

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

NV Energy

)

Docket No. ER15-____-000

**NV ENERGY'S PROPOSED AMENDMENTS TO ITS OPEN ACCESS TRANSMISSION
TARIFF TO PROVIDE FOR VOLUNTARY PARTICIPATION IN THE
ENERGY IMBALANCE MARKET WITH THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR**

March 6, 2015

TABLE OF CONTENTS

| | Page |
|---|-----------|
| I. BACKGROUND | 2 |
| A. Description of NV Energy | 2 |
| B. Decision to Participate in the EIM | 3 |
| 1. Development of the EIM | 3 |
| 2. Proceeding before the Public Utilities Commission of Nevada..... | 5 |
| 3. Implementation Agreement with the CAISO..... | 6 |
| 4. NV Energy Tariff Stakeholder Process..... | 7 |
| 5. EIM Preparations | 7 |
| II. BENEFITS OF PARTICIPATION IN THE EIM..... | 8 |
| A. Quantitative Benefits | 9 |
| B. Qualitative Benefits..... | 11 |
| 1. Improved Reliability..... | 12 |
| 2. Integration of Renewable Resources..... | 12 |
| III. DESCRIPTION AND CONTENTS OF THIS FILING..... | 13 |
| A. Overview of Tariff Changes..... | 13 |
| 1. NV Energy’s OATT Changes Have Been Informed by the PacifiCorp Tariff as Conditionally Approved by the Commission | 13 |
| 2. Summary of Differences from PacifiCorp’s Tariff..... | 15 |
| 3. Overview of NV Energy’s Attachment P | 17 |
| B. EIM Roles and Responsibilities | 18 |
| 1. Responsibilities of NV Energy as an EIM Entity..... | 18 |
| 2. Significant Determinations for EIM Implementation | 19 |
| a. Load Aggregation Points..... | 19 |
| b. Use of CAISO Load Forecast..... | 20 |
| c. Determination to Use Option to be a Scheduling Coordinator Metered Entity | 20 |
| 3. Transmission Customer Responsibilities..... | 21 |
| C. Eligibility to Participate | 22 |
| 1. Application and Certification | 22 |
| 2. Transmission Rights Required for EIM Participation..... | 23 |

TABLE OF CONTENTS

(continued)

| | Page |
|---|------|
| a. Internal Resources | 23 |
| b. External Resources | 24 |
| 3. EIM Transmission Charges | 25 |
| a. Commission Determination in ER14-1578 | 25 |
| b. Unreserved Use..... | 25 |
| D. Transmission Operations | 26 |
| 1. Availability of Transmission for EIM..... | 26 |
| 2. Customer Forecast and Scheduling Timeline..... | 27 |
| E. EIM Operations | 29 |
| 1. System Operations Under Normal and Emergency Conditions..... | 29 |
| 2. Outage Reporting..... | 30 |
| F. EIM Settlements..... | 30 |
| 1. Revisions to OATT Schedules..... | 31 |
| a. Schedule 1-A | 31 |
| b. Revisions to Schedule 4..... | 32 |
| c. Revisions to Schedule 9..... | 33 |
| d. Revisions to Schedule 10..... | 35 |
| 2. Allocation of CAISO EIM Charges..... | 36 |
| a. Residual Uninstructed Imbalance Energy | 36 |
| b. Unaccounted For Energy | 36 |
| c. Under- and Over-Scheduling Charges..... | 36 |
| d. Flexible Ramping Constraint..... | 37 |
| e. EIM BAA Real Time Market Neutrality | 38 |
| f. BAA Real-Time Congestion Offset..... | 39 |
| g. EIM Entity Real-Time Marginal Cost of Losses Offset | 39 |
| h. Real-Time Bid Cost Recovery..... | 40 |
| i. Other EIM Neutrality Settlement Provisions..... | 40 |
| j. Operating Reserves..... | 41 |
| k. Direct Assignment Charges..... | 42 |
| 3. Coordination with CAISO Settlements..... | 42 |

TABLE OF CONTENTS

(continued)

| | Page |
|---|-------------|
| a. Payment Calendar | 42 |
| b. Price Correction | 43 |
| c. EIM Residual Balancing Account | 43 |
| G. Dispute Resolution | 44 |
| H. Compliance | 46 |
| I. Market Contingencies..... | 48 |
| J. Other Proposed Tariff Changes to the OATT | 49 |
| 1. Definitions..... | 49 |
| 2. Changes to Ensure Applicability of Attachment P | 49 |
| 3. Transmission Service Agreement | 50 |
| 4. Use of Designated Network Resources..... | 50 |
| 5. Standard of Liability for NV Energy’s Responsibilities as an EIM Entity | 51 |
| IV. OTHER CONSIDERATIONS RELATED TO EIM IMPLEMENTATION | 52 |
| A. EIM Business Practice..... | 52 |
| B. Market Based Rate Authority..... | 54 |
| V. PROPOSED EFFECTIVE DATE AND REQUEST FOR WAIVERS | 54 |
| VI. EXPENSES..... | 56 |
| VII. COMMUNICATIONS | 56 |
| VIII. SERVICE..... | 56 |
| IX. LIST OF ATTACHMENTS | 56 |
| X. CONCLUSION | 57 |



March 6, 2015

Via eTariff Filing

Hon. Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

**Re: *NV Energy*
 **Amendments to the NV Energy Open Access Transmission Tariff to
 Participate in the Energy Imbalance Market
 Docket No. ER15-_____****

Dear Ms. Bose:

Pursuant to Federal Power Act (“FPA”) Section 205,¹ Federal Energy Regulatory Commission (the “Commission”) Order No. 714,² and Part 35 of the Commission’s regulations,³ Nevada Power Company (“Nevada Power”) and Sierra Pacific Power Company (“Sierra Pacific”), collectively d/b/a NV Energy, submit this amended version of their joint Open Access Transmission Tariff (“OATT”).⁴ The purpose of this filing is to provide for NV Energy’s voluntary participation in the Energy Imbalance Market (“EIM”) with the California Independent System Operator Corporation (“CAISO”) acting as the Market Operator (“MO”).⁵

NV Energy, the second EIM Entity to join CAISO’s EIM, has developed these proposed amendments based in part on the provisions accepted by the Commission for PacifiCorp’s tariff for purposes of joining the EIM in Docket No. ER14-1578.⁶ As discussed herein, the proposed

¹ 16 U.S.C. § 824d (2014).

² *Electronic Tariff Filings*, Order No. 714, FERC Stats. & Regs. ¶ 31,276 (2008).

³ 18 C.F.R. § 35.13(a)(2)(iii) (2014).

⁴ NV Energy is the public pseudonym for the affiliated public utilities Nevada Power and Sierra Pacific. On October 24, 2014, NV Energy requested in Docket No. ER15-179-000 that the Commission authorize the relocation of the joint tariff assigned to NV Energy, Inc. from the NV Energy tariff database to a newly-created Nevada Power tariff database. Sierra Pacific submitted a standing concurrence to the OATT in the new tariff database in Docket No. ER15-182-000. On that same day, NV Energy also requested termination of the NV Energy Inc. tariff database and company identifier, as well as termination of Sierra Pacific’s concurrence with that tariff, in Docket Nos. ER15-185-000 and ER15-181-000, respectively. The Office of Energy Market Regulation accepted by Letter Order on December 15, 2014 the relocation of the NV Energy OATT to the Nevada Power tariff database effective November 1, 2014. *See* Docket No. ER15-179-000.

⁵ Capitalized terms not otherwise defined in this filing letter shall have the definitions contained in the proposed amendments to Section 1, Definitions, of the OATT.

⁶ *PacifiCorp*, 147 FERC ¶ 61,227 (2014) (“PacifiCorp EIM Order”); *order on reh’g, PacifiCorp*, 149 FERC ¶ 61,057 (2014) (“PacifiCorp EIM Rehearing Order”).

tariff revisions reflect PacifiCorp's and CAISO's experience with the EIM and also differences to reflect the specific circumstances of NV Energy.

With the addition of NV Energy, the EIM will provide for a joint economic dispatch to serve imbalance energy on a least-cost basis over portions of seven Western states.⁷ These OATT revisions are intended to work in concert with the portions of the CAISO Tariff that implement the EIM. Furthermore, the CAISO Tariff recognizes that EIM Entities must make certain decisions as to the manner in which the EIM will be implemented within their Balancing Authority Area ("BAA").⁸ The changes to the NV Energy OATT implement the EIM in NV Energy's BAA. NV Energy's filing is a just and reasonable approach for participating in the EIM and should be approved as proposed.⁹

I. BACKGROUND

A. Description of NV Energy

Nevada Power and Sierra Pacific (referred to collectively herein as "NV Energy") are direct, wholly owned subsidiaries of NV Energy, Inc. Nevada Power and Sierra Pacific are regulated public utilities that provide retail and wholesale transmission service throughout Nevada. NV Energy, Inc. is a holding company and does not own, control, or operate facilities used for generating or transmitting electric energy in interstate commerce. In December 2013, the Commission approved a corporate transaction whereby NV Energy, Inc. became a wholly owned subsidiary of Berkshire Hathaway Energy Company.¹⁰

Sierra Pacific is a vertically integrated public utility that generates, transmits and distributes electric energy throughout northern Nevada. Sierra Pacific operates a transmission system in northern Nevada and owns and operates approximately 1,500 MW of generation. Nevada Power is a vertically integrated public utility that generates, transmits and distributes electric energy in Las Vegas and surrounding areas in southern Nevada. Nevada Power operates a transmission system in southern Nevada and owns and operates approximately 4,537 MW of generation.

