

MATL LLP
1100 Louisiana, Suite 2500
Houston, Texas 77002
Phone: (713) 821-2293
Fax: (713) 821-2229



February 3, 2014

VIA eTariff

The Honorable Kimberly Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: MATL LLP
Docket No. ER14-___-000

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act, and Part 35 of the Commission's regulations, 18 C.F.R. Part 35 (2013), MATL LLP ("MATL") hereby submits certain revisions to the MATL Open Access Transmission Tariff ("OATT"). In particular, as discussed in detail below, MATL proposes to revise Schedule 7 of its OATT to implement a capacity auction process for the sale of short-term firm transmission service. MATL also proposes certain other revisions to Schedule 7 that are in the nature of conforming, clarification, and/or clean-up changes. MATL respectfully requests that the Commission approve the proposed tariff revisions within sixty days from the date of the filing, April 4, 2014.

I. DOCUMENTS SUBMITTED

MATL respectfully tenders for filing an electronic copy of the following documents:

1. This Transmittal Letter;
2. Clean version of Schedule 7 to MATL's OATT (Attachment A);
3. Redline version of Schedule 7 to MATL's OATT (Attachment B); and
4. An example of MATL's proposed auction schedule (Attachment C).

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II. CORRESPONDENCE AND COMMUNICATIONS

Correspondence and communications with respect to this filing should be sent to the following persons, who shall also be authorized to receive notice in this docket:

Stacy Myers
Senior Legal Counsel
Green Power and Transmission
Enbridge Energy Company, Inc.
1100 Louisiana St., Suite 2500
Houston, TX 77002
Stacy.Myers@enbridge.com

Travis Allen
Senior Regulatory Analyst
Green Power and Transmission
Enbridge Energy Company, Inc.
1100 Louisiana St., Suite 2500
Houston, TX 77002
Travis.Allen@enbridge.com

III. BACKGROUND

On June 28, 2013, in Docket No. ER13-1370, the Commission accepted certain revisions to the MATL OATT that were necessary to be in place in advance of the then-impending commercial operation date of the MATL Project.¹ In June 28 Order, among other things, the Commission accepted MATL’s proposal to post on OASIS the rates for various short-term transmission services.² The Commission found that MATL’s proposed posting procedures were “an acceptable temporary measure,” but directed MATL to file revisions to Schedule 7 to implement a capacity auction process for short-term transmission service within 30 days of the date of the order. On July 26, 2013, the Commission granted an extension of time until February

¹ *MATL LLP*, 143 FERC ¶ 61,296 (2013) (“June 28 Order”). The MATL Project is a 214-mile, 230 kV alternating current transmission line extending from Lethbridge, Alberta, Canada to Great Falls, Montana. The MATL Project was placed into commercial operation in September 2013.

² In accordance with the June 28 Order, MATL currently is selling short-term transmission service by posting the rates for short-term firm and non-firm transmission service (monthly, weekly, daily, and hourly products) on its OASIS site. Customers who choose to purchase these products pay the applicable posted rates for these services.

1, 2014, for MATL to submit tariff revisions designed to implement the procedures for capacity auctions to sell short-term transmission service.³

IV. PROPOSED TARIFF REVISIONS

As discussed in this section, MATL hereby proposes to revise Schedule 7 of its OATT to implement a capacity auction process for the sale of short-term transmission service (i.e., twelve months or shorter), and to make certain other changes to the provisions related to the auction process applicable to the sale of long-term transmission service.

A. Overview of the Capacity Auctions for Sales of Short-Term Firm Transmission Service

In accordance with the Commission's directive in the June 28 Order, MATL proposes that beginning on August 1, 2014, it will use a capacity auction process to sell short-term firm transmission service. As discussed further below, MATL will conduct capacity auctions on a weekly and daily basis.⁴ All auctions, including relevant information relating to the conduct of the auctions and the winning bidders for each auction, will be announced on MATL's OASIS. An independent third party will administer MATL's short-term capacity auctions. Once the auction parameters are set, MATL will have no role in determining which bidders are awarded short-term transmission capacity.

³ In its July 25, 2013 request for an extension of time, MATL indicated that it would be able to implement auction procedures for short-term transmission services beginning on June 1, 2014. MATL has been hard at work in developing the necessary software to implement the auction process. However, in light of certain software development issues, MATL will not be prepared to implement its auction process until August 1, 2014.

⁴ For clarity, references to "weekly auctions" and "daily auctions" herein describe the frequency of the offerings, as opposed to the products being offered. For auctions occurring on a weekly frequency, MATL will offer three short-term firm transmission products: (i) Balance of Calendar Year; (ii) Prompt Quarter; and (iii) Monthly. Likewise, for auctions occurring on a daily basis, MATL will offer for sale the following three firm transmission products: (i) Daily (the 24 calendar day hours), (ii) Heavy Load Hours, and (iii) Light Load Hours.

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For the weekly and daily auctions, which are discussed in greater detail below, MATL will establish a confidential minimum bid price requirement prior to the start of each auction. Once established, the minimum bid price will not change during an ongoing auction. The auction will award transmission service at the close of the bidding period based on a uniform-clearing price established by the price bid for purchase of the last 1 MW of capacity awarded in the auction.⁵ For example, if in a given auction, bids are accepted at \$5/kW-month, \$4/kW-month, and \$3/kW-month, the \$3/kW-month bid will set the clearing price paid by all bidders that are awarded capacity.

As set forth in Section 3.1.4.2, the auction process awards capacity for the longest-term service for which bids are cleared. The ATC is then adjusted downward to determine the amount of capacity, if any, that is available for the next longest-term of service. In other words, the auctions for quarterly service will take precedence over the auctions for monthly service. Once MATL has sold all the firm capacity that was available for the rest of the calendar year (either through long-term or short-term auctions), the firm ATC drops to zero, and there will be no need to conduct additional weekly auctions for that period. Consistent with the priority given to long-term service, Section 3.1.4.4 of Schedule 7 provides that the daily auctions will take place after the weekly auctions have awarded capacity for the longer-term products available. The daily auctions will make available any firm ATC remaining after the close of the weekly auctions. As

⁵ Section 3.1.4.3 of Schedule 7 describes the short-term auction process as follows, “At the close of the bidding period for each Weekly Capacity Auction, all valid bids received will be ranked from highest to lowest by submitted bid price. For those bids that meet or exceed the minimum bid price requirement, TSRs will be awarded in descending price order, and the price paid by all Transmission Customers whose bids have been accepted will be based on a uniform clearing price established by the price bid for purchase of the last 1 MW of capacity awarded in the auction.”

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discussed below, if there is no remaining daily firm ATC, transmission customers may seek to purchase daily non-firm service directly through the OASIS.

MATL's current plan is to make an OASIS posting on or about June 1, 2014 that will announce the first set of auctions. That posting will include business practices that will specify various implementation details. The first set of auctions is scheduled to take place during the first week in August, and the weekly auction will make available service for Balance of Period (*i.e.*, September through December 2014), the Prompt Quarter (*i.e.*, October through December 2014), and Monthly (September 2014). MATL plans to conduct stakeholder outreach shortly following the instant filing to ensure that transmission customers understand the process and have an opportunity to have any questions addressed before the start of the auction process.

