the LGIP, Transmission Provider must offer Interconnection Customer the option of either continuing under Transmission Provider's existing interconnection study process or going forward with the completion of the necessary Interconnection Studies (for which it does not have a signed Interconnection Studies Agreement) in accordance with this LGIP.

5.1.1.3 If an LGIA has been submitted to FERC for approval before the effective date of the LGIP, then the LGIA would be grandfathered.

5.1.2 Transition Period.

To the extent necessary, Transmission Provider and Interconnection Customers with an outstanding request (i.e., an Interconnection Request for which an LGIA has not been submitted to FERC for approval as of the effective date of this LGIP) shall transition to this LGIP within a reasonable period of time not to exceed sixty (60) Calendar Days. The use of the term "outstanding request" herein shall mean any Interconnection Request, on the effective date of this LGIP: (i) that has been submitted but not yet accepted by Transmission Provider; (ii) where the related interconnection agreement has not yet been submitted to FERC for approval in executed or unexecuted form, (iii) where the relevant Interconnection Study Agreements have not yet been executed, or (iv) where any of the relevant Interconnection Studies are in process but not yet completed. Any Interconnection Customer with an outstanding request as of the effective date of this LGIP may request a reasonable extension of any deadline, otherwise applicable, if necessary to avoid undue hardship or prejudice to its Interconnection Request. A reasonable extension shall be granted by Transmission Provider to the extent consistent with the intent and process provided for under this LGIP.

5.2 New Transmission Provider

If Transmission Provider transfers control of its Transmission System to a successor Transmission Provider during the period when an Interconnection Request is pending, the original Transmission Provider shall transfer to the successor Transmission Provider any amount of the deposit or payment with interest thereon that exceeds the cost that it incurred to evaluate the request for interconnection. Any difference between such net amount and the deposit or payment required by this LGIP shall be paid by or refunded to the Interconnection Customer, as appropriate. The original Transmission Provider shall coordinate with the successor Transmission Provider to complete any Interconnection Study, as appropriate, that the original Transmission Provider has begun but has not completed. If Transmission Provider has tendered a draft LGIA to Interconnection Customer but Interconnection Customer has not either executed the LGIA or requested the filing of an unexecuted LGIA with FERC, unless otherwise provided, Interconnection Customer must complete negotiations with the successor Transmission Provider.

Section 6 Interconnection Feasibility Study

6.1 Interconnection Feasibility Study Agreement

Simultaneously with the acknowledgement of a valid Interconnection Request Transmission Provider shall provide to Interconnection Customer an Interconnection Feasibility Study Agreement in the form of Appendix 2. The Interconnection Feasibility Study Agreement shall specify that Interconnection Customer is responsible for the actual cost of the Interconnection Feasibility Study. Within five (5) Business Days following the Scoping Meeting Interconnection Customer shall specify for inclusion in the attachment to the Interconnection Feasibility Study Agreement the Point(s) of Interconnection and any reasonable alternative Point(s) of Interconnection. Within five (5) Business Days following Transmission Provider's receipt of such designation, Transmission Provider shall tender to Interconnection Customer the Interconnection Feasibility Study Agreement signed by Transmission Provider, which includes a good faith estimate of the cost for completing the Interconnection Feasibility Study. Interconnection Customer shall execute and deliver to Transmission Provider the Interconnection Feasibility Study Agreement along with a \$10,000 deposit no later than thirty (30) Calendar Days after its receipt.

On or before the return of the executed Interconnection Feasibility Study Agreement to Transmission Provider, Interconnection Customer shall provide the technical data called for in Appendix 1, Attachment A. If the Interconnection Feasibility Study uncovers any unexpected result(s) not contemplated during the Scoping Meeting, a substitute Point of Interconnection identified by either Interconnection Customer or Transmission Provider, and acceptable to the other, such acceptance not to be unreasonably withheld, will be substituted for the designated Point of Interconnection specified above without loss of Queue Position, and Re-studies shall be completed pursuant to Section 6.4 as applicable. For the purpose of this Section 6.1, if Transmission Provider and Interconnection

Customer cannot agree on the substituted Point of Interconnection, then Interconnection Customer may direct that one of the alternatives as

specified in the Interconnection Feasibility Study Agreement, as specified pursuant to Section 3.3.4, shall be the substitute.

If Interconnection Customer and Transmission Provider agree to forgo the Interconnection Feasibility Study, Transmission Provider will initiate an Interconnection System Impact Study under Section 7 of this LGIP and apply the \$10,000 deposit towards the Interconnection System Impact Study.

6.2 Scope of Interconnection Feasibility Study.

The Interconnection Feasibility Study shall preliminarily evaluate the feasibility of the proposed interconnection to the Transmission System.

The Interconnection Feasibility Study will consider the Base Case as well as all generating facilities (and with respect to (iii), any identified Network Upgrades) that, on the date the Interconnection Feasibility Study is commenced: (i) are directly interconnected to the Transmission System; (ii) are interconnected to Affected Systems and may have an impact on the Interconnection Request; (iii) have a pending higher queued Interconnection Request to interconnect to the Transmission System; and (iv) have no Queue Position but have executed an LGIA or requested that an unexecuted LGIA be filed with FERC. The Interconnection Feasibility Study will consist of a power flow and short circuit analysis, each of which shall be conducted and evaluated in accordance with the deliverability provisions set forth in Attachment N-1 to the Tariff. The Interconnection Feasibility Study will provide a list of facilities and a non-binding good faith estimate of cost responsibility and a non-binding good faith estimated time to construct.

6.3 Interconnection Feasibility Study Procedures.

Transmission Provider shall utilize existing studies to the extent practicable when it performs the study. Transmission Provider shall use Reasonable Efforts to complete the Interconnection Feasibility Study no later than forty-five (45) Calendar Days after Transmission Provider receives the fully executed Interconnection Feasibility Study Agreement. At the request of Interconnection Customer or at any time Transmission

Provider determines that it will not meet the required time frame for completing the Interconnection Feasibility Study, Transmission Provider shall notify Interconnection Customer as to the schedule status of the Interconnection Feasibility Study. If Transmission Provider is unable to complete the Interconnection Feasibility Study within that time period, it shall notify Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required. Upon request, Transmission Provider shall provide Interconnection Customer supporting documentation, workpapers and relevant power flow, short circuit and stability databases for the Interconnection Feasibility Study, subject to confidentiality arrangements consistent with Section 13.1.

6.3.1 Meeting with Transmission Provider.

Within ten (10) Business Days of providing an Interconnection Feasibility Study report to Interconnection Customer, Transmission Provider and Interconnection Customer shall meet to discuss the results of the Interconnection Feasibility Study.

6.4 Re-Study

If Re-Study of the Interconnection Feasibility Study is required due to a higher queued project dropping out of the queue, or a modification of a higher queued project subject to Section 4.4, or re-designation of the Point of Interconnection pursuant to Section 6.1 Transmission Provider shall notify Interconnection Customer in writing. Such Re-Study shall take not longer than forty-five (45) Calendar Days from the date of the notice. Any cost of Re-Study shall be borne by the Interconnection Customer being re-studied.

Section 7 Interconnection System Impact Study

7.1 Interconnection System Impact Study Agreement

Unless otherwise agreed, pursuant to the Scoping Meeting provided in Section 3.3.4, simultaneously with the delivery of the Interconnection Feasibility Study to Interconnection Customer, Transmission Provider shall provide to Interconnection Customer an Interconnection System Impact Study Agreement in the form of Appendix 3 to this LGIP. The

Interconnection System Impact Study Agreement shall provide that Interconnection Customer shall compensate Transmission Provider for the actual cost of the Interconnection System Impact Study. Within three (3) Business Days following the Interconnection Feasibility Study results meeting, Transmission Provider shall provide to Interconnection Customer a non-binding good faith estimate of the cost and timeframe for completing the Interconnection System Impact Study.

7.2 Execution of Interconnection System Impact Study Agreement

Interconnection Customer shall execute the Interconnection System Impact Study Agreement and deliver the executed Interconnection System Impact Study Agreement to Transmission Provider no later than thirty (30) Calendar Days after its receipt along with demonstration of Site Control, and a \$50,000 deposit.

If Interconnection Customer does not provide all such technical data when it delivers the Interconnection System Impact Study Agreement, Transmission Provider shall notify Interconnection Customer of the deficiency within five (5) Business Days of the receipt of the executed Interconnection System Impact Study Agreement and Interconnection Customer shall cure the deficiency within ten (10) Business Days of receipt of the notice, provided, however, such deficiency does not include failure to deliver the executed Interconnection System Impact Study Agreement or deposit. If the Interconnection System Impact Study uncovers any unexpected result(s) not contemplated during the Scoping Meeting and the Interconnection Feasibility Study, a substitute Point of Interconnection identified by either Interconnection Customer or Transmission Provider, and acceptable to the other, such acceptance not to be unreasonably withheld, will be substituted for the designated Point of Interconnection specified above without loss of Queue Position, and restudies shall be completed pursuant to Section 7.6 as applicable. For the purpose of this Section 7.2, if Transmission Provider and Interconnection Customer cannot agree on the substituted Point of Interconnection, then Interconnection Customer may direct that one of the alternatives as specified in the Interconnection Feasibility Study Agreement, as specified pursuant to Section 3.3.4, shall be the substitute.

7.3 Scope of Interconnection System Impact Study

The Interconnection System Impact Study shall evaluate the impact of the proposed interconnection on the reliability of the Transmission System. The Interconnection System Impact Study will consider the Base Case as well as all generating facilities (and with respect to (iii) below, any identified Network Upgrades associated with such higher queued interconnection) that, on the date the Interconnection System Impact Study is commenced: (i) are directly interconnected to the Transmission System; (ii) are interconnected to Affected Systems and may have an impact on the Interconnection Request; (iii) have a pending higher queued Interconnection Request to interconnect to the Transmission System; and (iv) have no Queue Position but have executed an LGIA or requested that an unexecuted LGIA be filed with FERC.

The Interconnection System Impact Study will consist of a short circuit analysis, a stability analysis, and a power flow analysis, each of which shall be conducted and evaluated in accordance with the deliverability provisions set forth in Attachment N-1 to the Tariff. In addition, when applicable, this study shall include a regional transfer capability analysis and/or a nuclear plant off-site power analysis. The Interconnection System Impact Study will state the assumptions upon which it is based; state the results of the analyses; and provide the requirements or potential impediments to providing the requested interconnection service, including a preliminary indication of the cost and length of time that would be necessary to correct any problems identified in those analyses and implement the interconnection. The Interconnection System Impact Study will provide a list of facilities that are required as a result of the Interconnection Request and a non-binding good faith estimate of cost responsibility and a non-binding good faith estimated time to construct. In conjunction with this study, Transmission Provider shall perform a reactive power analysis at the Point of Interconnection as it relates to the Transmission System.

7.4 Interconnection System Impact Study Procedures

Transmission Provider shall coordinate the Interconnection System Impact Study with any Affected System that is affected by the Interconnection Request pursuant to Section 3.5 above. Transmission Provider shall

utilize existing studies to the extent practicable when it performs the study. Transmission Provider shall use Reasonable Efforts to complete the Interconnection System Impact Study within ninety (90) Calendar Days after the receipt of the Interconnection System Impact Study Agreement or notification to proceed, study payment, and technical data. If Transmission Provider uses Clustering, Transmission Provider shall use Reasonable Efforts to deliver a completed Interconnection System Impact Study within ninety (90) Calendar Days after the close of the Queue Cluster Window.

At the request of Interconnection Customer or at any time Transmission Provider determines that it will not meet the required time frame for completing the Interconnection System Impact Study, Transmission Provider shall notify Interconnection Customer as to the schedule status of the Interconnection System Impact Study. If Transmission Provider is unable to complete the Interconnection System Impact Study within the time period, it shall notify Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required. Upon request, Transmission Provider shall provide Interconnection Customer all supporting documentation, workpapers and relevant pre-Interconnection Request and post-Interconnection Request power flow, short circuit and stability databases for the Interconnection System Impact Study, subject to confidentiality arrangements consistent with Section 13.1.

7.5 Meeting with Transmission Provider.

Within ten (10) Business Days of providing an Interconnection System Impact Study report to Interconnection Customer, Transmission Provider and Interconnection Customer shall meet to discuss the results of the Interconnection System Impact Study.

7.6 Re-Study

If Re-Study of the Interconnection System Impact Study is required due to a higher queued project dropping out of the queue, or a modification of a higher queued project subject to Section 4.4, or re-designation of the Point

of Interconnection pursuant to Section 7.2 Transmission Provider shall notify Interconnection Customer in writing. Such Re-Study shall take no longer than sixty (60) Calendar Days from the date of notice. Any cost of Re-Study shall be borne by the Interconnection Customer being re-studied.

Section 8 Interconnection Facilities Study

8.1 Interconnection Facilities Study Agreement

Simultaneously with the delivery of the Interconnection System Impact Study to Interconnection Customer, Transmission Provider shall provide to Interconnection Customer an Interconnection Facilities Study Agreement in the form of Appendix 4 to this LGIP. The Interconnection Facilities Study Agreement shall provide that Interconnection Customer shall compensate Transmission Provider for the actual cost of the Interconnection Facilities Study. Within three (3) Business Days following the Interconnection System Impact Study results meeting, Transmission Provider shall provide to Interconnection Customer a non-binding good faith estimate of the cost and timeframe for completing the Interconnection Facilities Study. Interconnection Customer shall execute the Interconnection Facilities Study Agreement and deliver the executed Interconnection Facilities Study Agreement to Transmission Provider within thirty (30) Calendar Days after its receipt, together with the required technical data and the greater of \$100,000 or Interconnection Customer's portion of the estimated monthly cost of conducting the Interconnection Facilities Study.

8.1.1 Transmission Provider shall invoice Interconnection Customer on a monthly basis for the work to be conducted on the Interconnection Facilities Study each month. Interconnection Customer shall pay invoiced amounts within thirty (30) Calendar Days of receipt of invoice. Transmission Provider shall continue to hold the amounts on deposit until settlement of the final invoice.

8.2 Scope of Interconnection Facilities Study

The Interconnection Facilities Study shall specify and estimate the cost of the equipment, engineering, procurement and construction work needed to implement the conclusions of the Interconnection System Impact Study

in accordance with Good Utility Practice to physically and electrically connect the Interconnection Facility to the Transmission System. The Interconnection Facilities Study shall include a ground grid analysis and also identify the electrical switching configuration of the connection equipment, including, without limitation: the transformer, switchgear, meters, and other station equipment; the nature and estimated cost of any Transmission Provider's Interconnection Facilities and Network Upgrades necessary to accomplish the interconnection; and an estimate of the time required to complete the construction and installation of such facilities.

8.3 Interconnection Facilities Study Procedures

Transmission Provider shall coordinate the Interconnection Facilities Study with any Affected System pursuant to Section 3.5 above.

Transmission Provider shall utilize existing studies to the extent practicable in performing the Interconnection Facilities Study.

Transmission Provider shall use Reasonable Efforts to complete the study and issue a draft Interconnection Facilities Study report to Interconnection Customer within the following number of days after receipt of an executed Interconnection Facilities Study Agreement: ninety (90) Calendar Days, with no more than a +/- 20 percent cost estimate contained in the report; or one hundred eighty (180) Calendar Days, if Interconnection Customer requests a +/- 10 percent cost estimate.

At the request of Interconnection Customer or at any time Transmission Provider determines that it will not meet the required time frame for completing the Interconnection Facilities Study, Transmission Provider shall notify Interconnection Customer as to the schedule status of the Interconnection Facilities Study. If Transmission Provider is unable to complete the Interconnection Facilities Study and issue a draft Interconnection Facilities Study report within the time required, it shall notify Interconnection Customer and provide an estimated completion date and an explanation of the reasons why additional time is required.

Interconnection Customer may, within thirty (30) Calendar Days after receipt of the draft report, provide written comments to Transmission Provider, which Transmission Provider shall include in the final report. Transmission Provider shall issue the final Interconnection Facilities Study report within fifteen (15) Business Days of receiving Interconnection

Customer's comments or promptly upon receiving Interconnection Customer's statement that it will not provide comments. Transmission Provider may reasonably extend such fifteen-day period upon notice to Interconnection Customer if Interconnection Customer's comments require Transmission Provider to perform additional analyses or make other significant modifications prior to the issuance of the final Interconnection Facilities Report. Upon request, Transmission Provider shall provide Interconnection Customer supporting documentation, workpapers, and databases or data developed in the preparation of the Interconnection Facilities Study, subject to confidentiality arrangements consistent with Section 13.1.

8.4 Meeting with Transmission Provider

Within ten (10) Business Days of providing a draft Interconnection Facilities Study report to Interconnection Customer, Transmission Provider and Interconnection Customer shall meet to discuss the results of the Interconnection Facilities Study.

8.5 Re-Study

If Re-Study of the Interconnection Facilities Study is required due to a higher queued project dropping out of the queue or a modification of a higher queued project pursuant to Section 4.4, Transmission Provider shall so notify Interconnection Customer in writing. Such Re-Study shall take no longer than sixty (60) Calendar Days from the date of notice. Any cost of Re-Study shall be borne by the Interconnection Customer being re-studied.

Section 9 Engineering & Procurement ('E&P') Agreement

Prior to executing an LGIA, an Interconnection Customer may, in order to advance the implementation of its interconnection, request and Transmission Provider shall offer the Interconnection Customer, an E&P Agreement that authorizes Transmission Provider to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection. However, Transmission Provider shall not be obligated to offer an E&P Agreement if Interconnection Customer is in Dispute Resolution as a result of an

allegation that Interconnection Customer has failed to meet any milestones or comply with any prerequisites specified in other parts of the LGIP. The E&P Agreement is an optional procedure and it will not alter the Interconnection Customer's Queue Position or In-Service Date. The E&P Agreement shall provide for Interconnection Customer to pay the cost of all activities authorized by Interconnection Customer and to make advance payments or provide other satisfactory security for such costs.

Interconnection Customer shall pay the cost of such authorized activities and any cancellation costs for equipment that is already ordered for its interconnection, which cannot be mitigated as hereafter described, whether or not such items or equipment later become unnecessary. If Interconnection Customer withdraws its application for interconnection or either Party terminates the E&P Agreement, to the extent the equipment ordered can be canceled under reasonable terms, Interconnection Customer shall be obligated to pay the associated cancellation costs. To the extent that the equipment cannot be reasonably canceled, Transmission Provider may elect: (i) to take title to the equipment, in which event Transmission Provider shall refund Interconnection Customer any amounts paid by Interconnection Customer for such equipment and shall pay the cost of delivery of such equipment, or (ii) to transfer title to and deliver such equipment to Interconnection Customer, in which event Interconnection Customer shall pay any unpaid balance and cost of delivery of such equipment.

Section 10 Optional Interconnection Study

10.1 Optional Interconnection Study Agreement

On or after the date when Interconnection Customer receives Interconnection System Impact Study results, Interconnection Customer may request, and Transmission Provider shall perform a reasonable number of Optional Studies. The request shall describe the assumptions that Interconnection Customer wishes Transmission Provider to study within the scope described in Section 10.2. Within five (5) Business Days after receipt of a request for an Optional Interconnection Study, Transmission Provider shall provide to Interconnection Customer an Optional Interconnection Study Agreement in the form of Appendix 5.

The Optional Interconnection Study Agreement shall: (i) specify the technical data that Interconnection Customer must provide for each phase of the Optional Interconnection Study, (ii) specify Interconnection Customer's assumptions as to which Interconnection Requests with earlier queue priority dates will be excluded from the Optional Interconnection Study case and assumptions as to the type of interconnection service for Interconnection Requests remaining in the Optional Interconnection Study case, and (iii) Transmission Provider's estimate of the cost of the Optional Interconnection Study. To the extent known by Transmission Provider, such estimate shall include any costs expected to be incurred by any Affected System whose participation is necessary to complete the Optional Interconnection Study. Notwithstanding the above, Transmission Provider shall not be required as a result of an Optional Interconnection Study request to conduct any additional Interconnection Studies with respect to any other Interconnection Request.

Interconnection Customer shall execute the Optional Interconnection Study Agreement within ten (10) Business Days of receipt and deliver the Optional Interconnection Study Agreement, the technical data and a \$10,000 deposit to Transmission Provider.

10.2 Scope of Optional Interconnection Study

The Optional Interconnection Study will consist of a sensitivity analysis based on the assumptions specified by Interconnection Customer in the Optional Interconnection Study Agreement. The Optional Interconnection Study will also identify Transmission Provider's Interconnection Facilities and the Network Upgrades, and the estimated cost thereof, that may be required to provide transmission service or Interconnection Service based upon the results of the Optional Interconnection Study. The Optional Interconnection Study shall be performed solely for informational purposes. Transmission Provider shall use Reasonable Efforts to coordinate the study with any Affected Systems that may be affected by the types of Interconnection Services that are being studied. Transmission Provider shall utilize existing studies to the extent practicable in conducting the Optional Interconnection Study.

10.3 Optional Interconnection Study Procedures.

The executed Optional Interconnection Study Agreement, the prepayment, and technical and other data called for therein must be provided to Transmission Provider within ten (10) Business Days of Interconnection Customer receipt of the Optional Interconnection Study Agreement. Transmission Provider shall use Reasonable Efforts to complete the Optional Interconnection Study within a mutually agreed upon time period specified within the Optional Interconnection Study Agreement. If Transmission Provider is unable to complete the Optional Interconnection Study within such time period, it shall notify Interconnection Customer and provide an estimated completion date and an explanation of the reasons why additional time is required. Any difference between the study payment and the actual cost of the study shall be paid to Transmission Provider or refunded to Interconnection Customer, as appropriate. Upon request, Transmission Provider shall provide Interconnection Customer supporting documentation and workpapers and databases or data developed in the preparation of the Optional Interconnection Study, subject to confidentiality arrangements consistent with Section 13.1.

Section 11 Standard Large Generator Interconnection Agreement (LGIA)

11.1 Tender

Interconnection Customer shall tender comments on the draft Interconnection Facilities Study Report within thirty (30) Calendar Days of receipt of the report. Within thirty (30) Calendar Days after the comments are submitted, Transmission Provider shall tender a draft LGIA, together with draft appendices. The draft LGIA shall be in the form of Transmission Provider's FERC-approved standard form LGIA, which is in Appendix 6. Interconnection Customer shall execute and return the completed draft appendices within thirty (30) Calendar Days.

11.2 Negotiation

Notwithstanding Section 11.1, at the request of Interconnection Customer Transmission Provider shall begin negotiations with Interconnection

Customer concerning the appendices to the LGIA at any time after Interconnection Customer executes the Interconnection Facilities Study Agreement. Transmission Provider and Interconnection Customer shall negotiate concerning any disputed provisions of the appendices to the draft LGIA for not more than sixty (60) Calendar Days after tender of the final Interconnection Facilities Study Report. If Interconnection Customer determines that negotiations are at an impasse, it may request termination of the negotiations at any time after tender of the draft LGIA pursuant to Section 11.1 and request submission of the unexecuted LGIA with FERC or initiate Dispute Resolution procedures pursuant to Section 13.5. If Interconnection Customer requests termination of the negotiations, but within sixty (60) Calendar Days thereafter fails to request either the filing of the unexecuted LGIA or initiate Dispute Resolution, it shall be deemed to have withdrawn its Interconnection Request. Unless otherwise agreed by the Parties, if Interconnection Customer has not executed the LGIA, requested filing of an unexecuted LGIA, or initiated Dispute Resolution procedures pursuant to Section 13.5 within sixty (60) Calendar Days of tender of draft LGIA, it shall be deemed to have withdrawn its Interconnection Request. Transmission Provider shall provide to Interconnection Customer a final LGIA within fifteen (15) Business Days after the completion of the negotiation process.

11.3 Execution and Filing

Within fifteen (15) Business Days after receipt of the final LGIA, Interconnection Customer shall provide Transmission Provider (A) reasonable evidence that continued Site Control or (B) posting of \$250,000, non-refundable additional security, which shall be applied toward future construction costs. At the same time, Interconnection Customer also shall provide reasonable evidence that one or more of the following milestones in the development of the Large Generating Facility, at Interconnection Customer election, has been achieved: (i) the execution of a contract for the supply or transportation of fuel to the Large Generating Facility; (ii) the execution of a contract for the supply of cooling water to the Large Generating Facility; (iii) execution of a contract for the engineering for, procurement of major equipment for, or construction of, the Large Generating Facility; (iv) execution of a contract for the sale of electric energy or capacity from the Large Generating Facility; or (v) application for an air, water, or land use permit.

Interconnection Customer shall either: (i) execute two originals of the tendered LGIA and return them to Transmission Provider; or (ii) request in writing that Transmission Provider file with FERC an LGIA in unexecuted form. As soon as practicable, but not later than ten (10) Business Days after receiving either the two executed originals of the tendered LGIA (if it does not conform with a FERC-approved standard form of interconnection agreement) or the request to file an unexecuted LGIA, Transmission Provider shall file the LGIA with FERC, together with its explanation of any matters as to which Interconnection Customer and Transmission Provider disagree and support for the costs that Transmission Provider proposes to charge to Interconnection Customer under the LGIA. An unexecuted LGIA should contain terms and conditions deemed appropriate by Transmission Provider for the Interconnection Request. If the Parties agree to proceed with design, procurement, and construction of facilities and upgrades under the agreed-upon terms of the unexecuted LGIA, they may proceed pending FERC action.

11.4 Commencement of Interconnection Activities

If Interconnection Customer executes the final LGIA, Transmission Provider and Interconnection Customer shall perform their respective obligations in accordance with the terms of the LGIA, subject to modification by FERC. Upon submission of an unexecuted LGIA, Interconnection Customer and Transmission Provider shall promptly comply with the unexecuted LGIA, subject to modification by FERC.

Section 12 Construction of TP's Interconnection Facilities and NUs

12.1 Schedule

Transmission Provider and Interconnection Customer shall negotiate in good faith concerning a schedule for the construction of Transmission Provider's Interconnection Facilities and the Network Upgrades.

12.2 Construction Sequencing

12.2.1 General

In general, the In-Service Date of an Interconnection Customers seeking interconnection to the Transmission System will determine the sequence of construction of Network Upgrades.

12.2.2 Advance Construction of Network Upgrades that are an Obligation of an Entity other than Interconnection Customer

An Interconnection Customer with an LGIA, in order to maintain its In-Service Date, may request that Transmission Provider advance to the extent necessary the completion of Network Upgrades that: (i) were assumed in the Interconnection Studies for such Interconnection Customer, (ii) are necessary to support such In-Service Date, and (iii) would otherwise not be completed, pursuant to a contractual obligation of an entity other than Interconnection Customer that is seeking interconnection to the Transmission System, in time to support such In-Service Date. Upon such request, Transmission Provider will use Reasonable Efforts to advance the construction of such Network Upgrades to accommodate such request; provided that Interconnection Customer commits to pay Transmission Provider: (i) any associated expediting costs and (ii) the cost of such Network Upgrades.

Transmission Provider will refund to Interconnection Customer both the expediting costs and the cost of Network Upgrades, in accordance with Article 11.4 of the LGIA. Consequently, the entity with a contractual obligation to construct such Network Upgrades shall be obligated to pay only that portion of the costs of the Network Upgrades that Transmission Provider has not refunded to Interconnection Customer. Payment by that entity shall be due on the date that it would have been due had there been no request for advance construction. Transmission Provider shall forward to Interconnection Customer the amount paid by the entity with a contractual obligation to construct the Network Upgrades as payment in full for the outstanding balance owed to Interconnection Customer. Transmission Provider then shall refund to that entity

the amount that it paid for the Network Upgrades, in accordance with Article 11.4 of the LGIA.

12.2.3 Advancing Construction of Network Upgrades that are Part of an Expansion Plan of the Transmission Provider

An Interconnection Customer with an LGIA, in order to maintain its In-Service Date, may request that Transmission Provider advance to the extent necessary the completion of Network Upgrades that: (i) are necessary to support such In-Service Date and (ii) would otherwise not be completed, pursuant to an expansion plan of Transmission Provider, in time to support such In-Service Date. Upon such request, Transmission Provider will use Reasonable Efforts to advance the construction of such Network Upgrades to accommodate such request; provided that Interconnection Customer commits to pay Transmission Provider any associated expediting costs. Interconnection Customer's entitlement to transmission credits, if any, shall be determined in accordance with Attachment T.

12.2.4 Amended Interconnection System Impact Study

An Interconnection System Impact Study will be amended to determine the facilities necessary to support the requested In-Service Date. This amended study will include those transmission and Large Generating Facilities that are expected to be in service on or before the requested In-Service Date.

Section 13 Miscellaneous

13.1 Confidentiality

Confidential Information shall include, without limitation, all information relating to a Party's technology, research and development, business affairs, and pricing, and any information supplied by either of the Parties to the other prior to the execution of an LGIA.

Information is Confidential Information only if it is clearly designated or marked in writing as confidential on the face of the document, or, if the information is conveyed orally or by inspection, if the Party providing the information orally informs the Party receiving the information that the information is confidential.

If requested by either Party, the other Party shall provide in writing, the basis for asserting that the information referred to in this Article warrants confidential treatment, and the requesting Party may disclose such writing to the appropriate Governmental Authority. Each Party shall be responsible for the costs associated with affording confidential treatment to its information.

13.1.1 Scope

Confidential Information shall not include information that the receiving Party can demonstrate: (1) is generally available to the public other than as a result of a disclosure by the receiving Party; (2) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (3) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party after due inquiry, was under no obligation to the disclosing Party to keep such information confidential; (4) was independently developed by the receiving Party without reference to Confidential Information of the disclosing Party; (5) is, or becomes, publicly known, through no wrongful act or omission of the receiving Party or Breach of the LGIA; or (6) is required, in accordance with Section 13.1.6, Order of Disclosure, to be disclosed by any Governmental Authority or is otherwise required to be disclosed by law or subpoena, or is necessary in any legal proceeding establishing rights and obligations under the LGIA. Information designated as Confidential Information will no longer be deemed confidential if the Party that designated the information as confidential notifies the other Party that it no longer is confidential.

13.1.2 Release of Confidential Information

Neither Party shall release or disclose Confidential Information to any other person, except to its Affiliates (limited by the Standards of Conduct requirements), employees, consultants, or to parties who

may be or considering providing financing to or equity participation with Interconnection Customer, or to potential purchasers or assignees of Interconnection Customer, on a need-to-know basis in connection with these procedures, unless such person has first been advised of the confidentiality provisions of this Section 13.1 and has agreed to comply with such provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall remain primarily responsible for any release of Confidential Information in contravention of this Section 13.1.

13.1.3 Rights

Each Party retains all rights, title, and interest in the Confidential Information that each Party discloses to the other Party. The disclosure by each Party to the other Party of Confidential Information shall not be deemed a waiver by either Party or any other person or entity of the right to protect the Confidential Information from public disclosure.

13.1.4 No Warranties

By providing Confidential Information, neither Party makes any warranties or representations as to its accuracy or completeness. In addition, by supplying Confidential Information, neither Party obligates itself to provide any particular information or Confidential Information to the other Party nor to enter into any further agreements or proceed with any other relationship or joint venture.

13.1.5 Standard of Care

Each Party shall use at least the same standard of care to protect Confidential Information it receives as it uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination. Each Party may use Confidential Information solely to fulfill its obligations to the other Party under these procedures or its regulatory requirements.

13.1.6 Order of Disclosure

If a court or a Government Authority or entity with the right, power, and apparent authority to do so requests or requires either Party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to

disclose Confidential Information, that Party shall provide the other Party with prompt notice of such request(s) or requirement(s) so that the other Party may seek an appropriate protective order or waive compliance with the terms of the LGIA. Notwithstanding the absence of a protective order or waiver, the Party may disclose such Confidential Information which, in the opinion of its counsel, the Party is legally compelled to disclose. Each Party will use Reasonable Efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.

13.1.7 Remedies

The Parties agree that monetary damages would be inadequate to compensate a Party for the other Party's Breach of its obligations under this Section 13.1. Each Party accordingly agrees that the other Party shall be entitled to equitable relief, by way of injunction or otherwise, if the first Party Breaches or threatens to Breach its obligations under this Section 13.1, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law. Such remedy shall not be deemed an exclusive remedy for the Breach of this Section 13.1, but shall be in addition to all other remedies available at law or in equity. The Parties further acknowledge and agree that the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental, or consequential or punitive damages of any nature or kind resulting from or arising in connection with this Section 13.1.

13.1.8 Disclosure to FERC, its Staff, or a State

Notwithstanding anything in this Section 13.1 to the contrary, and pursuant to 18 C.F.R. section 1b.20, if FERC or its staff, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to the LGIP, the Party shall provide the requested information to FERC or its staff, within the time provided for in the request for information. In providing the information to FERC or its staff, the Party must, consistent with 18 C.F.R. section 388.112, request that the information be treated as confidential and non-public by FERC and its staff and that the information be

withheld from public disclosure. Parties are prohibited from notifying the other Party prior to the release of the Confidential Information to FERC or its staff. The Party shall notify the other Party to the LGIA when its is notified by FERC or its staff that a request to release Confidential Information has been received by FERC, at which time either of the Parties may respond before such information would be made public, pursuant to 18 C.F.R. section 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner, consistent with applicable state rules and regulations.

13.1.9 Subject to the exception in Section 13.1.8, any information that a Party claims is competitively sensitive, commercial or financial information ("Confidential Information") shall not be disclosed by the other Party to any person not employed or retained by the other Party, except to the extent disclosure is (i) required by law; (ii) reasonably deemed by the disclosing Party to be required to be disclosed in connection with a dispute between or among the Parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the other Party, such consent not to be unreasonably withheld; or (iv) necessary to fulfill its obligations under this LGIP or as a transmission service provider or a Control Area operator including disclosing the Confidential Information to an RTO or ISO or to a subregional, regional or national reliability organization or planning group. The Party asserting confidentiality shall notify the other Party in writing of the information it claims is confidential. Prior to any disclosures of the other Party's Confidential Information under this subparagraph, or if any third party or Governmental Authority makes any request or demand for any of the information described in this subparagraph, the disclosing Party agrees to promptly notify the other Party in writing and agrees to assert confidentiality and cooperate with the other Party in seeking to protect the Confidential Information from public disclosure by confidentiality agreement, protective order or other reasonable measures.

13.1.10 This provision shall not apply to any information that was or is hereafter in the public domain (except as a result of a Breach of this provision).

13.1.11 Transmission Provider shall, at Interconnection Customer's election, destroy, in a confidential manner, or return the

Confidential Information provided at the time of Confidential Information is no longer needed.

13.2 Delegation of Responsibility

Transmission Provider may use the services of subcontractors as it deems appropriate to perform its obligations under this LGIP. Transmission Provider shall remain primarily liable to Interconnection Customer for the performance of such subcontractors and compliance with its obligations of this LGIP. The subcontractor shall keep all information provided confidential and shall use such information solely for the performance of such obligation for which it was provided and no other purpose.

13.3 Obligation for Study Costs

Transmission Provider shall charge and Interconnection Customer shall pay the actual costs of the Interconnection Studies. Any difference between the study deposit and the actual cost of the applicable Interconnection Study shall be paid by or refunded, except as otherwise provided herein, to Interconnection Customer or offset against the cost of any future Interconnection Studies associated with the applicable Interconnection Request prior to beginning of any such future Interconnection Studies. Any invoices for Interconnection Studies shall include a detailed and itemized accounting of the cost of each Interconnection Study. Interconnection Customer shall pay any such undisputed costs within thirty (30) Calendar Days of receipt of an invoice therefor. Transmission Provider shall not be obligated to perform or continue to perform any studies unless Interconnection Customer has paid all undisputed amounts in compliance herewith.

13.4 Third Parties Conducting Studies

If (i) at the time of the signing of an Interconnection Study Agreement there is disagreement as to the estimated time to complete an Interconnection Study, (ii) Interconnection Customer receives notice pursuant to Sections 6.3, 7.4 or 8.3 that Transmission Provider will not complete an Interconnection Study within the applicable timeframe for such Interconnection Study, or (iii) Interconnection Customer receives neither the Interconnection Study nor a notice under Sections 6.3, 7.4 or 8.3 within the applicable timeframe for such Interconnection Study, then Interconnection Customer may require Transmission Provider to utilize a third party consultant reasonably acceptable to Interconnection Customer and Transmission Provider to perform such Interconnection Study under

the direction of Transmission Provider. At other times, Transmission Provider may also utilize a third party consultant to perform such Interconnection Study, either in response to a general request of Interconnection Customer, or on its own volition.

In all cases, use of a third party consultant shall be in accord with Article 26 of the LGIA (Subcontractors) and limited to situations where Transmission Provider determines that doing so will help maintain or accelerate the study process for Interconnection Customer's pending Interconnection Request and not interfere with Transmission Provider's progress on Interconnection Studies for other pending Interconnection Requests. In cases where Interconnection Customer requests use of a third party consultant to perform such Interconnection Study, Interconnection Customer and Transmission Provider shall negotiate all of the pertinent terms and conditions, including reimbursement arrangements and the estimated study completion date and study review deadline. Transmission Provider shall convey all workpapers, data bases, study results and all other supporting documentation prepared to date with respect to the Interconnection Request as soon as soon as practicable upon Interconnection Customer's request subject to the confidentiality provision in Section 13.1. In any case, such third party contract may be entered into with either Interconnection Customer or Transmission Provider at Transmission Provider's discretion. In the case of (iii) Interconnection Customer maintains its right to submit a claim to Dispute Resolution to recover the costs of such third party study. Such third party consultant shall be required to comply with this LGIP, Article 26 of the LGIA (Subcontractors), and the relevant Tariff procedures and protocols as would apply if Transmission Provider were to conduct the Interconnection Study and shall use the information provided to it solely for purposes of performing such services and for no other purposes. Transmission Provider shall cooperate with such third party consultant and Interconnection Customer to complete and issue the Interconnection Study in the shortest reasonable time.

13.5 Disputes

13.5.1 Submission

In the event either Party has a dispute, or asserts a claim, that arises out of or in connection with the LGIA, the LGIP, or their

performance, such Party (the "disputing Party") shall provide the other Party with written notice of the dispute or claim ("Notice of Dispute"). Such dispute or claim shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Party. In the event the designated representatives are unable to resolve the claim or dispute through unassisted or assisted negotiations within thirty (30) Calendar Days of the other Party's receipt of the Notice of Dispute, such claim or dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such claim or dispute to arbitration, each Party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of this LGIA.

13.5.2 External Arbitration Procedures

Any arbitration initiated under these procedures shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) Calendar Days of the submission of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) Calendar Days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("Arbitration Rules") and any applicable FERC regulations or RTO rules; provided, however, in the event of a conflict between the Arbitration Rules and the terms of this Section 13, the terms of this Section 13 shall prevail.

13.5.3 Arbitration Decisions

Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) Calendar Days of appointment

and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of the LGIA and LGIP and shall have no power to modify or change any provision of the LGIA and LGIP in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with FERC if it affects jurisdictional rates, terms and conditions of service, Interconnection Facilities, or Network Upgrades.

13.5.4 Costs

Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or (2) one half the cost of the single arbitrator jointly chosen by the Parties.

13.6 Local Furnishing Bonds

13.6.1 Transmission Providers That Own Facilities Financed by Local Furnishing Bonds

This provision is applicable only to a Transmission Provider that has financed facilities for the local furnishing of electric energy with tax-exempt bonds, as described in Section 142(f) of the Internal Revenue Code ("local furnishing bonds"). Notwithstanding any other provision of this LGIA and LGIP, Transmission Provider shall not be required to provide Interconnection Service to Interconnection Customer pursuant to this LGIA and LGIP if the provision of such Transmission Service would jeopardize the tax-exempt status of any local furnishing bond(s) used to finance Transmission Provider's facilities that would be used in providing such Interconnection Service.

13.6.2 Alternative Procedures for Requesting Interconnection Service

If Transmission Provider determines that the provision of Interconnection Service requested by Interconnection Customer would jeopardize the tax-exempt status of any local furnishing bond(s) used to finance its facilities that would be used in providing such Interconnection Service, it shall advise the Interconnection Customer within thirty (30) Calendar Days of receipt of the Interconnection Request.

Interconnection Customer thereafter may renew its request for interconnection using the process specified in Article 5.2(ii) of the Transmission Provider's Tariff.

APPENDIX 1 TO LGIP Interconnection Request for a Large Generating Facility

1. The undersigned Interconnection Customer submits this request to interconnect its Large Generating Facility with Transmission Provider's Transmission System pursuant to a Tariff.
2. This Interconnection Request is for (check one):

_____ A proposed new Large Generating Facility.

_____ An increase in the generating capacity or a Material Modification of an existing Generating Facility.
3. The type of interconnection service requested (check one):

_____ Energy Resource Interconnection Service

_____ Network Resource Interconnection Service
4. _____ Check here only if Interconnection Customer requesting Network Resource Interconnection Service also seeks to have its Generating Facility studied for Energy Resource Interconnection Service
5. Interconnection Customer provides the following information:
 - a. Address or location of the proposed new Large Generating Facility site (to the extent known) or, in the case of an existing Generating Facility, the name and specific location of the existing Generating Facility;
 - b. Maximum summer at _____ degrees C and winter at _____ degrees C megawatt electrical output of the proposed new Large

Generating Facility or the amount of megawatt increase in the generating capacity of an existing Generating Facility;

- c. General description of the equipment configuration;
 - d. Commercial Operation Date (Day, Month, and Year);
 - e. Name, address, telephone number, and e-mail address of Interconnection Customer's contact person;
 - f. Approximate location of the proposed Point of Interconnection (optional); and
 - g. Interconnection Customer Data (set forth in Attachment A)
6. Applicable deposit amount as specified in the LGIP.
7. Evidence of Site Control as specified in the LGIP (check one)
- _____ Is attached to this Interconnection Request
- _____ Will be provided at a later date in accordance with this LGIP
8. This Interconnection Request shall be submitted to the representative indicated below:

[To be completed by Transmission Provider]

9. Representative of Interconnection Customer to contact:

[To be completed by Interconnection Customer]

10. This Interconnection Request is submitted by:

Name of Interconnection Customer: _____

By (signature): _____

Name (type or print): _____

Title: _____

Date: _____

Attachment A to Appendix 1

Interconnection Request

LARGE GENERATING FACILITY DATA

UNIT RATINGS

kVA _____ °F _____ Voltage _____

Power Factor _____

Speed (RPM) _____

Connection (e.g. Wye) _____

Short Circuit Ratio _____

Frequency, Hertz _____

Stator Amperes at Rated kVA _____ Field Volts _____

Max Turbine MW _____ °F _____

COMBINED TURBINE-GENERATOR-EXCITER INERTIA DATA

Inertia Constant, H = _____ kW sec/kVA

Moment-of-Inertia, WR^2 = _____ lb. ft.²

REACTANCE DATA (PER UNIT-RATED KVA)

	DIRECT AXIS	QUADRATURE AXIS
Synchronous – saturated	X_{dv} _____	X_{qv} _____
Synchronous – unsaturated	X_{di} _____	X_{qi} _____
Transient – saturated	X'_{dv} _____	X'_{qv} _____
Transient – unsaturated	X'_{di} _____	X'_{qi} _____
Subtransient – saturated	X''_{dv} _____	X''_{qv} _____
Subtransient – unsaturated	X''_{di} _____	X''_{qi} _____
Negative Sequence – saturated	X_{2v} _____	
Negative Sequence – unsaturated	X_{2i} _____	
Zero Sequence – saturated	X_{0v} _____	
Zero Sequence – unsaturated	X_{0i} _____	
Leakage Reactance	X_{lm} _____	

FIELD TIME CONSTANT DATA (SEC)

Open Circuit	T'_{do} _____	T'_{qo} _____
Three-Phase Short Circuit Transient	T'_{d3} _____	T'_q _____
Line to Line Short Circuit Transient	T'_{d2} _____	
Line to Neutral Short Circuit Transient	T'_{d1} _____	
Short Circuit Subtransient	T''_d _____	T''_q _____
Open Circuit Subtransient	T''_{do} _____	T''_{qo} _____

ARMATURE TIME CONSTANT DATA (SEC)

Three Phase Short Circuit	T_{a3}	_____
Line to Line Short Circuit	T_{a2}	_____
Line to Neutral Short Circuit	T_{a1}	_____

NOTE: If requested information is not applicable, indicate by marking "N/A."

MW CAPABILITY AND PLANT CONFIGURATION LARGE GENERATING FACILITY DATA

ARMATURE WINDING RESISTANCE DATA (PER UNIT)

Positive	R_1	_____
Negative	R_2	_____
Zero	R_0	_____

Rotor Short Time Thermal Capacity $I_2^2 t =$ _____

Field Current at Rated kVA, Armature Voltage and PF = _____ amps

Field Current at Rated kVA and Armature Voltage, 0 PF = _____ amps

Three Phase Armature Winding Capacitance = _____ microfarad

Field Winding Resistance = _____ ohms _____ °C

Armature Winding Resistance (Per Phase) = _____ ohms _____ °C

CURVES

Provide Saturation, Vee, Reactive Capability, Capacity Temperature Correction curves. Designate normal and emergency Hydrogen Pressure operating range for multiple curves.

GENERATOR STEP-UP TRANSFORMER DATA RATINGS

Capacity Self-cooled/
Maximum Nameplate
_____/_____kVA

Voltage Ratio(Generator Side/System side/Tertiary)
_____/_____/_____kV

Winding Connections (Low V/High V/Tertiary V (Delta or Wye))
_____/_____/_____

Fixed Taps Available

Present Tap Setting

IMPEDANCE

Positive Z_1 (on self-cooled kVA rating) _____ % _____ X/R

Zero Z_0 (on self-cooled kVA rating) _____ % _____ X/R

EXCITATION SYSTEM DATA

Identify appropriate IEEE model block diagram of excitation system and power system stabilizer (PSS) for computer representation in power system stability simulations and the corresponding excitation system and PSS constants for use in the model.

GOVERNOR SYSTEM DATA

Identify appropriate IEEE model block diagram of governor system for computer representation in power system stability simulations and the corresponding governor system constants for use in the model.

WIND GENERATORS

Number of generators to be interconnected pursuant to this Interconnection Request:

Elevation: _____ _____ Single Phase _____ Three Phase

Inverter manufacturer, model name, number, and version:

List of adjustable setpoints for the protective equipment or software:

Note: A completed General Electric Company Power Systems Load Flow (PSLF) data sheet or other compatible formats, such as IEEE and PTI power flow models, must be supplied with the Interconnection Request. If other data sheets are more appropriate to the proposed device, then they shall be provided and discussed at Scoping Meeting.

INDUCTION GENERATORS

- (*) Field Volts: _____
- (*) Field Amperes: _____
- (*) Motoring Power (kW): _____
- (*) Neutral Grounding Resistor (If Applicable): _____
- (*) I_2^2t or K (Heating Time Constant): _____
- (*) Rotor Resistance: _____
- (*) Stator Resistance: _____
- (*) Stator Reactance: _____
- (*) Rotor Reactance: _____
- (*) Magnetizing Reactance: _____
- (*) Short Circuit Reactance: _____
- (*) Exciting Current: _____
- (*) Temperature Rise: _____
- (*) Frame Size: _____
- (*) Design Letter: _____
- (*) Reactive Power Required In Vars (No Load): _____
- (*) Reactive Power Required In Vars (Full Load): _____

(*) Total Rotating Inertia, H: _____ Per Unit on KVA Base

Note: Please consult Transmission Provider prior to submitting the Interconnection Request to determine if the information designated by (*) is required

**APPENDIX 2 TO LGIP Interconnection Feasibility Study
Agreement**

THIS AGREEMENT is made and entered into this ____ day of
, 20____ by and between _____, a
_____ organized and existing under the laws of the State of
_____, ("Interconnection Customer,") and Southwest Power Pool,
Inc. as Independent Coordinator of Transmission ("ICT"). Interconnection
Customer, the ICT, and Transmission Provider each may be referred to as a
"Party," or collectively as the "Parties."

RECITALS

WHEREAS, Interconnection Customer is proposing to develop a Large
Generating Facility or generating capacity addition to an existing Generating
Facility consistent with the Interconnection Request submitted by Interconnection
Customer dated _____ ; and

WHEREAS, Interconnection Customer desires to interconnect the Large
Generating Facility with the Transmission System; and

WHEREAS, Interconnection Customer has requested Transmission
Provider to perform an Interconnection Feasibility Study to assess the feasibility
of interconnecting the proposed Large Generating Facility to the Transmission
System, and of any Affected Systems;

NOW, THEREFORE, in consideration of and subject to the mutual
covenants contained herein the Parties agreed as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms
specified shall have the meanings indicated in Transmission
Provider's FERC-approved LGIP.

- 2.0 Interconnection Customer elects and Transmission Provider shall cause to be performed an Interconnection Feasibility Study consistent with Section 6.0 of this LGIP in accordance with the Tariff. The ICT shall carry out the responsibilities of the Transmission Provider as provided in Attachment S (including all protocols attached thereto) to the Tariff.
- 3.0 The scope of the Interconnection Feasibility Study shall be subject to the assumptions set forth in Attachment A to this Agreement.
- 4.0 The Interconnection Feasibility Study shall be based on the technical information provided by Interconnection Customer in the Interconnection Request, as may be modified as the result of the Scoping Meeting. Transmission Provider reserves the right to request additional technical information from Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the Interconnection Feasibility Study and as designated in accordance with Section 3.3.4 of the LGIP. If, after the designation of the Point of Interconnection pursuant to Section 3.3.4 of the LGIP, Interconnection Customer modifies its Interconnection Request pursuant to Section 4.4, the time to complete the Interconnection Feasibility Study may be extended.
- 5.0 The Interconnection Feasibility Study report shall provide the following information:
- preliminary identification of any circuit breaker short circuit capability limits exceeded as a result of the interconnection;
 - preliminary identification of any thermal overload or voltage limit violations resulting from the interconnection; and

- preliminary description and non-bonding estimated cost of facilities required to interconnect the Large Generating Facility to the Transmission System and to address the identified short circuit and power flow issues.

6.0 Interconnection Customer shall provide a deposit of \$10,000 for the performance of the Interconnection Feasibility Study.

Upon receipt of the Interconnection Feasibility Study Transmission Provider shall charge and Interconnection Customer shall pay the actual costs of the Interconnection Feasibility Study.

Any difference between the deposit and the actual cost of the study shall be paid by or refunded to Interconnection Customer, as appropriate.

7.0 Miscellaneous.

7.1 Disclaimers.

7.1.1 **Equipment Release.** Transmission Provider's Interconnection Feasibility Study shall not be construed as confirming or endorsing the design, or as any warranty of safety, durability, reliability, or suitability of Interconnection Customer's equipment or installation thereof for any use, including the use intended by Interconnection Customer, and Interconnection Customer agrees to release and hold Transmission Provider harmless for any claims or demands arising out of or relating to Interconnection Customer's use of the Interconnection Feasibility Study.

7.2 Indemnity, Consequential Damages and Insurance

7.2.1 Indemnity. The Parties to this agreement shall indemnify, defend and hold the other Party harmless from any and all damages, demands, claims, causes of action, including claims or actions relating to injury to or death of any person, or damage to property, costs and expenses, court costs, attorneys fees, or any other form of loss by or to third parties, arising out of or resulting from the Indemnifying Party's performance of its obligations under this agreement, when due to the Indemnifying Party's negligent acts or omissions, strict liability, or fault, except in cases that also involve the gross negligence or intentional wrongdoing of the Indemnified Party.

7.2.1.1 Indemnified Person. If an Indemnified Person is entitled to indemnification under this Article 7.2 as a result of a claim by a third party, and the indemnifying Party fails, after notice and reasonable opportunity to proceed under Article 7.2.1, to assume the defense of such claim, such Indemnified Person may at the expense of the indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.

7.2.1.2 Indemnifying Party. If an Indemnifying Party is obligated to indemnify and hold any Indemnified Person harmless under this Article 7.2, the amount owing to the Indemnified Person shall be the amount of such Indemnified Person's actual Loss, net of any insurance or other recovery.

7.2.1.3 Indemnity Procedures. Promptly after receipt by an Indemnified Person of any claim or notice of the commencement of any action or administrative or legal proceeding or

investigation as to which the indemnity provided for in Article 7.2.1 may apply, the Indemnified Person shall notify the Indemnifying Party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the indemnifying Party.

The Indemnifying Party shall have the right to assume the defense thereof with counsel designated by such Indemnifying Party and reasonably satisfactory to the Indemnified Person. If the defendants in any such action include one or more Indemnified Persons and the Indemnifying Party and if the Indemnified Person reasonably concludes that there may be legal defenses available to it and/or other Indemnified Persons which are different from or additional to those available to the Indemnifying Party, the Indemnified Person shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on its own behalf. In such instances, the Indemnifying Party shall only be required to pay the fees and expenses of one additional attorney to represent an Indemnified Person or Indemnified Persons having such differing or additional legal defenses. The Indemnified Person shall be entitled, at its expense, to participate in any such action, suit or proceeding, the defense of which has been assumed by the Indemnifying Party. Notwithstanding the foregoing, the Indemnifying Party (i) shall not be entitled to assume and control the defense of any such action, suit or proceedings if and to the extent that, in the opinion of the

Indemnified Person and its counsel, such action, suit or proceeding involves the potential imposition of criminal liability on the Indemnified Person, or there exists a conflict or adversity of interest between the Indemnified Person and the Indemnifying Party, in such event the Indemnifying Party shall pay the reasonable expenses of the Indemnified Person, and (ii) shall not settle or consent to the entry of any judgment in any action, suit or proceeding without the consent of the Indemnified Person, which shall not be reasonably withheld, conditioned or delayed.

7.2.2 Consequential Damages. Other than the Liquidated Damages heretofore described, in no event shall either Party be liable under any provision of this agreement for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to the other Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

7.2.3 Insurance. Each party shall, at its own expense, maintain in force throughout the period of this agreement, and until released by the other Party, the following minimum insurance coverages, with insurers authorized to do business in the state where the Point of Interconnection is located:

- 7.2.3.1 Employers' Liability and Workers' Compensation Insurance providing statutory benefits in accordance with the laws and regulations of the state in which the Point of Interconnection is located.
- 7.2.3.2 Commercial General Liability Insurance including premises and operations, personal injury, broad form property damage, broad form blanket contractual liability coverage (including coverage for the contractual indemnification) products and completed operations coverage, coverage for explosion, collapse and underground hazards, independent contractors coverage, coverage for pollution to the extent normally available and punitive damages to the extent normally available and a cross liability endorsement, with minimum limits of One Million Dollars (\$1,000,000) per occurrence/One Million Dollars (\$1,000,000) aggregate combined single limit for personal injury, bodily injury, including death and property damage.
- 7.2.3.3 Comprehensive Automobile Liability Insurance for coverage of owned and non-owned and hired vehicles, trailers or semi-trailers designed for travel on public roads, with a minimum, combined single limit of One Million Dollars (\$1,000,000) per occurrence for bodily injury, including death, and property damage.
- 7.2.3.4 Excess Public Liability Insurance over and above the Employers' Liability Commercial General Liability and Comprehensive Automobile Liability Insurance coverage, with

a minimum combined single limit of Twenty Million Dollars (\$20,000,000) per occurrence/Twenty Million Dollars (\$20,000,000) aggregate.

7.2.3.5 The Commercial General Liability Insurance, Comprehensive Automobile Insurance and Excess Public Liability Insurance policies shall name the other Party, its parent, associated and Affiliate companies and their respective directors, officers, agents, servants and employees ("Other Party Group") as additional insured. All policies shall contain provisions whereby the insurers waive all rights of subrogation in accordance with the provisions of this agreement against the Other Party Group and provide thirty (30) days advance written notice to the Other Party Group prior to anniversary date of cancellation or any material change in coverage or condition.

7.2.3.6 The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance and Excess Public Liability Insurance policies shall contain provisions that specify that the policies are primary and shall apply to such extent without consideration for other policies separately carried and shall state that each insured is provided coverage as though a separate policy had been issued to each, except the insurer's liability shall not be increased beyond the amount for which the insurer would have been liable had only one insured been covered. Each Party shall be responsible for its respective deductibles or retentions.

7.2.3.7 The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance and Excess Public Liability Insurance policies, if written on a Claims First Made Basis, shall be maintained in full force and effect for two (2) years after termination of this agreement, which coverage may be in the form of tail coverage or extended reporting period coverage if agreed by the Parties.

7.2.3.8 The requirements contained herein as to the types and limits of all insurance to be maintained by the Parties are not intended to and shall not in any manner, limit or qualify the liabilities and obligations assumed by the Parties under this agreement.

7.2.3.9 Within ten (10) days following execution of this agreement, and as soon as practicable after the end of each fiscal year or at the renewal of the insurance policy and in any event within ninety (90) days thereafter, each Party shall provide certification of all insurance required in this agreement, executed by each insurer or by an authorized representative of each insurer.

7.2.3.10 Notwithstanding the foregoing, each Party may self-insure to meet the minimum insurance requirements of Articles 7.2.3.2 through 7.2.3.8 to the extent it maintains a self-insurance program; provided that, such Party's senior secured debt is rated at investment grade, or better, by Standard &

Poor's and its self-insurance program meets the minimum insurance requirements of Articles 7.2.3.2 through 7.2.3.8. For any period of time that a Party's senior secured debt is unrated by Standard & Poor's or is rated at less than investment grade by Standard & Poor's, such Party shall comply with the insurance requirements applicable to it under Articles 7.2.3.2 through 7.2.3.9. In the event that a Party is permitted to self-insure pursuant to this article, it shall notify the other Party that it meets the requirements to self-insure and that its self-insurance program meets the minimum insurance requirements in a manner consistent with that specified in Article 7.2.3.9.

7.2.3.11 The Parties agree to report to each other in writing as soon as practical all accidents or occurrences resulting in injuries to any person, including death, and any property damage arising out of this agreement.

7.3 **Governing Law.** This Interconnection Feasibility Study Agreement shall be governed by and construed in accordance with the laws of the State where the Point of Interconnection is located, without regard to its conflict of law principles. The Parties hereby submit to the exclusive jurisdiction of the state or federal courts situated in the States of Louisiana and the state where the Point of Interconnection is located for purposes of any suit or action arising out of this Interconnection Feasibility Study Agreement. Nothing contained in this Section 7.3 shall be construed to impair the jurisdiction of the Commission.

7.4 **Waiver.** The failure of either Party to insist upon strict performance of any of the terms and conditions of this

Interconnection Feasibility Study Agreement, or to exercise or delay the exercise of any rights or remedies provided by this Interconnection Feasibility Study Agreement or by law, shall not release the other Party from any of the responsibilities or obligations imposed by law or by this Interconnection Feasibility Study Agreement, and shall not be deemed a waiver of any right of the other Party to insist upon strict performance of this Interconnection Feasibility Study Agreement.

- 7.5 **Amendment.** This Interconnection Feasibility Study Agreement constitutes the entire agreement between the Parties hereto with reference to the subject matter hereof, and no change or modification as to any of the provisions hereof shall be binding on either Party unless reduced to writing and approved by a duly authorized representative of Interconnection Customer and the President or a Vice President of Transmission Provider.
- 7.6 **Assignment.** This Interconnection Feasibility Study Agreement shall not be assigned by Interconnection Customer without the prior written consent of Transmission Provider, not to be unreasonably withheld, conditioned or delayed. This Interconnection Feasibility Study Agreement, and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and assigns of the parties hereto.
- 7.7 **Execution.** This Interconnection Feasibility Study Agreement may be executed in two or more counterparts, each of which is deemed an original, but all constitute one and the same instrument.
- 7.8 **Captions.** All indexes, titles, subject headings, section titles and similar items are provided for the purpose of reference

and convenience and are not intended to be inclusive, definitive, or to affect the meaning of the contents or scope of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of ICT]

By: _____ By: _____

Title: _____ Title: _____

Date: _____ Date: _____

[Insert name of Interconnection Customer]

By: _____

Title: _____

Date: _____

Attachment A to Appendix 2

Interconnection Feasibility

Study Agreement

**ASSUMPTIONS USED IN CONDUCTING THE
INTERCONNECTION FEASIBILITY STUDY**

The Interconnection Feasibility Study will be based upon the information set forth in the Interconnection Request and agreed upon in the Scoping Meeting held on

_____:

Designation of Point of Interconnection and configuration to be studied. Designation of alternative Point(s) of Interconnection and configuration.

[Above assumptions to be completed by Interconnection Customer and other assumptions to be provided by Interconnection Customer and Transmission Provider]

**APPENDIX 3 TO LGIP Interconnection System Impact Study
Agreement**

THIS AGREEMENT is made and entered into this ___ day of
, 20___ by and between _____, a
_____ organized and existing under the laws of the State of
_____, ("Interconnection Customer,") and Southwest Power Pool,
Inc. as Independent Coordinator of Transmission ("ICT"). Interconnection
Customer, the ICT, and Transmission Provider each may be referred to as a
"Party," or collectively as the "Parties."

RECITALS

WHEREAS, Interconnection Customer is proposing to develop a Large
Generating Facility or generating capacity addition to an existing Generating
Facility consistent with the Interconnection Request submitted by Interconnection
Customer dated _____; and

WHEREAS, Interconnection Customer desires to interconnect the Large
Generating Facility with the Transmission System;

WHEREAS, Transmission Provider has completed an Interconnection
Feasibility Study (the "Feasibility Study") and provided the results of said study to
Interconnection Customer (This recital to be omitted if Transmission Provider
does not require the Interconnection Feasibility Study.); and

WHEREAS, Interconnection Customer has requested Transmission
Provider to perform an Interconnection System Impact Study to assess the
impact of interconnecting the Large Generating Facility to the Transmission
System, and of any Affected Systems;

NOW, THEREFORE, in consideration of and subject to the mutual
covenants contained herein the Parties agreed as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in Transmission Provider's FERC-approved LGIP.
- 2.0 Interconnection Customer elects and Transmission Provider shall cause to be performed an Interconnection System Impact Study consistent with Section 7.0 of this LGIP in accordance with the Tariff. The ICT shall carry out the responsibilities of the Transmission Provider as provided in Attachment S (including all protocols attached thereto) to the Tariff.
- 3.0 The scope of the Interconnection System Impact Study shall be subject to the assumptions set forth in Attachment A to this Agreement.
- 4.0 The Interconnection System Impact Study will be based upon the results of the Interconnection Feasibility Study and the technical information provided by Interconnection Customer in the Interconnection Request, subject to any modifications in accordance with Section 4.4 of the LGIP. Transmission Provider reserves the right to request additional technical information from Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the Interconnection Customer System Impact Study. If Interconnection Customer modifies its designated Point of Interconnection, Interconnection Request, or the technical information provided therein is modified, the time to complete the Interconnection System Impact Study may be extended.
- 5.0 The Interconnection System Impact Study report shall provide the following information:

- identification of any circuit breaker short circuit capability limits exceeded as a result of the interconnection;
- identification of any thermal overload or voltage limit violations resulting from the interconnection;
- identification of any instability or inadequately damped response to system disturbances resulting from the interconnection and
- description and non-binding, good faith estimated cost of facilities required to interconnect the Large Generating Facility to the Transmission System and to address the identified short circuit, instability, and power flow issues.

6.0 Interconnection Customer shall provide a deposit of \$50,000 for the performance of the Interconnection System Impact Study. Transmission Provider's good faith estimate for the time of completion of the Interconnection System Impact Study is [insert date].

Upon receipt of the Interconnection System Impact Study, Transmission Provider shall charge and Interconnection Customer shall pay the actual costs of the Interconnection System Impact Study.

Any difference between the deposit and the actual cost of the study shall be paid by or refunded to Interconnection Customer, as appropriate.

7.0 Miscellaneous.

7.1 Equipment Release. Transmission Provider's Interconnection System Impact Study shall not be construed as confirming or endorsing the design, or as any warranty of safety, durability, reliability, or suitability of Interconnection Customer's equipment or installation thereof for any use, including the use intended by Interconnection Customer, and Interconnection Customer agrees to release and hold Transmission Provider harmless for any claims or demands arising out of or relating to Interconnection Customer's use of the Interconnection System Impact Study.

7.2 Indemnity, Consequential Damages and Insurance

7.2.1 Indemnity. The Parties to this agreement shall indemnify, defend and hold the other Party harmless from any and all damages, demands, claims, causes of action, including claims or actions relating to injury to or death of any person, or damage to property, costs and expenses, court costs, attorneys fees, or any other form of loss by or to third parties, arising out of or resulting from the Indemnifying Party's performance of its obligations under this agreement, when due to the Indemnifying Party's negligent acts or omissions, strict liability, or fault, except in cases that also involve the gross negligence or intentional wrongdoing of the Indemnified Party.

7.2.1.1 Indemnified Person. If an Indemnified Person is entitled to indemnification under this Article 7.2 as a result of a claim by a third party, and the indemnifying Party fails, after notice and reasonable opportunity to proceed under Article 7.2.1, to assume the defense of such claim, such Indemnified Person may at the expense of the indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.

7.2.1.2 **Indemnifying Party.** If an Indemnifying Party is obligated to indemnify and hold any Indemnified Person harmless under this Article 7.2, the amount owing to the Indemnified Person shall be the amount of such Indemnified Person's actual Loss, net of any insurance or other recovery.

7.2.1.3 **Indemnity Procedures.** Promptly after receipt by an Indemnified Person of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in Article 7.2.1 may apply, the Indemnified Person shall notify the Indemnifying Party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the indemnifying Party.

The Indemnifying Party shall have the right to assume the defense thereof with counsel designated by such Indemnifying Party and reasonably satisfactory to the Indemnified Person. If the defendants in any such action include one or more Indemnified Persons and the Indemnifying Party and if the Indemnified Person reasonably concludes that there may be legal defenses available to it and/or other Indemnified Persons which are different from or additional to those available to the Indemnifying Party, the Indemnified Person shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on its own behalf. In such instances, the Indemnifying Party shall only be required to pay the fees and expenses of one additional attorney to represent an Indemnified Person or Indemnified Persons having such differing or additional legal defenses.

The Indemnified Person shall be entitled, at its expense, to participate in any such action, suit or proceeding, the defense of which has been assumed by the Indemnifying Party.

Notwithstanding the foregoing, the Indemnifying Party (i) shall not be entitled to assume and control the defense of any such action, suit or proceedings if and to the extent that, in the opinion of the Indemnified Person and its counsel, such action, suit or proceeding involves the potential imposition of criminal liability on the Indemnified Person, or there exists a conflict or adversity of interest between the Indemnified Person and the Indemnifying Party, in such event the Indemnifying Party shall pay the reasonable expenses of the Indemnified Person, and (ii) shall not settle or consent to the entry of any judgment in any action, suit or proceeding without the consent of the Indemnified Person, which shall not be reasonably withheld, conditioned or delayed.

- 7.2.2 **Consequential Damages.** Other than the Liquidated Damages heretofore described, in no event shall either Party be liable under any provision of this agreement for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to the other Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

7.2.3 **Insurance.** Each party shall, at its own expense, maintain in force throughout the period of this agreement, and until released by the other Party, the following minimum insurance coverages, with insurers authorized to do business in the state where the Point of Interconnection is located:

7.2.3.1 Employers' Liability and Workers' Compensation Insurance providing statutory benefits in accordance with the laws and regulations of the state in which the Point of Interconnection is located.

7.2.3.2 Commercial General Liability Insurance including premises and operations, personal injury, broad form property damage, broad form blanket contractual liability coverage (including coverage for the contractual indemnification) products and completed operations coverage, coverage for explosion, collapse and underground hazards, independent contractors coverage, coverage for pollution to the extent normally available and punitive damages to the extent normally available and a cross liability endorsement, with minimum limits of One Million Dollars (\$1,000,000) per occurrence/One Million Dollars (\$1,000,000) aggregate combined single limit for personal injury, bodily injury, including death and property damage.

7.2.3.3 Comprehensive Automobile Liability Insurance for coverage of owned and non-owned and hired vehicles, trailers or semi-trailers designed for travel on public roads, with a minimum, combined single limit of One Million Dollars (\$1,000,000) per occurrence for bodily injury, including death, and property damage.

7.2.3.4 Excess Public Liability Insurance over and above the Employers' Liability Commercial General Liability and Comprehensive Automobile Liability Insurance coverage, with a minimum combined single limit of Twenty Million Dollars (\$20,000,000) per occurrence/Twenty Million Dollars (\$20,000,000) aggregate.

7.2.3.5 The Commercial General Liability Insurance, Comprehensive Automobile Insurance and Excess Public Liability Insurance policies shall name the other Party, its parent, associated and Affiliate companies and their respective directors, officers, agents, servants and employees ("Other Party Group") as additional insured. All policies shall contain provisions whereby the insurers waive all rights of subrogation in accordance with the provisions of this agreement against the Other Party Group and provide thirty (30) days advance written notice to the Other Party Group prior to anniversary date of cancellation or any material change in coverage or condition.

7.2.3.6 The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance and Excess Public Liability Insurance policies shall contain provisions that specify that the policies are primary and shall apply to such extent without consideration for other policies separately carried and shall state that each insured is provided coverage as though a separate policy had been issued to each, except the insurer's liability shall not be increased beyond the amount for which the insurer would have been liable had only one insured been covered. Each Party shall be responsible for its respective deductibles or retentions.

7.2.3.7 The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance and Excess Public Liability Insurance policies, if written on a Claims First Made Basis, shall be maintained in full force and effect for two (2) years after termination of this agreement, which coverage may be in the form of tail coverage or extended reporting period coverage if agreed by the Parties.

7.2.3.8 The requirements contained herein as to the types and limits of all insurance to be maintained by the Parties are not intended to and shall not in any manner, limit or qualify the liabilities and obligations assumed by the Parties under this agreement.

7.2.3.9 Within ten (10) days following execution of this agreement, and as soon as practicable after the end of each fiscal year or at the renewal of the insurance policy and in any event within ninety (90) days thereafter, each Party shall provide certification of all insurance required in this agreement, executed by each insurer or by an authorized representative of each insurer.

7.2.3.10 Notwithstanding the foregoing, each Party may self-insure to meet the minimum insurance requirements of Articles 7.2.3.2 through 7.2.3.8 to the extent it maintains a self-insurance program; provided that, such Party's senior secured debt is rated at investment grade, or better, by Standard & Poor's and its self-insurance program meets the minimum insurance requirements of Articles 7.2.3.2 through 7.2.3.8. For any period of time that a Party's senior secured debt is unrated by Standard & Poor's or is rated at less than investment grade by Standard & Poor's, such Party shall comply with the insurance requirements applicable to it under Articles 7.2.3.2

through 7.2.3.9. In the event that a Party is permitted to self-insure pursuant to this article, it shall notify the other Party that it meets the requirements to self-insure and that its self-insurance program meets the minimum insurance requirements in a manner consistent with that specified in Article 7.2.3.9.

7.2.3.11 The Parties agree to report to each other in writing as soon as practical all accidents or occurrences resulting in injuries to any person, including death, and any property damage arising out of this agreement.

7.3 **Governing Law.** This Interconnection System Impact Study Agreement shall be governed by and construed in accordance with the laws of the State where the Point of Interconnection is located, without regard to its conflict of law principles. The Parties hereby submit to the exclusive jurisdiction of the state or federal courts situated in the States of Louisiana and the state where the Point of Interconnection is located for purposes of any suit or action arising out of this Interconnection System Impact Study Agreement. Nothing contained in this Section 7.3 shall be construed to impair the jurisdiction of the Commission.

7.4 **Waiver.** The failure of either Party to insist upon strict performance of any of the terms and conditions of this Interconnection System Impact Study Agreement, or to exercise or delay the exercise of any rights or remedies provided by this Interconnection System Impact Study Agreement or by law, shall not release the other Party from any of the responsibilities or obligations imposed by law or by this Interconnection System Impact Study Agreement, and shall not be deemed a waiver of any right of the other Party to insist upon strict performance of this Interconnection System Impact Study Agreement.

- 7.5 **Amendment.** This Interconnection System Impact Study Agreement constitutes the entire agreement between the Parties hereto with reference to the subject matter hereof, and no change or modification as to any of the provisions hereof shall be binding on either Party unless reduced to writing and approved by a duly authorized representative of Interconnection Customer and the President or a Vice President of Transmission Provider.
- 7.6 **Assignment.** This Interconnection System Impact Study Agreement shall not be assigned by Interconnection Customer without the prior written consent of Transmission Provider, not to be unreasonably withheld, conditioned, or delayed. This Interconnection System Impact Study Agreement, and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and assigns of the parties hereto.
- 7.7 **Execution.** This Interconnection System Impact Study Agreement may be executed in two or more counterparts, each of which is deemed an original, but all constitute one and the same instrument.
- 7.8 **Captions.** All indexes, titles, subject headings, section titles and similar items are provided for the purpose of reference and convenience and are not intended to be inclusive, definitive, or to affect the meaning of the contents or scope of this Agreement.

IN WITNESS THEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of ICT]

By: _____

By:_____

Title: _____

Title:_____

Date: _____

Date:_____

[Insert name of Interconnection Customer]

By: _____

Title: _____

Date: _____

Attachment A To Appendix 3
Interconnection System Impact
Study Agreement

ASSUMPTIONS USED IN CONDUCTING THE
INTERCONNECTION SYSTEM IMPACT STUDY

The Interconnection System Impact Study will be based upon the results of the Interconnection Feasibility Study, subject to any modifications in accordance with Section 4.4 of the LGIP, and the following assumptions:

Designation of Point of Interconnection and configuration to be studied.

Designation of alternative Point(s) of Interconnection and configuration.

[Above assumptions to be completed by Interconnection Customer and other

assumptions to be provided by Interconnection Customer and Transmission Provider]

**APPENDIX 4 TO LGIP Interconnection Facilities Study
Agreement**

THIS AGREEMENT is made and entered into this ____ day of _____, 20__ by and between _____, a _____ organized and existing under the laws of the State of _____, ("Interconnection Customer,") and Southwest Power Pool, Inc. as Independent Coordinator of Transmission ("ICT"). Interconnection Customer, the ICT, and Transmission Provider each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, Interconnection Customer is proposing to develop a Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request submitted by Interconnection Customer dated _____; and

WHEREAS, Interconnection Customer desires to interconnect the Large Generating Facility with the Transmission System;

WHEREAS, Transmission Provider has completed an Interconnection System Impact Study (the "System Impact Study") and provided the results of said study to Interconnection Customer; and

WHEREAS, Interconnection Customer has requested Transmission Provider to perform an Interconnection Facilities Study to specify and estimate the cost of the equipment, engineering, procurement and construction work needed to implement the conclusions of the Interconnection System Impact Study in accordance with Good Utility Practice to physically and electrically connect the Large Generating Facility to the Transmission System.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in Transmission Provider's FERC-approved LGIP.
- 2.0 Interconnection Customer elects and Transmission Provider shall cause an Interconnection Facilities Study consistent with Section 8.0 of this LGIP to be performed in accordance with the Tariff. The ICT shall carry out the responsibilities of the Transmission Provider as provided in Attachment S (including all protocols attached thereto) to the Tariff.
- 3.0 The scope of the Interconnection Facilities Study shall be subject to the assumptions set forth in Attachment A and the data provided in Attachment B to this Agreement.
- 4.0 The Interconnection Facilities Study report (i) shall provide a description, estimated cost of (consistent with Attachment A), schedule for required facilities to interconnect the Large Generating Facility to the Transmission System and (ii) shall address the short circuit, instability, and power flow issues identified in the Interconnection System Impact Study.
- 5.0 Interconnection Customer shall provide a deposit of \$100,000 for the performance of the Interconnection Facilities Study. The time for completion of the Interconnection Facilities Study is specified in Attachment A.

Transmission Provider shall invoice Interconnection Customer on a monthly basis for the work to be conducted on the Interconnection Facilities Study each month. Interconnection Customer shall pay invoiced amounts within thirty (30) Calendar Days of receipt of invoice. Transmission Provider shall continue to hold the amounts on deposit until settlement of the final invoice.

- 6.0 Miscellaneous.

6.1 Disclaimers.

6.1.1 Equipment Release. Transmission Provider's Interconnection Facilities Study shall not be construed as confirming or endorsing the design, or as any warranty of safety, durability, reliability, or suitability of Interconnection Customer's equipment or installation thereof for any use, including the use intended by Interconnection Customer, and Interconnection Customer agrees to release and hold Transmission Provider harmless for any claims or demands arising out of or relating to Interconnection Customer's use of the Interconnection Facilities Study.

6.2 Indemnity, Consequential Damages and Insurance

6.2.1 Indemnity. The Parties to this agreement shall indemnify, defend and hold the other Party harmless from any and all damages, demands, claims, causes of action, including claims or actions relating to injury to or death of any person, or damage to property, costs and expenses, court costs, attorneys fees, or any other form of loss by or to third parties, arising out of or resulting from the Indemnifying Party's performance of its obligations under this agreement, when due to the Indemnifying Party's negligent acts or omissions, strict liability, or fault, except in cases that also involve the gross negligence or intentional wrongdoing of the Indemnified Party.

6.2.1.1 Indemnified Person. If an Indemnified Person is entitled to indemnification under this Article 6.2 as a result of a claim by a third party, and the indemnifying Party fails, after notice and reasonable opportunity to proceed under Article 6.2.1, to assume the defense of such claim, such Indemnified Person may at the expense of the indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.

- 6.2.1.2 Indemnifying Party. If an Indemnifying Party is obligated to indemnify and hold any Indemnified Person harmless under this Article 6.2, the amount owing to the Indemnified Person shall be the amount of such Indemnified Person's actual Loss, net of any insurance or other recovery.
- 6.2.1.3 Indemnity Procedures. Promptly after receipt by an Indemnified Person of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in Article 6.2.1 may apply, the Indemnified Person shall notify the Indemnifying Party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the indemnifying Party.

The Indemnifying Party shall have the right to assume the defense thereof with counsel designated by such Indemnifying Party and reasonably satisfactory to the Indemnified Person. If the defendants in any such action include one or more Indemnified Persons and the Indemnifying Party and if the Indemnified Person reasonably concludes that there may be legal defenses available to it and/or other Indemnified Persons which are different from or additional to those available to the Indemnifying Party, the Indemnified Person shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on its own behalf. In such instances, the Indemnifying Party shall only be required to pay the fees and expenses of one additional attorney to represent an Indemnified Person or Indemnified Persons having such differing or additional legal defenses.

The Indemnified Person shall be entitled, at its expense, to participate in any such action, suit or proceeding, the defense of which has been assumed by the Indemnifying Party. Notwithstanding the foregoing, the Indemnifying Party

(i) shall not be entitled to assume and control the defense of any such action, suit or proceedings if and to the extent that, in the opinion of the Indemnified Person and its counsel, such action, suit or proceeding involves the potential imposition of criminal liability on the Indemnified Person, or there exists a conflict or adversity of interest between the Indemnified Person and the Indemnifying Party, in such event the Indemnifying Party shall pay the reasonable expenses of the Indemnified Person, and (ii) shall not settle or consent to the entry of any judgment in any action, suit or proceeding without the consent of the Indemnified Person, which shall not be reasonably withheld, conditioned or delayed.

6.2.2 Consequential Damages. Other than the Liquidated Damages heretofore described, in no event shall either Party be liable under any provision of this agreement for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to the other Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

6.2.3 Insurance. Each party shall, at its own expense, maintain in force throughout the period of this agreement, and until released by the other Party, the following minimum insurance coverages, with insurers authorized to do business in the state where the Point of Interconnection is located:

6.2.3.1 Employers' Liability and Workers' Compensation Insurance providing statutory benefits in accordance with the laws and regulations of the state in which the Point of Interconnection is located.

- 6.2.3.2 Commercial General Liability Insurance including premises and operations, personal injury, broad form property damage, broad form blanket contractual liability coverage (including coverage for the contractual indemnification) products and completed operations coverage, coverage for explosion, collapse and underground hazards, independent contractors coverage, coverage for pollution to the extent normally available and punitive damages to the extent normally available and a cross liability endorsement, with minimum limits of One Million Dollars (\$1,000,000) per occurrence/One Million Dollars (\$1,000,000) aggregate combined single limit for personal injury, bodily injury, including death and property damage.
- 6.2.3.3 Comprehensive Automobile Liability Insurance for coverage of owned and non-owned and hired vehicles, trailers or semi-trailers designed for travel on public roads, with a minimum, combined single limit of One Million Dollars (\$1,000,000) per occurrence for bodily injury, including death, and property damage.
- 6.2.3.4 Excess Public Liability Insurance over and above the Employers' Liability Commercial General Liability and Comprehensive Automobile Liability Insurance coverage, with a minimum combined single limit of Twenty Million Dollars (\$20,000,000) per occurrence/Twenty Million Dollars (\$20,000,000) aggregate.
- 6.2.3.5 The Commercial General Liability Insurance, Comprehensive Automobile Insurance and Excess Public Liability Insurance policies shall name the other Party, its parent, associated and Affiliate companies and their respective directors, officers, agents, servants and employees ("Other Party Group") as additional insured. All policies shall contain provisions whereby the insurers waive

all rights of subrogation in accordance with the provisions of this agreement against the Other Party Group and provide thirty (30) days advance written notice to the Other Party Group prior to anniversary date of cancellation or any material change in coverage or condition.