The transmission service offered by Nevada Power and Sierra Pacific is governed by a combined OATT.¹¹ On May 31, 2013, NV Energy filed in Docket No. ER13-1605-000 to replace Schedules 1 through 11 of its OATT with rates and charges for single-system transmission and ancillary services over a single integrated transmission system within a single

⁷ In addition to Nevada, the EIM currently serves parts of California, Idaho, Oregon, Utah, Washington, and Wyoming.

⁸ See CAISO Tariff Section 29.4(b)(3).

⁹ See *Am. Elec. Power Corp.*, 116 FERC ¶ 61,179 at P 25 (2006); see also *City of Bethany v. FERC*, 727 F.2d 1131, 1136 (D.C. Cir. 1984), cert. denied, 469 U.S. 917 (1984) (stating that FERC has interpreted its authority to review rates as "limited to an inquiry into whether the rates proposed by a utility are reasonable -- and not to extend to determining whether a proposed rate schedule is more or less reasonable than alternative rate designs").

¹⁰ *Silver Merger Sub, Inc.*, 145 FERC ¶ 61,261 (2013).

¹¹ See *supra* note 4; *Sierra Pacific Power Co. and Nevada Power Co.*, 87 FERC ¶ 61,077 (1999).

BAA.¹² On May 31, 2013, NV Energy also filed tariff sheets in Docket No. ER13-1607-000 to amend certain of its non-rate terms and conditions to reflect its proposed single-system configuration, to make its tariff consistent with current Commission orders, and to eliminate references to services no longer offered. NV Energy’s rate filings were made as a result of its One Nevada Transmission Line project (the “ON Line” project), which provides the first direct interconnection between the Nevada Power and Sierra Pacific systems.¹³ The ON Line went into service on January 1, 2014.

B. Decision to Participate in the EIM

1. Development of the EIM

For the last several years, industry leaders in the western interconnection have examined the potential benefits of a regional imbalance market. In 2010, the Western state regulatory commissions formed a group (the “PUC-EIM Group”) to explore issues related to an imbalance market. In March 2012, the CAISO provided the PUC-EIM group a conceptual proposal under which the CAISO would provide energy imbalance services through its existing market platform to Balancing Authorities (“BAs”) that choose to participate. By leveraging its functioning market platform, the CAISO offered a solution with less risk and lower costs than could be achieved by creating an entirely new market design and infrastructure. In addition, because the CAISO did not need to build a new platform for the regional market, its proposal offered BAs the opportunity to begin participating in the market when they are ready to do so under a “pay-as-you-go” approach. Participants would pay a one-time up-front fee to cover the cost of CAISO modeling, licensing, and other preparatory work. Once the BA’s participation in the EIM is

¹² Despite their common ownership, Nevada Power and Sierra Pacific previously operated in physically and electrically separate balancing areas. The Commission approved the unified tariff rates and conditions, effective as of January 1, 2014, by letter order dated January 8, 2015.

¹³ This project consists of a 235-mile, 500kV transmission line that runs from Sierra Pacific’s Robinson Station Summit Substation near Ely, Nevada to Nevada Power’s Harry Allen Substation near Las Vegas, Nevada. See *Nevada Power Co., et al.*, 133 FERC ¶ 61,166 at P 6 (2010). ON Line is illustrated in red in the following figure:



operational, it would pay ongoing fees based on its level of participation consistent with the CAISO's grid management charge structure.

On February 12, 2013, PacifiCorp and the CAISO executed a Memorandum of Understanding ("MOU") to move forward with development of the EIM.¹⁴ Following an extensive stakeholder process, the CAISO filed for Commission approval of the EIM on February 28, 2014.¹⁵

On June 19, 2014, the Commission issued an order conditionally accepting the CAISO's proposed tariff revisions to implement the EIM.¹⁶ That same day, the Commission issued an order conditionally accepting in part, subject to modifications, and rejecting in part, revisions submitted by PacifiCorp to its OATT to enable PacifiCorp's two BAAs to participate in the EIM.¹⁷

On September 22, 2014, the Commission issued a letter order accepting additional tariff amendments filed by the CAISO in Docket No. ER14-2484-000 related to the EIM.¹⁸ On September 16, 2014, the CAISO filed, in Docket Nos. ER14-1386-003, ER14-2484-001, and ER14-2834-001, a motion to modify the effective dates of its CAISO Tariff provisions related to the EIM, to conduct additional analysis and training through a real-time representation of the EIM in a parallel, but non-binding, production environment, with full activation commencing on November 1, 2014. The Commission accepted the CAISO's request by letter order issued October 2, 2014.

On October 20, 2014, the Commission issued Orders on Rehearing and Compliance with respect to both initial CAISO and PacifiCorp EIM Orders.¹⁹ On October 22, 2014, the Commission issued a letter order in Docket No. ER14-2834-000 accepting an additional proposed revision to the EIM provisions in the CAISO Tariff to address a settlements issue that came to the CAISO's attention during market simulation.²⁰

The EIM was fully activated and operational on November 1, 2014, including binding financial settlements and dispatch instructions. On November 13, 2014, the CAISO filed a waiver request to address the circumstance whereby the pricing parameters were not reflecting actual system conditions. In its petition, the CAISO requested waiver of these provisions so as to allow it to price energy in the EIM using the economic pricing mechanism that normally governs under the CAISO Tariff (Sections 27.1.1, 34.20 and Appendix C), namely the marginal bid of the

¹⁴ A copy of the MOU may be found at http://www.caiso.com/Documents/ISO-PacifiCorpMOU_Effective20130212.pdf.

¹⁵ *Cal. Indep. Sys. Operator Corp.*, Tariff Amendments to Implement an Energy Imbalance Market, Docket No. ER14-1386-000 (Feb. 28, 2014) ("EIM Tariff Filing").

¹⁶ *Cal. Indep. Sys. Operator Corp.*, 147 FERC ¶ 61,231 (2014).

¹⁷ PacifiCorp EIM Order, *supra* note 6.

¹⁸ *Cal. Indep. Sys. Operator Corp.*, 148 FERC ¶ 61,222 (2014).

¹⁹ *Cal. Indep. Sys. Operator Corp.*, 149 FERC ¶ 61,058 (2014) and PacifiCorp EIM Rehearing Order, *supra* note 6.

²⁰ *Cal. Indep. Sys. Operator Corp.*, 149 FERC ¶ 61,064 (2014).

last unit used for the actual dispatch, instead of the \$1,000/MWh pricing parameter specified in Sections 27.4.3.2 and 27.4.3.4.²¹ On December 1, 2014, the Commission granted the CAISO's request for waiver of the pricing parameters in Sections 27.4.3.2 and 27.4.3.4 of the CAISO Tariff for 90 days, effective November 14, 2014.²² On December 31, 2014, the CAISO filed a second waiver request in Docket No. ER15-817-000. This request sought waiver of the same parameter pricing provisions during the period between November 1 and November 13, 2014.

On January 14, 2015, the CAISO filed in Docket No. ER15-850-000 to modify its methodology for calculating the administrative charge assessed to EIM Entities. On January 15, 2015, the CAISO filed in Docket No. ER15-861-000 a tariff amendment that would provide a 12-month transition period during which the pricing of energy in the BAA of a new EIM Entity is not subject to the pricing parameters, currently pegged to the \$1,000 per megawatt-hour ("MWh") price cap, that normally apply under the CAISO Tariff when the market optimization relaxes a transmission constraint or the power balance constraint in clearing the real-time market. The CAISO Tariff will price EIM imbalances at the applicable 15-minute market or real-time dispatch locational marginal price ("LMP"), as determined using the dispatch interval LMPs that normally govern under the CAISO Tariff, consistent with Sections 27.1.1, 34.20, and Appendix C of the CAISO Tariff. In other words, LMPs for the new EIM Entity would continue to be set by the marginal cost of the last unit dispatched to serve load. On January 26, NV Energy filed comments in support of the CAISO's filing.²³ On February 12, 2015, the Commission issued an extension of the temporary waiver in place as of November 2014 permitting that relief on an interim basis while it continues to consider the request for a full 12-month transition period for all current and future EIM Entities pursuant to a tariff amendment.

2. Proceeding before the Public Utilities Commission of Nevada

On April 16, 2014, NV Energy filed with the Public Utilities Commission of Nevada ("PUCN") in Docket No. 14-04024 an application for approval of amendments to Nevada Power's and Sierra Pacific's energy supply plans to reflect each company's participation in the

²¹ CAISO Waiver Request in Docket No. ER15-402-000.

²² *Cal. Indep. Sys. Operator Corp.*, 149 FERC ¶ 61,194 (2014).

²³ *Cal. Indep. Sys. Operator Corp.*, Docket No. ER15-861-000, Motion to Intervene and Comments in Support of NV Energy (Jan. 26, 2015). As stated by NV Energy,

The CAISO's proposed tariff revision is an appropriate transitional mechanism to permit EIM participants to obtain actual operational experience within the EIM for a limited time frame, without fear that the creation, adoption, and implementation of new practices and procedures might create a scenario similar to that which occurred during the initial EIM implementation. The twelve-month transition period will remove the risk of triggering high parameter prices, unrepresentative of actual system conditions, through an artificially constrained market clearing process. The proposed amendment reasonably allows for the deployment of any requisite changes to EIM participants' systems and processes, without the potential for unreasonable prices. The proposed twelve-month duration is particularly fitting because it will allow for each EIM Entity to experience through the seasonal shifts.

Id. at 4.