B. The Weekly Capacity Auctions

As set out in Section 3.1.4.2, MATL will offer the following short-term firm transmission products in the weekly capacity auctions: (i) Balance of Calendar Year; (ii) Prompt Quarter; and (iii) Monthly. As its name implies, "Balance of Calendar Year" has a service duration of the remaining full months in the current calendar year. In the February auctions, for example, Transmission Customers may bid on firm service available for the ten month period March 1 through December 31. The "Prompt Quarter" means the next full calendar quarter. Assuming firm capacity is available, auctions for the Prompt Quarter that is the fourth quarter of the year, for example, will take place in July, August, and September. Beginning in October, Prompt Quarter auctions will be held for the first quarter of the following year.

Section 3.1.4.2 provides that for the weekly auctions, Transmission Customers may submit bids beginning at midnight on the Thursday prior to the closing of the auction, which will occur at 6:00 a.m. Pacific Prevailing Time on the subsequent Wednesday. Section 3.1.4.1

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provides that for each product for which a bid is submitted, the bidder must provide the price offered, the maximum and minimum capacity that will be accepted, and the receipt and delivery points. Multiple Monthly Capacity Auctions may be conducted at the same time for varying terms of service (i.e., customers will have the opportunity to participate in auctions for single month, quarterly and balance of period products during the weekly auction process). An illustrative example of a calendar month that includes the relevant starting point for each of the auction periods is provided in Attachment C to this transmittal letter. In accordance with Section 3.1.4.2, MATL will announce the weekly auction results on OASIS one hour after the close of auction bidding, *i.e.*, by 7:00 a.m. Pacific Prevailing Time. As all bids are pre-confirmed, once winners are announced, each winning bidder will have secured firm capacity for the period(s) covered by its winning bid(s).

Section 3.1.4.3 addresses how capacity will be awarded for each product auctioned in a given weekly auction. As noted above, all valid bids (above the minimum bid price) will be ranked according to price, with TSRs awarded in descending order. If there is insufficient ATC to award the total amount of service requested by a bidder based on price, TSRs will be awarded in line with an acceptable, bidder-set, minimum amount of capacity that can be accommodated within the remaining ATC. If the lowest amount of capacity that such bidder would accept cannot be accommodated within the remaining ATC, that bidder's bid will be rejected in favor of the next-ranked price bid. If there is insufficient ATC to award the amount of service requested by the next ranked bidder, TSRs will be awarded in line with an acceptable, bidder-set, minimum amount of capacity that can be accommodated within the remaining ATC.⁶ This process will

⁶ For example, if, after accepting Bidder A's bid, there is 25 MW of ATC remaining, and Bidder B indicated that the minimum amount it would accept is 50 MW, Bidder B's bid will be

continue until ATC is exhausted. If two or more Transmission Customers have submitted identical bids with respect to price, and there is insufficient ATC to award the total amount of service requested by such bidders, for those bidders submitting identical bids, TSRs will be awarded based on the use of a mixed-integer linear program that maximizes the capacity that can be awarded within the available ATC.⁷

C. The Daily Capacity Auctions

To the extent that there is ATC remaining after the weekly capacity auctions are run, MATL will conduct daily capacity auctions in which MATL will offer for sale the following three daily firm transmission products: (i) Daily (the 24 calendar day hours), (ii) Heavy Load Hours, and (iii) Light Load Hours. Heavy Load Hours are the sixteen hours between 6:00 a.m. and 10:00 p.m. Pacific Prevailing Time, and Light Load Hours are the eight hours between 12:00 a.m. and 6:00 a.m. and between 10:00 p.m. and 12:00 a.m. Pacific Prevailing Time. The term(s) for services that are auctioned on a daily basis will be posted on OASIS. Transmission Customers may submit their bids beginning at noon on the day prior to the closing of the auctions which will occur at 6:00 a.m. on the following day. Multiple auctions may be conducted during the same daily auction. As with the longer-term products, the auction for Daily service will clear before the auction for Heavy Load Hours service, and the auction for Heavy Load Hours service will clear before auction for Light Load Hours service. ATC will be

rejected, and Bidder C's bid will be accepted if it indicated that it would accept as little as 25 MW. In that case, Bidder C's price bid established the clearing price that will be paid by Bidders A and C.

⁷ For example, if, after accepting Bidder A's bid, there is 100 MW of ATC remaining, and Bidder B bid 90 MW, Bidder C bid 60 MW, and Bidder D bid 40 MW all at the same price, Bidder C's and Bidder D's bids will be accepted in order to maximize the capacity that can be awarded. Continuing with the example, if Bidders B, C, and D each bid 100 MW, the algorithm will randomly award 100 MW to one of the bidders.

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adjusted downward based on awarded capacity, prior to clearing shorter duration auctions.

Within one hour of the close of the daily auctions, MATL will announce auction awards on OASIS.

D. Release of Bid Data

On or about the last day of each month, MATL will post on OASIS the following information for each weekly and daily auction that was conducted during the month that precedes such posting by six months: (i) the confidential minimum bid price requirement established by MATL for each such auction, and (ii) information regarding the bids (but not the identity of the bidders) that did not meet or exceed such minimum bid price requirement (price offered and amount in MW requested) for such auctions. On or about each August 30 and February 28, MATL will submit an informational filing with the Commission that includes the data that had been posted on OASIS during the prior January through June or July through December. That filing will include (i) the confidential minimum bid price requirement established for each weekly and daily auction conducted during the relevant time period, and (ii) details of bids (with the bidders' identities submitted under seal) that did not meet or exceed the minimum bid price requirement for each such auction. Details concerning service provided to Transmission Customers that were awarded capacity through the auctions will be made available through MATL's Electronic Quarterly Reports.

E. Firm Redirects

Under Section 22.2 of MATL's OATT, which is based on the *pro forma* OATT, any request by a transmission customer taking firm transmission service to modify the receipt and delivery points on a firm basis is treated as a new request for service. Consistent with Section 22.2 of MATL's OATT, Section 3.1.4.5 of Schedule 7 provides that once MATL's short-term

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firm capacity auctions are in effect, such transmission customers that wish to modify the receipt and delivery points set out in their service agreements on a firm basis for a period of one year or less will be required to participate in the auctions. A redirecting transmission customer that participates in the auctions will retain priority for service at its existing firm receipt and delivery points until notified by MATL that the customer's bid was accepted and that it has been awarded short-term firm capacity for the period covered by the bid. If a receipt or delivery point is modified as a result of the auction, then, for the period of the redirected firm service, the transmission customer will be subject to a charge that reflects the positive difference, if any, between the clearing price established in the auction and the price in the customer's existing service agreement. This is consistent with the Commission's policy on firm redirects. *See Southwest Power Pool, Inc.*, 82 FERC ¶ 61,267, *order on reh'g*, 85 FERC ¶ 61,031 (1998), and *Midwest Independent Transmission Operator, Inc.*, 129 FERC ¶ 61,018 (2009).

F. Sales of Hourly Firm and Non-Firm Service

Subject to ATC availability, MATL proposes to continue to sell hourly firm and non-firm transmission service through OASIS. New Section 3.1.5 of Schedule 7 tracks the Section 3.1.5 approved by the Commission in June 28 Order. The hourly firm and non-firm service made available through OASIS will consist of remaining ATC not previously awarded through prior long-term and short-term auctions. MATL will award capacity for hourly firm and non-firm service on OASIS as requests for such service are received. The prices for such services are posted on OASIS.