- 6.2.3.6 The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance and Excess Public Liability Insurance policies shall contain provisions that specify that the policies are primary and shall apply to such extent without consideration for other policies separately carried and shall state that each insured is provided coverage as though a separate policy had been issued to each, except the insurer's liability shall not be increased beyond the amount for which the insurer would have been liable had only one insured been covered. Each Party shall be responsible for its respective deductibles or retentions.
- 6.2.3.7 The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance and Excess Public Liability Insurance policies, if written on a Claims First Made Basis, shall be maintained in full force and effect for two (2) years after termination of this agreement, which coverage may be in the form of tail coverage or extended reporting period coverage if agreed by the Parties.
- 6.2.3.8 The requirements contained herein as to the types and limits of all insurance to be maintained by the Parties are not intended to and shall not in any manner, limit or qualify the liabilities and obligations assumed by the Parties under this agreement.
- 6.2.3.9 Within ten (10) days following execution of this agreement, and as soon as practicable after the end of each fiscal year

or at the renewal of the insurance policy and in any event within ninety (90) days thereafter, each Party shall provide certification of all insurance required in this agreement, executed by each insurer or by an authorized representative of each insurer.

6.2.3.10 Notwithstanding the foregoing, each Party may self-insure to meet the minimum insurance requirements of Articles 6.2.3.2 through 6.2.3.8 to the extent it maintains a self-insurance program; provided that, such Party's senior secured debt is rated at investment grade, or better, by Standard & Poor's and its self-insurance program meets the minimum insurance requirements of Articles 6.2.3.2 through 6.2.3.8. For any period of time that a Party's senior secured debt is unrated by Standard & Poor's or is rated at less than investment grade by Standard & Poor's, such Party shall comply with the insurance requirements applicable to it under Articles 6.2.3.2 through 6.2.3.9. In the event that a Party is permitted to self-insure pursuant to this article, it shall notify the other Party that it meets the requirements to self-insure and that its self-insurance program meets the minimum insurance requirements in a manner consistent with that specified in Article 6.2.3.9.

6.2.3.11 The Parties agree to report to each other in writing as soon as practical all accidents or occurrences resulting in injuries to any person, including death, and any property damage arising out of this agreement.

6.3 Governing Law. This Interconnection Facilities Study Agreement shall be governed by and construed in accordance with the laws of the State where the Point of Interconnection is located, without regard to its conflict of law principles. The Parties hereby submit to the exclusive jurisdiction of the state or federal courts situated in the States of Louisiana and the state where the Point of Interconnection is located for purposes of any suit or action arising out of this Interconnection

Facilities Study Agreement. Nothing contained in this Section 6.3 shall be construed to impair the jurisdiction of the Commission.

- 6.4 Waiver. The failure of either Party to insist upon strict performance of any of the terms and conditions of this Interconnection Facilities Study Agreement, or to exercise or delay the exercise of any rights or remedies provided by this Interconnection Facilities Study Agreement or by law, shall not release the other Party from any of the responsibilities or obligations imposed by law or by this Interconnection Facilities Study Agreement, and shall not be deemed a waiver of any right of the other Party to insist upon strict performance of this Interconnection Facilities Study Agreement.
- 6.5 Amendment. This Interconnection Facilities Study Agreement constitutes the entire agreement between the Parties hereto with reference to the subject matter hereof, and no change or modification as to any of the provisions hereof shall be binding on either Party unless reduced to writing and approved by a duly authorized representative of Interconnection Customer and the President or a Vice President of Transmission Provider.
- 6.6 Assignment. This Interconnection Facilities Study Agreement shall not be assigned by Interconnection Customer without the prior written consent of Transmission Provider, not to be unreasonably withheld, conditioned, or delayed. This Interconnection Facilities Study Agreement, and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and assigns of the parties hereto.
- 6.7 Execution. This Interconnection Facilities Study Agreement may be executed in two or more counterparts, each of which is deemed an original, but all constitute one and the same instrument.

6.8 Captions. All indexes, titles, subject headings, section titles and similar items are provided for the purpose of reference and convenience and are not intended to be inclusive, definitive, or to affect the meaning of the contents or scope of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of ICT]

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

[Insert name of Interconnection Customer]

By: _____

Title: _____

Date: _____

Attachment A To Appendix 4

Interconnection Facilities

Study Agreement

**INTERCONNECTION CUSTOMER SCHEDULE ELECTION FOR
CONDUCTING THE INTERCONNECTION FACILITIES STUDY**

Transmission Provider shall use Reasonable Efforts to complete the study and issue a draft Interconnection Facilities Study report to Interconnection Customer within the following number of days after of receipt of an executed copy of this Interconnection Facilities Study Agreement:

- **ninety (90) Calendar Days with no more than a +/- 20 percent cost estimate contained in the report, or**

- **one hundred eighty (180) Calendar Days with no more than a +/- 10 percent cost estimate contained in the report.**

Attachment B to Appendix 4

Interconnection Facilities

Study Agreement

**DATA FORM TO BE PROVIDED BY INTERCONNECTION CUSTOMER WITH
THE**

INTERCONNECTION FACILITIES STUDY AGREEMENT

Provide location plan and simplified one-line diagram of the plant and station facilities. For staged projects, please indicate future generation, transmission circuits, etc.

One set of metering is required for each generation connection to the new ring bus or existing Transmission Provider station. Number of generation connections:

On the one line diagram indicate the generation capacity attached at each metering location. (Maximum load on CT/PT)

On the one line diagram indicate the location of auxiliary power. (Minimum load on CT/PT) Amps

Will an alternate source of auxiliary power be available during CT/PT maintenance?

_____ Yes _____ No

Will a transfer bus on the generation side of the metering require that each meter set be designed for the total plant generation? _____ Yes _____ No (Please indicate on one line diagram).

What type of control system or PLC will be located at Interconnection Customer's Large Generating Facility?

What protocol does the control system or PLC use?

Please provide a 7.5-minute quadrangle of the site. Sketch the plant, station, transmission line, and property line.

Physical dimensions of the proposed interconnection station:

Bus length from generation to interconnection station:

Line length from interconnection station to Transmission Provider's transmission line.

Tower number observed in the field. (Painted on tower leg)*

Number of third party easements required for transmission lines*:

* To be completed in coordination with Transmission Provider.

Is the Large Generating Facility in the Transmission Provider's service area?

_____Yes _____No Local provider: _____

Please provide proposed schedule dates:

Begin Construction Date: _____

Generator step-up transformer Date: _____
receives back feed power

Generation Testing Date: _____

Commercial Operation Date: _____

**APPENDIX 5 TO LGIP Optional Interconnection Study
Agreement**

THIS AGREEMENT is made and entered into this _____ day of _____, 20____ by and between _____, a
organized and existing under the laws of the State of _____,
("Interconnection Customer,") and Southwest Power Pool, Inc. as Independent
Coordinator of Transmission ("ICT"). Interconnection Customer, the ICT, and
Transmission Provider each may be referred to as a "Party," or collectively as the
"Parties."

RECITALS

WHEREAS, Interconnection Customer is proposing to develop a Large
Generating Facility or generating capacity addition to an existing Generating
Facility consistent with the Interconnection Request submitted by Interconnection
Customer dated _____;

WHEREAS, Interconnection Customer is proposing to establish an
interconnection with the Transmission System; and

WHEREAS, Interconnection Customer has submitted to Transmission
Provider an Interconnection Request; and

WHEREAS, on or after the date when Interconnection Customer receives
the Interconnection System Impact Study results, Interconnection Customer has
further requested that Transmission Provider prepare an Optional
Interconnection Study;

NOW, THEREFORE, in consideration of and subject to the mutual
covenants contained herein the Parties agree as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms
specified shall have the meanings indicated in Transmission Provider's
FERC-approved LGIP.

- 2.0 Interconnection Customer elects and Transmission Provider shall cause an Optional Interconnection Study consistent with Section 10.0 of this LGIP to be performed in accordance with the Tariff. The ICT shall carry out the responsibilities of the Transmission Provider as provided in Attachment S (including all protocols attached thereto) to the Tariff.
- 3.0 The scope of the Optional Interconnection Study shall be subject to the assumptions set forth in Attachment A to this Agreement.
- 4.0 The Optional Interconnection Study shall be performed solely for informational purposes.
- 5.0 The Optional Interconnection Study report shall provide a sensitivity analysis based on the assumptions specified by Interconnection Customer in Attachment A to this Agreement. The Optional Interconnection Study will identify Transmission Provider's Interconnection Facilities and the Network Upgrades, and the estimated cost thereof, that may be required to provide transmission service or interconnection service based upon the assumptions specified by Interconnection Customer in Attachment A.
- 6.0 Interconnection Customer shall provide a deposit of \$10,000 for the performance of the Optional Interconnection Study. Transmission Provider's good faith estimate for the time of completion of the Optional Interconnection Study is [insert date].

Upon receipt of the Optional Interconnection Study, Transmission Provider shall charge and Interconnection Customer shall pay the actual costs of the Optional Study.

Any difference between the initial payment and the actual cost of the study shall be paid by or refunded to Interconnection Customer, as appropriate.

7.0 **Miscellaneous.**

7.1 Disclaimers.

- 7.1.1 Equipment Release.** Transmission Provider's Optional Interconnection Study shall not be construed as confirming or endorsing the design, or as any warranty of safety, durability, reliability, or suitability of Interconnection Customer's equipment or installation thereof for any use, including the use intended by Interconnection Customer, and Interconnection Customer agrees to release and hold Transmission Provider harmless for any claims or demands arising out of or relating to Interconnection Customer's use of the Optional Interconnection Study.

7.2 Indemnity, Consequential Damages and Insurance

- 7.2.1 Indemnity.** The Parties to this agreement shall indemnify, defend and hold the other Party harmless from any and all damages, demands, claims, causes of action, including claims or actions relating to injury to or death of any person, or damage to property, costs and expenses, court costs, attorneys fees, or any other form of loss by or to third parties, arising out of or resulting from the Indemnifying Party's performance of its obligations under this agreement, when due to the Indemnifying Party's negligent acts or omissions, strict liability, or fault, except in cases that also involve the gross negligence or intentional wrongdoing of the Indemnified Party.
- 7.2.1.1 Indemnified Person.** If an Indemnified Person is entitled to indemnification under this Article 7.2 as a result of a claim by a third party, and the indemnifying Party fails, after notice and reasonable opportunity to proceed under Article 7.2.1, to assume the defense of such claim, such Indemnified Person may at the expense of the indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.
- 7.2.1.2 Indemnifying Party.** If an Indemnifying Party is obligated to indemnify and hold any Indemnified Person harmless under this Article 7.2, the amount owing to the Indemnified Person shall be the amount of such Indemnified Person's actual Loss, net of any insurance or other recovery.
- 7.2.1.3 Indemnity Procedures.** Promptly after receipt by an Indemnified Person of any claim or notice of the

commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in Article 7.2.1 may apply, the Indemnified Person shall notify the Indemnifying Party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the indemnifying Party.

The Indemnifying Party shall have the right to assume the defense thereof with counsel designated by such Indemnifying Party and reasonably satisfactory to the Indemnified Person. If the defendants in any such action include one or more Indemnified Persons and the Indemnifying Party and if the Indemnified Person reasonably concludes that there may be legal defenses available to it and/or other Indemnified Persons which are different from or additional to those available to the Indemnifying Party, the Indemnified Person shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on its own behalf. In such instances, the Indemnifying Party shall only be required to pay the fees and expenses of one additional attorney to represent an Indemnified Person or Indemnified Persons having such differing or additional legal defenses.

The Indemnified Person shall be entitled, at its expense, to participate in any such action, suit or proceeding, the defense of which has been assumed by the Indemnifying Party. Notwithstanding the foregoing, the Indemnifying Party (i) shall not be entitled to assume and control the defense of any such action, suit or proceedings if and to the extent that, in the opinion of the Indemnified Person and its counsel, such action, suit or proceeding involves the potential imposition of criminal liability on the Indemnified Person, or there exists a conflict or adversity of interest between the Indemnified Person and the Indemnifying Party, in such event the Indemnifying Party shall pay the reasonable expenses of the Indemnified Person, and (ii) shall not settle

or consent to the entry of any judgment in any action, suit or proceeding without the consent of the Indemnified Person, which shall not be reasonably withheld, conditioned or delayed.

7.2.2 Consequential Damages. Other than the Liquidated Damages heretofore described, in no event shall either Party be liable under any provision of this agreement for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to the other Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

7.2.3 Insurance. Each party shall, at its own expense, maintain in force throughout the period of this agreement, and until released by the other Party, the following minimum insurance coverages, with insurers authorized to do business in the state where the Point of Interconnection is located:

7.2.3.1 Employers' Liability and Workers' Compensation Insurance providing statutory benefits in accordance with the laws and regulations of the state in which the Point of Interconnection is located.

7.2.3.2 Commercial General Liability Insurance including premises and operations, personal injury, broad form property damage, broad form blanket contractual liability coverage (including coverage for the contractual indemnification) products and completed operations coverage, coverage for explosion, collapse and underground hazards, independent contractors coverage, coverage for pollution to the extent normally available and punitive damages to the extent normally available and a cross liability endorsement, with minimum limits of One Million Dollars (\$1,000,000) per occurrence/One Million Dollars (\$1,000,000) aggregate combined single limit for personal injury, bodily injury, including death and property damage.

- 7.2.3.3 Comprehensive Automobile Liability Insurance for coverage of owned and non-owned and hired vehicles, trailers or semi-trailers designed for travel on public roads, with a minimum, combined single limit of One Million Dollars (\$1,000,000) per occurrence for bodily injury, including death, and property damage.
- 7.2.3.4 Excess Public Liability Insurance over and above the Employers' Liability Commercial General Liability and Comprehensive Automobile Liability Insurance coverage, with a minimum combined single limit of Twenty Million Dollars (\$20,000,000) per occurrence/Twenty Million Dollars (\$20,000,000) aggregate.
- 7.2.3.5 The Commercial General Liability Insurance, Comprehensive Automobile Insurance and Excess Public Liability Insurance policies shall name the other Party, its parent, associated and Affiliate companies and their respective directors, officers, agents, servants and employees ("Other Party Group") as additional insured. All policies shall contain provisions whereby the insurers waive all rights of subrogation in accordance with the provisions of this agreement against the Other Party Group and provide thirty (30) days advance written notice to the Other Party Group prior to anniversary date of cancellation or any material change in coverage or condition.
- 7.2.3.6 The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance and Excess Public Liability Insurance policies shall contain provisions that specify that the policies are primary and shall apply to such extent without consideration for other policies separately carried and shall state that each insured is provided coverage as though a separate policy had been issued to each, except the insurer's liability shall not be increased beyond the amount for which the insurer would have been liable had only one insured been covered. Each Party shall be responsible for its respective deductibles or retentions.
- 7.2.3.7 The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance and Excess

Public Liability Insurance policies, if written on a Claims First Made Basis, shall be maintained in full force and effect for two (2) years after termination of this agreement, which coverage may be in the form of tail coverage or extended reporting period coverage if agreed by the Parties.

- 7.2.3.8 The requirements contained herein as to the types and limits of all insurance to be maintained by the Parties are not intended to and shall not in any manner, limit or qualify the liabilities and obligations assumed by the Parties under this agreement.
- 7.2.3.9 Within ten (10) days following execution of this agreement, and as soon as practicable after the end of each fiscal year or at the renewal of the insurance policy and in any event within ninety (90) days thereafter, each Party shall provide certification of all insurance required in this agreement, executed by each insurer or by an authorized representative of each insurer.
- 7.2.3.10 Notwithstanding the foregoing, each Party may self-insure to meet the minimum insurance requirements of Articles 7.2.3.2 through 7.2.3.8 to the extent it maintains a self-insurance program; provided that, such Party's senior secured debt is rated at investment grade, or better, by Standard & Poor's and its self-insurance program meets the minimum insurance requirements of Articles 7.2.3.2 through 7.2.3.8. For any period of time that a Party's senior secured debt is unrated by Standard & Poor's or is rated at less than investment grade by Standard & Poor's, such Party shall comply with the insurance requirements applicable to it under Articles 7.2.3.2 through 7.2.3.9. In the event that a Party is permitted to self-insure pursuant to this article, it shall notify the other Party that it meets the requirements to self-insure and that its self-insurance program meets the minimum insurance requirements in a manner consistent with that specified in Article 7.2.3.9.
- 7.2.3.11 The Parties agree to report to each other in writing as soon as practical all accidents or occurrences resulting in injuries to any person, including death, and any property damage arising out of this agreement.

- 7.3 **Governing Law.** This Optional Interconnection Study Agreement shall be governed by and construed in accordance with the laws of the State where the Point of Interconnection is located, without regard to its conflict of law principles. The Parties hereby submit to the exclusive jurisdiction of the state or federal courts situated in the States of Louisiana and the state where the Point of Interconnection is located for purposes of any suit or action arising out of this Optional Interconnection Study Agreement. Nothing contained in this Section 7.3 shall be construed to impair the jurisdiction of the Commission.
- 7.4 **Waiver.** The failure of either Party to insist upon strict performance of any of the terms and conditions of this Optional Interconnection Study Agreement, or to exercise or delay the exercise of any rights or remedies provided by this Optional Interconnection Study Agreement or by law, shall not release the other Party from any of the responsibilities or obligations imposed by law or by this Optional Interconnection Study Agreement, and shall not be deemed a waiver of any right of the other Party to insist upon strict performance of this Optional Interconnection Study Agreement.
- 7.5 **Amendment.** This Optional Interconnection Study Agreement constitutes the entire agreement between the Parties hereto with reference to the subject matter hereof, and no change or modification as to any of the provisions hereof shall be binding on either Party unless reduced to writing and approved by a duly authorized representative of Interconnection Customer and the President or a Vice President of Transmission Provider.
- 7.6 **Assignment.** This Optional Interconnection Study Agreement shall not be assigned by Interconnection Customer without the prior written consent of Transmission Provider, not to be unreasonably withheld, conditioned or delayed. This Optional Interconnection Study Agreement, and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and assigns of the parties hereto.
- 7.7 **Execution.** This Optional Interconnection Study Agreement may be executed in two or more counterparts, each of which is deemed an original, but all constitute one and the same instrument.
- 7.8 **Captions.** All indexes, titles, subject headings, section titles and similar items are provided for the purpose of reference and

convenience and are not intended to be inclusive, definitive, or to affect the meaning of the contents or scope of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written

[Insert name of ICT]

By: _____ By: _____

Title: _____ Title: _____

Date: _____ Date: _____

[Insert name of Interconnection Customer]

By: _____

Title: _____

Date: _____

APPENDIX 6 TO LGIP Interconnection Procedures for a Wind Generating Plant

Appendix G sets forth procedures specific to a wind generating plant. All other requirements of this LGIP continue to apply to wind generating plant interconnections. The ICT shall carry out the responsibilities of the Transmission Provider as provided in Attachment S (including all protocols attached thereto) to the Tariff.

A. Special Procedures Applicable to Wind Generators

The wind plant Interconnection Customer, in completing the Interconnection Request required by section 3.3 of this LGIP, may provide to the Transmission Provider a set of preliminary electrical design specifications depicting the wind plant as a single equivalent generator. Upon satisfying these and other applicable Interconnection Request conditions, the wind plant may enter the queue and receive the base case data as provided for in this LGIP.

No later than six months after submitting an Interconnection Request completed in this manner, the wind plant Interconnection Customer must submit completed detailed electrical design specifications and other data (including collector system layout data) needed to allow the Transmission Provider to complete the System Impact Study.

ATTACHMENT N-1

Deliverability Test for NRIS

1. Overview

Entergy will develop a two-part deliverability test for customers (Interconnection Customers or Network Customers) seeking to qualify a Generator as an NRIS resource: (1) a test of deliverability “from generation”, that is out of the Generator to the aggregate load connected to the Entergy Transmission system; and (2) a test of deliverability “to load” associated with sub-zones. This test will identify upgrades that are required to make the resource deliverable and to maintain that deliverability for a five year period.

1.1 The “From Generation” Test for Deliverability

In order for a Generator to be considered deliverable, it must be able to run at its maximum rated output without impairing the capability of the aggregate of previously qualified generating resources (whether qualified at the NRIS or NITS level) in the local area to support load on the system, taking into account potentially constrained transmission elements common to the Generator under test and other adjacent qualified resources. For purposes of this test, the resources displaced in order to determine if the Generator under test can run at maximum rated output should be resources located outside of the local area and having insignificant impact on the results. Existing Long-term Firm PTP Service commitments will also be maintained in this study procedure.

1.2 The “To Load” Test for Deliverability

The Generator under test running at its rated output cannot introduce flows on the system that would adversely affect the ability of the transmission system to serve load reliably in import-constrained sub-zones. Existing Long-term Firm PTP Service commitments will also be maintained in this study procedure.

1.3 Required Upgrades.

Entergy will determine what upgrades, if any, will be required for an NRIS applicant to meet deliverability requirements pursuant to Appendix 1 of Attachment N-1.

Appendix 1 – NRIS Deliverability Test

Description of Deliverability Test

Each NRIS resource will be tested for deliverability at peak load conditions, and in such a manner that the resources it displaces in the test are ones that could continue to contribute to the resource adequacy of the control area in addition to the studied resources. The study will also determine if a unit applying for NRIS service impairs the reliability of load on the system by reducing the capability of the transmission system to deliver energy to load located in import-constrained sub-zones on the grid. Through the study, any transmission upgrades necessary for the unit to meet these tests will be identified.

Deliverability Test Procedure:

The deliverability test for qualifying a generating unit as a NRIS resource is intended to ensure that 1) the generating resource being studied contributes to the reliability of the system as a whole by being able to, in conjunction with all other Network Resources on the system, deliver energy to the aggregate load on the transmission system, and 2) collectively all load on the system can still be reliably served with the inclusion of the generating resource being studied.

The tests are conducted for “peak” conditions (both a summer peak and a winter peak) for each year of the 5-year planning horizon commencing in the first year the new unit is scheduled to commence operations.

1) Deliverability of Generation

The intent of this test is to determine the deliverability of a NRIS resource to the aggregate load on the system. It is assumed in this test that all

units previously qualified as NRIS and NITS resources are deliverable. In evaluating the incremental deliverability of a new resource, a test case is established. In the test case, all existing NRIS and NITS resources are dispatched at an expected level of generation (as modified by the DFAX list units as discussed below). Peak load withdrawals are also modeled as well as net imports and exports. The output from generating resources is then adjusted so as to “balance” overall load and generation. This sets the baseline for the test case in terms of total system injections and withdrawals.

Incremental to this test case, injections from the proposed new generation facility are then included, with reductions in other generation located outside of the local area made to maintain system balance. Generator deliverability is then tested for each transmission facility. There are two steps to identify the transmission facilities to be studied and the pattern of generation on the system:

- 1) Identify the transmission facilities for which the generator being studied has a 3% or greater distribution factor
- 2) For each such transmission facility, list all existing qualified NRIS and NITS resources having a 3% or greater distribution factor on that facility. This list of units is called the Distribution Factor or DFAX list.

For each transmission facility, the units on the DFAX list with the greatest impact are modeled as operating at 100% of their rated output in the DC load flow until, working down the DFAX list, a 20% probability of all units being available at full output is reached (e.g. for 15 generators with a Forced Outage Rate of 10%, the probability of all 15 being available at 100% of their rated output is 20.6%). Other NRIS and NITS resources on the system are modeled at a level sufficient to serve load and net interchange.

From this new baseline, if the addition of the generator being considered (coupled with the matching generation reduction on the system) results in overloads on a particular transmission facility being examined, then it is not “deliverable” under the test.

2) Deliverability to Load

The Entergy transmission system is divided into a number of import constrained sub-zones for which the import capability and reliability criteria will be examined for the purposes of testing a new NRIS resource. These sub-zones can be characterized as being areas on the Entergy transmission system for which transmission limitations restrict the import of energy necessary to supply load located in the sub-zone.

The transmission limitations will be defined by contingencies and transmission constraints on the system that are known to limit operations in each area, and the sub-zones will be defined by the generation and load busses that are impacted by the contingent transmission lines. These sub-zones may change over time as the topology of the transmission system changes or load grows in particular areas.

An acceptable level of import capability for each sub-zone will have been determined by Entergy Transmission based on their experience and modeling of joint transmission and generating unit contingencies. Typically the acceptable level of transmission import capacity into the sub-zones will be that which is limited by first-contingency conditions on the transmission system when generating units within the sub-region are experiencing an abnormal level of outages and peak loads.

The “deliverability to load” test compares the available import capability to each sub-zone that is required for the maintaining of reliable service to load within the sub-zone both with and without the new NRIS resource operating at 100% of its rated output. If the new NRIS resource does not reduce the sub-zone import capability so as to reduce the reliability of load within the sub-zone to an unacceptable level, then the deliverability to load test for the unit is satisfied. This test is conducted for a 5-year planning

cycle. When the new NRIS resource fails the test, then transmission upgrades will be identified that would allow the NRIS unit to operate without degrading the sub-zone reliability to below an acceptable level.

Other Modeling Assumptions:

1) Modeling of Other Resources

Generating units outside the control of Entergy (including the network resources of others, and generating units in adjacent control areas) shall be modeled assuming “worst case” operation of the units – that is, a pattern of dispatch that reduces the sub-zone import capability, or impact the common limiting flowgates on the system to the greatest extent for the “from generation” deliverability test.

2) Must-run Units

Must-run units in the control area will be modeled as committed and operating at a level consistent with the must-run operating guidelines for the unit.

3) Base-line Transmission Model

The base-line transmission system will include all transmission upgrades approved and committed to by Entergy Transmission over the 5-year planning horizon. Transmission line ratings will be net of TRM and current CBM assumptions will be maintained.

ATTACHMENT O
Standard Large Generator Interconnection Agreement
(LGIA)

(Applicable to Generating Facilities that exceed 20 MW)

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STANDARD LARGE GENERATOR INTERCONNECTION AGREEMENT

THIS STANDARD LARGE GENERATOR INTERCONNECTION AGREEMENT

("Agreement") is made and entered into this ____ day of _____

20__, by and between _____, a

organized and existing under the laws of the State/Commonwealth of

("Interconnection Customer" with a Large Generating Facility), and Southwest Power Pool, Inc. as Independent Coordinator of Transmission ("ICT"). Interconnection Customer, Transmission Provider, and the ICT each may be referred to as a "Party" or collectively as the "Parties."

Recitals

WHEREAS, Transmission Provider operates the Transmission System;
and

WHEREAS, Interconnection Customer intends to own, lease and/or control and operate the Generating Facility identified as a Large Generating Facility in Appendix C to this Agreement; and,

WHEREAS, Interconnection Customer and Transmission Provider have agreed to enter into this Agreement for the purpose of interconnecting the Large Generating Facility with the Transmission System;

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein, it is agreed:

When used in this Standard Large Generator Interconnection Agreement, terms with initial capitalization that are not defined in Article 1 shall have the meanings specified in the Article in which they are used or the Open Access Transmission Tariff (Tariff).

Article 1 Definitions

Adverse System Impact shall mean the negative effects due to technical or operational limits on conductors or equipment being exceeded that may compromise the safety and reliability of the electric system.

Affected System shall mean an electric system other than the Transmission Provider's Transmission System that may be affected by the proposed interconnection.

Affected System Operator shall mean the entity that operates an Affected System.

Affiliate shall mean, with respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.

Ancillary Services shall mean those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the Transmission Provider's Transmission System in accordance with Good Utility Practice.

Applicable Laws and Regulations shall mean all duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

Applicable Reliability Council shall mean the reliability council applicable to the Transmission System to which the Generating Facility is directly interconnected.

Applicable Reliability Standards shall mean the requirements and guidelines of NERC, the Applicable Reliability Council, and the Control Area of the Transmission System to which the Generating Facility is directly interconnected.

Base Case shall mean the base case power flow, short circuit, and stability data bases used for the Interconnection Studies by the Transmission Provider or Interconnection Customer.

Breach shall mean the failure of a Party to perform or observe any material term or condition of the Standard Large Generator Interconnection Agreement.

Breaching Party shall mean a Party that is in Breach of the Standard Large Generator Interconnection Agreement.

Business Day shall mean Monday through Friday, excluding Federal Holidays.

Calendar Day shall mean any day including Saturday, Sunday or a Federal Holiday.

Clustering shall mean the process whereby a group of Interconnection Requests is studied together, instead of serially, for the purpose of conducting the Interconnection System Impact Study.

Commercial Operation shall mean the status of a Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation.

Commercial Operation Date of a unit shall mean the date on which the Generating Facility commences Commercial Operation as agreed to by the Parties pursuant to Appendix E to the Standard Large Generator Interconnection Agreement.

Confidential Information shall mean any confidential, proprietary or trade secret information of a plan, specification, pattern, procedure, design, device, list, concept, policy or compilation relating to the present or planned business of a Party, which is designated as confidential by the Party supplying the information, whether conveyed orally, electronically, in writing, through inspection, or otherwise.

Control Area shall mean an electrical system or systems bounded by interconnection metering and telemetry, capable of controlling generation to maintain its interchange schedule with other Control Areas and contributing to frequency regulation of the interconnection. A Control Area must be certified by the Applicable Reliability Council.

Default shall mean the failure of a Breaching Party to cure its Breach in accordance with Article 17 of the Standard Large Generator Interconnection Agreement.

Dispute Resolution shall mean the procedure for resolution of a dispute between the Parties in which they will first attempt to resolve the dispute on an informal basis.

Distribution System shall mean the Transmission Provider's facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher

voltage transmission networks which transport bulk power over longer distances. The voltage levels at which distribution systems operate differ among areas.

Distribution Upgrades shall mean the additions, modifications, and upgrades to the Transmission Provider's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Generating Facility and render the transmission service necessary to effect Interconnection Customer's wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities.

Effective Date shall mean the date on which the Standard Large Generator Interconnection Agreement becomes effective upon execution by the Parties subject to acceptance by FERC, or if filed unexecuted, upon the date specified by FERC.

Emergency Condition shall mean a condition or situation: (1) that in the judgment of the Party making the claim is imminently likely to endanger life or property; or (2) that, in the case of a Transmission Provider, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to Transmission Provider's Transmission System, Transmission Provider's Interconnection Facilities or the electric systems of others to which the Transmission Provider's Transmission System is directly connected; or (3) that, in the case of Interconnection Customer, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Generating Facility or Interconnection Customer's Interconnection Facilities. System restoration and black start shall be considered Emergency Conditions; provided, that Interconnection Customer is not obligated by the Standard Large Generator Interconnection Agreement to possess black start capability.

Energy Resource Interconnection Service shall mean an Interconnection Service that allows the Interconnection Customer to connect its Generating Facility to the Transmission Provider's Transmission System to be eligible to deliver the Generating Facility's electric output using the existing firm or nonfirm capacity of the Transmission Provider's Transmission System on an

as available basis. Energy Resource Interconnection Service in and of itself does not convey transmission service.

Engineering & Procurement (E&P) Agreement shall mean an agreement that authorizes the Transmission Provider to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection in order to advance the implementation of the Interconnection Request.

Environmental Law shall mean Applicable Laws or Regulations relating to pollution or protection of the environment or natural resources

Federal Power Act shall mean the Federal Power Act, as amended, 16 U.S.C. §§ 791a et seq.

FERC shall mean the Federal Energy Regulatory Commission (Commission) or its successor.

Force Majeure shall mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include acts of negligence or intentional wrongdoing by the Party claiming Force Majeure.

Generating Facility shall mean Interconnection Customer's device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

Generating Facility Capacity shall mean the net capacity of the Generating Facility and the aggregate net capacity of the Generating Facility where it includes multiple energy production devices.

Good Utility Practice shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

Governmental Authority shall mean any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include Interconnection Customer, Transmission Provider, or any Affiliate thereof.

Hazardous Substances shall mean any chemicals, materials or substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "hazardous constituents," "restricted hazardous materials," "extremely hazardous substances," "toxic substances," "radioactive substances," "contaminants," "pollutants," "toxic pollutants" or words of similar meaning and regulatory effect under any applicable Environmental Law, or any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law.

Initial Synchronization Date shall mean the date upon which the Generating Facility is initially synchronized and upon which Trial Operation begins.

In-Service Date shall mean the date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Transmission Provider's Interconnection Facilities to obtain back feed power.

Interconnection Customer shall mean any entity, including the Transmission Provider, Transmission Owner or any of the Affiliates or subsidiaries of either, that proposes to interconnect its Generating Facility with the Transmission Provider's Transmission System.

Interconnection Customer's Interconnection Facilities shall mean all facilities and equipment, as identified in Appendix A of the Standard Large Generator Interconnection Agreement, that are located between the Generating Facility and the Point of Change of Ownership, including any modification, addition, or upgrades to such facilities and equipment necessary to physically and electrically interconnect the Generating Facility to the Transmission Provider's Transmission System. Interconnection Customer's Interconnection Facilities are sole use facilities.

Interconnection Facilities shall mean the Transmission Provider's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Generating Facility to the Transmission Provider's Transmission System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Interconnection Facilities Study shall mean a study conducted by the Transmission Provider or a third party consultant for the Interconnection Customer to determine a list of facilities (including Transmission Provider's Interconnection Facilities and Network Upgrades as identified in the Interconnection System Impact Study), the cost of those facilities, and the time required to interconnect the Generating Facility with the Transmission Provider's

Transmission System. The scope of the study is defined in Section 8 of the Standard Large Generator Interconnection Procedures.

Interconnection Facilities Study Agreement shall mean the form of agreement contained in Appendix 4 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection Facilities Study.

Interconnection Feasibility Study shall mean a preliminary evaluation of the system impact and cost of interconnecting the Generating Facility to the Transmission Provider's Transmission System, the scope of which is described in Section 6 of the Standard Large Generator Interconnection Procedures.

Interconnection Feasibility Study Agreement shall mean the form of agreement contained in Appendix 2 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection Feasibility Study.

Interconnection Request shall mean an Interconnection Customer's request, in the form of Appendix 1 to the Standard Large Generator Interconnection Procedures, in accordance with the Tariff, to interconnect a new Generating Facility, or to increase the capacity of, or make a Material Modification to the operating characteristics of, an existing Generating Facility that is interconnected with the Transmission Provider's Transmission System.

Interconnection Service shall mean the service provided by the Transmission Provider associated with interconnecting the Interconnection Customer's Generating Facility to the Transmission Provider's Transmission System and enabling it to receive electric energy and capacity from the Generating Facility at the Point of Interconnection, pursuant to the terms of the Standard Large Generator Interconnection Agreement and, if applicable, the Transmission Provider's Tariff.

Interconnection Study shall mean any of the following studies: the Interconnection Feasibility Study, the Interconnection System Impact Study, and

the Interconnection Facilities Study described in the Standard Large Generator Interconnection Procedures.

Interconnection System Impact Study shall mean an engineering study that evaluates the impact of the proposed interconnection on the safety and reliability of Transmission Provider's Transmission System and, if applicable, an Affected System. The study shall identify and detail the system impacts that would result if the Generating Facility were interconnected without project modifications or system modifications, focusing on the Adverse System Impacts identified in the Interconnection Feasibility Study, or to study potential impacts, including but not limited to those identified in the Scoping Meeting as described in the Standard Large Generator Interconnection Procedures.

Interconnection System Impact Study Agreement shall mean the form of agreement contained in Appendix 3 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection System Impact Study.

IRS shall mean the Internal Revenue Service.

Joint Operating Committee shall be a group made up of representatives from Interconnection Customers and the Transmission Provider to coordinate operating and technical considerations of Interconnection Service.

Large Generating Facility shall mean a Generating Facility having a Generating Facility Capacity of more than 20 MW.

Loss shall mean any and all losses relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's performance, or non-performance of its obligations under the Standard Large Generator Interconnection Agreement on

behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnifying Party.

Material Modification shall mean those modifications that have a material impact on the cost or timing of any Interconnection Request with a later queue priority date.

Metering Equipment shall mean all metering equipment installed or to be installed at the Generating Facility pursuant to the Standard Large Generator Interconnection Agreement at the metering points, including but not limited to instrument transformers, MWh-meters, data acquisition equipment, transducers, remote terminal unit, communications equipment, phone lines, and fiber optics.

NERC shall mean the North American Electric Reliability Council or its successor organization.

Network Resource shall mean any designated generating resource owned, purchased, or leased by a Network Customer under the Network Integration Transmission Service Tariff. Network Resources do not include any resource, or any portion thereof, that is committed for sale to third parties or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis.

Network Resource Interconnection Service shall mean an Interconnection Service that allows the Interconnection Customer to integrate its Large Generating Facility with the Transmission Provider's Transmission System (1) in a manner comparable to that in which the Transmission Provider integrates its generating facilities to serve native load customers; or (2) in an RTO or ISO with market based congestion management, in the same manner as Network Resources. Network Resource Interconnection Service in and of itself does not convey transmission service.

Network Upgrades shall mean the additions, modifications, and upgrades to the Transmission Provider's Transmission System required at or beyond the

point at which the Interconnection Facilities connect to the Transmission Provider's Transmission System to accommodate the interconnection of the Large Generating Facility to the Transmission Provider's Transmission System.

Notice of Dispute shall mean a written notice of a dispute or claim that arises out of or in connection with the Standard Large Generator Interconnection Agreement or its performance.

Optional Interconnection Study shall mean a sensitivity analysis based on assumptions specified by the Interconnection Customer in the Optional Interconnection Study Agreement.

Optional Interconnection Study Agreement shall mean the form of agreement contained in Appendix 5 of the Standard Large Generator Interconnection Procedures for conducting the Optional Interconnection Study.

Party or Parties shall mean Transmission Provider, Transmission Owner, ICT, Interconnection Customer or any combination of the above.

Point of Change of Ownership shall mean the point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Customer's Interconnection Facilities connect to the Transmission Provider's Interconnection Facilities.

Point of Interconnection shall mean the point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Facilities connect to the Transmission Provider's Transmission System.

Queue Position shall mean the order of a valid Interconnection Request, relative to all other pending valid Interconnection Requests, that is established

based upon the date and time of receipt of the valid Interconnection Request by the Transmission Provider.

Reasonable Efforts shall mean, with respect to an action required to be attempted or taken by a Party under the Standard Large Generator Interconnection Agreement, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

Scoping Meeting shall mean the meeting between representatives of the Interconnection Customer and Transmission Provider conducted for the purpose of discussing alternative interconnection options, to exchange information including any transmission data and earlier study evaluations that would be reasonably expected to impact such interconnection options, to analyze such information, and to determine the potential feasible Points of Interconnection.

Site Control shall mean documentation reasonably demonstrating: (1) ownership of, a leasehold interest in, or a right to develop a site for the purpose of constructing the Generating Facility; (2) an option to purchase or acquire a leasehold site for such purpose; or (3) an exclusivity or other business relationship between Interconnection Customer and the entity having the right to sell, lease or grant Interconnection Customer the right to possess or occupy a site for such purpose.

Small Generating Facility shall mean a Generating Facility that has a Generating Facility Capacity of no more than 20 MW.

Stand Alone Network Upgrades shall mean Network Upgrades that an Interconnection Customer may construct without affecting day-to-day operations of the Transmission System during their construction. Both the Transmission Provider and the Interconnection Customer must agree as to what constitutes Stand Alone Network Upgrades and identify them in Appendix A to the Standard Large Generator Interconnection Agreement.

Standard Large Generator Interconnection Agreement (LGIA) shall mean the form of interconnection agreement applicable to an Interconnection Request pertaining to a Large Generating Facility that is included in the Transmission Provider's Tariff.

interconnection procedures applicable to an Interconnection Request pertaining to a Large Generating Facility that are included in the Transmission Provider's Tariff.

System Protection Facilities shall mean the equipment, including necessary protection signal communications equipment, required to protect (1) the Transmission Provider's Transmission System from faults or other electrical disturbances occurring at the Generating Facility and (2) the Generating Facility from faults or other electrical system disturbances occurring on the Transmission Provider's Transmission System or on other delivery systems or other generating systems to which the Transmission Provider's Transmission System is directly connected.

Tariff shall mean the Transmission Provider's Tariff through which open access transmission service and Interconnection Service are offered, as filed with FERC, and as amended or supplemented from time to time, or any successor tariff.

Transmission Owner shall mean an entity that owns, leases or otherwise possesses an interest in the portion of the Transmission System at the Point of Interconnection and may be a Party to the Standard Large Generator Interconnection Agreement to the extent necessary.

Transmission Provider shall mean the public utility (or its designated agent) that owns, controls, or operates transmission or distribution facilities used for the transmission of electricity in interstate commerce and provides transmission service under the Tariff. The term Transmission Provider should be read to include the Transmission Owner when the Transmission Owner is separate from the Transmission Provider. for purposes of this Agreement, the ICT shall carry out the responsibilities of the transmission Provider as provided in Attachment S (including all protocols attached thereto) to the Tariff.

Transmission Provider's Interconnection Facilities shall mean all facilities and equipment owned, controlled or operated by the Transmission Provider from the Point of Change of Ownership to the Point of Interconnection as identified in Appendix A to the Standard Large Generator Interconnection Agreement, including any modifications, additions or upgrades to such facilities and equipment. Transmission Provider's Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Transmission System shall mean the facilities owned, controlled or operated by the Transmission Provider or Transmission Owner that are used to provide transmission service under the Tariff.

Trial Operation shall mean the period during which Interconnection Customer is engaged in on-site test operations and commissioning of the Generating Facility prior to Commercial Operation.

Article 2 Effective Date, Term, and Termination

- 2.1 **Effective Date.** This LGIA shall become effective upon execution by the Parties subject to acceptance by FERC (if applicable), or if filed unexecuted, upon the date specified by FERC. Transmission Provider shall promptly file this LGIA with FERC upon execution in accordance with Article 3.1, if required.
- 2.2 **Term of Agreement.** Subject to the provisions of Article 2.3, this LGIA shall remain in effect for a period of ten (10) years from the Effective Date or such other longer period as Interconnection Customer may request (Term to be specified in individual agreements) and shall be automatically renewed for each successive one-year period thereafter.
- 2.3 **Termination Procedures.**
 - 2.3.1 **Written Notice.** This LGIA may be terminated by Interconnection Customer after giving Transmission Provider ninety (90) Calendar Days advance written notice, or by

Transmission Provider notifying FERC after the Generating Facility permanently ceases Commercial Operation.

- 2.3.2 **Default.** Either Party may terminate this LGIA in accordance with Article 17.
 - 2.3.3 Notwithstanding Articles 2.3.1 and 2.3.2, no termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination, including the filing with FERC of a notice of termination of this LGIA, which notice has been accepted for filing by FERC.
- 2.4 **Termination Costs.** If a Party elects to terminate this Agreement pursuant to Article 2.3 above, each Party shall pay all costs incurred (including any cancellation costs relating to orders or contracts for Interconnection Facilities and equipment) or charges assessed by the other Party, as of the date of the other Party's receipt of such notice of termination, that are the responsibility of the Terminating Party under this LGIA. In the event of termination by a Party, the Parties shall use commercially Reasonable Efforts to mitigate the costs, damages and charges arising as a consequence of termination. Upon termination of this LGIA, unless otherwise ordered or approved by FERC:
- 2.4.1 With respect to any portion of Transmission Provider's Interconnection Facilities that have not yet been constructed or installed, Transmission Provider shall to the extent possible and with Interconnection Customer's authorization cancel any pending orders of, or return, any materials or equipment for, or contracts for construction of, such facilities; provided that in the event Interconnection Customer elects not to authorize such cancellation, Interconnection Customer shall assume all payment obligations with respect to such materials, equipment, and contracts, and Transmission Provider shall deliver such material and equipment, and, if necessary, assign such contracts, to Interconnection Customer as soon as practicable, at Interconnection Customer's expense. To the extent that Interconnection Customer has already paid Transmission Provider for any or all such costs of materials or equipment not taken by Interconnection Customer, Transmission Provider shall

promptly refund such amounts to Interconnection Customer, less any costs, including penalties incurred by Transmission Provider to cancel any pending orders of or return such materials, equipment, or contracts.

If an Interconnection Customer terminates this LGIA, it shall be responsible for all costs incurred in association with that Interconnection Customer's interconnection, including any cancellation costs relating to orders or contracts for Interconnection Facilities and equipment, and other expenses including any Network Upgrades for which Transmission Provider has incurred expenses and has not been reimbursed by Interconnection Customer.

- 2.4.2 Transmission Provider may, at its option, retain any portion of such materials, equipment, or facilities that Interconnection Customer chooses not to accept delivery of, in which case Transmission Provider shall be responsible for all costs associated with procuring such materials, equipment, or facilities.
- 2.4.3 With respect to any portion of the Interconnection Facilities, and any other facilities already installed or constructed pursuant to the terms of this LGIA, Interconnection Customer shall be responsible for all costs associated with the removal, relocation or other disposition or retirement of such materials, equipment, or facilities.
- 2.5 **Disconnection.** Upon termination of this LGIA, the Parties will take all appropriate steps to disconnect the Large Generating Facility from the Transmission System. All costs required to effectuate such disconnection shall be borne by the terminating Party, unless such termination resulted from the non-terminating Party's Default of this LGIA or such non-terminating Party otherwise is responsible for these costs under this LGIA.
- 2.6 **Survival.** This LGIA shall continue in effect after termination to the extent necessary to provide for final billings and payments and for costs incurred hereunder, including billings and payments pursuant to

this LGIA; to permit the determination and enforcement of liability and indemnification obligations arising from acts or events that occurred while this LGIA was in effect; and to permit each Party to have access to the lands of the other Party pursuant to this LGIA or other applicable agreements, to disconnect, remove or salvage its own facilities and equipment.

Article 3 Regulatory Filings

- 3.1 **Filing.** Transmission Provider shall file this LGIA (and any amendment hereto) with the appropriate Governmental Authority, if required. Interconnection Customer may request that any information so provided be subject to the confidentiality provisions of Article 22. If Interconnection Customer has executed this LGIA, or any amendment thereto, Interconnection Customer shall reasonably cooperate with Transmission Provider with respect to such filing and to provide any information reasonably requested by Transmission Provider needed to comply with applicable regulatory requirements.

Article 4 Scope of Service

- 4.1 **Interconnection Product Options.** Interconnection Customer has selected the following (checked) type of Interconnection Service:

4.1.1 **Energy Resource Interconnection Service.**

- 4.1.1.1 **The Product.** Energy Resource Interconnection Service allows Interconnection Customer to connect the Large Generating Facility to the Transmission System and be eligible to deliver the Large Generating Facility's output using the existing firm or non-firm capacity of the Transmission System on an "as available" basis. To the extent Interconnection Customer wants to receive Energy Resource Interconnection Service, Transmission Provider shall construct facilities identified in Attachment A.

- 4.1.1.2 **Transmission Delivery Service Implications.** Under Energy Resource Interconnection Service, Interconnection Customer will be eligible to inject power from the Large

Generating Facility into and deliver power across the interconnecting Transmission Provider's Transmission System on an "as available" basis up to the amount of MWs identified in the applicable stability and steady state studies to the extent the upgrades initially required to qualify for Energy Resource Interconnection Service have been constructed. Where eligible to do so (e.g., PJM, ISO-NE, NYISO), Interconnection Customer may place a bid to sell into the market up to the maximum identified Large Generating Facility output, subject to any conditions specified in the interconnection service approval, and the Large Generating Facility will be dispatched to the extent Interconnection Customer's bid clears. In all other instances, no transmission delivery service from the Large Generating Facility is assured, but Interconnection Customer may obtain Point-to-Point Transmission Service, Network Integration Transmission Service, or be used for secondary network transmission service, pursuant to Transmission Provider's Tariff, up to the maximum output identified in the stability and steady state studies. In those instances, in order for Interconnection Customer to obtain the right to deliver or inject energy beyond the Large Generating Facility Point of Interconnection or to improve its ability to do so, transmission delivery service must be obtained pursuant to the provisions of Transmission Provider's Tariff. The Interconnection Customer's ability to inject its Large Generating Facility output beyond the Point of Interconnection, therefore, will depend on the existing capacity of Transmission Provider's Transmission System at such time as a transmission service request is made that would accommodate such delivery. The provision of firm Point-to-Point Transmission Service or Network Integration Transmission Service may require the construction of additional Network Upgrades.

4.1.2 Network Resource Interconnection Service.

- 4.1.2.1 The Product.** Transmission Provider must conduct the necessary studies and construct the Network Upgrades needed to integrate the Large Generating Facility (1) in a

manner comparable to that in which Transmission Provider integrates its generating facilities to serve native load customers; or (2) in an ISO or RTO with market based congestion management, in the same manner as all Network Resources. To the extent Interconnection Customer wants to receive Network Resource Interconnection Service, Transmission Provider shall construct the facilities identified in Attachment A to this LGIA.

4.1.2.2 **Transmission Delivery Service Implications.** Network Resource Interconnection Service allows Interconnection Customer's Large Generating Facility to be designated by any Network Customer under the Tariff on Transmission Provider's Transmission System as a Network Resource, up to the Large Generating Facility's full output, on the same basis as existing Network Resources interconnected to Transmission Provider's Transmission System, and to be studied as a Network Resource on the assumption that such a designation will occur. Although Network Resource Interconnection Service does not convey a reservation of transmission service, any Network Customer under the Tariff can utilize its network service under the Tariff to obtain delivery of energy from the interconnected Interconnection Customer's Large Generating Facility in the same manner as it accesses Network Resources. A Large Generating Facility receiving Network Resource Interconnection Service may also be used to provide Ancillary Services after technical studies and/or periodic analyses are performed with respect to the Large Generating Facility's ability to provide any applicable Ancillary

Services, provided that such studies and analyses have been or would be required in connection with the provision of such Ancillary Services by any existing Network Resource. However, if an Interconnection Customer's Large Generating Facility has not been designated as a Network Resource by any load, it cannot be required to provide Ancillary Services except to the extent such requirements extend to all generating facilities that are similarly situated. The provision of Network Integration Transmission Service or firm Point-to-

Point Transmission Service may require additional studies and the construction of additional upgrades. Because such studies and upgrades would be associated with a request for delivery service under the Tariff, cost responsibility for the studies and upgrades would be in accordance with FERC's policy for pricing transmission delivery services.

Network Resource Interconnection Service does not necessarily provide Interconnection Customer with the capability to physically deliver the output of its Large Generating Facility to any particular load on Transmission Provider's Transmission System without incurring congestion costs. In the event of transmission constraints on Transmission Provider's Transmission System, Interconnection Customer's Large Generating Facility shall be subject to the applicable congestion management procedures in Transmission Provider's Transmission System in the same manner as Network Resources.

There is no requirement either at the time of study or interconnection, or at any point in the future, that Interconnection Customer's Large Generating Facility be designated as a Network Resource by a Network Service Customer under the Tariff or that Interconnection Customer identify a specific buyer (or sink). To the extent a Network Customer does designate the Large Generating Facility as a Network Resource, it must do so pursuant to Transmission Provider's Tariff.

Once an Interconnection Customer satisfies the requirements for obtaining Network Resource Interconnection Service, any future transmission service request for delivery from the Large Generating Facility within Transmission Provider's Transmission System of any amount of capacity and/or energy, up to the amount initially studied, will not require that any additional studies be performed or that any further upgrades associated with such

Large Generating Facility be undertaken, regardless of whether or not such Large Generating Facility is ever designated by a Network

Customer as a Network Resource and regardless of changes in ownership of the Large Generating Facility. However, the reduction or elimination of congestion or redispatch costs may require additional studies and the construction of additional upgrades.

To the extent Interconnection Customer enters into an arrangement for long term transmission service for deliveries from the Large Generating Facility outside Transmission Provider's Transmission System, such request may require additional studies and upgrades in order for Transmission Provider to grant such request.

- 4.2 **Provision of Service.** Transmission Provider shall provide Interconnection Service for the Large Generating Facility at the Point of Interconnection.
- 4.3 **Performance Standards.** Each Party shall perform all of its obligations under this LGIA in accordance with Applicable Laws and Regulations, Applicable Reliability Standards, and Good Utility Practice, and to the extent a Party is required or prevented or limited in taking any action by such regulations and standards, such Party shall not be deemed to be in Breach of this LGIA for its compliance therewith. If such Party is a Transmission Provider or Transmission Owner, then that Party shall amend the LGIA and submit the amendment to FERC for approval.
- 4.4 **No Transmission Delivery Service.** The execution of this LGIA does not constitute a request for, nor the provision of, any transmission delivery service under Transmission Provider's Tariff, and does not

convey any right to deliver electricity to any specific customer or Point of Delivery.

- 4.5 **Interconnection Customer Provided Services.** The services provided by Interconnection Customer under this LGIA are set forth in Article 9.6 and Article 13.5.1. Interconnection Customer shall be paid for such services in accordance with Article 11.6.

Article 5 Interconnection Facilities EPC

- 5.1 **Options.** Unless otherwise mutually agreed to between the Parties, Interconnection Customer shall select the In-Service Date, Initial Synchronization Date, and Commercial Operation Date; and either Standard Option or Alternate Option set forth below for completion of Transmission Provider's Interconnection Facilities and Network Upgrades as set forth in Appendix A, Interconnection Facilities and Network Upgrades, and such dates and selected option shall be set forth in Appendix B, Milestones.
- 5.1.1 **Standard Option.** Transmission Provider shall design, procure, and construct Transmission Provider's Interconnection Facilities and Network Upgrades, using Reasonable Efforts to complete Transmission Provider's Interconnection Facilities and Network Upgrades by the dates set forth in Appendix B, Milestones. Transmission Provider shall not be required to undertake any action which is inconsistent with its standard safety practices, its material and equipment specifications, its design criteria and construction procedures, its labor agreements, and Applicable Laws and Regulations. In the event Transmission Provider reasonably expects that it will not be able to complete Transmission Provider's Interconnection Facilities and Network Upgrades by the specified dates, Transmission Provider shall promptly provide written notice to Interconnection Customer and shall undertake Reasonable Efforts to meet the earliest dates thereafter.

- 5.1.2 **Alternate Option.** If the dates designated by Interconnection Customer are acceptable to Transmission Provider, Transmission Provider shall so notify Interconnection Customer within thirty (30) Calendar Days, and shall assume responsibility for the design, procurement and construction of Transmission Provider's Interconnection Facilities by the designated dates.

If Transmission Provider subsequently fails to complete Transmission Provider's Interconnection Facilities by the In-Service Date, to the extent necessary to provide back feed power; or fails to complete Network Upgrades by the Initial Synchronization Date to the extent necessary to allow for Trial Operation at full power output, unless other arrangements are made by the Parties for such Trial Operation; or fails to complete the Network Upgrades by the Commercial Operation Date, as such dates are reflected in Appendix B, Milestones; Transmission Provider shall pay Interconnection Customer liquidated damages in accordance with Article 5.3, Liquidated Damages, provided, however, the dates designated by Interconnection Customer shall be extended day for day for each day that the applicable RTO or ISO refuses to grant clearances to install equipment.

- 5.1.3 **Option to Build.** If the dates designated by Interconnection Customer are not acceptable to Transmission Provider, Transmission Provider shall so notify Interconnection Customer within thirty (30) Calendar Days, and unless the Parties agree otherwise, Interconnection Customer shall have the option to assume responsibility for the design, procurement and construction of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades on the dates specified in Article 5.1.2. Transmission Provider and Interconnection Customer must agree as to what constitutes Stand Alone Network Upgrades and identify such Stand Alone Network Upgrades in Appendix A. Except for Stand Alone

Network Upgrades, Interconnection Customer shall have no right to construct Network Upgrades under this option.

- 5.1.4 **Negotiated Option.** If Interconnection Customer elects not to exercise its option under Article 5.1.3, Option to Build, Interconnection Customer shall so notify Transmission Provider within thirty (30) Calendar Days, and the Parties shall in good faith attempt to negotiate terms and conditions (including revision of the specified dates and liquidated damages, the provision of incentives or the procurement and construction of a portion of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades by Interconnection Customer) pursuant to which Transmission Provider is responsible for the design, procurement and construction of Transmission Provider's Interconnection Facilities and Network Upgrades. If the Parties are unable to reach agreement on such terms and conditions, Transmission Provider shall assume responsibility for the design, procurement and construction of Transmission Provider's Interconnection Facilities and Network Upgrades pursuant to 5.1.1, Standard Option.
- 5.2 **General Conditions Applicable to Option to Build.** If Interconnection Customer assumes responsibility for the design, procurement and construction of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades,
- (1) Interconnection Customer shall engineer, procure equipment, and construct Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades (or portions thereof) using Good Utility Practice and using standards and specifications provided in advance by Transmission Provider;
 - (2) Interconnection Customer's engineering, procurement and construction of Transmission Provider's Interconnection

Facilities and Stand Alone Network Upgrades shall comply with all requirements of law to which Transmission Provider would be subject in the engineering, procurement or construction of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades;

- (3) Transmission Provider shall review and approve the engineering design, equipment acceptance tests, and the construction of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades;
- (4) prior to commencement of construction, Interconnection Customer shall provide to Transmission Provider a schedule for construction of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades, and shall promptly respond to requests for information from Transmission Provider;
- (5) at any time during construction, Transmission Provider shall have the right to gain unrestricted access to Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades and to conduct inspections of the same;
- (6) at any time during construction, should any phase of the engineering, equipment procurement, or construction of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades not meet the standards and specifications provided by Transmission Provider, Interconnection Customer shall be obligated to remedy deficiencies in that portion of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades;

- (7) Interconnection Customer shall indemnify Transmission Provider for claims arising from Interconnection Customer's construction of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades under the terms and procedures applicable to Article 18.1 Indemnity;
- (8) Interconnection Customer shall transfer control of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades to Transmission Provider;
- (9) Unless Parties otherwise agree, Interconnection Customer shall transfer ownership of Transmission Provider's Interconnection Facilities and Stand-Alone Network Upgrades to Transmission Provider;
- (10) Transmission Provider shall approve and accept for operation and maintenance Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades to the extent engineered, procured, and constructed in accordance with this Article 5.2; and
- (11) Interconnection Customer shall deliver to Transmission Provider "as-built" drawings, information, and any other documents that are reasonably required by Transmission Provider to assure that the Interconnection Facilities and Stand-Alone Network Upgrades are built to the standards and specifications required by Transmission Provider.

5.3 **Liquidated Damages.** The actual damages to Interconnection Customer, in the event Transmission Provider's Interconnection Facilities or Network Upgrades are not completed by the dates designated by Interconnection Customer and accepted by Transmission Provider pursuant to subparagraphs 5.1.2 or 5.1.4, above, may include Interconnection Customer's fixed operation and

maintenance costs and lost opportunity costs. Such actual damages are uncertain and impossible to determine at this time. Because of such uncertainty, any liquidated damages paid by Transmission Provider to Interconnection Customer in the event that Transmission Provider does not complete any portion of Transmission Provider's Interconnection Facilities or Network Upgrades by the applicable dates, shall be an amount equal to $\frac{1}{2}$ of 1 percent per day of the actual cost of Transmission Provider's Interconnection Facilities and Network Upgrades, in the aggregate, for which Transmission Provider has assumed responsibility to design, procure and construct.

However, in no event shall the total liquidated damages exceed 20 percent of the actual cost of Transmission Provider's Interconnection Facilities and Network Upgrades for which Transmission Provider has assumed responsibility to design, procure, and construct. The foregoing payments will be made by Transmission Provider to Interconnection Customer as just compensation for the damages caused to Interconnection Customer, which actual damages are uncertain and impossible to determine at this time, and as reasonable liquidated damages, but not as a penalty or a method to secure performance of this LGIA. Liquidated damages, when the Parties agree to them, are the exclusive remedy for the Transmission Provider's failure to meet its schedule.

No liquidated damages shall be paid to Interconnection Customer if:

- (1) Interconnection Customer is not ready to commence use of Transmission Provider's Interconnection Facilities or Network Upgrades to take the delivery of power for the Large Generating Facility's Trial Operation or to export power from the Large Generating Facility on the specified dates, unless Interconnection Customer would have been able to commence use of Transmission Provider's Interconnection Facilities or Network Upgrades to take the delivery of power for Large Generating Facility's Trial Operation or to export power from the Large Generating Facility, but for Transmission Provider's delay;
- (2) Transmission Provider's failure to meet the specified dates is the result of the action or inaction of Interconnection Customer or any other Interconnection Customer who has entered into an LGIA with Transmission Provider or any cause beyond

Transmission Provider's reasonable control or reasonable ability to cure; (3) the Interconnection Customer has assumed responsibility for the design, procurement and construction of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades; or (4) the Parties have otherwise agreed.

5.4 Power System Stabilizers. The Interconnection Customer shall procure, install, maintain and operate Power System Stabilizers in accordance with the guidelines and procedures established by the Applicable Reliability Council. Transmission Provider reserves the right to reasonably establish minimum acceptable settings for any installed Power System Stabilizers, subject to the design and operating limitations of the Large Generating Facility. If the Large Generating Facility's Power System Stabilizers are removed from service or not capable of automatic operation, Interconnection Customer shall immediately notify Transmission Provider's system operator, or its designated representative. The requirements of this paragraph shall not apply to wind generators.

5.5 Equipment Procurement. If responsibility for construction of Transmission Provider's Interconnection Facilities or Network Upgrades is to be borne by Transmission Provider, then Transmission Provider shall commence design of Transmission Provider's Interconnection Facilities or Network Upgrades and procure necessary equipment as soon as practicable after all of the following conditions are satisfied, unless the Parties otherwise agree in writing:

5.5.1 Transmission Provider has completed the Facilities Study pursuant to the Facilities Study Agreement;

5.5.2 Transmission Provider has received written authorization to proceed with design and procurement from Interconnection Customer by the date specified in Appendix B, Milestones; and

5.5.3 Interconnection Customer has provided security to Transmission Provider in accordance with Article 11.5 by the dates specified in Appendix B, Milestones.

5.6 **Construction Commencement.** Transmission Provider shall commence construction of Transmission Provider's Interconnection Facilities and Network Upgrades for which it is responsible as soon as practicable after the following additional conditions are satisfied:

5.6.1 Approval of the appropriate Governmental Authority has been obtained for any facilities requiring regulatory approval;

5.6.2 Necessary real property rights and rights-of-way have been obtained, to the extent required for the construction of a discrete aspect of Transmission Provider's Interconnection Facilities and Network Upgrades;

5.6.3 Transmission Provider has received written authorization to proceed with construction from Interconnection Customer by the date specified in Appendix B, Milestones; and

5.6.4 Interconnection Customer has provided security to Transmission Provider in accordance with Article 11.5 by the dates specified in Appendix B, Milestones.

5.7 **Work Progress.** The Parties will keep each other advised periodically as to the progress of their respective design, procurement and construction efforts. Either Party may, at any time, request a progress report from the other Party. If, at any time, Interconnection Customer determines that the completion of Transmission Provider's Interconnection Facilities will not be required until after the specified In-Service Date, Interconnection Customer will provide written notice to

Transmission Provider of such later date upon which the completion of Transmission Provider's Interconnection Facilities will be required.

- 5.8 **Information Exchange.** As soon as reasonably practicable after the Effective Date, the Parties shall exchange information regarding the design and compatibility of the Parties' Interconnection Facilities and compatibility of the Interconnection Facilities with Transmission Provider's Transmission System, and shall work diligently and in good faith to make any necessary design changes.
- 5.9 **Limited Operation.** If any of Transmission Provider's Interconnection Facilities or Network Upgrades are not reasonably expected to be completed prior to the Commercial Operation Date of the Large Generating Facility, Transmission Provider shall, upon the request and at the expense of Interconnection Customer, perform operating studies on a timely basis to determine the extent to which the Large Generating Facility and Interconnection Customer's Interconnection Facilities may operate prior to the completion of Transmission Provider's Interconnection Facilities or Network Upgrades consistent with Applicable Laws and Regulations, Applicable Reliability Standards, Good Utility Practice, and this LGIA. Transmission Provider shall permit Interconnection Customer to operate the Large Generating Facility and Interconnection Customer's Interconnection Facilities in accordance with the results of such studies.
- 5.10 **Interconnection Customer's Interconnection Facilities ('ICIF').** Interconnection Customer shall, at its expense, design, procure, construct, own and install the ICIF, as set forth in Appendix A, Interconnection Facilities, Network Upgrades and Distribution Upgrades.
- 5.10.1 **Interconnection Customer's Interconnection Facility Specifications.** Interconnection Customer shall submit initial specifications for the ICIF, including System Protection Facilities, to Transmission Provider at least one hundred eighty

(180) Calendar Days prior to the Initial Synchronization Date; and final specifications for review and comment at least ninety (90) Calendar Days prior to the Initial Synchronization Date. Transmission Provider shall review such specifications to ensure that the ICIF are compatible with the technical specifications, operational control, and safety requirements of Transmission Provider and comment on such specifications within thirty (30) Calendar Days of Interconnection Customer's submission. All specifications provided hereunder shall be deemed confidential.

5.10.2 **Transmission Provider's Review.** Transmission Provider's review of Interconnection Customer's final specifications shall not be construed as confirming, endorsing, or providing a warranty as to the design, fitness, safety, durability or reliability of the Large Generating Facility, or the ICIF. Interconnection Customer shall make such changes to the ICIF as may reasonably be required by Transmission Provider, in accordance with Good Utility Practice, to ensure that the ICIF are compatible with the technical specifications, operational control, and safety requirements of Transmission Provider.

5.10.3 **ICIF Construction.** The ICIF shall be designed and constructed in accordance with Good Utility Practice. Within one hundred twenty (120) Calendar Days after the Commercial Operation Date, unless the Parties agree on another mutually acceptable deadline, Interconnection Customer shall deliver to Transmission Provider "as-built" drawings, information and documents for the ICIF, such as: a one-line diagram, a site plan showing the Large Generating Facility and the ICIF, plan and elevation drawings showing the layout of the ICIF, a relay functional diagram, relaying AC and DC schematic wiring diagrams and relay settings for all facilities associated with Interconnection Customer's step-up transformers, the facilities connecting the Large Generating Facility to the step-up transformers and the ICIF, and the impedances (determined by factory tests) for the associated step-up transformers and the Large Generating Facility. The Interconnection Customer shall

provide Transmission Provider specifications for the excitation system, automatic voltage regulator, Large Generating Facility control and protection settings, transformer tap settings, and communications, if applicable.

5.11 Transmission Provider's Interconnection Facilities Construction.

Transmission Provider's Interconnection Facilities shall be designed and constructed in accordance with Good Utility Practice. Upon request, within one hundred twenty (120) Calendar Days after the Commercial Operation Date, unless the Parties agree on another mutually acceptable deadline, Transmission Provider shall deliver to Interconnection Customer the following "as-built" drawings, information and documents for Transmission Provider's Interconnection Facilities [include appropriate drawings and relay diagrams].

Transmission Provider will obtain control of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades upon completion of such facilities.

5.12 Access Rights. Upon reasonable notice and supervision by a Party, and subject to any required or necessary regulatory approvals, a Party ("Granting Party") shall furnish at no cost to the other Party ("Access Party") any rights of use, licenses, rights of way and easements with respect to lands owned or controlled by the Granting Party, its agents (if allowed under the applicable agency agreement), or any Affiliate, that are necessary to enable the Access Party to obtain ingress and egress to construct, operate, maintain, repair, test (or witness testing), inspect, replace or remove facilities and equipment to: (i) interconnect the Large Generating Facility with the Transmission System; (ii) operate and maintain the Large Generating Facility, the Interconnection Facilities and the Transmission System; and (iii) disconnect or remove the Access Party's facilities and equipment upon termination of this LGIA. In exercising such licenses, rights of way and easements, the Access Party shall not unreasonably disrupt or interfere with normal operation of the Granting Party's business and shall adhere to the safety rules and procedures established in

advance, as may be changed from time to time, by the Granting Party and provided to the Access Party.

- 5.13 **Lands of Other Property Owners.** If any part of Transmission Provider or Transmission Owner's Interconnection Facilities and/or Network Upgrades is to be installed on property owned by persons other than Interconnection Customer or Transmission Provider or Transmission Owner, Transmission Provider or Transmission Owner shall at Interconnection Customer's expense use efforts, similar in nature and extent to those that it typically undertakes on its own behalf or on behalf of its Affiliates, including use of its eminent domain authority, and to the extent consistent with state law, to procure from such persons any rights of use, licenses, rights of way and easements that are necessary to construct, operate, maintain, test, inspect, replace or remove Transmission Provider or Transmission Owner's Interconnection Facilities and/or Network Upgrades upon such property.
- 5.14 **Permits.** Transmission Provider or Transmission Owner and Interconnection Customer shall cooperate with each other in good faith in obtaining all permits, licenses, and authorizations that are necessary to accomplish the interconnection in compliance with Applicable Laws and Regulations. With respect to this paragraph, Transmission Provider or Transmission Owner shall provide permitting assistance to Interconnection Customer comparable to that provided to Transmission Provider's own, or an Affiliate's generation.
- 5.15 **Early Construction of Base Case Facilities.** Interconnection Customer may request Transmission Provider to construct, and Transmission Provider shall construct, using Reasonable Efforts to accommodate Interconnection Customer's In-Service Date, all or any portion of any Network Upgrades required for Interconnection Customer to be interconnected to the Transmission System which are included in the Base Case of the Facilities Study for Interconnection Customer, and which also are required to be constructed for another Interconnection Customer, but where such construction is not

scheduled to be completed in time to achieve Interconnection Customer's In-Service Date.

- 5.16 **Suspension.** Interconnection Customer reserves the right, upon written notice to Transmission Provider, to suspend at any time all work by Transmission Provider associated with the construction and installation of Transmission Provider's Interconnection Facilities and/or Network Upgrades required under this LGIA with the condition that Transmission System shall be left in a safe and reliable condition in accordance with Good Utility Practice and Transmission Provider's safety and reliability criteria. In such event, Interconnection Customer shall be responsible for all reasonable and necessary costs which Transmission Provider (i) has incurred pursuant to this LGIA prior to the suspension and (ii) incurs in suspending such work, including any costs incurred to perform such work as may be necessary to ensure the safety of persons and property and the integrity of the Transmission System during such suspension and, if applicable, any costs incurred in connection with the cancellation or suspension of material, equipment and labor contracts which Transmission Provider cannot reasonably avoid; provided, however, that prior to canceling or suspending any such material, equipment or labor contract, Transmission Provider shall obtain Interconnection Customer's authorization to do so.

Transmission Provider shall invoice Interconnection Customer for such costs pursuant to Article 12 and shall use due diligence to minimize its costs. In the event Interconnection Customer suspends work by Transmission Provider required under this LGIA pursuant to this Article 5.16, and has not requested Transmission Provider to recommence the work required under this LGIA on or before the expiration of three (3) years following commencement of such suspension, this LGIA shall be deemed terminated. The three-year period shall begin on the date the suspension is requested, or the date of the written notice to Transmission Provider, if no effective date is specified.

- 5.17 **Taxes.**

- 5.17.1 **Interconnection Customer Payments Not Taxable.** The Parties intend that all payments or property transfers made by Interconnection Customer to Transmission Provider for the installation of Transmission Provider's Interconnection Facilities and the Network Upgrades shall be non-taxable, either as contributions to capital, or as an advance, in accordance with the Internal Revenue Code and any applicable state income tax laws and shall not be taxable as contributions in aid of construction or otherwise under the Internal Revenue Code and any applicable state income tax laws.
- 5.17.2 **Representations and Covenants.** In accordance with IRS Notice 2001-82 and IRS Notice 88-129, Interconnection Customer represents and covenants that (i) ownership of the electricity generated at the Large Generating Facility will pass to another party prior to the transmission of the electricity on the Transmission System, (ii) for income tax purposes, the amount of any payments and the cost of any property transferred to Transmission Provider for Transmission Provider's Interconnection Facilities will be capitalized by Interconnection Customer as an intangible asset and recovered using the straight-line method over a useful life of twenty (20) years, and (iii) any portion of Transmission Provider's Interconnection Facilities that is a "dual-use intertie," within the meaning of IRS Notice 88-129, is reasonably expected to carry only a de minimis amount of electricity in the direction of the Large Generating Facility. For this purpose, "de minimis amount" means no more than 5 percent of the total power flows in both directions, calculated in accordance with the "5 percent test" set forth in IRS Notice 88-129. This is not intended to be an exclusive list of the relevant conditions that must be met to conform to IRS requirements for non-taxable treatment.

At Transmission Provider's request, Interconnection Customer shall provide Transmission Provider with a report from an independent engineer confirming its representation in clause

(iii), above. Transmission Provider represents and covenants that the cost of Transmission Provider's Interconnection Facilities paid for by Interconnection Customer will have no net effect on the base upon which rates are determined.

5.17.3 Indemnification for the Cost Consequences of Current Tax Liability Imposed Upon the Transmission Provider.

Notwithstanding Article 5.17.1, Interconnection Customer shall protect, indemnify and hold harmless Transmission Provider from the cost consequences of any current tax liability imposed against Transmission Provider as the result of payments or property transfers made by Interconnection Customer to Transmission Provider under this LGIA for Interconnection Facilities, as well as any interest and penalties, other than interest and penalties attributable to any delay caused by Transmission Provider.

Transmission Provider shall not include a gross-up for the cost consequences of any current tax liability in the amounts it charges Interconnection Customer under this LGIA unless (i) Transmission Provider has determined, in good faith, that the payments or property transfers made by Interconnection Customer to Transmission Provider should be reported as income subject to taxation or (ii) any Governmental Authority directs Transmission Provider to report payments or property as income subject to taxation; provided, however, that Transmission Provider may require Interconnection Customer to provide security for Interconnection Facilities, in a form reasonably acceptable to Transmission Provider (such as a parental guarantee or a letter of credit), in an amount equal to the cost consequences of any current tax liability under this Article 5.17. Interconnection Customer shall reimburse Transmission Provider for such costs on a fully grossed-up basis, in accordance with Article 5.17.4, within thirty (30) Calendar Days of receiving written notification from Transmission Provider of the amount due, including detail about how the amount was calculated.

The indemnification obligation shall terminate at the earlier of (1) the expiration of the ten year testing period and the applicable statute of limitation, as it may be extended by Transmission Provider upon request of the IRS, to keep these years open for audit or adjustment, or (2) the occurrence of a subsequent taxable event and the payment of any related indemnification obligations as contemplated by this Article 5.17.

- 5.17.4 **Tax Gross-Up Amount.** Interconnection Customer's liability for the cost consequences of any current tax liability under this Article 5.17 shall be calculated on a fully grossed-up basis. Except as may otherwise be agreed to by the parties, this means that Interconnection Customer will pay Transmission Provider, in addition to the amount paid for the Interconnection Facilities and Network Upgrades, an amount equal to (1) the current taxes imposed on Transmission Provider ("Current Taxes") on the excess of (a) the gross income realized by Transmission Provider as a result of payments or property transfers made by Interconnection Customer to Transmission Provider under this LGIA (without regard to any payments under this Article 5.17) (the "Gross Income Amount") over (b) the present value of future tax deductions for depreciation that will be available as a result of such payments or property transfers (the "Present Value Depreciation Amount"), plus (2) an additional amount sufficient to permit Transmission Provider to receive and retain, after the payment of all Current Taxes, an amount equal to the net amount described in clause (1).

For this purpose, (i) Current Taxes shall be computed based on Transmission Provider's composite federal and state tax rates at the time the payments or property transfers are received and Transmission Provider will be treated as being subject to tax at the highest marginal rates in effect at that time (the "Current Tax Rate"), and (ii) the Present Value Depreciation Amount shall be computed by discounting Transmission Provider's anticipated tax depreciation deductions as a result of such payments or

property transfers by Transmission Provider's current weighted average cost of capital. Thus, the formula for calculating Interconnection Customer's liability to Transmission Owner pursuant to this Article 5.17.4 can be expressed as follows: $(\text{Current Tax Rate} \times (\text{Gross Income Amount} - \text{Present Value of Tax Depreciation})) / (1 - \text{Current Tax Rate})$. Interconnection Customer's estimated tax liability in the event taxes are imposed shall be stated in Appendix A, Interconnection Facilities, Network Upgrades and Distribution Upgrades.

- 5.17.5 **Private Letter Ruling or Change or Clarification of Law.** At Interconnection Customer's request and expense, Transmission Provider shall file with the IRS a request for a private letter ruling as to whether any property transferred or sums paid, or to be paid, by Interconnection Customer to Transmission Provider under this LGIA are subject to federal income taxation. Interconnection Customer will prepare the initial draft of the request for a private letter ruling, and will certify under penalties of perjury that all facts represented in such request are true and accurate to the best of Interconnection Customer's knowledge. Transmission Provider and Interconnection Customer shall cooperate in good faith with respect to the submission of such request.

Transmission Provider shall keep Interconnection Customer fully informed of the status of such request for a private letter ruling and shall execute either a privacy act waiver or a limited power of attorney, in a form acceptable to the IRS, that authorizes Interconnection Customer to participate in all discussions with the IRS regarding such request for a private letter ruling. Transmission Provider shall allow Interconnection Customer to attend all meetings with IRS officials about the request and shall permit Interconnection Customer to prepare the initial drafts of any follow-up letters in connection with the request.

5.17.6 Subsequent Taxable Events. If, within 10 years from the date on which the relevant Transmission Provider's Interconnection Facilities are placed in service, (i) Interconnection Customer Breaches the covenants contained in Article 5.17.2, (ii) a "disqualification event" occurs within the meaning of IRS Notice 88-129, or (iii) this LGIA terminates and Transmission Provider retains ownership of the Interconnection Facilities and Network Upgrades, Interconnection Customer shall pay a tax gross-up for the cost consequences of any current tax liability imposed on Transmission Provider, calculated using the methodology described in Article 5.17.4 and in accordance with IRS Notice 90-60.

5.17.7 Contests. In the event any Governmental Authority determines that Transmission Provider's receipt of payments or property constitutes income that is subject to taxation, Transmission Provider shall notify Interconnection Customer, in writing, within thirty (30) Calendar Days of receiving notification of such determination by a Governmental Authority. Upon the timely written request by Interconnection Customer and at Interconnection Customer's sole expense, Transmission Provider may appeal, protest, seek abatement of, or otherwise oppose such determination. Upon Interconnection Customer's written request and sole expense, Transmission Provider may file a claim for refund with respect to any taxes paid under this Article 5.17, whether or not it has received such a determination. Transmission Provider reserves the right to make all decisions with regard to the prosecution of such appeal, protest, abatement or other contest, including the selection of counsel and compromise or settlement of the claim, but Transmission Provider shall keep Interconnection Customer informed, shall consider in good faith suggestions from Interconnection Customer about the conduct of the contest, and shall reasonably permit Interconnection Customer or an Interconnection Customer representative to attend contest proceedings.

Interconnection Customer shall pay to Transmission Provider on a periodic basis, as invoiced by Transmission Provider, Transmission Provider's documented reasonable costs of prosecuting such appeal, protest, abatement or other contest. At any time during the contest, Transmission Provider may agree to a settlement either with Interconnection Customer's consent or after obtaining written advice from nationally-recognized tax counsel, selected by Transmission Provider, but reasonably acceptable to Interconnection Customer, that the proposed settlement represents a reasonable settlement given the hazards of litigation. Interconnection Customer's obligation shall be based on the amount of the settlement agreed to by Interconnection Customer, or if a higher amount, so much of the settlement that is supported by the written advice from nationally-recognized tax counsel selected under the terms of the preceding sentence. Any settlement without Interconnection Customer's consent or such written advice will relieve Interconnection Customer from any obligation to indemnify Transmission Provider for the tax at issue in the contest. The settlement amount shall be calculated on a fully grossed-up basis to cover any related cost consequences of the current tax liability.