EIM.²⁴ The PUCN granted authorization in an order issued August 27, 2014. In its order, the PUCN stated:

Additionally, the Commission agrees with NV Energy that the issue presented by the Joint Application is essentially whether the Companies should spend approximately \$11.2 million to develop the option to participate in the CAISO EIM. (Tr. at 20-21.) The Commission finds that the Companies should develop this option, and further finds that the potential benefits of interregional dispatch savings, reduced flexibility reserve, and reduced renewable energy curtailment, each of which could be gained from developing NV Energy's participation in the EIM, ultimately outweighs the uncertainties surrounding the modeling assumptions made in the Economic Analysis.²⁵

The PUCN further concluded that “the very nature of an energy imbalance market would avail the Companies additional energy supply, thereby maximizing the reliability of its own supply over the term of each company's respective ESP.”²⁶

3. Implementation Agreement with the CAISO

On April 16, 2014, the CAISO filed the Implementation Agreement (“IA”) with NV Energy. Similar to the agreement with PacifiCorp approved by the Commission in June 2013,²⁷ the IA established the scope and schedule for implementation of NV Energy's entry into the EIM and required both CAISO and NV Energy to complete a variety of project tasks to enable NV Energy to participate by October 1, 2015. On June 16, 2014, the Commission unconditionally approved the IA, effective July 1, 2013 as requested.²⁸

Under the IA, NV Energy agreed to compensate the CAISO for its share of the costs of these system changes, software licenses, and other configuration activities to incorporate NV Energy into the EIM. In particular, the IA contained an implementation fee of \$1.1 million for NV Energy's EIM participation, subject to the completion of five milestones specified in the IA. The implementation fee supported the CAISO's configuration of the real-time market to facilitate NV Energy's entry into the EIM.

²⁴ See Joint Application of Nevada Power Company d/b/a NV Energy and Sierra Pacific Power Company d/b/a NV Energy for Approval of Amendments to their Energy Supply Plans to Reflect Participation in the Energy Imbalance Market, Docket No. 14-04024 (Apr. 16, 2014), available at http://pucweb1.state.nv.us/PDF/AxImages/DOCKETS_2010_THRU_PRESENT/2014-4/36841.pdf (last visited Mar. 6, 2015).

²⁵ Order, Docket No. 14-04026 (Aug. 29, 2014) at P 122, available at http://pucweb1.state.nv.us/PDF/AxImages/DOCKETS_2010_THRU_PRESENT/2014-4/40876.pdf (last visited Mar. 6, 2015).

²⁶ *Id.* at P 135.

²⁷ *Cal. Indep. Sys. Operator Corp.*, 143 FERC ¶ 61,298 (2013).

²⁸ *Cal. Indep. Sys. Operator Corp.*, 147 FERC ¶ 61,200 (2014).

4. NV Energy Tariff Stakeholder Process

The instant filing is the product of an extensive stakeholder process spanning the course of several months. On August 16, 2014, NV Energy announced that it was seeking approval from the PUCN to participate in the EIM, beginning October 2015. Twelve days later, on August 28, 2014, NV Energy announced the commencement of the EIM tariff stakeholder process on its OASIS site.

The process began on September 16, 2014 with a stakeholder overview meeting at NV Energy's offices in Las Vegas, Nevada. During the meeting, the participants were presented with a process timeline, and received presentations regarding the anticipated OATT revisions and EIM design framework. On September 22, 2014, NV Energy posted an "EIM Tariff Revision Packet" on its OASIS site. This packet contained proposed draft tariff language and a request for stakeholder comments on the proposed draft tariff language by October 1, 2014.

On October 8 and 9, 2014, a second stakeholder meeting was held at each of NV Energy's Offices in Las Vegas and Reno, Nevada, respectively. Stakeholders discussed the proposed tariff revisions and comments received thus far, as well as possible improvements to the stakeholder process going forward.

On November 10, 2014, NV Energy posted a "Revised EIM Tariff Packet" on its OASIS site. This packet contained: (1) responses to stakeholder comments from the October 8 and 9 meetings; (2) revised draft tariff language; and (3) a request for stakeholder comments on the revised draft tariff language by November 21, 2014. NV Energy received stakeholder comments on the revised draft tariff language from November 10 through November 21, 2014.

The third and final stakeholder meeting took place on December 2, 2014, at NV Energy's Las Vegas offices. The participants discussed an array of items, including the stakeholder process, comments received, EIM deployment, and additional modifications to the draft tariff language. Work continued through the month of December and the final proposed tariff revisions were posted on January 12, 2015. With its posting, NV Energy invited stakeholders to continue to submit any outstanding concerns, questions, or additional proposed revisions to the draft language for consideration before the anticipated filing date of March 6, 2015. Two parties, Powerex Corp. ("Powerex") and the Western Power Trading Forum ("WPTF") submitted comments. These will be discussed as applicable to the specific issues below.

5. EIM Preparations

Preparing for EIM participation is a significant process of tariff, policy, and systems modifications that NV Energy has taken pursuant to the direction of CAISO. As described above, NV Energy engaged its BAA stakeholders as of August 2014 on how the EIM will change operations in the NV Energy BAA. Considerations regarding the tariff implicate various policy decisions that relate specifically to operations in the NV Energy BAA and also relate more broadly to the integration of the western markets. In addition, NV Energy personnel participate in regular meetings with CAISO personnel and also in a rigorous training schedule to learn EIM concepts and operations. NV Energy anticipates continuing to engage with its stakeholders regarding EIM operations and their obligations and opportunities in the

development of the EIM Business Practice. It will continue to work closely with CAISO through the market simulation and parallel operation, and under the tariff once the EIM is live.

Implementing the EIM also involves an approximately year-long process of designing, building, integrating with CAISO, and testing multiple, interfacing software systems. These applications will facilitate EIM functionality by enabling the submission of balanced schedules, coordinating outages, sharing meter data, and producing proper and complete settlement data. Software development will evolve into a months-long testing period in spring and summer 2015 that gives way to full market simulation in August 2015 and running parallel EIM operations without binding financial settlements in the month of September 2015. Pursuant to this project schedule, NV Energy anticipates its systems will be fully operational as of the October 1, 2015 date when the EIM is available to and binding for customers.

CAISO and PacifiCorp have also provided lessons learned to NV Energy from the first months of EIM implementation since October 1, 2014. NV Energy has used the tariff development, software design specifications, and operating procedures previously developed as starting points for its own implementation efforts, and CAISO and PacifiCorp have provided guidance or explanation on significant implementation decisions reflected in that documentation. As the CAISO EIM continues to evolve to address unanticipated operational and policy issues, NV Energy expects to observe the solutions closely and adapt them to the operational characteristics of its own BAA.

Finally, while NV Energy is focused on its implementation activities, NV Energy recognizes that the EIM will not be static. NV Energy has participated in the CAISO's stakeholder process on year-1 enhancements to the EIM and will continue to follow and participate as appropriate in EIM-related activities before the CAISO and the Commission. NV Energy's participation in the CAISO request for a tariff change submitted to the Commission in Docket No. ER15-861-000, discussed above, is one example of its engagement in the broader imbalance market.

II. BENEFITS OF PARTICIPATION IN THE EIM

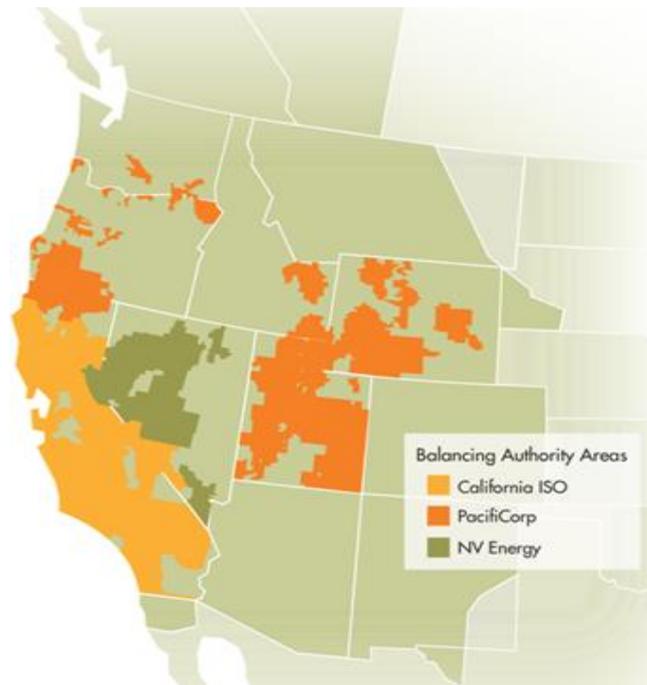
In evaluating the reasonableness of PacifiCorp's participation in the EIM, the Commission relied on the "totality of the benefits" in the proposal.²⁹ NV Energy respectfully

²⁹ See PacifiCorp EIM Rehearing Order at P 16:

We deny requests for rehearing on this issue. To support its claim that the EIM will provide little if any benefit, Deseret focuses on one table of the EIM Benefits Study, which addresses the four principal benefits examined in the EIM Benefits Study, but not all possible benefits from the EIM. Multiple commenters in this proceeding acknowledge potential benefits from the development of, and PacifiCorp's participation in, an energy imbalance market in the West, including more efficient dispatch within the PacifiCorp BAAs and more efficient pricing on imbalance charges under OATT Schedules 4 and 9, among other things. Thus, the Commission considered the totality of benefits in PacifiCorp's proposal – interregional and intraregional dispatch savings, reduction in flexible reserves, renewable energy curtailment, and reliability benefits due to increased situational awareness and responsiveness – and found that PacifiCorp's filing and the EIM Benefits Study adequately demonstrated that the EIM will provide both quantitative

requests that the Commission take a similar approach with respect to the Company’s application. As described in the Testimony of Carolyn C. Barbash, NV Energy’s participation in the EIM is projected to produce both quantitative and qualitative benefits.³⁰

As illustrated in the following map, NV Energy is centrally located between both the CAISO and PacifiCorp. Accordingly, NV Energy’s participation is an important addition to the EIM.