G. Proposed Revisions to Long-Term Transmission Service Provisions

MATL also proposes certain minor revisions to the portions of Schedule 7 that address the process for selling long-term transmission service. None of the changes alters the long-term

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service available on the MATL line or the processes that transmission customers may use to arrange such service.

MATL first proposes to delete certain legacy provisions that discussed the original open season and that have become obsolete (*i.e.*, no longer effective tariff language). Section 3.1.2.1 has been revised to clarify that for long-term service, MATL will post ATC and the minimum bid price requirement(s) for such service; those prices may vary according to direction and duration of service. Similar to Section 3.1.4.5, which is applicable to short-term transmission service, Section 3.1.3.1 is revised to clarify that existing long-term firm service customer seeking firm redirects pursuant to Section 22.2 of MATL's OATT may request service, which may trigger the auction procedures if there are competing requests for the ATC. Section 3.1.3 includes a new provision indicating that ATC not sold through auctions for long-term service will be available short-term auctions conducted in accordance with Section 3.1.4 or through OASIS postings in accordance with Section 3.1.5.

V. STAKEHOLDER ENGAGEMENT

MATL intends to convene an initial stakeholder meeting to discuss the proposed auction process with current and potential transmission customers. The stakeholder meeting is tentatively scheduled for February 13, 2014. Notice of that meeting and any subsequent meetings will be posted on OASIS.

VI. GENERAL FILING INFORMATION, EFFECTIVE DATE, AND REQUEST FOR WAIVER

In compliance with the requirements of Part 35 of the Commission's regulations, MATL states as follows: This filing does not constitute a change in rates, in that there is no change in the overall revenue requirement and no rate impact on MATL's existing long-term firm transmission customers, so the filing is subject to Section 35.13(a)(2)(iii). In accordance with

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the June 28 Order, MATL is proposing auction procedures for the sales of short-term firm transmission service. The revised procedures expand the service offerings available to customers in the region at prices that will reflect the bidders' assessment of market conditions. MATL therefore requests waiver of the requirement to provide rate or revenue requirements comparisons that otherwise would be required under 18 C.F.R. § 35.13. MATL is submitting the information required under Part 35:

- 35.13(b)(1)/Documents submitted with this filing. The materials included herein are identified in Section I.
- 35.13(b)(2)/Proposed effective date. MATL requests that the Commission accept the proposed tariff revisions and make them effective sixty days from the date of this filing.
- 35.13(b)(3)/Persons to whom the proposed rate schedule has been served. MATL will post a copy of this filing on its OASIS.
- 35.13(b)(4)/Brief description of the rate schedule. A description of the proposed tariff revisions is provided in Section IV.
- 35.13(b)(5)/Statement of reasons for proposed rate schedule. An explanation of the reasons for this filing is provided in Section II.
- 35.13(b)(6)/Showing that all requisite agreements have been obtained. Not applicable.
- 35.13(b)(7)/Statement regarding illegal, duplicative, or unnecessary costs. None of the expenses or costs of service included in the proposed rate schedule has been alleged or judged in any administrative or judicial proceeding to be illegal, duplicative, or unnecessary costs that are demonstrably the product of discriminatory employment practices.
- 35.13(c)(3)/New Facilities. No specifically-assignable facilities have been or will be installed or modified in connection with this filing.

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VII. CONCLUSION

For the reasons set forth above, MATL respectfully requests that the Commission accept this filing without modifications and to make it effective sixty days from the date of the filing. If you have any questions concerning this filing, please contact the undersigned.

Respectfully submitted,

/s/ Stacy Myers

Stacy Myers

Senior Legal Counsel, Green Energy

Enbridge Energy Company, Inc.

1100 Louisiana St., Suite 3300

Houston, TX 77002

/Attachments

CERTIFICATE OF SERVICE

I hereby certify that I have on this day caused a copy of the foregoing document to be served via e-mail or first-class mail upon each of the parties listed in the official service list compiled by the Secretary for Docket No. ER13-1370-000.

Dated at Houston, Texas this 3rd day of February, 2014.

/s/ Stacy Myers

Stacy Myers
Senior Legal Counsel, Green Power and
Transmission
Enbridge Energy Company, Inc.
1100 Louisiana St., Suite 2500
Houston, TX 77002

SCHEDULE 7

**Long-Term Firm and Short-Term Firm and Non-Firm Point-To-Point
Transmission Service**

1. Charges for Transmission Service.

Except as provided in Section 2 below, there are no charges for transmission service rights ("TSRs") and corresponding Transmission Service other than those charges set out in a TSR Purchase and Service Agreement ("TSR Agreement"). Subject to Section 7 of the Tariff, the Transmission Customer shall be and remain liable to pay to the Transmission Provider all charges set out in a TSR Agreement, regardless of whether all or any portion of the applicable TSRs are forfeited or assigned or sold pursuant to Section 23 of the Tariff. Payment to interconnected systems and other transmission providers for transmission services, scheduling services, Ancillary Services and all other services will be pursuant to the provisions of their respective tariffs and shall be the sole responsibility of the Transmission Customer.

2. Additional Charges.

The Transmission Provider shall have the right to unilaterally make application under Section 205 of the FPA to the Commission to increase each Transmission Customer's Charges in an amount per unit so that the aggregate amount recovered from all Transmission Customers is equal to the increase in expenses that arise as the result of changes in law, increases in taxes, or increases in fees imposed or charged by taxing authorities, interconnected systems, and government and municipal agencies.

3. Open Seasons, Capacity Auctions and Capacity Sales for TSRs.

3.1 Open Season and Capacity Auctions for TSRs

3.1.1 Overview: TSRs shall be awarded by the Transmission Provider to Eligible Customers with Completed Applications and by means of TSR Agreements through the Capacity Auctions or Capacity Sales conducted through the OASIS. FERC has determined that the Initial Open Season was an open, non-discriminatory bidding process. *Montana Alberta Tie Ltd.*, 112 FERC ¶ 61,018 (2005).

3.1.2 Posting of Results of Capacity Auctions and Capacity Sales: The following information regarding each winning bidder will be posted on the Transmission Provider's OASIS: (1) the name of the winning bidder; (2) the quantity of TSRs awarded, identified by Point of Receipt and Point of Delivery; (3) the expiration date of the TSRs awarded; and (4) the name, address, phone number and e-mail address of a contact person for the winning bidder for purposes of

taking inquiries regarding trades of the TSRs in the Secondary Market.

3.1.2.1 Long-Term Capacity Auctions: All Long-Term Capacity Auctions will be administered through the OASIS. The Transmission Provider will post on its OASIS the amount of ATC it projects to be available for Long-Term Firm Point-to-Point Transmission and the minimum bid price requirement(s) for such service.

