

Progress Energy Florida Designated Network Resource (DNR) Procedure

Many changes required by FERC Order 890 become effective on July 13, 2007. Transmission customers, particularly network customers, should be aware of these changes and the new requirements that result from them. A new version of the PEF OATT will be posted on the PEF OASIS on July 13, 2007 containing changes required by Order 890. In particular, Order 890 has imposed new requirements for designated network resources (DNRs) related to firm purchases and sales by network customers. In order to facilitate this transition, the key changes affecting DNRs are summarized below.

Network customers are prohibited from making firm third party sales from DNRs. In order to make a firm sale, the DNR or the portion of the DNR supporting the sale must be undesignated for the full term of the sale. A request for temporary un-designation of a resource and the request for related transmission service will be evaluated as a single request, and approved or disapproved as such. In addition, all temporary requests to terminate DNRs must be submitted with a request to re-designate the DNR at a specific point in time or the request will be treated as an indefinite termination of the resource.

Firm third-party sales may be made from an undesignated portion of a network customer's network resources (i.e., a "slice-of-system sale"), so long as all of the applicable requirements for un-designations are met. The network customer must clearly identify the resource(s) to be undesignated in the DNR request in order that each portion of each resource supporting the sale may be properly identified. A list of current DNRs for each network customer is posted on the PEF OASIS. This list will be updated based on approved requests for the designation and termination of network resources for each network customer.

Designation of Network Resources

Designated Network Resource Requirements: Requests for new DNRs should be submitted as far in advance as possible. Section 30.2 of the Tariff states: "This request must include a statement that the new network resource satisfies the following conditions: (1) the Network Customer owns or has committed to purchase generation pursuant to an executed contract, or has committed to purchase generation where the execution of the 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." The DNR request form includes an attestation that the requested network resource satisfies the conditions in section 30.2 of the Tariff. Two different

entities may not designate the same firm capacity as a Network Resource during the same time period.

OASIS Application: Network Customers must request a new DNR in accordance with Section 30 of the OATT. DNR requests are required to be submitted on OASIS. To do so, the Network Customer should submit a reservation request for network transmission service on OASIS (Type = Network, Class = Firm, Increment = Daily, Weekly, Monthly, or Yearly) for the amount of transmission capacity required to deliver the output of the DNR. In order to identify this reservation as a DNR request, the abbreviation “DNR” and the name of the requested DNR (e.g., “DNR Miller Unit #1”) should be entered in to the customer comment field in the OASIS reservation.

DNR Application Form: The customer is also required to submit an Application for Designation of Network Resources form containing required information relating to the DNR request. This application form is posted on the PEF OASIS in the Transmission Services folder. The completed form should be submitted to PEF according to the instructions contained within the form. When the completed application form is received by PEF and has been verified to contain all required information, the OASIS DNR reservation will be moved from “QUEUED” to “RECEIVED” status. When the DNR request is approved, the OASIS DNR reservation will be moved from “RECEIVED” to “ACCEPTED” status.

Termination of Network Resources:

DNR Termination Requirements: Section 30.1 of the Tariff states: “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.” A network customer is required to terminate/un-designate capacity from a resource either temporarily or indefinitely before any firm sales can be made from such a resource. Requirements governing the temporary or permanent termination of DNRs are contained in Section 30.3 of the Tariff.

OASIS Application: Network Customers must request a DNR termination in accordance with Section 30 of the OATT. DNR termination requests are required to be submitted on OASIS. To do so, the Network Customer should submit a reservation request for network transmission service on OASIS that will supersede the original DNR request with a modified profile to account for the termination or temporary termination. In order to identify this reservation as a DNR termination request, the abbreviation “TNR” (for Termination of Network Resource) and the name of the resource to be terminated (e.g., “TNR slice of

PEF system”) should be entered in to the customer comment field in the OASIS reservation.

DNR Application Form: The customer is required to submit an Application for Termination of Network Resources or an Application for Temporary Termination of Network Resources form containing required information relating to the DNR termination request. These application forms are posted on the PEF OASIS in the Transmission Services folder. The completed form should be submitted to PEF according to the instructions contained within the form. When the completed application form is received by PEF and has been verified to contain all required information, the OASIS DNR reservation will be moved from “QUEUED” to “RECEIVED” status. When the DNR request is approved, the OASIS DNR reservation will be moved from “RECEIVED” to “ACCEPTED” status.

DNR Termination Request Deadline: Requests to terminate capacity to facilitate firm energy sales, consisting of an OASIS reservation and a completed DNR application form, must be submitted as far in advance as possible but not later than the firm scheduling deadline for the period of Termination noted in Section 13.8 of the Tariff. A request for temporary un-designation of a resource and the request for related transmission service will be evaluated as a single request, and approved or disapproved as such.