A. Quantitative Benefits

NV Energy and the CAISO retained the services of ABB and E3 to conduct an economic analysis of NV Energy’s participation in the EIM and report on that analysis based on the study years 2017 and 2022.³¹ NV Energy created a technical team consisting of members from

and qualitative benefits to PacifiCorp’s customers. Indeed, while Deseret opined that the EIM Benefits Study “likely overstates” the benefits to PacifiCorp transmission customers in its initial comments on PacifiCorp’s EIM OATT Filing, it also conceded that “on the whole, ...[the EIM] will likely produce net benefits” and expressed support for the implementation of a CAISO/PacifiCorp EIM. Moreover, as noted in the June 19 Order, these benefits can be expected to increase as participation in the EIM increases geographically. Additionally, to the extent that benefits to the PacifiCorp East BAA are currently limited by transmission constraints, these circumstances may change if transmission from CAISO to the PacifiCorp East BAA becomes available in the future. Accordingly, we continue to find that the record in this proceeding, including the EIM Benefits Study, adequately demonstrated quantitative and qualitative benefits sufficient to support the June 19 Order’s finding.

³⁰ Testimony of Carolyn C. Barbash, Attachment D at 9-13.

³¹ A copy of the study is provided as Attachment E.

Strategic Planning, Transmission Planning, Resource Planning, Project Management, and Regulatory groups. The team worked closely with personnel from the CAISO, ABB, and E3 to review and comment on the input assumptions, modeling results, and final conclusions of the analysis. The team met with the CAISO and the consultants on a regular basis and performed reviews of modeling results through the various stages of the study. NV Energy supplied specific information related to transmission path capacities, facility ratings, transmission tariff rates, transmission topology changes (both current and planned), and contractual transmission rights.³² The joint economic analysis quantified three categories of benefits: (1) interregional benefits, (2) flexibility reserve benefits, and (3) renewable curtailment benefits.

- **Interregional dispatch savings:** benefits realized from the efficiency of combined 5-minute dispatch and real-time unit commitment across the EIM area; by reduced “transactional friction”; and by alleviating structural impediments currently preventing trade on the interties. To quantify the interregional benefits a production simulation was performed once for a business as usual case with existing transactional friction and impediments conservatively modeled based on existing hourly firm transmission rates. Then a second production simulation was performed representing NV Energy’s participation in the EIM by removing costs transfer between the CAISO and NV Energy. The difference in production costs for all supply between the business as usual case and the EIM case quantifies the expected interregional benefits.
- **Flexibility reserve benefits:** benefits realized from the reduced flexibility reserve requirements through aggregation of the three systems’ load, wind, and solar variability and forecast errors. Flexibility reserve benefits also account for the benefits of NV Energy supply being compensated for meeting real-time flexibility reserve requirements. The CAISO compensates resources meeting the flexibility reserve requirement based on the opportunity costs of the marginal resource meeting the flexibility reserve requirement.
- **Reduced renewable energy curtailment:** benefit to the CAISO of reducing the risk of having to curtail renewable energy production when over-generation conditions exist in the CAISO BAA. By allowing BAs to export more or reduce imports during such conditions, renewable generation could be used to serve demand in another BAA rather than curtailed.³³

³² The joint economic analysis incorporated an assumption of 400 MW of transfer capabilities between the CAISO and the PacifiCorp West BAA via the California-Oregon Intertie and 200 MW of east to west transfer capability between the PacifiCorp-East and PacifiCorp-West BAAs. The economic analysis showed positive net economic benefit without modeling EIM transfers between NV Energy and PacifiCorp-East. NV Energy has two interconnections with the PacifiCorp-East BAA at the Nevada-Utah border. Including EIM transfers between NV Energy and PacifiCorp-East may create additional savings from dispatch efficiency improvements that are not captured in the analysis.

³³ NV Energy and the CAISO also considered the potential for intraregional dispatch benefits. They decided that a study of the intraregional dispatch benefits was not needed based on the fact that NV Energy resources are currently dispatched among sites that are largely located in the same part of the grid, and there is minimal amount of congestion in the NV Energy transmission network.

The joint economic analysis produced a range of total annual EIM benefits across all participants of \$9.2 million to \$18.2 million, respectively, in 2017. The analysis produced a range \$15 million to \$29.4 million in benefits, respectively, in 2022. Annual interregional benefits for the EIM area range from \$6.2 million to \$9.3 million in 2017 and range from \$8.9 to \$13.4 million in 2022. For the purpose of attributing interregional benefits between existing EIM participants (CAISO and PacifiCorp) and NV Energy, it was assumed that benefits would split 50/50.³⁴

Annual flexibility reserve benefits for the EIM area ranged from \$2.6 million to \$5.0 million in 2017 and ranged from \$5.7 to \$12 million in 2022. There are two components that make up the flexibility reserve benefits. The first component accounts for the total production cost savings in the flexibility reserve benefit category that would be allocated between NV Energy and the current EIM participants in proportion to their standalone load following requirements (4 percent to NV Energy, 96 percent to current EIM participations). The second component accounts for the amount of revenue NV Energy generation may earn from participating in the CAISO's flexi-ramp market while participating in the EIM. In 2013, CAISO paid approximately \$23 million to suppliers in its BAA for flexibility reserve. Based on NV Energy's 15 percent share of gas and hydro capacity versus the CAISO and PacifiCorp, it was assumed that NV Energy would receive approximately 15 percent of the flexibility reserve revenue.

Annual benefits of reduced curtailment ranged from \$0.4 to \$4.0 million in 2017 and 2022. Since the economic analysis quantified only the risk of curtailment of CAISO resources, it was assumed that all the reduced curtailment benefits are benefits to CAISO customers. NV Energy's attributed share of these gross benefits was estimated to range from \$6.0 million to \$9.5 million in 2017 and from \$7.7 million to \$12.2 million in 2022.

B. Qualitative Benefits

In addition to the quantitative benefits that result from more efficient dispatch, the EIM produces qualitative reliability benefits associated with increased situational awareness and responsiveness.³⁵ The economic analysis did not attempt to quantify these reliability benefits

³⁴ A 50/50 split is based on the concept that if the production cost is reduced by \$4 (e.g., \$20 to \$16) both the seller and buyer would be able to trade at a price that would split the benefits. If the trade price is set, for example, at a 50/50 split savings price, Company A will receive \$18, for a trade benefit of \$2 (\$18 - \$16), and Company B will pay \$18, for a trade benefit of \$2 (\$20 - \$18). The total trade benefits of \$4 (\$2 + \$2) will match the total production cost saving of \$4.

³⁵ As noted by Commission Staff,

Quantifying reliability benefits is challenging because operating practices have evolved so that loss of load events are rare. Simply quantifying the number of loss of load events or "near misses" would necessarily underestimate the enhanced reliability that an EIM could provide. Similarly, some of the reliability benefit of an EIM is associated with the ability to maintain the same level of reliability at a lower cost. Quantifying the cost savings inherently overlaps with the overall economic benefits of an EIM and this paper is not meant to assess the economic benefits of an EIM.

that the EIM will provide, but, as explained in the testimony of Carolyn C. Barbash, the EIM is expected to improve reliability in several ways. Moreover, the EIM will also allow for increased use of variable energy resources.

1. Improved Reliability

First, the EIM will improve situational awareness across participating BAAs by giving the system operators of all EIM BAs access to a wider view of system operations.³⁶ This view comes in two forms: (1) the transmission entities will have an enhanced system representation and monitoring capability through the EIM and (2) the participants will have increased ability to see how the dispatch within the EIM is occurring, thereby allowing them to respond accordingly.³⁷

Second, the EIM enhances the ability of the system to respond to energy imbalances.³⁸ By automating and coordinating five-minute dispatch across the footprint, the EIM generates a single security-constrained economic dispatch solution. Currently, BAs each create individual solutions that typically are coordinated only within the BAA or with minimal external counterparties. This can lead to inefficient results and potentially contradictory adjustments to the interconnected system.³⁹

Third, the EIM manages flows within transmission limits during dispatch. Transmission capacities previously left unused may now be used in the EIM. Fourth, the EIM will reduce the number of imbalance events that will require resolution through manual operator intervention.⁴⁰

2. Integration of Renewable Resources

In addition, the EIM facilitates the greater integration of renewable resources because aggregating flexible resources from neighboring states and capturing the diversity benefits associated with the expanded geographic footprint expands the potential uses for those resources. There is potential for significant weather differences from the northern sections of the EIM Area to the southern sections of the EIM Area and also from the east to the west. There are also

Qualitative Assessment of Potential Reliability Benefits from a Western Energy Imbalance Market (Feb. 26, 2013), at 3, available at <http://www.elabs7.com/c.html?ufl=7&rtr=on&s=lg13.10ifw.7k2.6sjg.8tce.b589.diqv> (“Qualitative Assessment”) (last visited on Mar. 6, 2015).

³⁶ Testimony of Carolyn C. Barbash, Attachment D at 11.

³⁷ *Id.* As described by Commission Staff, “[a]n EIM using S[ecurity] C[onstrained] E[conomic] D[ispatch] over its footprint could enhance reliability by managing resources that could relieve transmission constraints more effectively, leveraging a more diverse set of resources to operate the system within limits and creating price signals that lead to actions that could enhance reliability.” Qualitative Assessment at P 5.

³⁸ Testimony of Carolyn C. Barbash, Attachment D at 12.

³⁹ Staff further noted that the EIM will provide “visibility into actual system conditions and transmission loadings and proactively [dispatch] resources to avoid exceeding system operating limits. In addition, an EIM using Security Constrained Economic Dispatch (“SCED”) could increase the pool of resources that balance resources and load, provide ramping capability, and assist with managing flows within system operating limits.” Qualitative Assessment at P 10.