3.1.3 Long-Term Transmission Service Provisions: The OASIS system will clear the Capacity Auction by awarding Long-Term Transmission Service to Eligible Customers submitting the bids having the highest Gross Revenue Present Value until the Long-Term Available Transfer Capability (ATC) is equal to zero. ATC not sold in the Long-Term Capacity Auction process will be sold in Short-Term Capacity Auctions in accordance with the provisions of Section 3.1.4 as noticed on the OASIS site, or through OASIS postings in accordance with the provisions of Section 3.1.5. The results of the Long-Term Capacity Auction shall be posted on the OASIS site within five (5) business days following the close of the Capacity Auction. Requests for Long-Term Transmission Service must be submitted no later than July 1 immediately preceding the calendar year in which such service will commence to accommodate the opening of Short-Term Capacity Auctions for that calendar year.

3.1.3.1 Notice: Notice of all Long-Term Capacity Auctions will be posted on the OASIS, except notice of the Initial Long-Term Open Season. The Transmission Provider will determine the contents of the notices for all Capacity Auctions. Subsequent Long-Term Capacity Auctions may be conducted periodically upon receipt of a request or requests for long-term capacity from an Eligible Customer pursuant to Section 17 of the Tariff. Upon receipt of a request for long-term capacity (Including by a Transmission Customer that seeks to modify its long-term TSR Agreement pursuant to Section 22.2 of the Tariff) that meets or exceeds the rate(s) posted on OASIS for the service requested, the Transmission Provider will post such request on its OASIS site for a period of thirty (30) calendar days ("Public Notice Period"). In addition, the Transmission Provider will announce the request by publication

in widely circulated newspapers. If no additional requests for Long-Term Transmission Service are received during the Public Notice Period, then the capacity will be awarded to the original requesting party. If additional requests for Long-Term Transmission Service are received and ATC is greater than the sum of all Long-Term Transmission Service requests received during the Public Notice period, then the capacity will be awarded to the parties requesting the service before and during the Public Notice Period at the rates such parties proposed. If additional requests for Long-Term Transmission Service are received and ATC is less than all of the Long-Term Transmission Service requests received before and during the Public Notice Period, then the Transmission Provider will hold a Capacity Auction within five business days of the close of the Public Notice Period.

3.1.3.2 Bids: During the Capacity Auction period, all of the requesting parties shall be given the opportunity to submit competing bids for the Long-Term Transmission Service ATC via the OASIS site. Bids must be submitted to the OASIS site no later than 3:00 P.M. Pacific Prevailing Time (depending on the time of the year) fourteen calendar days immediately following the declaration of the Capacity Auction period. Bids shall be subject to minimum bid price requirements. The minimum bid requirements may change from time to time based on Transmission Provider's sole discretion; provided, however, that for Long-Term Firm Point-to-Point Service in the northbound direction, the minimum bid price requirements shall not be lower than the rates that resulted from the Initial Open Season Process conducted by the Transmission Provider, which was approved by FERC in Montana Alberta Tie Ltd., 112 FERC ¶ 61,018 (2005), for TSRs with a term equal to or longer than the term of the TSRs that were executed in connection with such initial Open Season Process during the term that such TSRs are in effect.

3.1.4 Short-Term Firm Capacity Auctions: TSRs for terms of twelve (12) months or shorter shall be made available to Transmission Customers through Short-Term Firm Capacity Auctions under the following general conditions:

3.1.4.1 On and after August 1, 2014, the Transmission Provider will announce all Short-Term Firm Capacity Auctions on OASIS and will specify the term of service and requirements for submission of bids to purchase transmission service from remaining ATC. The Transmission Provider will conduct weekly and daily capacity auctions. The Transmission Provider shall establish for each Short-Term Firm Capacity Auction a confidential minimum bid price requirement for each term available during such auction, and such minimum bid price requirements may change from time to time at Transmission Provider's sole discretion. All Transmission Customer bids shall be submitted on OASIS, shall be pre-confirmed, and shall supply the required information as specified on OASIS, including, but not limited to: (i) the maximum and minimum quantity (in MW) that the bidder will accept, (ii) the price offered (in U.S. dollars), and (iii) the receipt and delivery points. Information provided by the Transmission Customer in submitting the original bid and Transmission Provider's minimum bid price requirement will be kept confidential during the course of the auction, subject to subsequent disclosure in accordance with Section 3.1.4.6. Transmission Provider will post winning bids on OASIS in accordance with Section 3.1.2 above.

3.1.4.2 **Weekly Capacity Auctions:** The Transmission Provider will announce the Weekly Capacity Auction on OASIS. In the Weekly Capacity Auctions, subject to ATC availability, the Transmission Provider will offer the following transmission products: (i) Balance of Calendar Year, (ii) Prompt Quarter (i.e., the next full calendar quarter), and (ii) Monthly. The terms for transmission service being auctioned on a weekly basis will be posted on OASIS. Transmission Customer bids may be submitted beginning at midnight on the Thursday prior to the closing of the auction which will occur at 6:00 A.M. Pacific Prevailing Time on the subsequent Wednesday. Multiple Weekly Capacity Auctions may be conducted at the same time for varying terms of service, depending upon ATC availability. Transmission Provider will first award bids to Transmission Customers seeking longer duration blocks of service and ATC will be adjusted downward based on awarded capacity in one block of service prior to clearing the auction for the next longest block of service. For example, capacity will be awarded for

accepted bids for Balance of Calendar Year service prior to bids for Prompt Quarter service, and, subject to ATC availability, capacity next will be awarded to accepted bids for Prompt Quarter service prior to bids for Monthly service. Within one hour of the close of each Weekly Capacity Auction, Transmission Provider will announce auction awards on OASIS in accordance with Section 3.1.2 above, or post on OASIS an alternative time to disclose the auction awards.

- 3.1.4.3 At the close of the bidding period for each Weekly Capacity Auction, all valid bids received will be ranked from highest to lowest by submitted bid price. For those bids that meet or exceed the minimum bid price requirement, TSRs will be awarded in descending price order, and the price paid by all Transmission Customers whose bids have been accepted will be based on a uniform clearing price established by the price bid for purchase of the last 1 MW of capacity awarded in the auction. If there is insufficient ATC to award the total amount of service requested by a bidder based on price, TSRs will be awarded to that bidder if a lesser amount of capacity than such bidder would accept can be accommodated within the remaining ATC. If the lowest amount of capacity that such bidder would accept cannot be accommodated within the remaining ATC, that bidder's bid will be rejected in favor of the next-ranked price bid. If there is insufficient ATC to award the amount of service requested by the next ranked bidder, TSRs will be awarded to that bidder if a lesser amount of capacity than such bidder would accept can be accommodated within the remaining ATC. This process will continue until ATC is exhausted. If two or more Transmission Customers have submitted identical bids with respect to price, and there is insufficient ATC to award the total amount of service requested by such bidders, for those bidders, TSRs will be awarded based on the use of a mixed integer linear program that maximizes the capacity that can be awarded within the available ATC.

- 3.1.4.3.1 If a bidder submits multiple bids for the same auction bidding period, each such bid will be treated as a separate bid and evaluated in

accordance with the procedures set out in Section 3.1.4.3.