- 5.17.8 **Refund.** In the event that (a) a private letter ruling is issued to Transmission Provider which holds that any amount paid or the value of any property transferred by Interconnection Customer to Transmission Provider under the terms of this LGIA is not subject to federal income taxation, (b) any legislative change or administrative announcement, notice, ruling or other determination makes it reasonably clear to Transmission Provider in good faith that any amount paid or the value of any property transferred by Interconnection Customer to Transmission Provider under the terms of this LGIA is not taxable to Transmission Provider, (c) any abatement, appeal, protest, or other contest results in a determination that any payments or transfers made by Interconnection Customer to Transmission Provider are not subject to federal income tax, or (d) if Transmission Provider receives a refund from any taxing authority for any overpayment of tax attributable to any payment

or property transfer made by Interconnection Customer to Transmission Provider pursuant to this LGIA, Transmission Provider shall promptly refund to Interconnection Customer the following:

(i) any payment made by Interconnection Customer under this Article 5.17 for taxes that is attributable to the amount determined to be non-taxable, together with interest thereon,

(ii) interest on any amounts paid by Interconnection Customer to Transmission Provider for such taxes which Transmission Provider did not submit to the taxing authority, calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. § 35.19a(a)(2)(iii) from the date payment was made by Interconnection Customer to the date Transmission Provider refunds such payment to Interconnection Customer, and

(iii) with respect to any such taxes paid by Transmission Provider, any refund or credit Transmission Provider receives or to which it may be entitled from any Governmental Authority, interest (or that portion thereof attributable to the payment described in clause (i), above) owed to Transmission Provider for such overpayment of taxes (including any reduction in interest otherwise payable by Transmission Provider to any Governmental Authority resulting from an offset or credit); provided, however, that Transmission Provider will remit such amount promptly to Interconnection Customer only after and to the extent that Transmission Provider has received a tax refund, credit or offset from any Governmental Authority for any applicable overpayment of income tax related to Transmission Provider's Interconnection Facilities.

The intent of this provision is to leave the Parties, to the extent practicable, in the event that no taxes are due with respect to any payment for Interconnection Facilities and Network Upgrades hereunder, in the same position they would have been in had no such tax payments been made.

5.17.9 **Taxes Other Than Income Taxes.** Upon the timely request by Interconnection Customer, and at Interconnection Customer's sole expense, Transmission Provider may appeal, protest, seek abatement of, or otherwise contest any tax (other than federal or state income tax) asserted or assessed against Transmission Provider for which Interconnection Customer may be required to reimburse Transmission Provider under the terms of this LGIA. Interconnection Customer shall pay to Transmission Provider on a periodic basis, as invoiced by Transmission Provider, Transmission Provider's documented reasonable costs of prosecuting such appeal, protest, abatement, or other contest. Interconnection Customer and Transmission Provider shall cooperate in good faith with respect to any such contest. Unless the payment of such taxes is a prerequisite to an appeal or abatement or cannot be deferred, no amount shall be payable by Interconnection Customer to Transmission Provider for such taxes until they are assessed by a final, non-appealable order by any court or agency of competent jurisdiction. In the event that a tax payment is withheld and ultimately due and payable after appeal, Interconnection Customer will be responsible for all taxes, interest and penalties, other than penalties attributable to any delay caused by Transmission Provider.

5.17.10 **Transmission Owners Who Are Not Transmission Providers.** If Transmission Provider is not the same entity as the Transmission Owner, then (i) all references in this Article 5.17 to Transmission Provider shall be deemed also to refer to and to include the Transmission Owner, as appropriate, and (ii) this LGIA shall not become effective until such Transmission Owner shall have agreed in writing to assume all of the duties

and obligations of Transmission Provider under this Article 5.17 of this LGIA.

5.18 **Tax Status.** Each Party shall cooperate with the other to maintain the other Party's tax status. Nothing in this LGIA is intended to adversely affect any Transmission Provider's tax exempt status with respect to the issuance of bonds including, but not limited to, Local Furnishing Bonds.

5.19 **Modification.**

5.19.1 **General.** Either Party may undertake modifications to its facilities. If a Party plans to undertake a modification that reasonably may be expected to affect the other Party's facilities, that Party shall provide to the other Party sufficient information regarding such modification so that the other Party may evaluate the potential impact of such modification prior to commencement of the work. Such information shall be deemed to be confidential hereunder and shall include information concerning the timing of such modifications and whether such modifications are expected to interrupt the flow of electricity from the Large Generating Facility. The Party desiring to perform such work shall provide the relevant drawings, plans, and specifications to the other Party at least ninety (90) Calendar Days in advance of the commencement of the work or such shorter period upon which the Parties may agree, which agreement shall not unreasonably be withheld, conditioned or delayed.

In the case of Large Generating Facility modifications that do not require Interconnection Customer to submit an Interconnection Request, Transmission Provider shall provide, within thirty (30) Calendar Days (or such other time as the Parties may agree), an estimate of any additional modifications to the Transmission System, Transmission Provider's

Interconnection Facilities or Network Upgrades necessitated by such Interconnection Customer modification and a good faith estimate of the costs thereof.

5.19.2 **Standards.** Any additions, modifications, or replacements made to a Party's facilities shall be designed, constructed and operated in accordance with this LGIA and Good Utility Practice.

5.19.3 **Modification Costs.** Interconnection Customer shall not be directly assigned for the costs of any additions, modifications, or replacements that Transmission Provider makes to Transmission Provider's Interconnection Facilities or the Transmission System to facilitate the interconnection of a third party to Transmission Provider's Interconnection Facilities or the Transmission System, or to provide transmission service to a third party under Transmission Provider's Tariff. Interconnection Customer shall be responsible for the costs of any additions, modifications, or replacements to Interconnection Customer's Interconnection Facilities that may be necessary to maintain or upgrade such Interconnection Customer's Interconnection Facilities consistent with Applicable Laws and Regulations, Applicable Reliability Standards or Good Utility Practice.

Article 6 Testing and Inspection

6.1 **Pre-Commercial Operation Date Testing and Modifications.** Prior to the Commercial Operation Date, Transmission Provider shall test Transmission Provider's Interconnection Facilities and Network Upgrades and Interconnection Customer shall test the Large Generating Facility and Interconnection Customer's Interconnection Facilities to ensure their safe and reliable operation. Similar testing may be required after initial operation. Each Party shall make any modifications to its facilities that are found to be necessary as a result of such testing. Interconnection Customer shall bear the cost of all such testing and modifications. Interconnection Customer shall generate test energy at the Large Generating Facility only if it has arranged for the delivery of such test energy.

- 6.2 **Post-Commercial Operation Date Testing and Modifications.** Each Party shall at its own expense perform routine inspection and testing of its facilities and equipment in accordance with Good Utility Practice as may be necessary to ensure the continued interconnection of the Large Generating Facility with the Transmission System in a safe and reliable manner. Each Party shall have the right, upon advance written notice, to require reasonable additional testing of the other Party's facilities, at the requesting Party's expense, as may be in accordance with Good Utility Practice.
- 6.3 **Right to Observe Testing.** Each Party shall notify the other Party in advance of its performance of tests of its Interconnection Facilities. The other Party has the right, at its own expense, to observe such testing.
- 6.4 **Right to Inspect.** Each Party shall have the right, but shall have no obligation to: (i) observe the other Party's tests and/or inspection of any of its System Protection Facilities and other protective equipment, including Power System Stabilizers; (ii) review the settings of the other Party's System Protection Facilities and other protective equipment; and (iii) review the other Party's maintenance records relative to the Interconnection Facilities, the System Protection Facilities and other protective equipment. A Party may exercise these rights from time to time as it deems necessary upon reasonable notice to the other Party. The exercise or non-exercise by a Party of any such rights shall not be construed as an endorsement or confirmation of any element or condition of the Interconnection Facilities or the System Protection Facilities or other protective equipment or the operation thereof, or as a warranty as to the fitness, safety, desirability, or reliability of same. Any information that a Party obtains through the exercise of any of its rights under this Article 6.4 shall be deemed to be Confidential Information and treated pursuant to Article 22 of this LGIA.

Article 7 Metering

- 7.1 **General.** Each Party shall comply with the Applicable Reliability Council requirements. Unless otherwise agreed by the Parties, Transmission Provider shall install Metering Equipment at the Point of Interconnection prior to any operation of the Large Generating Facility and shall own, operate, test and maintain such Metering Equipment. Power flows to and from the Large Generating Facility shall be measured at or, at Transmission Provider's option, compensated to, the Point of Interconnection. Transmission Provider shall provide metering quantities, in analog and/or digital form, to Interconnection Customer upon request. Interconnection Customer shall bear all reasonable documented costs associated with the purchase, installation, operation, testing and maintenance of the Metering Equipment.
- 7.2 **Check Meters.** Interconnection Customer, at its option and expense, may install and operate, on its premises and on its side of the Point of Interconnection, one or more check meters to check Transmission Provider's meters. Such check meters shall be for check purposes only and shall not be used for the measurement of power flows for purposes of this LGIA, except as provided in Article 7.4 below. The check meters shall be subject at all reasonable times to inspection and examination by Transmission Provider or its designee. The installation, operation and maintenance thereof shall be performed entirely by Interconnection Customer in accordance with Good Utility Practice.
- 7.3 **Standards.** Transmission Provider shall install, calibrate, and test revenue quality Metering Equipment in accordance with applicable ANSI standards.
- 7.4 **Testing of Metering Equipment.** Transmission Provider shall inspect and test all Transmission Provider-owned Metering Equipment upon installation and at least once every two (2) years thereafter. If requested to do so by Interconnection Customer, Transmission Provider shall, at Interconnection Customer's expense, inspect or test Metering Equipment more frequently than every two (2) years. Transmission Provider shall give reasonable notice of the time when any inspection or test shall take place, and Interconnection Customer may have representatives present at the test or inspection. If at any time Metering Equipment is found to be inaccurate or defective, it shall be adjusted, repaired or replaced at Interconnection Customer's expense, in order to provide accurate metering, unless the inaccuracy

or defect is due to Transmission Provider's failure to maintain, then Transmission Provider shall pay. If Metering Equipment fails to register, or if the measurement made by Metering Equipment during a test varies by more than two percent from the measurement made by the standard meter used in the test, Transmission Provider shall adjust the measurements by correcting all measurements for the period during which Metering Equipment was in error by using Interconnection Customer's check meters, if installed. If no such check meters are installed or if the period cannot be reasonably ascertained, the adjustment shall be for the period immediately preceding the test of the Metering Equipment equal to one-half the time from the date of the last previous test of the Metering Equipment.

- 7.5 **Metering Data.** At Interconnection Customer's expense, the metered data shall be telemetered to one or more locations designated by Transmission Provider and one or more locations designated by Interconnection Customer. Such telemetered data shall be used, under normal operating conditions, as the official measurement of the amount of energy delivered from the Large Generating Facility to the Point of Interconnection.

Article 8 Communications

- 8.1 **Interconnection Customer Obligations.** Interconnection Customer shall maintain satisfactory operating communications with Transmission Provider's Transmission System dispatcher or representative designated by Transmission Provider. Interconnection Customer shall provide standard voice line, dedicated voice line and facsimile communications at its Large Generating Facility control room or central dispatch facility through use of either the public telephone system, or a voice communications system that does not rely on the public telephone system. Interconnection Customer shall also provide the dedicated data circuit(s) necessary to provide Interconnection Customer data to Transmission Provider as set forth in Appendix D, Security Arrangements Details. The data circuit(s) shall extend from the Large Generating Facility to the location(s) specified by Transmission Provider. Any required maintenance of such communications equipment shall be performed by Interconnection Customer. Operational communications shall be activated and

maintained under, but not be limited to, the following events: system paralleling or separation, scheduled and unscheduled shutdowns, equipment clearances, and hourly and daily load data.

- 8.2 **Remote Terminal Unit.** Prior to the Initial Synchronization Date of the Large Generating Facility, a Remote Terminal Unit, or equivalent data collection and transfer equipment acceptable to the Parties, shall be installed by Interconnection Customer, or by Transmission Provider at Interconnection Customer's expense, to gather accumulated and instantaneous data to be telemetered to the location(s) designated by Transmission Provider through use of a dedicated point-to-point data circuit(s) as indicated in Article 8.1. The communication protocol for the data circuit(s) shall be specified by Transmission Provider. Instantaneous bi-directional analog real power and reactive power flow information must be telemetered directly to the location(s) specified by Transmission Provider.

Each Party will promptly advise the other Party if it detects or otherwise learns of any metering, telemetry or communications equipment errors or malfunctions that require the attention and/or correction by the other Party. The Party owning such equipment shall correct such error or malfunction as soon as reasonably feasible.

- 8.3 **No Annexation.** Any and all equipment placed on the premises of a Party shall be and remain the property of the Party providing such equipment regardless of the mode and manner of annexation or attachment to real property, unless otherwise mutually agreed by the Parties.

Article 9 Operations

- 9.1 **General.** Each Party shall comply with the Applicable Reliability Council requirements. Each Party shall provide to the other Party all information that may reasonably be required by the other Party to

comply with Applicable Laws and Regulations and Applicable Reliability Standards.

- 9.2 **Control Area Notification.** At least three months before Initial Synchronization Date, Interconnection Customer shall notify Transmission Provider in writing of the Control Area in which the Large Generating Facility will be located. If Interconnection Customer elects to locate the Large Generating Facility in a Control Area other than the Control Area in which the Large Generating Facility is physically located, and if permitted to do so by the relevant transmission tariffs, all necessary arrangements, including but not limited to those set forth in Article 7 and Article 8 of this LGIA, and remote Control Area generator interchange agreements, if applicable, and the appropriate measures under such agreements, shall be executed and implemented prior to the placement of the Large Generating Facility in the other Control Area.
- 9.3 **Transmission Provider Obligations.** Transmission Provider shall cause the Transmission System and Transmission Provider's Interconnection Facilities to be operated, maintained and controlled in a safe and reliable manner and in accordance with this LGIA. Transmission Provider may provide operating instructions to Interconnection Customer consistent with this LGIA and Transmission Provider's operating protocols and procedures as they may change from time to time. Transmission Provider will consider changes to its operating protocols and procedures proposed by Interconnection Customer.
- 9.4 **Interconnection Customer Obligations.** Interconnection Customer shall at its own expense operate, maintain and control the Large Generating Facility and Interconnection Customer's Interconnection Facilities in a safe and reliable manner and in accordance with this LGIA. Interconnection Customer shall operate the Large Generating Facility and Interconnection Customer's Interconnection Facilities in accordance with all applicable requirements of the Control Area of which it is part, as such requirements are set forth in Appendix C, Interconnection Details, of this LGIA. Appendix C, Interconnection Details, will be modified to reflect changes to the requirements as they may change from time to time. Either Party may request that the other Party provide copies of the requirements set forth in Appendix C, Interconnection Details, of this LGIA.

9.5 **Start-Up and Synchronization.** Consistent with the Parties' mutually acceptable procedures, Interconnection Customer is responsible for the proper synchronization of the Large Generating Facility to Transmission Provider's Transmission System.

9.6 **Reactive Power.**

9.6.1 **Power Factor Design Criteria.** Interconnection Customer shall design the Large Generating Facility to maintain a composite power delivery at continuous rated power output at the Point of Interconnection at a power factor within the range of 0.95 leading to 0.95 lagging, unless Transmission Provider has established different requirements that apply to all generators in the Control Area on a comparable basis. The requirements of this paragraph shall not apply to wind generators.

9.6.2 **Voltage Schedules.** Once Interconnection Customer has synchronized the Large Generating Facility with the Transmission System, Transmission Provider shall require Interconnection Customer to operate the Large Generating Facility to produce or absorb reactive power within the design limitations of the Large Generating Facility set forth in Article 9.6.1 (Power Factor Design Criteria). Transmission Provider's voltage schedules shall treat all sources of reactive power in the Control Area in an equitable and not unduly discriminatory manner. Transmission Provider shall exercise Reasonable Efforts to provide Interconnection Customer with such schedules at least one (1) day in advance, and may make changes to such schedules as necessary to maintain the reliability of the Transmission System. Interconnection Customer shall operate the Large Generating Facility to maintain the specified output voltage or power factor at the Point of Interconnection within the design limitations of the Large Generating Facility set forth in Article 9.6.1 (Power Factor Design Criteria). If Interconnection Customer is unable to maintain the specified voltage or power factor, it shall promptly notify the System Operator.

9.6.2.1 **Governors and Regulators.** Whenever the Large Generating Facility is operated in parallel with the Transmission System and the speed governors (if installed on the generating unit pursuant to Good Utility Practice) and

voltage regulators are capable of operation, Interconnection Customer shall operate the Large Generating Facility with its speed governors and voltage regulators in automatic operation. If the Large Generating Facility's speed governors and voltage regulators are not capable of such automatic operation, Interconnection Customer shall immediately notify Transmission Provider's system operator, or its designated representative, and ensure that such Large Generating Facility's reactive power production or absorption (measured in MVARs) are within the design capability of the Large Generating Facility's generating unit(s) and steady state stability limits. Interconnection Customer shall not cause its Large Generating Facility to disconnect automatically or instantaneously from the Transmission System or trip any generating unit comprising the Large Generating Facility for an under or over frequency condition unless the abnormal frequency condition persists for a time period beyond the limits set forth in ANSI/IEEE Standard C37.106, or such other standard as applied to other generators in the Control Area on a comparable basis.

- 9.6.3 **Payment for Reactive Power.** Transmission Provider is required to pay Interconnection Customer for reactive power that Interconnection Customer provides or absorbs from the Large Generating Facility when Transmission Provider requests Interconnection Customer to operate its Large Generating Facility outside the range specified in Article 9.6.1, provided that if Transmission Provider pays its own or affiliated generators for reactive power service within the specified range, it must also pay Interconnection Customer. Payments shall be pursuant to Article 11.6 or such other agreement to which the Parties have otherwise agreed.

9.7 **Outages and Interruptions.**

9.7.1 **Outages.**

- 9.7.1.1 **Outage Authority and Coordination.** Each Party may in accordance with Good Utility Practice in coordination with the other Party remove from service any of its respective Interconnection Facilities or Network Upgrades that may impact the other Party's facilities as necessary to perform

maintenance or testing or to install or replace equipment. Absent an Emergency Condition, the Party scheduling a removal of such facility(ies) from service will use Reasonable Efforts to schedule such removal on a date and time mutually acceptable to the Parties. In all circumstances, any Party planning to remove such facility(ies) from service shall use Reasonable Efforts to minimize the effect on the other Party of such removal.

9.7.1.2 **Outage Schedules.** Transmission Provider shall post scheduled outages of its transmission facilities on the OASIS. Interconnection Customer shall submit its planned maintenance schedules for the Large Generating Facility to Transmission Provider for a minimum of a rolling twenty-four month period. Interconnection Customer shall update its planned maintenance schedules as necessary. Transmission Provider may request Interconnection Customer to reschedule its maintenance as necessary to maintain the reliability of the Transmission System; provided, however, adequacy of generation supply shall not be a criterion in determining Transmission System reliability. Transmission Provider shall compensate Interconnection Customer for any additional direct costs that Interconnection Customer incurs as a result of having to reschedule maintenance, including any additional overtime, breaking of maintenance contracts or other costs above and beyond the cost Interconnection Customer would have incurred absent Transmission Provider's request to reschedule maintenance. Interconnection Customer will not be eligible to receive compensation, if during the twelve (12) months prior to the date of the scheduled maintenance, Interconnection Customer had modified its schedule of maintenance activities.

9.7.1.3 **Outage Restoration.** If an outage on a Party's Interconnection Facilities or Network Upgrades adversely affects the other Party's operations or facilities, the Party that owns or controls the facility that is out of service shall use Reasonable Efforts to promptly restore such facility(ies) to a normal operating condition consistent with the nature of the outage. The Party that owns or controls the facility that is

out of service shall provide the other Party, to the extent such information is known, information on the nature of the Emergency Condition, an estimated time of restoration, and any corrective actions required. Initial verbal notice shall be followed up as soon as practicable with written notice explaining the nature of the outage.

9.7.2 **Interruption of Service.** If required by Good Utility Practice to do so, Transmission Provider may require Interconnection Customer to interrupt or reduce deliveries of electricity if such delivery of electricity could adversely affect Transmission Provider's ability to perform such activities as are necessary to safely and reliably operate and maintain the Transmission System. The following provisions shall apply to any interruption or reduction permitted under this Article 9.7.2:

9.7.2.1 The interruption or reduction shall continue only for so long as reasonably necessary under Good Utility Practice;

9.7.2.2 Any such interruption or reduction shall be made on an equitable, non-discriminatory basis with respect to all generating facilities directly connected to the Transmission System;

9.7.2.3 When the interruption or reduction must be made under circumstances which do not allow for advance notice, Transmission Provider shall notify Interconnection Customer by telephone as soon as practicable of the reasons for the curtailment, interruption, or reduction, and, if known, its expected duration. Telephone notification shall be followed by written notification as soon as practicable;

9.7.2.4 Except during the existence of an Emergency Condition, when the interruption or reduction can be scheduled without advance notice, Transmission Provider shall notify Interconnection Customer in advance regarding the timing of

such scheduling and further notify Interconnection Customer of the expected duration. Transmission Provider shall coordinate with Interconnection Customer using Good Utility Practice to schedule the interruption or reduction during periods of least impact to Interconnection Customer and Transmission Provider;

- 9.7.2.5 The Parties shall cooperate and coordinate with each other to the extent necessary in order to restore the Large Generating Facility, Interconnection Facilities, and the Transmission System to their normal operating state, consistent with system conditions and Good Utility Practice.

- 9.7.3 **Under-Frequency and Over Frequency Conditions.** The Transmission System is designed to automatically activate a load-shed program as required by the Applicable Reliability Council in the event of an under-frequency system disturbance. Interconnection Customer shall implement under-frequency and over-frequency relay set points for the Large Generating Facility as required by the Applicable Reliability Council to ensure "ride through" capability of the Transmission System. Large Generating Facility response to frequency deviations of pre-determined magnitudes, both under-frequency and over-frequency deviations, shall be studied and coordinated with Transmission Provider in accordance with Good Utility Practice. The term "ride through" as used herein shall mean the ability of a Generating Facility to stay connected to and synchronized with the Transmission System during system disturbances within a range of under-frequency and over-frequency conditions, in accordance with Good Utility Practice.

- 9.7.4 **System Protection and Other Control Requirements.**

- 9.7.4.1 **System Protection Facilities.** Interconnection Customer shall, at its expense, install, operate and maintain System

Protection Facilities as a part of the Large Generating Facility or Interconnection Customer's Interconnection Facilities. Transmission Provider shall install at Interconnection Customer's expense any System Protection Facilities that may be required on Transmission Provider's Interconnection Facilities or the Transmission System as a result of the interconnection of the Large Generating Facility and Interconnection Customer's Interconnection Facilities.

- 9.7.4.2 Each Party's protection facilities shall be designed and coordinated with other systems in accordance with Good Utility Practice.
- 9.7.4.3 Each Party shall be responsible for protection of its facilities consistent with Good Utility Practice.
- 9.7.4.4 Each Party's protective relay design shall incorporate the necessary test switches to perform the tests required in Article 6. The required test switches will be placed such that they allow operation of lockout relays while preventing breaker failure schemes from operating and causing unnecessary breaker operations and/or the tripping of Interconnection Customer's units.
- 9.7.4.5 Each Party will test, operate and maintain System Protection Facilities in accordance with Good Utility Practice.
- 9.7.4.6 Prior to the In-Service Date, and again prior to the Commercial Operation Date, each Party or its agent shall perform a complete calibration test and functional trip test of the System Protection Facilities. At intervals suggested by Good Utility Practice and following any apparent malfunction of the System Protection Facilities, each Party shall perform both calibration and functional trip tests of its System

Protection Facilities. These tests do not require the tripping of any in-service generation unit. These tests do, however, require that all protective relays and lockout contacts be activated.

9.7.5 Requirements for Protection. In compliance with Good Utility Practice, Interconnection Customer shall provide, install, own, and maintain relays, circuit breakers and all other devices necessary to remove any fault contribution of the Large Generating Facility to any short circuit occurring on the Transmission System not otherwise isolated by Transmission Provider's equipment, such that the removal of the fault contribution shall be coordinated with the protective requirements of the Transmission System. Such protective equipment shall include, without limitation, a disconnecting device or switch with load-interrupting capability located between the Large Generating Facility and the Transmission System at a site selected upon mutual agreement (not to be unreasonably withheld, conditioned or delayed) of the Parties. Interconnection Customer shall be responsible for protection of the Large Generating Facility and Interconnection Customer's other equipment from such conditions as negative sequence currents, over- or under-frequency, sudden load rejection, over- or under-voltage, and generator loss-of-field. Interconnection Customer shall be solely responsible to disconnect the Large Generating Facility and Interconnection Customer's other equipment if conditions on the Transmission System could adversely affect the Large Generating Facility.

9.7.6 Power Quality. Neither Party's facilities shall cause excessive voltage flicker nor introduce excessive distortion to the sinusoidal voltage or current waves as defined by ANSI Standard C84.1-1989, in accordance with IEEE Standard 519, or any applicable superseding electric industry standard. In the event of a conflict between ANSI Standard C84.1-1989, or any applicable superseding electric industry standard, ANSI Standard C84.1-1989, or the applicable superseding electric industry standard, shall control.

9.8 **Switching and Tagging Rules.** Each Party shall provide the other Party a copy of its switching and tagging rules that are applicable to the other Party's activities. Such switching and tagging rules shall be developed on a non-discriminatory basis. The Parties shall comply with applicable switching and tagging rules, as amended from time to time, in obtaining clearances for work or for switching operations on equipment.

9.9 **Use of Interconnection Facilities by Third Parties.**

9.9.1 **Purpose of Interconnection Facilities.** Except as may be required by Applicable Laws and Regulations, or as otherwise agreed to among the Parties, the Interconnection Facilities shall be constructed for the sole purpose of interconnecting the Large Generating Facility to the Transmission System and shall be used for no other purpose.

9.9.2 **Third Party Users.** If required by Applicable Laws and Regulations or if the Parties mutually agree, such agreement not to be unreasonably withheld, to allow one or more third parties to use Transmission Provider's Interconnection Facilities, or any part thereof, Interconnection Customer will be entitled to compensation for the capital expenses it incurred in connection with the Interconnection Facilities based upon the pro rata use of the Interconnection Facilities by Transmission Provider, all third party users, and Interconnection Customer, in accordance with Applicable Laws and Regulations or upon some other mutually-agreed upon methodology. In addition, cost responsibility for ongoing costs, including operation and maintenance costs associated with the Interconnection Facilities, will be allocated between Interconnection Customer and any third party users based upon the pro rata use of the Interconnection Facilities by Transmission Provider, all third party users, and Interconnection Customer, in accordance with Applicable Laws and Regulations or upon some other mutually

agreed upon methodology. If the issue of such compensation or allocation cannot be resolved through such negotiations, it shall be submitted to FERC for resolution.

- 9.10 **Disturbance Analysis Data Exchange.** The Parties will cooperate with one another in the analysis of disturbances to either the Large Generating Facility or Transmission Provider's Transmission System by gathering and providing access to any information relating to any disturbance, including information from oscillography, protective relay targets, breaker operations and sequence of events records, and any disturbance information required by Good Utility Practice.

Article 10 Maintenance

- 10.1 **Transmission Provider Obligations.** Transmission Provider shall maintain the Transmission System and Transmission Provider's Interconnection Facilities in a safe and reliable manner and in accordance with this LGIA.
- 10.2 **Interconnection Customer Obligations.** Interconnection Customer shall maintain the Large Generating Facility and Interconnection Customer's Interconnection Facilities in a safe and reliable manner and in accordance with this LGIA.
- 10.3 **Coordination.** The Parties shall confer regularly to coordinate the planning, scheduling and performance of preventive and corrective maintenance on the Large Generating Facility and the Interconnection Facilities.
- 10.4 **Secondary Systems.** Each Party shall cooperate with the other in the inspection, maintenance, and testing of control or power circuits that operate below 600 volts, AC or DC, including, but not limited to, any

hardware, control or protective devices, cables, conductors, electric raceways, secondary equipment panels, transducers, batteries, chargers, and voltage and current transformers that directly affect the operation of a Party's facilities and equipment which may reasonably be expected to impact the other Party. Each Party shall provide advance notice to the other Party before undertaking any work on such circuits, especially on electrical circuits involving circuit breaker trip and close contacts, current transformers, or potential transformers.

- 10.5 **Operating and Maintenance Expenses.** Subject to the provisions herein addressing the use of facilities by others, and except for operations and maintenance expenses associated with modifications made for providing interconnection or transmission service to a third party and such third party pays for such expenses, Interconnection Customer shall be responsible for all reasonable expenses including overheads, associated with: (1) owning, operating, maintaining, repairing, and replacing Interconnection Customer's Interconnection Facilities; and (2) operation, maintenance, repair and replacement of Transmission Provider's Interconnection Facilities.

Article 11 Performance Obligation

- 11.1 **Interconnection Customer Interconnection Facilities.** Interconnection Customer shall design, procure, construct, install, own and/or control Interconnection Customer Interconnection Facilities described in Appendix A, Interconnection Facilities, Network Upgrades and Distribution Upgrades, at its sole expense.
- 11.2 **Transmission Provider's Interconnection Facilities.** Transmission Provider or Transmission Owner shall design, procure, construct, install, own and/or control the Transmission Provider's Interconnection Facilities described in Appendix A, Interconnection Facilities, Network Upgrades and Distribution Upgrades, at the sole expense of the Interconnection Customer.

11.3 Network Upgrades and Distribution Upgrades. Transmission Provider or Transmission Owner shall design, procure, construct, install, and own the Network Upgrades and Distribution Upgrades described in Appendix A, Interconnection Facilities, Network Upgrades and Distribution Upgrades. The Interconnection Customer shall be responsible for all costs related to Distribution Upgrades. Unless Transmission Provider or Transmission Owner elects to fund the capital for the Network Upgrades, they shall be solely funded by Interconnection Customer.

11.4 Transmission Credits.

11.4.1 Repayment of Amounts Advanced for Network Upgrades. Interconnection Customer's right to payments and credits under this Section 11.4.1 shall be determined in accordance with Attachment T. Interconnection Customer shall be entitled to a cash repayment (to the extent Attachment T provides for such repayment), equal to the total amount paid to Transmission Provider and Affected System Operator, if any, for the Network Upgrades, including any tax gross-up or other tax-related payments associated with Network Upgrades, and not refunded to Interconnection Customer pursuant to Article 5.17.8 or otherwise, to be paid to Interconnection Customer on a dollar-for-dollar basis for the non-usage sensitive portion of transmission charges, as payments are made under Transmission Provider's Tariff and Affected System's Tariff for transmission services with respect to the Large Generating Facility. Any repayment shall include interest calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. ' 35.19a(a)(2)(iii) from the date of any payment for Network Upgrades through the date on which the Interconnection Customer receives a repayment of such payment pursuant to this subparagraph. Interconnection Customer may assign such repayment rights to any person.

Notwithstanding the foregoing, Interconnection Customer, Transmission Provider, and Affected System Operator may

adopt any alternative payment schedule that is mutually agreeable so long as Transmission Provider and Affected System Operator take one of the following actions no later than five years from the Commercial Operation Date: (1) return to Interconnection Customer any amounts advanced for Network Upgrades not previously repaid (in the case of the Transmission Provider, to the extent Attachment T provides for such repayment), or (2) declare in writing that Transmission Provider or Affected System Operator will continue to provide payments to Interconnection Customer on a dollar-for-dollar basis (in the case of the Transmission Provider, to the extent Attachment T provides for such repayment) for the non-usage sensitive portion of transmission charges, or develop an alternative schedule that is mutually agreeable and provides for the return of all amounts advanced for Network Upgrades not previously repaid; however, full reimbursement (in the case of the Transmission Provider, to the extent Attachment T provides for such repayment) shall not extend beyond twenty (20) years from the Commercial Operation Date.

If the Large Generating Facility fails to achieve commercial operation, but it or another Generating Facility is later constructed and makes use of the Network Upgrades, Transmission Provider and Affected System Operator shall at that time reimburse Interconnection Customer for the amounts advanced for the Network Upgrades (in the case of the Transmission Provider, to the extent Attachment T provides for such repayment). Before any such reimbursement can occur, the Interconnection Customer, or the entity that ultimately constructs the Generating Facility, if different, is responsible for identifying the entity to which reimbursement must be made

- 11.4.2 **Special Provisions for Affected Systems.** Unless Transmission Provider provides, under the LGIA, for the repayment of amounts advanced to Affected System Operator for Network Upgrades, Interconnection Customer and Affected System Operator shall enter into an agreement that provides for such repayment. The agreement shall specify the terms

governing payments to be made by Interconnection Customer to the Affected System Operator as well as the repayment by the Affected System Operator.

- 11.4.3 Notwithstanding any other provision of this LGIA, nothing herein shall be construed as relinquishing or foreclosing any rights, including but not limited to firm transmission rights, capacity rights, transmission congestion rights, or transmission credits, that Interconnection Customer, shall be entitled to, now or in the future under any other agreement or tariff as a result of, or otherwise associated with, the transmission capacity, if any, created by the Network Upgrades, including the right to obtain cash reimbursements or transmission credits for transmission service that is not associated with the Large Generating Facility.

- 11.5 **Provision of Security.** At least thirty (30) Calendar Days prior to the commencement of the procurement, installation, or construction of a discrete portion of a Transmission Provider's Interconnection Facilities, Network Upgrades, or Distribution Upgrades, Interconnection Customer shall provide Transmission Provider, at Interconnection Customer's option, a guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to Transmission Provider and is consistent with the Uniform Commercial Code of the jurisdiction identified in Article 14.2.1. Such security for payment shall be in an amount sufficient to cover the costs for constructing, procuring and installing the applicable portion of Transmission Provider's Interconnection Facilities, Network Upgrades, or Distribution Upgrades and shall be reduced on a dollar-for-dollar basis for payments made to Transmission Provider for these purposes.

In addition:

- 11.5.1 The guarantee must be made by an entity that meets the creditworthiness requirements of Transmission Provider, and contain terms and conditions that guarantee payment of any

amount that may be due from Interconnection Customer, up to an agreed-to maximum amount.

11.5.2 The letter of credit must be issued by a financial institution reasonably acceptable to Transmission Provider and must specify a reasonable expiration date.

11.5.3 The surety bond must be issued by an insurer reasonably acceptable to Transmission Provider and must specify a reasonable expiration date.

11.6 **Interconnection Customer Compensation.** If Transmission Provider requests or directs Interconnection Customer to provide a service pursuant to Articles 9.6.3 (Payment for Reactive Power), or 13.5.1 of this LGIA, Transmission Provider shall compensate Interconnection Customer in accordance with Interconnection Customer's applicable rate schedule then in effect unless the provision of such service(s) is subject to an RTO or ISO FERC-approved rate schedule. Interconnection Customer shall serve Transmission Provider or RTO or ISO with any filing of a proposed rate schedule at the time of such filing with FERC. To the extent that no rate schedule is in effect at the time the Interconnection Customer is required to provide or absorb any Reactive Power under this LGIA, Transmission Provider agrees to compensate Interconnection Customer in such amount as would have been due Interconnection Customer had the rate schedule been in effect at the time service commenced; provided, however, that such rate schedule must be filed at FERC or other appropriate Governmental Authority within sixty (60) Calendar Days of the commencement of service.

11.6.1 **Interconnection Customer Compensation for Actions During Emergency Condition.** Transmission Provider or RTO or ISO shall compensate Interconnection Customer for its provision of real and reactive power and other Emergency Condition services that Interconnection Customer provides to

support the Transmission System during an Emergency Condition in accordance with Article 11.6.

Article 12 Invoice

- 12.1 **General.** Each Party shall submit to the other Party, on a monthly basis, invoices of amounts due for the preceding month. Each invoice shall state the month to which the invoice applies and fully describe the services and equipment provided. The Parties may discharge mutual debts and payment obligations due and owing to each other on the same date through netting, in which case all amounts a Party owes to the other Party under this LGIA, including interest payments or credits, shall be netted so that only the net amount remaining due shall be paid by the owing Party.
- 12.2 **Final Invoice.** Within six months after completion of the construction of Transmission Provider's Interconnection Facilities and the Network Upgrades, Transmission Provider shall provide an invoice of the final cost of the construction of Transmission Provider's Interconnection Facilities and the Network Upgrades and shall set forth such costs in sufficient detail to enable Interconnection Customer to compare the actual costs with the estimates and to ascertain deviations, if any, from the cost estimates. Transmission Provider shall refund to Interconnection Customer any amount by which the actual payment by Interconnection Customer for estimated costs exceeds the actual costs of construction within thirty (30) Calendar Days of the issuance of such final construction invoice.
- 12.3 **Payment.** Invoices shall be rendered to the paying Party at the address specified in Appendix F. The Party receiving the invoice shall pay the invoice within thirty (30) Calendar Days of receipt. All payments shall be made in immediately available funds payable to the other Party, or by wire transfer to a bank named and account designated by the invoicing Party. Payment of invoices by either Party will not constitute a waiver of any rights or claims either Party may have under this LGIA.

- 12.4 **Disputes.** In the event of a billing dispute between Transmission Provider and Interconnection Customer, Transmission Provider shall continue to provide Interconnection Service under this LGIA as long as Interconnection Customer: (i) continues to make all payments not in dispute; and (ii) pays to Transmission Provider or into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If Interconnection Customer fails to meet these two requirements for continuation of service, then Transmission Provider may provide notice to Interconnection Customer of a Default pursuant to Article 17. Within thirty (30) Calendar Days after the resolution of the dispute, the Party that owes money to the other Party shall pay the amount due with interest calculated in accord with the methodology set forth in FERC's regulations at 18 C.F.R. § 35.19a(a)(2)(iii).

Article 13 Emergencies

- 13.1 **Definition.** "Emergency Condition" shall mean a condition or situation: (i) that in the judgment of the Party making the claim is imminently likely to endanger life or property; or (ii) that, in the case of Transmission Provider, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to the Transmission System, Transmission Provider's Interconnection Facilities or the Transmission Systems of others to which the Transmission System is directly connected; or (iii) that, in the case of Interconnection Customer, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Large Generating Facility or Interconnection Customer's Interconnection Facilities' System restoration and black start shall be considered Emergency Conditions; provided, that Interconnection Customer is not obligated by this LGIA to possess black start capability.
- 13.2 **Obligations.** Each Party shall comply with the Emergency Condition procedures of the applicable ISO/RTO, NERC, the Applicable

Reliability Council, Applicable Laws and Regulations, and any emergency procedures agreed to by the Joint Operating Committee.

13.3 **Notice.** Transmission Provider shall notify Interconnection Customer promptly when it becomes aware of an Emergency Condition that affects Transmission Provider's Interconnection Facilities or the Transmission System that may reasonably be expected to affect Interconnection Customer's operation of the Large Generating Facility or Interconnection Customer's Interconnection Facilities. Interconnection Customer shall notify Transmission Provider promptly when it becomes aware of an Emergency Condition that affects the Large Generating Facility or Interconnection Customer's Interconnection Facilities that may reasonably be expected to affect the Transmission System or Transmission Provider's Interconnection Facilities. To the extent information is known, the notification shall describe the Emergency Condition, the extent of the damage or deficiency, the expected effect on the operation of Interconnection Customer's or Transmission Provider's facilities and operations, its anticipated duration and the corrective action taken and/or to be taken. The initial notice shall be followed as soon as practicable with written notice.

13.4 **Immediate Action.** Unless, in Interconnection Customer's reasonable judgment, immediate action is required, Interconnection Customer shall obtain the consent of Transmission Provider, such consent to not be unreasonably withheld, prior to performing any manual switching operations at the Large Generating Facility or Interconnection Customer's Interconnection Facilities in response to an Emergency Condition either declared by Transmission Provider or otherwise regarding the Transmission System.

13.5 **Transmission Provider Authority.**

13.5.1 **General.** Transmission Provider may take whatever actions or inactions with regard to the Transmission System or

Transmission Provider's Interconnection Facilities it deems necessary during an Emergency Condition in order to (i) preserve public health and safety, (ii) preserve the reliability of the Transmission System or Transmission Provider's Interconnection Facilities, (iii) limit or prevent damage, and (iv) expedite restoration of service.

Transmission Provider shall use Reasonable Efforts to minimize the effect of such actions or inactions on the Large Generating Facility or Interconnection Customer's Interconnection Facilities. Transmission Provider may, on the basis of technical considerations, require the Large Generating Facility to mitigate an Emergency Condition by taking actions necessary and limited in scope to remedy the Emergency Condition, including, but not limited to, directing Interconnection Customer to shut-down, start-up, increase or decrease the real or reactive power output of the Large Generating Facility; implementing a reduction or disconnection pursuant to Article 13.5.2; directing Interconnection Customer to assist with blackstart (if available) or restoration efforts; or altering the outage schedules of the Large Generating Facility and Interconnection Customer's Interconnection Facilities. Interconnection Customer shall comply with all of Transmission Provider's operating instructions concerning Large Generating Facility real power and reactive power output within the manufacturer's design limitations of the Large Generating Facility's equipment that is in service and physically available for operation at the time, in compliance with Applicable Laws and Regulations.

- 13.5.2 **Reduction and Disconnection.** Transmission Provider may reduce Interconnection Service or disconnect the Large Generating Facility or Interconnection Customer's Interconnection Facilities, when such, reduction or disconnection is necessary under Good Utility Practice due to Emergency Conditions. These rights are separate and distinct from any right of curtailment of Transmission Provider pursuant to Transmission Provider's Tariff. When Transmission Provider can schedule the reduction or disconnection in advance,

Transmission Provider shall notify Interconnection Customer of the reasons, timing and expected duration of the reduction or disconnection. Transmission Provider shall coordinate with Interconnection Customer using Good Utility Practice to schedule the reduction or disconnection during periods of least impact to Interconnection Customer and Transmission Provider. Any reduction or disconnection shall continue only for so long as reasonably necessary under Good Utility Practice. The Parties shall cooperate with each other to restore the Large Generating Facility, the Interconnection Facilities, and the Transmission System to their normal operating state as soon as practicable consistent with Good Utility Practice.

13.6 Interconnection Customer Authority. Consistent with Good Utility Practice and the LGIA and the LGIP, Interconnection Customer may take actions or inactions with regard to the Large Generating Facility or Interconnection Customer's Interconnection Facilities during an Emergency Condition in order to (i) preserve public health and safety, (ii) preserve the reliability of the Large Generating Facility or Interconnection Customer's Interconnection Facilities, (iii) limit or prevent damage, and (iv) expedite restoration of service. Interconnection Customer shall use Reasonable Efforts to minimize the effect of such actions or inactions on the Transmission System and Transmission Provider's Interconnection Facilities. Transmission Provider shall use Reasonable Efforts to assist Interconnection Customer in such actions.

13.7 Limited Liability. Except as otherwise provided in Article 11.6.1 of this LGIA, neither Party shall be liable to the other for any action it takes in responding to an Emergency Condition so long as such action is made in good faith and is consistent with Good Utility Practice.

Article 14 Regulatory Requirements and Governing Law

14.1 Regulatory Requirements. Each Party's obligations under this LGIA shall be subject to its receipt of any required approval or certificate

from one or more Governmental Authorities in the form and substance satisfactory to the applying Party, or the Party making any required filings with, or providing notice to, such Governmental Authorities, and the expiration of any time period associated therewith. Each Party shall in good faith seek and use its Reasonable Efforts to obtain such other approvals. Nothing in this LGIA shall require Interconnection Customer to take any action that could result in its inability to obtain, or its loss of, status or exemption under the Federal Power Act, the Public Utility Holding Company Act of 1935, as amended, or the Public Utility Regulatory Policies Act of 1978.

14.2 Governing Law.

14.2.1 The validity, interpretation and performance of this LGIA and each of its provisions shall be governed by the laws of the state where the Point of Interconnection is located, without regard to its conflicts of law principles.

14.2.2 This LGIA is subject to all Applicable Laws and Regulations.

14.2.3 Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, rules, or regulations of a Governmental Authority.

Article 15 Notices

15.1 **General.** Unless otherwise provided in this LGIA, any notice, demand or request required or permitted to be given by either Party to the other and any instrument required or permitted to be tendered or delivered by either Party in writing to the other shall be effective when delivered and may be so given, tendered or delivered, by recognized national courier, or by depositing the same with the United States Postal Service with postage prepaid, for delivery by certified or registered mail, addressed to the Party, or personally delivered to the Party, at

the address set out in Appendix F, Addresses for Delivery of Notices and Billings.

Either Party may change the notice information in this LGIA by giving five (5) Business Days written notice prior to the effective date of the change.

15.2 **Billings and Payments.** Billings and payments shall be sent to the addresses set out in Appendix F.

15.3 **Alternative Forms of Notice.** Any notice or request required or permitted to be given by a Party to the other and not required by this Agreement to be given in writing may be so given by telephone, facsimile or email to the telephone numbers and email addresses set out in Appendix F.

15.4 **Operations and Maintenance Notice .** Each Party shall notify the other Party in writing of the identity of the person(s) that it designates as the point(s) of contact with respect to the implementation of Articles 9 and 10.

Article 16 Force Majeure

16.1 **Force Majeure.**

16.1.1 Economic hardship is not considered a Force Majeure event.

16.1.2 Neither Party shall be considered to be in Default with respect to any obligation hereunder, (including obligations under Article 4), other than the obligation to pay money when due, if prevented from fulfilling such obligation by Force Majeure. A Party unable to fulfill any obligation hereunder (other than an obligation to pay

money when due) by reason of Force Majeure shall give notice and the full particulars of such Force Majeure to the other Party in writing or by telephone as soon as reasonably possible after the occurrence of the cause relied upon. Telephone notices given pursuant to this article shall be confirmed in writing as soon as reasonably possible and shall specifically state full particulars of the Force Majeure, the time and date when the Force Majeure occurred and when the Force Majeure is reasonably expected to cease. The Party affected shall exercise due diligence to remove such disability with reasonable dispatch, but shall not be required to accede or agree to any provision not satisfactory to it in order to settle and terminate a strike or other labor disturbance.

Article 17 Default

17.1 Default

17.1.1 General. No Default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of Force Majeure as defined in this LGIA or the result of an act of omission of the other Party. Upon a Breach, the non-breaching Party shall give written notice of such Breach to the breaching Party. Except as provided in Article 17.1.2, the breaching Party shall have thirty (30) Calendar Days from receipt of the Default notice within which to cure such Breach; provided however, if such Breach is not capable of cure within thirty (30) Calendar Days, the breaching Party shall commence such cure within thirty (30) Calendar Days after notice and continuously and diligently complete such cure within ninety (90) Calendar Days from receipt of the Default notice; and, if cured within such time, the Breach specified in such notice shall cease to exist.

17.1.2 Right to Terminate. If a Breach is not cured as provided in this article, or if a Breach is not capable of being cured within the period provided for herein, the non-breaching Party shall have the right to declare a Default and terminate this LGIA by written

notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not that Party terminates this LGIA, to recover from the breaching Party all amounts due hereunder, plus all other damages and remedies to which it is entitled at law or in equity. The provisions of this article will survive termination of this LGIA.

Article 18 Indemnity, Consequential Damages and Insurance

18.1 Indemnity. The Parties shall at all times indemnify, defend, and hold the other Party harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's action or inactions of its obligations under this LGIA on behalf of the Indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the Indemnified Party.

18.1.1 Indemnified Person. If an Indemnified Person is entitled to indemnification under this Article 18 as a result of a claim by a third party, and the Indemnifying Party fails, after notice and reasonable opportunity to proceed under Article 18.1, to assume the defense of such claim, such Indemnified Person may at the expense of the Indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.

18.1.2 Indemnifying Party. If an Indemnifying Party is obligated to indemnify and hold any Indemnified Person harmless under this Article 18, the amount owing to the Indemnified Person shall be the amount of such Indemnified Person's actual Loss, net of any insurance or other recovery.

18.1.3 Indemnity Procedures. Promptly after receipt by an Indemnified Person of any claim or notice of the

commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in Article 18.1 may apply, the Indemnified Person shall notify the Indemnifying Party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the Indemnifying Party.

The Indemnifying Party shall have the right to assume the defense thereof with counsel designated by such Indemnifying Party and reasonably satisfactory to the Indemnified Person. If the defendants in any such action include one or more Indemnified Persons and the Indemnifying Party and if the Indemnified Person reasonably concludes that there may be legal defenses available to it and/or other Indemnified Persons which are different from or additional to those available to the Indemnifying Party, the Indemnified Person shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on its own behalf. In such instances, the Indemnifying Party shall only be required to pay the fees and expenses of one additional attorney to represent an Indemnified Person or Indemnified Persons having such differing or additional legal defenses.

The Indemnified Person shall be entitled, at its expense, to participate in any such action, suit or proceeding, the defense of which has been assumed by the Indemnifying Party.

Notwithstanding the foregoing, the Indemnifying Party (i) shall not be entitled to assume and control the defense of any such action, suit or proceedings if and to the extent that, in the opinion of the Indemnified Person and its counsel, such action, suit or proceeding involves the potential imposition of criminal liability on the Indemnified Person, or there exists a conflict or adversity of interest between the Indemnified Person and the Indemnifying Party, in such event the Indemnifying Party shall pay the reasonable expenses of the Indemnified Person, and (ii) shall not settle or consent to the entry of any judgment in any action, suit or proceeding without the consent of the Indemnified

Person, which shall not be reasonably withheld, conditioned or delayed.

- 18.2 **Consequential Damages.** Other than the Liquidated Damages heretofore described, in no event shall either Party be liable under any provision of this LGIA for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to the other Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.
- 18.3 **Insurance.** Each party shall, at its own expense, maintain in force throughout the period of this LGIA, and until released by the other Party, the following minimum insurance coverages, with insurers authorized to do business in the state where the Point of Interconnection is located:
- 18.3.1 Employers' Liability and Workers' Compensation Insurance providing statutory benefits in accordance with the laws and regulations of the state in which the Point of Interconnection is located.
- 18.3.2 Commercial General Liability Insurance including premises and operations, personal injury, broad form property damage, broad form blanket contractual liability coverage (including coverage for the contractual indemnification) products and completed operations coverage, coverage for explosion, collapse and underground hazards, independent contractors coverage, coverage for pollution to the extent normally available and punitive damages to the extent normally available and a cross liability endorsement, with minimum limits of One Million Dollars

(\$1,000,000) per occurrence/One Million Dollars (\$1,000,000) aggregate combined single limit for personal injury, bodily injury, including death and property damage.

- 18.3.3 Comprehensive Automobile Liability Insurance for coverage of owned and non-owned and hired vehicles, trailers or semi-trailers designed for travel on public roads, with a minimum, combined single limit of One Million Dollars (\$1,000,000) per occurrence for bodily injury, including death, and property damage.
- 18.3.4 Excess Public Liability Insurance over and above the Employers' Liability Commercial General Liability and Comprehensive Automobile Liability Insurance coverage, with a minimum combined single limit of Twenty Million Dollars (\$20,000,000) per occurrence/Twenty Million Dollars (\$20,000,000) aggregate.
- 18.3.5 The Commercial General Liability Insurance, Comprehensive Automobile Insurance and Excess Public Liability Insurance policies shall name the other Party, its parent, associated and Affiliate companies and their respective directors, officers, agents, servants and employees ("Other Party Group") as additional insured. All policies shall contain provisions whereby the insurers waive all rights of subrogation in accordance with the provisions of this LGIA against the Other Party Group and provide thirty (30) Calendar Days advance written notice to the Other Party Group prior to anniversary date of cancellation or any material change in coverage or condition.
- 18.3.6 The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance and Excess Public Liability Insurance policies shall contain provisions that specify that the policies are primary and shall apply to such extent without consideration for other policies separately carried and shall

state that each insured is provided coverage as though a separate policy had been issued to each, except the insurer's liability shall not be increased beyond the amount for which the insurer would have been liable had only one insured been covered. Each Party shall be responsible for its respective deductibles or retentions.

- 18.3.7 The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance and Excess Public Liability Insurance policies, if written on a Claims First Made Basis, shall be maintained in full force and effect for two (2) years after termination of this LGIA, which coverage may be in the form of tail coverage or extended reporting period coverage if agreed by the Parties.
- 18.3.8 The requirements contained herein as to the types and limits of all insurance to be maintained by the Parties are not intended to and shall not in any manner, limit or qualify the liabilities and obligations assumed by the Parties under this LGIA.
- 18.3.9 Within ten (10) days following execution of this LGIA, and as soon as practicable after the end of each fiscal year or at the renewal of the insurance policy and in any event within ninety (90) days thereafter, each Party shall provide certification of all insurance required in this LGIA, executed by each insurer or by an authorized representative of each insurer.
- 18.3.10 Notwithstanding the foregoing, each Party may self-insure to meet the minimum insurance requirements of Articles 18.3.2 through 18.3.8 to the extent it maintains a self-insurance program; provided that, such Party's senior secured debt is rated at investment grade or better by Standard & Poor's and that its self-insurance program meets the minimum insurance requirements of Articles 18.3.2 through 18.3.8. For any period of time that a Party's senior secured debt is unrated by Standard & Poor's or is rated at less than investment grade by Standard & Poor's, such Party shall comply with the insurance

requirements applicable to it under Articles 18.3.2 through 18.3.9. In the event that a Party is permitted to self-insure pursuant to this article, it shall notify the other Party that it meets the requirements to self-insure and that its self-insurance program meets the minimum insurance requirements in a manner consistent with that specified in Article 18.3.9.

- 18.3.11 The Parties agree to report to each other in writing as soon as practical all accidents or occurrences resulting in injuries to any person, including death, and any property damage arising out of this LGIA.

Article 19 Assignment

- 19.1 **Assignment.** This LGIA may be assigned by either Party only with the written consent of the other; provided that either Party may assign this LGIA without the consent of the other Party to any Affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this LGIA; and provided further that

Interconnection Customer shall have the right to assign this LGIA, without the consent of Transmission Provider, for collateral security purposes to aid in providing financing for the Large Generating Facility, provided that Interconnection Customer will promptly notify Transmission Provider of any such assignment. Any financing arrangement entered into by Interconnection Customer pursuant to this article will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify Transmission Provider of the date and particulars of any such exercise of assignment right(s), including providing the Transmission Provider with proof that it meets the requirements of Articles 11.5 and 18.3. Any attempted assignment that violates this article is void and ineffective. Any assignment under this LGIA shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or

in part, by reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

Article 20 Severability

- 20.1 **Severability.** If any provision in this LGIA is finally determined to be invalid, void or unenforceable by any court or other Governmental Authority having jurisdiction, such determination shall not invalidate, void or make unenforceable any other provision, agreement or covenant of this LGIA; provided that if Interconnection Customer (or any third party, but only if such third party is not acting at the direction of Transmission Provider) seeks and obtains such a final determination with respect to any provision of the Alternate Option (Article 5.1.2), or the Negotiated Option (Article 5.1.4), then none of these provisions shall thereafter have any force or effect and the Parties' rights and obligations shall be governed solely by the Standard Option (Article 5.1.1).

Article 21 Comparability

- 21.1 **Comparability.** The Parties will comply with all applicable comparability and code of conduct laws, rules and regulations, as amended from time to time.

Article 22 Confidentiality

- 22.1 **Confidentiality.** Confidential Information shall include, without limitation, all information relating to a Party's technology, research and development, business affairs, and pricing, and any information supplied by either of the Parties to the other prior to the execution of this LGIA.

Information is Confidential Information only if it is clearly designated or marked in writing as confidential on the face of the document, or, if the information is conveyed orally or by inspection, if the Party providing

the information orally informs the Party receiving the information that the information is confidential.

If requested by either Party, the other Party shall provide in writing, the basis for asserting that the information referred to in this Article 22 warrants confidential treatment, and the requesting Party may disclose such writing to the appropriate Governmental Authority. Each Party shall be responsible for the costs associated with affording confidential treatment to its information.

22.1.1 Term. During the term of this LGIA, and for a period of three (3) years after the expiration or termination of this LGIA, except as otherwise provided in this Article 22, each Party shall hold in confidence and shall not disclose to any person Confidential Information.

22.1.2 Scope. Confidential Information shall not include information that the receiving Party can demonstrate: (1) is generally available to the public other than as a result of a disclosure by the receiving Party; (2) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (3) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party after due inquiry, was under no obligation to the disclosing Party to keep such information confidential; (4) was independently developed by the receiving Party without reference to Confidential Information of the disclosing Party; (5) is, or becomes, publicly known, through no wrongful act or omission of the receiving Party or Breach of this LGIA; or (6) is required, in accordance with Article 22.1.7 of the LGIA, Order of Disclosure, to be disclosed by any Governmental Authority or is otherwise required to be disclosed by law or subpoena, or is necessary in any legal proceeding establishing rights and obligations under this LGIA. Information designated as Confidential Information will no longer be deemed confidential if the Party that designated the information as confidential notifies the other Party that it no longer is confidential.

- 22.1.3 **Release of Confidential Information.** Neither Party shall release or disclose Confidential Information to any other person, except to its Affiliates (limited by the Standards of Conduct requirements), subcontractors, employees, consultants, or to parties who may be or considering providing financing to or equity participation with Interconnection Customer, or to potential purchasers or assignees of Interconnection Customer, on a need-to-know basis in connection with this LGIA, unless such person has first been advised of the confidentiality provisions of this Article 22 and has agreed to comply with such provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall remain primarily responsible for any release of Confidential Information in contravention of this Article 22.
- 22.1.4 **Rights.** Each Party retains all rights, title, and interest in the Confidential Information that each Party discloses to the other Party. The disclosure by each Party to the other Party of Confidential Information shall not be deemed a waiver by either Party or any other person or entity of the right to protect the Confidential Information from public disclosure.
- 22.1.5 **No Warranties.** By providing Confidential Information, neither Party makes any warranties or representations as to its accuracy or completeness. In addition, by supplying Confidential Information, neither Party obligates itself to provide any particular information or Confidential Information to the other Party nor to enter into any further agreements or proceed with any other relationship or joint venture.
- 22.1.6 **Standard of Care.** Each Party shall use at least the same standard of care to protect Confidential Information it receives as it uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination. Each Party may use Confidential Information solely to fulfill its

obligations to the other Party under this LGIA or its regulatory requirements.

- 22.1.7 **Order of Disclosure.** If a court or a Government Authority or entity with the right, power, and apparent authority to do so requests or requires either Party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide the other Party with prompt notice of such request(s) or requirement(s) so that the other Party may seek an appropriate protective order or waive compliance with the terms of this LGIA. Notwithstanding the absence of a protective order or waiver, the Party may disclose such Confidential Information which, in the opinion of its counsel, the Party is legally compelled to disclose. Each Party will use Reasonable Efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.
- 22.1.8 **Termination of Agreement.** Upon termination of this LGIA for any reason, each Party shall, within ten (10) Calendar Days of receipt of a written request from the other Party, use Reasonable Efforts to destroy, erase, or delete (with such destruction, erasure, and deletion certified in writing to the other Party) or return to the other Party, without retaining copies thereof, any and all written or electronic Confidential Information received from the other Party.
- 22.1.9 **Remedies.** The Parties agree that monetary damages would be inadequate to compensate a Party for the other Party's Breach of its obligations under this Article 22. Each Party accordingly agrees that the other Party shall be entitled to equitable relief, by way of injunction or otherwise, if the first Party Breaches or threatens to Breach its obligations under this Article 22, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law. Such

remedy shall not be deemed an exclusive remedy for the Breach of this Article 22, but shall be in addition to all other remedies available at law or in equity. The Parties further acknowledge and agree that the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental, or consequential or punitive damages of any nature or kind resulting from or arising in connection with this Article 22.

- 22.1.10 **Disclosure to FERC, its Staff, or a State.** Notwithstanding anything in this Article 22 to the contrary, and pursuant to 18 C.F.R. ' 1b.20, if FERC or its staff, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to this LGIA, the Party shall provide the requested information to FERC or its staff, within the time provided for in the request for information. In providing the information to FERC or its staff, the Party must, consistent with 18 C.F.R. ' 388.112, request that the information be treated as confidential and non-public by FERC and its staff and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Party to this LGIA prior to the release of the Confidential Information to FERC or its staff. The Party shall notify the other Party to the LGIA when it is notified by FERC or its staff that a request to release Confidential Information has been received by FERC, at which time either of the Parties may respond before such information would be made public, pursuant to 18 C.F.R. ' 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner if consistent with the applicable state rules and regulations.
- 22.1.11 Subject to the exception in Article 22.1.10, any information that a Party claims is competitively sensitive, commercial or financial information under this LGIA ("Confidential Information") shall not be disclosed by the other Party to any person not employed or retained by the other Party, except to the extent disclosure is (i)

required by law; (ii) reasonably deemed by the disclosing Party to be required to be disclosed in connection with a dispute between or among the Parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the other Party, such consent not to be unreasonably withheld; or (iv) necessary to fulfill its obligations under this LGIA or as a transmission service provider or a Control Area operator including disclosing the Confidential Information to an RTO or ISO or to a regional or national reliability organization. The Party asserting confidentiality shall notify the other Party in writing of the information it claims is confidential. Prior to any disclosures of the other Party's Confidential Information under this subparagraph, or if any third party or Governmental Authority makes any request or demand for any of the information described in this subparagraph, the disclosing Party agrees to promptly notify the other Party in writing and agrees to assert confidentiality and cooperate with the other Party in seeking to protect the Confidential Information from public disclosure by confidentiality agreement, protective order or other reasonable measures.

Article 23 Environmental Releases

- 23.1 Each Party shall notify the other Party, first orally and then in writing, of the release of any Hazardous Substances, any asbestos or lead abatement activities, or any type of remediation activities related to the Large Generating Facility or the Interconnection Facilities, each of which may reasonably be expected to affect the other Party. The notifying Party shall: (i) provide the notice as soon as practicable, provided such Party makes a good faith effort to provide the notice no later than twenty-four hours after such Party becomes aware of the occurrence; and (ii) promptly furnish to the other Party copies of any publicly available reports filed with any Governmental Authorities addressing such events.

Article 24 Information Requirement

- 24.1 **Information Acquisition.** Transmission Provider and Interconnection Customer shall submit specific information regarding the electrical characteristics of their respective facilities to each other as described below and in accordance with Applicable Reliability Standards.
- 24.2 **Information Submission by Transmission Provider.** The initial information submission by Transmission Provider shall occur no later than one hundred eighty (180) Calendar Days prior to Trial Operation and shall include Transmission System information necessary to allow Interconnection Customer to select equipment and meet any system protection and stability requirements, unless otherwise agreed to by the Parties. On a monthly basis Transmission Provider shall provide Interconnection Customer a status report on the construction and installation of Transmission Provider's Interconnection Facilities and Network Upgrades, including, but not limited to, the following information: (1) progress to date; (2) a description of the activities since the last report; (3) a description of the action items for the next period; and (4) the delivery status of equipment ordered.
- 24.3 **Updated Information Submission by Interconnection Customer.** The updated information submission by Interconnection Customer, including manufacturer information, shall occur no later than one hundred eighty (180) Calendar Days prior to the Trial Operation. Interconnection Customer shall submit a completed copy of the Large Generating Facility data requirements contained in Appendix 1 to the LGIP. It shall also include any additional information provided to Transmission Provider for the Feasibility and Facilities Study. Information in this submission shall be the most current Large Generating Facility design or expected performance data. Information submitted for stability models shall be compatible with Transmission Provider standard models. If there is no compatible model, Interconnection Customer will work with a consultant mutually agreed to by the Parties to develop and supply a standard model and associated information.

If Interconnection Customer's data is materially different from what was originally provided to Transmission Provider pursuant to the

Interconnection Study Agreement between Transmission Provider and Interconnection Customer, then Transmission Provider will conduct appropriate studies to determine the impact on Transmission Provider Transmission System based on the actual data submitted pursuant to this Article 24.3. The Interconnection Customer shall not begin Trial Operation until such studies are completed.

- 24.4 **Information Supplementation.** Prior to the Operation Date, the Parties shall supplement their information submissions described above in this Article 24 with any and all "as-built" Large Generating Facility information or "as-tested" performance information that differs from the initial submissions or, alternatively, written confirmation that no such differences exist. The Interconnection Customer shall conduct tests on the Large Generating Facility as required by Good Utility Practice such as an open circuit "step voltage" test on the Large Generating Facility to verify proper operation of the Large Generating Facility's automatic voltage regulator.

Unless otherwise agreed, the test conditions shall include: (1) Large Generating Facility at synchronous speed; (2) automatic voltage regulator on and in voltage control mode; and (3) a five percent change in Large Generating Facility terminal voltage initiated by a change in the voltage regulators reference voltage. Interconnection Customer shall provide validated test recordings showing the responses of Large Generating Facility terminal and field voltages. In the event that direct recordings of these voltages is impractical, recordings of other voltages or currents that mirror the response of the Large Generating Facility's terminal or field voltage are acceptable if information necessary to translate these alternate quantities to actual Large Generating Facility terminal or field voltages is provided. Large Generating Facility testing shall be conducted and results provided to Transmission Provider for each individual generating unit in a station.

Subsequent to the Operation Date, Interconnection Customer shall provide Transmission Provider any information changes due to equipment replacement, repair, or adjustment. Transmission Provider shall provide Interconnection Customer any information changes due

to equipment replacement, repair or adjustment in the directly connected substation or any adjacent Transmission Provider-owned substation that may affect Interconnection Customer's Interconnection Facilities equipment ratings, protection or operating requirements. The Parties shall provide such information no later than thirty (30) Calendar Days after the date of the equipment replacement, repair or adjustment.

Article 25 Information Access and Audit Rights

- 25.1 **Information Access.** Each Party (the "disclosing Party") shall make available to the other Party information that is in the possession of the disclosing Party and is necessary in order for the other Party to: (i) verify the costs incurred by the disclosing Party for which the other Party is responsible under this LGIA; and (ii) carry out its obligations and responsibilities under this LGIA. The Parties shall not use such information for purposes other than those set forth in this Article 25.1 and to enforce their rights under this LGIA.
- 25.2 **Reporting of Non-Force Majeure Events.** Each Party (the "notifying Party") shall notify the other Party when the notifying Party becomes aware of its inability to comply with the provisions of this LGIA for a reason other than a Force Majeure event. The Parties agree to cooperate with each other and provide necessary information regarding such inability to comply, including the date, duration, reason for the inability to comply, and corrective actions taken or planned to be taken with respect to such inability to comply. Notwithstanding the foregoing, notification, cooperation or information provided under this article shall not entitle the Party receiving such notification to allege a cause for anticipatory breach of this LGIA.
- 25.3 **Audit Rights.** Subject to the requirements of confidentiality under Article 22 of this LGIA, each Party shall have the right, during normal business hours, and upon prior reasonable notice to the other Party, to audit at its own expense the other Party's accounts and records pertaining to either Party's performance or either Party's satisfaction of

obligations under this LGIA. Such audit rights shall include audits of the other Party's costs, calculation of invoiced amounts, Transmission Provider's efforts to allocate responsibility for the provision of reactive support to the Transmission System, Transmission Provider's efforts to allocate responsibility for interruption or reduction of generation on the Transmission System, and each Party's actions in an Emergency Condition. Any audit authorized by this article shall be performed at the offices where such accounts and records are maintained and shall be limited to those portions of such accounts and records that relate to each Party's performance and satisfaction of obligations under this LGIA. Each Party shall keep such accounts and records for a period equivalent to the audit rights periods described in Article 25.4.

25.4 Audit Rights Periods.

25.4.1 Audit Rights Period for Construction-Related Accounts and Records. Accounts and records related to the design, engineering, procurement, and construction of Transmission Provider's Interconnection Facilities and Network Upgrades shall be subject to audit for a period of twenty-four months following Transmission Provider's issuance of a final invoice in accordance with Article 12.2.

25.4.2 Audit Rights Period for All Other Accounts and Records. Accounts and records related to either Party's performance or satisfaction of all obligations under this LGIA other than those described in Article 25.4.1 shall be subject to audit as follows: (i) for an audit relating to cost obligations, the applicable audit rights period shall be twenty-four months after the auditing Party's receipt of an invoice giving rise to such cost obligations; and (ii) for an audit relating to all other obligations, the applicable audit rights period shall be twenty-four months after the event for which the audit is sought.

- 25.5 **Audit Results.** If an audit by a Party determines that an overpayment or an underpayment has occurred, a notice of such overpayment or underpayment shall be given to the other Party together with those records from the audit which support such determination.

Article 26 Subcontractor

- 26.1 **General.** Nothing in this LGIA shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this LGIA; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this LGIA in providing such services and each Party shall remain primarily liable to the other Party for the performance of such subcontractor.
- 26.2 **Responsibility of Principal.** The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this LGIA. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall Transmission Provider be liable for the actions or inactions of Interconnection Customer or its subcontractors with respect to obligations of Interconnection Customer under Article 5 of this LGIA. Any applicable obligation imposed by this LGIA upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.
- 26.3 **No Limitation by Insurance.** The obligations under this Article 26 will not be limited in any way by any limitation of subcontractor's insurance.

Article 27 Disputes

- 27.1 **Submission.** In the event either Party has a dispute, or asserts a claim, that arises out of or in connection with this LGIA or its performance, such Party (the "disputing Party") shall provide the other Party with written notice of the dispute or claim ("Notice of Dispute"). Such dispute or claim shall be referred to a designated senior

representative of each Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Party. In the event the designated representatives are unable to resolve the claim or dispute through unassisted or assisted negotiations within thirty (30) Calendar Days of the other Party's receipt of the Notice of Dispute, such claim or dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such claim or dispute to arbitration, each Party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of this LGIA.

27.2 External Arbitration Procedures. Any arbitration initiated under this LGIA shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) Calendar Days of the submission of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) Calendar Days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("Arbitration Rules") and any applicable FERC regulations or RTO rules; provided, however, in the event of a conflict between the Arbitration Rules and the terms of this Article 27, the terms of this Article 27 shall prevail.

27.3 Arbitration Decisions. Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) Calendar Days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this LGIA and shall have no power to modify or change any provision of this Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the

Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with FERC if it affects jurisdictional rates, terms and conditions of service, Interconnection Facilities, or Network Upgrades.

- 27.4 **Costs.** Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or (2) one half the cost of the single arbitrator jointly chosen by the Parties.

Article 28 Representations, Warranties, and Covenants

- 28.1 **General.** Each Party makes the following representations, warranties and covenants:

- 28.1.1 **Good Standing.** Such Party is duly organized, validly existing and in good standing under the laws of the state in which it is organized, formed, or incorporated, as applicable; that it is qualified to do business in the state or states in which the Large Generating Facility, Interconnection Facilities and Network Upgrades owned by such Party, as applicable, are located; and that it has the corporate power and authority to own its properties, to carry on its business as now being conducted and to enter into this LGIA and carry out the transactions contemplated hereby and perform and carry out all covenants and obligations on its part to be performed under and pursuant to this LGIA.

- 28.1.2 **Authority.** Such Party has the right, power and authority to enter into this LGIA, to become a Party hereto and to perform its obligations hereunder. This LGIA is a legal, valid and binding obligation of such Party, enforceable against such Party in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally and by general equitable principles (regardless of whether enforceability is sought in a proceeding in equity or at law).
- 28.1.3 **No Conflict.** The execution, delivery and performance of this LGIA does not violate or conflict with the organizational or formation documents, or bylaws or operating agreement, of such Party, or any judgment, license, permit, order, material agreement or instrument applicable to or binding upon such Party or any of its assets.
- 28.1.4 **Consent and Approval.** Such Party has sought or obtained, or, in accordance with this LGIA will seek or obtain, each consent, approval, authorization, order, or acceptance by any Governmental Authority in connection with the execution, delivery and performance of this LGIA, and it will provide to any Governmental Authority notice of any actions under this LGIA that are required by Applicable Laws and Regulations.

Article 29 Joint Operating Committee

- 29.1 **Joint Operating Committee.** Except in the case of ISOs and RTOs, Transmission Provider shall constitute a Joint Operating Committee to coordinate operating and technical considerations of Interconnection Service. At least six (6) months prior to the expected Initial Synchronization Date, Interconnection Customer and Transmission Provider shall each appoint one representative and one alternate to the Joint Operating Committee. Each Interconnection Customer shall notify Transmission Provider of its appointment in writing. Such appointments may be changed at any time by similar notice. The Joint

Operating Committee shall meet as necessary, but not less than once each calendar year, to carry out the duties set forth herein. The Joint Operating Committee shall hold a meeting at the request of either Party, at a time and place agreed upon by the representatives. The Joint Operating Committee shall perform all of its duties consistent with the provisions of this LGIA. Each Party shall cooperate in providing to the Joint Operating Committee all information required in the performance of the Joint Operating Committee's duties. All decisions and agreements, if any, made by the Joint Operating Committee, shall be evidenced in writing. The duties of the Joint Operating Committee shall include the following:

- 29.1.1 Establish data requirements and operating record requirements.
- 29.1.2 Review the requirements, standards, and procedures for data acquisition equipment, protective equipment, and any other equipment or software.
- 29.1.3 Annually review the one (1) year forecast of maintenance and planned outage schedules of Transmission Provider's and Interconnection Customer's facilities at the Point of Interconnection.
- 29.1.4 Coordinate the scheduling of maintenance and planned outages on the Interconnection Facilities, the Large Generating Facility and other facilities that impact the normal operation of the interconnection of the Large Generating Facility to the Transmission System.
- 29.1.5 Ensure that information is being provided by each Party regarding equipment availability.

- 29.1.6 Perform such other duties as may be conferred upon it by mutual agreement of the Parties.

Article 30 Miscellaneous

- 30.1 **Binding Effect.** This LGIA and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties hereto.
- 30.2 **Conflicts.** In the event of a conflict between the body of this LGIA and any attachment, appendices or exhibits hereto, the terms and provisions of the body of this LGIA shall prevail and be deemed the final intent of the Parties.
- 30.3 **Rules of Interpretation.** This LGIA, unless a clear contrary intention appears, shall be construed and interpreted as follows: (1) the singular number includes the plural number and vice versa; (2) reference to any person includes such person's successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this LGIA, and reference to a person in a particular capacity excludes such person in any other capacity or individually; (3) reference to any agreement (including this LGIA), document, instrument or tariff means such agreement, document, instrument, or tariff as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof; (4) reference to any Applicable Laws and Regulations means such Applicable Laws and Regulations as amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated thereunder; (5) unless expressly stated otherwise, reference to any Article, Section or Appendix means such Article of this LGIA or such Appendix to this LGIA, or such Section to the LGIP or such Appendix to the LGIP, as the case may be; (6) "hereunder", "hereof", "herein", "hereto" and words of similar import shall be deemed references to this LGIA as a whole and not to any

particular Article or other provision hereof or thereof; (7) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; and (8) relative to the determination of any period of time, "from" means "from and including", "to" means "to but excluding" and "through" means "through and including".

30.4 **Entire Agreement.** This LGIA, including all Appendices and Schedules attached hereto, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this LGIA. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, either Party's compliance with its obligations under this LGIA.

30.5 **No Third Party Beneficiaries.** This LGIA is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and, where permitted, their assigns.

30.6 **Waiver.** The failure of a Party to this LGIA to insist, on any occasion, upon strict performance of any provision of this LGIA will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

Any waiver at any time by either Party of its rights with respect to this LGIA shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this LGIA. Termination or Default of this LGIA for any reason by Interconnection Customer shall not constitute a waiver of Interconnection Customer's legal rights to obtain an interconnection

from Transmission Provider. Any waiver of this LGIA shall, if requested, be provided in writing.

- 30.7 **Headings.** The descriptive headings of the various Articles of this LGIA have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this LGIA.
- 30.8 **Multiple Counterparts.** This LGIA may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.
- 30.9 **Amendment.** The Parties may by mutual agreement amend this LGIA by a written instrument duly executed by the Parties.
- 30.10 **Modification by the Parties.** The Parties may by mutual agreement amend the Appendices to this LGIA by a written instrument duly executed by the Parties. Such amendment shall become effective and a part of this LGIA upon satisfaction of all Applicable Laws and Regulations.
- 30.11 **Reservation of Rights.** Transmission Provider shall have the right to make a unilateral filing with FERC to modify this LGIA with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this LGIA pursuant to section 206 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this LGIA shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations thereunder,

except to the extent that the Parties otherwise mutually agree as provided herein.

30.12 **No Partnership.** This LGIA shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

IN WITNESS WHEREOF, the Parties have executed this LGIA in duplicate originals, each of which shall constitute and be an original effective Agreement between the Parties.

[Insert name of Transmission Provider or Transmission Owner, if applicable]

By: _____

By:_____

Title: _____

Title: _____

Date: _____

Date: _____

[Insert name of Interconnection Customer]

By: _____

Title: _____

Date: _____

Appendix A Interconnection Facilities, NUs, and Distribution Upgrades

1. Interconnection Facilities:

(a) [insert Interconnection Customer's Interconnection Facilities]:

(b) [insert Transmission Provider's Interconnection Facilities]:

2. Network Upgrades:

(a) [insert Stand Alone Network Upgrades]:

(b) [insert Other Network Upgrades]:

3. Distribution Upgrades:

Appendix B Milestones

Appendix C Interconnection Details

Appendix D Security Arrangements Details

Infrastructure security of Transmission System equipment and operations and control hardware and software is essential to ensure day-to-day Transmission System reliability and operational security. FERC will expect all Transmission Providers, market participants, and Interconnection Customers interconnected to the Transmission System to comply with the recommendations offered by the President's Critical Infrastructure Protection Board and, eventually, best practice recommendations from the electric reliability authority. All public utilities will be expected to meet basic standards for system infrastructure and operational security, including physical, operational, and cyber-security practices.

Appendix E Commercial Operation Date

This Appendix E is a part of the LGIA between Transmission Provider and Interconnection Customer.

[Date]

[Transmission Provider Address]

Re: _____ Large Generating Facility

Dear _____:

On **[Date]** **[Interconnection Customer]** has completed Trial Operation of Unit No. _____. This letter confirms that **[Interconnection Customer]** commenced Commercial Operation of Unit No. _____ at the Large Generating Facility, effective as of **[Date plus one day]**.

Thank you.

[Signature]

[Interconnection Customer Representative]

Appendix F Addresses for Delivery of Notices and Billings
Notices:.

Transmission Provider:

[To be supplied.]

Interconnection Customer:

[To be supplied.]

Billings and Payments:

Transmission Provider:

[To be supplied.]

Interconnection Customer:

[To be supplied.]

Alternative Forms of Delivery of Notices (telephone, facsimile or email):

Transmission Provider:

[To be supplied.]

Interconnection Customer:

[To be supplied.]

Appendix G

INTERCONNECTION REQUIREMENTS FOR A WIND GENERATING PLANT

Appendix G sets forth requirements and provisions specific to a wind generating plant. All other requirements of this LGIA continue to apply to wind generating plant interconnections.

A. Technical Standards Applicable to a Wind Generating Plant

i. Low Voltage Ride-Through (LVRT) Capability

A wind generating plant shall be able to remain online during voltage disturbances up to the time periods and associated voltage levels set forth in the standard below. The LVRT standard provides for a transition period standard and a post-transition period standard.

Transition Period LVRT Standard

The transition period standard applies to wind generating plants subject to FERC Order 661 that have either: (i) interconnection agreements signed and filed with the Commission, filed with the Commission in unexecuted form, or filed with the Commission as non-conforming agreements between January 1, 2006 and December 31, 2006, with a scheduled in-service date no later than December 31, 2007, or (ii) wind generating turbines subject to a wind turbine procurement contract executed prior to December 31, 2005, for delivery through 2007.

1. Wind generating plants are required to remain in-service during three-phase faults with normal clearing (which is a time period of approximately 4 – 9 cycles) and single line to ground faults with delayed clearing, and subsequent post-fault voltage recovery to prefault voltage unless clearing the fault effectively disconnects the generator from the system. The clearing time requirement for a three-phase fault will be specific to the

wind generating plant substation location, as determined by and documented by the transmission provider. The maximum clearing time the wind generating plant shall be required to withstand for a three-phase fault shall be 9 cycles at a voltage as low as 0.15 p.u., as measured at the high side of the wind generating plant step-up transformer (i.e. the transformer that steps the voltage up to the transmission interconnection voltage or “GSU”), after which, if the fault remains following the location-specific normal clearing time for three-phase faults, the wind generating plant may disconnect from the transmission system.

2. This requirement does not apply to faults that would occur between the wind generator terminals and the high side of the GSU or to faults that would result in a voltage lower than 0.15 per unit on the high side of the GSU serving the facility.
3. Wind generating plants may be tripped after the fault period if this action is intended as part of a special protection system.
4. Wind generating plants may meet the LVRT requirements of this standard by the performance of the generators or by installing additional equipment (e.g., Static VAr Compensator, etc.) within the wind generating plant or by a combination of generator performance and additional equipment.
5. Existing individual generator units that are, or have been, interconnected to the network at the same location at the effective date of the Appendix G LVRT Standard are exempt from meeting the Appendix G LVRT Standard for the remaining life of the existing generation equipment. Existing individual generator units that are replaced are required to meet the Appendix G LVRT Standard.