⁴⁰ Testimony of Carolyn C. Barbash, Attachment D at 12.

temporal differences as peak periods can be different. Accordingly, participation in the EIM could facilitate the development of additional variable renewable generation in Nevada by enhancing the NV Energy's ability to cost-effectively balance increased amounts of variable power that arise elsewhere.

III. DESCRIPTION AND CONTENTS OF THIS FILING

A. Overview of Tariff Changes

1. NV Energy's OATT Changes Have Been Informed by the PacifiCorp Tariff as Conditionally Approved by the Commission

In preparing the OATT revisions to implement the EIM, NV Energy looked to the PacifiCorp tariff as conditionally accepted by the Commission for guidance on formulating its own tariff changes. To facilitate participation in the EIM, PacifiCorp was authorized to implement four categories of changes to its tariff: (1) a new Attachment T which contained the roles and responsibilities of the EIM Entity and customers specific to the EIM; (2) revisions to OATT Schedules 1 (administrative charges), 4 (imbalance energy service applied to load), 9 (imbalance energy service applied to generation), and 10 (loss compensation service) to complement proposed Section 8 of Attachment T to recover EIM administrative costs and reflect the use of LMP-based imbalance pricing; (3) a series of new definitions in Section 1 of the OATT to support the EIM-related changes throughout the tariff; and (4) certain modifications to the *pro forma* OATT provisions to reflect revisions necessary to incorporate the EIM in a just and reasonable manner.

NV Energy has adopted the same approach for this filing.⁴¹ PacifiCorp's Attachment T, as approved by the Commission in the PacifiCorp EIM Order and the PacifiCorp EIM Rehearing Order,⁴² served as the basis for NV Energy's proposed Attachment P. Indeed, NV Energy has adopted, without substantive modification, significant portions of the previously-approved PacifiCorp tariff, including:

- The provisions in Attachment P, Section 1 governing the applicability of Attachment P and its relationship to the rest of the OATT;
- The voluntary process outlined in Attachment P, Section 2 with respect to the election of Transmission Customers to participate in the EIM;
- The eligibility requirements for EIM Participating Resources in Attachment P, Section 3 and the development of the application and certification process;

⁴¹ See Testimony of Carolyn C. Barbash, Attachment D at 13.

⁴² The Commission agreed that, should PacifiCorp's proposed changes create a conflict with existing tariff provisions, Attachment T should have primacy. See PacifiCorp EIM Order at P 102 ("it is appropriate that Attachment T (which incorporates by reference the EIM-specific portions of CAISO's tariff) should prevail if there is a conflict with PacifiCorp's OATT regarding the EIM. Otherwise, PacifiCorp could unilaterally make changes to the non-EIM provisions of its OATT that could have the effect of changing how the EIM provisions in CAISO's – the market operator of the EIM – tariff are applied through PacifiCorp's OATT.")

- Participation of external resources by means of pseudo-ties with the potential *in the future* to facilitate participation in the CAISO's 15-minute market at the external interties (Attachment P, Section 3.2);
- The roles and responsibilities delineated in Attachment P, Section 4 for the EIM Entity, Transmission Customers with NV Energy EIM Participating resources, and Transmission Customers with Non-Participating Resources;
- The requirements for system operations under normal and emergency conditions (Attachment P, Section 6);
- The allocation of costs and payments in Attachment P, Section 8: Instructed Imbalance Energy (Section 8.1), Uninstructed Imbalance Energy (Section 8.2), Unaccounted for Energy (Section 8.3), Over-Scheduling or Under-Scheduling of Load (Section 8.4), EIM uplifts (Section 8.5),⁴³ MO Tax Liabilities (Section 8.6), and Variable Energy Resource Forecast Charges (Section 8.8);
- The treatment of unreserved use as applied to the EIM (Attachment P, Section 8.7);
- Compliance with the CAISO payment calendar and price correction process (Attachment P, Sections 8.9 and 8.11);
- Creation of an EIM residual balancing account (Attachment P, Section 8.10);
- Compliance requirements (Attachment P, Section 9);
- Treatment of market contingencies (Attachment P, Section 10);
- Changes to ensure the applicability of Attachment P (Section 16.1(g); 18.5; 29.2(ix); Attachment N, Section 2.5; and Attachment O, Section 5);
- Facilitating participation in the EIM by Designated Network Resources by removing the requirement for undesignation for EIM sales (Sections 28.7, 30.1, and 30.4);
- Adoption of a gross negligence standard of liability for actions taken as an EIM Entity, while maintaining the ordinary negligence criteria for the *pro forma* Transmission Provider functions (Section 10.2);

⁴³ The exception is the proposed sub-allocation of costs and payments related to the real-time marginal cost of losses offset. Consistent with NV Energy's determination to utilize the full LMP price, including the marginal loss component, under Schedules 4, 9, and 10, NV Energy made the conforming change to include charges and payments for this uplift in Attachment P, Section 8.5.3.

- Treatment of administrative fees from CAISO through a formulaic monthly charge assessed to Measured Demand (Schedule 1-A);⁴⁴ and
- Removal of the penalty tiers in Schedules 4 and 9 and application of energy imbalance service in the same manner contemplated by PacifiCorp's Schedules 4 and 9.

In Attachment C to this filing, NV Energy lists and provides a summary of the reason for each of NV Energy's proposed OATT modifications. Attachment C also identifies the proposed effective date for each of the changes, and Part V of this transmittal letter provides more detail on the proposed effective dates.

In the PacifiCorp EIM Order, the Commission stated that it

conditionally accept[s] PacifiCorp's proposed approach with respect to revising its OATT to facilitate participation in the EIM, subject to PacifiCorp making the relevant provisions of CAISO's tariff publicly available to its customers, as discussed below. Specifically, we find that PacifiCorp's proposal to include cross-references in its OATT to the relevant provisions of CAISO's tariff is appropriate to ensure PacifiCorp's seamless integration into the EIM.⁴⁵

NV Energy commits to maintaining the relevant provisions to the CAISO Tariff available on its website and to provide notice of CAISO proposed changes.

2. Summary of Differences from PacifiCorp's Tariff

As described in more detail in the substantive discussions below,⁴⁶ the proposed NV Energy EIM OATT modifies the current PacifiCorp provisions in certain respects. A summary of the significant revisions is as follows:

- PacifiCorp uses firm transmission rights offered by a transmission customer who voluntarily elects to make such capacity available for EIM Transfers. NV Energy will use Available Transfer Capacity ("ATC") for EIM Transfers rather than the PacifiCorp Interchange Rights Holder methodology.⁴⁷ This is discussed in Part III.D.1 of this letter.

⁴⁴ NV Energy recognizes that PacifiCorp's transmission charge as well as its Schedule 1 charge are based on a formula rate while NV Energy utilizes a stated rate. Thus, PacifiCorp simply added the administrative charges assessed by the CAISO to its existing formula rate. To achieve the identical rate treatment for CAISO-assessed administrative costs, NV Energy has proposed a formulaic rate recovery in a new Schedule 1-A.

⁴⁵ PacifiCorp EIM Order at P 101. The Commission directed PacifiCorp to make the current version of all such CAISO provisions, as well as notice when CAISO files a proposal to amend such provisions, available on its website. *Id.* at P 103.

⁴⁶ See also Testimony of Carolyn C. Barbash, Attachment D at 22-33.

⁴⁷ See Attachment P, Section 5.

- While NV Energy’s current average system loss factor would remain unchanged and apply to the balanced portion of Transmission Customer Base Schedules, NV Energy proposes to use of the full CAISO LMP price, including the marginal loss component, to settle imbalances. PacifiCorp elected to charge all losses including those on imbalances using its average loss factor. This is discussed in Part III.F.1(b), (c), (d) and Part III.F.2.(g).
- NV Energy has proposed a revision to Section 7.1 to provide for the flexibility to expedite billing of EIM settlements to better match the CAISO’s dispute resolution timeline. This is discussed in Part III.G.
- NV Energy has provided additional detail on scheduling and submission timelines in Section 12.4A and Attachment P Section 4.2.4.5 at the request of its Transmission Customers. These are discussed in Parts III.G and III.D.2.
- NV Energy has added additional detail on reporting of derates in Attachment P Section 7. This is discussed in Part III.E.2.
- NV Energy has proposed an allocation of the operating reserve costs assessed by the CAISO in Attachment P, Section 8.12.2. This is discussed in Part III.F.2.(j).
- NV Energy has consolidated settlement of imbalances related to changes in Interchange schedules in Attachment P, Section 8.1 and removed the language from Schedule 4. In addition, NV Energy has added language in Schedule 9 to change “communicated to” to “incorporated by” and to distinguish between treatment of imbalances from the fifteen minute market and the real time dispatch.

The Commission has long recognized that there can be more than one rate design that may satisfy the just and reasonable rate standard.⁴⁸ As explained in the following sections, NV Energy’s proposed revisions to its OATT are just and reasonable.

⁴⁸ *Midwest Indep. Transmission Sys. Operator Inc.*, 127 FERC ¶ 61,109 at P 20 (2009) (“It is well established that there can be more than one just and reasonable rate; various just and reasonable cost allocation schemes each have their own strengths and weaknesses.”) (citing, *Am. Elec. Power Serv. Corp. v. Midwest Indep. Transmission Sys. Operator, Inc.*, 122 FERC ¶ 61,083 at P 88, *order on reh’g*, 125 FERC ¶ 61,342 (2008) (“As the courts have found, on the same set of facts there can be ‘multiple just and reasonable rates’”)); *ISO New England Inc.*, 123 FERC ¶ 61,266 at P 26 (2008) (citing *Int’l Transmission Co.*, 123 FERC ¶ 61,065 at P 20 (2008) (“The Commission has previously stated, ‘different rate proposals can be just and reasonable, and . . . more than one method can be correct for calculating rates.’”)). See also *Oxy USA, Inc. v. FERC*, 64 F.3d 679, 692 (D.C. Cir. 1995) (finding as long as FERC finds a methodology to be just and reasonable, that methodology “need not be the only reasonable methodology, or even the most accurate one”); *City of Bethany v. FERC*, 727 F.2d 1131, 1136 (D.C. Cir. 1984) (when determining whether a proposed rate was just and reasonable, the Commission properly did not consider “whether a proposed rate schedule is more or less reasonable than alternative rate designs”); *ISO-New England*, 145 FERC ¶ 61,014, at P 37 (2013) (stating “there can be more than one just and reasonable process”).