3.1.4.4 Daily Auctions: If there is unsold capacity from the Weekly Capacity Auctions conducted in accordance with Section 3.1.4.2, the Transmission Provider will conduct Daily Capacity Auctions, which will be announced on OASIS. In the Daily Auction, subject to ATC availability, the Transmission Provider will offer the following transmission products: (i) Daily (24 hours in the calendar day), (ii) Heavy Load Hours, and (iii) Light Load Hours. Heavy Load Hours shall consist of the sixteen hours between 6:00 A.M. and 10:00 P.M. Pacific Prevailing Time, and Light Load Hours shall consist of the eight hours between 12:00 A.M. and 6:00 A.M. and between 10:00 P.M. and 12:00 A.M. Pacific Prevailing Time. The term(s) for services that are auctioned on a daily basis will be posted on OASIS. Transmission Customer bids may be submitted beginning at noon Pacific Prevailing Time on the day prior to the closing of the auctions which will occur at 6:00 A.M. Pacific Prevailing Time on the following day. Multiple auctions may be conducted during the same Daily Capacity Auction for varying terms of service. The auction for Daily service will be cleared before the auction for Heavy Load Hours service, and the auction for Heavy Load Hours service will be cleared before auction for Light Load Hours service. ATC will be adjusted downward based on awarded capacity prior to clearing shorter duration auctions. Within one hour of the close of the Daily Capacity Auctions, Transmission Provider will announce auction awards on OASIS in accordance with Section 3.1.2 above, or post on OASIS an alternative time to disclose the auction awards.

3.1.4.5 Firm Redirect Service: Pursuant to Section 22.2 of the Tariff, 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. Once the Short-Term Firm Capacity Auctions provided for in Section 3.1.4 of this Schedule 7 are in effect, Transmission Customers that wish to modify the Receipt and Delivery points set out in their TSR Agreements on a firm basis for a period of one year or less will be required to participate in the Short-Term Firm Capacity Auctions. A Transmission Customer that participates in such auctions shall retain its priority for service at the existing firm Receipt

and Delivery Points specified in its TSR Agreement until notified by the Transmission Provider that its bid has been accepted and that it has been awarded Short-Term Firm Capacity for the period covered by the auction. If a Receipt or Delivery Point is modified in accordance with this Section 3.1.4.5, for the period of the redirected firm service, the Transmission Customer shall be subject to a charge that reflects the positive difference, if any, between the uniform clearing price established in the applicable Short-Term Firm Capacity Auction and the price in such Transmission Customer's existing TSR Agreement.

- 3.1.4.6 Release of Bid Data. On or about the last day of each month, the Transmission Provider shall post on OASIS the following information for each Weekly and Daily Auction that was conducted during the month that precedes such OASIS posting by six months: (i) the confidential minimum bid price requirement established by the Transmission Provider for each Weekly and Daily Auction, and (ii) details of bids (but not the bidders) that did not meet or exceed such minimum bid price requirement (price offered and amount in MW requested) for such Weekly and Daily Auctions. On or about each August 30 and February 28, Transmission Provider will submit an informational filing with the Commission that consists of the data that had been posted on OASIS during the prior January through June or July through December. Such filing will include (i) the confidential minimum bid price requirement established by the Transmission Provider for each Weekly and Daily Auction, and (ii) details of bids (with the bidders' identities submitted under seal) that did not meet or exceed such minimum bid price requirement (price offered and amount in MW requested) for such Weekly and Daily Auctions. Details concerning service provided to Transmission Customers that were awarded Short-Term Firm capacity through the Weekly and Daily Auctions will be made available through the Transmission Provider's Electronic Quarterly Reports (EQR), consistent with the Commission's then-applicable EQR requirements.

3.1.5 Capacity Sales of Available Hourly Firm and Non-Firm Service: Hourly Firm and Non-Firm service shall be made available, subject to ATC availability, on a daily basis as announced on OASIS. The capacity sales of hourly Firm and Non-Firm service shall consist of remaining ATC not awarded in the Initial Open Season or the Long-Term or Short-Term Firm Capacity Auctions held subsequent to the Initial Open Season. Transmission Customers may also request the use of alternate Points of Receipt and Delivery pursuant to Section 22 of the Tariff at this time. Transmission Provider will award TSRs for Hourly Firm and Non-Firm service on OASIS as requests for such service are received.

3.1.5.1 The Transmission Provider shall post on its OASIS the amount of ATC it projects to be available for hourly Firm and Non-Firm Point-to-Point Transmission capacity sales, and the rates for such service. Hourly service made available pursuant to Section 3.1.5 may be purchased for the current hour up to the last hour that falls within the applicable WECC prescheduling calendar effective for the current day. The Transmission Provider will grant service on a first-come, first-served basis. If two requests are submitted simultaneously, and there is not sufficient capacity to satisfy both requests, the Transmission Provider will grant service on the basis of priority. If there is no difference in priority, the Transmission Provider shall make awards on a pro-rata basis as available. The posted rates for hourly Firm and Non-Firm Point-to-Point Transmission Service may change from time to time based on the Transmission Provider's sole discretion.

3.2 Open Seasons and Capacity Auctions for Expansion Capacity

3.2.1 Expansion Capacity shall mean any transmission capacity added or to be added to the Montana Alberta Tie Line after initial construction.

3.2.2 The Transmission Provider shall not sell any Expansion Capacity without first obtaining approval for such sales from the Commission. The Transmission Provider shall have the right to unilaterally make application under Section 205 of the FPA to the Commission seeking approval for such sales.

3.3 Unauthorized Use of Transmission Service

In the event that a Transmission Customer has not secured Reserved Capacity or exceeds its firm or non-firm Reserved Capacity at any Point of Receipt or any Point of Delivery, except as otherwise specified in Section 22 of the Tariff, the following will apply:

- 3.3.1 Unreserved Use. A Transmission Customer that uses transmission service that it has not reserved or uses transmission service in excess of its reserved capacity ("Unreserved Use") in accordance with this Tariff is subject to penalty charges set forth below.
- 3.3.2 Penalty Charge – Unreserved Use. The penalty charge for a Transmission Customer that engages in Unreserved Use is as follows:
 - (i) where the Unreserved Use is for a duration of a single hour or less - 200% of the daily firm point-to-point charge, which for Long-Term Point-to-Point Transmission Service shall be derived from the rate(s) set forth in the Transmission Customer's TSR Agreement and Non-Firm Service, shall be derived from the applicable rates set forth the Transmission Customer's confirmation for the transaction;
 - (ii) where the Unreserved Use is in excess of an hourly non-firm reservation - and is a single occurrence within a given day - 200% of the hourly non-firm point-to-point charge will be assessed;
 - (iii) where the Unreserved Use is in excess of an hourly firm reservation and is a single occurrence within a given day or occurs on multiple occasions for more than one hour over the course of a given day - 200% of the daily firm point-to-point charge will be assessed against the hour with the highest level of use;
 - (iv) where the Unreserved Use occurs on multiple occasions for any given duration (e.g., violations occur multiple times for more than an hour over the course of a day and is repeated over more than one day within a given week) - 200% of the applicable firm point-to-point charge for the next longest duration will be assessed against the hour with the highest level of unreserved use (e.g., if an assessment is for violations over multiple days in a given week, the penalty will be 200% of the weekly firm point-to-point delivery charge; if an assessment is for violations over multiple weeks in a given month, the penalty will be 200% of the monthly firm point-to-point charge).
 - (v) Penalties for multiple instances of unreserved use are not additive in nature (i.e., each violation can only be assessed a single penalty under a single timeframe).