Post-transition Period LVRT Standard

All wind generating plants subject to FERC Order No. 661 and not covered by the transition period described above must meet the following requirements:

1. Wind generating plants are required to remain in-service during three-phase faults with normal clearing (which is a time period of approximately 4 – 9 cycles) and single line to ground faults with delayed clearing, and subsequent post-fault voltage recovery to prefault voltage unless clearing the fault effectively disconnects the generator from the system. The clearing time requirement for a three-phase fault will be specific to the wind generating plant substation location, as determined by and documented by the transmission provider. The maximum clearing time the wind generating plant shall be required to withstand for a three-phase fault shall be 9 cycles after which, if the fault remains following the location-specific normal clearing time for three-phase faults, the wind generating plant may disconnect from the transmission system. A wind generating plant shall remain interconnected during such a fault on the transmission system for a voltage level as low as zero volts, as measured at the high voltage side of the wind GSU.
2. This requirement does not apply to faults that would occur between the wind generator terminals and the high side of the GSU.
3. Wind generating plants may be tripped after the fault period if this action is intended as part of a special protection system.
4. Wind generating plants may meet the LVRT requirements of this standard by the performance of the generators or by installing additional equipment (e.g., Static VAr Compensator) within the wind generating plant or by a combination of generator performance and additional equipment.
5. Existing individual generator units that are, or have been, interconnected to the network at the same location at the effective date of the Appendix G LVRT Standard are exempt from meeting the Appendix G LVRT Standard for the remaining life of the existing generation equipment. Existing individual generator units that are replaced are required to meet the Appendix G LVRT Standard.

ii. **Power Factor Design Criteria (Reactive Power)**

A wind generating plant shall maintain a power factor within the range of 0.95 leading to 0.95 lagging, measured at the Point of Interconnection as defined in this LGIA, if the Transmission Provider's System Impact Study shows that such a requirement is necessary to ensure safety or reliability. The power factor range standard can be met by using, for example, power electronics designed to supply this level of reactive capability (taking into account any limitations due to voltage level, real power output, etc.) or fixed and switched capacitors if agreed to by the Transmission Provider, or a combination of the two. The Interconnection Customer shall not disable power factor equipment while the wind plant is in operation. Wind plants shall also be able to provide sufficient dynamic voltage support in lieu of the power system stabilizer and automatic voltage regulation at the generator excitation system if the System Impact Study shows this to be required for system safety or reliability.

iii. **Supervisory Control and Data Acquisition (SCADA) Capability**

The wind plant shall provide SCADA capability to transmit data and receive instructions from the Transmission Provider to protect system reliability. The Transmission Provider and the wind plant Interconnection Customer shall determine what SCADA information is essential for the proposed wind plant, taking into account the size of the plant and its characteristics, location, and importance in maintaining generation resource adequacy and transmission system reliability in its area.

ATTACHMENT P
Generator Imbalance Agreement
BETWEEN

ENTERGY SERVICES, INC.

AS AGENT FOR

Entergy_____, Inc.

AND

ARTICLE ONE

**PROVISIONS OF GENERATOR IMBALANCE SERVICE AND GENERATOR
REGULATION SERVICE**

- I. **DEFINITIONS** – With regard to any definitions that are different in other agreements, for purposes of this Agreement, the following definitions control:
 - A. AGC - Automatic Generation Control. Automatically adjusting the output of generation on a real-time basis via a signal simultaneously

sent to the Facility and the SOC from EMO or another Network Customer.

- B. Avoided Cost - Avoided Cost shall be defined as incremental cost to Entergy of electric energy which, but for the imbalance, Entergy would generate itself or purchase from another source as defined by the applicable state jurisdictions.

- C. Balancing Pool - An agreement among participating Delivering Parties and the Entergy Services, Inc. to self supply, or obtain third-party supply of, imbalances subject to the terms and conditions agreed to in Federal Energy Regulatory Commission Docket No. ER01-2201.

- D. Commercial Schedule - That list of hourly scheduled quantities of energy submitted to the SOC in accordance with the scheduling procedures pursuant to Entergy's OATT, as adjusted from time to time. Any energy delivered to Entergy pursuant to Entergy's purchase obligation under PURPA is not included. A Schedule submitted by a Delivering Party to deliver energy during approved Testing Periods, approved Start-Up Periods and approved Shut-Down Periods is not included.

- E. Conditional Schedule Adjustment - The adjustment, following a Notice Event, of all Schedules from a Facility on a pro rata basis when Entergy chooses to no longer provide the capacity and energy to supplement the Output of the Facility.

- F. Daily Market Price - 100% of the On-Peak "Into Entergy" price posted in Megawatt Daily.

- G. Deficient Energy - Energy, measured in megawatt hours, that a Delivering Party failed to deliver during a clock hour based upon the actual Schedules from a Facility. It is measured as the difference

between the actual energy scheduled from a Facility during a clock hour and the Output of the Facility for the clock hour. During a Ramping Schedule Period, the Schedule will be calculated as a linear change from the old value to the new value over the ramp duration specified on the tag.

- H. Delivering Party - Any entity within the Entergy control area that produces electric Output. In the event there is single ownership of multiple Facilities, and arrangements are made with the SOC under Entergy's Open Access Transmission Tariff ("OATT") to provide the necessary transmission service to support netting of imbalances, the Delivering Party may aggregate the imbalances of those Facilities into a single net imbalance under this Agreement. Entergy will negotiate in good faith other arrangements for netting imbalances as may be proposed by the Delivering Party from time to time. In the event there are multiple owners of a Facility, the signatory to the Interconnection Agreement with Entergy shall be the Delivering Party. Nothing in this section shall prohibit a signatory to the Interconnection Agreement from designating an agent to be the Delivering Party.
- I. Emergency Event - A disturbance on the Entergy transmission system that was not caused by an event at the Facility and results in the Output of that Facility being increased or decreased by 2% or more of the Schedules of the Facility.
- J. EMO - The Entergy Energy Management Organization. In the administration of the GIA, EMO is responsible for: (1) notification to SOC of Low-Load Events; (2) notification to the SOC of the availability of GIS and GRS; (3) calculation of ESIC and Avoided Cost; (4) determination of the ability to purchase energy during Testing Periods, Start-Up Periods and Shut-Down Periods; and (5) approval of tags and modification to tags associated with Testing Periods, Start-Up Periods, and Shut-Down Periods.

- K. Entergy System Incremental Cost (“ESIC”) - During any Peak Hour in which an under delivery occurred, the ESIC shall be the higher of (1) the energy cost for the hour of the most expensive source of energy generated (using incremental heat rates) or purchased by EMO, excluding any multi-year energy purchases, any annual purchases, and any Entergy generation that would not be operating in that hour but for transmission reliability purposes, or (2) the Daily Market Price. During Non-Peak Hours in which an under delivery occurred, ESIC shall be the cost of the most expensive source of energy generated (using incremental heat rates) or purchased by EMO, excluding any multi-year energy purchases, any annual purchases, and any Entergy generation that would not be operating in that hour but for transmission reliability purposes. If the total amount of Deficient Energy supplied by EMO under all GIAs is more than the most expensive purchase, then EMO will calculate the price of the most expensive purchase based on the weighted average costs of the most expensive purchases that supply an amount of energy equal to the total amount of Deficient Energy for that hour. ESIC will also include any costs for line losses and transmission service incurred by EMO in the purchase of energy that relate to the hour of the imbalance. SOC will furnish verification of its ESIC to a Delivering Party upon request.
- L. Excess Energy - Energy, measured in megawatt hours, produced by the Facility in excess of the actual Schedules during a clock hour from the Facility and in excess of any unscheduled energy used to serve any network or host industrial load. During a Ramping Schedule Period, the Schedule will be calculated as a linear change from the old value to the new value over the ramp duration specified on the tag.
- M. Facility - One or more generating units owned, operated or controlled by the Delivering Party that are located at the same point of interconnection within the Entergy control area as specified in the Interconnection and Operating Agreement and that send a common Output signal to the SOC.

- N. Generator Imbalance Service (“GIS”) Charge - A charge or payment for energy when the hourly integrated Output from a Facility differs from the Schedules from the Facility.
- O. Generator Regulation Service (“GRS”) Charge - A charge for the generating capacity that the EMO uses to compensate for the moment-to-moment (i.e., within-the-hour) changes between a Delivering Party’s Output and Schedules.
- P. Immediate Schedule Adjustment - The adjustment, immediately following a Notice Event, of Schedules from a Facility pursuant to a Standing Schedule Adjustment Order, or in the absence of such an order, on a pro rata basis among all Schedules for the Facility, to match the current Output of the Facility.
- Q. Intermittent Resource - An electric generator that is not dispatchable and cannot store its fuel source and therefore cannot respond to changes in system demand or respond to transmission security constraints.
- R. Low-Load Event - Any period during which the EMO may be required to take an Entergy unit off-line due to low-load conditions based on criteria such as load profiles and generating schedules, to maintain minimum stable operating levels based on prudent utility practice. The SOC shall provide notice as soon as possible, but in no event less than two hours prior to the occurrence of a Low-Load Event via e-mail to all Delivering Parties that have provided the SOC with a current e-mail address. The SOC shall also provide notice of a Low-Load Event by broadcast fax, but for purposes of the two hour prior notice period, the email notification controls. If the SOC fails to provide two hour prior notification of a Low-Load Event, no penalties shall apply.
- S. Meter Notification - The notification of a Notice Event to the SOC by metering to the SOC. The metering to the SOC shall be deemed to be

a notification from the Delivering Party that the Output of the Facility is not delivering sufficient energy to meet the Schedules currently in place.

- T. Notice Event - For aggregate Schedules of 1,500 MW or more from a Facility, a deviation in the magnitude of the Output of the Facility into Entergy's transmission system of at least 110 MW below the aggregate Schedules from the Facility as measured at the SOC for two readings within a two minute period but at least 30 seconds apart except during the 15 minute period immediately following a Notice Event. For aggregate Schedules from 1,000 to 1499 MW from a Facility, a deviation in the magnitude of the Output of the Facility into Entergy's transmission system of at least 75 MW below the aggregate Schedules from the Facility as measured at the SOC for two readings within a two minute period but at least 30 seconds apart except during the 15 minute period immediately following a Notice Event. For aggregate Schedules from 500 to 999 MW from a Facility, a deviation in the magnitude of the Output of the Facility into Entergy's transmission system of at least 35 MW below the aggregate Schedules from the Facility as measured at the SOC for two readings within a two minute period but at least 30 seconds apart except during the 15 minute period immediately following a Notice Event. For aggregate Schedules of less than 500 MW from a Facility, a deviation in the magnitude of the Output of the Facility into Entergy's transmission system of at least 25 MW below the aggregate Schedules from the Facility as measured by meters at the SOC for two readings within a two minute period but at least 30 seconds apart except during the 15 minute period immediately following a Notice Event. During a Ramping Schedule Period, the Schedule will be calculated as a linear change from the previous schedule to the new schedule. A Notice Event cannot occur at a Facility in an hour that has been designated as a Testing Period, Start-Up Period or Shut-Down Period, unless there is a Commercial Schedule that also flows during that clock hour. A Notice Event cannot occur at a Facility that has experienced an Emergency Event.
- U. Output - The actual output of a Facility less the AGC signal simultaneously sent to the Facility and the SOC from EMO or another

Network Customer regardless of whether any portion of the Facility has been designated as a Network or Substitute Resource.

- V. Peak Hours - Peak Hours shall be defined as the weekday hours of 6:00 a.m. to 10:00 p.m., central prevailing time.
- W. PURPA - The Public Utility Regulatory Policies Act of 1978, as amended.
- X. Qualifying Facility - A “qualifying cogeneration facility” or a “qualifying small power production facility” as defined in PURPA that Entergy is obligated by federal statute or contract to purchase energy from at its Avoided Cost.
- Y. Ramping Schedule Period - A period of time as agreed to by both parties in accordance with NERC Operating Policy No. 3, Section C.2.2, during which the Delivering Party will adjust the Output of the Facility to match a change in Schedules.
- Z. Schedules - That list of hourly scheduled quantities of energy submitted to the SOC in accordance with the scheduling procedures pursuant to Entergy’s OATT, all as adjusted from time to time. Any energy delivered to Entergy pursuant to Entergy’s purchase obligation under PURPA is not included. Delivering Parties must submit a valid Schedule to deliver energy during approved Testing Periods, approved Start-Up Periods and approved Shut-Down Periods.
- AA. Shut-Down Period - The period of time established by the Delivering Party with the consent of the SOC, which consent shall not be unreasonably withheld, conditioned or delayed, during which a Facility ramps down from run level to off-line. Shut-Down Periods will be approved by the SOC on a first-come, first-served basis along with requests for Testing Periods and Start-Up Periods. If Entergy is

unable to use the energy resulting from the Shut-Down Period, due to a Low-Load Event or to maintain system reliability, the SOC will curtail the Schedule associated with the Shut-Down Period and the Delivering Party may schedule that shut-down energy to a third party. If the Schedule coincides with a Low-Load Event, when the Low-Load Event is no longer in effect, the Delivering Party can resume delivery to Entergy without approval for a new Shut-Down Period.

- BB. SOC - Entergy Transmission's System Operations Center. In the administration of the GIA, the SOC is responsible for: (1) monitoring the generator imbalance system and taking action to adjust schedules as appropriate; (2) evaluating requests for Testing Periods, Start-Up Periods and Shut-Down Periods on a first-come, first-served basis, using parameters provided by EMO; (3) reviewing and matching Schedules to specific approved Testing Period, Start-Up Period or Shut-Down Period requests for correctness; (4) administering the billing process; (5) overseeing software development and maintenance; (6) resolving disputes involving meter and real time data; (7) evaluating and approving Schedules and changes to Schedules for Testing Periods, Start-Up Periods, and Shut-Down Periods; and (8) evaluating transmission availability and creating transmission reservations as needed for Schedules associated with Testing Periods, Start-Up Periods, and Shut-Down Periods.
- CC. Start-Up Period - The period of time established by the Delivering Party with the consent of the SOC, which consent shall not be unreasonably withheld, conditioned, or delayed, during which a Facility synchronizes and ramps up to the level of its Schedules. Start-Up Periods will be approved by the SOC on a first-come, first-served basis along with requests for Testing Periods and Shut-Down Periods. If Entergy is unable to use the energy resulting from the Start-Up Period, due to a Low-Load Event or to maintain system reliability, the SOC will curtail the Schedule associated with the Start-Up Period and the Delivering Party may schedule that start-up energy to a third party. If the Schedule coincides with a Low-Load Event, when the Low-Load Event is no longer in effect the Delivering Party can resume delivery to Entergy without approval for a new Start-Up Period.

- DD. Telephone Notification - The notification of a Notice Event by telephone to the SOC from the Delivering Party, within two minutes of the Notice Event and including a revised Schedule for the new projected Output of the Facility for the remainder of the hour.
- EE. Testing Period - At the request of a Delivering Party, a period of time Entergy has agreed to designate as a Testing Period for the delivery of test energy, where the granting of such requests shall not be unreasonably withheld, conditioned, or delayed. Testing Periods will be approved by the SOC on a first-come, first-served basis along with requests for Start-Up Periods and Shut-Down Periods. Once a Facility has begun commercial operations, any subsequent Testing Period request must contain a reasonable basis in accordance with Good Utility Practice. If Entergy is unable to use the test energy resulting from the Testing Period, due to a Low-Load Event or to maintain system reliability, the SOC will curtail the Schedule associated with the Testing Period and the Delivering Party may schedule that test energy to a third party. If the Schedule coincides with a Low-Load Event, when the Low-Load Event is no longer in effect, the Delivering Party can resume delivery to Entergy without approval for a new Testing Period. If a Testing Period is terminated, a Delivering Party may resume delivery to Entergy by requesting and receiving approval for a new Testing Period. Notwithstanding the foregoing definition, Delivering Parties shall have the option to test their units at any time absent reliability concerns on Entergy's system. If a Delivering Party chooses not to receive compensation from Entergy for this energy, it may elect not to engage in such transactions under the Testing Period provisions of the GIA and instead sell its energy to others.

II. APPLICABILITY

The terms and conditions of the service provided by Entergy herein shall apply to all Facilities operating in Entergy's control area that provide electric energy for transmission by Entergy under Schedules. Entergy agrees to provide GIS and GRS on an as-available basis, as defined in this Agreement.

Transmission of energy from Entergy generation units providing GIS and GRS shall be treated as non-firm transmission service from a Secondary Point of Receipt pursuant to Section(s) 22.1 and/or 28.4 of Entergy's OATT and the transmission service agreement. Due to the real time dispatch of Entergy generation to match control area schedules, a transmission service request identifying the Secondary Point(s) of Receipt is not required.

Delivering Parties are not obligated to utilize GIS and GRS from Entergy under this Agreement, but may self-supply, these services or arrange for the supply of GIS and/or GRS by a third-party in whole or in part. Prior to obtaining GIS or GRS from a third party or through self-supply, a Delivering Party must demonstrate that it has in fact acquired the service from another source and that such alternative arrangements are adequate and consistent with Good Utility Practice, the protocols and guidelines set forth in the GIA Settlement Agreement filed in Docket Nos. ER01-2201 and ER04-901 and this Agreement. To the extent that Entergy's generation still responds to any under or over deliveries of electric energy, the Delivering Party shall make payments for Deficient Energy and GRS and will receive payments for Excess Energy in accordance with the terms of this Agreement.

Where GIS and/or GRS is to be entirely self-supplied or obtained entirely from a third-party (including a Regional Transmission Organization) and the adequacy of such arrangement has been approved by the Commission, Entergy and the Delivering Party shall cooperate to make any necessary filings with the Commission within 60 days of such approval to modify, amend or terminate the GIA consistent with such self-supply or third party alternative.

A. CONFIRMATION PROCEDURES

Entergy expects Delivering Parties to be responsible for all Schedules showing the Facility as the source generator. The SOC accepts NERC tags as Schedules and complies with NERC policy in its scheduling process. If a tag is submitted and approved and there are no objections from the Delivering Party or the Purchase Selling Entities ("PSEs") representing the Delivering Party, the transmission customer on the tag

will be billed under terms of the OATT for delivering the scheduled energy and the Delivering Party must pay any resulting GIS charges and GRS charges pursuant to this Agreement. Each Delivering Party must designate one or more PSEs as authorized to schedule from their Facility. If a Delivering Party chooses to see all Schedules submitted from one of its Facilities, it may register as a PSE with NERC and only authorize itself as the official scheduler for its Facility. Every NERC tag must list an authoring PSE on the generator line that is authorized by the source generator listed on the tag. The SOC will maintain a list of authorized PSEs and a list of valid sources. Each Delivering Party may change or amend its PSE designations by giving 48 hour written notice to the SOC.

B. RESERVATION OF RIGHTS

The SOC reserves the right to order non-Qualifying Facility Delivering Parties to cease over deliveries in excess of 10% of the Schedules for the clock hour from the Facility and 20 MW to avoid causing a Low-Load Event or causing the system to be unable to meet NERC Operating Criteria. The Delivering Party will be notified within a reasonable time to allow it to cease such over deliveries. The SOC also reserves the right to curtail non-Qualifying Facility Delivering Parties' schedules in the next hour if the regulation burden associated with the delivery of Excess Energy prior to and associated with a schedule increase from a Facility will cause Entergy to be unable to safely and reliably serve its load or meet NERC Operating Criteria and standards.

C. ADJUSTMENTS

No GIS charge shall apply under this Agreement for any transaction to the extent an over delivery or under delivery of energy relative to the Schedule is offset by a corresponding deviation between the Schedule and the load served by the transaction that is covered by Schedule 4 (Energy Imbalance Service). The SOC commits to adjust the GRS charge to account for complementary regulation service provided under OATT Schedule 3, if it is shown to offset the total regulation burden of a

Delivering Party. The SOC, the Delivering Party, and the transmission customer receiving service under Schedule 3 will make the necessary arrangements in advance to measure and account for any offsetting regulation service.

III. DELIVERING PARTY NOTIFICATION OPTIONS

If the Delivering Party has not made a specific election of a notification option under this Agreement, then it must accept the terms and conditions of Meter Notification – Immediate Schedule Adjustment. Under each of the following options, the Delivering Party, if also a transmission customer on Entergy's system, retains the right to adjust Schedules through scheduling procedures pursuant to Entergy's OATT. In the event that the Delivering Party provides the SOC with notification of an Output change, outside the scope of a Notice Event, Entergy will make a reasonable attempt to restore the Schedules of the Delivering Party for the balance of the hour. The Delivering Party may elect for the SOC to impose an Immediate Schedule Adjustment, based upon the Output of the Facility into Entergy's transmission system in the event of a Notice Event by maintaining a Standing Schedule Adjustment Order ("SSAO"). The Delivering Party's SSAO election must be submitted in writing 30 days prior to implementation, must be effective on the first day of a calendar month, and must remain in effect for at least three calendar months. Similarly, prior to the purchase of Supplemental Capacity, the Delivering Party must notify the SOC in writing 10 business days prior to implementation. The minimum duration of a purchase of Supplemental Capacity is twelve months and the purchase election must be effective on the first day of a calendar month.

A. METER NOTIFICATION

1. Immediate Schedule Adjustment - The Delivering Party may elect for the SOC to impose an Immediate Schedule Adjustment, based upon the Output of the Facility into Entergy's transmission system as determined by SCADA readings, in the event of a Notice Event by maintaining a SSAO, in which event the SOC shall comply with the Delivering Party's SSAO. The SSAO must specify how the SOC is to adjust the Schedules of the Delivering Party when

Entergy's SCADA system indicates a Notice Event has occurred. The Delivering Party will pay for an amount of Deficient Energy as though the Schedule were adjusted exactly 15 minutes from the time of the Notice Event for tags sinking outside the Entergy control area and exactly 10 minutes from the time of the Notice Event for tags sinking inside the Entergy control area. In the event notification is within 20 minutes of the end of the hour, the Schedules will remain adjusted for the following hour, unless the SOC is notified otherwise by the Delivering Party, in which case the SOC will make a reasonable attempt to restore the original Schedule of the Delivering Party.

If the SOC has adjusted Schedules based on SCADA data, the SOC will contact the Delivering Party to verify that a Notice Event has occurred and to disclose the revised Schedule. The modified NERC tag will serve to notify the transmission customer and other parties to the Schedule. In the event that a Notice Event has not occurred, the SOC will make a reasonable attempt to restore the original Schedules of the Delivering Party for the balance of the hour. In the event of such a false Notice Event, any Excess Energy shall be purchased at 100% of Entergy's Avoided Cost. Entergy will not be held liable for adjusting Schedules as a result of the SCADA system falsely indicating a Notice Event has occurred.

2. Conditional Schedule Adjustment - If a Delivering Party elects Conditional Schedule Adjustments, the SOC has the right, but not the obligation, to adjust all Schedules from the Facility on a pro rata basis to meet the current Output of the Facility. The Delivering Party is responsible for any Deficient Energy, and the 10/15-minute limit on the Delivering Party's responsibility for Deficient Energy shall not apply.

If the SOC has adjusted Schedules based on SCADA data, the SOC will contact the Delivering Party to verify that a Notice Event has occurred and to disclose the revised Schedules. The modified NERC tag will serve to notify the Transmission Customers and other parties to the Schedule. In the event that a Notice Event has

not occurred, Entergy will make a reasonable attempt to restore the original Schedules of the Delivering Party for the balance of the hour. In the event of such a false Notice Event, any Excess Energy shall be purchased at 100% of Entergy's Avoided Cost. Entergy will not be held liable for adjusting Schedules as a result of the SCADA system falsely indicating a Notice Event has occurred.

3. Conditional Schedule Adjustment/ Supplemental Capacity - If the Delivering Party chooses to defer Schedule adjustments, for the greater of the balance of the hour or 30 minutes, following a Notice Event to restore the Output of the Facility, it must purchase Supplemental Capacity from Entergy. To purchase Supplemental Capacity, the Delivering Party must purchase at least 6% of the maximum Scheduled amount of the Facility as Supplemental Capacity. The capacity cost of the Supplemental Capacity shall be \$5.00/kW-month. The minimum duration of a purchase of Supplemental Capacity is twelve months. The cost of energy from Supplemental Capacity shall be equal to 100% of ESIC. Where such Supplemental Capacity has been purchased, the Schedule from the Facility shall not be subject to adjustment to the current Output of the Facility until the greater of the balance of the hour or the 30-minute period following a Notice Event has expired; provided, however, that Entergy reserves the right to curtail delivery of energy down to the amount of Supplemental Capacity purchased if necessary to supply native load and firm wholesale customers. Supplemental Capacity will be curtailed on a pro rata basis with Entergy's native load and firm wholesale customers. The modified NERC tag will serve to notify the Transmission Customers and other parties to the Schedule.
4. Limitation - During the fifteen-minute period following a Notice Event, any further reduction in the Output of the Facility shall not constitute a new Notice Event.

B. TELEPHONE NOTIFICATION

If the Delivering Party has elected Telephone Notification, the Delivering Party must notify the SOC and any customer purchasing power and energy directly from the Delivering Party by telephone of any under deliveries instead of relying on the Meter Notification set forth above. In

the case of an outage or derate of a Facility not associated with a Notice Event, the Delivering Party may use the procedures set forth under Telephone Notification to adjust Schedules downward to the current level of Output of the unit; however, in such a case, the Schedules shall not be deemed adjusted until adjustment actually occurs.

IV. GENERATOR REGULATION SERVICE

A. NON-QUALIFYING FACILITY DELIVERING PARTIES

1. A charge will be assessed to each Delivering Party for the amount of GRS actually utilized in each calendar day, as determined in accordance with this Agreement. The daily charges will be totaled and billed on a calendar month basis. The following combined service level and rate structure will be used to calculate the GRS charges (all numbers are \$/kW-day):

Comparison of Schedule vs. Output

Performance Class A Rates Performance Class B Rates Performance Class C Rates
Tier 1 –

Lower bound – 0 MW

Upper bound – the greater of 10 MW or 2.5% of the power scheduled at the time of the Snapshot.
\$0.00 \$0.00 \$0.00 **Tier 2 –**

Lower bound – the greater of 10 MW or 2.5% of the power scheduled at the time of the Snapshot.

Upper bound – the greater of 25 MW or 20% of the power scheduled at the time of the Snapshot.
\$0.008 \$0.021 \$0.041 **Tier 3**

Lower bound – the greater of 25 MW or 20% of the power scheduled at the time of the Snapshot.

Upper bound – the greater of 40 MW or 40% of the power scheduled at the time of the Snapshot.
\$0.016 \$0.041 \$0.082 **Tier 4**

Lower bound – the greater of 40 MW or 40% of the power scheduled at the time of the Snapshot.

Upper bound – none

\$0.058\$0.074\$0.115

2. Performance Class Definitions - The Performance Class grouping for each individual Delivering Party will be determined monthly, and GRS charges will be assessed based on the corresponding rates for Performance Classes A, B, and C. Performance Class Definitions are a function of the Percentage Component and the Unit Trip Component as follows:

Performance Class A	Performance Class B	Performance Class C	Percentage Component
> 90%	< 90%	> 70%	< 70%
Unit Trip Component			No more than 2
No more than 45 or more			No more

3. Percentage Component - The Percentage Component is a measure of the Delivering Party's ability to match its Output to its Schedules during the calendar month by evaluating the Delivering Party's performance through "instantaneous snapshots" (Snapshots) at ten-minute intervals during the calendar month. For each Snapshot, the Delivering Party's instantaneous Output and Schedule will be recorded, and the difference will be computed (all in MW). The Percentage Component will be computed as the quotient of Tier 1 Snapshots and Applicable Snapshots expressed as a percentage. A Snapshot shall be a Tier 1 Snapshot whenever the difference between the Delivering Party's Output and Schedule falls within the bounds described under Tier 1. The Applicable Snapshots will equal the total number of Snapshots that had either scheduled power or positive generation above 10 MW, less any Snapshots exempted by unit trips below, as discussed below. Testing Periods without a simultaneous Commercial Schedule are not included in the Tier 1 Snapshots or the Applicable Snapshots.

The "instantaneous snapshots" initially will occur every hour at the top of the hour and every ten minutes thereafter (i.e., :00, :10, :20, :30, :40, :50). During each calendar year, and upon ninety days prior written notice, the SOC can make a one time change of the timing of the "instantaneous snapshots" not originally adopted.

4. Unit Trip Component - A Delivering Party has the right, but not the obligation, to declare a unit trip and the associated time of occurrence, and the declaration of a unit trip will exempt the subsequent three consecutive Snapshots associated with the unit trip from the Percentage Component of the Performance Class calculation (i.e., the Snapshots will be excluded from both the Tier 1 Snapshot count and the Applicable Snapshot count). A Delivering Party may declare up to 2 unit trips in a month and still be eligible for Performance Class A pricing. In the event a Delivering Party declares either 3 or 4 unit trips in a month, that Delivering Party is automatically ineligible to receive Performance Class A pricing, regardless of its Percentage Component performance during the month. Up to and including 4 declared unit trips in a month will allow a Delivering Party to be eligible for Performance Class B during that month, subject to the Percentage Component performance of the Delivering Party meeting the Performance Class B standard. In the event a Delivering Party declares 5 or more unit trips in a month, that Delivering Party will pay Performance Class C pricing for all GRS charges incurred in that month, regardless of its Percentage Component performance in the month. The number of declared unit trips is counted on a calendar month basis with no rollover rights. To declare a unit trip, a Delivering Party must notify the SOC in writing no later than one business day after the end of the calendar month in which the trip occurred and provide the time of the unit trip with supporting documentation that the unit trip occurred. A Delivering Party will still be responsible for paying any GRS charges associated with a unit trip.

5. Calculation of GRS Charge - The GRS charge will be assessed daily based on the maximum quantity of GRS used during the calendar day. For each day, the largest absolute value (i.e., the largest difference between a Delivering Party's Schedules and Output) of the greatest positive imbalance (for non-Qualifying Facilities) or negative imbalance (for Qualifying Facilities and non-Qualifying Facilities) as measured at the ten-minute Snapshots will be determined. The maximum quantity of GRS will be used in conjunction with the tiered rate table above to calculate the daily

charge. If the maximum amount of GRS falls entirely within the Tier 1 bounds, then only the Tier 1 rates will apply. To the extent the GRS amount used exceeds the Tier 1 bounds, then any excess will be charged under the Tier 2 rates, up to the limit of the Tier 3 bounds. To the extent the GRS amount used exceeds the Tier 2 bounds, the amount above the Tier 2 bounds will be charged at either the Tier 3 or Tier 4 rates, depending on the magnitude of the GRS amount. The Tier 4 rates will apply only to the GRS amount used that exceeds the Tier 3 bounds. To the extent the GRS amount used equals the amount on the boundary of two tiers (e.g., the upper bound for Tier 1 and the lower bound Tier 2), the rates in the lower tier will be used for that amount of GRS. Delivery Parties that are Intermittent Resources are exempt from Tier 4 rates. If the GRS amount used by an Intermittent Resource falls within the Tier 4 bounds, then Tier 3 rates will apply.

B. QUALIFYING FACILITY DELIVERING PARTIES

1. A GRS charge for Qualifying Facility Delivering Parties will be applicable only when a Qualifying Facility submits Schedules and when the Output of a Facility results in an under delivery in relation to such Schedules. In such instance, the GRS charge will be calculated as described in Section IV.A.5 above. Any over delivery by a Qualifying Facility will be treated as a PURPA put in accordance with Article One, Sections VII.A.1, VII.B.1, VII.C.1, and VIII of this Agreement and shall not be assessed a GRS charge as described in Section IV.A.5 above.

C. INSTRUCTIONS FROM TRANSMISSION PROVIDER OR RELIABILITY COORDINATOR

1. GRS charges shall not apply if such charges would be incurred as a direct result of direction from the Reliability Coordinator or Transmission Provider necessary to respond to a system emergency, for a period, not to exceed thirty minutes. This time period is provided to allow time for the Delivering Party to adjust its

Schedules to the Output level directed by the Reliability Coordinator or Transmission Provider.

V. TERMS AND CONDITIONS OF METER NOTIFICATION

A. UNDER DELIVERIES ASSOCIATED WITH A NOTICE EVENT – GENERAL PROVISIONS

1. Delivering Party has requested Immediate Schedule Adjustment
 - a. The Schedule of the Facility that sinks outside the Entergy control area shall be deemed reduced as if such adjustment occurred 15 minutes after the Notice Event. The Schedule of the Facility that sinks inside the Entergy control area shall be deemed reduced as if such adjustment occurred 10 minutes after the Notice Event.
 - b. The Delivering Party shall purchase Deficient Energy at 110% of ESIC.
2. Delivering Party has requested Conditional Schedule Adjustments and has not purchased Supplemental Capacity
 - a. The Delivering Party shall purchase Deficient Energy at 110% of ESIC.
3. Delivering Party has requested Conditional Schedule Adjustments and has purchased Supplemental Capacity

- a. During any hour in which a Notice Event occurs, the Output of the Facility shall be adjusted to include the number of minutes of energy purchased from the Supplemental Capacity set forth in Section III.A.3 above. The MWh adjustment shall be equal to the quantity of Supplemental Capacity purchased times the number of minutes Supplemental Capacity was provided divided by 60 minutes. The amount of Deficient Energy shall then be recalculated based upon the adjusted Output.
- b. The Delivering Party shall purchase the Deficient Energy at 110% of ESIC.

B. UNDER DELIVERIES ASSOCIATED WITH A NOTICE EVENT DURING AN HOUR WITH AN EMERGENCY EVENT

1. Delivering Party has requested Immediate Schedule Adjustment

Deficient Energy shall be priced at 100% of ESIC.

2. Delivering Party has requested Conditional Schedule Adjustments and has not purchased Supplemental Capacity

Deficient Energy shall be priced at 100% of ESIC.

3. Delivering Party has requested Conditional Schedule Adjustments and has purchased Supplemental Capacity Deficient Energy shall be priced at 100% of ESIC.

C. UNDER DELIVERIES NOT ASSOCIATED WITH A NOTICE EVENT

1. The Delivering Party shall purchase the Deficient Energy at 110% of ESIC.

D. PENALTIES

Penalties, as provided for in Article One, Sections VI.A.6 and VI.A.7, shall not be applicable to any Delivering Party that elects Meter Notification.

VI. TERMS AND CONDITIONS OF TELEPHONE NOTIFICATION

A. UNDER DELIVERIES ASSOCIATED WITH A NOTICE EVENT- GENERAL PROVISIONS

1. If a Facility experiences a Notice Event, the Delivering Party or its designated agent shall be required to notify the SOC by telephone within 2 minutes of the Notice Event and customers purchasing power and energy directly from the Delivering Party as promptly thereafter as is practicable. This notification shall include a revised Schedule for the remainder of the hour, and in the case of a Notice Event within twenty minutes of the end of the hour, for the subsequent hour as well, unless the SOC is notified otherwise by the Delivering Party, in which case the SOC will make a reasonable attempt to restore the original Schedule of the Delivering Party. During the fifteen minute period following a Notice Event, any further reduction in the Output of the Facility shall not constitute a new Notice Event.
2. The period for Telephone Notification required above shall be measured by the clock used in conjunction with the SCADA equipment supplying the real-time Output of the Facility to the SOC. Such period shall begin at the start of the first clock minute following the Notice Event.

3. Telephone Notification shall be considered given at the time of the start of the telephone call between the Delivering Party and the SOC in which a revised Output is provided. All Schedules that sink outside of the Entergy control area shall be deemed adjusted thirteen minutes after Telephone Notification. All Schedules that sink inside of the Entergy control area shall be deemed adjusted eight minutes after Telephone Notification.
4. Unless the Delivering Party provides other instructions as part of its Telephone Notification, all Schedules from the Facility will be adjusted to reflect the revised Output of the Facility on a pro rata basis.
5. During an hour when a Notice Event has occurred, the Delivering Party shall purchase the Deficient Energy at 110% of ESIC.
6. Penalties - In the event the Facility experiences a Notice Event and the Delivering Party does not provide the requisite two minutes notice, or provides notice and does not maintain an Output of 90% of the revised Schedule for the remainder of the hour, the Delivering Party will be assessed a penalty. Only one occurrence shall be deemed to occur during a clock hour. Therefore, during one clock hour, if two shortfalls occur during that hour, it will be considered as one occurrence for the purpose of determining the number of occurrences per monthly billing period.
 - a. FOR THE FIRST EVENT WITHIN A ROLLING THREE-MONTH PERIOD - The penalty rate shall be \$0.25 per kW multiplied by the greatest difference between the Schedule and the Output of the Facility during the clock hour in which the Notice Event occurred.
 - b. FOR THE SECOND AND THIRD EVENTS WITHIN A ROLLING THREE-MONTH PERIOD - The penalty rate shall be \$0.50 per

kW multiplied by the greatest difference between the Schedule and the Output of the Facility during the clock hour in which the Notice Event occurred.

- c. FOR ALL SUBSEQUENT EVENTS WITHIN A ROLLING THREE-MONTH PERIOD - The penalty rate shall be \$2.00 per kW multiplied by the greatest difference between the Schedule and the Output of the Facility during the clock hour in which the Notice Event occurred.

- 7. In addition to the above referenced penalties, in the event that a Notice Event results in a reportable event to NERC in which Entergy failed to meet the Disturbance Control Standard, as defined by NERC, the Delivering Party shall compensate Entergy for the Delivering Party's share of the additional contingent reserve requirements that Entergy must maintain. The Delivering Party shall pay Entergy the sum of \$7.00/kW-month multiplied by the Delivering Party's share of the additional contingent reserve requirement that Entergy must maintain.
 - a. If the additional contingent reserve requirement is less than or equal to the sum of the magnitudes of all third-party Notice Events during the reportable event, the Delivering Party's share of the additional contingent reserve requirement shall be equal to the ratio of the Delivering Party's Notice Event amount divided by the total of third-party Notice Events times the additional contingent reserve requirement.
 - b. If the additional contingent reserve requirement is greater than the sum of the magnitudes of all third-party Notice Events during the reportable event, the Delivering Party's share of the additional contingent reserve requirement shall be equal to the magnitude of the Delivering Party's Notice Event.

**B. UNDER DELIVERIES ASSOCIATED WITH A NOTICE EVENT
DURING AN HOUR WITH AN EMERGENCY EVENT**

1. Deficient Energy shall be priced at 100% of ESIC.

C. UNDER DELIVERIES NOT ASSOCIATED WITH A NOTICE EVENT

1. The Delivering Party shall purchase the Deficient Energy at 110% of ESIC.

**VII. OVER DELIVERIES PURSUANT TO METER AND TELEPHONE
NOTIFICATION**

A. OVER DELIVERIES – GENERAL PROVISIONS

1. Qualifying Facilities - Any Facility that is a Qualifying Facility under PURPA shall receive Entergy's Avoided Cost for all Excess Energy, provided that Entergy is obligated by federal statute, Federal Energy Regulatory Commission orders or regulations, or contract to purchase such energy at its Avoided Cost. Currently, the Federal Energy Regulatory Commission's regulations implementing PURPA are contained in 18 C.F.R. Part 292
2. Non-Qualifying Facility Delivering Parties
 - a. Entergy shall purchase Excess Energy up to or equal to 120% of the Schedule at 90% of Entergy's Avoided Cost.

- b. Entergy shall purchase Excess Energy delivered above 120% of the Schedule and up to or equal to 150% of the Schedule at 75% of Avoided Cost.
- c. Entergy shall purchase Excess Energy delivered above 150% of Schedules at 50% of Avoided Cost.

3. Intermittent Resource Delivering Parties

- a. Entergy shall purchase Excess Energy up to or equal to 120% of the Schedule at 90% of Entergy's Avoided Cost.
- b. Entergy shall purchase Excess Energy delivered above 120% of the Schedule at 75% of Avoided Cost.

B. OVER DELIVERIES DURING AN HOUR WITH AN EMERGENCY EVENT

- 1. Qualifying Facilities - Any Facility that is a Qualifying Facility under PURPA shall receive Entergy's Avoided Cost for all Excess Energy, provided that Entergy is obligated by federal statute, Federal Energy Regulatory Commission orders or regulations, or contract to purchase such energy at its Avoided Cost. Currently, Federal Energy Regulatory Commission's regulations implementing PURPA are contained in 18 C.F.R. Part 292.
- 2. Non-Qualifying Facility Delivering Parties - Entergy shall purchase all Excess Energy at the rate of 100% of Entergy's Avoided Cost.

C. OVER DELIVERIES DURING A LOW-LOAD EVENT

1. Qualifying Facilities - Any Facility that is a Qualifying Facility under PURPA shall receive Entergy's Avoided Cost for all Excess Energy, provided that Entergy is obligated by federal statute, Federal Energy Regulatory Commission orders or regulations or contract to purchase such energy at its Avoided Cost. Currently, Federal Energy Regulatory Commission's regulations implementing PURPA are contained in 18 C.F.R. Part 29.
2. Non-Qualifying Facility Delivering Parties - In the event that Entergy is experiencing a Low-Load Event, then any Excess Energy delivered in the clock hour beginning two hours after the notice of the Low-Load Event in excess of 2% of the Schedule for the clock hour from the Facility and more than 2 MWh, shall not be purchased and shall be assessed a charge equal to the Daily Market Price of energy on the following day for each MWh of Excess Energy in excess of 2% of the Schedule for the clock hour from the Facility and more than 2 MWh. If the SOC fails to provide two hour prior notification of a Low-Load Event, no penalties shall apply.
3. Notification Procedures
 - a. A Low-Load Alert is issued when the projected generation level is within 500 MW of the normal minimum energy limits. This is a preliminary warning to all generators that an over generation condition is approaching. Entergy will notify all Non-Qualifying Facility Delivering Parties and Qualifying Facilities of a Low-Load Alert via email and broadcast fax.
 - b. A Low-Load Event is issued when the projected generation level is at or below the normal minimum energy limits. The penalties for Low-Load Events are not applicable to Qualifying Facilities. During Low-Load Events all Non-Qualifying Facility Delivering Parties will be subject to the penalties in Section VII.C.2 above. Entergy will provide two hour prior notice of a Low-Load Event

by email and broadcast fax. For purposes of the two hour prior notice period, the e-mail notification controls. This two hour notice will also be provided to Qualifying Facilities as an indicator that a Low- Load Emergency will occur in two hours if nothing changes on the system.

- c. A Low-Load Emergency is issued when the generation can no longer match the load (using normal generation minimum limits and accounting for regulating needs). The EMO System Dispatcher will utilize emergency reducible generation. In addition, Entergy will cease PURPA purchases from Qualifying Facilities when, due to operational circumstances, purchases from Qualifying Facilities will result in costs greater than those which Entergy would incur if it did not make such purchases, but instead generated an equivalent amount of energy itself pursuant to 18 C.F.R. § 292.304(f). Entergy will notify Qualifying Facilities via email and broadcast fax prior to the termination of purchases.
 - d. Cancellation of the three stages listed above will occur in reverse order when the margin is regained. The Low-Load Event end time will not occur until all of the curtailed Schedules associated with Testing Periods, Start-Up Periods, or Shut-Down Periods can again be accommodated by EMO.
4. Upon written request of a Delivering Party that has been billed for Low-Load Event charges, Entergy will provide the Delivering Party the following information concerning the specific Low-Load Event: (a) the start time and duration; (b) the triggering system conditions and events; and (c) Entergy's hourly load, total generation and net interchange. The Delivering Party must request this information within 60 days of receiving an invoice with a Low-Load Event charge.

D. PENALTIES

Entergy will credit revenues that it receives in excess of the costs it incurs to accommodate Over Deliveries (“penalty revenues”) to Entergy’s Native Load Customers, QFs subject to the GIA which were on-line, and other Delivering Parties under the GIA who were on-line and did not experience Over Deliveries above 120% of Schedules in the same hour as a particular penalty revenue is assessed. The credits shall be calculated and allocated as set out below.

The penalty revenues for which Entergy provides credits consist of the following amounts: for Excess Energy delivered during a particular clock hour, the amount by which any payment to a Delivering Party is less than Avoided Cost times the Delivering Party’s quantity of Excess Energy in that hour.

The penalty revenues calculated shall be credited based on the ratio of the sum of generation output to serve Entergy’s Native Load Customers, generation by each QF subject to the GIA which was on-line during the clock hour in which a penalty was assessed, and generation by each Delivering Party that was on-line and did not experience Over Deliveries above 120% of Schedules in a clock hour in which a penalty was assessed to the sum of total generation output used to serve Entergy’s Native Load Customers, generation by all QFs subject to the GIA and on-line during the clock hour in which a penalty was assessed, and generation by all Delivering Parties that were on-line and did not experience Over Deliveries above 120% of Schedules in a clock hour in which a penalty was assessed under this Agreement. A Delivering Party that experiences Over Deliveries in Excess of 120% of Schedules in an hour shall not receive a credit pursuant to this Section for that hour.

Entergy shall only disburse accumulated penalty revenues under the GIA, plus interest calculated in accordance with 18 C.F.R § 35.19a, when the annual refund obligation for Delivering Parties (exclusive of Entergy’s Native Load Customers) and QFs subject to the GIA reaches \$100,000. The annual period will commence on January 1 every year and end on December 31. Penalty revenues in one year will be carried over into subsequent years if the \$100,000 threshold is not met.

VII. UNDER/OVER DELIVERIES DURING AN HOUR THAT HAS BEEN DESIGNATED AS A TESTING PERIOD, START-UP PERIOD OR SHUT-DOWN PERIOD

A. QUALIFYING FACILITIES

1. Any Facility that is a Qualifying Facility under PURPA shall receive 100% of Entergy's Avoided Cost for all Excess Energy, provided that Entergy is obligated by federal statute, Federal Energy Regulatory Commission orders or regulations, or contract to purchase such energy at its Avoided Cost. Currently, Federal Energy Regulatory Commission's regulations implementing PURPA are contained in 18 C.F.R. Part 292. The Testing Period, Start-Up Period and Shut-Down Period procedures described below in Section VIII.B and Section IX are not applicable to Qualifying Facilities.

B. NON-QUALIFYING FACILITY DELIVERING PARTIES

1. Entergy shall purchase energy delivered during a Testing Period, Start-Up Period and Shut-Down Period provided that the Testing Period, Start-Up Period, or Shut-Down Period has been approved by the SOC and all other requirements relating to scheduling and tagging as described below are satisfied. Such energy deliveries meeting the criteria will be purchased at a rate of 90% of Avoided Cost. Energy delivered in excess of the approved MW profile of the tag will be purchased by Entergy at 50% of Avoided Cost as long as there is not a simultaneous Commercial Schedule. A simultaneous Commercial Schedule is one for which any portion of the Commercial Schedule flows during the same clock hour as the Testing Period, Start-Up Period, or the Shut-Down Period.
2. No Deficient Energy charges will be assessed for under deliveries in relation to the Schedule submitted for an approved Testing Period, Start-Up Period, and Shut-Down Period as long as there are not simultaneous Commercial Schedules. Likewise, Notice

Events cannot occur during an approved Testing Period, Start-Up Period, or Shut-Down Period as long as there are not simultaneous Commercial Schedules.

3. GRS Charges are applicable to Start-Up Periods and Shut-Down Periods. GRS Charges are not applicable to Testing Periods as long as there is not a simultaneous Commercial Schedule.
4. There will be two Groups for submitting Testing Periods, Start-Up Periods, and Shut-Down Periods depending upon the timing of the request. Requests for approval of a Testing Period, Start-Up Period or Shut-Down Period in Group 1 should be provided to the SOC in writing by fax between 12:01 A.M. and 11:00 A.M. on the business day prior to the requested day. Requests for approval of a Testing Period, Start-Up Period or Shut-Down Period in Group 2 should be provided to the SOC in writing by fax after the close of Group 1, but no later than two-hours prior to the requested start time. The chances of receiving approval in Group 2 may be diminished as compared to Group 1. EMO will provide the SOC with a clock ten-minute energy margin and ramping capability that EMO can accommodate during the next business day. The SOC will use the information provided by the Delivering Party to calculate the maximum MW value in each clock ten-minute period and use that data with the approval parameters from the EMO to evaluate approval of Testing Period, Start-Up Period and Shut-Down Period requests. Separately within Group 1 and Group 2, the SOC will allocate the margin and ramping capability among Testing Period requests, Start-Up Period requests and Shut-Down Period requests by the SOC on a first-come, first-served, and blind basis
5. Communications between the SOC and EMO will be conducted through the Test Energy Posting Application, a web-based application or the File Transfer Protocol. If the request for a Testing Period, Start-Up Period or Shut-Down Period cannot be accommodated as proposed, the Delivering Party will be notified by the SOC as soon as possible. The SOC will post on the OASIS for public access the amount of margin approved for the next business

day. When a Testing Period, Start-Up Period or Shut-Down Period has been approved, the SOC will ensure that any required OASIS reservations have been submitted, the approval of which will be subject to transmission availability. If the Facility has been designated as a network resource for EMO's load for the duration of the Testing Period, Start-Up Period or Shut-Down Period request and the sum of the approved Testing Period, Start-Up Period or Shut-Down Period amounts and any Commercial Schedules, which utilize the network service designation to EMO, does not exceed the MW profile of the reservation, no additional reservation will be needed. The SOC will notify the Delivering Party of the approval of its request, and provide the OASIS number to be used on the tag representing the approved request. The Delivering Party must submit a valid tag as a Schedule consistent with current scheduling practices and that matches the terms of the approved Testing Period, Start-Up Period or Shut-Down Period to deliver the energy. The tag must contain specified fields to indicate that it is for an approved Testing Period, Start-Up Period, or Shut-Down Period.

6. Testing Period, Start-Up Period and Shut-Down Period requests by a Delivering Party must contain the following information to be valid and considered for approval:
 1. Facility
 2. Contact information
 3. For each tag segment:
 - a. Start time
 - b. Stop time
 - c. Ramp duration
 - d. MW value

If the stop time of one segment of a Testing Period, Start-Up Period, or Shut-Down Period is the same as the start time of the

next segment, the two segments must have the same ramp duration. The last segment of a Start-Up Period must be immediately followed by one or more Commercial Schedules, and the first segment of a Shut-Down Period must be immediately preceded by one or more Commercial Schedules. No Start-Up Period or Shut-Down Period request will be approved without an adjoining Commercial Schedule.

7. Delivering Parties will not receive counteroffers on a Testing Period, Start-Up Period and Shut-Down Period request if it cannot be completely accommodated by the approval parameters provided by the EMO. Delivering Parties who have a Testing Period, Start-Up Period and Shut-Down Period request rejected can submit another request (up to two hours ahead in Group 2) or negotiate with EMO or a third party for a bilateral sales agreement. Delivering Parties who wish to adjust, cancel, or otherwise modify a tag representing an approved Testing Period, Start-Up Period and Shut-Down Period must coordinate with the EMO by submitting an adjustment or cancellation to the tag.
8. In the event that Entergy is experiencing a Low-Load Event, Delivering Parties may continue delivering energy consistent with an approved Testing Period, Start-Up Period or Shut-Down Period. However, any energy delivered in the clock hour beginning two hours after the notice of Low-Load Event in excess of 2% of the Schedule for the clock hour from the Facility and more than 2 MWh shall not be purchased and shall be assessed a charge equal to the Daily Market Price of energy on the following day for each MWh of energy delivered. A Delivering Party may submit a Schedule change to sell its test, start-up or shut-down energy to a third-party during a Low-Load Event and avoid such charges. Entergy will permit the continuation of the Testing Period, Start-Up Period or Shut-Down Period at the conclusion of the Low-Load Event without the receipt of approval for a new Testing Period, Start-Up Period or Shut-Down Period. However, the Low-Load Event end time will not occur until all of the curtailed Schedules associated with Testing Periods, Start-Up Periods and Shut-Down Periods can again be accommodated by EMO.

**IX. UNDER/OVER DELIVERIES DURING AN HOUR THAT HAVE
SIMULTANEOUS COMMERCIAL SCHEDULES AND AN APPROVED
TESTING PERIOD, START-UP PERIOD, OR SHUT-DOWN PERIOD**

A. GENERAL PROVISIONS

1. Delivering Parties may have approved Testing Period, Start-Up Period, or Shut-Down Period energy for a Facility during an hour with one or more simultaneous Commercial Schedules. A simultaneous Commercial Schedule is one for which any portion of the Commercial Schedule flows during the same clock hour as the Testing Period, Start-Up Period, or the Shut-Down Period. The Schedule that the Delivering Party's output will be compared to will be the algebraic sum of all Commercial Schedules and approved Testing Period, Start-Up Period, or Shut-Down Period Schedules. Notice Events are applicable during Testing Periods, Start-Up Periods, or Shut-Down Periods that have simultaneous Commercial Schedules. The following logic will be applied in determining GIS/GRS charges during periods with Testing Period, Start-Up Period or Shut-Down Period and simultaneous Commercial Schedules:
 - a. Deficient Energy - For any hour in which a Delivering Party has one or more Commercial Schedules, the sum of the Delivering Party's Schedules associated with a Testing Period, Start-Up Period, or Shut-Down Period and those associated with Commercial Schedules will be used for calculating Deficient Energy charges.
 - b. Excess Energy - For any hour in which a Delivering Party has one or more Commercial Schedules, all Excess Energy above the amount approved for the Testing Period, Start-Up Period, or Shut-Down Period and the Commercial Schedule will be purchased at the tiered Excess Energy rates as applied to the Commercial Schedules.

- c. GRS Charges - For all Snapshots during which there are simultaneous Commercial Schedules and Testing Period, Start-Up Period, or Shut-Down Period energy, the value recorded will be the aggregate of all Schedules (i.e., the sum of the Commercial Schedules and Testing Period, Start-Up Period, or Shut-Down Period Schedules).
- d. Real Time Monitoring - Tags associated with Commercial Schedules will be curtailed first during Notice Events. A Testing Period, Start-Up Period, or Shut-Down Period Schedule will only be curtailed during a Notice Event if all Commercial Schedules are exhausted.

ARTICLE TWO

OTHER PROVISIONS

I. MISCELLANEOUS PROVISIONS

A. ANNUAL BILLING FEE AND INVOICES

The Delivering Party shall be subject to an annual billing fee of \$10,000 for each Facility. Each Non-Qualifying Facility Delivering Party will pay a one-time increased annual billing fee of \$25,000 in 2005. Each Qualifying Facility Delivering Party will pay a one-time increased annual billing fee of \$17,500 in 2005. In 2006, the annual billing fee will revert back to \$10,000 for all Delivering Parties. When applicable, the SOC shall prepare a statement for each monthly billing period specifying the amount owed to Entergy by the Delivering Party and the amount owed to the Delivering Party by Entergy. If the amount owed to Entergy is greater than the amount owed to the Delivering Party, then the SOC shall supply the Delivering Party with an invoice for the monthly billing period. If the amount owed to the Delivering Party is greater than the amount owed to Entergy, the SOC will provide a copy of the invoice specifying the payment required from Entergy to the Delivering Party. The invoice will be

prepared and mailed within thirty (30) calendar days of the end of each monthly billing period.

B. INTEREST ON UNPAID BALANCES

Interest on any unpaid amounts (including amounts placed in escrow) shall be calculated in accordance with the methodology specified for interest on refunds in the Federal Energy Regulatory Commission's regulations at 18 C.F.R. § 35.19a(a)(2)(iii). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt.

C. DEFAULT

In the event a party fails, for any reason other than a billing dispute described below, to make payment on or before the due date, and such failure of payment is not corrected within thirty (30) calendar days of the due date, a default shall be deemed to exist. Upon the occurrence of a Default, Entergy may initiate a proceeding with the Federal Energy Regulatory Commission to terminate GIS and GRS but shall not terminate these services until the Federal Energy Regulatory Commission so approves any such request. In the event of a billing dispute between Entergy and the Delivering Party with regard to amounts due Entergy, Entergy will continue to provide service under the Agreement as long as the Delivering Party (i) continues to make all payments not in dispute and (ii) pays Entergy the amount in dispute which Entergy will place in an interest bearing escrow account, pending resolution of such dispute. If the Delivering Party fails to meet these two requirements for continuation of service, then Entergy may provide notice to the Delivering Party of its intention to suspend service.

D. SECURITY

In the event the Delivering Party has failed to pay the amounts owed to Entergy within the time period specified, Entergy may require the Delivering Party to provide a security deposit, letter of credit, or other form of security commensurate with the outstanding amounts due to Entergy by the Delivering Party.

E. AUDIT RIGHTS

Delivering Parties shall have the right, upon prior reasonable notice and legitimate justification to request an audit of the calculation of ESIC or Avoided Cost arising under this Agreement. Delivering Parties shall also have the right to request an audit of the data used to derive the GRS charge. Any audit initiated under this provision will be paid for by the Delivering Party and will be conducted by a neutral third-party mutually agreed to by Entergy and the Delivering Party. The Delivering Party will not be responsible for the cost of Entergy Staff participating in the audit.

F. DESIGNATION OF AGENT

So long as a Delivering Party is not in default under this Agreement, upon 60 days prior written notice to Entergy, a Delivering Party may designate one agent who is authorized to act on the Delivering Party's behalf for a term of no less than 12 months; provided, however, that the Delivering Party's obligations under this Agreement shall continue in their entirety in full force and effect. A Balancing Pool may be a designated agent under this provision.

G. USE OF BLOCK ACCOUNTING

Block accounting will not be used for the calculation of Excess Energy and Deficient Energy. Instead, the actual Output of a Facility in an hour will be compared to the Schedules from the Facility in an hour, including a linear representation of any ramp.

For example, in the case of a 250 MWh schedule with a start time of 10:00, a stop time of 11:00, and a 20 minute ramp duration the schedule would result in the following actual scheduled energy allocation:

Scheduled Energy
(MWh)

Hour ending 10	10.42
Hour ending 11	229.16
Hour ending 12	<u>10.42</u>
Total	250

H. CLOCK SYNCHRONIZATION

In an effort to ensure clock synchronization, Delivering Parties can use the official time at www.time.gov. This time should be within 2-3 seconds of the time service utilized by Entergy. At the website referenced above, Delivering Parties can download software in order to use the Internet to automatically set their computer clocks to the correct time.

I. ACCESS TO METER DATA

To the extent Delivering Parties do not already have access to meter data at their Facilities, they have the right to access such data. To the extent that there is a cost associated with accessing the data, the Delivering Parties will bear such cost.

II. PAYMENTS

Payments for amounts due hereunder for GIS and GRS shall be paid so that such payments are received on the tenth (10th) day after receipt of the bill. Payment shall be made in immediately available funds, through wiring of funds or other mutually agreeable methods of payments. If the due date falls on a non-business day of either party, then the payment shall be due on the next business day.

III. CREDITWORTHINESS

A. CREDIT REVIEW

For the purpose of determining the ability of a Delivering Party to fulfill its financial obligations pursuant to this Generator Imbalance Agreement, Entergy shall require commercially reasonable credit review procedures. A creditworthiness review shall be conducted for each Delivering Party upon its initial request for GIS and GRS, and thereafter generally annually, or upon the anniversary of the Delivering Party's receipt of GIS and GRS, or upon reasonable request by the Delivering Party. Provided, however, any time that a Delivering Party experiences any credit downgrade that may place it below the standards specified in Section III.B below, Entergy reserves the right to re-evaluate the Delivering Party's creditworthiness pursuant to this Article Two, Section III. Further, if in accordance with Section III.C.3 below, Entergy determines that financial assurances that a Delivering Party has previously provided pursuant to this Section III have become insufficient to protect Entergy against the risk of non-payment, Entergy can require the Delivering Party to increase such financial assurances.

B. CREDITWORTHINESS

Both new and existing Delivering Parties that satisfy the criteria delineated in this Section III.B throughout the terms of this Generator Imbalance Agreement will be considered creditworthy by Entergy. Such Delivering Parties will not be required to submit financial assurances in order to protect Entergy from the risk of non-payment. Pursuant to this Section III.B, if applicable, a Delivering Party is creditworthy if it has not Defaulted more than once in the last twelve (12) months and:

1. has a Standard and Poor's ("S&P") Long-Term Issuer Credit Rating of BBB- (or better); or (b) a Moody's Investor Service, Inc. ("Moody's") Long-Term Issuer Credit Rating of Baa3 (or better). In the event that a Delivering Party or its guarantor is rated by both S&P and Moody's, then Entergy will use the lower of the two ratings; or
2. is a borrower from the Rural Utilities Service ("RUS") and has a "Times Interest Earned Ratio" of 1.05 (or better) and a "Debt Service Coverage Ratio" of 1.00 (or better) in the most recent calendar year, or is maintaining the Times Interest Earned Ratio and Debt Service Coverage Ratio as established in the Transmission Customer's RUS Mortgage. The Delivering Party must provide appropriate documentation annually, or as agreed-upon by both parties; or
3. is a federal agency and its financial obligations under this GIA are backed by the full faith and credit of the United States; or
4. is a municipal or state agency, or a rural electric cooperative (without RUS debt) that: (a) if applicable, has been taking GIS for one (1) year and has provided documentation that its financial obligations pursuant under this Agreement are backed by the full faith and credit of the municipality or state in which it is established; or (b) has provided documentation that under the applicable laws of the state in which it is established, that its financial obligations pursuant to this GIA are deemed to be operating expenses and that the agency or the electric cooperative is required by such applicable laws to devote its revenues first to the payment of its operating and maintenance expenses and the principal and interest of its outstanding obligations prior to payment of all other obligations; or
5. the Delivering Party provides a letter of unconditional and continuing guaranty from its parent company. Such letter of

guaranty must be acceptable to Entergy as to form and substance and can be used only if the guarantor maintains a minimum credit rating as stated in Section III.B.1. However, to the extent that the guarantor is placed on watch for possible downgrade and has: (i) a S&P Long-Term Issuer Credit Rating of BBB- (or below); or (ii) a Moody's Long-Term Issuer Credit Rating of Baa3 (or below), then the Delivering Party will be required to provide additional financial assurances as provided in this Article II, Section III. A draft, acceptable form of a continuing guaranty shall be posted on OASIS; or

6. the Delivering Party has been in business for at least one (1) year and provides its most recent audited financial statements to Entergy which demonstrate that the Delivering Party meets standards that are at least equivalent to the standards underlying a S&P Long-Term Issuer Credit Rating of BBB- (or better) or a Moody's Long-Term Issuer Credit Rating Baa3 (or better); provided that if the Delivering Party is not found to be creditworthy pursuant to this Section III.B.6, then pursuant to Section III.C.5 below, Entergy will inform the Delivering Party of the reasons for that determination.

C. CREDITWORTHINESS PROCEDURES

Entergy shall require financial assurances in accordance with the procedures set forth below:

1. New GIS and GRS Customers - A new Delivering Party (or an existing Delivering Party requesting new GIS or GRS) that does not meet the creditworthiness requirements established in Section III.B above shall provide an unconditional and irrevocable standby letter of credit, or an alternative form of security identified in Section III.E, in an amount equal to three (3) times the estimated charges for GIS and GRS for an average month. All costs associated with the issuance and maintenance of a letter of credit shall be paid by the Delivering Party. A draft, acceptable form of a letter of credit shall be posted on OASIS. Provided, however, a new Delivering Party may request a creditworthiness re-evaluation after taking GIS and GRS for six (6) months and request that its form of security be

adjusted to an amount equal to three (3) times the Delivering Party's actual average monthly charge for GIS and GRS during the initial six (6) month period of receiving such service; or

2. Existing GIS and GRS Customers - Any Delivering Party that originally meets the creditworthiness requirements of Section III.B and subsequently fails to meet those requirements after it initially receives GIS and GRS but before termination of that service shall:
 - a. Within eight (8) business days of receipt of a notice from Entergy, provide Entergy an acceptable form of financial assurance permitted by this Article II, Section III that is equal to the Delivering Party's average monthly charge for GIS and GRS; and
 - b. Within thirty-five (35) calendar days of such notification, provide Entergy either: (i) an unconditional and irrevocable letter of credit that is equal to an additional two (2) times the Delivering Party's average monthly GIS charge and GRS charge; or (ii) an equivalent alternate form of financial assurance pursuant to Section III.E below. Provided, however, the Delivering Party must provide Entergy payment for all outstanding GIS charges and GRS charges no later than five (5) business days prior to the beginning of the next month.
3. Right to Protect Against Additional Risk of Non-payment - All financial assurances calculated and collected pursuant to Sections III.C.1 and III.C.2 must be sufficient to protect Entergy from the risk of non-payment with respect to a non-creditworthy Delivering Party during the entire term of this Generator Imbalance Agreement. Accordingly, after a non-creditworthy customer has provided Entergy financial assurances pursuant to Sections III.C.1 or III.C.2, Entergy will monitor the amount of such customer's net GIS and GRS charges to ensure that it has provided a sufficient amount of security to protect Entergy against the risk of non-payment. If a

Delivering Party is not in Default, then the Delivering Party shall provide the adjusted amount of financial assurances required pursuant to this Section III.C.3 within thirty-five (35) calendar days of receipt of a notice from Entergy. A Delivering Party will not be required to adjust its financial assurances pursuant to Section III more than twice every twelve (12) months.

- a. Adjustment of Financial Assurances Provided Pursuant to Section III.C.1 - If a Delivering Party provided security when initially applying for service pursuant to Section III.C.1 and Entergy determines that the Delivering Party's actual average monthly GIS and GRS charges over any subsequent twelve (12) month period exceed the original average estimated charges for GIS and GRS upon which a financial assurance initially was based, then the Delivering Party must increase its financial assurance to be equal to three (3) times its current actual average monthly purchases of GIS and GRS. The value of the actual average monthly purchases of GIS and GRS evaluated pursuant to this Section III.C.3a will be based on the preceding twelve (12) month period as measured from the date immediately prior to the Delivering Party's credit re-evaluation.

- b. Adjustment of Financial Assurances Provided Pursuant to Section III.C.3.b - If a Delivering Party provided security pursuant to Section III.C.2 and Entergy determines that the customer's actual average monthly purchases of GIS and GRS over a subsequent twelve (12) month period exceed the original monthly average for charges for GIS and GRS upon which the amount of a financial assurance initially was based, then the Delivering Party must increase the amount of its financial assurance to be equal to three (3) times its actual average purchases of GIS and GRS. The value of the actual average monthly purchases of GIS and GRS evaluated pursuant to this Section III.C.3.b will be based on the preceding twelve (12) month period as measured from the date immediately prior to the Delivering Party's credit re-evaluation.

- c. Delivering Party Right To Request a Credit Re-evaluation - Delivering Parties may make reasonable requests for Entergy to re-evaluate their creditworthiness pursuant to the relevant standard established in either Sections III.C.3.a or III.C.3.b. Based on such a re-evaluation, if appropriate, Entergy will reduce the amount of financial security requested from a Delivering Party if an analysis of its usage of GIS and GRS over the preceding twelve (12) month period indicates that the Delivering Party has provided security in excess of that required by this Section III.C. This is a separate right from that of a new Delivering Party to request a creditworthiness re-evaluation pursuant to Section III.C.1 after taking GIS and GRS for six (6) months.

- 4. Right to Draw Upon Financial Assurances Upon Default - Entergy has the right to liquidate, or draw upon, all or a portion of a Delivering Party's form of financial assurance(s) in order to satisfy a Delivering Party's total net obligations to Entergy upon a Default pursuant to Section III.C. A Delivering Party shall replace any liquidated, or drawn-upon, financial assurances pursuant to the timeframe delineated in Section III.C.2 above.

- 5. Notice - Entergy's notification to a Delivering Party will inform the Delivering Party: (i) that it is not creditworthy pursuant to this Section III, or in accordance with Section III.C.3, that it must adjust previously provided financial assurances; (ii) why it is not creditworthy or why it must adjust previously provided financial assurances; (iii) that it must provide any required financial assurances by the deadlines specified in the notice; and (iv) that Entergy may take corrective actions, including suspension of service pursuant to Section III.D, if the Delivering Party fails to provide the required financial assurances by the specified deadlines. All notices sent to a Delivering Party pursuant to this Section III.C.5 shall be in writing and shall be sent to the Delivering Party by fax or overnight courier at the respective telephone number or courier address specified by the Delivering Party and shall become effective upon actual receipt as evidenced by fax

confirmation sheet or tracking information provided by the overnight courier, as the case may be.

D. SUSPENSION OF SERVICE

1. Entergy may suspend GIS and/or GRS if:
 - a. a Delivering Party that is not in Default fails to provide the entirety of three (3) months of required financial assurances (or the entirety of any additional financial assurances required pursuant to Section III.C.3 or III.C.4) within thirty-five (35) calendar days after Entergy's notification to such Delivering Party pursuant to Section III.C. Entergy will provide at least thirty (30) calendar days written notice to the Commission before suspending GIS and/or GRS; or
 - b. a Delivering Party that is in Default fails to provide the entirety of the one month's requested financial assurance within five (5) business days after Entergy's notification to such Delivering Party pursuant to Section III.C. Entergy will provide five (5) calendar days written notice to the Commission before suspending GIS.

Any notices sent to the Delivering Party and to the Commission pursuant to this Section III.D may be faxed/mailed concurrently. The suspension of service shall continue only for as long as the circumstances that entitle Entergy to suspend service continue. A Delivering Party is not obligated to pay for GIS and GRS that is not provided as a result of a suspension of service.

E. ALTERNATIVE FORMS OF FINANCIAL ASSURANCE

Delivering Party may provide the following as acceptable alternative forms of financial assurance in the amounts specified in Sections III.C.1 or III.C.2:

1. Cash Deposit - The Delivering Party may provide a cash deposit that will be retained during the term of (and until full and final payment and performance of) this Generator Imbalance Agreement. If a Delivering Party has submitted multiple requests for GIS and GRS, then Entergy may require a cash deposit for each Generator Imbalance Agreement. Cash deposits submitted as a form of financial assurance will be held by Entergy and the Delivering Party will be paid an interest rate that is equal to the interest rate earned on the escrow account in which the cash deposit is held. The cash deposit can be made by wiring immediately available funds to Entergy's account.
2. Surety Bond - The Delivering Party may provide, and maintain in effect during the term of (and until full and final payment and performance of) this Generator Imbalance Agreement, a surety bond issued by a financial institution acceptable to Entergy. All costs associated with the issuance and maintenance of a surety bond shall be paid by the Delivering Party. A draft, acceptable form of a surety bond shall be posted on OASIS.

F. RETURN OF FINANCIAL ASSURANCES UPON RE-ESTABLISHMENT OF CREDITWORTHINESS

If a Delivering Party re-establishes creditworthiness pursuant to Section III.B, then upon verification by Entergy, all financial assurances will be returned (or terminated, if applicable) to the Delivering Party with interest (if applicable), upon payment of all past due balances to Entergy, including those for GIS, GRS and all other services provided pursuant to Entergy's Tariff.

IV. DISPUTE RESOLUTION

A. INFORMAL DISPUTE RESOLUTION

Before binding dispute resolution or any other form of litigation may proceed, any dispute between the Delivering Party and Entergy to a transaction under this Agreement first shall be referred to senior executives in each organization for resolution. If the parties are unable to resolve the dispute within thirty (30) days, either party may seek legal recourse.

B. BINDING DISPUTE RESOLUTION

The parties to a dispute may elect binding resolution using the following process to resolve such disputes:

1. Dispute Resolution - The parties may initiate binding dispute resolution procedures by one party notifying the other and both parties agreeing to the binding dispute resolution. The party originating the binding resolution or his or her designee shall provide the second party with a list of ten (10) eligible arbitrators. Within ten (10) days of receiving the list, the second party shall agree on a single arbitrator from the list to conduct the arbitration, or notify the originating party of their inability to reach agreement. If the parties are unable to reach agreement on a single arbitrator, then each party shall choose one arbitrator who shall sit on a three (3) member arbitration panel. The two (2) arbitrators so chosen shall within twenty (20) days select a third arbitrator to chair the arbitration panel. The arbitrators shall not possess a direct or indirect interest in either party or the subject matter of the arbitration. The procedures to be used for this arbitration will be generally consistent with the commercial arbitration rules of the American Arbitration Association though not involving the Association.

2. If the parties agree to binding dispute resolution, each party understands that it will not be able to bring a lawsuit concerning any dispute that may arise, which is covered by this arbitration provision.

C. COSTS

Each party shall be responsible for its own costs and those of its counsel and representatives. The parties shall equally divide the costs of the arbitrator or mediator and the hearing.

D. CONFIDENTIALITY

Any arbitration or mediation shall be conducted on a confidential basis and not disclosed, including any documents or results which shall be considered confidential, unless the parties otherwise agree or such disclosure is required by law.

E. MODIFICATION

The parties may by mutual written agreement modify, eliminate, or replace the above Sections IV.B, IV.C, and IV.D.

V. FEDERAL POWER ACT RIGHTS PRESERVED

Nothing contained in this Agreement shall be construed as affecting in any way the ability of Entergy or a Delivering Party to exercise its rights under the

Federal Power Act (including a Delivering Party's complaint rights under Section 206) and pursuant to Federal Energy Regulatory Commission's rules and regulations promulgated thereunder.

ATTACHMENT Q

SMALL GENERATOR

INTERCONNECTION PROCEDURES (SGIP)

(For Generating Facilities No Larger Than 20 MW)

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Attachment 6 – Feasibility Study Agreement

Attachment 7 – System Impact Study Agreement

Attachment 8 – Facilities Study Agreement

Section 1. Application

1.1

Applicability

- 1.1.1 A request to interconnect a certified Small Generating Facility (See Attachments 3 and 4 for description of certification criteria) no larger than 2 MW shall be evaluated under the section 2 Fast Track Process. A request to interconnect a certified inverter-based Small Generating Facility no larger than 10 kW shall be evaluated under the Attachment 5 10 kW Inverter Process. A request to interconnect a Small Generating Facility larger than 2 MW but no larger than 20 MW or a Small Generating Facility that does not pass the Fast Track Process or the 10 kW Inverter Process, shall be evaluated under the section 3 Study Process.
- 1.1.2 Capitalized terms used herein shall have the meanings specified in the Glossary of Terms in Attachment 1 or the body of these procedures.
- 1.1.3 Neither these procedures nor the requirements included hereunder apply to Small Generating Facilities interconnected or approved for interconnection prior to 60 Business Days after the effective date of these procedures.
- 1.1.4 Prior to submitting its Interconnection Request (Attachment 2), the Interconnection Customer may ask the Transmission Provider's interconnection contact employee or office whether the proposed interconnection is subject to these procedures. The Transmission Provider shall respond within 15 Business Days.
- 1.1.5 Infrastructure security of electric system equipment and operations and control hardware and software is essential to ensure day-to-day reliability and operational security. The Federal Energy Regulatory Commission expects all Transmission Providers, market participants, and Interconnection Customers interconnected with

electric systems to comply with the recommendations offered by the President's Critical Infrastructure Protection Board and best practice recommendations from the electric reliability authority. All public utilities are expected to meet basic standards for electric system infrastructure and operational security, including physical, operational, and cyber-security practices.

1.1.6 References in these procedures to interconnection agreement are to the Small Generator Interconnection Agreement (SGIA).

1.2 Pre-Application

The Transmission Provider shall designate an employee or office from which information on the application process and on an Affected System can be obtained through informal requests from the Interconnection Customer presenting a proposed project for a specific site. The name, telephone number, and e-mail address of such contact employee or office shall be made available on the Transmission Provider's Internet web site. Electric system information provided to the Interconnection Customer should include relevant system studies, interconnection studies, and other materials useful to an understanding of an interconnection at a particular point on the Transmission Provider's Transmission System, to the extent such provision does not violate confidentiality provisions of prior agreements or critical infrastructure requirements. The Transmission Provider shall comply with reasonable requests for such information.

1.3 Interconnection Request

The Interconnection Customer shall submit its Interconnection Request to the Transmission Provider, together with the processing fee or deposit specified in the Interconnection Request. The Interconnection Request shall be date- and time-stamped upon receipt. The original date- and time-stamp applied to the Interconnection Request at the time of its original submission shall be accepted as the qualifying date- and time-stamp for the purposes of any timetable in these procedures. The Interconnection Customer shall be notified of receipt by the Transmission Provider within three Business Days of receiving the Interconnection

Request. The Transmission Provider shall notify the Interconnection Customer within ten Business Days of the receipt of the Interconnection Request as to whether the Interconnection Request is complete or incomplete. If the Interconnection Request is incomplete, the Transmission Provider shall provide along with the notice that the Interconnection Request is incomplete, a written list detailing all information that must be provided to complete the Interconnection Request. The Interconnection Customer will have ten Business Days after receipt of the notice to submit the listed information or to request an extension of time to provide such information. If the Interconnection Customer does not provide the listed information or a request for an extension of time within the deadline, the Interconnection Request will be deemed withdrawn. An Interconnection Request will be deemed complete upon submission of the listed information to the Transmission Provider.

1.4 Modification of the Interconnection Request

Any modification to machine data or equipment configuration or to the interconnection site of the Small Generating Facility not agreed to in writing by the Transmission Provider and the Interconnection Customer may be deemed a withdrawal of the Interconnection Request and may require submission of a new Interconnection Request, unless proper notification of each Party by the other and a reasonable time to cure the problems created by the changes are undertaken.

1.5 Site Control

Documentation of site control must be submitted with the Interconnection Request. Site control may be demonstrated through:

- 1.5.1 Ownership of, a leasehold interest in, or a right to develop a site for the purpose of constructing the Small Generating Facility;
- 1.5.2 An option to purchase or acquire a leasehold site for such purpose; or
- 1.5.3 An exclusivity or other business relationship between the Interconnection Customer and the entity having the right to sell, lease, or grant the Interconnection Customer the right to possess or occupy a site for such purpose.

1.6 Queue Position

The Transmission Provider shall assign a Queue Position based upon the date- and time-stamp of the Interconnection Request. The Queue Position of each Interconnection Request will be used to determine the cost responsibility for the Upgrades necessary to accommodate the interconnection. The Transmission Provider shall maintain a single queue per geographic region. At the Transmission Provider's option, Interconnection Requests may be studied serially or in clusters for the purpose of the system impact study.

1.7 Interconnection Requests Submitted Prior to the Effective Date of the SGIP

Nothing in this SGIP affects an Interconnection Customer's Queue Position assigned before the effective date of this SGIP. The Parties agree to complete work on any interconnection study agreement executed prior the effective date of this SGIP in accordance with the terms and conditions of that interconnection study agreement. Any new studies or other additional work will be completed pursuant to this SGIP.

Section 2. Fast Track Process

2.1 Applicability

The Fast Track Process is available to an Interconnection Customer proposing to interconnect its Small Generating Facility with the Transmission Provider's Transmission System if the Small Generating Facility is no larger than 2 MW and if the Interconnection Customer's proposed Small Generating Facility meets the codes, standards, and certification requirements of Attachments 3 and 4 of these procedures, or the Transmission Provider has reviewed the design or tested the proposed Small Generating Facility and is satisfied that it is safe to operate.

2.2 Initial Review

Within 15 Business Days after the Transmission Provider notifies the Interconnection Customer it has received a complete Interconnection Request, the Transmission Provider shall perform an initial review using

the screens set forth below, shall notify the Interconnection Customer of the results, and include with the notification copies of the analysis and data underlying the Transmission Provider's determinations under the screens.

2.2.1 Screens

- 2.2.1.1 The proposed Small Generating Facility's Point of Interconnection must be on a portion of the Transmission Provider's Distribution System that is subject to the Tariff.
- 2.2.1.2 For interconnection of a proposed Small Generating Facility to a radial distribution circuit, the aggregated generation, including the proposed Small Generating Facility, on the circuit shall not exceed 15 % of the line section annual peak load as most recently measured at the substation. A line section is that portion of a Transmission Provider's electric system connected to a customer bounded by automatic sectionalizing devices or the end of the distribution line.
- 2.2.1.3 For interconnection of a proposed Small Generating Facility to the load side of spot network protectors, the proposed Small Generating Facility must utilize an inverter-based equipment package and, together with the aggregated other inverter-based generation, shall not exceed the smaller of 5 % of a spot network's maximum load or 50 kW A spot Network is a type of distribution system found within modern commercial buildings to provide high reliability of service to a single customer. (Standard Handbook for Electrical Engineers, 11th edition, Donald Fink, McGraw Hill Book Company).

2.2.1.4 The proposed Small Generating Facility, in aggregation with other generation on the distribution circuit, shall not contribute more than 10 % to the distribution circuit's maximum fault current at the point on the high voltage (primary) level nearest the proposed point of change of ownership.

2.2.1.5 The proposed Small Generating Facility, in aggregate with other generation on the distribution circuit, shall not cause any distribution protective devices and equipment (including, but not limited to, substation breakers, fuse cutouts, and line reclosers), or Interconnection Customer equipment on the system to exceed 87.5 % of the short circuit interrupting capability; nor shall the interconnection be proposed for a circuit that already exceeds 87.5 % of the short circuit interrupting capability.

2.2.1.6 Using the table below, determine the type of interconnection to a primary distribution line. This screen includes a review of the type of electrical service provided to the Interconnecting Customer, including line configuration and the transformer connection to limit the potential for creating over-voltages on the Transmission Provider's electric power system due to a loss of ground during the operating time of any anti-islanding function.