3. Overview of NV Energy's Attachment P

Attachment P, Section 1, is a general provision which provides an overview of the EIM and Attachment P. It clarifies that Attachment P applies to all Transmission Customers and Interconnection Customers, as applicable, with new and existing service agreements under the OATT. As such, although Attachment P often refers to the obligations and responsibilities of Transmission Customers, the obligations and responsibilities may also apply to Interconnection Customers on a case-by-case basis, in the limited instances where an Interconnection Customer controls the output of a generator located in the NV Energy BAA and is more suitable to satisfy the requirements in Attachment P.

Section 1 clarifies that Attachment P shall work in concert with the provisions of the CAISO Tariff implementing the EIM to support operation of the EIM. Throughout Attachment P, NV Energy has purposefully included cross-references to precise sections of the filed CAISO Tariff that significantly affect the rights, responsibilities, and obligations of the NV Energy EIM Entity and other market participants. References to both tariffs are necessary to provide customers with the full understanding of their rights and obligations. With the cross-references, NV Energy does not intend to create any direct contractual relationship between the CAISO and a Transmission Customer or Interconnection Customer that would not otherwise exist.

Section 1 also states that to the extent that any provision in Attachment P, once approved by the Commission, is inconsistent with the remainder of the OATT with regard to the NV Energy EIM Entity's administration of the EIM, Attachment P should prevail. This provision recognizes that Attachment P is an integral part of the OATT and not a separate rate schedule or service agreement. Attachment P is intended to govern the relationship between the NV Energy EIM Entity and all Transmission Customers and Interconnection Customers subject to the OATT, and it does not establish a contractual relationship between any customers of NV Energy and the CAISO or independently make a Transmission or Interconnection Customer directly subject to the CAISO Tariff.

While the decision of a Transmission Customer to bid resources directly into the EIM is voluntary, the EIM will impose certain obligations on all of NV Energy's Transmission Customers and Interconnection Customers, as applicable. The EIM is an integral part of the provision of transmission service and will become the means of supplying and pricing imbalances.

These obligations include the requirement of NV Energy's Transmission Customers and Interconnection Customers to provide operational data to the NV Energy EIM Entity, consisting of resource operational characteristics (Attachment P Section 4.2.1.2), Forecast Data (Attachment P Sections 4.2.4.1 through 4.2.4.4) and outage data (Attachment P Section 4.2.3 and Section 7). The provision of this data is critical for the proper ongoing functioning of the EIM administered by the CAISO in its role as the MO. For example, accurate and timely submitted Forecast Data is necessary for the EIM to be able to properly model and account for expected load, generation, imports and exports during the Operating Hour. In addition, Forecast Data comprise the Transmission Customer's balanced Base Schedule that is used by the NV EIM

Entity as the baseline by which to measure Imbalance Energy for purposes of EIM settlement. Attachment P, Section 9 imposes an affirmative obligation on the part of the Transmission Customer to provide timely and accurate data.

Attachment P, Section 2, describes how Transmission Customers may elect to have certain or all of their resources become NV Energy EIM Participating Resources; any resources that a Transmission Customer does not elect to be NV Energy EIM Participating Resources shall be treated as Non-Participating Resources. A Transmission Customer that chooses to have a resource become an NV Energy EIM Participating Resource must: (1) meet the requirements specified in Section 3 of Attachment P; (2) become or retain a CAISO-certified EIM Participating Resource Scheduling Coordinator; and (3) follow the application and certification process specified in Attachment P and the EIM Business Practice (the “NV Energy EIM Business Practice”). These basic requirements recognize that Participating Resources will have a direct relationship with the CAISO and will need to satisfy both NV Energy’s and the CAISO’s obligations to participate in the EIM.

Attachment P, Section 3, provides the eligibility requirements for a resource to become an NV Energy EIM Participating Resource. Attachment P, Section 4, outlines the roles and responsibilities of all entities participating in the EIM. Attachment P, Section 5, sets forth provisions governing EIM transmission operations. Attachment P, Section 6, discusses system operations under normal and emergency conditions for EIM. Attachment P, Section 7, contains outage reporting requirements for EIM. Attachment P, Section 8, specifies EIM settlement allocations and billing processes for EIM. Attachment P, Section 9, describes compliance, and Attachment P, Section 10, contains market contingency plans for the EIM.

B. EIM Roles and Responsibilities

1. Responsibilities of NV Energy as an EIM Entity

The NV Energy EIM Entity has a variety of responsibilities with respect to the EIM.⁴⁹ As an initial matter, NV Energy must have effective provisions in its OATT to enable operation of the EIM in its BAA. In addition, NV Energy, as an EIM Entity, must: (1) qualify or secure representation by no more than one EIM Entity Scheduling Coordinator;⁵⁰ (2) process NV Energy EIM Participating Resource applications;⁵¹ (3) provide required information regarding modeling data to the CAISO and register all Non-Participating Resources with the CAISO;⁵² (4) provide data to the CAISO regarding the day-to-day operation of the EIM, including the submissions of “EIM Base Schedules”⁵³ and Resource Plans and any changes to such plans;⁵⁴ (5) provide the CAISO with information regarding the reserved use of the

⁴⁹ These duties are consistent with CAISO Tariff Section 29.4(c), which sets forth the EIM Entity obligations.

⁵⁰ Attachment P, Section 4.1.1.1.

⁵¹ *Id.*, Section 4.1.1.2.

⁵² *Id.*, Section 4.1.2.

⁵³ “EIM Base Schedules” are defined by the CAISO in its filing in Docket No. ER14-1386 as “[a]n hourly forward Energy Schedule that does not take into account Dispatches from the Real-Time Market.”

⁵⁴ Attachment P, Section 4.1.3.

transmission system and inerties and any changes to transmission capacity;⁵⁵ and (6) submit information regarding planned and unplanned outages and derates.⁵⁶ These responsibilities are necessary to facilitate the operation of the EIM in accordance with the requirements for EIM Entities specified in Section 29 of the CAISO Tariff.

Participation in the EIM does not change NV Energy's existing responsibilities as a BA. As it does today in the performance of its BAA system-balancing responsibilities, NV Energy will set aside resource capacity at specific generators for contingency reserve, up-regulation, and down-regulation for system balancing service for NV Energy's BAA. Only remaining capacity not needed for these purposes will be available for EIM dispatch.

2. Significant Determinations for EIM Implementation

a. Load Aggregation Points

Under Section 29.4(b)(3)(F) of the CAISO Tariff the EIM Entity must identify its Load Aggregation Points ("LAP") used for settlement purposes. NV Energy's proposal to use a single LAP for its single BAA simplifies the process of market participation for Transmission Customers and allows NV Energy to gain experience as to the LMPs created by the EIM. Currently, NV Energy does not have historical data regarding LMPs.⁵⁷ Moreover, treatment of the NV Energy BAA as a single LAP is consistent with the joint dispatch methodology currently in place and settlement of load imbalances at a single price.⁵⁸ The Commission has recognized the reasonableness of this approach.⁵⁹ For PacifiCorp, the Commission accepted the approach of a single LAP per BAA.⁶⁰

⁵⁵ *Id.*, Section 5.1.

⁵⁶ *Id.*, Section 7.

⁵⁷ Multiple LAPs are justified when significant differences between regional LMPs are identified. As an example, the CAISO is currently exploring creating additional LAPs based upon actual LMP and congestion data and history for its BAAs.

⁵⁸ See November 5, 2014 Letter Order in Docket No. ER15-14-000, accepting the Amendment to the Interim Joint Dispatch Agreement.

⁵⁹ *Cal. Indep. Sys. Operator Corp.*, 116 FERC ¶ 61,274 at P 62, *order on reh'g*, 119 FERC ¶ 61,076 (2007) (use of three LAP zones "provides a reasonable and simplified approach for introducing LMP pricing, while minimizing its impact on load"); see also, *PJM Interconnection L.L.C.*, 117 FERC ¶ 61,331 at P 68 (2006); *Midwest Indep. Transmission Sys. Operator, Inc.* 109 FERC ¶ 61,157 at P 80 (2004). In Docket No ER06-614-000, the CAISO recently filed for waiver of the obligation to move beyond its four existing LAPs. The CAISO has found "there are not sufficient net benefits or stakeholder support to move forward with the disaggregation of the existing default load aggregation points," and "[t]he costs of changing the existing load aggregation point structure for both the [CA]ISO and the market participants appears to be large, especially in comparison to the potential benefits. CAISO February 7, 2014 filing at 7. The pleading can be found at: http://www.caiso.com/Documents/feb7_2014_Motion-Waiver-DisaggregateDefaultLoadAggregationPointsER06-615_ER02-1656.pdf. The docket is pending.