SCHEDULE 7

Long-Term Firm and Short-Term Firm and Non-Firm Point-To-Point Transmission Service

1. Charges for Transmission Service.

Except as provided in Section 2 below, there are no charges for transmission service rights ("TSRs") and corresponding Transmission Service other than those charges set out in a TSR Purchase and Service Agreement ("TSR Agreement"). Subject to Section 7 of the Tariff, the Transmission Customer shall be and remain liable to pay to the Transmission Provider all charges set out in a TSR ~~Purchase and Service~~ Agreement, regardless of whether all or any portion of the applicable TSRs are forfeited or assigned or sold pursuant to Section 23 of the Tariff. Payment to interconnected systems and other transmission providers for transmission services, scheduling services, Ancillary Services and all other services will be pursuant to the provisions of their respective tariffs and shall be the sole responsibility of the Transmission Customer.

2. Additional Charges.

The Transmission Provider shall have the right to unilaterally make application under Section 205 of the FPA to the Commission to increase each Transmission Customer's Charges in an amount per unit so that the aggregate amount recovered from all Transmission Customers is equal to the increase in expenses that arise as the result of changes in law, increases in taxes, or increases in fees imposed or charged by taxing authorities, interconnected systems, and government and municipal agencies.

3. Open Seasons, Capacity Auctions and Capacity ~~Auctions-Sales~~ for TSRs.

3.1 ~~Initial~~-Open Season and Capacity Auctions for TSRs

3.1.1 Overview: TSRs shall be awarded by the Transmission Provider to Eligible Customers with Completed Applications and by means of TSR ~~Purchase and Service~~-Agreements through the ~~Initial Open Season or~~-Capacity Auctions or Capacity Sales conducted through the OASIS. ~~The~~-FERC has determined that the Initial Open Season was an open, non-discriminatory bidding process. *Montana Alberta Tie Ltd.*, 112 FERC ¶ 61,018 (2005).

3.1.2 ~~—~~ Posting of Results of ~~Initial Long Term Open Season Capacity Auctions~~ and Capacity Auctions~~Sales~~: The following information regarding each winning bidder will be posted on the Transmission Provider's ~~website or~~-OASIS: (1) the name of the winning bidder; (2) the quantity of TSRs awarded, identified by Point of Receipt and Point of Delivery; (3) the expiration date of the TSRs awarded; and

(4) the name, address, phone number and e-mail address of a contact person for the winning bidder for purposes of taking inquiries regarding trades of the TSRs in the Secondary Market.

3.1.2.13 ~~Subsequent Long-Term Capacity Auctions: All Long-Term Capacity Auctions occurring following the Initial Long Term Open Season will be administered through the OASIS. The Transmission Provider will post on its OASIS the amount of ATC it projects to be available for Long-Term Firm Point-to-Point Transmission and the minimum bid price requirement(s) for such service.~~

3.1.3 Long-Term Transmission Service Provisions: The OASIS system will clear the Capacity Auction by awarding Long-Term Transmission Service to Eligible Customers submitting the bids having the highest Gross Revenue Present Value until the Long-Term Available Transfer Capability (ATC) is equal to zero. ATC not sold in the Long-Term Capacity Auction process will be sold in Short-Term Capacity Auctions in accordance with the provisions of Section 3.1.4 as noticed on the OASIS site, or through OASIS postings in accordance with the provisions of Section 3.1.5. The results of the Long-Term Capacity Auction shall be posted on the OASIS site within five (5) business days following the close of the Capacity Auction. Requests for Long-Term Transmission Service must be submitted no later than July 1 immediately preceding the calendar year in which such service will commence to accommodate the opening of Short-Term Capacity Auctions for that calendar year.

3.1.3.14 Notice: Notice of all Long-Term Capacity Auctions will be posted on the OASIS, except notice of the Initial Long-Term Open Season. The Transmission Provider will determine the contents of the notices for all Capacity Auctions. Subsequent Long-Term Capacity Auctions ~~will may~~ be conducted periodically upon receipt of a request or requests for long-term capacity from an Eligible Customer pursuant to Section ~~23.317 of the Tariff~~. Upon receipt of a request for long-term capacity ~~by an Eligible (Including by a Transmission Customer that seeks to modify its long-term TSR Agreement pursuant to Section 22.2 of the Tariff) that meets or exceeds the rate(s) posted on OASIS for the service requested~~, the Transmission Provider will post such request on

its OASIS site for a period of thirty (30) calendar days ("Public Notice Period"). In addition, the Transmission Provider will announce the request by publication in widely circulated newspapers. If no additional requests for Long-Term Transmission Service are received during the Public Notice Period, then the capacity will be awarded to the original requesting party. If additional requests for Long-Term Transmission Service are received and ATC is greater than the sum of all Long-Term Transmission Service requests received during the Public Notice period, then ~~ATC—the capacity~~ will be awarded to the parties requesting the service before and during the Public Notice Period ~~at the rates such parties proposed~~. If additional requests for Long-Term Transmission Service are received and ATC is less than all of the Long-Term Transmission Service requests received before and during the Public Notice Period, then ~~a Capacity Auction shall be held. The Capacity Auction period must be declared by~~ the Transmission Provider ~~will hold a Capacity Auction~~ within five business days of the close of the Public Notice Period.

3.1.3.2 Bids: During the Capacity Auction period, all of the requesting parties shall be given the opportunity to submit competing bids for the Long-Term Transmission Service ATC via the OASIS site. Bids must be submitted to the OASIS site no later than ~~43:00 P.M. Mountain Standard or Mountain Daylight time Pacific Prevailing Time~~ (depending on the time of the year) fourteen calendar days immediately following the declaration of the Capacity Auction period. ~~The OASIS system will clear the Capacity Auction by awarding Long Term Transmission Service ATC to Eligible Customers submitting the bids having the highest Gross Revenue Present Value until the Long Term Transmission Service ATC is equal to zero. Bids shall be subject to minimum bid price requirements. The minimum bid The results of the Long Term Capacity Auction shall be posted on the OASIS site within five (5) business days following the close of the Capacity Auction. Long Term Transmission Service ATC for any calendar year shall not be available less than~~

~~one hundred and twenty (120) days prior to the commencement of the calendar year.~~

~~3.1.5 Sale of Available Short Term Firm and Non Firm TSRs:~~

~~3.1.5.1 The Transmission Provider shall post on its OASIS the amount of Short Term Firm and Non Firm Point to Point Transmission Service ATC that it projects will be available. Short Term Firm and Non Firm Point to Point Transmission Service ATC is Total Transmission Capacity minus the capacity committed and sold via the initial open season and in subsequent long term firm capacity auctions and sales of Short Term Firm and Non Firm Point to Point Transmission Service ATC. The Transmission Provider shall post the rates for Short Term Firm and Non Firm Point to Point Transmission Service, and the Transmission Customer shall compensate the Transmission Provider the posted rates for the applicable transmission products. The Transmission Provider shall offer the following Short Term Firm and Non Firm Point to Point Transmission products: Monthly, Weekly, Daily, and Hourly.~~