Primary Distribution Line Type	Type of Interconnection to Primary Distribution Line	Result/Criteria
Three-phase, three wire	3-phase or single phase, phase-to-phase	Pass screen
Three-phase, four wire	Effectively-grounded 3 phase or Single-phase, line-to-neutral	Pass screen

2.2.1.7 If the proposed Small Generating Facility is to be interconnected on single-phase shared secondary, the aggregate generation capacity on the shared

secondary, including the proposed Small Generating Facility, shall not exceed 20 kW.

2.2.1.8 If the proposed Small Generating Facility is single-phase and is to be interconnected on a center tap neutral of a 240 volt service, its addition shall not create an imbalance between the two sides of the 240 volt service of more than 20 % of the nameplate rating of the service transformer.

2.2.1.9 The Small Generating Facility, in aggregate with other generation interconnected to the transmission side of a substation transformer feeding the circuit where the Small Generating Facility proposes to interconnect shall not exceed 10 MW in an area where there are known, or posted, transient stability limitations to generating units located in the general electrical vicinity (e.g., three or four transmission busses from the point of interconnection).

2.2.1.10 No construction of facilities by the Transmission Provider on its own system shall be required to accommodate the Small Generating Facility.

2.2.2 If the proposed interconnection passes the screens, the Interconnection Request shall be approved and the Transmission Provider will provide the Interconnection Customer an executable interconnection agreement within five Business Days after the determination.

2.2.3 If the proposed interconnection fails the screens, but the Transmission Provider determines that the Small Generating Facility may nevertheless be interconnected consistent with safety, reliability, and power quality standards, the Transmission Provider shall provide the Interconnection Customer an executable

interconnection agreement within five Business Days after the determination.

2.2.4 If the proposed interconnection fails the screens, but the Transmission Provider does not or cannot determine from the initial review that the Small Generating Facility may nevertheless be interconnected consistent with safety, reliability, and power quality standards unless the Interconnection Customer is willing to consider minor modifications or further study, the Transmission Provider shall provide the Interconnection Customer with the opportunity to attend a customer options meeting.

2.3 Customer Options Meeting

If the Transmission Provider determines the Interconnection Request cannot be approved without minor modifications at minimal cost; or a supplemental study or other additional studies or actions; or at significant cost to address safety, reliability, or power quality problems, within the five Business Day period after the determination, the Transmission Provider shall notify the Interconnection Customer and provide copies of all data and analyses underlying its conclusion. Within ten Business Days of the Transmission Provider's determination, the Transmission Provider shall offer to convene a customer options meeting with the Transmission Provider to review possible Interconnection Customer facility modifications or the screen analysis and related results, to determine what further steps are needed to permit the Small Generating Facility to be connected safely and reliably. At the time of notification of the Transmission Provider's determination, or at the customer options meeting, the Transmission Provider shall:

2.3.1 Offer to perform facility modifications or minor modifications to the Transmission Provider's electric system(e.g., changing meters, fuses, relay settings) and provide a non-binding good faith estimate of the limited cost to make such modifications to the Transmission Provider's electric system; or

2.3.2 Offer to perform a supplemental review if the Transmission Provider concludes that the supplemental review might determine that the Small Generating Facility could continue to qualify for interconnection pursuant to the Fast Track Process, and provide a non-binding good faith estimate of the costs of such review; or

2.3.3 Obtain the Interconnection Customer's agreement to continue evaluating the Interconnection Request under the section 3 Study Process.

2.4 Supplemental Review

If the Interconnection Customer agrees to a supplemental review, the Interconnection Customer shall agree in writing within 15 Business Days of the offer, and submit a deposit for the estimated costs. The Interconnection Customer shall be responsible for the Transmission Provider's actual costs for conducting the supplemental review. The Interconnection Customer must pay any review costs that exceed the deposit within 20 Business Days of receipt of the invoice or resolution of any dispute. If the deposit exceeds the invoiced costs, the Transmission Provider will return such excess within 20 Business Days of the invoice without interest.

2.4.1 Within ten Business Days following receipt of the deposit for a supplemental review, the Transmission Provider will determine if the Small Generating Facility can be interconnected safely and reliably.

2.4.1.1 If so, the Transmission Provider shall forward an executable interconnection agreement to the Interconnection Customer within five Business Days.

2.4.1.2 If so, and Interconnection Customer facility modifications are required to allow the Small Generating Facility to be interconnected consistent

with safety, reliability, and power quality standards under these procedures, the Transmission Provider shall forward an executable interconnection agreement to the Interconnection Customer within five Business Days after confirmation that the Interconnection Customer has agreed to make the necessary changes at the Interconnection Customer's cost.

2.4.1.3 If so, and minor modifications to the Transmission Provider's electric system are required to allow the Small Generating Facility to be interconnected consistent with safety, reliability, and power quality standards under the Fast Track Process, the Transmission Provider shall forward an executable interconnection agreement to the Interconnection Customer within ten Business Days that requires the Interconnection Customer to pay the costs of such system modifications prior to interconnection.

2.4.1.4 If not, the Interconnection Request will continue to be evaluated under the section 3 Study Process.

Section 3. Study Process

3.1 Applicability

The Study Process shall be used by an Interconnection Customer proposing to interconnect its Small Generating Facility with the Transmission Provider's Transmission System if the Small Generating Facility (1) is larger than 2 MW but no larger than 20 MW, (2) is not certified, or (3) is certified but did not pass the Fast Track Process or the 10 kW Inverter Process.

3.2 Scoping Meeting

- 3.2.1 A scoping meeting will be held within ten Business Days after the Interconnection Request is deemed complete, or as otherwise mutually agreed to by the Parties. The Transmission Provider and the Interconnection Customer will bring to the meeting personnel, including system engineers and other resources as may be reasonably required to accomplish the purpose of the meeting.
- 3.2.2 The purpose of the scoping meeting is to discuss the Interconnection Request and review existing studies relevant to the Interconnection Request. The Parties shall further discuss whether the Transmission Provider should perform a feasibility study or proceed directly to a system impact study, or a facilities study, or an interconnection agreement. If the Parties agree that a feasibility study should be performed, the Transmission Provider shall provide the Interconnection Customer, as soon as possible, but not later than five Business Days after the scoping meeting, a feasibility study agreement (Attachment 6) including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study.
- 3.2.3 The scoping meeting may be omitted by mutual agreement. In order to remain in consideration for interconnection, an Interconnection Customer who has requested a feasibility study must return the executed feasibility study agreement within 15 Business Days. If the Parties agree not to perform a feasibility study, the Transmission Provider shall provide the Interconnection Customer, no later than five Business Days after the scoping meeting, a system impact study agreement (Attachment 7) including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study.

3.3 Feasibility Study

- 3.3.1 The feasibility study shall identify any potential adverse system impacts that would result from the interconnection of the Small Generating Facility.
- 3.3.2 A deposit of the lesser of 50 percent of the good faith estimated feasibility study costs or earnest money of \$1,000 may be required from the Interconnection Customer.
- 3.3.3 The scope of and cost responsibilities for the feasibility study are described in the attached feasibility study agreement (Attachment 6).
- 3.3.4 If the feasibility study shows no potential for adverse system impacts, the Transmission Provider shall send the Interconnection Customer a facilities study agreement, including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study. If no additional facilities are required, the Transmission Provider shall send the Interconnection Customer an executable interconnection agreement within five Business Days.
- 3.3.5 If the feasibility study shows the potential for adverse system impacts, the review process shall proceed to the appropriate system impact study(s).

3.4 System Impact Study

- 3.4.1 A system impact study shall identify and detail the electric system impacts that would result if the proposed Small Generating Facility were interconnected without project modifications or electric system modifications, focusing on the adverse system impacts identified in the feasibility study, or to study potential impacts, including but not limited to those identified in the scoping meeting. A system impact study shall evaluate the impact of the proposed interconnection on the reliability of the electric system.

- 3.4.2 If no transmission system impact study is required, but potential electric power Distribution System adverse system impacts are identified in the scoping meeting or shown in the feasibility study, a distribution system impact study must be performed. The Transmission Provider shall send the Interconnection Customer a distribution system impact study agreement within 15 Business Days of transmittal of the feasibility study report, including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study, or following the scoping meeting if no feasibility study is to be performed.
- 3.4.3 In instances where the feasibility study or the distribution system impact study shows potential for transmission system adverse system impacts, within five Business Days following transmittal of the feasibility study report, the Transmission Provider shall send the Interconnection Customer a transmission system impact study agreement, including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study, if such a study is required.
- 3.4.4 If a transmission system impact study is not required, but electric power Distribution System adverse system impacts are shown by the feasibility study to be possible and no distribution system impact study has been conducted, the Transmission Provider shall send the Interconnection Customer a distribution system impact study agreement.
- 3.4.5 If the feasibility study shows no potential for transmission system or Distribution System adverse system impacts, the Transmission Provider shall send the Interconnection Customer either a facilities study agreement (Attachment 8), including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study, or an executable interconnection agreement, as applicable.
- 3.4.6 In order to remain under consideration for interconnection, the Interconnection Customer must return executed system impact study agreements, if applicable, within 30 Business Days.
- 3.4.7 A deposit of the good faith estimated costs for each system impact study may be required from the Interconnection Customer.

- 3.4.8 The scope of and cost responsibilities for a system impact study are described in the attached system impact study agreement.
- 3.4.9 Where transmission systems and Distribution Systems have separate owners, such as is the case with transmission-dependent utilities ("TDUs") – whether investor-owned or not – the Interconnection Customer may apply to the nearest Transmission Provider (Transmission Owner, Regional Transmission Operator, or Independent Transmission Provider) providing transmission service to the TDU to request project coordination. Affected Systems shall participate in the study and provide all information necessary to prepare the study.

3.5 Facilities Study

- 3.5.1 Once the required system impact study(s) is completed, a system impact study report shall be prepared and transmitted to the Interconnection Customer along with a facilities study agreement within five Business Days, including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the facilities study. In the case where one or both impact studies are determined to be unnecessary, a notice of the fact shall be transmitted to the Interconnection Customer within the same timeframe.
- 3.5.2 In order to remain under consideration for interconnection, or, as appropriate, in the Transmission Provider's interconnection queue, the Interconnection Customer must return the executed facilities study agreement or a request for an extension of time within 30 Business Days.
- 3.5.3 The facilities study shall specify and estimate the cost of the equipment, engineering, procurement and construction work

(including overheads) needed to implement the conclusions of the system impact study(s).

- 3.5.4 Design for any required Interconnection Facilities and/or Upgrades shall be performed under the facilities study agreement. The Transmission Provider may contract with consultants to perform activities required under the facilities study agreement. The Interconnection Customer and the Transmission Provider may agree to allow the Interconnection Customer to separately arrange for the design of some of the Interconnection Facilities. In such cases, facilities design will be reviewed and/or modified prior to acceptance by the Transmission Provider, under the provisions of the facilities study agreement. If the Parties agree to separately arrange for design and construction, and provided security and confidentiality requirements can be met, the Transmission Provider shall make sufficient information available to the Interconnection Customer in accordance with confidentiality and critical infrastructure requirements to permit the Interconnection Customer to obtain an independent design and cost estimate for any necessary facilities.
- 3.5.5 A deposit of the good faith estimated costs for the facilities study may be required from the Interconnection Customer.
- 3.5.6 The scope of and cost responsibilities for the facilities study are described in the attached facilities study agreement.
- 3.5.7 Upon completion of the facilities study, and with the agreement of the Interconnection Customer to pay for Interconnection Facilities and Upgrades identified in the facilities study, the Transmission Provider shall provide the Interconnection Customer an executable interconnection agreement within five Business Days.

Section 4. Provisions that Apply to All Interconnection Requests

4.1 Reasonable Efforts

The Transmission Provider shall make reasonable efforts to meet all time frames provided in these procedures unless the Transmission Provider and the Interconnection Customer agree to a different schedule. If the Transmission Provider cannot meet a deadline provided herein, it shall notify the Interconnection Customer, explain the reason for the failure to meet the deadline, and provide an estimated time by which it will complete the applicable interconnection procedure in the process.

4.2 Disputes

4.2.1 The Parties agree to attempt to resolve all disputes arising out of the interconnection process according to the provisions of this article.

4.2.2 In the event of a dispute, either Party shall provide the other Party with a written Notice of Dispute. Such Notice shall describe in detail the nature of the dispute.

4.2.3 If the dispute has not been resolved within two Business Days after receipt of the Notice, either Party may contact FERC's Dispute Resolution Service (DRS) for assistance in resolving the dispute.

4.2.4 The DRS will assist the Parties in either resolving their dispute or in selecting an appropriate dispute resolution venue (e.g., mediation, settlement judge, early neutral evaluation, or technical expert) to assist the Parties in resolving their dispute. DRS can be reached at 1-877-337-2237 or via the internet at <http://www.ferc.gov/legal/adr.asp>.

4.2.5 Each Party agrees to conduct all negotiations in good faith and will be responsible for one-half of any costs paid to neutral third-parties.

- 4.2.6 If neither Party elects to seek assistance from the DRS, or if the attempted dispute resolution fails, then either Party may exercise whatever rights and remedies it may have in equity or law consistent with the terms of these procedures.

4.3 Interconnection Metering

Any metering necessitated by the use of the Small Generating Facility shall be installed at the Interconnection Customer's expense in accordance with Federal Energy Regulatory Commission, state, or local regulatory requirements or the Transmission Provider's specifications.

4.4 Commissioning

Commissioning tests of the Interconnection Customer's installed equipment shall be performed pursuant to applicable codes and standards. The Transmission Provider must be given at least five Business Days written notice, or as otherwise mutually agreed to by the Parties, of the tests and may be present to witness the commissioning tests.

4.5. Confidentiality

4.5.1 Confidential information shall mean any confidential and/or proprietary information provided by one Party to the other Party that is clearly marked or otherwise designated "Confidential." For purposes of these procedures all design, operating specifications, and metering data provided by the Interconnection Customer shall be deemed confidential information regardless of whether it is clearly marked or otherwise designated as such.

4.5.2 Confidential Information does not include information previously in the public domain, required to be publicly submitted or divulged by Governmental Authorities (after notice to the other Party and after exhausting any opportunity to oppose such publication or release), or necessary to be divulged in an action to enforce these

procedures. Each Party receiving Confidential Information shall hold such information in confidence and shall not disclose it to any third party nor to the public without the prior written authorization from the Party providing that information, except to fulfill obligations under these procedures, or to fulfill legal or regulatory requirements.

4.5.2.1 Each Party shall employ at least the same standard of care to protect Confidential Information obtained from the other Party as it employs to protect its own Confidential Information.

4.5.2.2 Each Party is entitled to equitable relief, by injunction or otherwise, to enforce its rights under this provision to prevent the release of Confidential Information without bond or proof of damages, and may seek other remedies available at law or in equity for breach of this provision.

4.5.3 Notwithstanding anything in this article to the contrary, and pursuant to 18 CFR § 1b.20, if FERC, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to these procedures, the Party shall provide the requested information to FERC, within the time provided for in the request for information. In providing the information to FERC, the Party may, consistent with 18 CFR § 388.112, request that the information be treated as confidential and non-public by FERC and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Party prior to the release of the Confidential Information to FERC. The Party shall notify the other Party when it is notified by FERC that a request to release Confidential Information has been received by FERC, at which time either of the Parties may respond before such information would be made public, pursuant to 18 CFR § 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner if consistent with the applicable state rules and regulations.

4.6 Comparability

The Transmission Provider shall receive, process and analyze all Interconnection Requests in a timely manner as set forth in this document. The Transmission Provider shall use the same reasonable efforts in processing and analyzing Interconnection Requests from all Interconnection Customers, whether the Small Generating Facility is owned or operated by the Transmission Provider, its subsidiaries or affiliates, or others.

4.7 Record Retention

The Transmission Provider shall maintain for three years records, subject to audit, of all Interconnection Requests received under these procedures, the times required to complete Interconnection Request approvals and disapprovals, and justification for the actions taken on the Interconnection Requests.

4.8 Interconnection Agreement

After receiving an interconnection agreement from the Transmission Provider, the Interconnection Customer shall have 30 Business Days or another mutually agreeable timeframe to sign and return the interconnection agreement, or request that the Transmission Provider file an unexecuted interconnection agreement with the Federal Energy Regulatory Commission. If the Interconnection Customer does not sign the interconnection agreement, or ask that it be filed unexecuted by the Transmission Provider within 30 Business Days, the Interconnection Request shall be deemed withdrawn. After the interconnection agreement is signed by the Parties, the interconnection of the Small Generating Facility shall proceed under the provisions of the interconnection agreement.

4.9 Coordination with Affected Systems

The Transmission Provider shall coordinate the conduct of any studies required to determine the impact of the Interconnection Request on

Affected Systems with Affected System operators and, if possible, include those results (if available) in its applicable interconnection study within the time frame specified in these procedures. The Transmission Provider will include such Affected System operators in all meetings held with the Interconnection Customer as required by these procedures. The Interconnection Customer will cooperate with the Transmission Provider in all matters related to the conduct of studies and the determination of modifications to Affected Systems. A Transmission Provider which may be an Affected System shall cooperate with the Transmission Provider with whom interconnection has been requested in all matters related to the conduct of studies and the determination of modifications to Affected Systems.

4.10 Capacity of the Small Generating Facility

4.10.1 If the Interconnection Request is for an increase in capacity for an existing Small Generating Facility, the Interconnection Request shall be evaluated on the basis of the new total capacity of the Small Generating Facility.

4.10.2 If the Interconnection Request is for a Small Generating Facility that includes multiple energy production devices at a site for which the Interconnection Customer seeks a single Point of Interconnection, the Interconnection Request shall be evaluated on the basis of the aggregate capacity of the multiple devices.

4.10.3 The Interconnection Request shall be evaluated using the maximum rated capacity of the Small Generating Facility.

Glossary of Terms

10 kW Inverter Process – The procedure for evaluating an Interconnection Request for a certified inverter-based Small Generating Facility no larger than 10 kW that uses the section 2 screens. The application process uses an all-in-one document that includes a simplified Interconnection Request, simplified procedures, and a brief set of terms and conditions. See SGIP Attachment 5.

Affected System – An electric system other than the Transmission Provider's Transmission System that may be affected by the proposed interconnection.

Business Day – Monday through Friday, excluding Federal Holidays.

Distribution System – The Transmission Provider's facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which Distribution Systems operate differ among areas.

Distribution Upgrades – The additions, modifications, and upgrades to the Transmission Provider's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Small Generating Facility and render the transmission service necessary to effect the Interconnection Customer's wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities.

Fast Track Process – The procedure for evaluating an Interconnection Request for a certified Small Generating Facility no larger than 2 MW that includes the section 2 screens, customer options meeting, and optional supplemental review.

Good Utility Practice – Any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

Interconnection Customer – Any entity, including the Transmission Provider, the Transmission Owner or any of the affiliates or subsidiaries of either, that proposes to interconnect its Small Generating Facility with the Transmission Provider's Transmission System.

Interconnection Facilities – The Transmission Provider's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Small Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Small Generating Facility to the Transmission Provider's Transmission System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades or Network Upgrades.

Interconnection Request – The Interconnection Customer's request, in accordance with the Tariff, to interconnect a new Small Generating Facility, or to increase the capacity of, or make a Material Modification to the operating characteristics of, an existing Small Generating Facility that is interconnected with the Transmission Provider's Transmission System.

Material Modification – A modification that has a material impact on the cost or timing of any Interconnection Request with a later queue priority date.

Network Upgrades – Additions, modifications, and upgrades to the Transmission Provider's Transmission System required at or beyond the point at which the Small Generating Facility interconnects with the Transmission Provider's Transmission System to accommodate the interconnection with the Small Generating Facility to the Transmission Provider's Transmission System. Network Upgrades do not include Distribution Upgrades.

Party or Parties – The Transmission Provider, Transmission Owner, Interconnection Customer or any combination of the above.

Point of Interconnection – The point where the Interconnection Facilities connect with the Transmission Provider's Transmission System.

Queue Position – The order of a valid Interconnection Request, relative to all other pending valid Interconnection Requests, that is established based upon the date and time of receipt of the valid Interconnection Request by the Transmission Provider.

Small Generating Facility – The Interconnection Customer's device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

Study Process – The procedure for evaluating an Interconnection Request that includes the section 3 scoping meeting, feasibility study, system impact study, and facilities study.

Transmission Owner – The entity that owns, leases or otherwise possesses an interest in the portion of the Transmission System at the Point of Interconnection and may be a Party to the Small Generator Interconnection Agreement to the extent necessary.

Transmission Provider – The public utility (or its designated agent) that owns, controls, or operates transmission or distribution facilities used for the transmission of electricity in interstate commerce and provides transmission service under the Tariff. The term Transmission Provider should be read to include the Transmission Owner when the Transmission Owner is separate from the Transmission Provider.

Transmission System – The facilities owned, controlled or operated by the Transmission Provider or the Transmission Owner that are used to provide transmission service under the Tariff.

Upgrades – The required additions and modifications to the Transmission Provider's Transmission System at or beyond the Point of Interconnection. Upgrades may be Network Upgrades or Distribution Upgrades. Upgrades do not include Interconnection Facilities.

SMALL GENERATOR INTERCONNECTION REQUEST

(Application Form)

Transmission Provider:

Designated Contact Person: _____

Address: _____

Telephone Number: _____

Fax: _____

E-Mail Address: _____

An Interconnection Request is considered complete when it provides all applicable and correct information required below. Per SGIP section 1.5, documentation of site control must be submitted with the Interconnection Request.

Preamble and Instructions

An Interconnection Customer who requests a Federal Energy Regulatory Commission jurisdictional interconnection must submit this Interconnection Request by hand delivery, mail, e-mail, or fax to the Transmission Provider.

Processing Fee or Deposit:

If the Interconnection Request is submitted under the Fast Track Process, the non-refundable processing fee is \$500.

If the Interconnection Request is submitted under the Study Process, whether a new submission or an Interconnection Request that did not pass the Fast Track Process, the Interconnection Customer shall submit to the Transmission Provider a deposit not to exceed \$1,000 towards the cost of the feasibility study.

Interconnection Customer Information

Legal Name of the Interconnection Customer (or, if an individual, individual's name)

Name: _____

Contact Person:

Mailing Address:

City:

State:

Zip:

Facility Location (if different from above):

Telephone (Day): _____ Telephone (Evening): _____

Fax: _____ E-Mail Address: _____

Alternative Contact Information (if different from the Interconnection Customer)

Contact Name: _____

Title: _____

Address: _____

Telephone (Day): _____ Telephone (Evening): _____

Fax: _____ E-Mail Address: _____

Application is for: _____ New Small Generating Facility
_____ Capacity addition to Existing Small Generating Facility

If capacity addition to existing facility, please describe:

Will the Small Generating Facility be used for any of the following?

Net Metering? Yes ___ No ___

To Supply Power to the Interconnection Customer? Yes ___ No ___

To Supply Power to Others? Yes ___ No ___

For installations at locations with existing electric service to which the proposed Small Generating Facility will interconnect, provide:

(Local Electric Service Provider*)
(Number*)

(Existing Account

[*To be provided by the Interconnection Customer if the local electric service provider is different from the Transmission Provider]

Contact Name: _____

Title: _____

Address: _____

Telephone (Day): _____ Telephone (Evening): _____

Fax: _____

E-Mail Address: _____

Requested Point of Interconnection: _____

Interconnection Customer's Requested In-Service Date: _____

Small Generating Facility Information

Data apply only to the Small Generating Facility, not the Interconnection Facilities.

Energy Source: ___ Solar ___ Wind ___ Hydro ___ Hydro Type (e.g. Run-of-River): _____ Diesel ___ Natural Gas ___ Fuel Oil ___ Other (state type) _____

Prime Mover: ___ Fuel Cell ___ Recip Engine ___ Gas Turb ___ Steam Turb

___ Microturbine ___ PV ___ Other

Type of Generator: ___ Synchronous ___ Induction ___ Inverter

Generator Nameplate Rating: _____ kW (Typical)

Generator Nameplate kVAR: _____

Interconnection Customer or Customer-Site Load: _____ kW (if none, so state)

Typical Reactive Load (if known): _____

Maximum Physical Export Capability Requested: _____ kW

List components of the Small Generating Facility equipment package that are currently certified:

Equipment Type

Certifying Entity

1.

2.

3.

4.

5.

Is the prime mover compatible with the certified protective relay package? ____ Yes ____ No

Generator (or solar collector)

Manufacturer, Model Name & Number:

Version Number:

Nameplate Output Power Rating in kW: (Summer) _____ (Winter)

Nameplate Output Power Rating in kVA: (Summer) _____ (Winter)

Individual Generator Power Factor

Rated Power Factor: Leading: _____ Lagging: _____

Total Number of Generators in wind farm to be interconnected pursuant to this

Interconnection Request: _____ Elevation: _____ ____ Single phase

____ Three phase

Inverter Manufacturer, Model Name & Number (if used):

List of adjustable set points for the protective equipment or software:

Note: A completed Power Systems Load Flow data sheet must be supplied with the Interconnection Request.

Small Generating Facility Characteristic Data (for inverter-based machines)

Max design fault contribution current: ____ Instantaneous ____ or RMS? _____

Harmonics Characteristics: _____

Start-up requirements: _____

Small Generating Facility Characteristic Data (for rotating machines)

RPM Frequency: _____

(*) Neutral Grounding Resistor (If Applicable): _____

Synchronous Generators:

Direct Axis Synchronous Reactance, X_d : _____ P.U.

Direct Axis Transient Reactance, X'_d : _____ P.U.

Direct Axis Subtransient Reactance, X''_d : _____ P.U.

Negative Sequence Reactance, X_2 : _____ P.U.

Zero Sequence Reactance, X_0 : _____ P.U.

KVA Base: _____

Field Volts: _____

Field Amperes: _____

Induction Generators:

Motoring Power (kW): _____

$I_2^2 t$ or K (Heating Time Constant): _____

Rotor Resistance, R_r : _____

Stator Resistance, R_s : _____

Stator Reactance, X_s : _____

Rotor Reactance, X_r : _____

Magnetizing Reactance, X_m : _____

Short Circuit Reactance, X_d'' : _____

Exciting Current: _____

Temperature Rise: _____

Frame Size: _____

Design Letter: _____

Reactive Power Required In Vars (No Load): _____

Reactive Power Required In Vars (Full Load): _____

Total Rotating Inertia, H: _____ Per Unit on kVA Base

Note: Please contact the Transmission Provider prior to submitting the Interconnection Request to determine if the specified information above is required.

Excitation and Governor System Data for Synchronous Generators Only

Provide appropriate IEEE model block diagram of excitation system, governor system and power system stabilizer (PSS) in accordance with the regional reliability council criteria. A PSS may be determined to be required by applicable studies. A copy of the manufacturer's block diagram may not be substituted.

Interconnection Facilities Information

Will a transformer be used between the generator and the point of common coupling?
___ Yes ___ No

Will the transformer be provided by the Interconnection Customer? ___ Yes ___ No

Transformer Data (If Applicable, for Interconnection Customer-Owned Transformer):

Is the transformer: ___ single phase ___ three phase? Size:
_____ kVA

Transformer Impedance: _____ % on _____ kVA Base

If Three Phase:

Transformer Primary: _____ Volts _____ Delta _____ Wye _____ Wye Grounded

Transformer Secondary: _____ Volts _____ Delta _____ Wye _____ Wye Grounded

Transformer Tertiary: _____ Volts _____ Delta _____ Wye _____ Wye Grounded

Transformer Fuse Data (If Applicable, for Interconnection Customer-Owned Fuse):

(Attach copy of fuse manufacturer's Minimum Melt and Total Clearing Time-Current Curves)

Manufacturer: _____ Type: _____ Size: _____ Speed: _____

Interconnecting Circuit Breaker (if applicable):

Manufacturer: _____ Type: _____

Load Rating (Amps): _____ Interrupting Rating (Amps): _____ Trip Speed
(Cycles): _____

Interconnection Protective Relays (If Applicable):

If Microprocessor-Controlled:

List of Functions and Adjustable Setpoints for the protective equipment or software:

Setpoint Function

3. _____

4. _____

5. _____
6. _____
7. _____
8. _____

If Discrete Components:

(Enclose Copy of any Proposed Time-Overcurrent Coordination Curves)

Manufacturer: _____ Type: _____ Style/Catalog No.: _____ Proposed
 Setting: _____
 Manufacturer: _____ Type: _____ Style/Catalog No.: _____ Proposed
 Setting: _____
 Manufacturer: _____ Type: _____ Style/Catalog No.: _____ Proposed
 Setting: _____
 Manufacturer: _____ Type: _____ Style/Catalog No.: _____ Proposed
 Setting: _____
 Manufacturer: _____ Type: _____ Style/Catalog No.: _____ Proposed
 Setting: _____

Current Transformer Data (If Applicable):

(Enclose Copy of Manufacturer's Excitation and Ratio Correction Curves)

Manufacturer: _____
 Type: _____ Accuracy Class: _ Proposed Ratio Connection: _____

Manufacturer: _____
 Type: _____ Accuracy Class: _ Proposed Ratio Connection: _____

Potential Transformer Data (If Applicable):

Manufacturer: _____
 Type: _____ Accuracy Class: _ Proposed Ratio Connection: _____

Manufacturer: _____
 Type: _____ Accuracy Class: _ Proposed Ratio Connection: _____

General Information

Enclose copy of site electrical one-line diagram showing the configuration of all Small Generating Facility equipment, current and potential circuits, and protection and control schemes. This one-line diagram must be signed and stamped by a licensed Professional Engineer if the Small Generating Facility is larger than 50 kW. Is One-Line Diagram Enclosed? ____Yes ____No

Enclose copy of any site documentation that indicates the precise physical location of the proposed Small Generating Facility (e.g., USGS topographic map or other diagram or documentation).

Proposed location of protective interface equipment on property (include address if different from the Interconnection Customer's address)

Enclose copy of any site documentation that describes and details the operation of the protection and control schemes. Is Available Documentation Enclosed? ____Yes ____No

Enclose copies of schematic drawings for all protection and control circuits, relay current circuits, relay potential circuits, and alarm/monitoring circuits (if applicable). Are Schematic Drawings Enclosed? ____Yes ____No

Applicant Signature

I hereby certify that, to the best of my knowledge, all the information provided in this Interconnection Request is true and correct.

For Interconnection Customer: _____Date: _____

Certification Codes and Standards

IEEE1547 Standard for Interconnecting Distributed Resources with Electric Power Systems (including use of IEEE 1547.1 testing protocols to establish conformity)

UL 1741 Inverters, Converters, and Controllers for Use in Independent Power Systems

IEEE Std 929-2000 IEEE Recommended Practice for Utility Interface of Photovoltaic (PV) Systems

NFPA 70 (2002), National Electrical Code

IEEE Std C37.90.1-1989 (R1994), IEEE Standard Surge Withstand Capability (SWC) Tests for Protective Relays and Relay Systems

IEEE Std C37.90.2 (1995), IEEE Standard Withstand Capability of Relay Systems to Radiated Electromagnetic Interference from Transceivers

IEEE Std C37.108-1989 (R2002), IEEE Guide for the Protection of Network Transformers

IEEE Std C57.12.44-2000, IEEE Standard Requirements for Secondary Network Protectors

IEEE Std C62.41.2-2002, IEEE Recommended Practice on Characterization of Surges in Low Voltage (1000V and Less) AC Power Circuits

IEEE Std C62.45-1992 (R2002), IEEE Recommended Practice on Surge Testing for Equipment Connected to Low-Voltage (1000V and Less) AC Power Circuits

ANSI C84.1-1995 Electric Power Systems and Equipment – Voltage Ratings (60 Hertz)

IEEE Std 100-2000, IEEE Standard Dictionary of Electrical and Electronic Terms

NEMA MG 1-1998, Motors and Small Resources, Revision 3

IEEE Std 519-1992, IEEE Recommended Practices and Requirements for Harmonic Control in Electrical Power Systems

NEMA MG 1-2003 (Rev 2004), Motors and Generators, Revision 1

Certification of Small Generator Equipment Packages

- 1.0 Small Generating Facility equipment proposed for use separately or packaged with other equipment in an interconnection system shall be considered certified for interconnected operation if (1) it has been tested in accordance with industry standards for continuous utility interactive operation in compliance with the appropriate codes and standards referenced below by any Nationally Recognized Testing Laboratory (NRTL) recognized by the United States Occupational Safety and Health Administration to test and certify interconnection equipment pursuant to the relevant codes and standards listed in SGIP Attachment 3, (2) it has been labeled and is publicly listed by such NRTL at the time of the interconnection application, and (3) such NRTL makes readily available for verification all test standards and procedures it utilized in performing such equipment certification, and, with consumer approval, the test data itself. The NRTL may make such information available on its website and by encouraging such information to be included in the manufacturer's literature accompanying the equipment.
- 2.0 The Interconnection Customer must verify that the intended use of the equipment falls within the use or uses for which the equipment was tested, labeled, and listed by the NRTL.
- 3.0 Certified equipment shall not require further type-test review, testing, or additional equipment to meet the requirements of this interconnection procedure; however, nothing herein shall preclude the need for an on-site commissioning test by the parties to the interconnection nor follow-up production testing by the NRTL.
- 4.0 If the certified equipment package includes only interface components (switchgear, inverters, or other interface devices), then an Interconnection Customer must show that the generator or other electric source being utilized with the equipment package is compatible with the equipment

package and is consistent with the testing and listing specified for this type of interconnection equipment.

- 5.0 Provided the generator or electric source, when combined with the equipment package, is within the range of capabilities for which it was tested by the NRTL, and does not violate the interface components' labeling and listing performed by the NRTL, no further design review, testing or additional equipment on the customer side of the point of common coupling shall be required to meet the requirements of this interconnection procedure.
- 6.0 An equipment package does not include equipment provided by the utility.
- 7.0 Any equipment package approved and listed in a state by that state's regulatory body for interconnected operation in that state prior to the effective date of these small generator interconnection procedures shall be considered certified under these procedures for use in that state.

**Application, Procedures, and Terms and Conditions for
Interconnecting
a Certified Inverter-Based Small Generating Facility No
Larger than 10 kW ("10 kW Inverter Process")**

- 1.0 The Interconnection Customer ("Customer") completes the Interconnection Request ("Application") and submits it to the Transmission Provider ("Company").
- 2.0 The Company acknowledges to the Customer receipt of the Application within three Business Days of receipt.
- 3.0 The Company evaluates the Application for completeness and notifies the Customer within ten Business Days of receipt that the Application is or is not complete and, if not, advises what material is missing.
- 4.0 The Company verifies that the Small Generating Facility can be interconnected safely and reliably using the screens contained in the Fast Track Process in the Small Generator Interconnection Procedures (SGIP). The Company has 15 Business Days to complete this process. Unless the Company determines and demonstrates that the Small Generating Facility cannot be interconnected safely and reliably, the Company approves the Application and returns it to the Customer. Note to Customer: Please check with the Company before submitting the Application if disconnection equipment is required.
- 5.0 After installation, the Customer returns the Certificate of Completion to the Company. Prior to parallel operation, the Company may inspect the Small Generating Facility for compliance with standards which may include a

witness test, and may schedule appropriate metering replacement, if necessary.

- 6.0 The Company notifies the Customer in writing that interconnection of the Small Generating Facility is authorized. If the witness test is not satisfactory, the Company has the right to disconnect the Small Generating Facility. The Customer has no right to operate in parallel until a witness test has been performed, or previously waived on the Application. The Company is obligated to complete this witness test within ten Business Days of the receipt of the Certificate of Completion. If the Company does not inspect within ten Business Days or by mutual agreement of the Parties, the witness test is deemed waived.
- 7.0 Contact Information – The Customer must provide the contact information for the legal applicant (i.e., the Interconnection Customer). If another entity is responsible for interfacing with the Company, that contact information must be provided on the Application.
- 8.0 Ownership Information – Enter the legal names of the owner(s) of the Small Generating Facility. Include the percentage ownership (if any) by any utility or public utility holding company, or by any entity owned by either.
- 9.0 UL1741 Listed – This standard ("Inverters, Converters, and Controllers for Use in Independent Power Systems") addresses the electrical interconnection design of various forms of generating equipment. Many manufacturers submit their equipment to a Nationally Recognized Testing Laboratory (NRTL) that verifies compliance with UL1741. This "listing" is then marked on the equipment and supporting documentation.

Application for Interconnecting a Certified Inverter-Based Small Generating Facility No Larger than 10kW

This Application is considered complete when it provides all applicable and correct information required below. Additional information to evaluate the Application may be required. Per SGIP section 1.5, documentation of site control must be submitted with the Interconnection Request.

Processing Fee

A non-refundable processing fee of \$100 must accompany this Application.

Interconnection Customer

Name: _____

Contact Person: _____

Address: _____

City: _____ State: _____ Zip: _____

Telephone (Day): _____ (Evening): _____

Fax: _____ E-Mail Address: _____

Contact (if different from Interconnection Customer)

Name: _____

Address: _____

City: _____ State: _____ Zip: _____

Telephone (Day): _____ (Evening): _____

Fax: _____ E-Mail Address: _____

Owner of the facility (include % ownership by any electric utility): _____

Small Generating Facility Information

Location (if different from above): _____

Electric Service Company: _____

Account Number: _____

Inverter Manufacturer: _____ Model _____

Nameplate Rating: _____ (kW) _____ (kVA) (AC Volts)

Single Phase _____ Three Phase _____

System Design Capacity: _____ (kW) _____ (kVA)

Prime Mover: Photovoltaic Reciprocating Engine Fuel Cell
 Turbine Other _____
 Energy Source: Solar Wind Hydro Diesel Natural Gas
 Fuel Oil Other (describe) _____
 Is the equipment UL1741 Listed? Yes_ No _____
 If Yes, attach manufacturer's cut-sheet showing UL1741 listing
 Estimated Installation Date: _____ Estimated In-Service Date: _____

The 10 kW Inverter Process is available only for inverter-based Small Generating Facilities no larger than 10 kW that meet the codes, standards, and certification requirements of Attachments 3 and 4 of the Small Generator Interconnection Procedures (SGIP), or the Transmission Provider has reviewed the design or tested the proposed Small Generating Facility and is satisfied that it is safe to operate.

List components of the Small Generating Facility equipment package that are currently certified:

Equipment Type	Certifying Entity
1. _____	_____
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____

Interconnection Customer Signature

I hereby certify that, to the best of my knowledge, the information provided in this Application is true. I agree to abide by the Terms and Conditions for Interconnecting an Inverter-Based Small Generating Facility No Larger than 10kW and return the Certificate of Completion when the Small Generating Facility has been installed.

Signed: _____

Title: _____ Date: _____

Contingent Approval to Interconnect the Small Generating Facility

(For Company use only)

Interconnection of the Small Generating Facility is approved contingent upon the Terms and Conditions for Interconnecting an Inverter-Based Small Generating Facility No Larger than 10kW and return of the Certificate of Completion.

Company Signature: _____

Title: _____ Date: _____

Application ID number: _____

Company waives inspection/witness test? Yes___No___

Small Generating Facility Certificate of Completion

Is the Small Generating Facility owner-installed? Yes _____ No _____

Interconnection Customer:

Contact Person: _____

Address: _____

Location of the Small Generating Facility (if different from above):

City: _____ State: _____ Zip Code: _____

Telephone (Day): _____ (Evening): _____

Fax: _____ E-Mail Address: _____

Electrician:

Name: _____

Address: _____

City: _____ State: _____ Zip Code: _____

Telephone (Day): _____ (Evening): _____

Fax: _____ E-Mail Address: _____

License number: _____

Date Approval to Install Facility granted by the Company: _____

Application ID number: _____

Inspection:

The Small Generating Facility has been installed and inspected in compliance with the local

building/electrical code of _____

Signed (Local electrical wiring inspector, or attach signed electrical inspection):

Print Name: _____ Date: _____

As a condition of interconnection, you are required to send/fax a copy of this form along with a copy of the signed electrical permit to (insert Company information below):

Name: _____

Company: _____

Address: _____

City, State ZIP: _____

Fax: _____

Approval to Energize the Small Generating Facility (For Company use only)

Energizing the Small Generating Facility is approved contingent upon the Terms and Conditions for Interconnecting an Inverter-Based Small Generating Facility No Larger than 10kW

Company Signature: _____

Title: _____ Date: ____

Terms and Conditions for Interconnecting an Inverter-Based Small Generating Facility No Larger than 10kW

1.0 Construction of the Facility

The Interconnection Customer (the "Customer") may proceed to construct (including operational testing not to exceed two hours) the Small Generating Facility when the Transmission Provider (the "Company") approves the Interconnection Request (the "Application") and returns it to the Customer.

2.0 Interconnection and Operation

The Customer may operate Small Generating Facility and interconnect with the Company's electric system once all of the following have occurred:

- 2.1 Upon completing construction, the Customer will cause the Small Generating Facility to be inspected or otherwise certified by the appropriate local electrical wiring inspector with jurisdiction, and
- 2.2 The Customer returns the Certificate of Completion to the Company, and
- 2.3 The Company has either:
 - 2.3.1 Completed its inspection of the Small Generating Facility to ensure that all equipment has been appropriately installed and that all electrical connections have been made in accordance with applicable codes. All inspections must be conducted by the Company, at its own expense, within ten Business Days after receipt of the Certificate of Completion and shall take place at a time agreeable to the Parties. The Company shall provide a written statement that the Small Generating Facility has passed inspection or shall notify the Customer of what steps it must take to pass inspection as soon as practicable after the inspection takes place; or

2.3.2 If the Company does not schedule an inspection of the Small Generating Facility within ten business days after receiving the Certificate of Completion, the witness test is deemed waived (unless the Parties agree otherwise); or

2.3.3 The Company waives the right to inspect the Small Generating Facility.

2.4 The Company has the right to disconnect the Small Generating Facility in the event of improper installation or failure to return the Certificate of Completion.

2.5 Revenue quality metering equipment must be installed and tested in accordance with applicable ANSI standards.

3.0 Safe Operations and Maintenance

The Customer shall be fully responsible to operate, maintain, and repair the Small Generating Facility as required to ensure that it complies at all times with the interconnection standards to which it has been certified.

4.0 Access

The Company shall have access to the disconnect switch (if the disconnect switch is required) and metering equipment of the Small Generating Facility at all times. The Company shall provide reasonable notice to the Customer when possible prior to using its right of access.

5.0 Disconnection

The Company may temporarily disconnect the Small Generating Facility upon the following conditions:

5.1 For scheduled outages upon reasonable notice.

5.2 For unscheduled outages or emergency conditions.

5.3 If the Small Generating Facility does not operate in the manner consistent with these Terms and Conditions.

5.4 The Company shall inform the Customer in advance of any scheduled disconnection, or as is reasonable after an unscheduled disconnection.

6.0 Indemnification

The Parties shall at all times indemnify, defend, and save the other Party harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's action or inactions of its obligations under this agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.

7.0 Insurance

The Parties agree to follow all applicable insurance requirements imposed by the state in which the Point of Interconnection is located. All insurance policies must be maintained with insurers authorized to do business in that state.

8.0 Limitation of Liability

Each party's liability to the other party for any loss, cost, claim, injury, liability, or expense, including reasonable attorney's fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall either party be liable to the other party for any indirect, incidental, special, consequential, or punitive damages of any kind whatsoever, except as allowed under paragraph 6.0.

9.0 Termination

The agreement to operate in parallel may be terminated under the following conditions:

9.1 By the Customer

By providing written notice to the Company.

9.2 By the Company

If the Small Generating Facility fails to operate for any consecutive 12 month period or the Customer fails to remedy a violation of these Terms and Conditions.

9.3 Permanent Disconnection

In the event this Agreement is terminated, the Company shall have the right to disconnect its facilities or direct the Customer to disconnect its Small Generating Facility.

9.4 Survival Rights

This Agreement shall continue in effect after termination to the extent necessary to allow or require either Party to fulfill rights or obligations that arose under the Agreement.

10.0 Assignment/Transfer of Ownership of the Facility

This Agreement shall survive the transfer of ownership of the Small Generating Facility to a new owner when the new owner agrees in writing to comply with the terms of this Agreement and so notifies the Company.

Feasibility Study Agreement

THIS AGREEMENT is made and entered into this _____ day of _____, 20____ by and between _____, a _____ organized and existing under the laws of the State of _____, ("Interconnection Customer,"), and _____, a _____ existing under the laws of the State of _____, ("Transmission Provider"). Interconnection Customer and Transmission Provider each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, Interconnection Customer is proposing to develop a Small Generating Facility or generating capacity addition to an existing Small Generating Facility consistent with the Interconnection Request completed by Interconnection Customer on _____; and

WHEREAS, Interconnection Customer desires to interconnect the Small Generating Facility with the Transmission Provider's Transmission System; and

WHEREAS, Interconnection Customer has requested the Transmission Provider to perform a feasibility study to assess the feasibility of interconnecting the proposed Small Generating Facility with the Transmission Provider's Transmission System, and of any Affected Systems;

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated or the meanings specified in the standard Small Generator Interconnection Procedures.
- 2.0 The Interconnection Customer elects and the Transmission Provider shall cause to be performed an interconnection feasibility study consistent the standard Small Generator Interconnection Procedures in accordance with the Open Access Transmission Tariff.
- 3.0 The scope of the feasibility study shall be subject to the assumptions set forth in Attachment A to this Agreement.
- 4.0 The feasibility study shall be based on the technical information provided by the Interconnection Customer in the Interconnection Request, as may be modified as the result of the scoping meeting. The Transmission Provider reserves the right to request additional technical information from the Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the feasibility study and as designated in accordance with the standard Small Generator Interconnection Procedures. If the Interconnection Customer modifies its Interconnection Request, the time to complete the feasibility study may be extended by agreement of the Parties.
- 5.0 In performing the study, the Transmission Provider shall rely, to the extent reasonably practicable, on existing studies of recent vintage. The Interconnection Customer shall not be charged for such existing studies; however, the Interconnection Customer shall be responsible for charges associated with any new study or modifications to existing studies that are reasonably necessary to perform the feasibility study.

- 6.0 The feasibility study report shall provide the following analyses for the purpose of identifying any potential adverse system impacts that would result from the interconnection of the Small Generating Facility as proposed:
 - 6.1 Initial identification of any circuit breaker short circuit capability limits exceeded as a result of the interconnection;
 - 6.2 Initial identification of any thermal overload or voltage limit violations resulting from the interconnection;
 - 6.3 Initial review of grounding requirements and electric system protection; and
 - 6.4 Description and non-binding estimated cost of facilities required to interconnect the proposed Small Generating Facility and to address the identified short circuit and power flow issues.
- 7.0 The feasibility study shall model the impact of the Small Generating Facility regardless of purpose in order to avoid the further expense and interruption of operation for reexamination of feasibility and impacts if the Interconnection Customer later changes the purpose for which the Small Generating Facility is being installed.
- 8.0 The study shall include the feasibility of any interconnection at a proposed project site where there could be multiple potential Points of Interconnection, as requested by the Interconnection Customer and at the Interconnection Customer's cost.
- 9.0 A deposit of the lesser of 50 percent of good faith estimated feasibility study costs or earnest money of \$1,000 may be required from the Interconnection Customer.

- 10.0 Once the feasibility study is completed, a feasibility study report shall be prepared and transmitted to the Interconnection Customer. Barring unusual circumstances, the feasibility study must be completed and the feasibility study report transmitted within 30 Business Days of the Interconnection Customer's agreement to conduct a feasibility study.
- 11.0 Any study fees shall be based on the Transmission Provider's actual costs and will be invoiced to the Interconnection Customer after the study is completed and delivered and will include a summary of professional time.
- 12.0 The Interconnection Customer must pay any study costs that exceed the deposit without interest within 30 calendar days on receipt of the invoice or resolution of any dispute. If the deposit exceeds the invoiced fees, the Transmission Provider shall refund such excess within 30 calendar days of the invoice without interest.

13.0 Governing Law, Regulatory Authority, and Rules

The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the state of _____ (where the Point of Interconnection is located), without regard to its conflicts of law principles. This Agreement is subject to all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

14.0 Amendment

The Parties may amend this Agreement by a written instrument duly executed by both Parties.

15.0 No Third-Party Beneficiaries

This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons,

corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.

16.0 Waiver

16.1 The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

16.2 Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the Transmission Provider. Any waiver of this Agreement shall, if requested, be provided in writing.

17.0 Multiple Counterparts

This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

18.0 No Partnership

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

19.0 Severability

If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority, (1) such portion or provision shall be deemed separate and independent, (2) the Parties shall

negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

20.0 Subcontractors

Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party for the performance of such subcontractor.

- b. The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the Transmission Provider be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

20.2 The obligations under this article will not be limited in any way by any

limitation of subcontractor's insurance.

21.0 Reservation of Rights

The Transmission Provider shall have the right to make a unilateral filing with FERC to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and the Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Agreement under any applicable provision of the Federal Power Act and FERC's rules and regulations; provided that each Party

shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations, except to the extent that the Parties otherwise agree as provided herein.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of Transmission Provider]

[Insert name of Interconnection Customer]

Signed_____

Signed_____

Name (Printed):

Name (Printed):

Title_____

Title_____

**Attachment A to
Feasibility Study Agreement**

Assumptions Used in Conducting the Feasibility Study

The feasibility study will be based upon the information set forth in the Interconnection Request and agreed upon in the scoping meeting held on _____:

- 1) Designation of Point of Interconnection and configuration to be studied.

- 2) Designation of alternative Points of Interconnection and configuration.

1) and 2) are to be completed by the Interconnection Customer. Other assumptions (listed below) are to be provided by the Interconnection Customer and the Transmission Provider.

System Impact Study Agreement

THIS AGREEMENT is made and entered into this _____ day of _____
20____ by and between _____,
a _____ organized and existing under the laws of the
State of _____, ("Interconnection
Customer,") and _____, a _____
existing under the laws of the State of _____,
("Transmission Provider"). Interconnection Customer and Transmission Provider
each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, the Interconnection Customer is proposing to develop a Small
Generating Facility or generating capacity addition to an existing Small
Generating Facility consistent with the Interconnection Request completed by the
Interconnection Customer on _____; and

WHEREAS, the Interconnection Customer desires to interconnect the Small
Generating Facility with the Transmission Provider's Transmission System;

WHEREAS, the Transmission Provider has completed a feasibility study and
provided the results of said study to the Interconnection Customer (This recital to
be omitted if the Parties have agreed to forego the feasibility study.); and

WHEREAS, the Interconnection Customer has requested the Transmission
Provider to perform a system impact study(s) to assess the impact of

interconnecting the Small Generating Facility with the Transmission Provider's Transmission System, and of any Affected Systems;

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated or the meanings specified in the standard Small Generator Interconnection Procedures.
- 2.0 The Interconnection Customer elects and the Transmission Provider shall cause to be performed a system impact study(s) consistent with the standard Small Generator Interconnection Procedures in accordance with the Open Access Transmission Tariff.
- 3.0 The scope of a system impact study shall be subject to the assumptions set forth in Attachment A to this Agreement.
- 4.0 A system impact study will be based upon the results of the feasibility study and the technical information provided by Interconnection Customer in the Interconnection Request. The Transmission Provider reserves the right to request additional technical information from the Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the system impact study. If the Interconnection Customer modifies its designated Point of Interconnection, Interconnection Request, or the technical information provided therein is modified, the time to complete the system impact study may be extended.
- 5.0 A system impact study shall consist of a short circuit analysis, a stability analysis, a power flow analysis, voltage drop and flicker studies, protection and set point coordination studies, and grounding reviews, as necessary. A system impact study shall state the assumptions upon which it is based, state the results of the analyses, and provide the requirement or potential

impediments to providing the requested interconnection service, including a preliminary indication of the cost and length of time that would be necessary to correct any problems identified in those analyses and implement the interconnection. A system impact study shall provide a list of facilities that are required as a result of the Interconnection Request and non-binding good faith estimates of cost responsibility and time to construct.

- 6.0 A distribution system impact study shall incorporate a distribution load flow study, an analysis of equipment interrupting ratings, protection coordination study, voltage drop and flicker studies, protection and set point coordination studies, grounding reviews, and the impact on electric system operation, as necessary.
- 7.0 Affected Systems may participate in the preparation of a system impact study, with a division of costs among such entities as they may agree. All Affected Systems shall be afforded an opportunity to review and comment upon a system impact study that covers potential adverse system impacts on their electric systems, and the Transmission Provider has 20 additional Business Days to complete a system impact study requiring review by Affected Systems.
- 8.0 If the Transmission Provider uses a queuing procedure for sorting or prioritizing projects and their associated cost responsibilities for any required Network Upgrades, the system impact study shall consider all generating facilities (and with respect to paragraph 8.3 below, any identified Upgrades associated with such higher queued interconnection) that, on the date the system impact study is commenced –
 - 8.1 Are directly interconnected with the Transmission Provider's electric system; or
 - 8.2 Are interconnected with Affected Systems and may have an impact on the proposed interconnection; and

- 8.3 Have a pending higher queued Interconnection Request to interconnect with the Transmission Provider's electric system.
- 9.0 A distribution system impact study, if required, shall be completed and the results transmitted to the Interconnection Customer within 30 Business Days after this Agreement is signed by the Parties. A transmission system impact study, if required, shall be completed and the results transmitted to the Interconnection Customer within 45 Business Days after this Agreement is signed by the Parties, or in accordance with the Transmission Provider's queuing procedures.
- 10.0 A deposit of the equivalent of the good faith estimated cost of a distribution system impact study and the one half the good faith estimated cost of a transmission system impact study may be required from the Interconnection Customer.
- 11.0 Any study fees shall be based on the Transmission Provider's actual costs and will be invoiced to the Interconnection Customer after the study is completed and delivered and will include a summary of professional time.
- 12.0 The Interconnection Customer must pay any study costs that exceed the deposit without interest within 30 calendar days on receipt of the invoice or resolution of any dispute. If the deposit exceeds the invoiced fees, the Transmission Provider shall refund such excess within 30 calendar days of the invoice without interest.

13.0 Governing Law, Regulatory Authority, and Rules

The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the state of _____ (where the Point of Interconnection is located), without regard to its conflicts of law principles. This Agreement is subject

to all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

14.0 Amendment

The Parties may amend this Agreement by a written instrument duly executed by both Parties.

15.0 No Third-Party Beneficiaries

This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.

16.0 Waiver

16.1 The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

16.2 Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the Transmission Provider. Any waiver of this Agreement shall, if requested, be provided in writing.

17.0 Multiple Counterparts

This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

18.0 No Partnership

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

19.0 Severability

If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority, (1) such portion or provision shall be deemed separate and independent, (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

20.0 Subcontractors

Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party for the performance of such subcontractor.

20.1 The creation of any subcontract relationship shall not relieve the hiring

Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the Transmission Provider be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

20.2 The obligations under this article will not be limited in any way by any
limitation of subcontractor's insurance.

21.0 Reservation of Rights

The Transmission Provider shall have the right to make a unilateral filing with FERC to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and the Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Agreement under any applicable provision of the Federal Power Act and FERC's rules and regulations; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations, except to the extent that the Parties otherwise agree as provided herein.

IN WITNESS THEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of Transmission Provider]

**[Insert name of Interconnection
Customer]**

Signed_____

Signed_____

Name (Printed):

Name (Printed):

Title_____

Title_____

**Attachment A to System
Impact Study Agreement**

Assumptions Used in Conducting the System Impact Study

The system impact study shall be based upon the results of the feasibility study, subject to any modifications in accordance with the standard Small Generator Interconnection Procedures, and the following assumptions:

- 1) Designation of Point of Interconnection and configuration to be studied.

- 2) Designation of alternative Points of Interconnection and configuration.

1) and 2) are to be completed by the Interconnection Customer. Other assumptions (listed below) are to be provided by the Interconnection Customer and the Transmission Provider.

Facilities Study Agreement

THIS AGREEMENT is made and entered into this _____ day of _____
20____ by and between _____,
a _____ organized and existing under the laws of the State of _____,
("Interconnection Customer,") and _____, a _____
existing under the laws of the State of _____,
("Transmission Provider"). Interconnection Customer and Transmission Provider
each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, the Interconnection Customer is proposing to develop a Small
Generating Facility or generating capacity addition to an existing Small
Generating Facility consistent with the Interconnection Request completed by the
Interconnection Customer on _____; and

WHEREAS, the Interconnection Customer desires to interconnect the Small
Generating Facility with the Transmission Provider's Transmission System;

WHEREAS, the Transmission Provider has completed a system impact study
and provided the results of said study to the Interconnection Customer; and

WHEREAS, the Interconnection Customer has requested the Transmission
Provider to perform a facilities study to specify and estimate the cost of the

equipment, engineering, procurement and construction work needed to implement the conclusions of the system impact study in accordance with Good Utility Practice to physically and electrically connect the Small Generating Facility with the Transmission Provider's Transmission System.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated or the meanings specified in the standard Small Generator Interconnection Procedures.
- 2.0 The Interconnection Customer elects and the Transmission Provider shall cause a facilities study consistent with the standard Small Generator Interconnection Procedures to be performed in accordance with the Open Access Transmission Tariff.
- 3.0 The scope of the facilities study shall be subject to data provided in Attachment A to this Agreement.
- 4.0 The facilities study shall specify and estimate the cost of the equipment, engineering, procurement and construction work (including overheads) needed to implement the conclusions of the system impact study(s). The facilities study shall also identify (1) the electrical switching configuration of the equipment, including, without limitation, transformer, switchgear, meters, and other station equipment, (2) the nature and estimated cost of the Transmission Provider's Interconnection Facilities and Upgrades necessary to accomplish the interconnection, and (3) an estimate of the time required to complete the construction and installation of such facilities.
- 5.0 The Transmission Provider may propose to group facilities required for more than one Interconnection Customer in order to minimize facilities

costs through economies of scale, but any Interconnection Customer may require the installation of facilities required for its own Small Generating Facility if it is willing to pay the costs of those facilities.

6.0 A deposit of the good faith estimated facilities study costs may be required from the Interconnection Customer.

7.0 In cases where Upgrades are required, the facilities study must be completed within 45 Business Days of the receipt of this Agreement. In cases where no Upgrades are necessary, and the required facilities are limited to Interconnection Facilities, the facilities study must be completed within 30 Business Days.

8.0 Once the facilities study is completed, a facilities study report shall be prepared and transmitted to the Interconnection Customer. Barring unusual circumstances, the facilities study must be completed and the facilities study report transmitted within 30 Business Days of the Interconnection Customer's agreement to conduct a facilities study.

9.0 Any study fees shall be based on the Transmission Provider's actual costs and will be invoiced to the Interconnection Customer after the study is completed and delivered and will include a summary of professional time.

10.0 The Interconnection Customer must pay any study costs that exceed the deposit without interest within 30 calendar days on receipt of the invoice or resolution of any dispute. If the deposit exceeds the invoiced fees, the Transmission Provider shall refund such excess within 30 calendar days of the invoice without interest.

11.0 Governing Law, Regulatory Authority, and Rules

The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the state of

_____ (where the Point of Interconnection is located), without regard to its conflicts of law principles. This Agreement is subject to all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

12.0 Amendment

The Parties may amend this Agreement by a written instrument duly executed by both Parties.

13.0 No Third-Party Beneficiaries

This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.

14.0 Waiver

14.1 The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

14.2 Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the Transmission Provider. Any waiver of this Agreement shall, if requested, be provided in writing.

15.0 Multiple Counterparts

This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

16.0 No Partnership

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

17.0 Severability

If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority, (1) such portion or provision shall be deemed separate and independent, (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

18.0 Subcontractors

Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party for the performance of such subcontractor.

18.1 The creation of any subcontract relationship shall not relieve the hiring

Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the Transmission Provider be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

18.2 The obligations under this article will not be limited in any way by any

limitation of subcontractor's insurance.

19.0 Reservation of Rights

The Transmission Provider shall have the right to make a unilateral filing with FERC to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and the Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Agreement under any applicable provision of the Federal Power Act and FERC's rules and regulations; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations, except to the extent that the Parties otherwise agree as provided herein.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of Transmission Provider]

[Insert name of Interconnection Customer]

Signed_____

Signed_____

Name (Printed):

Name (Printed):

Title_____

Title_____

**Data to Be Provided by the Interconnection Customer
with the Facilities Study Agreement**

Provide location plan and simplified one-line diagram of the plant and station facilities. For staged projects, please indicate future generation, transmission circuits, etc.

On the one-line diagram, indicate the generation capacity attached at each metering location. (Maximum load on CT/PT)

On the one-line diagram, indicate the location of auxiliary power.
(Minimum load on CT/PT) Amps

One set of metering is required for each generation connection to the new ring bus or existing Transmission Provider station. Number of generation connections: _____

Will an alternate source of auxiliary power be available during CT/PT maintenance?

Yes _____ No _____

Will a transfer bus on the generation side of the metering require that each meter set be designed for the total plant generation? Yes _____ No _____

(Please indicate on the one-line diagram).

What type of control system or PLC will be located at the Small Generating Facility?

What protocol does the control system or PLC use?

Please provide a 7.5-minute quadrangle map of the site. Indicate the plant, station, transmission line, and property lines.

Physical dimensions of the proposed interconnection station:

Bus length from generation to interconnection station:

Line length from interconnection station to Transmission Provider's Transmission System.

Tower number observed in the field. (Painted on tower leg)*:

Number of third party easements required for transmission lines*:

* To be completed in coordination with Transmission Provider.

Is the Small Generating Facility located in Transmission Provider's service area?

Yes _____ No _____ If No, please provide name of local provider:

Please provide the following proposed schedule dates:

Begin Construction

Date: _____

Generator step-up transformers

Date: _____

receive back feed power

Generation Testing

Date:_____

Commercial Operation

Date:_____

ATTACHMENT R

SMALL GENERATOR

INTERCONNECTION AGREEMENT (SGIA)

(For Generating Facilities No Larger Than 20 MW)

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Attachment 5 – Additional Operating Requirements for the Transmission Provider's Transmission System and Affected Systems Needed to Support the Interconnection Customer's Needs

Attachment 6 – Transmission Provider's Description of its Upgrades and Best Estimate of Upgrade Costs

This Interconnection Agreement ("Agreement") is made and entered into this _____ day of _____, 20__, by _____

("Transmission Provider"), and _____

("Interconnection Customer") each hereinafter sometimes referred to individually as "Party" or both referred to collectively as the "Parties."

Transmission Provider Information

Transmission Provider: _____

Attention: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone: _____ Fax: _____

Interconnection Customer Information

Interconnection Customer: _____

Attention: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone: _____ Fax: _____

Interconnection Customer Application No: _____

In consideration of the mutual covenants set forth herein, the Parties agree as follows:

Article 1. Scope and Limitations of Agreement

- 1.1 This Agreement shall be used for all Interconnection Requests submitted under the Small Generator Interconnection Procedures (SGIP) except for those submitted under the 10 kW Inverter Process contained in SGIP Attachment 5.
- 1.2 This Agreement governs the terms and conditions under which the Interconnection Customer's Small Generating Facility will interconnect with, and operate in parallel with, the Transmission Provider's Transmission System.
- 1.3 This Agreement does not constitute an agreement to purchase or deliver the Interconnection Customer's power. The purchase or delivery of power

and other services that the Interconnection Customer may require will be covered under separate agreements, if any. The Interconnection Customer will be responsible for separately making all necessary arrangements (including scheduling) for delivery of electricity with the applicable Transmission Provider.

- 1.4 Nothing in this Agreement is intended to affect any other agreement between the Transmission Provider and the Interconnection Customer.

- 1.5 Responsibilities of the Parties

- 1.5.1 The Parties shall perform all obligations of this Agreement in accordance with all Applicable Laws and Regulations, Operating Requirements, and Good Utility Practice.

- 1.5.2 The Interconnection Customer shall construct, interconnect, operate and maintain its Small Generating Facility and construct, operate, and maintain its Interconnection Facilities in accordance with the applicable manufacturer's recommended maintenance schedule, and in accordance with this Agreement, and with Good Utility Practice.

- 1.5.3 The Transmission Provider shall construct, operate, and maintain its Transmission System and Interconnection Facilities in accordance with this Agreement, and with Good Utility Practice.

- 1.5.4 The Interconnection Customer agrees to construct its facilities or systems in accordance with applicable specifications that meet or exceed those provided by the National Electrical Safety Code, the American National Standards Institute, IEEE, Underwriter's Laboratory, and Operating Requirements in effect at the time of construction and other applicable national and state codes and standards. The Interconnection Customer agrees to design, install,

maintain, and operate its Small Generating Facility so as to reasonably minimize the likelihood of a disturbance adversely affecting or impairing the system or equipment of the Transmission Provider and any Affected Systems.

1.5.5 Each Party shall operate, maintain, repair, and inspect, and shall be fully responsible for the facilities that it now or subsequently may own unless otherwise specified in the Attachments to this Agreement. Each Party shall be responsible for the safe installation, maintenance, repair and condition of their respective lines and appurtenances on their respective sides of the point of change of ownership. The Transmission Provider and the Interconnection Customer, as appropriate, shall provide Interconnection Facilities that adequately protect the Transmission Provider's Transmission System, personnel, and other persons from damage and injury. The allocation of responsibility for the design, installation, operation, maintenance and ownership of Interconnection Facilities shall be delineated in the Attachments to this Agreement.

1.5.6 The Transmission Provider shall coordinate with all Affected Systems to support the interconnection.

1.6 Parallel Operation Obligations

Once the Small Generating Facility has been authorized to commence parallel operation, the Interconnection Customer shall abide by all rules and procedures pertaining to the parallel operation of the Small Generating Facility in the applicable control area, including, but not limited to; 1) the rules and procedures concerning the operation of generation set forth in the Tariff or by the applicable system operator(s) for the Transmission Provider's Transmission System and; 2) the Operating Requirements set forth in Attachment 5 of this Agreement.

1.7 Metering

The Interconnection Customer shall be responsible for the Transmission Provider's reasonable and necessary cost for the purchase, installation, operation, maintenance, testing, repair, and replacement of metering and data acquisition equipment specified in Attachments 2 and 3 of this Agreement. The Interconnection Customer's metering (and data acquisition, as required) equipment shall conform to applicable industry rules and Operating Requirements.

1.8 Reactive Power

- 1.8.1 The Interconnection Customer shall design its Small Generating Facility to maintain a composite power delivery at continuous rated power output at the Point of Interconnection at a power factor within the range of 0.95 leading to 0.95 lagging, unless the Transmission Provider has established different requirements that apply to all similarly situated generators in the control area on a comparable basis. The requirements of this paragraph shall not apply to wind generators.
- 1.8.2 The Transmission Provider is required to pay the Interconnection Customer for reactive power that the Interconnection Customer provides or absorbs from the Small Generating Facility when the Transmission Provider requests the Interconnection Customer to operate its Small Generating Facility outside the range specified in article 1.8.1. In addition, if the Transmission Provider pays its own or affiliated generators for reactive power service within the specified range, it must also pay the Interconnection Customer.
- 1.8.3 Payments shall be in accordance with the Interconnection Customer's applicable rate schedule then in effect unless the provision of such service(s) is subject to a regional transmission organization or independent system operator FERC-approved rate schedule. To the extent that no rate schedule is in effect at the time the Interconnection Customer is required to provide or absorb reactive power under this Agreement, the Parties agree to

expeditiously file such rate schedule and agree to support any request for waiver of the Commission's prior notice requirement in order to compensate the Interconnection Customer from the time service commenced.

- 1.9 Capitalized terms used herein shall have the meanings specified in the Glossary of Terms in Attachment 1 or the body of this Agreement.

Article 2. Inspection, Testing, Authorization, and Right of Access

2.1 Equipment Testing and Inspection

- 2.1.1 The Interconnection Customer shall test and inspect its Small Generating Facility and Interconnection Facilities prior to interconnection. The Interconnection Customer shall notify the Transmission Provider of such activities no fewer than five Business Days (or as may be agreed to by the Parties) prior to such testing and inspection. Testing and inspection shall occur on a Business Day. The Transmission Provider may, at its own expense, send qualified personnel to the Small Generating Facility site to inspect the interconnection and observe the testing. The Interconnection Customer shall provide the Transmission Provider a written test report when such testing and inspection is completed.
- 2.1.2 The Transmission Provider shall provide the Interconnection Customer written acknowledgment that it has received the Interconnection Customer's written test report. Such written acknowledgment shall not be deemed to be or construed as any representation, assurance, guarantee, or warranty by the Transmission Provider of the safety, durability, suitability, or reliability of the Small Generating Facility or any associated control, protective, and safety devices owned or controlled by the Interconnection Customer or the quality of power produced by the Small Generating Facility.

2.2 Authorization Required Prior to Parallel Operation

2.2.1 The Transmission Provider shall use Reasonable Efforts to list applicable parallel operation requirements in Attachment 5 of this Agreement. Additionally, the Transmission Provider shall notify the Interconnection Customer of any changes to these requirements as soon as they are known. The Transmission Provider shall make Reasonable Efforts to cooperate with the Interconnection Customer in meeting requirements necessary for the Interconnection Customer to commence parallel operations by the in-service date.

2.2.2 The Interconnection Customer shall not operate its Small Generating Facility in parallel with the Transmission Provider's Transmission System without prior written authorization of the Transmission Provider. The Transmission Provider will provide such authorization once the Transmission Provider receives notification that the Interconnection Customer has complied with all applicable parallel operation requirements. Such authorization shall not be unreasonably withheld, conditioned, or delayed.

2.3 Right of Access

2.3.1 Upon reasonable notice, the Transmission Provider may send a qualified person to the premises of the Interconnection Customer at or immediately before the time the Small Generating Facility first produces energy to inspect the interconnection, and observe the commissioning of the Small Generating Facility (including any required testing), startup, and operation for a period of up to three Business Days after initial start-up of the unit. In addition, the Interconnection Customer shall notify the Transmission Provider at least five Business Days prior to conducting any on-site verification testing of the Small Generating Facility.

2.3.2 Following the initial inspection process described above, at reasonable hours, and upon reasonable notice, or at any time without notice in the event of an emergency or hazardous condition, the Transmission Provider shall have access to the Interconnection Customer's premises for any reasonable purpose in connection with the performance of the obligations imposed on it by this Agreement or if necessary to meet its legal obligation to provide service to its customers.

2.3.3 Each Party shall be responsible for its own costs associated with following this article.

Article 3. Effective Date, Term, Termination, and Disconnection

3.1 Effective Date

This Agreement shall become effective upon execution by the Parties subject to acceptance by FERC (if applicable), or if filed unexecuted, upon the date specified by the FERC. The Transmission Provider shall promptly file this Agreement with the FERC upon execution, if required.

3.2 Term of Agreement

This Agreement shall become effective on the Effective Date and shall remain in effect for a period of ten years from the Effective Date or such other longer period as the Interconnection Customer may request and shall be automatically renewed for each successive one-year period thereafter, unless terminated earlier in accordance with article 3.3 of this Agreement.

3.3 Termination

No termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination,

including the filing with FERC of a notice of termination of this Agreement (if required), which notice has been accepted for filing by FERC.

3.3.1 The Interconnection Customer may terminate this Agreement at any time by giving the Transmission Provider 20 Business Days written notice.

3.3.2 Either Party may terminate this Agreement after Default pursuant to article 7.6.

3.3.3 Upon termination of this Agreement, the Small Generating Facility will be disconnected from the Transmission Provider's Transmission System. All costs required to effectuate such disconnection shall be borne by the terminating Party, unless such termination resulted from the non-terminating Party's Default of this SGIA or such non-terminating Party otherwise is responsible for these costs under this SGIA.

3.3.4 The termination of this Agreement shall not relieve either Party of its liabilities and obligations, owed or continuing at the time of the termination

3.3.5 This provisions of this article shall survive termination or expiration of this Agreement.

3.4 Temporary Disconnection

Temporary disconnection shall continue only for so long as reasonably necessary under Good Utility Practice.

3.4.1 Emergency Conditions -- "Emergency Condition" shall mean a condition or situation: (1) that in the judgment of the Party making

the claim is imminently likely to endanger life or property; or (2) that, in the case of the Transmission Provider, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to the Transmission System, the Transmission Provider's Interconnection Facilities or the Transmission Systems of others to which the Transmission System is directly connected; or (3) that, in the case of the Interconnection Customer, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Small Generating Facility or the Interconnection Customer's Interconnection Facilities. Under Emergency Conditions, the Transmission Provider may immediately suspend interconnection service and temporarily disconnect the Small Generating Facility. The Transmission Provider shall notify the Interconnection Customer promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Interconnection Customer's operation of the Small Generating Facility. The Interconnection Customer shall notify the Transmission Provider promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Transmission Provider's Transmission System or any Affected Systems. To the extent information is known, the notification shall describe the Emergency Condition, the extent of the damage or deficiency, the expected effect on the operation of both Parties' facilities and operations, its anticipated duration, and the necessary corrective action.

3.4.2 Routine Maintenance, Construction, and Repair

The Transmission Provider may interrupt interconnection service or curtail the output of the Small Generating Facility and temporarily disconnect the Small Generating Facility from the Transmission Provider's Transmission System when necessary for routine maintenance, construction, and repairs on the Transmission Provider's Transmission System. The Transmission Provider shall provide the Interconnection Customer with five Business Days notice prior to such interruption. The Transmission Provider shall use Reasonable Efforts to coordinate such reduction or temporary disconnection with the Interconnection Customer.

3.4.3 Forced Outages

During any forced outage, the Transmission Provider may suspend interconnection service to effect immediate repairs on the Transmission Provider's Transmission System. The Transmission Provider shall use Reasonable Efforts to provide the Interconnection Customer with prior notice. If prior notice is not given, the Transmission Provider shall, upon request, provide the Interconnection Customer written documentation after the fact explaining the circumstances of the disconnection.

3.4.4 Adverse Operating Effects

The Transmission Provider shall notify the Interconnection Customer as soon as practicable if, based on Good Utility Practice, operation of the Small Generating Facility may cause disruption or deterioration of service to other customers served from the same electric system, or if operating the Small Generating Facility could cause damage to the Transmission Provider's Transmission System or Affected Systems. Supporting documentation used to reach the decision to disconnect shall be provided to the Interconnection Customer upon request. If, after notice, the Interconnection Customer fails to remedy the adverse operating effect within a reasonable time, the Transmission Provider may disconnect the Small Generating Facility. The Transmission Provider shall provide the Interconnection Customer with five Business Day notice of such disconnection, unless the provisions of article 3.4.1 apply.

3.4.5 Modification of the Small Generating Facility

The Interconnection Customer must receive written authorization from the Transmission Provider before making any change to the Small Generating Facility that may have a material impact on the safety or reliability of the Transmission System. Such authorization shall not be unreasonably withheld. Modifications shall be done in accordance with Good Utility Practice. If the Interconnection

Customer makes such modification without the Transmission Provider's prior written authorization, the latter shall have the right to temporarily disconnect the Small Generating Facility.

3.4.6 Reconnection

The Parties shall cooperate with each other to restore the Small Generating Facility, Interconnection Facilities, and the Transmission Provider's Transmission System to their normal operating state as soon as reasonably practicable following a temporary disconnection.

Article 4. Cost Responsibility for Interconnection Facilities and Distribution Upgrades

4.1 Interconnection Facilities

4.1.1 The Interconnection Customer shall pay for the cost of the Interconnection Facilities itemized in Attachment 2 of this Agreement. The Transmission Provider shall provide a best estimate cost, including overheads, for the purchase and construction of its Interconnection Facilities and provide a detailed itemization of such costs. Costs associated with Interconnection Facilities may be shared with other entities that may benefit from such facilities by agreement of the Interconnection Customer, such other entities, and the Transmission Provider.

4.1.2 The Interconnection Customer shall be responsible for its share of all reasonable expenses, including overheads, associated with (1) owning, operating, maintaining, repairing, and replacing its own Interconnection Facilities, and (2) operating, maintaining, repairing, and replacing the Transmission Provider's Interconnection Facilities.

4.2 Distribution Upgrades

The Transmission Provider shall design, procure, construct, install, and own the Distribution Upgrades described in Attachment 6 of this Agreement. If the Transmission Provider and the Interconnection Customer agree, the Interconnection Customer may construct Distribution Upgrades that are located on land owned by the Interconnection Customer. The actual cost of the Distribution Upgrades, including overheads, shall be directly assigned to the Interconnection Customer.

Article 5. Cost Responsibility for Network Upgrades

5.1 Applicability

No portion of this article 5 shall apply unless the interconnection of the Small Generating Facility requires Network Upgrades.

5.2 Network Upgrades

The Transmission Provider or the Transmission Owner shall design, procure, construct, install, and own the Network Upgrades described in Attachment 6 of this Agreement. If the Transmission Provider and the Interconnection Customer agree, the Interconnection Customer may construct Network Upgrades that are located on land owned by the Interconnection Customer. Unless the Transmission Provider elects to pay for Network Upgrades, the actual cost of the Network Upgrades, including overheads, shall be borne initially by the Interconnection Customer.

5.2.1 Repayment of Amounts Advanced for Network Upgrades

The Interconnection Customer shall be entitled to a cash repayment, equal to the total amount paid to the Transmission Provider and Affected System operator, if any, for Network

Upgrades, including any tax gross-up or other tax-related payments associated with the Network Upgrades, and not otherwise refunded to the Interconnection Customer, to be paid to the Interconnection Customer on a dollar-for-dollar basis for the non-usage sensitive portion of transmission charges, as payments are made under the Transmission Provider's Tariff and Affected System's Tariff for transmission services with respect to the Small Generating Facility. Any repayment shall include interest calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. § 35.19a(a)(2)(iii) from the date of any payment for Network Upgrades through the date on which the Interconnection Customer receives a repayment of such payment pursuant to this subparagraph. The Interconnection Customer may assign such repayment rights to any person.

5.2.1.1 Notwithstanding the foregoing, the Interconnection Customer, the Transmission Provider, and any applicable Affected System operators may adopt any alternative payment schedule that is mutually agreeable so long as the Transmission Provider and said Affected System operators take one of the following actions no later than five years from the Commercial Operation Date: (1) return to the Interconnection Customer any amounts advanced for Network Upgrades not previously repaid, or (2) declare in writing that the Transmission Provider or any applicable Affected System operators will continue to provide payments to the Interconnection Customer on a dollar-for-dollar basis for the non-usage sensitive portion of transmission charges, or develop an alternative schedule that is mutually agreeable and provides for the return of all amounts advanced for Network Upgrades not previously repaid; however, full reimbursement shall not extend beyond twenty (20) years from the commercial operation date.

5.2.1.2 If the Small Generating Facility fails to achieve commercial operation, but it or another generating facility is later constructed and requires use of the Network Upgrades, the Transmission Provider and Affected System operator shall at that time reimburse the Interconnection Customer for the amounts advanced for the Network Upgrades. Before any such reimbursement can occur, the Interconnection Customer, or the entity that ultimately constructs the generating facility, if different, is responsible for identifying the entity to which reimbursement must be made.

5.3 Special Provisions for Affected Systems

Unless the Transmission Provider provides, under this Agreement, for the repayment of amounts advanced to any applicable Affected System operators for Network Upgrades, the Interconnection Customer and Affected System operator shall enter into an agreement that provides for such repayment. The agreement shall specify the terms governing payments to be made by the Interconnection Customer to Affected System operator as well as the repayment by Affected System operator.

5.4 Rights Under Other Agreements

Notwithstanding any other provision of this Agreement, nothing herein shall be construed as relinquishing or foreclosing any rights, including but not limited to firm transmission rights, capacity rights, transmission congestion rights, or transmission credits, that the Interconnection Customer shall be entitled to, now or in the future, under any other agreement or tariff as a result of, or otherwise associated with, the transmission capacity, if any, created by the Network Upgrades, including the right to obtain cash reimbursements or transmission credits for transmission service that is not associated with the Small Generating Facility.

Article 6. Billing, Payment, Milestones, and Financial Security

6.1 Billing and Payment Procedures and Final Accounting

6.1.1 The Transmission Provider shall bill the Interconnection Customer for the design, engineering, construction, and procurement costs of Interconnection Facilities and Upgrades contemplated by this Agreement on a monthly basis, or as otherwise agreed by the Parties. The Interconnection Customer shall pay each bill within 30 calendar days of receipt, or as otherwise agreed to by the Parties.

6.1.2 Within three months of completing the construction and installation of the Transmission Provider's Interconnection Facilities and/or Upgrades described in the Attachments to this Agreement, the Transmission Provider shall provide the Interconnection Customer with a final accounting report of any difference between (1) the Interconnection Customer's cost responsibility for the actual cost of such facilities or Upgrades, and (2) the Interconnection Customer's previous aggregate payments to the Transmission Provider for such facilities or Upgrades. If the Interconnection Customer's cost responsibility exceeds its previous aggregate payments, the Transmission Provider shall invoice the Interconnection Customer for the amount due and the Interconnection Customer shall make payment to the Transmission Provider within 30 calendar days. If the Interconnection Customer's previous aggregate payments exceed its cost responsibility under this Agreement, the Transmission Provider shall refund to the Interconnection Customer an amount equal to the difference within 30 calendar days of the final accounting report.