⁶⁰ The Commission requested that PacifiCorp file within one year from the go-live date of the EIM a study on disaggregating the LAPs. PacifiCorp EIM Order at P 259. The study should provide sufficient detail to allow the Commission to reasonably evaluate the effects of implementing a greater level of disaggregation and a proposal from PacifiCorp regarding the appropriate level of disaggregation within the PacifiCorp BAAs. NV Energy could also perform a similar study as of one year after its own go-live date if the results of the PacifiCorp study and the experience that NV Energy has with the EIM suggest it would be a useful exercise.

b. Use of CAISO Load Forecast

NV Energy has elected to use the CAISO load forecast for the purpose of preparing its Base Schedules.⁶¹ Under the CAISO’s market design, an EIM Entity may elect to use either its own load forecast or a load forecast produced by the CAISO.⁶² If the EIM Entity Scheduling Coordinator chooses to submit Base Schedules using the CAISO load forecast, it can minimize exposure to charges for under- or over-scheduling.⁶³ Moreover, there is no incremental cost to NV Energy or its customers for the use of the CAISO forecast. Furthermore, in accordance with Section 29.34(d) of the CAISO’s Tariff, the option to use the CAISO’s load forecast does not preclude the NV EIM Entity from balancing to its own forecast in a given hour if it concludes it is appropriate to do so. NV Energy’s determination to use the CAISO load forecast is also consistent with the approach taken by PacifiCorp.

c. Determination to Use Option to be a Scheduling Coordinator Metered Entity

In accordance with Section 29.10 of the CAISO Tariff, the NV Energy EIM Entity and all Transmission Customers with NV Energy EIM Participating Resources have the option to be either CAISO Metered Entities or Scheduling Coordinator Metered Entities.⁶⁴ NV Energy has

⁶¹ Attachment P, Section 4.1.1.3(3).

⁶² The MO’s load forecast will be based on historical data, applicable meteorological data, and the CAISO’s State Estimator solution. It will be produced separately for each LAP and then aggregated for each BAA. PacifiCorp has one LAP for each of its BAAs, which will result in one load forecast for each of its BAAs. NV Energy is proposing a single LAP for its BAA, resulting in a single load forecast. The MO recovers the costs associated with the gathering and processing of required information to establish the load forecast through its EIM Administrative Charge.

⁶³ If an EIM Entity Scheduling Coordinator using the CAISO load forecast submits an EIM Base Schedule forecast for the entire BAA that is within +/- 1% of the CAISO load forecast, the EIM Entity Scheduling Coordinator would not be exposed to under- or over-scheduling penalties, which in turn would be sub-allocated to its load.

⁶⁴ Attachment P, Section 4.1.1.3(4). Pursuant to the CAISO Tariff, Appendix A, Master Definition Supplement, a Scheduling Coordinator Metered Entity is “a Generator, Eligible Customer, End-User, or Proxy Demand Resource that is not a CAISO Metered Entity, an EIM Entity, or an EIM Participating Resource that elects to be a Scheduling Coordinator Metered Entity” and a CAISO Metered Entity is:

- (a) any one of the following entities that is directly connected to the CAISO Controlled Grid:
 - i. a Generator other than a Generator that sells all of its Energy (excluding any Station Power that is netted pursuant to Section 10.1.3) and Ancillary Services to the Utility Distribution Company or Small Utility Distribution Company in whose Service Area it is located;
 - ii. an MSS Operator; or
 - iii. a Utility Distribution Company or Small Utility Distribution Company; and
- (b) any one of the following entities:
 - i. a Participating Generator;
 - ii. a Participating TO in relation to its Tie Point Meters with other TOs or Balancing Authority Areas;

elected to become a Scheduling Coordinator Metered Entity on behalf of its customers, including Transmission Customers with Non-Participating Resources.⁶⁵ Accordingly, the NV Energy EIM Entity shall submit load, resource, and Interchange meter data to the MO in accordance with the MO Tariff's format and timeframes on behalf of Transmission Customers with Non-Participating Resources, loads, and Interchange.⁶⁶ The NV Energy EIM Entity must fulfill this role in order to meet the requirements of the CAISO Tariff and provide the MO timely and accurate meter data for EIM settlements.

3. Transmission Customer Responsibilities

Section 4.2 of Attachment P outlines the responsibilities of customers with respect to the EIM. These include providing: (1) initial registration data, including operational characteristics of generators; (2) updates to the initial registration data; (3) planned and forced outage and derate information; and (4) Forecast Data. These requirements are just and reasonable and necessary to facilitate operation of the EIM.⁶⁷ Because the EIM is the manner in which NV Energy will continue to provide the required imbalance services under Schedules 4 and 9 to all of its Transmission Customers, it is appropriate for all such customers to bear the responsibilities and duties set forth in Attachment P to facilitate the EIM.

Registration and outage information is necessary to comply with requirements established under proposed CAISO Tariff Sections 29.4(c)(4)(C) and (D) (registration) and 29.9 (outages). As a matter of Good Utility Practice and operation, many customers today already provide this type of information to NV Energy on their respective facilities and outages. These limited data requirements will enhance reliable operation of the EIM as the MO will have up-to-date and accurate information on resource capabilities and availability. In addition, the information should be readily available to customers and is not burdensome to produce. Outage and derate data is necessary to ensure that the MO has accurate operational data to administer the EIM, to produce accurate and appropriate Dispatch Instructions, and to mitigate the potential for congestion and imbalance on NV Energy's Transmission System.

Similarly, most customers today already schedule their projected day-ahead and hour-ahead load and generation requirements either through the submission of e-Tag schedules or

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- iii. a Participating Load;
 - iv. a Participating Intermittent Resource;
 - v. an EIM Participating Resource that has elected not to be a Scheduling Coordinator Metered Entity, with regard to the EIM Resources it specifies that it represents as a CAISO Metered Entity; or
 - vi. a utility that requests that Unaccounted For Energy for its Service Area be calculated separately, in relation to its meters at points of connection of its Service Area with the systems of other utilities.

⁶⁵ *Id.*

⁶⁶ Attachment P, Section 4.1.4.

⁶⁷ PacifiCorp EIM Order at P 101.

through the provision of manual scheduling data. The EIM simply formalizes and centralizes the manner in which Forecast Data is communicated in a way that facilitates EIM dispatch and settlement. Forecast Data is necessary for the EIM to be able to properly model and account for expected load, generation, imports and exports during the Operating Hour. In addition, Forecast Data comprise the Transmission Customer Base Schedule that is used by the NV Energy EIM Entity as the baseline by which to measure Imbalance Energy for purposes of EIM settlement. Overall, the requirements are just and reasonable as they facilitate efficient implementation of the EIM in accordance with requirements established by the CAISO as the MO.

C. Eligibility to Participate

1. Application and Certification

The CAISO and the NV Energy EIM Entity must have a consistent and complete understanding of which resources: (1) are eligible to participate; (2) have voluntarily elected to participate; (3) have met all the CAISO's certification requirements; and (4) have met NV Energy's application and certification requirements. The NV Energy EIM Entity must know which resources are participating in the EIM (and thus settling imbalances directly with the CAISO) or not participating in the EIM (and thus settling imbalances under NV Energy's OATT Schedules 4 and 9 as a Non-Participating Resource).⁶⁸ To that end, Section 3.3 of NV Energy's Attachment P includes a two-phase set of requirements for the application and certification of NV Energy EIM Participating Resources.

Consistent with Section 3.3.1 of Attachment P, to become an NV Energy EIM Participating Resource, an applicant must submit a completed application and provide a deposit of \$1,500. The fee is necessary for NV Energy to recover its costs associated with processing the application, setting up the communications and billing accounts, and for evaluating and determining metering or telemetry requirements necessary for EIM participation. The NV Energy EIM Entity shall make a determination as to whether to accept or reject the application within 45 days of receipt of the application. At minimum, the NV Energy EIM Entity shall validate through the application that the NV Energy EIM Participating Resource applicant has satisfied Sections 3.1 and 3.2 of Attachment P, as applicable, and met minimum telemetry and metering requirements, as set forth in the NV Energy EIM Business Practice. If the NV Energy EIM Entity approves the application, it will notify the NV Energy EIM Participating Resource applicant and the MO. If the NV Energy EIM Entity rejects the application, the NV Energy EIM Entity will notify the applicant and state the grounds for the rejection. Section 3.3.2 provides a mechanism for the applicant to cure the grounds for the rejection.

Consistent with Section 3.3.3 of Attachment P, certification of the NV Energy EIM Participating Resource occurs upon approval of the application and once the Transmission Customer demonstrates, and the CAISO has confirmed, that the Transmission Customer has done the following:

⁶⁸ Attachment P, Section 3.3.4 clarifies that, unless certified by the NV Energy EIM Entity as an NV Energy EIM Participating Resource, the resource shall be deemed to be a Non-Participating Resource.

- Met the CAISO’s criteria to become an EIM Participating Resource⁶⁹ and executed the CAISO’s *pro forma* EIM Participating Resource Agreement;
- Qualified to become or retained the services of a CAISO-certified EIM Participating Resource Scheduling Coordinator;
- Met the necessary metering requirements of NV Energy’s OATT and Section 29.10 of the CAISO Tariff, and the EIM Participating Resource Scheduling Coordinator has executed the CAISO’s *pro forma* Meter Service Agreement for Scheduling Coordinators;
- Met communication and data requirements of NV Energy’s OATT and Section 29.6 of the CAISO Tariff; and
- Has the ability to receive and implement dispatch instructions every five minutes from the CAISO.

Section 3.3 of Attachment P also includes provisions regarding the treatment of resources pending certification, as well as the ongoing obligation of Transmission Customers with an NV Energy EIM Participating Resource to inform the NV Energy EIM Entity of any changes to any information submitted as part of the application process.⁷⁰

2. Transmission Rights Required for EIM Participation

a. Internal Resources

NV Energy proposed EIM eligibility requirements for resources within the BAA are set forth in Section 3.1 of Attachment P and simply require the execution of a transmission service agreement of some form. Thus, NV Energy allows for a resource to seek CAISO certification to become an NV Energy EIM Participating Resource if one of the following occurs:

- (1) The resource is a Designated Network Resource of a Network Customer and the Network Customer elects to participate in the EIM through its Network Integration Transmission Service Agreement; or
- (2) The resource is associated with either (i) a Service Agreement for Firm Point-to-Point Transmission Service or (ii) an Umbrella Service Agreement for Non-Firm Point-to-Point Transmission Service, and such Transmission Customer elects to participate in the EIM.