~~3.1.5.2 Eligible Customers may request Short Term Firm and Non Firm Point to Point Transmission Service through OASIS. The Transmission Provider will grant service on a first come first served basis with respect to requests for service of the same priority and duration. However, when evaluating requests with different priority or duration, the Transmission Provider will grant service first on the basis of priority and second on the basis of duration.~~

~~3.1.6 Submissions of Bids to Purchase TSRs: Bids to purchase Long Term TSRs shall be submitted by completing a Request for Long Term Transmission Service Form, except for bids in response to the initial Long Term Open Seasons conducted prior to the commencement of commercial operations of the Montana Alberta Tie Line. Bids to purchase Short Term TSRs shall be submitted through the OASIS. Each bid shall include all of the information as specified on the OASIS.~~

3.1.7 Minimum Bids: ~~Bids to purchase TSRs shall be subject to minimum bid requirements, which the Transmission Provider shall publish on its OASIS.~~ The minimum bid requirements may change from time to time based on Transmission Provider's sole discretion; provided, however, that for Long-Term Firm Point-to-Point Service in the northbound direction, the minimum bid price requirements shall not be lower than the rates that resulted from the Initial Open Season Process conducted by the Transmission Provider, which was approved by ~~the~~ FERC in Montana Alberta Tie Ltd., 112 FERC ¶ 61,018 (2005), for TSRs with a term equal to or longer than the term of the TSRs that were executed in connection with such initial Open Season Process during the term that such TSRs are in effect. ~~For Short Term Firm and Non Firm TSRs, the Transmission Provider shall post on OASIS the rates for Transmission Service of varying terms and durations.~~

3.1.4 Short-Term Firm Capacity Auctions: ~~TSRs for terms of twelve (12) months or shorter shall be made available to Transmission Customers through Short-Term Firm Capacity Auctions under the following general conditions:~~

3.1.4.1 On and after August 1, 2014, the Transmission Provider will announce all Short-Term Firm Capacity Auctions on OASIS and will specify the term of service and requirements for submission of bids to purchase transmission service from remaining ATC. The Transmission Provider will conduct weekly and daily capacity auctions. The Transmission Provider shall establish for each Short-Term Firm Capacity Auction a confidential minimum bid price requirement for each term available during such auction, and such minimum bid price requirements may change from time to time at Transmission Provider's sole discretion. All Transmission Customer bids shall be submitted on OASIS, shall be pre-confirmed, and shall supply the required information as specified on OASIS, including, but not limited to: (i) the maximum and minimum quantity (in MW) that the bidder will accept, (ii) the price offered (in U.S. dollars), and (iii) the receipt and delivery points. Information provided by the Transmission Customer in submitting the original bid and Transmission Provider's minimum bid price requirement will be kept confidential during the course of the auction, subject to subsequent disclosure in accordance with Section 3.1.4.6.

Transmission Provider will post winning bids on OASIS in accordance with Section 3.1.2 above.

3.1.4.2 Weekly Capacity Auctions: The Transmission Provider will announce the Weekly Capacity Auction on OASIS. In the Weekly Capacity Auctions, subject to ATC availability, the Transmission Provider will offer the following transmission products: (i) Balance of Calendar Year, (ii) Prompt Quarter (i.e., the next full calendar quarter), and (iii) Monthly. The terms for transmission service being auctioned on a weekly basis will be posted on OASIS. Transmission Customer bids may be submitted beginning at midnight on the Thursday prior to the closing of the auction which will occur at 6:00 A.M. Pacific Prevailing Time on the subsequent Wednesday. Multiple Weekly Capacity Auctions may be conducted at the same time for varying terms of service, depending upon ATC availability. Transmission Provider will first award bids to Transmission Customers seeking longer duration blocks of service and ATC will be adjusted downward based on awarded capacity in one block of service prior to clearing the auction for the next longest block of service. For example, capacity will be awarded for accepted bids for Balance of Calendar Year service prior to bids for Prompt Quarter service, and, subject to ATC availability, capacity next will be awarded to accepted bids for Prompt Quarter service prior to bids for Monthly service. Within one hour of the close of each Weekly Capacity Auction, Transmission Provider will announce auction awards on OASIS in accordance with Section 3.1.2 above, or post on OASIS an alternative time to disclose the auction awards.

3.1.4.3 At the close of the bidding period for each Weekly Capacity Auction, all valid bids received will be ranked from highest to lowest by submitted bid price. For those bids that meet or exceed the minimum bid price requirement, TSRs will be awarded in descending price order, and the price paid by all Transmission Customers whose bids have been accepted will be based on a uniform clearing price established by the price bid for purchase of the last 1 MW of capacity awarded in the auction. If there is insufficient ATC to

award the total amount of service requested by a bidder based on price, TSRs will be awarded to that bidder if a lesser amount of capacity than such bidder would accept can be accommodated within the remaining ATC. If the lowest amount of capacity that such bidder would accept cannot be accommodated within the remaining ATC, that bidder's bid will be rejected in favor of the next-ranked price bid. If there is insufficient ATC to award the amount of service requested by the next ranked bidder, TSRs will be awarded to that bidder if a lesser amount of capacity than such bidder would accept can be accommodated within the remaining ATC. This process will continue until ATC is exhausted. If two or more Transmission Customers have submitted identical bids with respect to price, and there is insufficient ATC to award the total amount of service requested by such bidders, for those bidders, TSRs will be awarded based on the use of a mixed integer linear program that maximizes the capacity that can be awarded within the available ATC.

3.1.4.3.1 If a bidder submits multiple bids for the same auction bidding period, each such bid will be treated as a separate bid and evaluated in accordance with the procedures set out in Section 3.1.4.3.

3.1.4.4 Daily Auctions: If there is unsold capacity from the Weekly Capacity Auctions conducted in accordance with Section 3.1.4.2, the Transmission Provider will conduct Daily Capacity Auctions, which will be announced on OASIS. In the Daily Auction, subject to ATC availability, the Transmission Provider will offer the following transmission products: (i) Daily (24 hours in the calendar day), (ii) Heavy Load Hours, and (iii) Light Load Hours. Heavy Load Hours shall consist of the sixteen hours between 6:00 A.M. and 10:00 P.M. Pacific Prevailing Time, and Light Load Hours shall consist of the eight hours between 12:00 A.M. and 6:00 A.M. and between 10:00 P.M. and 12:00 A.M. Pacific Prevailing Time. The term(s) for services that are auctioned on a daily basis will be posted on OASIS. Transmission Customer bids may be submitted beginning at noon Pacific Prevailing Time on the day prior to the closing of the auctions which will occur at 6:00 A.M. Pacific Prevailing Time on the following day. Multiple auctions may be conducted during the same Daily

Capacity Auction for varying terms of service.
The auction for Daily service will be cleared
before the auction for Heavy Load Hours service,
and the auction for Heavy Load Hours service will
be cleared before auction for Light Load Hours
service. ATC will be adjusted downward based on
awarded capacity prior to clearing shorter
duration auctions. Within one hour of the close
of the Daily Capacity Auctions, Transmission
Provider will announce auction awards on OASIS in
accordance with Section 3.1.2 above, or post on
OASIS an alternative time to disclose the auction
awards.