6.2 Milestones

The Parties shall agree on milestones for which each Party is responsible and list them in Attachment 4 of this Agreement. A Party's obligations under this provision may be extended by agreement. If a Party anticipates that it will be unable to meet a milestone for any reason other than a Force Majeure Event, it shall immediately notify the other Party of the reason(s)

for not meeting the milestone and (1) propose the earliest reasonable alternate date by which it can attain this and future milestones, and (2) requesting appropriate amendments to Attachment 4. The Party affected by the failure to meet a milestone shall not unreasonably withhold agreement to such an amendment unless it will suffer significant uncompensated economic or operational harm from the delay, (2) attainment of the same milestone has previously been delayed, or (3) it has reason to believe that the delay in meeting the milestone is intentional or unwarranted notwithstanding the circumstances explained by the Party proposing the amendment.

6.3 Financial Security Arrangements

At least 20 Business Days prior to the commencement of the design, procurement, installation, or construction of a discrete portion of the Transmission Provider's Interconnection Facilities and Upgrades, the Interconnection Customer shall provide the Transmission Provider, at the Interconnection Customer's option, a guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to the Transmission Provider and is consistent with the Uniform Commercial Code of the jurisdiction where the Point of Interconnection is located. Such security for payment shall be in an amount sufficient to cover the costs for constructing, designing, procuring, and installing the applicable portion of the Transmission Provider's Interconnection Facilities and Upgrades and shall be reduced on a dollar-for-dollar basis for payments made to the Transmission Provider under this Agreement during its term. In addition:

6.3.1 The guarantee must be made by an entity that meets the creditworthiness requirements of the Transmission Provider, and contain terms and conditions that guarantee payment of any amount that may be due from the Interconnection Customer, up to an agreed-to maximum amount.

6.3.2 The letter of credit or surety bond must be issued by a financial institution or insurer reasonably acceptable to the

Transmission Provider and must specify a reasonable expiration date.

Article 7. Assignment, Liability, Indemnity, Force Majeure, Consequential Damages, and Default

7.1 Assignment

This Agreement may be assigned by either Party upon 15 Business Days prior written notice and opportunity to object by the other Party; provided that:

- 7.1.1 Either Party may assign this Agreement without the consent of the other Party to any affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Agreement, provided that the Interconnection Customer promptly notifies the Transmission Provider of any such assignment;
- 7.1.2 The Interconnection Customer shall have the right to assign this Agreement, without the consent of the Transmission Provider, for collateral security purposes to aid in providing financing for the Small Generating Facility, provided that the Interconnection Customer will promptly notify the Transmission Provider of any such assignment.
- 7.1.3 Any attempted assignment that violates this article is void and ineffective. Assignment shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. An assignee is responsible for meeting the same financial, credit, and insurance obligations as the Interconnection Customer. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

7.2 Limitation of Liability

Each Party's liability to the other Party for any loss, cost, claim, injury, liability, or expense, including reasonable attorney's fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall either Party be liable to the other Party for any indirect, special, consequential, or punitive damages, except as authorized by this Agreement.

7.3 Indemnity

7.3.1 This provision protects each Party from liability incurred to third parties as a result of carrying out the provisions of this Agreement. Liability under this provision is exempt from the general limitations on liability found in article 7.2.

7.3.2 The Parties shall at all times indemnify, defend, and hold the other Party harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's action or failure to meet its obligations under this Agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.

7.3.3 If an indemnified person is entitled to indemnification under this article as a result of a claim by a third party, and the indemnifying Party fails, after notice and reasonable opportunity to proceed under this article, to assume the defense of such claim, such indemnified person may at the expense of the indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.

7.3.4 If an indemnifying party is obligated to indemnify and hold any indemnified person harmless under this article, the amount owing to the indemnified person shall be the amount of such indemnified person's actual loss, net of any insurance or other recovery.

7.3.5 Promptly after receipt by an indemnified person of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in this article may apply, the indemnified person shall notify the indemnifying party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the indemnifying party.

7.4 Consequential Damages

Other than as expressly provided for in this Agreement, neither Party shall be liable under any provision of this Agreement for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to the other Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

7.5 Force Majeure

7.5.1 As used in this article, a Force Majeure Event shall mean "any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A

Force Majeure Event does not include an act of negligence or intentional wrongdoing."

7.5.2 If a Force Majeure Event prevents a Party from fulfilling any obligations under this Agreement, the Party affected by the Force Majeure Event (Affected Party) shall promptly notify the other Party, either in writing or via the telephone, of the existence of the Force Majeure Event. The notification must specify in reasonable detail the circumstances of the Force Majeure Event, its expected duration, and the steps that the Affected Party is taking to mitigate the effects of the event on its performance. The Affected Party shall keep the other Party informed on a continuing basis of developments relating to the Force Majeure Event until the event ends. The Affected Party will be entitled to suspend or modify its performance of obligations under this Agreement (other than the obligation to make payments) only to the extent that the effect of the Force Majeure Event cannot be mitigated by the use of Reasonable Efforts. The Affected Party will use Reasonable Efforts to resume its performance as soon as possible.

7.6 Default

7.6.1 No Default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of a Force Majeure Event as defined in this Agreement or the result of an act or omission of the other Party. Upon a Default, the non-defaulting Party shall give written notice of such Default to the defaulting Party. Except as provided in article 7.6.2, the defaulting Party shall have 60 calendar days from receipt of the Default notice within which to cure such Default; provided however, if such Default is not capable of cure within 60 calendar days, the defaulting Party shall commence such cure within 20 calendar days after notice and continuously and diligently complete such cure within six months from receipt of the Default notice; and, if cured within such time, the Default specified in such notice shall cease to exist.

7.6.2 If a Default is not cured as provided in this article, or if a Default is not capable of being cured within the period provided for herein, the non-defaulting Party shall have the right to terminate this Agreement by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not that Party terminates this Agreement, to recover from the defaulting Party all amounts due hereunder, plus all other damages and remedies to which it is entitled at law or in equity. The provisions of this article will survive termination of this Agreement.

Article 8. Insurance

- 8.1 The Interconnection Customer shall, at its own expense, maintain in force general liability insurance without any exclusion for liabilities related to the interconnection undertaken pursuant to this Agreement. The amount of such insurance shall be sufficient to insure against all reasonably foreseeable direct liabilities given the size and nature of the generating equipment being interconnected, the interconnection itself, and the characteristics of the system to which the interconnection is made. The Interconnection Customer shall obtain additional insurance only if necessary as a function of owning and operating a generating facility. Such insurance shall be obtained from an insurance provider authorized to do business in the State where the interconnection is located. Certification that such insurance is in effect shall be provided upon request of the Transmission Provider, except that the Interconnection Customer shall show proof of insurance to the Transmission Provider no later than ten Business Days prior to the anticipated commercial operation date. An Interconnection Customer of sufficient credit-worthiness may propose to self-insure for such liabilities, and such a proposal shall not be unreasonably rejected.
- 8.2 The Transmission Provider agrees to maintain general liability insurance or self-insurance consistent with the Transmission Provider's commercial practice. Such insurance or self-insurance shall not exclude coverage for the Transmission Provider's liabilities undertaken pursuant to this Agreement.

- 8.3 The Parties further agree to notify each other whenever an accident or incident occurs resulting in any injuries or damages that are included within the scope of coverage of such insurance, whether or not such coverage is sought.

Article 9. Confidentiality

- 9.1 Confidential Information shall mean any confidential and/or proprietary information provided by one Party to the other Party that is clearly marked or otherwise designated "Confidential." For purposes of this Agreement all design, operating specifications, and metering data provided by the Interconnection Customer shall be deemed Confidential Information regardless of whether it is clearly marked or otherwise designated as such.
- 9.2 Confidential Information does not include information previously in the public domain, required to be publicly submitted or divulged by Governmental Authorities (after notice to the other Party and after exhausting any opportunity to oppose such publication or release), or necessary to be divulged in an action to enforce this Agreement. Each Party receiving Confidential Information shall hold such information in confidence and shall not disclose it to any third party nor to the public without the prior written authorization from the Party providing that information, except to fulfill obligations under this Agreement, or to fulfill legal or regulatory requirements.
- 9.2.1 Each Party shall employ at least the same standard of care to protect Confidential Information obtained from the other Party as it employs to protect its own Confidential Information.
- 9.2.2 Each Party is entitled to equitable relief, by injunction or otherwise, to enforce its rights under this provision to prevent the release of Confidential Information without bond or proof of damages, and may seek other remedies available at law or in equity for breach of this provision.

- 9.3 Notwithstanding anything in this article to the contrary, and pursuant to 18 CFR § 1b.20, if FERC, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to this Agreement, the Party shall provide the requested information to FERC, within the time provided for in the request for information. In providing the information to FERC, the Party may, consistent with 18 CFR § 388.112, request that the information be treated as confidential and non-public by FERC and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Party to this Agreement prior to the release of the Confidential Information to FERC. The Party shall notify the other Party to this Agreement when it is notified by FERC that a request to release Confidential Information has been received by FERC, at which time either of the Parties may respond before such information would be made public, pursuant to 18 CFR § 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner if consistent with the applicable state rules and regulations.

Article 10. Disputes

- 10.1 The Parties agree to attempt to resolve all disputes arising out of the interconnection process according to the provisions of this article.
- 10.2 In the event of a dispute, either Party shall provide the other Party with a written Notice of Dispute. Such Notice shall describe in detail the nature of the dispute.
- 10.3 If the dispute has not been resolved within two Business Days after receipt of the Notice, either Party may contact FERC's Dispute Resolution Service (DRS) for assistance in resolving the dispute.
- 10.4 The DRS will assist the Parties in either resolving their dispute or in selecting an appropriate dispute resolution venue (e.g., mediation, settlement judge, early neutral evaluation, or technical expert) to assist the

Parties in resolving their dispute. DRS can be reached at 1-877-337-2237 or via the internet at <http://www.ferc.gov/legal/adr.asp>.

- 10.5 Each Party agrees to conduct all negotiations in good faith and will be responsible for one-half of any costs paid to neutral third-parties.
- 10.6 If neither Party elects to seek assistance from the DRS, or if the attempted dispute resolution fails, then either Party may exercise whatever rights and remedies it may have in equity or law consistent with the terms of this Agreement.

Article 11. Taxes

- 11.1 The Parties agree to follow all applicable tax laws and regulations, consistent with FERC policy and Internal Revenue Service requirements.
- 11.2 Each Party shall cooperate with the other to maintain the other Party's tax status. Nothing in this Agreement is intended to adversely affect the Transmission Provider's tax exempt status with respect to the issuance of bonds including, but not limited to, local furnishing bonds.

Article 12. Miscellaneous

12.1 Governing Law, Regulatory Authority, and Rules

The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the state of _____ (where the Point of Interconnection is located), without regard to its conflicts of law principles. This Agreement is subject to all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

12.2 Amendment

The Parties may amend this Agreement by a written instrument duly executed by both Parties, or under article 12.12 of this Agreement.

12.3 No Third-Party Beneficiaries

This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.

12.4 Waiver

12.4.1 The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

12.4.2 Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the Transmission Provider. Any waiver of this Agreement shall, if requested, be provided in writing.

12.5 Entire Agreement

This Agreement, including all Attachments, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this Agreement. There are no other agreements,

representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, either Party's compliance with its obligations under this Agreement.

12.6 Multiple Counterparts

This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

12.7 No Partnership

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

12.8 Severability

If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority, (1) such portion or provision shall be deemed separate and independent, (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

12.9 Security Arrangements

Infrastructure security of electric system equipment and operations and control hardware and software is essential to ensure day-to-day reliability and operational security. FERC expects all Transmission Providers, market participants, and Interconnection Customers interconnected to electric systems to comply with the recommendations offered by the President's Critical Infrastructure Protection Board and, eventually, best

practice recommendations from the electric reliability authority. All public utilities are expected to meet basic standards for system infrastructure and operational security, including physical, operational, and cyber-security practices.

12.10 Environmental Releases

Each Party shall notify the other Party, first orally and then in writing, of the release of any hazardous substances, any asbestos or lead abatement activities, or any type of remediation activities related to the Small Generating Facility or the Interconnection Facilities, each of which may reasonably be expected to affect the other Party. The notifying Party shall (1) provide the notice as soon as practicable, provided such Party makes a good faith effort to provide the notice no later than 24 hours after such Party becomes aware of the occurrence, and (2) promptly furnish to the other Party copies of any publicly available reports filed with any governmental authorities addressing such events.

12.11 Subcontractors

Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party for the performance of such subcontractor.

- 12.11.1 The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the Transmission Provider be liable for the actions or inactions of the Interconnection Customer or its subcontractors with

respect to obligations of the Interconnection Customer under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

12.11.2 The obligations under this article will not be limited in any way by any limitation of subcontractor's insurance.

12.12 Reservation of Rights

The Transmission Provider shall have the right to make a unilateral filing with FERC to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and the Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Agreement under any applicable provision of the Federal Power Act and FERC's rules and regulations; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations, except to the extent that the Parties otherwise agree as provided herein.

Article 13. Notices

13.1 General

Unless otherwise provided in this Agreement, any written notice, demand, or request required or authorized in connection with this Agreement ("Notice") shall be deemed properly given if delivered in person, delivered

by recognized national carrier service, or sent by first class mail, postage prepaid, to the person specified below:

If to the Interconnection Customer:

Interconnection Customer: _____

Attention: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone: _____ Fax: _____

If to the Transmission Provider:

Transmission Provider: _____

Attention: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone: _____ Fax: _____

13.2 Billing and Payment

Billings and payments shall be sent to the addresses set out below:

Interconnection Customer: _____

Attention: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone: _____ Fax: _____

Transmission Provider: _____

Attention: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone: _____ Fax: _____

13.3 Alternative Forms of Notice

Any notice or request required or permitted to be given by either Party to the other and not required by this Agreement to be given in writing may be so given by telephone, facsimile or e-mail to the telephone numbers and e-mail addresses set out below:

If to the Interconnection Customer:

Interconnection Customer: _____

Attention: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone: _____ Fax: _____

If to the Transmission Provider:

Transmission Provider: _____

Attention: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone: _____ Fax: _____

13.4 Designated Operating Representative

The Parties may also designate operating representatives to conduct the communications which may be necessary or convenient for the administration of this Agreement. This person will also serve as the point

of contact with respect to operations and maintenance of the Party's facilities.

Interconnection Customer's Operating Representative:

Interconnection Customer: _____

Attention: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone: _____ Fax: _____

Transmission Provider's Operating Representative:

Transmission Provider: _____

Attention: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone: _____ Fax: _____

13.5 Changes to the Notice Information

Either Party may change this information by giving five Business Days written notice prior to the effective date of the change.

Article 14. Signatures

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective duly authorized representatives.

For the Transmission Provider

Name: _____

Title: _____

Date: _____

For the Interconnection Customer

Name: _____

Title: _____

Date: _____

Glossary of Terms

Affected System – An electric system other than the Transmission Provider's Transmission System that may be affected by the proposed interconnection.

Applicable Laws and Regulations – All duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

Business Day – Monday through Friday, excluding Federal Holidays.

Default – The failure of a breaching Party to cure its breach under the Small Generator Interconnection Agreement.

Distribution System – The Transmission Provider's facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which Distribution Systems operate differ among areas.

Distribution Upgrades – The additions, modifications, and upgrades to the Transmission Provider's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Small Generating Facility and render the transmission service necessary to effect the Interconnection Customer's wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities.

Good Utility Practice – Any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

Governmental Authority – Any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include the Interconnection Customer, the Interconnection Provider, or any Affiliate thereof.

Interconnection Customer – Any entity, including the Transmission Provider, the Transmission Owner or any of the affiliates or subsidiaries of either, that proposes to interconnect its Small Generating Facility with the Transmission Provider's Transmission System.

Interconnection Facilities – The Transmission Provider's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Small Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Small Generating Facility to the Transmission Provider's Transmission System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades or Network Upgrades.

Interconnection Request – The Interconnection Customer's request, in accordance with the Tariff, to interconnect a new Small Generating Facility, or to

increase the capacity of, or make a Material Modification to the operating characteristics of, an existing Small Generating Facility that is interconnected with the Transmission Provider's Transmission System.

Material Modification – A modification that has a material impact on the cost or timing of any Interconnection Request with a later queue priority date.

Network Upgrades – Additions, modifications, and upgrades to the Transmission Provider's Transmission System required at or beyond the point at which the Small Generating Facility interconnects with the Transmission Provider's Transmission System to accommodate the interconnection of the Small Generating Facility with the Transmission Provider's Transmission System. Network Upgrades do not include Distribution Upgrades.

Operating Requirements – Any operating and technical requirements that may be applicable due to Regional Transmission Organization, Independent System Operator, control area, or the Transmission Provider's requirements, including those set forth in the Small Generator Interconnection Agreement.

Party or Parties – The Transmission Provider, Transmission Owner, Interconnection Customer or any combination of the above.

Point of Interconnection – The point where the Interconnection Facilities connect with the Transmission Provider's Transmission System.

Reasonable Efforts – With respect to an action required to be attempted or taken by a Party under the Small Generator Interconnection Agreement, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

Small Generating Facility – The Interconnection Customer's device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

Tariff – The Transmission Provider or Affected System's Tariff through which open access transmission service and Interconnection Service are offered, as filed with the FERC, and as amended or supplemented from time to time, or any successor tariff.

Transmission Owner – The entity that owns, leases or otherwise possesses an interest in the portion of the Transmission System at the Point of Interconnection and may be a Party to the Small Generator Interconnection Agreement to the extent necessary.

Transmission Provider – The public utility (or its designated agent) that owns, controls, or operates transmission or distribution facilities used for the transmission of electricity in interstate commerce and provides transmission service under the Tariff. The term Transmission Provider should be read to include the Transmission Owner when the Transmission Owner is separate from the Transmission Provider.

Transmission System – The facilities owned, controlled or operated by the Transmission Provider or the Transmission Owner that are used to provide transmission service under the Tariff.

Upgrades – The required additions and modifications to the Transmission Provider's Transmission System at or beyond the Point of Interconnection. Upgrades may be Network Upgrades or Distribution Upgrades. Upgrades do not include Interconnection Facilities.

**Description and Costs of the Small Generating Facility,
Interconnection Facilities, and Metering Equipment**

Equipment, including the Small Generating Facility, Interconnection Facilities, and metering equipment shall be itemized and identified as being owned by the Interconnection Customer, the Transmission Provider, or the Transmission Owner. The Transmission Provider will provide a best estimate itemized cost, including overheads, of its Interconnection Facilities and metering equipment, and a best estimate itemized cost of the annual operation and maintenance expenses associated with its Interconnection Facilities and metering equipment.

**One-line Diagram Depicting the Small Generating Facility,
Interconnection
Facilities, Metering Equipment, and Upgrades**

Milestones

In-Service Date: _____

Critical milestones and responsibility as agreed to by the Parties:

Milestone/Date	Responsible Party
(1) _____	
(2) _____	
(3) _____	
(4) _____	
(5) _____	
(6) _____	
(7) _____	

(8) _____

(9) _____

(10) _____

Agreed to by:

For the Transmission Provider _____

Date _____

For the Transmission Owner (If Applicable) _____

Date _____

For the Interconnection Customer _____

Date _____

**Additional Operating Requirements for the Transmission
Provider's
Transmission System and Affected Systems Needed to Support
the Interconnection Customer's Needs**

The Transmission Provider shall also provide requirements that must be met by the Interconnection Customer prior to initiating parallel operation with the Transmission Provider's Transmission System.

**Transmission Provider's Description of its Upgrades
and Best Estimate of Upgrade Costs**

The Transmission Provider shall describe Upgrades and provide an itemized best estimate of the cost, including overheads, of the Upgrades and annual operation and maintenance expenses associated with such Upgrades. The Transmission Provider shall functionalize Upgrade costs and annual expenses as either transmission or distribution related.

ATTACHMENT S

Independent Coordinator of Transmission

1. OVERVIEW

1.1 Purposes and Objectives

This Attachment S sets forth a framework whereby objective and verifiable assurance is provided to Market Participants and Interested Government Agencies that transmission and interconnection service under the Tariff is administered in a non-discriminatory manner consistent with reliability and Good Utility Practice. To achieve these objectives, the Transmission Provider has entered into a contract with an independent party that meets the independence requirements described in this Attachment. This party, referred to herein as the Independent Coordinator of Transmission (ICT), will implement the provisions of this Attachment by performing the functions set forth herein.

1.2 Applicability

The Transmission Provider, the ICT, and any Market Participant that requests or reserves transmission or interconnection service under the Tariff shall be subject to the terms, conditions and obligations of this Attachment.

1.3 Effective Date and Term

- (a) This Attachment shall take effect thirty (30) days following the later of (i) the receipt by the Transmission Provider of all retail regulatory approvals to implement the Transmission Provider's ICT proposal, or (ii) the date on which the FERC approves the Agreement between the ICT and the Transmission Provider, unless either the Transmission Provider or the ICT petitions the FERC for a delay in such effective date and such delay is

granted. This Attachment shall remain in effect thereafter for an initial term of four (4) years ("Initial Term") but shall automatically terminate in the event the ICT Agreement is terminated for the events stated in Section 4.1 (a) or 4.1(b) of the ICT Agreement.

- (b) This Attachment will terminate automatically after the Initial Term unless:
 - (i) the Transmission Provider requests FERC approval to extend this Attachment beyond the Initial Term; and (ii) the Transmission Provider receives approval from the FERC, and any necessary approvals from other Interested Government Agencies, to continue this Attachment beyond the Initial Term.
- (c) The term of the ICT Agreement is set forth therein.

1.4 Designation of ICT

The Midwest Independent Transmission System Operator, Inc. ("MISO") shall be the ICT, subject to all necessary board and regulatory approvals. The Transmission Provider's agreement with MISO for the provision of ICT services included as an Addendum to this Attachment.

1.5 Expandability

Nothing in this Attachment precludes the ICT from providing the same or similar functions to other entities under a separate contract or expanding to a larger regional entity, provided that the Transmission Provider is reimbursed in an equitable manner for its capital investment as well as its ongoing operations and maintenance costs and provided further that the ICT's performance of such additional functions does not impair its ability to perform its obligations, or otherwise change the obligations, set forth in this Attachment.

1.6 Definitions

The capitalized terms used herein shall have the meaning ascribed to them in Section 1 of the Tariff. Capitalized terms not included in Section 1 of the Tariff shall be defined as follows:

Confidential Information: information or data that is proprietary, commercially valuable or competitively sensitive, or is a trade secret, and has been designated as confidential by the supplying party, provided that such information is not available from public sources or is not otherwise subject to

disclosure under any tariff or agreement administered by the Transmission Provider. Confidential Information includes, but is not limited to, (1) customer-specific information regarding: load forecasts, billing determinants, scheduling and reservation data, power purchases and contracts; (2) generator-specific information regarding: unit commitment and dispatch levels, generator cost data, heat rates, outage and maintenance schedules, operating restrictions, ramp rates, AGC capability and ranges; and (3) system information regarding: avoided costs and system incremental costs.

Entergy Transmission: the business unit and employees of the Transmission Provider that are responsible for Transmission System operations and reliability.

Independent Coordinator of Transmission or ICT: MISO or any party that meets the independence criteria of Section 2 and contracts with the Transmission Provider to implement the provisions of this Attachment.

ICT Agreement: the agreement between the Transmission Provider and the ICT pursuant to which the ICT provides the services described in this Attachment S of the Tariff.

Interested Government Agencies: the Federal Energy Regulatory Commission (Commission), the Council of the City of New Orleans, La., the Mississippi Public Service Commission, the Louisiana Public Service Commission, the Public Utility Commission of Texas, and the Arkansas Public Service Commission.

Market Participant: any entity that, either directly or through an affiliate, purchases, sells or brokers electric energy or provides ancillary services to the Transmission Provider, unless FERC finds that the entity does not have economic or commercial interests that would be significantly affected by the Transmission Provider's or the ICT's actions or decisions; and any entity that FERC finds has economic or commercial interests that would be significantly affected by the Transmission Provider's or the ICT's actions or decisions.

2. INDEPENDENT COORDINATOR OF TRANSMISSION

2.1 Retention of the Independent Coordinator of Transmission

The ICT Agreement is attached as an Addendum hereto.

2.2 Independence of the ICT

- (a) To maintain independence, the ICT will satisfy and maintain compliance with the following criteria: (1) the ICT will not be a Market Participant; (2) the ICT, its employees and its directors will be prohibited from having a financial interest in any Market Participant; (3) the ICT will not own any transmission, generation or distribution facilities in the regions relevant to the Transmission Provider; and (4) the ICT's decision making process will be independent of control by any Market Participant including the Transmission Provider. The ICT shall exercise independent decision making in performing all activities associated with its responsibilities under this Attachment. The ICT shall maintain its offices separate from the offices of the Transmission Provider and its affiliates. No employees of the ICT shall share office space with any transmission/reliability employee or merchant employee of the Transmission Provider or of any affiliate of the Transmission Provider, or those of any Market Participant.
- (b) To further ensure the independence of the ICT and meet the objectives established in this Attachment, the ICT will have the authority to collect and analyze data relevant to its responsibilities, and submit periodic and ad-hoc reports directly to Interested Government Agencies. No person, party or agent, including the Transmission Provider, Market Participants, Interested Government Agencies, or any other administrative oversight group, shall be granted authority to screen the ultimate findings, conclusions, and recommendations developed by the ICT that fall within the scope of this Attachment.

2.3 Standards of Conduct and Conflicts of Interest

- (a) All employees of the ICT performing functions under this Attachment shall be treated, for purposes of the FERC's Standards of Conduct set forth in 18 C.F.R. § 358.4, as the equivalent of transmission/reliability employees of the Transmission Provider, and all restrictions relating to information sharing and other relationships between merchant employees of Transmission Provider or its affiliates and transmission/reliability employees of Transmission Provider or its affiliates shall apply to such employees.

- (b) The ICT shall adopt a policy on conflicts of interest establishing appropriate standards for the professional and financial independence of the ICT, consistent with FERC policies and regulations. In addition, the ICT shall adopt ethics policies and standards for its employees and subcontractors. The ICT, including each member and employee of the ICT's firm, shall comply at all times with the conflicts of interest and ethics policies, and shall certify such compliance to the Transmission Provider and FERC upon request. The ICT shall submit its policies on conflicts of interest and ethical standards to the Interested Government Agencies in its first quarterly report prepared pursuant to Section 7 and shall, once annually in such reports, certify that it is in compliance with such policies.

3. ICT FUNCTIONS

3.1 Transmission and Interconnection Service

The ICT shall oversee the provision of transmission service pursuant to this OATT and the provision of interconnection service pursuant to the Tariff's Large Generator Interconnection Procedures and Large Generator Interconnection Agreement. The ICT shall also perform the specific functions enumerated below and, where appropriate, described further in Attachment K and the protocols attached hereto.

- (a) The ICT shall perform the following functions:
- (1) The ICT shall grant or deny requests for transmission service pursuant to the Transmission Service Protocol attached hereto.
 - (2) The ICT shall grant or deny requests for interconnection service pursuant to the Interconnection Service Protocol attached hereto.
 - (3) The ICT shall maintain Entergy's Open Access Same Transmission Information System ("OASIS") site.
 - (4) The ICT shall implement Attachment T, Recovery of New Facilities Costs.
 - (5) The ICT shall prepare the Base Plan pursuant to Attachment K.
 - (6) The ICT shall perform a regional planning function pursuant to Attachment K.
 - (7) The ICT shall identify economic upgrades pursuant to Attachment K.

- (b) The ICT shall not oversee transmission service that is provided under pre-Order No. 888 “grandfathered” transmission agreements outside of the Tariff. Although the ICT will not oversee the calculation of the Transmission Provider’s transmission rates provided for in Schedule 7 and Attachment H of the Tariff and the Ancillary Service rates under Schedules 1-6 of the Tariff, the ICT will oversee the billing and settlement of Ancillary Services under Schedules 1-6, and aspects of incremental cost transmission rates as provided in Section 5 of this Attachment and Attachment T of the Tariff.

3.2 Weekly Procurement Process

- (a) The ICT shall oversee the design and operation of the WPP by the Transmission Provider. The ICT may retain an independent market monitor to perform the obligations of this Section 3.2 on its behalf, but the ICT shall remain contractually liable for the performance of all obligations set forth in this Section 3.2. The ICT shall participate in upgrades to the security-constrained optimization software used to evaluate service requests as part of the WPP. The ICT shall oversee the optimization process to ensure that it is functioning properly and shall evaluate whether the WPP operating protocols should be modified to improve the reliability and availability of transmission service.
- (b) The Transmission Provider will provide the results of the WPP to the ICT for the designation of new Network Resources. The results of the WPP optimization will be treated as requests to designate new Network Resources. The ICT will review those requests and the information underlying the requests and grant or deny transmission service pursuant to the protocols in Attachment V.
- (c) The ICT shall not oversee bilateral energy, capacity or ancillary services markets, including the procurement decisions of the Transmission Provider’s wholesale merchant function or other Market Participants as part of the WPP. The ICT will not be responsible for monitoring bidding behavior of generation owners who submit bids to Participating Customers.
- (d) The ICT shall monitor requests for transmission service through the WPP to ensure that the behavior of transmission customers does not improperly affect the outcome of the WPP.

3.3 Additional Matters

As set forth in Section 5 of this Attachment, the ICT shall serve as the NERC Reliability Coordinator for the ICT Reliability Area. The ICT shall also oversee real-time transmission system operations that are not part of the ICT's responsibilities as the Reliability Coordinator. The ICT shall monitor Market Participant scheduling and reservation practices to ensure that those practices do not improperly reduce the quality or quantity of transmission service on the Transmission System.

4. COORDINATION BETWEEN TRANSMISSION PROVIDER AND ICT

Coordination Between Transmission Provider and ICT Regarding System Studies and Technical Analyses

4.1 General

- (a) The provision of transmission and interconnection service pursuant to Order Nos. 888, 890, 1000, and 2003 requires the coordination of the roles of the Transmission Provider and ICT. Attachment K and the protocols attached hereto provide that the Transmission Provider and ICT will coordinate these functions such that, in certain circumstances, the ICT will require the provision of data inputs, criteria, studies or other information (hereinafter "Required Information") from the Transmission Provider that is necessary to perform the functions of the ICT.
- (b) In any such instance when the Transmission Provider supplies Required Information to the ICT to facilitate the performance of its functions, the Transmission Provider shall supply such Required Information using Good Utility Practice, its knowledge of the system and in a manner consistent with its obligations under Order Nos. 888, 890, 1000, and 2003 to provide transmission and interconnection service on a nondiscriminatory basis. The ICT shall, upon receipt of such Required Information, use its independent judgment to review the information and determine whether it meets applicable Tariff requirements, reliability criteria or other applicable standards and is otherwise consistent with the requirement to provide transmission and interconnection service on a nondiscriminatory basis.

4.2 Data Inputs

- (a) The Transmission Provider's obligation to supply Required Information will include the obligation to supply the ICT with certain data inputs necessary to develop base case models and studies of the Transmission System. As

described in Attachment K and the protocols attached hereto, the ICT will independently review and validate the specific data inputs supplied by the Transmission Provider for use in individual models and studies.

- (b) In addition to the ICT's responsibility to review and validate the data inputs supplied for use in individual models and studies, the ICT may perform a separate evaluation of the Transmission Provider's methodology for developing each category of data inputs supplied by the Transmission Provider. To facilitate this evaluation, if conducted by the ICT, the Transmission Provider will provide the ICT with a detailed description of the methodology for developing each data input.
- (c) To the extent the ICT deems necessary, it may recommend that the Transmission Provider modify the methodology for developing a particular data input in order to ensure compliance with Section 4.1(b). If the ICT believes that a modification may be appropriate, it shall meet and confer with the Transmission Provider to discuss the data input at issue and any potential modifications. If the matter cannot be resolved informally, Section 4.3(b) or (c) below shall apply.

4.3 Dispute Resolution

- (a) If the ICT believes that certain Required Information submitted by the Transmission Provider does not meet tariff requirements, reliability criteria, other applicable standards, or is otherwise inconsistent with the Transmission Provider's obligation to provide transmission and interconnection service on a nondiscriminatory basis, it shall meet and confer with the Transmission Provider in an effort to resolve the matter. Both parties shall have an obligation to use reasonable efforts to resolve the dispute expeditiously.
- (b) In the event that a dispute cannot be resolved informally, and the dispute involves issues of significance to Market Participants or Interested Government Agencies, the ICT shall take all reasonable steps, on an expeditious basis, to inform Market Participants and Interested Government Agencies of the dispute, as further described below. Such steps need not be performed in the sequence listed below.
 - (i) If the Transmission Provider and ICT cannot resolve a dispute informally, the ICT shall promptly post a notice of the disagreement on Entergy's OASIS site. The notice shall identify the nature of the

dispute and provide a brief description of the respective positions of the Transmission Provider and ICT.

- (ii) The ICT shall discuss the issue with Market Participants at the next applicable stakeholder meeting and solicit their views as to how it should be resolved.
 - (iii) The ICT shall, as soon as practicable, inform Interested Government Agencies of the existence of the dispute and recommend any appropriate action to resolve the dispute.
- (c) In the event the dispute relates to a specific request for interconnection or transmission service, the ICT shall seek to resolve the matter expeditiously by meeting with the affected customer and the Transmission Provider and, if the matter cannot be resolved informally, either the customer or the Transmission Provider may request that the FERC resolve the dispute. The ICT may inform Interested Government Agencies of such dispute at any time.
- (d) The foregoing is without prejudice to any affected Market Participant requesting that the Commission resolve any dispute at any time that is within the jurisdiction of the Commission, including, but not limited to, by submitting a complaint pursuant to Section 206 or requesting the filing of an unexecuted service agreement to resolve a customer-specific dispute with the Transmission Provider.
- (e) The ICT's position shall control pending resolution of any dispute under this Section 4 or Attachment K.

5. RELIABILITY COORDINATOR

5.1 Responsibilities and Standards

The ICT will serve as the Reliability Coordinator for the Transmission Provider's Transmission System and Balancing Authority Area (the "ICT Reliability Area") and will have authority over all matters within the scope of its Reliability Coordinator duties, as described in this Attachment and the Reliability Coordinator Protocol. The ICT will perform all functions identified for Reliability Coordinators set forth in the most current applicable NERC Standards, or successor standards thereto, while the Transmission Provider will retain all

remaining NERC obligations, including obligations associated with its status as Balancing Authority, Transmission Operator, and Transmission Provider under the Tariff. The Transmission Provider will retain its ability to address reliability problems through its role as Balancing Authority, Transmission Operator and Transmission Provider, and the ICT's authority as Reliability Coordinator does not preclude the Transmission Provider from taking action necessary to protect reliability of the Transmission System, including circumstances where such action is necessary to protect, prevent or manage emergency situations, such as abnormal system conditions that require automatic or immediate manual action to prevent or limit equipment damage or the loss of facilities or supply that could adversely affect the reliability of the Transmission System or to restore the system to a normal operating state.

To ensure the ICT's ability to direct the actions described above, the Reliability Coordinator Protocol specifies the division of reliability-related functions and the procedures for coordinating these functions. The Reliability Coordinator Protocol shall be consistent with all NERC requirements applicable to Reliability Coordinators, Transmission Operators, and Balancing Authorities.

5.2 Implementation

The ICT will submit its application to SERC and NERC for certification as the Reliability Coordinator for the Reliability Area. Upon completion of the review process and a satisfactory determination by NERC, the ICT will assume the Reliability Coordinator functions described in this Attachment. The ICT will not assume Reliability Coordinator functions until NERC certification has been obtained and the ICT and Entergy Transmission mutually agree that the ICT is able to assume those functions.

6. DATA COLLECTION AND DISCLOSURE

6.1 Access to Entergy Transmission's Data and Information

- (a) For purposes of carrying out its responsibilities, the ICT shall have complete access to all data or other information that is: (i) gathered or generated by Entergy Transmission in the course of its operations; and (ii) reasonably necessary to achieve the purposes or objectives of this Attachment and not subject to a legal privilege. This access shall include direct access to Entergy Transmission's EMS. Addendum A to this Attachment is a non-exclusive list of those categories of data and

information that are presumed to meet the criteria above. Entergy Transmission may designate data or other information gathered or generated in the course of its operations as Confidential Information to be treated by the ICT in accordance with Section 6.3. To the extent the ICT requires access to data or information obtained by Entergy Transmission from other Market Participants, including the Transmission Provider's wholesale merchant function, that data and information shall be treated as Confidential Information, unless already available from a public source or otherwise subject to disclosure under any tariff or agreement administered by the Transmission Provider. Nothing contained in this Section 6 shall prohibit the ICT from providing such information to its agents, vendors, representatives or subcontractors to the extent that such disclosure is necessary for the carrying out of the ICT's responsibilities, if such agent, vendor, representative or subcontractor is bound by a written obligation to maintain such confidentiality as set forth herein.

- (b) The ICT and Transmission Provider shall establish a process for providing the ICT with transmission information without the necessity of formal data requests. Provided that the ICT agrees to treat Confidential Information in accordance with Section 6.3, the Transmission Provider may only challenge a request for data or information specified on the list included as Addendum A based on a good faith assertion of legal privilege. Provided that the ICT agrees to treat Confidential Information in accordance with Section 6.3, the Transmission Provider may challenge a request for data or information not specified on the list included as Addendum A based on a good faith assertion that such data or information is: (i) not reasonably necessary to achieve the purposes or objectives of this Attachment; or (ii) subject to a legal privilege. If the Transmission Provider and ICT are unable to resolve a disagreement over the ICT's entitlement to transmission information, the ICT shall report the disagreement to Interested Government Agencies.
- (c) In the event that a dispute arises over access to data or information, either the Transmission Provider or ICT may request that the Commission resolve that dispute.
- (d) Pending resolution of a dispute over access to data or information for evaluating short-term transmission service requests under the Available Flowgate Capability process, the position of the ICT shall control.

6.2 Access to Market Participant's Data and Information

6.2.1 Data Requests

If the ICT determines that additional data or other information is required to accomplish the objectives of the Attachment, the ICT may request such information from Market Participants (including the Transmission Provider's wholesale merchant function) possessing, having access to, or having the ability to generate or produce such data or other information. Any such request shall be accompanied by an explanation of the need for such data or other information, a specification of the form or format in which the data is to be produced, and, to the extent the data qualifies as Confidential Information, an acknowledgment of the obligation of the ICT to maintain the confidentiality of the data. All information provided to the ICT by Market Participants, including the Transmission Provider's wholesale merchant function, shall be treated as Confidential Information, unless already available from a public source or otherwise subject to disclosure under any tariff or agreement administered by the Transmission Provider.

6.2.2 Enforcement of Data Requests

- (a) Any Market Participant receiving an information request from the ICT shall furnish all information, in the requested form or format, that is reasonably necessary to achieve the purposes or objectives of this Attachment, not readily available from some other source that is more convenient, less burdensome and less expensive, and not subject to a legal privilege. Information that may be requested shall include, but not be limited to, executed contracts and contract summary forms associated with transmission service requests and other information required to be provided to the Transmission Provider under the Transmission Provider's Tariffs, operating agreements, reliability organization requirements, or Interested Government Agency orders. No party that is the subject of a data request shall be required to produce any summaries, analyses, or reports of the data that do not exist at the time of the data request.
- (b) Any Market Participant, including the Transmission Provider's wholesale merchant function, receiving a request for data or information specified may contest the right of the ICT to obtain such data or information to the extent that such data or information is: (i) not reasonably necessary to achieve the purposes or objectives of this Attachment; (ii) readily available from some other source that is more convenient, less burdensome and less expensive; or (iii) subject to a legal privilege. The ICT and the party from whom the information has been requested may submit, by mutual

agreement, any such dispute for resolution under the dispute resolution provisions of Section 12 of the Tariff. If the party from whom the data or other information has been requested does not voluntarily agree to use of the dispute resolution provisions of Section 12 of the Tariff, or has not contested the request with the FERC, the ICT will report such dispute to the Interested Government Agencies.

- (c) In the event that a dispute arises over access to data or information, either the Market Participant or ICT may request that the Commission resolve that dispute.

6.3 Confidentiality

The ICT shall use all reasonable procedures necessary to protect and to preserve the confidentiality of Confidential Information obtained in connection with the implementation of this Attachment. Except as may be required by subpoena or other compulsory process, the ICT shall not disclose Confidential Information to any person or entity without prior written consent of the party supplying the Confidential Information. To the extent the ICT requires access to Confidential Information obtained by Entergy Transmission from other Market Participants, including the Transmission Provider's wholesale merchant function, the ICT shall not disclose Confidential Information to any person or entity without prior written consent of the party supplying the Confidential Information to the Transmission Provider, except as may be required by subpoena or other compulsory process. Upon receipt of a subpoena or other compulsory process for the disclosure of Confidential Information, the ICT shall promptly notify the party that provided the data and shall provide all reasonable assistance requested by the party to prevent disclosure, and shall not release the data until the party provides written consent or until the party's legal avenues are exhausted. The confidentiality of data and information provided to Interested Government Agencies will be maintained with a protective order or other procedures of the agency for protecting Confidential Information.

6.4 Access to Data by Interested Government Agencies

The ICT shall provide data and information to the Interested Government Agencies upon request consistent with Section 6.3. Upon request from an Interested Government Agency for Confidential Information that the ICT received from any entity, the ICT shall promptly notify the entity that provided the information and shall not release the Confidential Information without prior written consent from that entity; provided however that such consent may not be unreasonably withheld if the Interested Government Agency agrees to maintain

confidentiality with a protective order or other procedures of the agency for protecting Confidential Information. For the purposes of this Section 6.4, the term “Interested Government Agencies” includes the FERC approved Electric Reliability Organization and any Regional Reliability Organization having jurisdiction over the Entergy Transmission System.

6.5 Collection and Retention of Information

- (a) The ICT shall regularly collect and maintain the information necessary for implementing this Attachment. The ICT also shall create a log for each request to change an assumption used in any transmission system model affecting transmission service or planning under the Tariff, whether the request comes from the Transmission Provider, a customer, or users. The log shall identify the party that made the request, describe the request and the systems affected, and state the date and time the ICT provides notice of whether it agrees or disagrees with the proposed change in assumption.
- (b) The ICT shall ensure that data and information necessary to carry out its duties is retained in usable form and shall be turned over to any successor ICT. The ICT may adopt schedules for the periodic destruction of information in the possession of the ICT the retention for which is no longer reasonably necessary for purposes of this Attachment. The ICT shall adopt policies and requirements for the retention of information by Market Participants, and submission of such information to the ICT as necessary for the implementation of this Attachment, after providing an opportunity for interested parties to review and comment on such procedures.

7. REPORTS AND OASIS POSTINGS

- (a) The ICT shall prepare the following reports:
 - (1) The ICT shall prepare a report, at least quarterly, on the matters within its duties as specified herein. Such report shall include any recommendations of the ICT for the improvement of the Transmission Provider’s transmission services, or of the oversight, reporting and other functions undertaken pursuant to this Attachment.

- (2) Every twelve months the ICT shall file a publicly available assessment and self-evaluation with Interested Government Agencies. Such assessment and self-evaluation shall address how the ICT and Weekly Procurement Process are remedying any problems that have been identified by transmission customers and other stakeholders, and shall include metrics for measuring the success of the ICT and Weekly Procurement Process. Such assessment and self-evaluation shall include, but need not be limited to, information or data pertaining to the following:
- (i) the accuracy rate of posted Available Flowgate Capability (AFC) data compared to that experienced before the ICT was installed;
 - (ii) the number of times, if any, the Transmission Provider or the ICT lost data during the initial term of the ICT;
 - (iii) the number of times, if any, users were given inaccurate or incomplete data;
 - (iv) the number of times, if ever, the Transmission Provider used inaccurate modeling assumptions;
 - (v) how frequently, if ever, the Transmission Provider failed to timely post or provide required data or posted inaccurate data;
 - (vi) the number of times transmission users complained that AFC is not available;
 - (vii) the number of times, if any, available AFC when needed was different from posted AFC on the OASIS; and
 - (viii) the length of time it took to perform interconnection or transmission service studies.
- (3) The ICT shall develop a report detailing the level of savings to the Transmission Provider's retail customers during the Initial Term due to the WPP, including but not limited to savings to the Transmission Provider's retail customers due to power purchased through the WPP. Such report also shall address the increase in the number of transactions and volume of energy purchased under the Weekly Procurement Process.

- (4) The ICT shall prepare such other reports on matters within its purview as it may deem necessary or as may be requested by any of the Interested Government Agencies.
- (b) Any complaints made with the ICT associated with the Transmission Provider's data systems (including any resolution of such complaints) must be posted on OASIS within one business day of such complaint. The Transmission Provider shall notify the Commission, the ICT, and the users group under Section 8(b) within 15 days if the Transmission Provider discovers that it has lost data, reported inaccurate data, or otherwise believes that it has mismanaged data. The ICT shall post such information on OASIS within 24 hours of receiving notice from the Transmission Provider. For any data errors reported by the Transmission Provider, the ICT shall advise Interested Government Agencies, in its next scheduled report, whether the Transmission Provider has remedied the problem, and if not, whether and when the Transmission Provider proposes to implement an appropriate remedy. The ICT also shall advise Interested Government Agencies whether it believes that the Transmission Provider's proposed remedy is adequate to remedy the data error that occurred and to avert any such data errors in the future.
- (c) No person, party or agent, including the Transmission Provider, Market Participants, Interested Government Agencies, or any other administrative oversight group, shall be granted authority to screen the ICT's ultimate findings, conclusions, and recommendations that fall within the scope of this Attachment. A copy of each report shall be forwarded by the ICT to each of the Interested Government Agencies, and shall be made publicly available, subject to redaction or other measures necessary for the protection of Confidential Information. The Transmission Provider may respond to the ICT's reports within 45 days, and Market Participants shall also have the opportunity to comment on the ICT's reports within the period.

8. STAKEHOLDER PROCESS

- (a) Prior to submitting each assessment and self-evaluation required under Section 7(a)(2), the ICT shall survey the Transmission Provider's transmission customers and obtain their views regarding ICT and Transmission Provider performance related to matters under the Tariff and the ICT Agreement. Such survey shall be sufficiently comprehensive, in

terms of topics covered and number of respondents, to be meaningful for evaluating the ICT and for the stakeholder process.

- (b) The ICT and transmission and data (IT) experts from the Transmission Provider shall meet quarterly with a users group established by users of the Transmission Provider's transmission and data systems to assess how the Entergy transmission and IT systems are performing. Such users group shall notify the Transmission Provider and the ICT of any problems with these systems identified by such group, and the parties shall discuss proposed solutions to any such problems. The ICT and the users group also shall conduct annual reviews of error rates associated with Transmission Provider data in accordance with Section 7(a)(2). The ICT shall notify Interested Government Agencies of the results of meetings held in accordance with this Section 8(b) in its next scheduled report. The ICT or the users group also may at any time recommend to Interested Government Agencies changes to Transmission Provider IT systems and IT resource allocations.
- (c) The ICT may establish such other stakeholder process as it deems necessary to solicit the views of Market Participants regarding the functions performed by the ICT pursuant to this Attachment S.

9. BUDGETING AND FUNDING

The ICT and the Transmission Provider shall reach agreement on budgeting and funding contract provisions designed to ensure, among other things, that the ICT has sufficient funding to discharge its responsibilities and obligations as ICT and that the terms of payment of the ICT by the Transmission Provider do not result in inappropriate incentives to find in favor of one Market Participant, or the Transmission Provider, over another Market Participant. If disputes arise over the budgeting or funding matters that cannot be resolved between the parties, then within 15 days the Transmission Provider will request that the FERC resolve such issues. Pending resolution of any budget disputes, the budget will be based on the ICT's actual costs for the preceding contract year under the Agreement between the ICT and Transmission Provider, until such time as the dispute is resolved. The ICT may also request that the FERC resolve such issues and may also include the areas of disagreement in its periodic reports to Interested Government Agencies.

10. RIGHTS AND REMEDIES

- (a) With the exception of the limitation of liability provisions agreed to by the ICT and the Transmission Provider, nothing herein shall prevent the Transmission Provider or any other person or entity from asserting any rights it may have under the Federal Power Act or any other applicable law, statute, or regulation, including the filing of a petition with or otherwise initiating a proceeding before the FERC regarding any matter which is the subject of this Attachment.
- (b) Disputes as to the implementation of or compliance with this Attachment may be resolved under the dispute resolution procedures of Section 12 of the Tariff, subject to the mutual agreement of the parties to the dispute.
- (c) A Market Participant may submit a complaint under Section 206 of the FPA if it believes the ICT is performing its functions in a manner inconsistent with this Attachment, or any other OATT attachment or protocol administered by the ICT, or is otherwise acting inconsistent with any rule or regulation adopted by the Commission.

11. REMOVAL AND REPLACEMENT OF ICT

Any person, including Market Participants, Interested Government Agencies and the Transmission Provider, may petition the FERC to replace the ICT. If FERC agrees that the ICT is no longer properly carrying out its duties and responsibilities, including its responsibility to maintain independence, the contract between the ICT and the Transmission Provider shall be terminated, and the Transmission Provider shall select, and seek FERC approval for, a new ICT that meets the qualifications of Section 2 of this Attachment.

INDEPENDENT COORDINATOR OF TRANSMISSION

ADDENDUM A

NON-EXCLUSIVE LIST OF DATA THE ICT MAY REQUEST FROM ENTERGY TRANSMISSION

1. Hourly transmission service schedules and actual output for the generating facilities interconnected to or scheduled into the Transmission System;
2. Reserved and scheduled transmission service into, out of, or through the Transmission System;
3. Transmission limits (including temporary deratings) on each of the monitored flowgates or other relevant transmission facilities;
4. Hourly flow over each of the monitored flowgates or other transmission facilities;
5. Redispatch of generating facilities or other actions to manage transmission congestion;
6. Transmission facility outage data;
7. Records of complaints related to OATT transmission or interconnection service by customers of the Transmission Provider; and
8. Other information required to be provided to the Transmission Provider under the Transmission Provider's Tariffs, operating agreements, reliability organization requirements, or Interested Government Agency orders.
9. Settlement and billing statements for individual Market Participants;
10. Financial or credit information for individual Market Participants;
11. Executed contracts and contract summary forms.
12. Any information required to be provided pursuant to the Protocols attached hereto or Attachments K, T and V; and
13. Access to all files on Entergy's OASIS.

INDEPENDENT COORDINATOR OF TRANSMISSION

TRANSMISSION SERVICE PROTOCOL

1. General

- 1.1 The purpose of this protocol is to describe the division of responsibilities and duties between the Transmission Provider and the Independent Coordinator of Transmission (ICT) in processing requests for Point-to-Point Transmission Service and Network Integration Transmission Service under the Tariff and in performing transmission system studies used to evaluate such requests. Attachment V of the Tariff will govern requests for service or studies submitted as part of the Weekly Procurement Process. This protocol does not modify existing Tariff requirements regarding such service requests or studies.
- 1.2 The ICT shall perform the functions enumerated herein and in Attachment S in an independent manner and, in all cases, shall use its independent judgment in ensuring that Transmission Service is provided on a nondiscriminatory basis. The Transmission Provider shall perform its functions in a manner consistent with Good Utility Practice, its obligations to Native Load Customers and its obligations to Transmission Customers under FERC Order Nos. 888 and 890.

2. Definitions The following definitions will apply to this protocol. Capitalized terms that are not specifically defined in this protocol will have the meaning assigned to them under the Tariff.

- 2.1 AFC Criteria shall mean the criteria, standards and procedures used to calculate AFC values as set forth in the following: (i) Tariff provisions applicable to AFC and ATC calculations, including Attachment C to the Tariff; (ii) applicable NERC Reliability Standards and SERC supplements to those standards; (iii) the Transmission Provider's AFC Manual that is provided to the ICT for posting on OASIS pursuant to Section 5 herein; and (iv) the Transmission Provider's local reliability criteria provided to the ICT for posting on OASIS pursuant to Section 5 herein.
- 2.2 AFC Software shall mean the computer software programs and automated processes used to calculate and post AFC values.

- 2.3 Base Case Model shall mean a power flow model representing the Transmission System used for reliability assessments, transmission service request studies, and economic studies. When referenced in this protocol, “Base Case Model” refers to the annual, seasonal, monthly or other power flow models used by the ICT to evaluate TSRs.
- 2.4 Facilities Study Criteria shall mean the criteria, standards and procedures used to perform Facilities Studies as set forth in the following: (i) Tariff provisions applicable to the performance of Facilities Studies; (ii) applicable NERC Reliability Standards and SERC supplements to those standards; (iii) the Transmission Provider’s business practices related to Facilities Studies that are provided to the ICT for posting on OASIS pursuant to Section 5 herein; and (iv) the Transmission Provider’s local reliability criteria that are provided to the ICT for posting on OASIS pursuant to Section 5 herein.
- 2.5 Independent Contractor shall mean a third-party that the ICT and Transmission Provider agree is qualified to perform transmission system studies on behalf of the ICT. An Independent Contractor cannot be the Transmission Provider or an Energy Affiliate of a Transmission Provider as defined by FERC’s regulations.
- 2.6 Long-Term TSRs shall mean the TSRs that, according to Section 1 of Attachment C to the Tariff, are to be evaluated under the SIS and Facilities Study process.
- 2.7 Short-Term TSRs shall mean the TSRs that, according to Section 1 of Attachment C to the Tariff, are to be evaluated under the AFC process.
- 2.8 SIS shall mean the System Impact Study required under the Tariff to evaluate TSRs.
- 2.9 Transmission Studies shall mean transaction-specific SISs and Facilities Studies and the studies used to calculate AFC values.
- 2.10 Transmission Study Criteria shall mean the AFC Criteria, the SIS Criteria and the Facilities Study Criteria as defined in this protocol.
- 2.11 Transmission Service Request or TSR shall mean a request submitted by an Eligible Customer under the Tariff for either Point-to-Point Transmission Service or Network Integration Transmission Service.

- 2.12 TSR Processing Criteria shall mean the criteria, standards, and procedures used to process TSRs as set forth in the following: (i) Tariff provisions applicable to TSR processing; (ii) NAESB's OASIS Standards and Communication Protocols and Business Practice Standards for OASIS Transactions; and (iii) the Transmission Provider's business practices related to OASIS and TSR processing that are provided to the ICT for posting on OASIS pursuant to Section 5 herein.
- 2.13 SIS Criteria shall mean the criteria, standards and procedures used to perform System Impact Studies as set forth in the following: (i) Tariff provisions applicable to the performance of SISs, including Attachment D to the Tariff; (ii) applicable NERC Reliability Standards and SERC supplements to those standards; (iii) the Transmission Provider's business practices related to SISs that are provided to the ICT for posting on OASIS pursuant to Section 5 herein; and (iv) the Transmission Provider's local reliability criteria that are provided to the ICT for posting on OASIS pursuant to Section 5 herein.

3. Processing and Evaluating Transmission Service Requests

- 3.1 ICT Duties and Responsibilities The ICT will process and evaluate (i.e., grant or deny) all TSRs on a non-discriminatory basis consistent with the TSR Processing Criteria and the Transmission Study Criteria. The ICT's responsibilities in processing and evaluating TSRs include the following:
- 3.1.1 Collecting all necessary information for the processing and evaluation of a TSR;
 - 3.1.2 Determining that all preconditions necessary for a TSR to be considered a Completed Application have been met;
 - 3.1.3 Maintaining appropriate TSR queues for Short-Term and Long-Term TSRs;
 - 3.1.4 Determining whether sufficient transmission capability exists to grant or deny a TSR;
 - 3.1.5 Providing and executing SIS Agreements and Facilities Studies Agreements;

- 3.1.6 Performing SISs, consistent with Section 7.1 of this protocol, as necessary to further evaluate whether sufficient transmission capability exists to accommodate a TSR;
 - 3.1.7 Performing SISs in response to requests to designate new Network Resources under Section 30 of the Tariff, including request by the Transmission Provider's wholesale merchant function on behalf of Native Load Customers, and verifying that applicable Tariff requirements have been met;
 - 3.1.8 Providing all notices related to the processing and evaluation of a TSR to the Transmission Customer;
 - 3.1.9 Independently reviewing and validating data, information and analyses, including Facilities Studies, provided or performed by the Transmission Provider;
 - 3.1.10 Responding to inquiries by Transmission Customers regarding TSRs; and
 - 3.1.11 Overseeing the billing and settlement of Ancillary Services under Schedules 1-6, Generator Imbalance Service under Attachment P of the Tariff, and aspects of incremental cost transmission rates as provided in Attachment T of the Tariff.
- 3.2 Transmission Provider Duties and Responsibilities The processing and evaluation of TSRs will require coordination between the Transmission Provider and the ICT. The Transmission Provider will be responsible for the following functions associated with the processing and evaluation of TSRs, and the ICT will ensure that these functions are performed on a non-discriminatory basis consistent with the TSR Processing and Transmission Study Criteria:
- 3.2.1 Providing data inputs and other information and analyses required by the ICT to study individual TSRs;
 - 3.2.2 Tendering, entering into, and filing all Transmission Service Agreements in accordance with the Tariff;
 - 3.2.3 Processing and evaluating schedules for transmission service;
 - 3.2.4 Performing Facilities Studies and executing Facilities Study Agreements consistent with Section 7.2 of this protocol; and

- 3.2.5 Determining, billing and collecting the applicable charges for transmission service under Schedule 7 and Attachment H to the Tariff, Ancillary Services under Schedules 1-6 of the Tariff, and Generator Imbalance Service under Attachment P of the Tariff.

4. OASIS Administration

- 4.1 ICT Duties and Responsibilities The ICT will administer the Transmission Provider's existing OASIS node for purposes of processing and evaluating TSRs and ensuring compliance with the Transmission Provider's obligation to publicly post transmission-related information pursuant to the Commission's OASIS regulations. The ICT's responsibilities and duties in administering OASIS will include the following:

- 4.1.1 Performing the duties of a Responsible Party as defined in the Commission's OASIS regulations, 18 C.F.R. § 37.5; and
- 4.1.2 Posting information required to be on the Transmission Provider's OASIS under the Commission's OASIS regulations, 18 C.F.R. § 37.6.

- 4.2 Transmission Provider Duties and Responsibilities The Transmission Provider will be responsible for the following functions associated with OASIS operations, and the ICT will ensure that these functions are performed consistent with the TSR Processing Criteria and the Commission's OASIS regulations:

- 4.2.1 Maintaining and servicing any software or automated process designed to post required information on OASIS; and
- 4.2.2 Providing the ICT with the information necessary to comply with the posting requirements.

5. Criteria for Processing and Evaluating TSRs

- 5.1 Applicability The ICT will process all TSRs on a non-discriminatory basis in accordance with the TSR Processing Criteria and will evaluate all TSRs on a non-discriminatory basis in accordance with the Transmission Study Criteria.

5.2 Transparency The ICT will be responsible for ensuring that the TSR Processing Criteria and the Transmission Study Criteria are posted on OASIS and are sufficiently detailed so that the evaluation and processing of TSRs is transparent and understandable, subject to the confidentiality provisions of Attachment S to the Tariff.

5.2.1 The Transmission Provider will supply the ICT with detailed descriptions of the current Transmission Study Criteria and TSR Processing Criteria, including: (i) the Transmission Provider's current Tariff; (ii) applicable NERC Reliability Standards and SERC supplements to those standards; (iii) the Transmission Provider's local reliability criteria; and (iv) the Transmission Provider's business practices related to processing TSRs and OASIS administration, and the methodologies for calculating AFC values and conducting SISs and Facilities Studies.

5.2.2 The ICT will independently review the Transmission Provider's description of the AFC Criteria, SIS Criteria, Facilities Study Criteria, and TSR Processing Criteria to ensure that these criteria are sufficiently defined for Transmission Customers to understand how TSRs are processed and evaluated. If the ICT concludes that additional detail is required, the Transmission Provider will modify the appropriate business practice documents to include the additional detail. The ICT will post on OASIS the final versions of the criteria, subject to the confidentiality provisions of Attachment S to the Tariff.

5.3 Modifications The Transmission Provider will not modify the TSR Processing Criteria or the Transmission Study Criteria without providing prior notice to the ICT. The ICT may independently propose that the Transmission Provider modify the Transmission Study Criteria or TSR Processing Criteria by raising such a proposal with the Transmission Provider, the Transmission Service Stakeholder Process, or in a report to Interested Governmental Agencies under Attachment S. The ICT will post on OASIS notice of any modification to the Transmission Study Criteria or TSR Processing Criteria. The Transmission Provider will remain the sole entity with the right to file modifications to the Tariff under Section 205 of the Federal Power Act.

6. Base Case Models for Evaluating TSRs

6.1 Base Case Model Development After developing the Base Case Model referenced in Attachment K, the ICT will participate with the Transmission Provider in any additional regional model development processes necessary to create updated quarterly and monthly regional models from the seasonal and annual models. These models, which are updated quarterly or monthly, will serve as the basis for the annual, seasonal, monthly or daily Base Case Models for the Transmission System used to evaluate TSRs.

6.2 Coordination In order to develop the regional models and Base Case Models for the Transmission System referenced above, the Transmission Provider will provide to the ICT and other modeling group participants such data and information as may be necessary to prepare and update the models. The ICT will review and validate the data inputs provided by the Transmission Provider to ensure that the data inputs and resulting models are consistent with the Transmission Study Criteria.

7. Studies for Long-Term TSRs All Long-Term TSRs will be evaluated by SISs in accordance with the Tariff. If a SIS indicates that additions or upgrades are needed to accommodate the TSR, the Transmission Customer may request a Facilities Study. The division of responsibilities and duties related to such studies are described below.

7.1 System Impact Studies

7.1.1 The ICT shall inform the Transmission Customer of the need for an SIS and provide the Transmission Customer with the standard form SIS Agreement to be executed by the ICT and the Transmission Customer. The SIS Agreement shall obligate the Transmission Customer to pay for the actual cost of the SIS, including any costs incurred by the ICT or Transmission Provider associated with performing their respective functions under Section 7.1 herein. The ICT will be responsible for determining whether the Transmission Customer has timely complied with all requirements necessary for an SIS and for a request to remain a Completed Application. The ICT will provide a copy of the executed SIS Agreement to Transmission Provider.

7.1.2 After confirming that all applicable requirements have been met by the Transmission Customer, the ICT will perform (or cause to be performed by an Independent Contractor) the required SIS. To

perform the SIS, the ICT will use the current set of applicable Base Case Models developed pursuant to Section 6 herein. The ICT will update the applicable Base Case Models to reflect then-current data from the Transmission Provider's OASIS regarding additional Long-Term TSRs, including new or expired rollover rights. The ICT will perform the SIS as set forth in the SIS Criteria and will ensure that the Base Case Models, including any updates thereto, are consistent with the SIS Criteria.

- 7.1.3 The ICT will provide the Transmission Provider with an initial draft of the SIS report including a list of any constrained transmission elements. The Transmission Provider will have the opportunity to review and comment on the report and will be responsible for developing a mitigation plan to address any constrained transmission elements. The ICT will review and validate the Transmission Provider's mitigation plan and will include the mitigation plan and the Transmission Provider's comments in the final SIS report provided to the Transmission Customer.
- 7.1.4 The ICT, in conjunction with the Transmission Provider, will use due diligence to finalize the required SIS in accordance with the Tariff and will provide all notices to the Transmission Customer required under the Tariff. The ICT will post the SIS on OASIS and respond to requests for work papers supporting the SIS. If the Transmission Provider and the ICT cannot resolve any disagreements regarding the SIS, the ICT will modify the draft SIS report to identify the areas of disagreement and will provide this SIS report to the Transmission Customer by posting on OASIS.
- 7.1.5 If the SIS indicates that no addition or upgrades to the Transmission System are needed to accommodate the TSR, and the ICT has determined that the Transmission Customer has met the necessary Tariff requirements, the Transmission Provider will provide the Transmission Customer with a Transmission Service Agreement to be executed by the Transmission Provider and the Transmission Customer. The Transmission Customer may request that the Transmission Provider file an unexecuted Transmission Service Agreement with FERC in accordance with the Tariff if: (i) the Transmission Provider and the ICT cannot agree on whether any additions or upgrades to the Transmission System are needed to accommodate the TSR; (ii) the Transmission Customer does not accept the results of the SIS; or (iii) the Transmission Provider and

the Transmission Customer cannot agree on the terms and conditions of the Transmission Service Agreement. If the Transmission Provider and the ICT cannot agree on the scope of the additions or upgrades to the Transmission System that are needed to accommodate the TSR, or if the Transmission Customer does not accept the scope of the necessary additions or upgrades, the parties shall attempt to resolve any such disagreement through the more detailed Facilities Study process in Section 7.2 below if the Transmission Customer elects to undertake such a study.

7.2 Facilities Studies

- 7.2.1 If a SIS indicates that additions or upgrades are needed to accommodate the TSR, the ICT will provide the Transmission Customer with the standard form Facilities Study Agreement to be executed by the ICT, the Transmission Provider and the Transmission Customer. The Facilities Study Agreement shall obligate the Transmission Customer to pay for the actual cost of the Facilities Study, including any costs incurred by the ICT or the Transmission Provider associated with performing their respective functions under Section 7.2 herein. The ICT will be responsible for determining whether the Transmission Customer has timely complied with all requirements necessary for a Facilities Study and for a request to remain a Completed Application.
- 7.2.2 After confirming that all applicable requirements have been met by the Transmission Customer, the ICT shall direct the Transmission Provider to perform a Facilities Study. The ICT will provide the Transmission Provider with the updated Base Case Models used by the ICT in performing the SIS, including any additional data that the ICT determines may have material impact on the Facilities Study results. The ICT shall direct the Transmission Provider to determine the scope and estimate the cost of the additions or upgrades to the Transmission System needed to accommodate the TSR. The Transmission Provider shall use the updated Base Case Models provided by the ICT as the basis for this determination and shall make this determination on a non-discriminatory basis consistent with the Facilities Study Criteria. The Transmission Provider will provide the ICT with its determination of the scope and

estimate of the cost of the necessary additions or upgrades and, upon request, supporting documents and work papers.

- 7.2.3 The ICT will review and validate the Transmission Provider's determination regarding the scope and cost of the necessary additions or upgrades and will ensure that the Base Case Models, including any updates thereto, are consistent with the Facilities Study Criteria. To the extent necessary, the ICT shall coordinate the Facilities Study with other affected transmission providers and conduct any meetings between the Transmission Provider and any other affected transmission providers. The ICT will prepare an initial draft of the Facilities Study report. The Transmission Provider will have the opportunity to review and comment on the report and its comments will be included in the final Facilities Study report provided to the Transmission Customer. If the ICT and the Transmission Provider cannot resolve any disagreements regarding the Facilities Study, the ICT will modify the draft Facilities Study report to identify the areas of disagreement and will provide this Facilities Study report to the Transmission Customer.
- 7.2.4 The ICT, in conjunction with the Transmission Provider, will use due diligence to finalize the required Facilities Study in accordance with the Tariff and will provide all notices to the Transmission Customer required under the Tariff. The ICT will provide the Transmission Customer with the final Facilities Study report and will respond to requests for work papers supporting the Facilities Study.
- 7.2.5 If the ICT and the Transmission Provider agree on the final Facilities Study, and the Transmission Customer accepts the final Facilities Study, and the ICT has determined that the Transmission Customer has met the necessary Tariff requirements, the Transmission Provider will provide the Transmission Customer with a Transmission Service Agreement to be executed by the Transmission Provider and the Transmission Customer. If the ICT and the Transmission Provider cannot agree, or the Transmission Customer does not accept the final Facilities Study, or if the Transmission Provider and the Transmission Customer cannot agree on the terms and conditions of the Transmission Service Agreement, the Transmission Customer may request that the Transmission Provider file an unexecuted Transmission Service Agreement with FERC in accordance with the Tariff.

8. Studies for Short-Term TSRs – Available Flowgate Capability The ICT will evaluate all Short-Term TSRs with studies performed by the AFC Software in accordance with the AFC Criteria using either the Base Case Models described in Section 6 or the hourly EMS Base Case Models. In addition to the AFC-related responsibilities and duties contained in Sections 3-6 above, the ICT and the Transmission Provider shall coordinate with regard to additional AFC-related activities as follows.

- 8.1 ICT Responsibilities and Duties AFC values will be calculated through the automated processes of the AFC Software, and the ICT will be responsible for ensuring that AFC values are calculated on a non-discriminatory basis consistent with the AFC Criteria. The ICT's responsibilities in calculating AFC values will include the following:

- 8.1.1 Reviewing and validating the AFC Software, the security procedures for tracking any modifications to such software, the data inputs to the AFC Software, and the AFC Base Case Models;
- 8.1.2 Responding to Transmission Customer inquiries regarding the AFC process;
- 8.1.3 Requiring modifications to the AFC Software, Base Case Models or data inputs to the extent such modifications are necessary to ensure consistency with the AFC Criteria as provided in Section 8.3 herein; and
- 8.1.4 Requiring the recalculation (or resynchronization) of AFC values after modifications made under Section 8.3 are implemented.

- 8.2 Transmission Provider Responsibilities and Duties The calculation of AFC values will require coordination between the Transmission Provider and the ICT. The Transmission Provider will perform the AFC-related functions listed below, and the ICT will ensure that these functions are performed on a non-discriminatory basis consistent with the AFC Criteria:

- 8.2.1 Providing software maintenance and service for the AFC Software, including arrangements with third-party software vendors, and implementing all required modifications to the AFC Software;
- 8.2.2 Implementing automated security procedures for creating an auditable trail of modifications and access to the AFC Software;

8.2.3 Supplying data inputs and information necessary for creating hourly, daily and monthly Base Case Models; and

8.2.4 Assisting the ICT, to the extent requested, in responding to Transmission Customer inquiries.

8.3 Application of the AFC Criteria The ICT will have authority to direct the Transmission Provider to modify the AFC Software, Base Case Models or data inputs to ensure that the AFC values are calculated in a manner consistent with the AFC Criteria posted on OASIS. If the ICT and the Transmission Provider cannot agree on a modification to the AFC Software, Base Case Models or data inputs proposed by the ICT under this section, the ICT's position shall control and serve as the basis for evaluating TSRs pending resolution of any such disagreement. To the extent the ICT directs a modification under this section, the ICT shall also have the authority to direct the resynchronization of AFC values after the modification is implemented.

9. Transmission Planning and Expansion

9.1. As provided in Attachment K to the Transmission Provider's Tariff, the ICT will review and validate the Transmission Provider's Construction Plan developed pursuant to Attachment K of the Transmission Provider's Tariff. The ICT will ensure that the Construction Plan, including any updates thereto, are consistent with the NERC planning standards and good utility practice, and have been coordinated with planning authorities as required by NERC and FERC rules and regulations applicable to regional and interregional coordination of transmission planning and cost allocation. The Transmission Provider's Construction Plan shall reflect transmission system upgrades and expansions necessary to provide safe and reliable service to the Transmission Provider's wholesale and retail Transmission Customers during the five-year planning horizon employed in the Construction Plan, and any economic, regional, and inter-regional transmission expansions pursuant to Attachment K.

9.2. Pursuant to Attachment K, the ICT will prepare an initial draft of a report explaining any differences in the basic assumptions and criteria used in the ICT's development of the Base Plan and the Transmission Provider's development of the Construction Plan ("Differences Report"). The Transmission Provider will have the opportunity to review and comment on the report and the Transmission Provider's comments

will be included in the final Differences Report submitted to FERC. The ICT and the Transmission Provider will make a good-faith effort to resolve all differences between the ICT developed Base Plan and the Transmission Provider-developed Construction Plan. If the ICT and the Transmission Provider cannot resolve any disagreements between the Construction Plan and ICT-developed Base Plan, the ICT will identify the areas of disagreement in the Differences Report and will post this report on OASIS. The ICT shall present the Differences Report to the E-RSC with recommendations for action to resolve the disagreements. For projects included in the Construction Plan including projects added to the Construction Plan by unanimous vote of the E-RSC, the Transmission Provider shall have a good-faith obligation to construct such facilities on the timetable and as indicated in the Construction Plan, provided that nothing included here in section 9.2 limits the Transmission Provider's ability to amend the Construction Plan from year to year.

- 9.3. To the extent a conflict arises between the terms of these sections 9.1 and 9.2 and Attachment K, the terms of Attachment K shall control.

10. Planning and Transmission Service Stakeholder Process The ICT will develop and chair a stakeholder process designed to: (i) ensure that the expansion planning process and the provision of transmission service under the Tariff are transparent and understandable; (ii) provide the Transmission Provider and Transmission Customers a forum for discussing issues and areas of concern; and (iii) provide an opportunity to develop consensus-based resolutions to such issues or concerns to the extent possible. The focus of this stakeholder process will be issues or concerns related to the planning and provision of transmission service under the Tariff and this protocol, including the AFC process, transmission modeling and studies, and commercial practices associated with reserving service over OASIS.

INDEPENDENT COORDINATOR OF TRANSMISSION INTERCONNECTION SERVICE PROTOCOL

1. General

- 1.1 The purpose of this protocol is to describe the division of responsibilities and duties between the Transmission Provider and the Independent Coordinator of Transmission (ICT) in processing requests for Interconnection Service under the Tariff and in performing interconnection studies to evaluate such requests. This protocol does not modify existing Tariff requirements regarding such service requests or studies.
- 1.2 The ICT shall perform the functions enumerated herein and in Attachment S in an independent manner and, in all cases, shall use its independent judgment in ensuring that new generation is interconnected with the Transmission System on a nondiscriminatory basis. The Transmission Provider shall perform its functions in a manner consistent with Good Utility Practice, its obligations to Native Load Customers and its obligations to its Interconnection Customers under FERC Order No. 2003.

2. Definitions The following definitions will apply to this protocol. Capitalized terms that are not specifically defined in this protocol will have the meaning assigned to them under the LGIP and the Tariff.

- 2.1 Base Case Model shall mean a power flow model representing the Transmission System used for reliability assessments, transmission service request studies, and economic studies. When referenced in this protocol, "Base Case Model" refers to the annual, seasonal, monthly or other power flow models used by the ICT to evaluate Interconnection Requests.
- 2.2 Independent Contractor shall mean a third-party that the ICT and Transmission Provider agree is qualified to perform transmission system studies on behalf of the ICT. An Independent Contractor cannot be the Transmission Provider or an Energy Affiliate of a Transmission Provider as defined by FERC's regulations.
- 2.3 Interconnection SIS shall mean the Interconnection System Impact Study required under the LGIP.

- 2.4 Interconnection Studies shall mean studies required to interconnect new generation to the transmission system under Order No. 2003.
- 2.5 Interconnection Study Criteria shall mean the criteria, standards and procedures used to perform Interconnection Studies as set forth in the following: (i) the LGIP and LGIA provisions applicable to the performance of Interconnection Studies; (ii) applicable NERC Reliability Standards and SERC supplements to those standards; (iii) the Transmission Provider's business practices related to Interconnection Studies that are provided to the ICT for posting on OASIS pursuant to Section 4.2 herein; and (iv) the Transmission Provider's local reliability criteria that are provided to the ICT for posting on OASIS pursuant to Section 4.2 herein.
- 2.6 LGIA shall mean the Standard Large Generator Interconnection Agreement under Attachment O to the Tariff or the version of that agreement executed by an Interconnection Customer, as applicable.
- 2.7 LGIP shall mean the Standard Large Generator Interconnection Procedures under Attachment N to the Tariff.

3. Processing and Evaluating Interconnection Service Requests

- 3.1 ICT Duties and Responsibilities The ICT will process and evaluate all Interconnection Requests on a non-discriminatory basis consistent with the LGIP and the Transmission Provider's Interconnection Study Criteria. The ICT's responsibilities in processing and evaluating Interconnection Requests include the following:
 - 3.1.1 Collecting from the Interconnection Customer and the Transmission Provider all necessary information for the processing and evaluation of an Interconnection Request;
 - 3.1.2 Determining that all preconditions necessary for a valid Interconnection Request have been met;
 - 3.1.3 Performing Interconnection Feasibility Studies, Interconnection SISs, and Optional Interconnection Studies and coordinating such studies with Affected Systems;
 - 3.1.4 Maintaining and administering a queue for Interconnection Study requests;

- 3.1.5 Posting on the Transmission Provider's OASIS a list of Interconnection Requests and related information as required under the LGIP;
- 3.1.6 Providing and executing Interconnection Study Agreements;
- 3.1.7 Providing all notices related to the processing and evaluation of an Interconnection Request to the Interconnection Customer;
- 3.1.8 Independently reviewing and validating data, information and analyses, including Interconnection Facilities Studies, provided or performed by the Transmission Provider;
- 3.1.9 Performing Interconnection Feasibility Studies and Interconnection SISs to evaluate requests to designate generating resources, including the Transmission Provider's Network Resources, as NRIS or ERIS resources;
- 3.1.10 Responding to inquiries by Interconnection Customers; and
- 3.1.11 Overseeing aspects of incremental cost transmission rates associated with NRIS as provided in Attachment T of the Tariff.
- 3.2 Transmission Provider Duties and Responsibilities The processing and evaluation of Interconnection Requests will require coordination between the Transmission Provider and the ICT. The Transmission Provider will be responsible for the following functions associated with the processing and evaluation of Interconnection Requests, and the ICT will ensure that these functions are performed consistent with the LGIP and the Interconnection Study Criteria:
 - 3.2.1 Providing data inputs, information and analyses required by the ICT to perform Interconnection Studies and process Interconnection Requests;
 - 3.2.2 Tendering, entering into, and filing all Large Generator Interconnection Agreements in accordance with the Tariff and entering into Interconnection Facilities Study Agreements; and
 - 3.2.3 Performing Interconnection Facilities Studies consistent with Section 6.3 of this protocol.
- 4. Criteria for Conducting Interconnection Studies

- 4.1 Applicability The ICT will evaluate all Interconnection Requests on a non-discriminatory basis in accordance with the LGIP and the Transmission Provider's Interconnection Study Criteria.
- 4.2 Transparency The ICT will be responsible for ensuring that the Interconnection Study Criteria are posted on OASIS and are sufficiently detailed so that the evaluation and processing of Interconnection Requests is transparent and understandable, subject to the confidentiality provisions of Attachment S to the Tariff.
 - 4.2.1 The Transmission Provider will supply the ICT with the Interconnection Study Criteria, including descriptions or copies of:
 - (i) the LGIP and LGIA provisions applicable to the performance of Interconnection Studies; (ii) applicable NERC Reliability Standards and SERC supplements to those standards; (iii) the Transmission Provider's business practices related to Interconnection Studies; and (iv) the Transmission Provider's local reliability criteria.
 - 4.2.2 The ICT will independently review the Transmission Provider's description of the Interconnection Study Criteria to ensure that these criteria are sufficiently defined for Interconnection Customers to understand how Interconnection Requests are processed and evaluated. If the ICT concludes that additional detail is required, the Transmission Provider will modify the appropriate business practice documents to include the additional detail. The ICT will post on OASIS the final versions of the criteria, subject to the confidentiality provisions of Attachment S to the Tariff.
- 4.3 Modifications The Transmission Provider will not modify the Interconnection Study Criteria without providing prior notice to the ICT. The ICT may independently propose that the Transmission Provider modify the Interconnection Study Criteria by raising such a proposal with the Transmission Provider or in a report to Interested Governmental Agencies under Attachment S. The ICT will post on OASIS notice of any modification to the Interconnection Study Criteria. The Transmission Provider will remain the sole entity with the right to file with FERC modifications to the Tariff and the LGIP under Section 205 of the Federal Power Act.
- 5. Base Case Models for Evaluating Interconnection Requests Base Case Models will be developed, reviewed and validated pursuant to the provisions of Attachment K and the ICT Transmission Service Protocol.

The ICT will review and validate the data inputs provided by the Transmission Provider to ensure that the data inputs and resulting models are consistent with the Interconnection Study Criteria.

6. Studies for Interconnection Service Requests The LGIP provisions of the Tariff shall determine the studies necessary to interconnect with the Transmission System. The ICT will be responsible for coordinating all Interconnection Studies with any Affected Systems and conducting all meetings between the Affected Systems, the Transmission Provider and the Interconnection Customer, in accordance with the provisions of the LGIP. The division of additional responsibilities in performing Interconnection Studies is described below.

6.1 Interconnection Feasibility Study

6.1.1 Pursuant to the LGIP, the ICT shall provide the Interconnection Customer with an Interconnection Feasibility Study Agreement to be executed by the Interconnection Customer and the ICT. The Interconnection Feasibility Study Agreement shall obligate the Interconnection Customer to pay for the actual cost of the Interconnection Feasibility Study, including any costs incurred by the ICT or the Transmission Provider associated with performing their respective functions under Section 6.1 herein. The ICT will be responsible for determining whether the Interconnection Customer has timely complied with all requirements necessary for an Interconnection Feasibility Study and a valid Interconnection Request, as provided in the LGIP. The ICT will provide a copy of the executed Interconnection Feasibility Study Agreement to the Transmission Provider.