3.1.4.5 Firm Redirect Service: Pursuant to Section 22.2
of the Tariff, 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. Once the Short-Term Firm Capacity
Auctions provided for in Section 3.1.4 of this
Schedule 7 are in effect, Transmission Customers
that wish to modify the Receipt and Delivery
points set out in their TSR Agreements on a firm
basis for a period of one year or less will be
required to participate in the Short-Term Firm
Capacity Auctions. A Transmission Customer that
participates in such auctions shall retain its
priority for service at the existing firm Receipt
and Delivery Points specified in its TSR
Agreement until notified by the Transmission
Provider that its bid has been accepted and that
it has been awarded Short-Term Firm Capacity for
the period covered by the auction. If a Receipt
or Delivery Point is modified in accordance with
this Section 3.1.4.5, for the period of the
redirected firm service, the Transmission
Customer shall be subject to a charge that
reflects the positive difference, if any, between
the uniform clearing price established in the
applicable Short-Term Firm Capacity Auction and
the price in such Transmission Customer's
existing TSR Agreement.

3.1.4.6 Release of Bid Data. On or about the last day of
each month, the Transmission Provider shall post
on OASIS the following information for each
Weekly and Daily Auction that was conducted
during the month that precedes such OASIS posting
by six months: (i) the confidential minimum bid
price requirement established by the Transmission
Provider for each Weekly and Daily Auction, and

(ii) details of bids (but not the bidders) that did not meet or exceed such minimum bid price requirement (price offered and amount in MW requested) for such Weekly and Daily Auctions.
On or about each August 30 and February 28, Transmission Provider will submit an informational filing with the Commission that consists of the data that had been posted on OASIS during the prior January through June or July through December. Such filing will include
(i) the confidential minimum bid price requirement established by the Transmission Provider for each Weekly and Daily Auction, and
(ii) details of bids (with the bidders' identities submitted under seal) that did not meet or exceed such minimum bid price requirement (price offered and amount in MW requested) for such Weekly and Daily Auctions. Details concerning service provided to Transmission Customers that were awarded Short-Term Firm capacity through the Weekly and Daily Auctions will be made available through the Transmission Provider's Electronic Quarterly Reports (EQR), consistent with the Commission's then-applicable EQR requirements.

3.1.5 Capacity Sales of Available Hourly Firm and Non-Firm Service: Hourly Firm and Non-Firm service shall be made available, subject to ATC availability, on a daily basis as announced on OASIS. The capacity sales of hourly Firm and Non-Firm service shall consist of remaining ATC not awarded in the Initial Open Season or the Long-Term or Short-Term Firm Capacity Auctions held subsequent to the Initial Open Season. Transmission Customers may also request the use of alternate Points of Receipt and Delivery pursuant to Section 22 of the Tariff at this time. Transmission Provider will award TSRs for Hourly Firm and Non-Firm service on OASIS as requests for such service are received.

3.1.5.1 The Transmission Provider shall post on its OASIS the amount of ATC it projects to be available for hourly Firm and Non-Firm Point-to-Point Transmission capacity sales, and the rates for such service. Hourly service made available pursuant to Section 3.1.5 may be purchased for the current hour up to the last hour that falls within the applicable WECC prescheduling calendar effective for the current day. The Transmission Provider will grant service on a first-come, first-served basis. If two requests are

submitted simultaneously, and there is not sufficient capacity to satisfy both requests, the Transmission Provider will grant service on the basis of priority. If there is no difference in priority, the Transmission Provider shall make awards on a pro-rata basis as available. The posted rates for hourly Firm and Non-Firm Point-to-Point Transmission Service may change from time to time based on the Transmission Provider's sole discretion.

3.2 Open Seasons and Capacity Auctions for Expansion Capacity

3.2.1 Expansion Capacity shall mean any transmission capacity added or to be added to the Montana Alberta Tie Line after initial construction.

3.2.2 The Transmission Provider shall not sell any Expansion Capacity without first obtaining approval for such sales from the Commission. The Transmission Provider shall have the right to unilaterally make application under Section 205 of the FPA to the Commission seeking approval for such sales.

3.3 Unauthorized Use of Transmission Service

In the event that a Transmission Customer has not secured Reserved Capacity or exceeds its firm or non-firm Reserved Capacity at any Point of Receipt or any Point of Delivery, except as otherwise specified in Section 22 of the Tariff, the following will apply:

3.3.1 Unreserved Use. A Transmission Customer that uses transmission service that it has not reserved or uses transmission service in excess of its reserved capacity ("Unreserved Use") in accordance with this Tariff is subject to penalty charges set forth below.

3.3.2 Penalty Charge - Unreserved Use. The penalty charge for a Transmission Customer that engages in Unreserved Use ~~will apply to the unreserved portion of service is~~ as follows:

- (i) where the Unreserved Use is for a duration of a single hour or less - 200% of the daily firm point-to-point charge, which for Long-Term Point-to-Point Transmission Service shall be derived from the rate(s) set forth in the Transmission Customer's TSR ~~Purchase and Service~~-Agreement and Non-Firm Service, shall be derived from the applicable rates set forth the Transmission Customer's confirmation for the transaction;
- (ii) where the Unreserved Use is in excess of an hourly non-firm reservation - and is a single occurrence

within a given day - 200% of the hourly non-firm point-to-point charge will be assessed;

- (iii) where the Unreserved Use is in excess of an hourly firm reservation and is a single occurrence within a given day or occurs on multiple occasions for more than one hour over the course of a given day - 200% of the daily firm point-to-point charge will be assessed against the hour with the highest level of use;
- (iv) where the Unreserved Use occurs on multiple occasions for any given duration (e.g., violations occur multiple times for more than an hour over the course of a day and is repeated over more than one day within a given week) - 200% of the applicable firm point-to-point charge for the next longest duration will be assessed against the hour with the highest level of unreserved use (e.g., if an assessment is for violations over multiple days in a given week, the penalty will be 200% of the weekly firm point-to-point delivery charge; if an assessment is for violations over multiple weeks in a given month, the penalty will be 200% of the monthly firm point-to-point charge).
- (v) Penalties for multiple instances of unreserved use are not additive in nature (i.e., each violation can only be assessed a single penalty under a single timeframe).

Auction Calendar Example



SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
	30 Daily & Hourly Block Bidding Periods opens at Noon PPT for Wednesday flows	1 Daily & Hourly Block Auction @ 06:00 PPT; Awards @ 7:00; ST PTP Service for sale after awards posting	2 Power flows as awarded in Daily and Hourly Block Auction	3 Bidding Period begins at 00:00 PPT for Monthly & Multi-Monthly Auction	4	5
6	7	8	9 Monthly/Multi-Monthly Auction Occurs at 06:00 PPT; Awards @ 7:00	10 Bidding Period begins at 00:00 PPT for Monthly & Multi-Monthly Auction	11	12
13	14	15	16 Monthly/Multi-Monthly Auction Occurs at 06:00 PPT; Awards @ 7:00	17 Bidding Period begins at 00:00 PPT for Monthly & Multi-Monthly Auction	18	19
20	21	22	23 Monthly/Multi-Monthly Auction Occurs at 06:00 PPT; Awards @ 7:00	24	25	26
27	28	29	30	31		* Notes: Auction cycle in blue begins every weekday. Auction concludes every day for flows the next day