6.1.2 After confirming that all applicable requirements have been met by the Interconnection Customer, the ICT will perform (or cause to be performed by an Independent Contractor) the required Feasibility Study, including any Re-Studies. To perform the Feasibility Study, the ICT will use the current set of applicable Base Case Models developed pursuant to Section 5 herein. The ICT will update the applicable Base Case Models to reflect then-current data from the Transmission Provider's OASIS regarding additional Long-Term TSRs, including new or expired rollover rights. The ICT will perform the Feasibility Study as set forth in the Interconnection Study Criteria and will ensure that the Base Case Models, including any updates thereto, are developed as set forth in the Interconnection

Study Criteria. The ICT will provide the Transmission Provider with an initial draft of the Feasibility Study report, and the Transmission Provider will have the opportunity to review and comment on the report.

- 6.1.3 The ICT will use Reasonable Efforts to finalize the Feasibility Study in accordance with the LGIP provisions of the Tariff and will provide all notices to the Interconnection Customer required in that section. The ICT will be responsible for responding to requests for work papers or other supporting documentation under the LGIP. If the Transmission Provider and the ICT cannot resolve any disagreements regarding the Feasibility Study, the ICT will modify the draft Feasibility Study report to identify the areas of disagreement and will provide this Feasibility Study report to the Interconnection Customer. If the Transmission Provider, the ICT and the Interconnection Customer ultimately cannot agree on the final Interconnection Feasibility Study report, Section 13.5 of the LGIP will apply.

6.2 Interconnection System Impact Study

- 6.2.1 Pursuant to the LGIP, the ICT shall provide the Interconnection Customer with the Interconnection SIS Agreement to be executed by the ICT and the Interconnection Customer. The Interconnection SIS Agreement shall obligate the Interconnection Customer to pay for the actual cost of the Interconnection SIS, including any costs incurred by the ICT or the Transmission Provider associated with performing their respective functions under Section 6.2 herein. The ICT will be responsible for determining whether the Interconnection Customer has timely complied with all requirements necessary for an Interconnection SIS and for a valid Interconnection Request, as set forth in the LGIP. The ICT will provide a copy of the executed Interconnection SIS Agreement to the Transmission Provider.
- 6.2.2 After confirming that all applicable requirements have been met by the Interconnection Customer, the ICT shall perform (or cause to be performed by an Independent Contractor) the required Interconnection SIS, including any Re- Studies. To perform the Interconnection SIS, the ICT will use the current set of applicable Base Case Models developed pursuant to Section 5 herein. The ICT will update the applicable Base Case Models to reflect then-current data from the Transmission Provider's OASIS regarding

additional Long-Term TSRs, including new or expired rollover rights. The ICT will perform the Interconnection SIS as set forth in the Interconnection Study Criteria and will ensure that the Base Case Models, including any updates thereto, are developed as set forth in the Interconnection Study Criteria.

- 6.2.3 The ICT will provide the Transmission Provider with an initial draft of the Interconnection SIS report including a list of any constrained transmission elements. The Transmission Provider will have the opportunity to review and comment on the report and will be responsible for developing a mitigation plan to address any constrained transmission elements. The ICT will review and validate the Transmission Provider's mitigation plan and will include the mitigation plan and the Transmission Provider's comments in the final Interconnection SIS report provided to the Interconnection Customer.
 - 6.2.4 The ICT, in conjunction with the Transmission Provider, will use Reasonable Efforts to finalize the required Interconnection SIS in accordance with the LGIP and will provide all notices to the Interconnection Customer required by the LGIP. The ICT will be responsible for responding to requests for work papers supporting the Interconnection SIS. If the Transmission Provider and the ICT cannot resolve any disagreements regarding the Interconnection SIS, the ICT will modify the draft Interconnection SIS report to identify the areas of disagreement and will provide this Interconnection SIS report to the Interconnection Customer. If the Transmission Provider, the ICT and the Interconnection Customer ultimately cannot agree on the final Interconnection SIS report, Section 13.5 of the LGIP will apply.
- 6.3 Interconnection Facilities Study
- 6.3.1 Pursuant to the LGIP provisions of the Tariff, the ICT will tender the Interconnection Facilities Study Agreement to the Interconnection Customer to be executed by the ICT, the Transmission Provider and the Interconnection Customer. The Interconnection Facilities Study Agreement shall obligate the Interconnection Customer to pay for the actual cost of the Interconnection Facilities Study, including any costs incurred by the ICT or the Transmission Provider associated with performing their respective functions under Section 6.3 herein.

- 6.3.2 After confirming that all applicable requirements have been met by the Interconnection Customer, the ICT shall direct the Transmission Provider to perform an Interconnection Facilities Study. The ICT will provide the Transmission Provider with the updated Base Case Models used by the ICT in performing the Interconnection SIS, including any additional data that the ICT determines may have material impact on the Interconnection Facilities Study results. The ICT shall direct the Transmission Provider to determine the equipment, engineering, procurement and construction work necessary to implement the conclusions in the Interconnection SIS. The Transmission Provider shall use the updated Base Case Models provided by the ICT as the basis for this determination and shall make this determination consistent with the Interconnection Study Criteria. The Transmission Provider will provide the ICT with its determination and, upon request, supporting documents and work papers.
- 6.3.3 The ICT will review and validate the Transmission Provider's determination regarding the equipment, engineering, procurement and construction work necessary to implement the conclusions in the Interconnection SIS and will ensure that the Base Case Models, including any updates thereto, are consistent with the Interconnection Study Criteria. The ICT will prepare an initial draft of the Interconnection Facilities Study report. The Transmission Provider will have the opportunity to review and comment on the report and the Transmission Provider's comments will be included in the final Interconnection Facilities Study report provided to the Interconnection Customer. If the ICT and the Transmission Provider cannot resolve any disagreements regarding the Interconnection Facilities Study, the ICT will modify the draft Interconnection Facilities Study report to identify the areas of disagreement and will provide this Interconnection Facilities Study report to the Interconnection Customer.
- 6.3.4 The ICT, in conjunction with the Transmission Provider, will use Reasonable Efforts to finalize the required Interconnection Facilities Study in accordance with the LGIP and will provide all notices to the Interconnection Customer required in the LGIP. The ICT will be responsible for providing the Interconnection Customer with the final Interconnection Facilities Study report and responding to

requests for work papers and supporting documentation for the Interconnection Facilities Study.

- 6.3.5 If the ICT and the Transmission Provider agree on the final Facilities Study, and the Interconnection Customer accepts the final Facilities Study, and the ICT has determined that the Interconnection Customer has met the necessary LGIP requirements, the Transmission Provider will provide the Interconnection Customer with a LGIA to be executed by the Transmission Provider and the Interconnection Customer. If the ICT and the Transmission Provider cannot agree, or the Interconnection Customer does not accept the final Interconnection Facilities Study, or if the Transmission Provider and the Interconnection Customer cannot agree on the terms and conditions of the LGIA, the parties may attempt to resolve the dispute pursuant to Section 13.5 of the LGIP or the Interconnection Customer may request that the Transmission Provider file an unexecuted LGIA with FERC in accordance with Section 11.3 of the LGIP.
- 6.4 Optional Interconnection Study If the Interconnection Customer requests an Optional Interconnection Study, the division of responsibilities between the Transmission Provider and the ICT shall be the same as for the Interconnection SIS.

INDEPENDENT COORDINATOR OF TRANSMISSION RELIABILITY COORDINATOR PROTOCOL

1. General

- 1.1 The purpose of this protocol is to describe the division of responsibility and authority between the Transmission Provider and the Independent Coordinator of Transmission (ICT) with respect to Reliability Coordinator services provided by the ICT. This protocol shall be applied in a manner consistent with the requirements of the North American Electric Reliability Council (NERC) and the Southeastern Electric Reliability Council (SERC) applicable to Reliability Coordinators, Transmission Operators, and Balancing Authorities.
- 1.2 The ICT shall perform the functions enumerated herein and in Section 5 of Attachment S in an independent manner and, in all cases, shall use its independent judgment in ensuring that Reliability Coordinator services are provided on a nondiscriminatory basis in compliance with applicable NERC Standards. The ICT will report to Interested Government Agencies if implementation of these or other reliability standards will prevent the provision of reliable, nondiscriminatory transmission service. The Transmission Provider shall perform its functions in a manner that complies with Good Utility Practice, the Tariff and applicable NERC Standards.

2. Definitions Capitalized terms that are used, but not defined, in this protocol will have the meaning ascribed to them by the Tariff or NERC's Glossary of Terms and the applicable NERC Standards, as applicable. In addition to the definitions provided in the NERC Glossary and Standards and the Tariff, the following definitions will apply to this protocol.

- 2.1 ICT Reliability Plan shall mean the regional reliability plan that includes the ICT Reliability Coordinator Area, as developed by the ICT in consultation with the Transmission Provider and approved by NERC.
- 2.2 NERC EEA Procedures shall mean the Energy Emergency Alert (EEA) Procedures adopted by NERC as Standard EOP-002-3, effective October 1, 2011, or its successor.
- 2.3 NERC Standards shall mean the most current Reliability Standards as adopted by NERC and any supplements to such standards as adopted by SERC. NERC Standards shall include any successor standards or

SERC supplements adopted by NERC as the Electric Reliability Organization (ERO) or SERC as a Regional Reliability Organization (RRO). The NERC EEA and TLR Procedures are two examples of NERC Standards.

2.4 NERC TLR Procedures shall mean the Transmission Loading Relief procedures adopted by NERC as Standard IRO-006-5 and Standard IRO-006-EAST-1, effective July 1, 2011, or their successor.

3. Overview of Responsibilities and Authorities The general division of responsibility and authority between the ICT Reliability Coordinator and the Transmission Provider shall comply with NERC Standard IRO-001-1, effective May 13, 2009, or its successor and Section 3 of this protocol. The specific division of responsibilities and authorities with respect to Operations Planning, Current-Day Operations, and Emergency Operations shall also comply with the applicable NERC Standards and are described in Sections 4-6 of this protocol.

3.1 ICT Reliability Coordinator

3.1.1 The ICT will serve as the Reliability Coordinator for the ICT Reliability Area and will be responsible for bulk transmission reliability for the ICT Reliability Area. The ICT will perform all functions identified for Reliability Coordinators consistent with the NERC Standards, the ICT Reliability Plan and this protocol. The ICT will execute coordination agreements and share data with adjacent Reliability Coordinators as necessary to support Reliability Coordinator functions under NERC Standards.

3.1.2 The ICT shall have clear decision-making authority to act and direct actions to be taken by the entities in the ICT Reliability Area to preserve the integrity and reliability of the Bulk Electric System. The ICT may direct these entities to redispatch generation, reconfigure transmission, modify transmission maintenance and outage schedules, or reduce load to mitigate critical conditions to return the system to a reliable state. The ICT may utilize all resources, as appropriate, to address potential or actual violations of NERC's Interconnected Reliability Operating Limits (IROL), System Operating Limits (SOL), Control Performance Standards (CPS), and Disturbance Control Standards (DCS), as defined in the NERC Standards. The ICT will have sole authority to implement the NERC TLR and EEA Procedures.

3.2 Transmission Provider

- 3.2.1 The Transmission Provider will serve as the Balancing Authority, Transmission Owner and Transmission Operator for the Entergy Transmission System and, subject to the authority of the ICT, will be responsible for bulk transmission reliability for the Entergy Transmission System. The Transmission Provider will perform all functions identified for Balancing Authorities and Transmission Operators as set forth in the NERC Standards, including receiving, confirming and implementing Interchange Schedules and other transmission service schedules, subject to the ICT's authority to direct changes to such schedules. In accordance with Section 6 of Attachment S, the Transmission Provider will provide the ICT with any data or information the ICT deems necessary to perform the Reliability Coordinator functions identified in this protocol and the NERC Standards.
- 3.2.2 The Transmission Provider will have authority to address emergency situations and reliability problems with respect to the Entergy Transmission System, through its roles as Balancing Authority, Transmission Operator, and Transmission Provider under the Tariff. The Transmission Provider will coordinate any reliability-related actions with the ICT in the first instance; provided, however, that nothing in this protocol prevents the Transmission Provider from taking action immediately necessary to protect reliability of the Entergy Transmission System in situations where there is insufficient time to coordinate with the ICT or for the ICT to act itself. The Transmission Provider's authority under such circumstances will be limited to taking actions that involve generation and transmission facilities that fall within the Transmission Provider's authority under this Tariff, including the dispatch of Network Resources, or other applicable agreements or tariffs or the NERC Standards.

- 3.3 Obligation to Comply with ICT Reliability Coordinator Directives The Transmission Provider and all Transmission Operators, Balancing Authorities, Generator Operators, Transmission Service Providers, Load-Serving Entities, and Purchasing and Selling Entities in the ICT Reliability Area shall comply with the ICT's Reliability Coordinator directives, unless such actions would violate safety, equipment, or regulatory or statutory requirements. Under these circumstances, the non-complying entity shall immediately inform the ICT of the inability to

perform the directive so that the ICT may implement alternative remedial actions.

4. Operations Planning

4.1 ICT Duties and Responsibilities The ICT's responsibility with respect to Operations Planning shall include the following:

- 4.1.1 Perform next-day reliability analyses to identify potential IROL and SOL exceedances and analyze expected peak system conditions including thermal, voltage and stability related analyses;
- 4.1.2 Communicate and coordinate results of next-day reliability analyses with the Transmission Provider and other Reliability Coordinators as necessary and post any required notices of potential IROL exceedances on the Reliability Coordinator Information System (RCIS);
- 4.1.3 Develop and coordinate mitigation plans with the Transmission Provider and other Reliability Coordinators as necessary where potential IROL and SOL exceedances are identified in the next-day analyses;
- 4.1.4 Resolve any differences between operating limits derived by the ICT and limits derived by the Transmission Provider or other Reliability Coordinators by operating to the most conservative limit or the limit agreed to by the affected entities, until the reasons for the difference can be identified and evaluated by the ICT;
- 4.1.5 Require that the Transmission Provider and all other entities in the ICT Reliability Area take action on a day-ahead basis (such as outage schedule modifications) as necessary to preserve the integrity and reliability of the Bulk Electric System;
- 4.1.6 Coordinate any day-ahead actions, including actions specified in Section 3.1.2, with the Transmission Provider and any affected Reliability Coordinators, Transmission Operators and Balancing Authorities; and
- 4.1.7 Review and evaluate transmission facility maintenance and outage schedules submitted by the Transmission Provider and other Transmission Operators in the ICT Reliability Area, modify such schedules to the extent inconsistent with NERC Standards, and coordinate such schedules with adjacent Reliability Coordinators.

4.2 Transmission Provider Duties and Responsibilities The Transmission Provider's responsibility with respect to Operations Planning shall include the following:

- 4.2.1 Separate and apart from the ICT's analyses performed under Section 4.1.1, perform next-day reliability analyses to identify potential IROL and SOL exceedances and analyze expected peak system conditions including thermal, voltage and stability related analyses;
- 4.2.2 Communicate the results of the Transmission Provider's next-day reliability analyses to the ICT, including on an expedited basis where the results indicate a potential SOL or IROL exceedance on the Entergy Transmission System;
- 4.2.3 Assist the ICT in developing a mitigation plan where potential IROL and SOL exceedances are identified and in resolving any differences between operating limits derived by the ICT and the Transmission Provider;
- 4.2.4 Develop any other operating procedures necessary to address anticipated normal or contingent system conditions on the Transmission System and provide such procedures to the ICT;
- 4.2.5 Perform any additional next-day reliability assessments as requested by the ICT; and
- 4.2.6 Coordinate transmission facility outages with neighboring Transmission Operators to minimize potential impacts on the reliability of other Transmission Systems and provide the outage schedule to the ICT for final approval and coordination with adjacent Reliability Coordinators under Section 4.1.7.

5. Current-Day Operations

5.1 ICT Duties and Responsibilities The ICT's responsibility with respect to Current-Day Operations shall include the following:

- 5.1.1 Perform all ICT functions identified for Operations Planning that are also necessary for Current-Day Operations under NERC Standards, such as developing mitigation plans and coordinating outages;

- 5.1.2 Monitor a Wide Area View of the ICT Reliability Area and other Reliability Coordinators by monitoring all Bulk Electric System facilities within such areas as necessary to ensure that the ICT is aware of any potential SOL and IROL exceedances that could impact the ICT Reliability Area;
- 5.1.3 Monitor the following current-day system conditions and parameters:
 - 5.1.3.1 all transmission facilities rated above 100 kV within the ICT Reliability Area, including monitoring of real-time flow, status information, pre-contingent and post-contingent loading, TLR Procedures and local area procedures in effect, transmission outages, and contingency events for all critical transmission facilities;
 - 5.1.3.2 generation conditions within the ICT Reliability Area, including real and reactive reserves, real and reactive output of generators, capacity and energy adequacy conditions, planned generation dispatch, generation outages and contingency events;
 - 5.1.3.3 Balancing Authority parameters within the ICT Reliability Area for compliance with NERC Standards;
 - 5.1.3.4 Interchange Transactions that wheel-through, or source or sink from, the ICT Reliability Area; and
 - 5.1.3.5 facilities, TLR Procedures, local area procedures, and Interchange Transactions in adjacent Reliability Coordinator Areas as necessary to ensure that the ICT is aware of any potential SOL and IROL exceedances that could impact the ICT Reliability Area.
- 5.1.4 Notify the Transmission Provider and other Reliability Coordinators of potential or actual SOL or IROL exceedances or other significant reliability events on the Transmission System;
- 5.1.5 Identify the cause of potential or actual SOL, IROL, exceedances and develop mitigation plans with the Transmission Provider and any affected Reliability Coordinators;
- 5.1.6 Initiate control actions or emergency procedures to relieve the potential or actual SOL or IROL exceedances without delay, and

relieve IROL exceedances in no more than thirty (30) minutes, including directing entities within the ICT Reliability Coordinator Area to take certain actions specified in Sections 3.1.2 and 6.1;

- 5.1.7 Communicate start and end times for time error corrections to all Balancing Authorities within the ICT Reliability Coordinator Area and ensure that all Balancing Authorities within the ICT Reliability Coordinator Area are aware of Geo-Magnetic Disturbance (GMD) forecast information;
 - 5.1.8 Coordinate with other Reliability Coordinators, Transmission Operators, Generator Operators and Balancing Authorities as needed to mitigate potential or actual SOL or IROL exceedances; and
 - 5.1.9 Participate in NERC and Regional Hotline discussions, participate in evaluation and management of broader contingency events within the Interconnection and disseminate pertinent information within the ICT Reliability Coordinator Area.
- 5.2 Transmission Provider Duties and Responsibilities The Transmission Provider's responsibility with respect to Current-Day Operations shall include the following:
- 5.2.1 Perform all functions identified for the Transmission Provider under Operations Planning that are also necessary for Current-Day Operations under NERC Standards, such as assisting with mitigation plans and coordinating outages;
 - 5.2.2 Provide the ICT with the necessary telemetered data to maintain a Wide Area View of the ICT Reliability Area and other Reliability Coordinators pursuant to Section 5.1.2;
 - 5.2.3 Monitor the same current-day system conditions and parameters identified in Sections 5.1.2 and 5.1.3 above (unless otherwise specified in the Reliability Plan) to identify any potential SOL and IROL exceedances that could impact the Entergy Transmission System and Balancing Authority Area and assist the ICT in identifying any such exceedances that could impact the ICT Reliability Coordinator Area; and
 - 5.2.4 Assist the ICT in developing a mitigation plan where potential or actual IROL, SOL, CPS and DCS exceedances are identified for

the ICT Reliability Coordinator Area and communicate any expected degradation or potential failure of Special Protection Schemes.

6. Emergency Operations

6.1 ICT Duties and Responsibilities The ICT's responsibility with respect to Emergency Operations shall include the following:

- 6.1.1 Direct any Transmission Operator within the ICT Reliability Area to return transmission facility loadings within applicable SOLs or IROLs;
- 6.1.2 Implement NERC TLR Procedures, a local transmission loading relief procedure, or some combination thereof, to address a potential or actual SOL or IROL exceedance;
- 6.1.3 Direct any Balancing Authority to comply with NERC CPS and DCS requirements;
- 6.1.4 Implement the NERC EEA Procedures as appropriate and arrange for assistance with other Balancing Authorities and Reliability Coordinators as appropriate;
- 6.1.5 Direct any Balancing Authority to minimize its ACE to comply with NERC Standards, including when its ACE is contributing to a significant frequency deviation or other emergency condition;
- 6.1.6 Implement any other mitigation procedures as necessary to address imminent IROL or SOL exceedances; and
- 6.1.7 Coordinate all reliability-related actions and procedures, including System Restoration Plans under NERC Standard EOP-006-0, effective June 18, 2007 (or its successor), with the Transmission Provider, Reliability Coordinators, Transmission Operators, and Balancing Authorities as necessary.

6.2 Transmission Provider Duties and Responsibilities The Transmission Provider's responsibility with respect to Emergency Operations shall include the following:

- 6.2.1 Request the ICT to implement the appropriate NERC TLR Procedures or EEA Procedures as a mitigation measure for resolving potential or actual SOL or IROL exceedances;

- 6.2.2 Assist the ICT with identification of potential local area procedures to be used to respond to potential or actual SOL or IROL exceedances;
- 6.2.3 Implement local area procedures where the ICT determines that such procedures should be used in combination with or in lieu of the NERC TLR Procedures;
- 6.2.4 Implement the Transmission Provider's System Restoration Plan in coordination with the ICT; and
- 6.2.5 Take any action a Balancing Authority or Transmission Operator is allowed to take under NERC Standards, or any action the Transmission Provider is allowed to take under the Tariff, where such action is immediately necessary to protect reliability of the Entergy Transmission System and there is insufficient time to coordinate with the ICT or for the ICT to act itself.

INDEPENDENT COORDINATOR OF TRANSMISSION AGREEMENT

This Independent Coordinator of Transmission Agreement ("Agreement") is entered into this _____ day of _____, between Entergy Services Inc. ("ESI"), on behalf of the Entergy Operating Companies (Entergy Arkansas, Inc., Entergy Texas, Inc., Entergy Gulf States Louisiana, L.L.C., Entergy Louisiana LLC, Entergy Mississippi, Inc. and Entergy New Orleans, Inc.) (collectively, "Entergy") and the Midwest Independent Transmission System Operator, Inc. ("MISO"), which are sometimes individually referred to herein as a "Party" and collectively as "Parties".

WHEREAS, ESI is a service company providing services for the Entergy Operating Companies, which are part of a multi-state public utility holding company system; and

WHEREAS, the Entergy Operating Companies own, among other things, an integrated electric transmission system, which they use to provide electric service to their customers, and to provide non-discriminatory open access transmission service pursuant to an open access transmission tariff ("OATT" or "Tariff") filed with and subject to the jurisdiction of the Federal Energy Regulatory Commission ("FERC"); and

WHEREAS, the Entergy Operating Companies will continue to be the Transmission Provider under the Entergy Operating Companies' OATT; and

WHEREAS, ESI, as agent for the Entergy Operating Companies, wants to retain MISO to perform various services as the Independent Coordinator of Transmission ("ICT") for Entergy's transmission system, which services are described more fully herein; and

WHEREAS, MISO is independent from Entergy, possesses the necessary competence and experience to perform the services in question and is willing to perform such services under the terms and conditions of this Agreement; and

NOW THEREFORE, in consideration of the mutual promises contained herein, and other good and valuable consideration, the receipt of which is hereby acknowledged, the Parties agree as follows:

Section 1 – Scope of Services; Standards of Performance.

- 1.1 Services. MISO shall perform the services described in Attachment S to the Tariff (the “Services”).
- 1.2 Expansion. Nothing in this Agreement is intended to prevent or limit in any way the formation of a similar regional transmission entity in the region. In addition, nothing in this Agreement shall prevent MISO from entering into new agreements with one or more electric transmission owners or operators to provide services the same or similar to the Services provided hereunder provided that any such agreement(s) shall provide for Entergy to be reimbursed in an equitable manner for its capital investment pursuant to this Agreement as well as for its ongoing operations and maintenance costs to the extent they are used by MISO in providing services under such new agreement(s) and provided further that MISO’s performance of such additional functions does not impair its ability to perform its obligations set forth in this agreement.

Section 2 – Independence.

- 2.1 Employees. All Services shall be performed by employees of MISO. No such employees shall be employed by Entergy or any Affiliate (as defined in 18 C.F.R. § 35.34(b)(3) of FERC's regulations) of Entergy. MISO and its employees shall be, and shall remain throughout the Term (as defined in Section 4.1), Independent (as defined below) of Entergy and any Market Participant (as defined in 18 C.F.R. §35.34(a)(2) of FERC's regulations) and all Affiliates of Entergy and any such Market Participant. For purposes of this Agreement, “Independent” has the meaning set forth in FERC Order No. 2000 and 18 C.F.R. § 35.34(j)(i) and (ii), as they may be revised by FERC from time to time. Entergy shall have no selection or veto power over the ICT’s personnel matters, including the ICT’s appointment of the initial miso Contract Manager (as provided in Section 7.2), or any subsequent staff changes for any position.
- 2.2 Offices. MISO shall maintain its offices separate from the offices of Entergy and its Affiliates. No employees of MISO performing services under this Agreement shall share office space with any transmission/reliability employee or merchant employee of Entergy or of any Affiliate of Entergy, or those of any Market Participant.
- 2.3 Treatment. All employees of MISO performing functions on behalf of Entergy under this Agreement shall be treated, for purposes of the FERC’s Standards of Conduct set forth in 18 C.F.R. § 358.4 or subsequently revised regulation, as the equivalent of

transmission/reliability employees of Entergy, and all restrictions relating to information sharing and other relationships between merchant employees of Entergy or its Affiliates and transmission/reliability employees of Entergy or its Affiliates shall apply to such employees.

Section 3 – Compensation, Billing and Payment.

- 3.1 Compensation. During the first 13 months of service under this Agreement, Entergy shall pay MISO \$1,102,564 per month. For the remainder of the term of service under this Agreement, Entergy shall pay MISO \$1,560,000 per month. If in a month service is not provided for each day of the month, the amount paid by Entergy shall be pro rated based on the ratio of the number of days during which service is provided in the month to the total number of days in the month.
- 3.2 ERSC Expenses. In addition to the compensation due under Section 3, Entergy shall pay to MISO invoices that are reviewed and approved by the Entergy Regional State Committee (“E-RSC”) and that provide for reimbursement by MISO to the retail regulators of the Entergy Operating Companies (“Retail Regulators”) for their participation in the E-RSC, as provided for in the Services Agreement between the E-RSC and MISO (the “E-RSC Service Agreement”) (such expenses, the “E-RSC Expenses”). Upon request, MISO shall provide detailed backup (including written documentation) for ERSC Expenses.
- 3.3 Billing. On or about the tenth (10th) calendar day of each month, MISO shall render to Entergy monthly statements by regular mail, facsimile, electronic mail or other acceptable means. Such statement shall set forth the charges due under this Agreement and the E-RSC Expenses (including E-RSC Travel Reimbursements). Entergy shall make payment of the amount shown to be payable by Entergy by wire transfer to an account specified by MISO not later than the seventh (7th) calendar day after receipt of the statement. All such payments shall be deemed to be made when said wire transfer is received by MISO. Any statement unpaid beyond the seventh (7th) calendar day shall accrue interest at the rate established in 18 C.F.R. § 35.19(a).
- 3.7 Dispute Resolution Regarding Budgeting and Funding. Consistent with Section 9 of Attachment S of Entergy’s OATT, if disputes arise between the Parties over funding matters that cannot be resolved by the Parties, within 15 days Entergy will request that the FERC resolve such matters. Pending FERC resolution of any such dispute, the position of MISO shall prevail. MISO also may request that the FERC resolve such issues and

also may include the areas of disagreement in its periodic reports to FERC and Retail Regulators.

Section 4 – Term; Termination; Termination Fees; Transition Assistance Services.

- 4.1 Term. The term of this Agreement (the “Term”) shall begin 30 days following the later of (i) November 1, 2012, (ii) receipt of any required retail regulatory authorizations for the effectiveness of this Agreement, or (iii) FERC acceptance of this Agreement in materially the same form as filed, unless either Party petitions FERC for a delay in such effective date and such delay is granted. This Agreement shall remain in effect until the earlier of: (a) the date all of the Entergy Operating Companies have transferred functional control over all or substantially all of their transmission facilities to the MISO Regional Transmission Organization (b) the date all of the Entergy Operating Companies have transferred ownership of all or substantially all of their transmission facilities to a third party, (c) December 31, 2014, (d) the date the Agreement is terminated in accordance with Section 4.2, or (e) the date for which Entergy receives approval from the FERC, and any necessary approvals from Retail Regulators, to terminate this Agreement, provided that termination under this Section 4.1(d) shall be effective no earlier than six (6) months from the date Entergy provides MISO with written notice of termination.
- 4.2 Termination for Cause. The Agreement may be terminated (except that any termination by Entergy pursuant to this Section 4.2 shall be effective only upon approval of such termination by the FERC), by either Party:
- 4.2.1 if the FERC determines that (a) MISO is no longer Independent pursuant to the requirements of Section 2 or (b) MISO is otherwise no longer approved to perform the Services;
 - 4.2.2 if MISO (a) fails to obtain certification from the North American Electric Reliability Council (“NERC”) and the Southeastern Electric Reliability Council (“SERC”) as the Reliability Coordinator or (b) loses its NERC or SERC certification once obtained;
 - 4.2.3 if the other Party makes a general assignment for the benefit of its creditors;
 - 4.2.4 if the other Party institutes a proceeding in bankruptcy;

- 4.2.5 if a receiver, trustee, custodian or assignee is appointed on account of the insolvency of the other Party and not dismissed within sixty (60) days;
- 4.2.6 if a proceeding in bankruptcy is instituted against the other Party and not dismissed within sixty (60) days;
- 4.2.7 if the other Party dissolves or is dissolved or its legal existence is otherwise terminated;
- 4.2.8 if the other Party fails to exercise reasonable care to prevent the disclosure of or access to confidential information in violation of its confidentiality obligations under this Agreement;
- 4.2.9 in the event of gross negligence, willful misconduct or fraud by the other Party in the performance of its obligations under this Agreement;
- 4.2.10 upon a pattern of failure by the other Party, as determined by the terminating Party in its reasonable discretion, to comply with the standards of performance required under this Agreement, including but not limited to the requirement that the Parties perform in accordance with Good Utility Practice; or
- 4.2.11 upon a material breach by the other Party of any of its obligations, representations or warranties under this Agreement that is not adequately cured, to the extent that the Agreement provides for a cure right for such obligation, representation or warranty.

4.3 Termination Fees.

Entergy will reimburse MISO for direct termination costs up to, but not to exceed \$2,000,000 in the event the Agreement is terminated PURSUANT TO Section 4.1(e) of this Agreement. For the avoidance of doubt, a termination fee shall not apply in the event this Agreement is terminated in accordance with Sections 4.1(a), (b), (c), or (d) of this Agreement.

4.4 Return of Materials. Upon termination of this Agreement, MISO shall timely and orderly turn over to Entergy all materials prepared or developed as of the effective date of such termination and return or destroy, at the option of Entergy, all Data (as defined in Section 8.1.1) and other information supplied by Entergy to MISO. If termination occurs pursuant

to Section 4.1(a) or (b), the Parties shall mutually agree which materials and Data shall be returned and which shall be retained by MISO.

4.5 Survival. All provisions of this Agreement which are by their nature or terms intended to survive the termination of this Agreement, including the obligations set forth in this Section 4 and any indemnification and confidentiality obligations, shall survive termination of this Agreement.

4.6 Transition Assistance Services.

4.6.1 "Transition Assistance Period" shall mean a period of time designated by Entergy, commencing on the date a determination is made by Entergy that there will be an expiration or termination of this Agreement and continuing for up to six (6) months after the expiration or termination of this Agreement, during which MISO shall provide the Transition Assistance Services. "Transition Assistance Services" shall mean (1) the Services (and any replacements thereof or substitutions therefor), to the extent Entergy requests such Services during the Transition Assistance Period and (2) MISO's cooperation with Entergy or another service provider designated by Entergy in the transfer of the Services to Entergy or such other service provider in order to facilitate the transfer of the Services to Entergy or such other service provider.

4.9.2 MISO shall, upon Entergy's request during the Transition Assistance Period, provide the Transition Assistance Services at MISO's actual cost for such services. The quality and level of performance during the Transition Assistance Period shall not be degraded. After the expiration of the Transition Assistance Period, MISO shall (a) answer questions from Entergy regarding the Services on an "as needed" basis at MISO's then standard billing rates and (b) deliver to Entergy any remaining Entergy-owned reports and documentation still in MISO's possession.

4.9.3 During the Transition Assistance Period, MISO shall not terminate, reassign or otherwise remove any member of its staff who performed any part of the Services without providing Entergy 30 days' prior notice of such termination, reassignment or removal unless such employee (a) voluntarily resigns from MISO, (b) is dismissed by MISO for misconduct (e.g., including

but not limited to fraud, drug abuse, theft, violation of policy), or
(c) dies or is unable to work due to his or her disability.

Section 5 – Standard of Performance.

- 5.1 MISO Performance. MISO will perform the Services throughout the Term in accordance with Good Utility Practice and shall conform to all applicable reliability criteria, policies, standards, rules, regulations and other requirements of NERC, and any applicable regional reliability council or their successors, Entergy's specific reliability requirements, and operating guidelines (to the extent these are not inconsistent with other requirements specified in this paragraph) and all applicable requirements of federal and state regulatory authorities.
- 5.2 Entergy Performance. Entergy shall perform its obligations under this Agreement in accordance with Good Utility Practice and shall conform to all applicable reliability criteria, policies, standards, rules, regulations and other requirements of NERC, and any applicable regional reliability council or their successors, Entergy's specific reliability requirements, and operating guidelines (to the extent these are not inconsistent with other requirements specified in this paragraph) and all applicable requirements of federal and state regulatory authorities.

Section 6 – Indemnification.

- 6.1 Indemnification by Entergy. Subject to the terms and limitations in this Agreement, Entergy shall indemnify, defend, reimburse and hold harmless MISO and its affiliates and their respective directors, officers, employees, principals, representatives and agents (collectively, the "MISO Parties") from and against any and all claims, liabilities, losses, causes of action, fines, penalties, litigation, administrative proceedings and investigations, costs and expenses (including reasonable attorneys' fees) ("Losses") asserted against or incurred by any of the MISO Parties arising out of or based upon (a) any breach of Entergy's obligations under this Agreement; or (b) the gross negligence or willful misconduct of any Entergy Party (as defined in Section 6.2).
- 6.1.1 Reservation. In the event the FERC, NERC, or any regional entity proposes to assess a monetary fine or penalty against MISO

arising out of or based upon MISO's breach of its obligations under this Agreement, the parties mutually agree that each may separately request and advocate that, in lieu of any such proposed monetary fine or penalty, the FERC, NERC, SERC, or any such regional entity instead impose upon MISO a non-monetary penalty such as mitigation plans and compliance audits of these plans or other similar actions to address management accountability consistent with FERC Order Providing Guidance on Recovery of Reliability Penalty Costs by Regional Transmission Organizations and Independent System Operators (122 FERC ¶ 61,247).

- 6.2 Indemnification by MISO. Subject to the terms and limitations in this Agreement, MISO shall indemnify, defend, reimburse and hold harmless Entergy and its affiliates and their respective directors, officers, employees, principals, representatives and agents (collectively, the "Entergy Parties") from and against any and all Losses asserted against or incurred by any of the Entergy Parties arising out of or based upon (a) any breach of MISO's obligations under this Agreement; or (b) the gross negligence or willful misconduct of any MISO Party (as defined in Section 6.1). Further, MISO hereby agrees that in the event a claim or suit is asserted by any self-insurer, medical insurer, medical service provider, employee of MISO or employee's spouse, children, dependents, survivors, or any other person or entity making a claim on behalf of or through such employee resulting from or in any manner arising out of such employee injury (including death) or occupational disease, under any statutory or common law right or theory of recovery, lien or subrogation against Entergy and its affiliates, MISO will defend, indemnify, hold harmless, and make whole Entergy and its affiliates for any and all losses, settlements, and judgments resulting from such claim or suit. MISO further agrees that the foregoing provision shall also apply in the event a claim or suit is asserted against Entergy and its affiliates by any subcontractor performing services under this Agreement.
- 6.3 Limitation of Liability. Neither Party shall be liable to the other Party for, nor will the measure of damages include, any indirect, incidental, special or consequential damages arising out of or relating to its performance or failure to perform under this Agreement.
- 6.4 Treatment of Indemnification Claims. A party making a claim for indemnification pursuant to this Agreement shall be referred to herein as the "Indemnified Party" and the Party against whom such indemnification claims are asserted pursuant to this Agreement shall be referred to herein as the "Indemnifying Party." In the event of a claim for indemnification, the Indemnified Party shall promptly furnish written notice to the Indemnifying

Party (a “Claim Notice”) specifying the nature of the direct claim or third party claim given rise to indemnification. The failure of the Indemnified Party to deliver promptly a Claim Notice shall not affect the indemnity obligations of the Indemnifying Party hereunder except to the extent the Indemnifying Party was actually prejudiced by such delay in delivery of such Claim Notice.

Section 7 – Contract Managers.

- 7.1 Entergy Contract Manager. Entergy shall appoint an individual (the “Entergy Contract Manager”) who from the date of this Agreement shall serve as the primary Entergy representative under this Agreement. The Entergy Contract Manager shall (1) have overall responsibility for managing and coordinating the performance of Entergy's obligations under this Agreement and (2) be authorized to act for and on behalf of Entergy with respect to all matters relating to this Agreement. Notwithstanding the foregoing, the Entergy Contract Manager may, upon notice to MISO, delegate such of his or her responsibilities to other Entergy employees, as the Entergy Contract Manager deems appropriate.
- 7.2 MISO Contract Manager. MISO shall appoint an individual (the “MISO Contract Manager”) who from the date of this Agreement shall serve as the primary MISO representative under this Agreement. The MISO Contract Manager shall (1) have overall responsibility for managing and coordinating the performance of MISO's obligations under this Agreement and (2) be authorized to act for and on behalf of MISO with respect to all matters relating to this Agreement. Notwithstanding the foregoing, the MISO Contract Manager may, upon notice to Entergy, delegate such of his or her responsibilities to other MISO employees, as the MISO Contract Manager deems appropriate.

Section 8 – Data Management.

- 8.1 Definitions.
- 8.1.1 “Data” means all information, text, drawings, diagrams, images or sounds which are embodied in any electronic or tangible medium and which are requested by MISO in performing its functions under this Agreement.

- 8.1.2 “Processes” means software, base data models and operating procedures for software or base data models.
- 8.2 Supply of Data. Entergy shall supply to MISO full access to all Data in accordance with Attachment S and the Tariff. MISO shall notify Entergy of the Data deemed necessary for the performance of the ICT functions and the Parties shall attempt to reach agreement upon the format and manner in which it shall be provided. In the event Entergy and MISO do not agree on issues involving access to Data, or on the format and manner in which Data is to be provided, MISO’s position on such issues shall control pending dispute resolution pursuant to Sections 6.1 and 6.2 of Attachment S of Entergy’s OATT and either Party may request that FERC resolve the dispute.
- 8.3 Property of Entergy. MISO acknowledges that Entergy’s Data and Processes are the property of Entergy and Entergy hereby reserves all intellectual property rights which may subsist in Entergy’s Data and Processes. MISO shall not delete or remove any copyright notices contained within or relating to Entergy’s Data.
- 8.4 Data Integrity. Entergy shall reasonably assist MISO in establishing measures to preserve the integrity and prevent any corruption or loss of Entergy’s Data, and shall reasonably assist MISO in the recovery of any corrupted or lost data. Having due regard for the nature of their respective obligations under this Agreement:
- 8.4.1 MISO shall use reasonable efforts to preserve the integrity of Entergy’s Data and Processes, and to prevent any corruption or loss of Entergy’s Data, and
- 8.4.2 Entergy shall use reasonable efforts to preserve the integrity of Entergy’s Data and Processes by, as a minimum, continuing to employ its own established internal procedures in relation to the same.
- 8.5 Data Preservation. MISO shall retain and preserve Entergy’s Data during the Term.
- 8.6 Confidentiality. Entergy’s Data and Processes shall be regarded as Confidential Information (as defined in Attachment S to the Tariff) and treated as such in Accordance with Attachment S of the Tariff. MISO’s rights with respect to the use, reproduction, modification and distribution of

the same shall be limited to the extent necessary so as to enable MISO to fulfill its obligations under this Agreement.

- 8.7 Exclusion. Nothing in this Agreement shall prevent MISO or Entergy from using general techniques, ideas, concepts and know-how gained by its employees during the performance of this Agreement in the furtherance of its normal business, to the extent that this does not relate to a disclosure of Entergy's Data, any data generated from Entergy's Data, a disclosure of any Confidential Information, or an infringement by Entergy or MISO of any intellectual property right.

Section 9 – Intellectual Property.

- 9.1 Pre-Existing Intellectual Property. Each Party shall own (and continue to own) all intellectual property that it owned prior to entering this Agreement, including any enhancements thereto ("Pre-Existing Intellectual Property").
- 9.2 Jointly Owned Intellectual Property. All deliverables, whether software or otherwise, to the extent prepared, produced or first developed by MISO for Entergy during this Agreement shall be jointly owned by Entergy and MISO and each Party shall have the right to use such deliverables without accounting to the other Party except as provided in this Section 9.2. Prior to using for, or transferring or licensing such jointly owned intellectual property to, a third party, MISO shall reimburse Entergy in an equitable manner as determined by the parties in good faith for the actual cost of Entergy's investment in producing such deliverable. Except as stated herein, MISO shall have no other obligation to account to Entergy for MISO's use thereof.
- 9.3 MISO Retained Rights. MISO shall retain all right, title and interest in its proprietary know-how, concepts, techniques, processes, materials and information that were or are developed entirely independently of Services performed pursuant to this Agreement (the "MISO Retained Rights"), whether or not such MISO Retained Rights are embodied in a deliverable. With respect to MISO Retained Rights embodied in any deliverable, ownership thereof shall remain entirely with MISO but Entergy is hereby granted a nonexclusive, perpetual, worldwide, royalty-free, fully paid-up license under such MISO Retained Rights as are embodied in any deliverable to use the deliverable only for its internal business purposes, including licensing or transferring its interests therein to a third party for purposes of operating or performing functions in connection with its

transmission business; provided that MISO shall not be liable for any reliance on or use of such MISO Retained Rights by any third party for any purpose whatsoever. The license granted hereunder to use MISO Retained Rights embodied in a deliverable shall also extend to Entergy's affiliates under the same terms and conditions as for Entergy.

- 9.4 Entergy Retained Rights. Entergy shall retain all right, title and interest in its proprietary know-how, concepts, techniques, processes, materials and information that were or are developed entirely by it (the "Entergy Retained Rights"). With respect to Entergy Retained Rights embodied in any jointly owned intellectual property, ownership thereof shall remain entirely with Entergy but MISO is hereby granted a nonexclusive, perpetual, worldwide, royalty-free, fully paid-up license under such Entergy Retained Rights as are embodied in any jointly owned intellectual property to use the jointly owned intellectual property only for its performance of Services under this Agreement.
- 9.5 MISO Non-Infringement; Indemnification. MISO warrants that all deliverables made pursuant to this Agreement shall not infringe on any third-party patent, copyright or trade secret. MISO shall defend, hold harmless and indemnify Entergy and its affiliates against all claims or lawsuits based upon the actual or alleged infringement of any of the foregoing rights; provided that such claim or action is not based on any alteration, modification, or combination of the deliverable with any item, information or process not provided by MISO where there would be no infringement in the absence of such alteration, modification or combination. The indemnity shall include, without limitation, all penalties, awards and judgments; all court and arbitration costs; attorneys' fees; and other reasonable out-of-pocket costs incurred in connection with such claims or lawsuits. If any infringement action results in a final injunction against Entergy or one or more of its affiliates with respect to the deliverables provided under this Agreement, or in the event the use of the materials furnished by the MISO hereunder, or any part thereof, is, in such suit, held to constitute infringement, MISO agrees that it shall, at its option and sole expense, either (1) procure for Entergy or the affected affiliate the right to continue using the infringing subject matter, or (2) replace the infringing subject matter with non-infringing items of equivalent functionality or modify the same so that it becomes non-infringing and retains its full functionality. If MISO is unable to accomplish (1) or (2) above, MISO shall reimburse Entergy for all costs and fees paid by Entergy to MISO for the infringing subject matter.

- 9.6 Indemnification. Entergy shall defend, hold harmless and indemnify MISO against all claims or damages to the extent that information or intellectual property that Entergy furnishes to MISO, any alteration, modification, or combination of the deliverables, or use of the deliverables in a manner not contemplated or licensed under this Agreement constitutes an infringement of any third-party right. The indemnity shall include, without limitation, all penalties, awards and judgments; all court and arbitration costs; attorneys' fees; and other reasonable out-of-pocket costs incurred in connection with such claims or lawsuits.

Section 10 – MISO Insurance.

- 10.1 Requirements. MISO shall provide and maintain for the Term, unless otherwise specified, insurance coverages in forms and amounts that MISO believes will adequately protect it; provided that, unless otherwise agreed by the Parties, in no case shall such coverage be less than:
- 10.1.1 Workers' Compensation Insurance in accordance with all applicable state, federal, and maritime laws, including Employer's Liability Insurance in the amount of \$1,000,000 per accident and a waiver of subrogation in favor of Entergy and its affiliates. In states that permit exemptions or rejection of Workers' Compensation insurance, MISO may, for purposes of this Agreement, elect not to maintain Workers' Compensation Insurance, but only to the extent MISO remains in compliance with applicable state law.
 - 10.1.2 Commercial General Liability Insurance including Contractual Liability Coverage, and Personal Injury Coverage, with a combined single limit of \$1 Million per occurrence for Bodily Injury and Property Damage.
 - 10.1.3 Automobile Liability Insurance covering any vehicle used in connection with the performance of this Agreement, with a combined single limit of \$300,000 per accident.
 - 10.1.4 Excess or Umbrella Liability Coverage for the coverages required in Sections 10.1.2 and 10.1.3 with limits of liability, when combined with such primary coverage limits, equal to \$5 Million per occurrence.

- 10.1.5 Errors and Omissions/Professional Liability Insurance in the amount of \$5 Million per claim, covering claims or damages because of injury or damages arising out of any act, error or omission of MISO in the rendering of professional services. Such coverage shall remain in effect for one year from the termination of this Agreement.
- 10.2 Insurance Matters. MISO's insurance policies required by Sections 10.1.2 and 10.1.3 shall include Entergy and its affiliates as additional insureds with respect to MISO's performance under and liability arising from this Agreement. MISO hereby waives all rights of recourse, including any right to which another may be subrogated, against Entergy and its affiliates for personal injury, including death, and property damage. All of MISO's policies of insurance shall be primary insurance and noncontributing with any other insurance maintained by Entergy and its affiliates. MISO will endeavor to provide Entergy with thirty (30) days' prior written notice of cancellation or any material adverse change in conditions or limit of liability. MISO shall provide Entergy with Certificates of Insurance issued to Entergy and its affiliates evidencing coverage currently in effect upon execution of this Agreement and annually thereafter pursuant to the requirements of these insurance provisions.
- 10.3 Compliance. MISO shall not commence performance of any Services until all of the insurance required of MISO is in force, and the necessary documents have been received by Entergy. Compliance with these insurance provisions is hereby expressly made a condition precedent to the obligation of Entergy to make payment for any Services performed. The minimum insurance requirements set forth above shall not vary, limit or waive MISO's legal or contractual responsibilities or liabilities to any party.

Section 11 – Force Majeure.

- 11.1 Neither Party shall be liable to the other for any failure or delay of performance hereunder due to causes beyond such Party's control (a "Force Majeure"), including acts of God, act of the public enemy, fire, explosion, vandalism, cable cut, storm or other catastrophes, weather impediments, national emergency, insurrections, riots, wars or like causes beyond its control, or any law, order, regulation, direction, action or request of any government or authority or instrumentality thereof, and

which by the exercise of due diligence such Party is unable, whole or in part, to prevent or overcome. Notwithstanding the foregoing, a Force Majeure event does not include an act of negligence or intentional wrongdoing by a Party claiming a Force Majeure. Neither Party shall be considered in default as to any obligation under this Agreement if prevented from fulfilling the obligation due to an event of Force Majeure, except for the obligation to pay any amount when due, provided that the affected Party:

- 11.1.1 gives Notice to the other Party of the event or circumstance giving rise to the event of Force Majeure;
- 11.1.2 affords the other Party reasonable access for obtaining information about the event or circumstances alleged to constitute a Force Majeure;
- 11.1.3 takes all commercially reasonable steps required to restore its ability to perform its obligations hereunder as soon as reasonably practicable provided that the affected Party shall not be obligated to take any steps that are not otherwise in accordance with Good Utility Practice; and
- 11.1.4 makes commercially reasonable efforts to perform its obligations hereunder.

Section 12 – Reporting; Audit.

- 12.1 Reporting. MISO will be responsible for making regular reports to FERC and retail commissions as required by applicable law and regulations and/or as provided in the tariff.
- 12.2 Books and Records. MISO shall maintain full and accurate books and records pertinent to this Agreement. Entergy will have the right, at reasonable times and under reasonable conditions, to inspect and audit MISO's operations and books to ensure compliance with this Agreement and to verify any cost claims, including verification that any and all material, services, labor and other expenses incurred under this Agreement have been paid. Such books and records shall be made available at MISO's offices for verification, copying, audit and inspection by Entergy or its representatives, including Entergy-authorized third-party auditors. Any such audit shall be at Entergy's expense and conducted

during MISO's normal working hours; provided, however, that MISO shall provide reasonable assistance necessary to enable Entergy to conduct such audit, and shall not be entitled to charge Entergy for any such assistance. Amounts incorrectly or inappropriately invoiced to Entergy, whether discovered prior to or subsequent to payment by Entergy, shall be adjusted or reimbursed to Entergy by MISO within twenty (20) days of notification by Entergy to MISO of the error in the invoice. MISO shall include the necessary provisions in its agreements with subcontractors that shall assure access by Entergy's employees and representatives to applicable records of subcontractors. MISO shall maintain such books and records for three years after termination of this Agreement or longer if necessary to resolve a pending dispute.

- 12.3 Regulatory Compliance. MISO shall comply with all requests by Entergy to the extent considered reasonably necessary by Entergy to comply with the Sarbanes-Oxley Act or other regulatory requirements. Notwithstanding the generality of the foregoing, upon request by Entergy, and if otherwise available MISO shall each audit year (October 1 to September 30) during the term of this Agreement, commencing with audit year 2012, deliver to Entergy a SSAE 16 SOC 1 Type II Report, prepared by an independent third-party auditor which Report, and its form and preparation follow all SSAE guidelines. To the extent MISO provides Entergy with an SSAE 16 Type II Report, MISO shall each audit year (October 1 to September 30) during the term of this agreement and commencing with audit year 2012, provide to Entergy a bridge letter for the period from October through December, the period not covered by the SSAE 16 report. MISO shall also provide to Entergy a copy of any other third party audits report(s) addressing its operations and/or internal controls related to the services or materials provided to Entergy promptly after receiving any such report.

Section 13 – Independent Contractor; Statutory Employer.

- 13.1 Independent Contractor. MISO shall be and remain an independent contractor with respect to Entergy, and nothing contained in this Agreement shall be (a) construed as inconsistent with that status or (b) deemed or construed to create the relationship of principal and agent, or employer and employee, between MISO and Entergy, or to make either MISO or Entergy partners, joint ventures, principals, fiduciaries, agents or employees of the other for any purpose. Neither Party shall represent itself to be, an agent, partner or representative of the other. Neither Party

shall commit, nor be authorized to commit or bind, the other Party in any manner, without such other Party's prior written consent. Personnel employed, provided or used by any Party in connection herewith will not be employees of the other Party in any respect. Each Party shall have full responsibility for the actions or omissions of its personnel and shall be responsible for their supervision, direction and control.

- 13.2 Louisiana Statutory Employer. Notwithstanding anything in this Agreement to the contrary, but solely for purposes of Louisiana Revised Statute 23:1061, the Parties agree that it is their intention to recognize Entergy as the statutory employer of MISO's employees, whether direct employees or statutory employees of MISO, while MISO's employees are providing Services within the State of Louisiana.

Section 14 – Taxes.

Each Party shall be responsible for the payment of its own taxes, including taxes based on its net income, employment taxes of its employees, taxes on any property it owns or leases, and sales, use, gross receipts, excise, value-added, or other transaction taxes.

Section 17 – Protections

To the fullest extent allowed under law, Entergy hereby grants to MISO, in connection with its performance of applicable Services, all of the protections afforded to Entergy as a public utility under Entergy's FERC-jurisdictional Open Access Transmission Tariff and applicable state law. MISO, for its part, agrees to be bound by FERC's orders respecting MISO's administration of Entergy's OATT pursuant to the terms of this Agreement.

Section 16 – Notices.

- 16.1 Notices. All notices, requests, consents and other communications hereunder shall be in writing and shall be dispatched by nationwide overnight courier service, such as (without limitation) FedEx, or by United States Certified Mail, Return Receipt Requested, postage prepaid, addressed to the parties as follows:

If to Entergy:

Richard C. Riley
Entergy Services Inc.
639 Loyola Avenue
New Orleans, Louisiana 70113

If to MISO:

Midwest Independent Transmission System Operator, Inc.
Vice President, General Counsel, & Secretary
Attention: Stephen G. Kozey
701 City Center Drive
Carmel, Indiana 46032 (overnight delivery)
720 City Center Drive
PO Box 4202
Carmel, IN 46082-4202 (regular US Post)
Facsimile: 317-249-5912
Email: stevekozey@misoenergy.org

- 16.2 Date. Notices under this Agreement shall be deemed given upon the earlier of the date of delivery or the date upon which delivery is refused.
- 16.3 Changes. Any changes in the names or addresses set out in Section 17.1 shall be through notice in conformity with the requirements of Section 17.1.

Section 17 – Miscellaneous Provisions.

- 17.1 Governing Law; Compliance with Law. This Agreement and the rights and obligations of the Parties under this Agreement shall be governed by and construed in accordance with the laws of Delaware, without giving effect to its conflicts of law rules and both Parties hereby agree that the exclusive venue will be in the federal or state courts in Arkansas. Entergy shall retain responsibility for its compliance with all applicable federal, state and local laws and regulations. MISO shall retain responsibility for its compliance with all federal, state and local laws and regulations applicable to the conduct of its business.
- 17.2 Consent to Jurisdiction. All disputes by any Party in connection with or relating to this Agreement or any matters described or contemplated in this Agreement shall be instituted in the courts of the State of Arkansas or of the United States in the State of Arkansas. Each Party irrevocably submits, for itself and its properties, to the exclusive jurisdiction of the courts of the State of Arkansas and of the United States sitting in the State of Arkansas in connection with any such dispute arising out of or relating to this Agreement. Each Party hereby irrevocably and unconditionally waives any objection or defense that it may have based on improper venue or forum non conveniens to the conduct of any proceeding in any such courts. This provision is not intended to adversely affect the jurisdiction of FERC with respect to this Agreement.
- 17.3 Amendment. This Agreement shall not be varied or amended unless such variation or amendment is agreed in writing by a duly authorized representative of Entergy on behalf of Entergy and by a duly authorized representative of MISO on behalf of MISO. Any amendments to this Agreement agreed to by the Parties must be approved by FERC. None of the Parties shall petition FERC pursuant to the provisions of Sections 205 or 206 of the Federal Power Act to unilaterally amend this Agreement. To the extent that changes to the scope of services provided under this Agreement are required due to changes in Entergy's OATT, the Parties agree to negotiate in good faith in making such changes to this Agreement. Absent agreement of all of the Parties, the standard of review for any changes to this Agreement proposed by a non-party or FERC acting sua sponte shall be the highest standard of review then applicable under the Federal Power Act.
- 17.4 Successors and Assigns. This Agreement shall inure to the benefit of, and be binding upon the Parties, their respective successors and assigns permitted hereunder. Any assignment of this Agreement or any interest herein, or delegation of all or any portion of a Party's obligations, by

operation of law or otherwise, by either Party without the other Party's written consent having first been obtained shall be void and of no effect, provided that MISO's consent will not be required for Entergy to assign this Agreement to a successor entity, including an independent transmission company, that acquires all or substantially all of Entergy's transmission system whether by merger, consolidation, reorganization, sale, spin-off, or foreclosure and provided further that such successor entity agrees to assume all of Entergy's obligations hereunder from and after the date of such assignment. For the avoidance of doubt, nothing herein shall preclude Entergy from transferring any or all of its transmission facilities to another entity or disposing of or acquiring any other transmission assets.

- 17.5 No Third Party Beneficiaries. This Agreement is made solely for the benefit of the Parties hereto and their successors and permitted assigns and no other person shall have any rights, interest or claims hereunder or otherwise be entitled to any benefits under or on account of this Agreement as third party beneficiary or otherwise.
- 17.6 Waivers. No waiver of any provision of this Agreement shall be effective unless it is in writing and signed by the Party against which it is sought to be enforced. The delay or failure by either Party to exercise or enforce any of its rights under this Agreement shall not constitute or be deemed a waiver of that Party's right thereafter to enforce those rights, nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right.
- 17.7 Severability. The invalidity or unenforceability of any portion or provision of this Agreement shall in no way affect the validity or enforceability of any other portion or provision herein. If any provision of this Agreement is found to be invalid, illegal or otherwise unenforceable, the same shall not affect the other provisions hereof or the whole of this Agreement and shall not render invalid, illegal or unenforceable this Agreement or any of the remaining provisions of this Agreement.
- 17.8 Renegotiation. If any provision of this Agreement, or the application thereof to any person, entity or circumstance, is held by a court or regulatory authority of competent jurisdiction to be invalid, void, or unenforceable, or if a modification or condition to this Agreement is imposed by a regulatory authority exercising jurisdiction over this Agreement, then the Parties shall endeavor in good faith to negotiate such amendment or amendments to this Agreement as will restore the relative

benefits and obligations of the signatories under this Agreement immediately prior to such holding, modification, or condition.

17.9 Representations and Warranties. Each Party represents and warrants to the other Party that as of the date it executes this Agreement:

- 17.9.1 It is duly organized, validly existing, and in good standing under the laws of the jurisdiction where organized.
- 17.9.2 Subject to any necessary approvals by federal or state regulatory authorities, the execution and delivery by it, and the performance of its obligations hereunder, have been duly and validly authorized by all requisite action on the part of such Party. This Agreement has been duly executed and delivered by it, and, subject to the conditions set forth in this Agreement, constitutes the legal, valid, and binding obligation on the part of it, enforceable against it in accordance with its terms except insofar as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, or other similar laws affecting the enforcement of creditor's rights generally, and by general principles of equity regardless of whether such principles are considered in a proceeding at law or in equity.
- 17.9.3 There are no actions at law, suits in equity, proceedings, or claims pending or, to the knowledge of such Party, threatened against such Party before or by any federal, state, foreign or local court, tribunal, or governmental agency or authority that might materially delay, prevent, or hinder the performance by such entity of its obligations hereunder, except for requests for rehearing or appeal of regulatory orders approving the establishment of the ICT.

17.10 Further Assurances. Each Party agrees that it shall hereafter execute and deliver such further instruments, provide all information, and take or forbear such further acts and things as may be reasonably required or useful to carry out the intent and purpose of this Agreement and as are not inconsistent with the provisions of this Agreement

17.11 Entire Agreement. This Agreement, including the Attachments hereto, set forth the entire agreement between the Parties with respect to the subject matter hereof.

- 17.12 Good Faith Efforts. Each Party agrees that it shall in good faith take all reasonable actions necessary to permit it and other signatories to fulfill their obligations under this Agreement. Where the consent, agreement, or approval of any Party must be obtained hereunder, such consent, agreement, or approval shall not be unreasonably withheld, conditioned, or delayed. Where any Party is required or permitted to act, or omit to act, based on its opinion or judgment, such opinion or judgment shall not be unreasonably exercised. To the extent that the jurisdiction of any federal or state regulatory authority applies to any part of this Agreement or the transactions or actions covered by this Agreement, each Party shall cooperate with all other signatories to secure any necessary or desirable approval or acceptance of such regulatory authorities of such part of this Agreement or such transactions or actions.
- 17.13 Time of the Essence. With respect to all duties, obligations and rights of the Parties, time shall be of the essence of this Agreement.
- 17.14 Interpretation. Unless the context of this Agreement otherwise clearly requires, (a) the terms “include,” “includes” and “including” are not limiting and shall be deemed to be followed by the phrase “without limitation,” and (b) the term “or” has the inclusive meaning represented by the phrase “and/or.” All Section and Attachment references herein are to Sections and Attachments of this Agreement, unless otherwise specified. This Agreement shall not be construed as if prepared by one Party, but rather according to its fair meaning as a whole, as if all Parties had prepared it.
- 17.15 Counterparts; Headings. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument, binding upon Entergy and MISO, notwithstanding that Entergy and MISO may not have executed the same counterpart. The Section headings are inserted for convenience only and are not to be construed as part of this Agreement.
- 17.16 Exclusive Obligors. ESI and the Entergy Operating Companies shall be severally, and not jointly, liable for its respective acts, omissions and obligations under this Agreement.

THUS DONE AND EXECUTED by the following duly authorized representatives of the Parties on the day and year above written.

(Signatures on following page)

ENTERGY SERVICES INC., on behalf of the Entergy Operating Companies,
Entergy Arkansas, Inc., Entergy Texas, Inc., Entergy Gulf States Louisiana, Inc.,
Entergy Louisiana LLC, Entergy Mississippi, Inc., and Entergy New Orleans, Inc.

Mark T. Savoff

Name of Authorized Representative

Executive Vice President and Chief Operating Officer

Title of Authorized Representative

Signature of Authorized Representative

Date of Execution

Midwest Independent Transmission System Operator, Inc.

Richard Doying

Name of Authorized Representative

Vice President, Operations, Midwest Independent Transmission System
Operator, Inc.

Title of Authorized Representative

Signature of Authorized Representative

Date of Execution

ATTACHMENT T

Cost Recovery of New Facilities and Planning Redispatch

1. DEFINITIONS AND GENERAL CLASSIFICATION OF TRANS. INVESTMENTS

1.1 Definitions

1.1.1 Base Plan Upgrades and Supplemental Upgrades Transmission upgrades are classified as: (a) Base Plan Upgrades; or (b) Supplemental Upgrades. Base Plan Upgrades are those upgrades included in the ICT's Base Plan. Supplemental Upgrades are all upgrades not included in the ICT's Base Plan.

1.1.2 Exempt Transmission Capacity Transmission capacity associated with upgraded transmission facilities, transmission service over which is exempt from congestion charges.

11.3 Financial Payment Financial Payment shall mean the dollar amount calculated pursuant to Section 4.3 and paid to a customer that is deemed to have funded a Supplemental Upgrade when a portion of that upgrade is used to subsequently grant service to another customer.

1.2 Base Plan Upgrades Base Plan Upgrades will consist of the following categories of investment:

1.2.1 Investments necessary to maintain long-term firm transmission service commitments under Long Term Firm Point-to-Point Service.

- 1.2.2 Investments necessary to maintain Network Integration Transmission Service commitments.
 - 1.2.2.1 This includes investments necessary to serve forecasted load growth reliably within the Entergy Transmission System, including new Points of Delivery.
 - 1.2.2.2 However, the Base Plan will assume that designated future Network Resources have already been physically integrated at either the NRIS or NITS level, depending on the designating customer's specification. Upgrades necessary to initially integrate a generator at either the NRIS or NITS level are covered under Supplemental Upgrades below.
- 1.2.3 Investments necessary to maintain the applicable level of integration of generators that have already been qualified at the NRIS or NITS level.
- 1.2.4 Investments required to maintain standards of safety and reliability applicable to the Entergy region. This includes investments to change-out, replace or repair
- 1.2.5 transmission facilities, where such investments are necessary to maintain firm transmission service commitments.
- 1.2.6 Investments required to maintain firm transmission service commitments where the ability to honor such commitments has been degraded due to events that are beyond the control of the Transmission Provider. Such events include, but are not limited to, a change in reliability standards or increased loop flow from neighboring regions.

1.3 Supplemental Upgrades Supplemental Upgrades will consist of the following categories of investment:

- 1.3.1 Investments necessary to interconnect new generators to the Transmission System at the Energy Resource Interconnection Service (ERIS) level, or to increase or change the operating characteristics of an existing generator.
- 1.3.2 Investments necessary to qualify a generator at the NRIS level, upon the request of the generator or a Network Customer.
- 1.3.3 Investments required to designate a generator as a Network Resource at the NITS level, upon the request of a Network Customer.
- 1.3.4 Investments required to provide new or expanded Firm PTP Transmission Service.
- 1.3.5 Investments designed to reduce congestion within the Transmission System, meaning investments that are intended to reduce the delivered price of power for particular loads.
- 1.3.6 Investments designed to increase transfer capability across, out of or into the Transmission System.
- 1.3.7 Investments designed to serve load on the Transmission System at a higher level of reliability than is required under the standards specified in Attachment K.

2. COST RECOVERY FOR UPGRADE COSTS

- 2.1 Base Plan Upgrades The cost of Base Plan Upgrades will be recoverable through the Transmission Provider's transmission rates, including PTP and NITS rates under the Tariff, bundled retail rates, and rates charged to grandfathered customers.
- 2.2 Supplemental Upgrades
- 2.2.1 Supplemental Upgrades for PTP Transmission Service The costs of Supplemental Upgrades that are required to grant PTP Transmission Service will be recoverable under FERC's "higher of" pricing policy. The Transmission Customer requesting the service will be charged the higher of: (i) the applicable PTP rate recoverable over the requested term of service, factoring the cost of the upgrade into the rate; or (ii) the incremental cost of the upgrade plus any financial compensation payments due to other Transmission Customers under the provisions described in Section 4.3 below. In the event that the Transmission Customer requesting the service is charged the applicable PTP rate, the Transmission Customer will not be deemed to have individually funded a Supplemental Upgrade and will not be entitled to compensation under Section 4.3 below. The cost of Supplemental Upgrades for which the customer is charged the applicable PTP rate shall be recoverable through the Transmission Provider's transmission rates, including PTP and NITS rates under the Tariff, bundled retail rates, and rates charged to grandfathered customers.
- 2.2.2 Supplemental Upgrades for Interconnection Service The cost of Supplemental Upgrades required to accommodate requests for ERIS or NRIS will be recovered from the Interconnection Customer. The Interconnection Customer will be charged the cost of the upgrade plus any financial compensation payments due to other customers under the provisions described in Section 4.3 below.

- 2.2.3 Supplemental Upgrades for NITS The cost of Supplemental Upgrades required to accommodate Network Customer service requests, including designation of new NITS Network Resources will be recovered from the requesting Network Customer. The Network Customer will be charged the cost of the upgrade plus any financial compensation payments due to other customers under the provisions described in Section 4.3 below.
- 2.2.4 Other Supplemental Upgrades The cost of all other Supplemental Upgrades will be recovered from the requesting customer. The requesting customer will be charged the cost of the upgrade plus any financial compensation payments due to other customers under the provisions described in Section 4.3 below.
- 2.3 O&M Expenses For Base Plan and Supplemental Upgrades All operating and maintenance (O&M) expenses associated with Base Plan and Supplemental Upgrades will be included in the Transmission Provider's transmission revenue requirement, including the calculation of its OATT rates and the development of its bundled retail rates and rates under appropriate grandfathered agreements. There will be no direct assignment or incremental rate treatment of these expenses.
- 2.4 Comparability The provisions of this Attachment T will apply to the Transmission Provider and its affiliates, including requests for transmission service on behalf of the Transmission Provider's bundled retail load, and requests for PTP Transmission Service into, out of, or across the Transmission System by the Transmission Provider's affiliates or its wholesale merchant function. Any Supplemental Upgrades that are funded by the Transmission Provider on behalf of its bundled retail load will be eligible for recovery through Entergy's bundled retail rates and will not be recovered through Entergy's Tariff rates. Recovery of the cost of Supplemental Upgrades from

grandfathered agreement customers will be governed by the particular provisions of each such agreement.

3. PROCESS FOR IDENTIFYING UPGRADES

- 3.1 Identification of Supplemental Upgrades Supplemental Upgrades will be identified through the processes described in: (i) Sections 13 and 14 of Attachment K; (ii) the PTP and NITS provisions of the Tariff and the Transmission Service Protocol; and (iii) the LGIP and LGIA provisions of Attachments N and O and the Interconnection Service Protocol.
- 3.2 Determination of Base Plan and Supplemental Upgrades The ICT will assess whether a proposed upgrade should be considered a Base Plan Upgrade or Supplemental Upgrade. For purposes of this Section 3.2, the ICT will consider only upgrades in the then-current Base Plan for which construction is to be initiated within the next five (5) years.
 - 3.2.1 If the ICT determines that a proposed upgrade or set of upgrades is already in the Base Plan or will completely eliminate the need for a Base Plan Upgrade, then the proposed upgrade will not be treated as a Supplemental Upgrade and the cost will be recovered under Section 2.1 above.
 - 3.2.2 If the ICT determines that a proposed upgrade will materially decrease the cost of a Base Plan Upgrade, then the amount by which the Base Plan cost is decreased will be recovered under Section 2.1 above, and the remainder of the cost of the proposed upgrades will be recovered as a Supplemental Upgrade under Section 2.2 above.
 - 3.2.3 If the ICT determines that a proposed upgrade represents an acceleration of a Base Plan Upgrade, then the cost of

accelerating the Base Plan Upgrade will be recovered as a Supplemental Upgrade under Section 2.2 above.

- 3.3 Finality of ICT Determinations; Survival Rights The ICT's determinations on cost allocation of any upgrade will be final once such determination is made and any necessary contractual arrangements are accepted by FERC. If this Attachment is subsequently altered or terminated, any customer that was previously assigned the costs of a Supplemental Upgrade will continue to be responsible for those costs and will continue to receive the rights set forth in Section 4 hereof associated with such upgrade.

4. RIGHTS ASSOCIATED WITH SUPPLEMENTAL UPGRADES

- 4.1 Congestion Protection When a customer uses the capacity created by a Supplemental Upgrade that it funded, the customer shall not be charged congestion for its use of that capacity.
- 4.2 Curtailment Priority A customer who obtains transmission service by funding a Supplemental Upgrade will receive firm service, subject to the same curtailment priority as other firm service under the Tariff. NRIS or ERIS status obtained through Supplemental Upgrades does not provide transmission service. Transmission service from an NRIS resource to a designating Network Customer does not require additional Supplemental Upgrades and is firm service.
- 4.3 Financial Compensation for Long Term Service Sold to Other Customers
- 4.3.1 General Principle A customer funding a Supplemental Upgrade will receive a Financial Payment if (a) additional Long-Term PTP Transmission Service or the designation of a Long-Term Network Resource (i.e., the designation of a Network Resource

for a period of at least one year) or NRIS or ERIS status is subsequently granted to another customer using the facility that was created or expanded by the funding customer's Supplemental Upgrade or (b) the ICT determines that such Supplemental Upgrade is necessary to serve forecasted load growth reliably in the next calendar year. The designation of a Network Resource on a short-term basis (i.e., for a period of less than one year) using a prior Supplemental Upgrade will not qualify as a "Long-Term Network Resource" under this Attachment and does not entitle the original funding party to a financial compensation payment.

4.3.1.1 The right to compensation is limited to the capacity created by the Supplemental Upgrade, as represented in the base case model of the Transmission System as developed by the ICT pursuant to Attachment K, less any deductions for Financial Payments already received as specified in Sections 4.3.3.1, 4.3.3.2, and 4.3.3.3.

4.3.1.2 A customer that has funded a Supplemental Upgrade in order to qualify a generating resource at the NITS, NRIS or ERIS level will receive an equivalent financial compensation payment if that same customer obtains Long-Term PTP Transmission Service out of the generating resource and that PTP Service uses transmission capacity that was originally funded through the Supplemental Upgrade.

4.3.2 Evaluation of Requests for Long Term Service and Load Growth

4.3.2.1 All requests for new Long-Term Network Resource designation, NRIS status, or Long Term PTP service will be evaluated by the ICT during the SIS process (or during the deliverability study for NRIS requests) to determine whether the granting of such service is dependent on any Supplemental Upgrades that were previously funded by

another customer. A request will be deemed to be dependent on a prior Supplemental Upgrade if the load flow modeling of the request demonstrates that: (i) the pre-contingent or post-contingent flows associated with the request have at least a 3% TDF/OTDF respectively over the previously upgraded facility; (ii) the capacity associated with the previously funded Supplemental Upgrade is not fully utilized prior to consideration of the requested service; and (iii) the increase in flows associated with the request could not be accommodated reliably (in whole or in part) absent the previously funded Supplemental Upgrade. Previously funded Supplemental Upgrades that consist of acceleration of Base Plan Upgrades under Section 3.2.3 above will be considered in this section only during the period of the acceleration.

- 4.3.2.2 As part of the ICT's development of the Base Plan, the ICT will determine whether any Supplemental Upgrades that were previously funded by a customer are necessary to serve forecasted load growth reliably in the next calendar year. Load growth will be deemed to be dependent on a prior Supplemental Upgrade if the load flow modeling of the load growth demonstrates that: (i) the pre-contingent or post-contingent flows associated with the load growth have at least a 3% TDF/OTDF respectively over the previously upgraded facility; (ii) the capacity associated with the previously funded Supplemental Upgrade is not fully utilized prior to consideration of the load growth; and (iii) the increase in flows associated with the load growth could not be accommodated reliably (in whole or in part) absent the previously funded Supplemental Upgrade. Previously funded Supplemental Upgrades that consist of acceleration of Base Plan Upgrades under Section 3.2.3 above will be considered in this section only during the period of the acceleration.

4.3.3 Granting of Long Term Service Dependent on Prior Supplemental Upgrades

- 4.3.3.1 NRIS or Long-Term Network Resource Status If it is determined that the grant of any Long Term Network Resource designation or NRIS request is dependent on previously funded Supplemental Upgrades, then the requesting customer will be offered such service/status based on the charge further described in Section 4.3.5.2, below, as well as the funding of any additional Supplemental Upgrades that may be required. If the requesting customer confirms the service on the terms offered, then the financial compensation payment will be paid to the party(ies) previously funding the applicable Supplemental Upgrades. Thereafter, the requesting customer will be deemed to have funded the portion of the Supplemental Upgrade for which it made payments, and the original funding customer will no longer be deemed to have funded said portion.
- 4.3.3.2 Long-Term PTP Service If the grant of new Long-Term PTP Transmission Service is dependent on any previously funded Supplemental Upgrades, then the requesting PTP customer will be offered such service only if the customer agrees to pay the higher of: (i) the applicable PTP rate under the Tariff; or (ii) a rate based on the sum of the cost of the annual applicable financial compensation payments further described in Section 4.3.5.3 below, and the cost of any new Supplemental Upgrades that may be required. If the requesting customer confirms the service, then the customer(s) funding the prior Supplemental Upgrades will be paid an amount based on the applicable financial compensation payments. If the requesting customer and the customer funding the prior Supplemental Upgrade are the same customer, then the customer will pay an amount equal to the charge for the new PTP Transmission Service, minus the amount due to it as a financial compensation payment. The balance of the revenues collected by the Transmission Provider from the requesting PTP customer will be accounted for as follows:

4.3.3.2.1 If the requesting customer is paying the applicable PTP rate under the Tariff, the balance of the PTP revenues from that customer (net of financial compensation paid to the customer who upgraded the facility) will be treated as Long-Term PTP revenues.

4.3.3.2.2 If the requesting customer is paying a rate based on the sum of the applicable financial compensation payments, plus the cost of required new Supplemental Upgrades (if any), then the balance of the PTP revenues from that customer (net of financial compensation paid to the customer who upgraded the facility) shall be retained by the Transmission Provider as compensation for the additional Supplemental Upgrades. Thereafter, the requesting customer will be deemed to have funded the portion of the Supplemental Upgrade for which it made the financial payment, and the original funding customer will no longer be deemed to have funded said portion.

4.3.4 Treatment of Load Growth If it is determined by the ICT that a previously funded Supplemental Upgrade is necessary to serve forecasted load growth reliably in the next calendar year, then the financial compensation payment described in Section 4.3.5.4 will be paid to the party(ies) previously funding the Supplemental Upgrade. Such payments will be considered payments for Base Plan Upgrades, and will be recoverable through the Transmission Provider's transmission rates, including PTP and NITS rates under the Tariff, bundled retail rates, and rates charged to grandfathered customers. Thereafter, the original funding customer will no longer be deemed to have funded the portion of the Supplemental Upgrade for which it received payments under this Section.

4.3.5 Rate For Long Term Service and Load Growth Dependent on Previously Funded Supplemental Upgrades

- 4.3.5.1 Unit Rate For each previously funded Supplemental Upgrade described in Section 4.3.1 above, the \$/MW unit rate for purposes of financial compensation shall be calculated as the funded cost of the Supplemental Upgrade (plus any applicable tax gross-ups) divided by the MW of capacity created by the Supplemental Upgrade on the upgraded element, where such MW of capacity is determined by the ICT. Such unit rate will escalate at the rate of inflation for each of the first five years after the Supplemental Upgrade is placed in service, and not escalate further after the sixth year of service.
- 4.3.5.2 Charge for Service for Long-Term Network Resource or NRIS Any customer whose request for Long-Term Network Resource or NRIS status depends on a previously funded Supplemental Upgrade shall be responsible for a one-time financial compensation payment to the Transmission Provider, which the Transmission Provider will pay to the party funding the prior Supplemental Upgrade, as per section 4.3.3.1 above. The amount owed will be the product of the unit rate for that prior Supplemental Upgrade in the year that the new service request begins, times the MWs of capacity associated with the prior Supplemental Upgrade that were used to grant the new service request (as calculated by the ICT in the load flow study referenced in Section 4.3.2.)
- 4.3.5.3 Charge for Long Term PTP Service Any customer whose request for Long Term PTP service depends on a previously funded Supplemental Upgrade may be responsible for annual financial compensation payment to the Transmission Provider, which the Transmission Provider will pay to the customer funding the prior Supplemental Upgrade, under the “higher of” calculation in Section 2.2.1 above. The rate for such payments will be a levelized annual payment over the term of the requested PTP service, calculated to equal the product of the unit rate for the prior Supplemental Upgrade in the year that the new PTP service request begins, times the

MW of capacity in the facility associated with the prior Supplemental Upgrade that was used to grant the new PTP service request (as calculated in the load flow study referenced in Section 4.3.2.)

4.3.5.4 Charge Associated with Load Growth When load growth depends on a previously funded Supplemental Upgrade, the Transmission Provider shall be responsible for a one-time financial compensation payment to the party funding the prior Supplemental Upgrade, as per section 4.3.4 above. The amount owed will be the product of the unit rate for that prior Supplemental Upgrade in the year that load growth is expected, times the MWs of capacity associated with the prior Supplemental Upgrade that will be used for the load growth (as calculated by the ICT in the load flow study referenced in Section 4.3.2). The payment due date shall be determined by the ICT, and shall be due during the calendar year of the expected load growth.

4.4 Financial Compensation for Short Term PTP Service Sold to Other Customers

4.4.1 General Principle A customer funding a Supplemental Upgrade will receive a Financial Payment if additional Short-Term PTP Transmission Service is subsequently granted to another customer using the facility that was created or expanded by the funding customer's Supplemental Upgrade. The designation of a Network Resource on a short-term basis (i.e., for a period of less than one year) using a prior Supplemental Upgrade does not entitle the original funding party to a financial compensation payment under this Section 4.4.

4.4.1.1 The right to compensation is limited to the capacity created by the Supplemental Upgrade, as represented in the base case model of the Transmission System developed by the

ICT pursuant to Attachment K and as adjusted in accordance with Section 4.4.1.2.

4.4.1.2 To calculate the capacity of a transmission upgrade for which a funding customer is entitled to financial compensation under this Section 4.4, the capacity of the upgrade determined in accordance with Section 4.4.1.1 shall be reduced in accordance with this Section 4.4.1.2. First, the capacity of the upgrade determined in accordance with Section 4.4.1.1 shall be reduced based on the ratio of (a) the dollar amount of the transmission credits received by the customer associated with the transmission upgrade (excluding any interest included in such credits) to (b) the dollar amount of the costs of the transmission upgrade initially funded by the customer. The amount of transmission capacity then shall be reduced, not below zero, to reflect any Financial Payments already received as specified in Sections 4.3.

4.4.2 Evaluation of Short Term PTP Service Confirmed Through the AFC Process All new Short Term PTP service confirmed through the AFC process will be evaluated by the ICT to determine whether the granting of such service was dependent on any Supplemental Upgrades that were previously funded by another customer. A request will be deemed to be dependent on a prior Supplemental Upgrade if the load flow modeling of the request demonstrates that: (i) the pre-contingent or post-contingent flows associated with the service have at least a 3% TDF/OTDF respectively over the previously upgraded facility; (ii) the capacity associated with the previously funded Supplemental Upgrade is not fully utilized prior to consideration of the requested service; and (iii) the increase in flows associated with the request could not be accommodated reliably (in whole or in part) absent the previously funded Supplemental Upgrade.

- 4.4.2.1 The evaluation under Section 4.4.2 shall be based on the AFC load flow model and response factors calculated using that model at the time of the service request.
- 4.4.2.2 Previously funded Supplemental Upgrades that consist of acceleration of Base Plan Upgrades under Section 3.2.3 above will be considered in Section 4.4.2 only during the period of the acceleration.
- 4.4.3 Granting of Short Term PTP Service Dependent on Prior Supplemental Upgrades Requests for Short Term PTP Service will be granted or denied in accordance with the AFC process.
- 4.4.4 Rate For Short Term PTP Service Dependent on Previously Funded Supplemental Upgrades The rate for Short Term PTP Service dependent on previously funded Supplemental Upgrades will be determined in accordance with Schedule 7 or Schedule 8 of the OATT, as applicable.
- 4.4.5 Allocation of Revenues Collected by the Transmission Provider Associated With Short Term PTP Service Confirmed Through the AFC Process and That is Dependent on Previously Funded Supplemental Upgrades
 - 4.4.5.1 When the ICT determines in accordance with Section 4.4.2 that a confirmed Short Term PTP service depends on a previously funded Supplemental Upgrade, the Transmission Provider shall pay to the party funding the prior Supplemental Upgrade an amount equal to (a) the revenues received by the Transmission Provider for the Short Term PTP service times (b) the ratio of (i) the MWs of capacity associated with the prior Supplemental Upgrade that were used, at the expected system peak hour during the term of the service, to grant the new Short Term PTP service (as

calculated by the ICT in the load flow study referenced in Section 4.4.2.1 and subject to Section 4.4.1.1) to (ii) the capacity (MWs) of the Short Term PTP service.

4.4.5.2 If the total payments calculated under Section 4.4.5.1 associated with a Short Term PTP service exceed the revenues received by the Transmission Provider for that service, the payment to each party shall be reduced pro rata by multiplying the payment to the party calculated in accordance with Section 4.4.5.1 for the Short Term PTP service times the ratio of (a) the revenues received by the Transmission Provider for the Short Term PTP service to (b) the total payments calculated under Section 4.4.6.1 associated with the service.

4.5 Preservation of Rights if the ICT Ceases to Function In the event the ICT ceases to function, a customer that funds a Supplemental Upgrade shall maintain the same (a) protections against congestion, (b) curtailment priorities, and (c) rights to financial payments, as those provided in this Section 4. To preserve such rights, Entergy shall:

4.5.1 take all steps reasonably necessary to implement, within six months of the date that the ICT Agreement terminates, a replacement entity to apply congestion hedges and financial rights;

4.5.2 pursuant to the terms of the ICT Agreement, request that the ICT continue to apply congestion hedges and financial rights until a replacement entity is implemented; and

4.5.3 in the event a replacement entity is not put into effect before the Transition Assistance Period under the ICT Agreement ends, negotiate in good faith for the ICT to continue to apply congestion hedges and financial rights under substantially the

same terms and conditions as those provided under the ICT Agreement and until such time as a replacement entity is installed.

5. TREATMENT OF PREVIOUSLY INCURRED INTERCONNECTION COSTS

- 5.1 General Approach The ICT will conduct a one-time analysis of prior interconnection costs on the Transmission System, for purposes of determining the correct cost allocation for such investments. This analysis will be conducted after the ICT completes its first summer Base Case Model for the Transmission System as described in Attachment K. The analysis will cover all interconnection-related facilities constructed by Entergy over the period from January 1, 1997 through the effective date of this Attachment, excluding facilities the cost of which has already been fully credited back to the interconnecting generator. The ICT will conduct an independent review of each such facility and make an independent determination of whether the upgrade is properly classified as a Base Plan or Supplemental Upgrade, using the procedure outlined in this section. The ICT's findings will be used to determine the prospective cost allocation of such investments.
- 5.2 Classification of Interconnection Facilities Interconnection-related facilities fall into one of three categories: (i) direct interconnection facilities, which are facilities necessary to interconnect the generator to the grid and as further specified in Section 5.2.1; (ii) required upgrade facilities, which are facilities required to maintain system reliability while accommodating the interconnection of the generator; and (iii) optional upgrade facilities, which are facilities that the generator elected to fund to alleviate congestion and thereby increase its output. The ICT shall determine the classification of a particular facility as direct interconnection, required upgrade or optional upgrade. Where an interconnection customer funded multiple upgrades, for purposes of determining whether a facility has been fully credited, credits received will be attributed first to optional upgrades, then to required upgrades, then to direct interconnection facilities.

5.2.1 Direct Interconnection Facilities

5.2.1.1 For direct interconnection facilities, the ICT will determine, based on the current transmission system configuration, whether the interconnection facility is: (a) a green-field facility, meaning a substation, line or other facility that connects the generator to the Entergy transmission system, was constructed at the time of the generator interconnection, and does not connect to any distribution circuits or load-serving facilities; (b) a green-field facility that connects the interconnecting generator and connects to distribution circuits or load-serving facilities; (c) an existing facility that was expanded in its pre-existing configuration to accommodate the interconnecting generator with (i) no additional nodal capacity or (ii) additional nodal capacity; or (d) an existing facility that was reconfigured as part of an expansion to accommodate the interconnecting generator.

5.2.1.2 All direct interconnection facilities determined by the ICT to be in category (a) or (c)(i) above will be deemed by the ICT not to be needed in order for the Entergy Transmission System to meet applicable reliability standards as specified in Attachment K, and therefore classified as Supplemental Upgrades. For facilities that the ICT determines are in categories (b), (c) (ii) or (d) above, the ICT will perform a further analysis to determine whether the facilities are properly classified as Base Plan or Supplemental Upgrades. This analysis is described below in Section 5.3.

5.2.2 Required Upgrade Facilities For required network upgrades, the ICT will review the current transmission system configuration to determine: (a) whether the upgrade would be required for short circuit and/or stability protection, absent the interconnecting generator; or (b) whether the upgrade would be required for additional current capability, absent the

interconnecting generator. To the extent the ICT can determine that the facility would not be required for such purposes absent the interconnecting generator, the facility will be classified by the ICT to be a Supplemental Upgrade. To the extent the ICT cannot make such a determination using the procedures under this Section 5.2.2, it will perform a further analysis as described below in Section 5.3.

- 5.2.3 Optional Upgrade Facilities For all optional upgrades, the ICT will perform the analysis described in Section 5.3.
- 5.3 Analysis of Reliability Impact of Prior Investments To the extent the ICT needs to perform further analysis to determine whether an upgrade is properly classified as a Base Plan or Supplemental Upgrade, it will do so by determining whether the upgrade is currently required in order for the Transmission System to meet applicable planning and reliability criteria as specified in Attachment K. It will make such determination by reference to the most recent Base Case Model that it prepares for the Transmission System in accordance with Attachment K. Using that Base Case Model of the Transmission System, it will determine whether applicable planning and reliability criteria could be met in the absence of the upgrade in question. To the extent that it determines that applicable planning and reliability criteria could be met in the absence of the upgrade in question, it will classify that upgrade as a Supplemental Upgrade. To the extent that it determines that applicable planning and reliability criteria could not be met in the absence of the upgrade in question, it will classify that upgrade as a Base Plan Upgrade.
- 5.3.1 Queue Order The ICT will identify each upgrade for which the cost of the upgrade has not been fully credited back to the interconnecting generator. The ICT will determine the queue order of the upgrades based on the effective date of the applicable IOA. To the extent that facilities have the same IOA effective date, the queue order will be determined based on the in-service date of the upgrade.

- 5.3.2 Removal of Upgrades from Base Case Model The ICT will remove all upgrades identified in Section 5.3.1 from the specified Base Case Model and determine whether there were any overloads on the Transmission System that were not present in the specified Base Case Model or that were more severe than the specified Base Case Model. If there are no overloads that are created or made more severe by the removal of the identified upgrades, then no further analysis will be performed, and none of the identified upgrades will be deemed to have been needed for reliable service on the Transmission System, and thus none will be deemed to be properly classified as Base Plan. If there are new or more severe overloads that appear upon the removal of the identified upgrades, then the ICT will proceed to step 5.3.3.
- 5.3.3 Return to Base Case Model Individually in Queue Order The ICT will put each upgrade identified in 5.3.1 back into the system configuration in the base case model, individually in queue order. For each identified upgrade, the ICT will determine whether returning the upgrade to the system configuration in the base case model results in a material reduction of base case overloads. The ICT will be responsible for the determination of materiality. If the ICT finds that returning the upgrade to the system configuration results in a material reduction in base case overloads in this analysis, then the ICT will deem the upgrade to be needed for reliable service and thus properly classified as Base Plan. If the ICT finds that returning the upgrade to the system configuration does not result in a material reduction in base case overloads in this analysis, then the ICT will deem the upgrade to not be needed for reliable service, and thus properly classified as Supplemental. Once an upgrade has been evaluated under the methodology outlined in this section, it will stay in the system configuration for purposes of evaluating the next upgrade in the queue order.

- 5.4 Evaluation of Other Prior Investments In addition to the investments identified in Section 5.1, the ICT may evaluate other prior investments on the Transmission System made during the same time frame as those considered in Section 5.1 to determine if they are properly classified as Base Plan or Supplemental Upgrades, including upgrades constructed to serve Native Load customers.
- 5.5 Cost allocation After the ICT determines whether an upgrade should be classified as Supplemental or Base Plan, the ICT will so inform the customer funding the upgrade and the Transmission Provider. The Transmission Provider will file with the FERC any necessary amendments to the applicable IOA to implement the ICT's cost allocation determination, seeking cessation of outstanding credits or reimbursement of the customer for any uncredited balance, as applicable. Any payment obligations and terminations of credits under this Section 5.5 will become effective on the date the FERC allows such amendments to go into effect, provided that such effective date shall not be prior to the implementation date of the software necessary to provide compensation for Short-Term PTP Transmission Service in accordance with Section 4.4 of this Attachment T. Upon such effective date, any amounts reimbursed to customers for upgrades determined to be Base Plan will be eligible for inclusion in the Transmission Provider's retail and wholesale transmission rates.
- 5.6 Stakeholder Participation The ICT will develop appropriate procedures for consulting with individual generation owners during this process, to ensure that the ICT has the benefit of the generator's view of its interconnection upgrades and cost assignments, and to ensure that the generator understands the analytical process undertaken by the ICT with respect to that generator's upgrades.

6. PLANNING REDISPATCH

- 6.1 Charges for planning redispatch provided in accordance with Attachment D of the Tariff shall be calculated in accordance with this Section 6.

- 6.2 A long-term firm PTP Customer will have the option of paying (a) the higher of (i) actual incremental costs of redispatch or (ii) the applicable embedded cost transmission charge on file with the Commission or (b) a fixed charge for redispatch to be negotiated by the Transmission Provider and the Transmission Customer and subject to a cap representing the total fixed and variable costs of the resources expected to provide the service. Such election shall be made at the time the PTP Customer enters into a Service Agreement or requests the filing of an unexecuted Service Agreement, and shall apply during the entire term of the service.
- 6.3 If the PTP Customer selects a fixed charge for redispatch, (a) to the extent that the overload necessitating the redispatch existed in the Base Case Model before the proposed transfer was simulated and was only exacerbated by the transfer, the Customer shall be responsible for redispatch costs sufficient to mitigate the incremental portion of the overload attributable to the proposed transfer and (b) such charge shall be renegotiated by the Transmission Provider and the Transmission Customer at the time any reassessments are performed in accordance with Attachment D of the Tariff, provided that the rate shall be subject to a cap representing the total fixed and variable costs of the resources expected to provide the service.
- 6.4 If the PTP Customer selects the higher of incremental cost or the embedded-cost charge, the Transmission Provider shall calculate the costs of redispatch monthly and charge the higher of redispatch or the embedded cost charge each month. The PTP Customer shall not be charged the costs of redispatch to the extent the PTP service is provided by using the Customer's Exempt Transmission Capacity.
- 6.5 Payments for redispatch under this Section 6, which shall be made to the Entergy Operating Companies, shall be considered reimbursements for fuel or purchased power expenses.

ATTACHMENT U

Generator Integration

1. Integration of Generating Resources

New and existing generating resources interconnected to the Entergy transmission system are eligible, subject to transmission upgrades if required, for three levels of integration:

1.1 Energy Resource Interconnection Service (ERIS)

ERIS is the minimum level of integration that can be requested by an Interconnection Customer. ERIS status allows the generator to use the transmission system on a short-term basis either subject to existing transmission capacity (GOLs/AFCs), or on a non-firm basis, or through submission of offers in the WPP.

1.2 Network Resource Interconnection Service (NRIS)

NRIS-level integration can be requested for any generating resource interconnected on the Entergy system. Qualification as an NRIS resource will be subject to the deliverability test described in Protocol N-1. Generating resources that have been qualified as NRIS resources can be designated as a Network Resource by any Network Customer. A Network Customer that designates an NRIS resource as a Network Resource can be served from that resource on a firm basis without further study, subject to payment of redispatch costs. As such, NRIS is a higher form of service than that offered under ERIS.

1.3 Network Integration Transmission Service (NITS)

NITS Network Resource status is Network Customer specific. Once a resource has been qualified as a NITS resource, the Network Customer can serve its load from the NITS Network Resource without payment of congestion or redispatch costs (except for the Network Customer's pro-rata share of any reliability redispatch costs.) A request to integrate a generating resource as a NITS Network Resource can be requested only by the Network Customer.

1.3.1 Qualification as a Long Term NITS Resource

Designation of a long-term NITS Network Resource requires a long-term system impact study, regardless of whether the resource has been previously qualified as an NRIS-level resource.

1.3.2 Qualification as a Short-Term NITS Resource

Network Customers designating NRIS-level Network Resources can reserve transmission capacity for such resources on a short-term basis, from the resource to the Network Load, through the AFCs/GOL process. NRIS Network Resources with reserved capacity will be considered temporary NITS Network Resources for the term of their capacity reservation and thus not subject to redispatch costs during that period.

1.4 Cost Responsibility for Integration of Resources

Transmission upgrades for qualifying generating resources at the ERIS, NRIS or NITS level will be subject to the transmission pricing provisions of Attachment T.

2. Provisions for NRIS Resources

2.1 Planning

Entergy will maintain the deliverability of NRIS resources in aggregate in the transmission planning process. However, it will not be required to maintain the ability of a particular NRIS resource to deliver to a particular Network Customer without redispatch of other resources on the Transmission System.

2.2 Portability

NRIS status will be “portable” to any Network Customer connected to the Entergy transmission system, meaning any qualified NRIS resource can be designated as a Network Resource by any such Network Customer. No transmission upgrades will be required for such a designation. However, NRIS designation does not confer transmission service to serve a specific load. Scheduling of energy from the NRIS resource on the Transmission System may require redispatch of other resources, with the cost borne by the scheduling entity.

2.3 Charges for Redispatch

Redispatch charges for Network Customers scheduling from NRIS Network Resources will be calculated through the Weekly Procurement Process, as described in Attachment V. However, Network Customers that have obtained temporary NITS status for an NRIS Network Resource through reservation of transmission capacity in the AFC/GOL process will not be subject to redispatch charges except for reliability redispatch costs.

ATTACHMENT V

Weekly Procurement Process

1.0 General

1.1 Term

- 1.1.1 This Attachment shall terminate on the date Attachment S terminates. The effectiveness of this Attachment may be extended beyond this initial term by order of the FERC.

1.2 Definitions

- 1.2.1 CPT: Central Prevailing Time.
- 1.2.2 EMO: Entergy's Energy Management Organization.
- 1.2.3 Interested Government Agencies means the Federal Energy Regulatory Commission, the Council of the City of New Orleans, La., the Mississippi Public Service Commission, the Louisiana Public Service Commission, the Public Utility Commission of Texas, and the Arkansas Public Service Commission.
- 1.2.4 Participating Network Customer: A Network Customer who wishes to purchase through the WPP alternative resources to displace its existing Network Resources.
- 1.2.5 Weekly Operations: The entity within the Transmission Provider that shall administer the WPP.
- 1.2.6 Weekly Procurement Process or WPP: The weekly bid-based optimization process conducted in accordance with the terms and conditions of this Attachment V.
- 1.2.7 WPP Implementation Error: A flaw in the design or implementation of the WPP, including software errors and any violations of transmission constraints due to modeling errors or known operating limitations not included in the optimization model, resulting in changes in the results of the WPP or changes in payment obligations that do not accurately reflect the application of this Attachment V.

- 1.2.8 WPP Operating Week: The 168 consecutive hours during which the results of the applicable WPP optimization apply.
- 1.2.9 WPP Participant: EMO or a Participating Network Customer, provided that such party satisfies the requirements of Section 4.1.1.

1.3 General Requirements

- 1.3.1 The Transmission Provider will conduct the WPP to facilitate the further integration of merchant generation and other wholesale suppliers into the mix of resources EMO uses to meet the requirements of the native load customers of the Entergy Operating Companies. The WPP also will be available to Participating Network Customers.
- 1.3.2 The WPP will be operated by Weekly Operations under the oversight of the ICT. Weekly Operations will provide the results of the WPP to the ICT as requests for the designation of new Network Resources under the Tariff.
- 1.3.3 Suppliers may offer a wide range of services in the WPP. Each offer from a supplier must be independent from other offers; a supplier's offer may not be contingent on acceptance or rejection of a separate offer.
- 1.3.4 Weekly Operations shall use the offers from merchant generators and other wholesale suppliers, and the cost information of owned or previously contracted resources submitted by WPP Participants, to develop proposed production schedules that are expected to minimize the production costs associated with meeting the requirements of the WPP Participants' Network Loads, subject to the terms and limitations of this Attachment V.
- 1.3.5 The ICT shall be responsible for approving the designation of new Network Resources. The granting of new Network Resources shall be based on the outcome of the optimization runs.
- 1.3.6 The WPP Participant must enter into applicable contractual arrangements or an applicable enabling agreement with a supplier prior to submitting an offer from such supplier in the WPP.

- 1.3.6.1 Contractual arrangements between a WPP Participant and a supplier will be entered into directly between that WPP Participant and the supplier outside of the WPP.
 - 1.3.6.2 The effectiveness of the contractual arrangements under Section 1.3.6.1 may be conditioned only on transmission service being granted through the WPP; no other conditions precedent may prevent the contractual arrangements in Section 1.3.6.1 from becoming effective.
 - 1.3.6.3 The terms of such contractual arrangements shall be consistent with the terms of the WPP, including Section 3.3.2 of this Attachment V.
- 1.3.7 The ICT will continue to process, evaluate, and grant requests for Point-to-Point Transmission Service and the designation of new Network Resources outside of the Weekly Procurement Process in accordance with the terms of the Tariff.
- 1.3.7.1 Transmission service requests submitted, in compliance with reservation deadlines established by the ICT pursuant to Section 2.2, prior to the time offers and cost information are due for the WPP shall not be affected by the outcomes of the WPP, except as necessary to comply with Section 13.2 of the Tariff.
 - 1.3.7.2 The queue time for all requests for transmission service in the WPP shall be the time the information required under Section 3 is submitted in accordance with the procedures posted pursuant to Section 2.2.
- 1.3.8 The results of the WPP will be considered confidential and will be made publicly available only in accordance with this Attachment V.

2.0 Timing of the WPP

- 2.1 Each WPP Operating Week will commence on Saturday at hour ending 0100 CPT.
- 2.2 The ICT and Weekly Operations will determine the schedule for data exchanges, submissions of offers associated with participation in and operation of the WPP, and granting of transmission service, and will post such requirements on the Transmission Provider's OASIS. The ICT, in consultation with the Transmission Provider and other

interested parties, also shall establish deadlines under the Tariff that (a) will permit the ICT to refuse or accept each request for monthly or weekly Point-to-Point Transmission Service if such request is for service during any period of the WPP Operating Week, and (b) will permit Transmission Customers to confirm requests that have been accepted, in a time that will permit inclusion of such confirmed requests in the optimization runs for the WPP Operating Week.

3.0 Cost Information, Load Information, and Offers from Third Parties

3.1 Cost Information

3.1.1 EMO Resources

3.1.1.1 EMO will provide cost information to Weekly Operations for the following generating resources that EMO expects to be available for scheduling during the WPP Operating Week:

3.1.1.1.1 EMO will provide cost information for its available gas and oil units, as well as the expected availability of such units for the WPP Operating Week.

3.1.1.1.2 Weekly Operations will establish a minimum generation schedule for each of EMO's available coal units at the level such unit is operating in Run 0, performed pursuant to Section 4.2.2 for the WPP Operating Week. EMO will provide cost information for the remaining portion of each unit (if any) for use in the WPP.

3.1.1.1.3 EMO will provide cost information for energy expected to be available from EMO's purchase contracts, above any must-take requirements under such contracts.

3.1.1.2 EMO will self-schedule available nuclear units at their maximum operating levels and available hydro capacity subject to its energy limits.

3.1.1.3 EMO shall submit ramp rates (MW/minute), automatic generation control ("AGC") capability, and AGC ranges applicable to its existing Network Resources for which cost data is submitted in the WPP.

3.1.1.4 If system conditions warrant, e.g., in the event of projected hurricanes, EMO may self-schedule additional resources.

3.1.2 Participating Network Customer Resources

- 3.1.2.1 A Participating Network Customer may choose the existing Network Resources for which it will submit cost data in the WPP.
- 3.1.2.2 A Participating Network Customer may self-schedule (a) NRIS Network Resources from which the Participating Network Customer has purchased power and (b) its existing Network Resources to meet the requirements of the Participating Network Customer's Network Load, to the extent the Participating Network Customer expects such resource to be available for scheduling during the WPP Operating Week.
- 3.1.2.3 Participating Network Customers shall submit ramp rates (MW/minute), AGC capability, and AGC ranges applicable to their existing Network Resources for which cost data is submitted in the WPP.

3.1.3 Requirements for Cost Information

- 3.1.3.1 Subject to Section 3.1.3.2, cost data submitted by a WPP Participant for its existing Network Resources shall reflect the projected variable production costs of running the applicable resource.
 - 3.1.3.1.1 Variable production costs shall be the costs that would be incurred if the applicable resource were committed and run during the WPP Operating Week, and that will be avoided if the resource is not run. Variable production costs generally shall include fuel (including transportation), variable O&M, and environmental allowance costs for the operation of the resource. Variable production costs shall not include fixed costs or unavoidable O&M and overhead costs of the resource.
 - 3.1.3.1.2 Variable production costs shall be identified as associated with start-up, shut-down, or operation at outputs between the minimum and maximum generating levels of the resources.

- 3.1.3.2 Cost data submitted by a WPP Participant for purchase contracts shall reflect the incremental costs that would be incurred to schedule and purchase energy under such contracts.
 - 3.1.4 Each WPP Participant shall provide to Weekly Operations information showing for each hour during the WPP Operating Week the extent to which each of the WPP Participant's NITS Network Resources and NRIS Network Resources are expected to be unavailable during the hour.
 - 3.1.5 Self-schedules submitted by WPP Participants shall be used for the optimization under the WPP, but shall not be binding on the WPP Participants.
- 3.2 Loads and Operating Reserves: The forecast of hourly Network Load for each WPP Participant for the WPP Operating Week shall be developed on the same basis that forecasted hourly Network Loads are developed for use in the AFC process. Each WPP Participant shall provide Weekly Operations and the ICT with the WPP Participant's Operating Reserve obligations expected to apply during the WPP Operating Week.
- 3.3 Third Party Offers
 - 3.3.1 Each supplier seeking to sell energy to a WPP Participant through the WPP shall submit an offer to such WPP Participant in accordance with any rules established by the WPP Participant and consistent with the requirements of the WPP.
 - 3.3.1.1 Each offer from a supplier must be independent of all other offers submitted in the WPP.
 - 3.3.1.2 A supplier may offer a resource through the WPP up to the resource's full capacity.
 - 3.3.1.3 Unless otherwise agreed by the seller and the WPP Participant, a WPP Participant may not change the terms of a supplier offer that is submitted by the WPP Participant to Weekly Operations. The terms of a supplier offer may not be changed after it is submitted to Weekly Operations, provided that an offer to provide AGC or Operating Reserve service shall be adjusted to an energy-only offer if the total

amount of all WPP offers from a facility exceeds the total amount of transmission service granted for all WPP offers from that facility through the AFC process in one or more hours of a WPP Operating Week.

3.3.1.4 Offers may be provided only for on-peak periods, as defined by the Transmission Provider and posted on the Transmission Provider's OASIS. The Transmission Provider may change the on-peak period posted on OASIS, provided that it posts the on-peak period no later than the Tuesday prior to the WPP optimization process.

3.3.1.4.1 A supplier will not be required to submit an offer for each hour of the on-peak period. However, an offer that includes hours outside of the on-peak period will be rejected by the WPP Participant, and will not be provided to Weekly Operations.

3.3.2 Each offer submitted into the WPP shall include the following information:

- 3.3.2.1 Heat rate, as a block or a curve over MW ranges (MMBtu/MWh);
- 3.3.2.2 Designation of the Henry Hub or Houston Ship Channel as the gas basis reference hub;
- 3.3.2.3 Gas basis adder (\$/MMBtu), if applicable;
- 3.3.2.4 Designation of whether the fuel commodity is firm;
- 3.3.2.5 Designation of whether fuel transportation is firm;
- 3.3.2.6 Start-up costs (\$/start and/or MMBtu/start), if applicable;
- 3.3.2.7 Minimum capacity for each hour of the WPP Operating Week (MW) once unit is committed;
- 3.3.2.8 Maximum capacity for each hour of the WPP Operating Week (MW);
- 3.3.2.9 Minimum run time for the WPP Operating Week or day of the WPP Operating Week (hours), if applicable;

- 3.3.2.10 Minimum energy take for the WPP Operating Week or day of the WPP Operating Week (MWh), if applicable;
- 3.3.2.11 Maximum energy take for the WPP Operating Week or day of the WPP Operating Week (MWh), if applicable;
- 3.3.2.12 Maximum number of starts for the WPP Operating Week or day during the WPP Operating Week, if applicable;
- 3.3.2.13 Minimum down time between starts for the WPP Operating Week (hours), if applicable;
- 3.3.2.14 Ramp rate (MW/minute), if applicable;
- 3.3.2.15 Scheduling notice provisions, e.g., week ahead, day-ahead, hour-ahead, no-notice, if applicable;
- 3.3.2.16 The amount of capacity subject to AGC (MW), the AGC range (MW-MW), and AGC ramp rate (MW/min), if applicable; and
- 3.3.2.17 A request to be considered for the provision of Operating Reserves, if applicable.

3.3.3 Qualification of Third Party Offers and Contractual Requirements

- 3.3.3.1 Prior to submitting to Weekly Operations an offer from a third party supplier, the WPP Participant shall determine whether the supplier meets the WPP Participant's qualifications. A third party offer submitted to Weekly Operations by a WPP Participant shall be presumed to satisfy the applicable qualifications.

- 3.3.3.1.1 The qualifications for a supplier to sell to EMO, including security of fuel supply, shall be determined by EMO, provided that such qualifications shall not include the bid price or flexibility of the supplier.

- 3.3.3.1.2 The qualifications for a supplier to sell to a Participating Network Customer shall be determined by the Participating Network Customer.

3.3.3.2 A resource offered through the WPP must either be physically located within the Entergy Transmission System or have firm transmission service to the Entergy Transmission System for the period of the offer.

3.3.3.2.1 Daily transmission service to the Entergy Transmission System must be confirmed service.

3.3.3.2.2 Weekly transmission service to the Entergy Transmission System must be either confirmed service or accepted service. If the transmission service is accepted but not confirmed, the supplier or WPP Participant, as applicable, shall confirm such service to the extent transmission service for such resource is granted under Section 6 of this Attachment V.

3.4 Resource Flexibility

3.4.1 Each WPP Participant may specify the total amount of flexible resources (MW) following the close of the WPP that must be expected to be available to the WPP Participant during the WPP Operating Week to meet the requirements of its Network Load.

3.4.2 Flexible resources are resources that can be de-committed or dispatched down or up under the terms of the offer during the WPP Operating Week. The WPP Participant may specify the notice provisions required for its flexible resource requirement.

3.4.3 In determining the level of flexible resources it requires, EMO shall determine the amount of flexibility required to account for load following requirements, generator imbalances, third-party schedules, qualifying facility put rights, and load forecast errors, and to provide sufficient flexibility to permit EMO to make economy purchases. EMO shall make such determination based on recent operating history and expected conditions projected out to the end of the applicable WPP Operating Week.

4.0 Optimization Process

4.1 Weekly Operations will simulate operations over the WPP Operating Week using a least-cost, security constrained unit commitment and dispatch methodology to meet the requirements of each WPP Participant's Network Load.

- 4.1.1 To participate in the WPP as a WPP Participant, EMO or a Participating Network Customer must meet the requirements of this Section 4.1.1. For each hour of the WPP Operating Week, the amount of the party's (a) existing Network Resources (i.e., NITS Network Resources and NRIS Network Resources) included in the WPP by that party (MW) through the submission of either cost data or self-schedules (MW), must be equal to or exceed (b) that party's expected hourly load plus that party's Operating Reserve requirement.
- 4.1.2 A resource shall not be included in the calculation under Section 4.1.1 for an hour to the extent such resource is expected to be unavailable for such hour.
- 4.2 Optimization Runs
 - 4.2.1 Weekly Operations shall perform two optimizations.
 - 4.2.2 Run 0 shall include the following as input data:
 - 4.2.2.1 Firm Point-to-Point Transmission Service that prior to the optimization run has been confirmed and is no longer conditional.
 - 4.2.2.2 For each Network Customer that is not a Participating Network Customer, its NITS Network Resources operating at base case operating levels (meaning those levels used in the calculation of available transmission capabilities). Any difference between a non-participating customer's NITS Network Resources and that customer's expected Network Load shall be modeled, consistent with base case operating levels, as being served from other uncommitted resources that are connected to the Transmission System and not otherwise included in the WPP through cost data, self-schedules, or supplier offers.
 - 4.2.2.3 Each WPP Participant's cost data and self-schedules (but not offers submitted in accordance with Section 3.3).
 - 4.2.3 Run 1 shall include the following as input data:

- 4.2.3.1 Firm Point-to-Point Transmission Service that prior to the optimization run has been confirmed and is no longer conditional.
- 4.2.3.2 For each Network Customer that is not a Participating Network Customer, its NITS Network Resources operating at base case operating levels (meaning those levels used in the calculation of available transmission capabilities). Any difference between a non-participating customer's NITS Network Resources and that customer's expected Network Load shall be modeled, consistent with base case operating levels, as being served from other uncommitted resources that are connected to the Transmission System and not otherwise included in the WPP through cost data, self-schedules, or supplier offers.
- 4.2.3.3 Each WPP Participant's offers, cost data, and self-schedules.
- 4.2.4 Each optimization run shall consist of a simultaneous, least-cost, security constrained unit commitment and dispatch for the WPP Operating Week.
 - 4.2.4.1 Except as provided in this Section 4.2.4, if each constraint in an optimization run is not satisfied in full in the final iteration of that optimization run, no offers will be accepted through the WPP for the applicable WPP Operating Week, and transmission service will revert to the service available prior to implementation of the WPP for that week.
 - 4.2.4.2 Weekly Operations shall establish, and the ICT shall post on OASIS, a separate \$/MWh or \$ amount for each of the following soft constraints included in the optimization runs: (a) intra-hour flexibility for a WPP Participant; (b) daily flexibility for a WPP Participant; (c) hourly flexibility for a WPP Participant; (d) line flow limits, (e) AGC, (f) hourly reserves, (g) intra-hour reserves, (h) WPP Participant load balance, (i) plant generation, (j) maximum starts for a generator, and (k) load pocket requirements. The ICT shall oversee establishment of the \$/MWh or \$ amounts of the soft constraints. The ICT may independently propose that Weekly Operations modify the \$/MWh or \$ amounts by

raising such a proposal directly with Weekly Operations or in a report to Interested Government Agencies.

- 4.2.4.2.1 The value of each such soft constraint shall establish the value of the soft constraint relative to each other such constraint. A higher value assigned to a soft constraint indicates that such soft constraint should be violated after a soft constraint with a lower value. If violation of the soft constraint with the lower value does not lead to a viable solution, the soft constraint with the next lowest value will be violated.
- 4.2.4.2.2 The \$/MWh soft penalty value for flexibility violations will be set at levels such that (a) accepting the results of the WPP will not be expected to compromise system reliability and (b) the violation is only for the amount needed to achieve a feasible commitment and dispatch. The intent is to set the \$/MWh value for flexibility violations at a high enough level such that the model will not seek to incur flexibility violations as a means to reduce the level of production costs.
- 4.2.4.2.3 The \$/MWh or \$ soft penalty value for other violations will be set at levels such that (a) accepting the results of the WPP will not be expected to compromise system reliability, (b) accepting the results of the WPP will not be expected to increase transmission loading relief events significantly, and (c) the tradeoff between exceeding a soft constraint and denying service through the WPP is expected to be reasonable.
- 4.2.4.2.4 Initial \$/MWh or \$ values shall be developed by Weekly Operations based upon an analysis of data generated through testing of the WPP software and market trials.
- 4.2.4.2.5 Once the WPP is implemented, the soft penalty constraint values may be modified by Weekly Operations. At least annually, Weekly Operations and the ICT will analyze the effect of the soft penalty constraint values on reliability and the outcomes under the WPP. If the soft penalty constraint values compromise reliability or do not

result in the economic results that are expected, Weekly Operations will change the soft penalty constraint values.

4.2.4.2.6 The \$/MWh or \$ amount shall not be included in the production costs calculated under this Attachment V, but instead will be used in the objective function of the optimization model.

4.2.4.3 The flexibility limits and line flow limits utilized in Run 1 shall be adjusted as follows:

4.2.4.3.1 Each flexibility limit included in Run 0 shall, for use in Run 1, be adjusted to reflect the necessary amount (MW) of the violation, if any, of the flexibility requirement for a WPP Participant in the final iteration of Run 0. Each flexibility limit shall, when applicable, be adjusted in an hour as follows:

$$\text{Run 1 flexibility requirement} = \text{Run 0 flexibility taken} - \text{Max} [(\text{Run 0 flexibility violation} * 0.1), 10 \text{ MW}]$$

Such violation in Run 0 shall not cause Run 0 to be deemed infeasible.

4.2.4.3.2 Each line flow limit included in Run 0 shall, for use in Run 1, be adjusted to reflect the amount (MW) of the violation, if any, of the line flow limit in the final iteration of Run 0. The limit shall, when applicable, be adjusted in hour by such amount that the line flow limit would not have been violated in the final iteration of Run 0, plus one MW. Such violation in Run 0 shall not cause Run 0 to be deemed infeasible.

4.2.4.4 The applicable WPP Participant shall establish acceptable levels of flexibility requirement violations applicable to it in Run 1.

4.2.4.4.1 A violation of the flexibility constraint within the specified levels shall not cause the applicable optimization run to be deemed infeasible.

4.2.4.4.2 Once the WPP is implemented, a WPP Participant may modify the flexibility violation levels applicable to it for future WPP Operating Weeks.

4.2.4.5 For all other soft constraint violations, other than violations related to a supplier's offer parameters, Weekly Operations and the ICT each will analyze whether it believes that (a) accepting the results of the WPP would compromise system reliability, (b) accepting the results of the WPP would significantly increase transmission loading relief events, or (c) the tradeoff between exceeding a soft constraint and denying service through the WPP is not reasonable. Weekly Operations and the ICT will discuss Weekly Operations' conclusions in this regard and the ICT's independent analysis. If after such discussions Weekly Operations believes that accepting the results of the WPP would compromise system reliability, significantly increase transmission loading relief events, or result in an unreasonable tradeoff between exceeding a soft constraint and denying service through the WPP, then Weekly Operations will not accept any offers and notify the ICT of such conclusion prior to or at the time Weekly Operations submits the results of the WPP to the ICT. In such circumstance, the ICT shall not grant transmission service through the WPP for the applicable WPP Operating Week, and transmission service will revert to the service available prior to implementation of the WPP for that week. To the extent Weekly Operations takes any actions inconsistent with an ICT recommendation under Section 4.2.4.5, the ICT may report such inconsistency to Interested Governmental Agencies.

4.2.4.5.1 If an offer parameter submitted by a supplier is violated, but the offer nonetheless was selected by the model, that offer will be removed from the model and optimization Run 1 will be re-run.

4.2.5 In each optimization run, a WPP Participant's resources will be made available to another WPP Participant only to the extent the first WPP Participant provides an offer to supply the second WPP Participant through the second WPP Participant's offer solicitation process.

4.2.6 Each resource offered in the WPP and each resource for which cost information is provided by a WPP Participant will be evaluated using a forecasted weekly gas price for the index specified in the

offer or cost data submitted for such resource. Weekly Operations shall consult with WPP Participants regarding the development of the gas price forecast.

4.3 Weekly Operations shall monitor for possible WPP Implementation Errors. If a WPP Implementation Error is identified, Weekly Operations may take immediate action to remedy the WPP Implementation Error as soon as possible, including adjusting in accordance with this Attachment V the results of the WPP to resolve any violations of transmission constraints discovered by the review under this Section 4.3.

4.3.1 Weekly Operations shall make changes in the outcomes of the WPP in a manner that reflects, as closely as reasonably practicable, outcomes that would have resulted but for the WPP Implementation Error, and shall substitute the recalculated outcomes. Any adjustment under this Section 4.3 shall be made on a non-discriminatory basis.

4.3.2 If Weekly Operations reasonably determines that a WPP Implementation Error will require changes to one or more results of the WPP, Weekly Operations shall notify the ICT.

4.3.3 All changes in the outcomes of the WPP made in accordance with this Section 4.3 shall be made prior to Weekly Operations submitting the results of the WPP to the ICT in accordance with Section 5.

5.0 Transmission Service Requests: Weekly Operations shall provide the results of Run 1, as may be modified in accordance with Section 4.3, to the ICT as a request for transmission service for WPP Participants.

6.0 Granting of Transmission Service

6.1 The ICT shall be responsible for granting all requests under the WPP to designate new Network Resources.

6.2 The ICT shall review all information provided to it in accordance with Section 5 of this Attachment V. The ICT also shall review for WPP Implementation Errors and WPP modeling.

- 6.2.1 The ICT may refuse the request to designate new Network Resources submitted under Section 6 of this Attachment V if the ICT determines that the request is either not feasible or is the result of a WPP Implementation Error.
- 6.2.2 The ICT shall either (a) accept all requests submitted under Section 5 for new Network Resources or (b) refuse all requests for service made in accordance with Section 5.
- 6.2.3 If the ICT disagrees with any aspect of the WPP modeling, it shall develop a proposal to remedy that aspect of the modeling and advise Weekly Operations of its finding. If the ICT and Weekly Operations do not agree on a remedy proposed by the ICT, then the procedures of Attachment S of the Tariff shall apply to address such dispute.
- 6.3 Upon approval by the ICT, a resource selected for a WPP Participant shall be designated as a Network Resource for such WPP Participant consistent with the results of the WPP.
- 6.4 For purposes of Section 13.2 of the Tariff, transmission service granted through the WPP shall be deemed unconditional as of the time the information required under Section 3 is submitted in accordance with the procedures posted pursuant to Section 2.2.
- 6.5 AFCs shall be re-calculated in accordance with the Tariff to reflect the results of the WPP.
- 7.0 Hold Harmless Provision: If a WPP Participant's production costs from Run 1 exceeds the WPP Participant's production costs from Run 0, then such WPP Participant's cost data for existing Network Resources and offers from third party suppliers shall be removed from the WPP for the applicable WPP Operating Week, and the optimization process shall be performed and costs shall be calculated and allocated without such resources and offers.
- 8.0 Settlements and Billing
 - 8.1 Each WPP Participant shall be solely responsible for entering into contractual arrangements for purchases from resource selected in the WPP, provided that such contractual arrangements shall comply with all terms of the WPP.
 - 8.1.1 Such contractual arrangements shall provide that power sales through the WPP are unit firm.

8.1.2 Payments for a resource selected in the WPP shall be the offer price of such resource.

8.1.3 Payment obligations shall be between the applicable WPP Participant and the supplier.

9.0 Posting Information

9.1 During the first week of the second month following the applicable month the ICT shall post total energy purchased (MWh) during the applicable month and the maximum capacity (MW) purchased in an hour during that month. Only information about transactions approved or accepted in accordance with this Attachment V will be posted.

9.2 On an aggregated quarterly basis, the ICT shall post the information identified in this Section 9.2 on OASIS and include such information in the ICT's first WPP quarterly report submitted to the Commission after such posting. The information identified in this Section 9.2 shall be developed by Entergy and posted and reported by the ICT for a period of 18 months following the effective date of this Section, unless, following an affirmative vote of the Entergy Regional State Committee to continue disclosure and a filing by the Transmission Provider, the Commission approves an extension to or modifications of this Section. Such information shall be developed and published in addition to the information identified in Section 9.1.

9.2.1 Each flowgate that was congested in optimization Run 1 during the quarter and the total number of hours each flowgate was congested in Run 1 during the quarter.

9.2.2 Each WPP Participant's average Operating Reserves requirement specified for the WPP for the quarter.

9.2.3 The total number of WPP Operating Weeks during the quarter that the following soft constraints were binding in Run 1: (a) AGC, (b) Operating Reserves, (c) hourly flexibility for a WPP Participant, (d) daily flexibility for a WPP Participant, (e) dump energy or WPP Participant load balance and (f) line flow limits. Such information shall be identified separately for each such soft constraint.

9.2.4 The percentage of offers and of MW selected in Run 1 during the quarter that provide AGC capability or Operating Reserves. Such percentage shall be calculated as the ratio of the number of offers

and of MW selected that provide AGC capability or Operating Reserves to the total number of offers and the total number of MW selected during the quarter, respectively

- 9.2.5 The percentage of offers and MW selected in Run 1 during the quarter that could meet a WPP Participant's flexibility requirements. Such percentage shall be calculated as the ratio of the number of offers and MW selected that could meet flexibility requirements to the total number of MW selected during the quarter, respectively.
- 9.2.6 The MWh of displacement of the oil and gas fueled generating facilities that are owned by the Transmission Provider and that were in service prior to January 1, 1995, published on an aggregated basis (not unit-by-unit or facility-by-facility) for the quarter, and calculated as the difference between the MWh of production estimated for such units in Run 1 and the MWh of production estimated for such units in Run 0.

ATTACHMENT W
RESERVED FOR FUTURE USE

Attachment X

Entergy Regional State Committee Authority

1. OVERVIEW

1.1 Purpose and Objectives

1.1.1 This Attachment X sets forth the authority of the E-RSC to (a) direct the Transmission Provider to make certain filings with the Federal Energy Regulatory Commission ("FERC") under Section 205 of the Federal Power Act, 16 U.S.C. § 824d, to change the terms and conditions that apply to cost allocation for transmission projects, including to modify the time horizon of the Base Plan developed by the Independent Coordinator of Transmission ("ICT") and (b) add specific projects to the Entergy transmission Construction Plans.

1.1.2 It is the Transmission Provider's and E-RSC's intent that nothing in this Attachment X subjects the E-RSC or E-RSC Members to FERC's jurisdiction.

1.2 Effective Date and Term

1.2.1 Unless otherwise provided in a FERC order, this Attachment X shall take effect on the date of FERC approval of this Attachment.

1.2.2 This Attachment X will terminate (a) immediately upon a determination by FERC that the E-RSC is subject to FERC jurisdiction in whole or in part due to the authority granted to the E-RSC under this Attachment X; (b) on the date all of the Entergy Operating Companies' transmission facilities are

placed under the transmission tariff of any Regional Transmission Organization(s) or Independent System Operator(s); (c) if an E-RSC Member withdraws from the E-RSC, but the transmission facilities of the Entergy Operating Company(s) regulated by such Member remain under the Tariff; (d) upon termination of the Memorandum of Understanding between the Transmission Provider and the E-RSC addressing the matters identified in Section 1.1.1 of this Attachment X; or (e) as otherwise approved by FERC.

1.3 Definitions

The capitalized terms used herein shall have the meaning ascribed to them in Section 1 of the Tariff. Capitalized terms not included in Section 1 of the Tariff shall be defined as follows:

- 1.3.1 E-RSC Director: A Commissioner chosen by an E-RSC Member to serve on the E-RSC Board of Directors.
- 1.3.2 Entergy Regional State Committee or E-RSC: An organization comprised of the E-RSC Members and with the purposes established in the E-RSC's Bylaws.
- 1.3.3 E-RSC Member: The official governmental entities that regulate the retail electricity or distribution rates and/or approve retail service areas of the Entergy Operating Companies that have agreed to be E-RSC Members, which include: The Arkansas Public Service Commission, the Louisiana Public Service Commission, the Mississippi Public Service Commission, the Public Utility Commission of Texas, and the New Orleans City Council.

- 1.3.4 E-RSC Board of Directors: The Board of Directors of the E-RSC, comprised of one Commissioner from each of the E-RSC Members.

2. AUTHORITY OF THE E-RSC

- 2.1 In accordance with its Bylaws, the E-RSC shall have the authority, upon the unanimous vote of all five of the E-RSC Directors, to:
 - 2.1.1 direct the Transmission Provider to file, pursuant to Section 205 of the Federal Power Act, amendments to the Tariff to change the terms and conditions that apply to cost allocation for transmission projects, including to modify the time horizon of the Base Plan developed by the ICT in accordance with the Tariff and used to allocate transmission costs in accordance with the Tariff; and
 - 2.1.2 direct the Transmission Provider to add transmission projects to the Transmission Provider's Construction Plans.
- 2.2 Cost allocation changes filed at the direction of the E-RSC shall apply to transmission facilities as follows: (1) for facilities needed to provide service under a transmission or interconnection service request, a change in cost allocation shall apply to transmission projects identified in an initial Facilities Study posted on OASIS on or after the effective date of the change; and (2) for all other transmission projects, a change in cost allocation shall apply to transmission projects added to the Construction Plan on or after the effective date of the change.
- 2.3 Entergy shall periodically report to the E-RSC on the status of facilities or upgrades added to the Construction Plan at the direction of the E-RSC, including a detailed explanation for any anticipated delay.
- 2.4 Nothing in this Attachment X shall restrict the E-RSC's ability to make recommendations to the Transmission Provider on any matter not otherwise addressed in this Attachment.

- 2.5 Nothing in this Attachment X prohibits the Transmission Provider from:
 - 2.5.1 filing an alternative proposal for cost allocation pursuant to Section 205 of the Federal Power Act,
 - 2.5.2 filing in opposition to a proposed amendment filed in accordance with Section 2.1.1 above as unjust, unreasonable, or unduly discriminatory or otherwise inconsistent with Commission regulations,
 - 2.5.3 requesting rehearing of FERC orders addressing cost allocation,
 - 2.5.4 petitioning a court for review of a FERC order addressing cost allocation,
 - 2.5.5 opposing at the appropriate regulatory authority the addition of a facility to the Construction Plan, and/or
 - 2.5.6 taking any other action available to the Transmission Provider in equity or law.
- 2.6 If there is a conflict between Attachment X and any other provision in this Tariff, Attachment X shall control.

ATTACHMENT Y

Transmission Service Monitoring Agreement

Transmission Monitoring Retention Agreement

October 31, 2012

Entergy Services, Inc.
639 Loyola Avenue
New Orleans, LA 70113
Tel: 504-576-6123
e-mail: mmccul1@entergy.com

Mark F. McCulla
Vice President
Transmission Regulatory Compliance

October 31, 2012

Dr. David B. Patton, President
Potomac Economics, Ltd.
9990 Fairfax Boulevard, Suite 560
Fairfax, VA 22030

Re: Transmission Service Monitoring Retention Agreement

Dear David:

This letter is to confirm the terms of the Retention Agreement ("Agreement") by which Entergy Services, Inc., as agent for the Entergy Operating Companies, The Entergy Operating Companies are Entergy Louisiana, LLC, Entergy Gulf States Louisiana, L.L.C., Entergy Texas, Inc., Entergy Mississippi, Inc., Entergy New Orleans, Inc., and Entergy Arkansas, Inc. (collectively, "Entergy") hereby retains Potomac Economics, Ltd. ("Potomac Economics") for the purpose of implementing the attached Transmission Service Monitoring Plan (the "Plan") for the transmission system owned by Entergy. Entergy and Potomac Economics may be referred to herein individually as a "Party" and collectively as the "Parties."

1. Scope of Services

A. As provided for below, upon approval of the Plan by the Federal Energy Regulatory Commission ("FERC") and the Louisiana Public Service Commission ("LPSC") without condition or modification, or without any condition or modification not mutually agreed to by the Parties, Potomac Economics will monitor, report, collect and store data and information, and conduct investigations in accordance with the Plan. You will lead this engagement on behalf of Potomac Economics, assisted as may be appropriate and reasonable by Entergy employees or by employees of Potomac Economics working under your direction and supervision when such assistance is consistent with the Plan and in the interests of economy and complying with applicable deadlines. Neither Entergy nor Potomac Economics may change the scope of work set out in the Plan unless first agreed to by the Parties and approved by FERC.

B. Nothing herein shall be interpreted or construed as preventing Potomac Economics from entering into one or more agreements similar to this Agreement with transmission providers other than Entergy under which Potomac Economics would provide monitoring services the same or similar to those provided under the Plan.

2. Term and Termination

A. This Agreement shall become effective upon execution. Entergy and Potomac Economics understand and agree that upon execution of this Retention Agreement, Potomac Economics shall begin necessary start-up or other preparations that are required prior to the commencement of monitoring activities under the Plan, and Entergy shall reimburse Potomac Economics for the cost of such start-up or other preparation activities as provided herein below. Notwithstanding the effective date of this Agreement, monitoring activities hereunder shall begin on the Monitoring Commencement Date, which shall be on the later of December 1, 2012 or the date FERC permits such services to begin. Entergy shall not be liable for the costs of services listed in Sections 4(A)(1) and 4(A)(2) prior to the Monitoring Commencement Date.

B. Unless otherwise terminated in accordance with the term of this Agreement, the initial term of this Agreement shall run until the two-year anniversary of the commencement of monitoring of the Independent Monitor, unless terminated earlier as provided for below ("Initial Term"). Thereafter, the Agreement shall automatically renew and extend in successive one-year terms

(each such term being an “Extension Term”), so that unless either Party provides the other with written notice of its intent to terminate the Plan at least 120 days in advance of the expiration of the Extension Term, the term of the Agreement shall extend in consecutive one-year increments.

C. Entergy may terminate the Agreement upon providing Potomac Economics with 120 days’ prior notice should all of the Entergy Operating Companies join a Regional Transmission Organization (“RTO”), with such termination, if such notice is given, effective no earlier than the later of (i) the first day of such RTO membership of all the Entergy Operating Companies; or (ii) the date of FERC approval of such termination. Further, in the event that Entergy should transfer some or all of its transmission assets to an unaffiliated third party, Entergy and Potomac agree that they will negotiate to restructure the terms of this Agreement, to reasonably reflect the ownership of the assets by the unaffiliated third party, it being agreed and understood that such restructuring would entail either termination of the Agreement or amendment of the Agreement to eliminate those monitoring functions other than those related to the commitment and dispatch of Entergy’s generating facilities.

D. In the event Entergy is denied recovery in wholesale transmission rates of any costs or charges hereunder, Entergy shall have the option, subject to FERC approval, of terminating the Agreement immediately, provided, however, that Entergy must compensate Potomac Economics for all time and materials expended as of the date of termination.

E. Entergy will submit a notification filing with FERC at least 60 days prior to the termination of this Agreement should either Party provide notice of its intent to terminate the Agreement as provided herein. Potomac Economics may submit comments to FERC in response to Entergy’s notification filing with FERC.

F. Potomac Economics agrees that, in connection with the termination of this Agreement, it will provide, at Entergy’s reasonable request, assistance with the transition to any other entity that will provide services the same or similar to those provided under the Plan. In addition to the fees and expenses otherwise provided for under this Agreement prior to such termination, Entergy will agree to pay Potomac Economics’ reasonable time and expenses for such transition assistance.

G. Any provisions that, by their nature, would survive termination of this Agreement, including without limitation provisions relating to a Party's obligation to (i) make payments for any amounts owed to the other Party, (ii) treat the other Party's data and processes as confidential, and (iii) indemnify the other Party as provided for herein, shall survive termination of this Agreement.

3. Data and Processes

A. Potomac Economics shall treat materials provided by Entergy as confidential in accordance with the terms of the Plan.

B. All data and processes supplied by one Party to the other Party shall remain the property of the supplying Party, and the receiving Party shall use reasonable diligence to preserve the integrity of the data and prevent any corruption or loss of the data. Upon termination of this Agreement, each Party shall return or destroy, at the option of the supplying Party, any property of the supplying Party.

C. Each Party warrants to the other Party that, to the best of its knowledge, any data or processes provided or reports prepared or produced pursuant to the Plan shall not infringe on any third-party patent, copyright, trade secret, or other third-party proprietary rights. Potomac warrants that it will perform the services hereunder in conformance with the highest standards of care and practice appropriate to the nature of the services and exercise the highest degree of thoroughness, competence and care that is customary in the utility industry.

D. Each Party shall defend and hold harmless the other Party (and its officers, directors, principals, owners, partners, shareholders, agents, representatives, consultants, or subcontractors) against all claims or lawsuits based upon the actual or alleged infringement of any third-party patent, copyright, trade secret, or other third-party proprietary rights. Such indemnity shall include, without limitation, all penalties, awards, judgments, court or arbitration costs, attorney's fees, and other reasonable out-of-pocket costs incurred in connection with such claims or lawsuits.

4. Fees and Expenses

A. Work performed shall be billed at the following rates:

(1) Monitoring Monitoring, Quarterly Reports and associated data collection and analyses	\$30,000 per month
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(2) Investigations

Hourly rates for start-up and investigations

Dr. David B. Patton:	\$440 per hour
Economists and Engineers:	\$210 - \$340 per hour
Economic Analysts:	\$140 - \$200 per hour

(3) Set-up Costs

Set-up costs, billed on a time and materials basis, are not expected to exceed \$120,000 including both labor and systems costs. Should set-up costs exceed this expectation by more than \$10,000, Potomac Economics will promptly notify Entergy and provide a revised estimate of the set-up costs at which point, Entergy shall have the option, subject to FERC approval, of terminating the Agreement immediately, provided, however, that Entergy must compensate Potomac Economics for all time and materials expended as of the date of termination.

B. The Parties agree that the annual budget for investigations shall not exceed \$180,000. If, during any year, Potomac Economics determines that additional funds may be required to conduct investigations, Potomac Economics shall notify Entergy of such determination and allow Entergy the opportunity to request that FERC determine that the additional costs are reasonably necessary to accomplish the objectives of the Plan. Entergy will not be required to pay the additional funds until FERC reaches and issues a determination that such additional costs are reasonably necessary.

C. Rates charged by Potomac Economics may be adjusted on an annual basis by an amount not to exceed the Consumer Price Index (CPI). Such adjusted rates will be in effect each January 1 beginning January 1, 2014, and thereafter until the Agreement expires or is terminated.

D. Professional time and disbursements will be billed on a monthly basis directly to Entergy. Potomac Economics will provide the Monitoring Liaison with a copy of all bills. Entergy shall render payment of all undisputed amounts within 30 days of receipt of each properly prepared bill.

E. Taxes: Entergy and Potomac Economics hereby agree that the work to be performed pursuant to this Agreement and the accompanying Plan shall constitute non-taxable professional services. The price quoted for the work performed under this Agreement does not include any sales, use, gross receipts, or other similar taxes (other than such taxes on Potomac Economics' consumables), and Potomac Economics shall not bill Entergy for any such taxes. To the extent Potomac Economics includes or bills Entergy for any sales, use, gross receipts or similar taxes, Entergy shall be entitled to a refund of such taxes from Potomac Economics immediately upon request.

5. Miscellaneous Provisions

A. As Monitor, Potomac Economics shall coordinate directly with a Monitoring Liaison appointed by Entergy for administrative purposes. Entergy shall have the right to designate a substitute or replacement Monitoring Liaison upon providing prior notice to Potomac Economics. Unless Entergy notifies Potomac Economics otherwise, the Monitoring Liaison upon the effective date of the Agreement shall be as identified in Section 5(J) below.

B. Consistent with the terms of the Plan, Potomac Economics will simultaneously notify FERC, the Entergy Regional State Committee, the Entergy transmission function, and any party that engaged in the conduct (including the Entergy generation and marketing units) upon determining that a significant anticompetitive problem has been identified that may require: 1) further investigation or 2) action by FERC.

C. No principals or employees of Potomac Economics have any present engagements or other relationships that present a conflict of interest or other impediment that would preclude Potomac Economics as serving as the Monitor in accordance with the terms of the Plan. Potomac Economics shall promptly notify the Monitoring Liaison should it contemplate entering into an engagement that might present a conflict of interest or other impediment. In the event Potomac Economics enters into an engagement that presents a conflict of interest or other impediment, Entergy shall have the option, subject to FERC approval, of terminating the Agreement immediately, provided, however, that Entergy must compensate Potomac Economics for all time and materials expended as of the date of termination. For the avoidance of doubt, independent monitoring or engagements under a plan approved by FERC is not a conflict of interest under this Agreement.

D. The use of subcontractors is not contemplated under this Agreement. Notwithstanding the foregoing, to the extent subcontractors are used, Potomac Economics shall comply with Exhibit A hereto related to any use of suppliers to perform services under this Agreement.

E. This Agreement, and the rights and obligations of the Parties shall be governed by the laws of the State of New York. **EACH PARTY WAIVES ITS RESPECTIVE RIGHT TO ANY JURY TRIAL WITH RESPECT TO ANY LITIGATION ARISING FROM, UNDER OR IN CONNECTION WITH THIS AGREEMENT.**

F. This Agreement is made solely for the benefit of the Parties and their successors, and no other person shall have any rights, interest, or claims hereunder or otherwise be entitled to any benefits under or on account of this Agreement as third party beneficiaries or otherwise.

G. This Agreement sets forth the entire agreement between the parties with respect to the subject matter hereof. This Agreement supersedes all prior agreements, whether oral or written, related to the subject matter of this Agreement. The failure of either party to insist upon, in any instance, strict performance by the other party of any of the terms of this Agreement shall not be construed as a waiver of the right to enforce such terms on any future occasion.

H. Any amendment to this Agreement shall not be effective unless it is made in writing and signed by both Parties and approved by FERC. This Agreement shall not be assigned to any third party absent the written consent of both Parties.

I. Insurance

1. Without limiting any obligations or liabilities of Potomac Economics under this Agreement, Potomac Economics shall provide and maintain during the term of this Agreement, at its own expense, without direct reimbursement, Errors and Omissions Liability Insurance as may be appropriate and available in the amount of not less than \$1,000,000 per claim covering claims or damages because of injury or damages arising out of any act, error, or omission of Potomac Economics in the rendering of professional services.

2. Such policy shall name Entergy and its affiliates as Additional Insureds with respect to Potomac Economics' liability arising from this Agreement. Potomac Economics hereby waives all rights of recourse, including any right to which another may be subrogated, against Entergy and its affiliates for personal injury, including death, and property damage.

3. This policy shall be primary and non-contributing with any insurance maintained by Entergy and its affiliates. Policies are

to provide Entergy with thirty (30) days' prior written notice of cancellation or any material adverse change in conditions.

4. Potomac Economics shall provide Entergy with a Certificate of Insurance issued to Entergy and its affiliates as the Certificate Holder, evidencing coverage currently in effect upon execution and for the duration of this Agreement. Potomac Economics shall require any subcontractor providing on-site services under this Agreement to carry insurance coverage in a form and amount consistent with the requirements of this Insurance Section. Potomac Economics shall obtain a Certificate of Insurance evidencing such coverage prior to the commencement of services by the subcontractor and shall present such Certificate to the Entergy upon request and, in any case, no later than completion of services hereunder.

5. Potomac Economics and subcontractors shall not begin work under this Agreement until all of the insurance required of Potomac Economics and its subcontractors is in force and the necessary documents have been received by the Entergy. Compliance with this requirement is hereby expressly made a condition precedent to the obligation of Entergy to make payment for any services or set up performed. The minimum insurance requirements set forth above shall not vary, limit or waive Potomac Economics' or its subcontractors' legal or contractual responsibilities or liabilities to any party.

J. **Exclusive Obligors.** Notwithstanding anything in this Agreement to the contrary, it is understood that the obligations of each of the Entergy Operating Companies hereunder shall be exclusively the obligations of each such company, and other Entergy Operating Companies shall have no responsibility or liability whatsoever in connection therewith. The Parties further agree that each such Entergy Operating Company is severally and not jointly liable to Potomac Economics, and no Entergy Operating Company shall have financial or other responsibility or liability for any goods or services that were not furnished for such company's operations.

K. **Notices.** The following representatives are designated by the Parties for communications and liaison relative to this Agreement:

Potomac Economics

Name: Dr. David B. Patton
Address: Potomac Economics, Ltd.
9990 Fairfax Boulevard, Suite 560
Fairfax, VA 22030
Phone: 703-383-0720
Fax: 703-383-0796
E-mail: dpatton@potomaceconomics.com

Entergy

Name: Mark McCulla
Address: 639 Loyola Avenue
New Orleans, LA 70161
Phone: 504-576-6123
Fax: 504.576.6109
E-mail: MMCCUL1@entergy.com

Any notice given by either party to the other pursuant to this Agreement, including but not limited to, termination notices or assignments or contracts, shall be in writing and be deemed validly given if delivered in person, delivered by private, prepaid courier, sent by facsimile with confirmation or deposited in the mail properly stamped with the required postage and addressed to the last-known office address of the respective addressee. Either Party shall have the right to change any address or addressee it may have given to the other party by giving such other party due notice in writing of such a change. Until so changed, notices shall be given to the addressees at the addresses set forth above.

L. Audit.

1. Potomac Economics and all subcontractors shall, throughout the term of this Agreement and for at least four (4) years thereafter, keep and maintain complete and accurate time and other records or accounts of Potomac Economics, its affiliates and subcontractors as are necessary to verify and support any and all charges billed to Entergy associated with this Agreement. This includes verification that any and all material, services, labor and other expenses incurred under this Agreement have been paid. This provision shall not entitle Entergy to audit fixed prices. All books and records shall be maintained in accordance with generally accepted accounting principles. Such books and records shall be made available at Potomac Economics' facility in the United States for verification, copying, audit and inspection by Entergy or its representatives, including Entergy-authorized third-party auditors. Any such audit shall be at Entergy's expense and conducted during Potomac Economics' normal working hours; provided, however, that Potomac Economics shall provide reasonable assistance necessary to enable Entergy to conduct such audit, and shall not be entitled to charge Entergy for any such assistance. Amounts incorrectly or inappropriately invoiced to Entergy, whether discovered prior to or subsequent to payment by Entergy, shall be adjusted or reimbursed to the applicable Entergy Operating Companies by Potomac Economics within five (5) days of notification by Entergy to Potomac Economics of the error in the invoice. Potomac Economics shall include the necessary provisions in its agreements with subcontractors that shall assure access by Entergy's employees and representatives to applicable records of subcontractors.

2. Potomac Economics represents and warrants that all financial settlements, billings, and reports rendered to Entergy or its representatives shall reflect properly the facts about all activities and transactions handled for the account of Entergy, which data may be relied upon as being complete and accurate in any further recordings or reporting made by Entergy or its representatives for whatever purpose. Potomac Economics shall notify Entergy promptly upon discovery of any instance where Potomac Economics fails to comply with the foregoing. If Potomac Economics discovers or is advised of any errors or exceptions related to its invoicing for its work, Potomac Economics and Entergy shall together review the nature of the errors or exceptions, and Potomac Economics will, if appropriate, promptly adjust the relevant invoice and refund overpayments.

M. Nothing in this Agreement is intended to confer or alter any jurisdiction of FERC or the LPCS over the Agreement or the services provided hereunder.

Please confirm your acceptance of this Agreement on behalf of yourself and Potomac Economics by executing and dating this letter and returning it to us.

We look forward to working with you.

Sincerely,

Mark McCulla
VP, Transmission Regulatory Compliance
Entergy Services, Inc.

Agreed:

Dr. David B. Patton
President
Potomac Economics, Ltd.

Contract Order

1

Contract Order No. 10362436

8/4/2006

10/5/2012 2:36 PM

Contract 10362436

Exhibit A

A. Plan for Utilization of Diverse Suppliers

Contractor shall comply with the provisions contained in 48 CFR 52.219-8 (May 2004) (Utilization of Small Business Concerns) and 48 CFR 52.219-9 (Jan 2002) (Small Business Subcontracting Plan).

Contractor shall submit a plan for utilizing diverse suppliers to User's Director, Supplier Diversity and Development. The plan shall include a listing of each proposed supplier expected to be directly utilized by Contractor broken out by category of service/material with the targeted spend amount for each. Contractor may use the Subcontracting Plan Template, a copy of which is attached hereto as Exhibit A, to satisfy this requirement.

Contractor may consult with User's Director, Supplier Diversity and Development or his/her designee for assistance in identifying potential diverse suppliers.

2. **Reporting Diverse Supplier Spending**

Contractor's reporting, as prescribed below, shall include a listing of each of the diverse suppliers by company name, address, point of contact, commodity group and/or services and spend amount. Upon request, Contractor shall provide a detailed plan of action to overcome any performance gaps against its initial Subcontracting Plan.

Contractor shall provide quarterly reporting of diverse supplier spending through User's third-party managed registration and second tier spend reporting website, www.energy.cvmsolutions.com <<http://www.energy.cvmsolutions.com>>. For reporting purposes, women owned businesses shall be limited to non-minority women. As such, ethnic minority women owned businesses shall be reported as minority owned businesses and not a part of women owned business reporting. Contractor shall contact User's Supply Chain Director, Supplier Diversity and Development, or his/her designee to gain access to this website.

C. **Maintaining Competitive Business Practices**

Nothing contained in the section is intended to imply or to impose any obligation on the part of the Contractor to pay a premium for the utilization of diverse suppliers. Consistent with good business practices, Contractor shall fulfill these requirements while maintaining competitive prices for goods and services procured from all suppliers.

D. **User's Manager, Supplier Diversity**

User's Supply Chain Director, Supplier Diversity and Development may be contacted as follows:

Walter Loyd, Jr.
Entergy Services, Inc.
P.O. Box 61000 70161
639 Loyola Ave.
New Orleans, LA 70113
(504) 576-2036

EXHIBIT A

SUBCONTRACTING PLAN TEMPLATE

Contractor's Name:	_____	Report Date:	_____
Address:	_____	Pursuant to Proposal No.:	_____
	_____	Date:	_____

Telephone:	_____		
Submitted By:	_____		

(1)(2)(3)(4)(5)	Project Segment/
Work Description	Subcontracting/Subsupplier Name
Contact Person & Telephone No.	WMDVBE
Code	Estimated Spend% Total Segment

ENTERGY OPERATING COMPANIES
TRANSMISSION SERVICE MONITORING PLAN

ARTICLE I
PURPOSE AND OBJECTIVES OF THE PLAN

Section 1.1 Purpose of the Plan.

(a) The purpose of this Transmission Service Monitoring Plan (“Plan”) is for an independent Transmission Service Monitor (“Monitor”) to identify, through the use of performance indices and screens, any anticompetitive conduct in connection with Entergy’s¹ operation of its transmission system, or any rules affecting the Entergy transmission system, which resulted in a significant increase in wholesale electricity prices or the foreclosure of competition by rival suppliers, and to identify any actions by any party that unduly inhibits the availability of transmission service under the Entergy OATT.

(b) The Monitor shall provide independent and impartial monitoring, to the benefit of all transmission customers, of: (1) the effects of real time generation dispatch and transmission schedules on constrained transmission facilities; (2) details on binding transmission constraints, such as transmission refusals, or other relevant information; (3) operating guides and other procedures designed to relieve transmission constraints and the effectiveness of these guides or procedures in relieving constraints; (4) information concerning the volume of transactions and prices charged by entities in the electricity markets before and after the Entergy transmission function implements redispatch or any other congestion management actions, (5) information concerning the Entergy transmission function’s calling for the use of transmission loading relief (“TLR”) procedures or local area procedures; (6) the information provided by Entergy used to perform the calculation of Available Transmission Capability (“ATC”) and Total Transfer Capability (“TTC”), and (7) the effect on constrained transmission facilities of transmission service requests, generator interconnection requests, transmission service reservations, or other use of the Entergy transmission system.

(c) The Monitor shall provide quarterly reports to the Federal Energy Regulatory Commission (“FERC”) and the Entergy transmission function, as well as the Entergy Regional State Committee (“E-RSC”), which will include the foregoing data and the results of analyses of those data undertaken by the Monitor, provided that the Monitor need not report data regarding transmission service requests, generator interconnection requests, transmission service reservations, and transmission service scheduling if the Monitor had not identified any issues or potential issues related to the availability of transmission service in these respects. Such

¹ “Entergy” herein refers to the Entergy Operating Companies, which are Entergy Louisiana, LLC, Entergy Gulf States Louisiana, L.L.C., Entergy Texas, Inc., Entergy Mississippi, Inc., Entergy New Orleans, Inc., and Entergy Arkansas, Inc. Certain functions to be monitored under the Plan are performed by the Entergy Independent Coordinator of Transmission (“ICT”) in accordance with the terms of the Entergy Open-Access Transmission Tariff (“OATT”). References to “Entergy” or the Entergy transmission function in the Plan shall encompass the ICT on behalf of Entergy, as applicable.

submittal shall include a public version of the quarterly report, with any Confidential Information redacted consistent with Section 2.3 and, as applicable, a non-public version. In addition to the quarterly reports, the Monitor shall report to FERC, the E-RSC, the Entergy transmission function, and the party that engaged in the conduct (including the Entergy generation or marketing units) any potentially anticompetitive conduct, as described in Section 1.1(a) above, by Entergy or third parties, where the Monitor determines that reporting outside of the scheduled quarterly reports is appropriate. In accordance with Section 4.2 of this Plan, the Monitor shall report potentially anticompetitive conduct to FERC, the E-RSC, the Entergy transmission function, and the party that engaged in the conduct (including the Entergy generation or marketing units) within 5 business days of its discovery. The Monitor's reports will consider the information reasonably available to Entergy employees or other customers under the Entergy OATT at the time of any event that is investigated as well as actual system conditions at the time of any such event. The Monitor shall also respond to requests from FERC and the E-RSC for additional data and analysis in the possession of the Monitor on an as-required basis, subject to the confidentiality provisions of this Plan, as well as requests for investigations submitted by FERC, the E-RSC, or Entergy customers. Other than as required by Section 2.3 of this Plan with regard to Confidential Information, no limitations will be placed on the Monitor's ability to report the relevant facts or opinions.

Section 1.2 Anticompetitive Conduct to be Identified.

Consistent with the anticompetitive conduct described in Section 1.1(a), the Monitor will investigate the following potential anticompetitive conduct:

(a) System Operations. Anticompetitive conduct may include taking actions in the operation of the Entergy transmission system that are not technically justified by its obligation to maintain the reliability and stability of the system consistent with good utility practice, or actions by the owners or operators of generators interconnected to the Entergy transmission system that are anticompetitive. These actions include:

3. Derating transmission facilities unjustifiably,
4. Taking transmission facilities out of service unjustifiably,
5. Applying established study criteria relating to transmission planning or transmission service in a manner that is discriminatory or understates transmission capability;
6. Taking unjustified congestion management actions;
7. Unjustifiably refusing to make a generator available to be committed or dispatched, when directed by the Reliability Coordinator, or unjustifiably taking a generator outage; or
8. Operating generation facilities in a manner that departs substantially from security-constrained economic dispatch or is inconsistent with good utility practice, and contributes to transmission system congestion.

(b) Reliability Coordination. Anticompetitive conduct may include calling for unjustifiable TLRs, unjustifiably requesting changes in generation operations or directing changes in transmission operations, or discriminatory enforcement of NERC operational requirements.

(c) Transmission Planning.

9. Including transmission projects in or excluding transmission projects from the transmission Construction Plan for anticompetitive reasons;
10. Unjustifiably delaying the in-service dates of proposed projects; or
11. Applying the prescribed planning criteria in a discriminatory manner.

(d) Actions of Transmission Customers. Actions of customers (including the Operating Companies) and eligible customers under the Entergy OATT, and customers served under Grandfathered transmission arrangements, including:

- K. Transmission scheduling or other use of the Entergy transmission system;
- L. Transmission service requests;
- M. Requests for generator interconnections;
- N. Transmission reservations; and
- O. Compliance with directives of the Transmission Provider, ICT, and Reliability Coordinator.

Section 1.3 Implementation of the Plan.

The Monitor is an independent expert who will (1) implement the Plan, (2) report its findings to FERC and the E-RSC, and (3) simultaneously provide a copy of any report to the Entergy transmission function and, to the extent the report relates to an investigation, any party that is the subject of the investigation, including the Entergy generation or marketing units. The Monitor may review its findings with the Entergy transmission function and any other party, including the Entergy generation or marketing units, prior to submission to FERC and the E-RSC, provided that the Monitor's report to FERC and the E-RSC shall summarize any discussions between the Monitor and Entergy or any other party concerning the Monitor's findings.

ARTICLE 2 ACCESS TO DATA AND INFORMATION

Section 2.1 Routinely Collected Data and Information.

For purposes of carrying out the Plan, the Monitor shall routinely receive data and information generated by Entergy or the ICT in the ordinary course of its operations. These data and information shall include:

- Hourly output of each of the generating units and/or generating plants connected to the Entergy transmission system;
- Hourly load in Entergy's Balancing Authority Area;
- Transmission limits (including temporary deratings) on each of the monitored paths or other transmission facilities that have been limiting over the previous three years;
- Hourly scheduled flow over each of the monitored paths or other transmission facilities that have been limiting over the previous three years;
- Redispatch of generation or other actions taken to manage transmission congestion;
- Generation and transmission facility outage data, including the type of outage incurred, the length of the outage, and actions taken to alleviate the effects of the outage;
- Records of complaints by customers or competitors of Entergy regarding transmission access;
- The circumstances surrounding the Entergy transmission function's decision to implement congestion management procedures that impacts transactions on the Entergy transmission system;
- Schedules, reservations, transmission service requests, and other actions of Entergy's transmission customers;
- Hourly megawatt-hour wholesale sales and purchases by Entergy, including the identity of the counterparty, price, firmness, and duration of the sale or purchase; and
- Data provided by Entergy required for the Monitor to review the information used to calculate ATC and TTC to ensure that such data are accurate and consistent with governing regional standards.

Section 2.2 Additional Data and Information.

In addition to data routinely received by the Monitor in accordance with Section 2.1, upon specific request the Monitor shall have reasonable access to additional information from Entergy or customers under Entergy's OATT that may be necessary to investigate conduct identified in the course of monitoring the data routinely provided by Entergy, to investigate issues raised by FERC, or to investigate complaints of customers or competitors of Entergy. Except as to information or data that a party is already required to provide pursuant to the Entergy OATT or other applicable law, a request by the Monitor for information under this Section 2.2 shall be accompanied by an explanation of the need for such data or other information. To the extent Entergy or a customer under the Entergy OATT refuses to provide information requested by the Monitor, the Monitor may notify FERC and request FERC to require such party to provide such information.

Entergy shall designate individuals in the generation, transmission, and marketing units of the company who will serve as points of contact for providing information to the Monitor.

Section 2.3 Confidentiality of Data.

(a) “Confidential Information” means information, documents, or other materials designated as confidential by Entergy or another supplying party on grounds that such information is customarily treated by Entergy or the supplying party as sensitive or proprietary, and which is not available to the public, and which, if disclosed, would subject Entergy, the supplying party, or their customers to risk of competitive disadvantage or other injury; provided, however, Confidential Information shall not include (i) any information or document contained in the files of a federal or state agency, or any federal or state court, unless the information or document has been determined to be protected by such agency or court or has been designated as Confidential Information (or similar designation) pursuant to the rules, procedures, or orders of such agency or court, or (ii) information that is public knowledge, or which becomes public knowledge, other than through disclosure in violation of this Plan. To the extent practicable given the nature and form of the subject documents or information, documents or information designated as Confidential Information shall be physically or electronically marked with the words “Confidential Information” or words of similar import.

(b) Under applicable law, the disclosure of certain types of data to the Monitor may require that the Monitor execute certain confidentiality agreements or to undergo appropriate training or educational activities that are specific to the type of data to be disclosed (e.g., Critical Energy Infrastructure Information). As a condition of receiving certain types of Confidential Information, the Monitor agrees to execute such additional confidentiality agreements or other contractual arrangements relating to the protection of the confidentiality of that particular type of Confidential Information, and to undergo appropriate training or educational activities associated with certain types of Confidential Information (e.g., FERC affiliate rules training) as Entergy may reasonably request consistent with applicable law.

(c) The Monitor shall protect and preserve the confidentiality of all Confidential Information obtained in connection with the implementation of the Plan. Except as may be required by subpoena or other compulsory process, the Monitor shall not disclose Confidential Information to any person or entity, including to Entergy through reports or otherwise, without the prior written consent of Entergy or the supplying party. If the Monitor submits to the Commission or the E-RSC a report or other document that contains Confidential Information, the Monitor shall include a request that the Confidential Information be maintained as confidential. Upon receipt of a subpoena or other compulsory process for the disclosure of Confidential Information, the Monitor shall promptly notify Entergy or the supplying party and shall provide all reasonable assistance requested by Entergy or the supplying party to prevent disclosure. Confidential Information obtained in connection with the implementation of the Plan may be provided to FERC; provided, however, that the Monitor shall request privileged treatment for all such materials pursuant to 18 C.F.R. § 388.112 (2004).

(d) An impending or existing violation of this Section 2.3 would cause the party supplying Confidential Information irreparable injury for which there would be no adequate remedy at law. The supplying party will be entitled to seek immediate injunctive relief prohibiting such violation, in addition to any other rights and remedies that may be available.

(e) A Transmission Customer must designate information as Confidential Information to receive treatment by Entergy and the Monitor as Confidential Information. To the extent Entergy provides to the Monitor information, documents, or other materials supplied to Entergy by a third-party and designated as confidential by that third-party, Entergy shall designate such information as Confidential Information hereunder.

ARTICLE 3 REQUESTS FOR INVESTIGATIONS

Either FERC, the E-RSC, or Entergy customers, including the Entergy generation or marketing units, may submit a reasonable request to the Monitor to conduct an investigation. Such submissions or requests may be made on a confidential basis, and the submission of a request that the Monitor conduct an investigation shall be subject to the provisions of Section 2.3 of this Plan (“Confidentiality of Data”). The Monitor may decline to take further action or carry out further investigation as deemed appropriate. The results of investigations shall be submitted to FERC, the E-RSC, the Entergy transmission function, and any part that engaged in the conduct (including the Entergy generation and marketing units) as provided for in Article 4 herein. The Monitor shall include a summary of its actions, and decisions not to act, in its reports. The Monitor shall notify FERC, the E-RSC, the Entergy transmission function, and any party that is the subject of a request for an investigation, including the Entergy generation or marketing units, within one week of any request for investigation and, if the Monitor denies any request, the reason(s) for so doing.

ARTICLE 4 REPORTS

Section 4.1 Quarterly Reports.

The Monitor shall prepare and submit simultaneously to FERC, the E-RSC, and the Entergy transmission function a quarterly report within 30 days of the end of each calendar quarter. Such submittal shall include a public version of the quarterly report, with any Confidential Information redacted consistent with Section 2.3 and, as applicable, a non-public version.

Section 4.2 Other Reports or Filings.

In addition to the quarterly reports, the Monitor shall report simultaneously to FERC, the E-RSC, and the Entergy transmission function, and the party that engaged in the conduct (including the Entergy generation or marketing units) any potentially anticompetitive conduct, as described in Section 1.1(a) where the Monitor determines that reporting outside of the scheduled

quarterly reports is appropriate. Reports provided to the Entergy transmission function will not include Confidential Information other than Confidential Information of Entergy.

ARTICLE 5
BUDGET

Entergy shall pay compensation to the Monitor in accordance with the Retention Agreement executed concurrently herewith.