The execution of a service agreement is a reasonable requirement as it establishes the necessary contractual relationship with respect to performance of EIM-related responsibilities.

⁶⁹ See Section 29.4(d) of the CAISO Tariff.

⁷⁰ Attachment P, Section 3.3.5.

Neither these provisions nor Attachment P, Section 8.7 impose any transmission service charge related to EIM transactions.

b. External Resources

In the proposed tariff provisions, NV Energy has adopted the same proposed EIM eligibility requirements for external resources as approved by the Commission for PacifiCorp. Under Attachment P, Section 3.2, a resource that is not physically located inside the metered boundaries of the NV Energy BAA is eligible to become an NV Energy EIM Participating Resource, if the Transmission Customer:

- Implements a pseudo-tie into the NV Energy BAA;
- Has arranged firm transmission over any third-party transmission systems to an NV Energy BAA intertie boundary point equal to the amount of energy that will be dynamically transferred through a pseudo-tie into the NV Energy BAA; and
- Has entered into a transmission service agreement with NV Energy consistent with Section 3.1 of Attachment P.

In the PacifiCorp EIM Order, the Commission accepted this approach,

We find that PacifiCorp’s proposal to require that external resources implement a pseudo-tie arrangement to electrically move from the external BAA to PacifiCorp’s BAA is consistent with the Commission’s acceptance of a similar arrangement in the SPP’s Energy Imbalance Service market requiring that external resources use a pseudo-tie in order to participate in that market.⁷¹ We agree with PacifiCorp that allowing external resources to participate in CAISO’s 15-minute market as proposed by Grant County PUD is an expansion of the scope of the EIM and is not necessary for PacifiCorp’s proposal to be found just and reasonable and not unduly discriminatory.⁷²

The Commission did “not require a timetable for PacifiCorp to begin a stakeholder process to address the feasibility to expand the EIM to include dynamic schedules or bring CAISO’s 15-minute market to PacifiCorp’s boundaries” but expected that with additional EIM experience PacifiCorp “will seek to add additional participants or products to its boundaries to increase load and resource diversity, transfer capability, and flexible generation resources in the market.”⁷³ The Commission should adopt the same approach for NV Energy.

⁷¹ *Southwest Power Pool, Inc.*, 123 FERC ¶ 61,062 at P 24 (2008) (“The Commission finds that SPP’s choice of the pseudo-tie approach over dynamic scheduling is just and reasonable.”).

⁷² PacifiCorp EIM Order at P 130.

⁷³ *Id.* at P 131.

3. EIM Transmission Charges

a. Commission Determination in ER14-1578

In the PacifiCorp EIM Order, the Commission rejected PacifiCorp's proposal to require EIM resources to pay for transmission service associated with EIM participation in addition to any transmission charges they incurred as a Transmission Customer under the OATT.⁷⁴ The Commission directed PacifiCorp to submit a compliance filing to revise its OATT to eliminate the additional transmission charge for EIM transactions for participating resources.⁷⁵ The Commission noted the commitment of the CAISO and PacifiCorp to reconsider the issue of an EIM-wide transmission charge once there was sufficient data available to provide a meaningful analysis.⁷⁶ Based on the clear guidance from the Commission, Attachment P, Section 8.7 provides "[t]here shall be no incremental transmission charge assessed for transmission related to the EIM."

b. Unreserved Use

In the PacifiCorp EIM Rehearing Order the Commission determined that:

To address the issue of unauthorized use of transmission service as it applies to EIM participation, we direct PacifiCorp to submit OATT revisions making Schedule 11 penalties applicable to any amount of transmission service used beyond both a transmission customer's reservation plus the amount of its EIM resource directed dispatch.⁷⁷

Consistent with the approach taken by PacifiCorp in its November 5, 2014 compliance filing in Docket No. ER14-1578, NV Energy has proposed to address unreserved use in Attachment P, Section 8.7 in the following manner:

Schedule 7 of this Tariff with respect to unreserved use shall apply to any amount of actual metered generation in an Operating Hour, if any, which is in excess of the sum of both: (1) the greatest positive Dispatch Operating Point or Manual Dispatch of the NV Energy EIM Participating Resource received during the Operating Hour, and (2) the Transmission Customer's Reserved Capacity. Any ancillary service charges that are applicable to Schedule 7 charges shall apply and shall include Schedule 1 and Schedule 1-A of this Tariff.

In its December 10, 2014 Answer in Docket No. ER14-1578, PacifiCorp defended this same approach to unreserved use penalties. PacifiCorp explained that the language appropriately incorporates the Commission's decision on this issue by applying unreserved use penalties only

⁷⁴ *Id.* at P 144.

⁷⁵ *Id.*

⁷⁶ PacifiCorp EIM Rehearing Order at P 63.

⁷⁷ *Id.* at P 67.

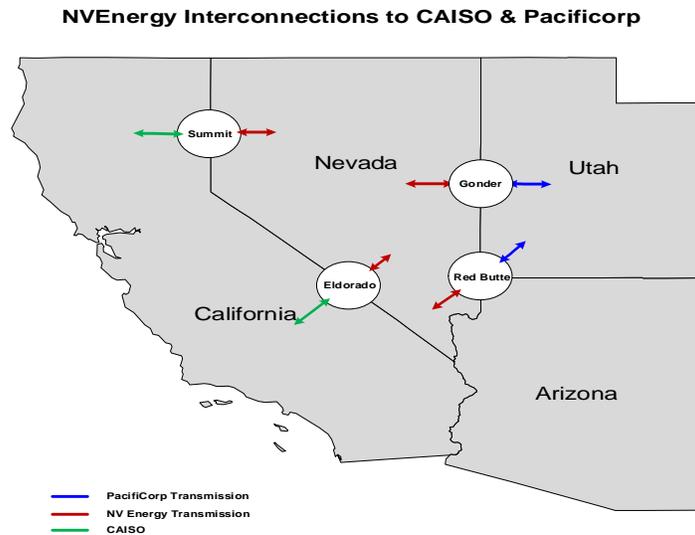
to the extent the PacifiCorp EIM Participating Resource’s output exceeds the combination of its EIM dispatch and its Reserved Capacity.

D. Transmission Operations

1. Availability of Transmission for EIM

NV Energy intends to use ATC to support the EIM.⁷⁸ NV Energy will apply its approved methodology to assess ATC consistent with Attachment C of its OATT. In Section 5.2 of Attachment P, NV Energy proposes that the provision of EIM Transfer capacity via ATC shall be implemented through the submission to CAISO of e-Tag(s) by 40 minutes prior to the Operating Hour (“T-40”) by the NV Energy EIM Entity. The amount of ATC indicated on an e-Tag will be based upon the lower of the amount of ATC calculated by each EIM Entity at that interface. The CAISO’s dispatch model will respect the reported ATC limits in determining which NV Energy EIM Participating Resources to dispatch to meet imbalance needs.⁷⁹

The capacity for direct transfers between NV Energy and the CAISO is largely composed of the 230 kV capacity at the Eldorado Substation. This capacity is approximately 1,500 MW bi-directional. NV Energy has limited transmission capability with the CAISO at NV Energy’s Northwest Substation, Summit Substation and Bishop Control Substation and therefore will not be designating these as EIM Transfer paths, at least for NV Energy’s initial participation in the EIM. In addition, NV Energy has two interconnections with PacifiCorp’s Eastern BAA. These interconnections are illustrated in the following map.



⁷⁸ Unlike PacifiCorp, NV Energy will be relying exclusively on ATC. Thus, NV Energy has not included in its proposed OATT any provisions that correspond to the PacifiCorp Interchange Rights Holder process. *See, e.g.*, Attachment T, Section 5.2 of the PacifiCorp OATT.

⁷⁹ Should the Commission approve this approach in NV Energy’s tariff, PacifiCorp will seek appropriate modification of the relevant sections of its own tariff to implement the same mechanism at the EIM transfer points between PacifiCorp and NV Energy.

The following table identifies the expected maximum capacity available for EIM Transfers on the four paths.⁸⁰

| Interconnection | Path | Expected Maximum Capacity for EIM Transfers (MW) |
|-----------------|-------------------|--|
| CAISO | Summit In | 100 |
| | Summit Out | 35-75 |
| | Eldorado 230 In | 1,500 |
| | Eldorado Out | 1,500 |
| PacifiCorp | Red Butte In | 300 |
| | Red Butte Out | 300 |
| | Gonder Pavant In | 130 |
| | Gonder Pavant Out | 130 |

2. Customer Forecast and Scheduling Timeline

Under the CAISO Tariff and the PacifiCorp OATT, as approved by the Commission, Transmission Customers must submit Forecast Data at seventy-five minutes before the top of the operating hour, or T-75.⁸¹ The PacifiCorp EIM Business Practice permits customers to submit revised schedules until T-57, two minutes before the PacifiCorp EIM Entity sends the CAISO a Base Schedule at T-55.⁸² Thus, the Transmission Customers become financially responsible for imbalances based on the data they provide by T-57. NV Energy proposes to use the same process and timeline to meet the requirements of the CAISO Tariff. This is reflected in Attachment P, Section 4.2.4.5.2.⁸³

As the Commission recognized in the PacifiCorp EIM Rehearing Order,

The timeframe that PacifiCorp will use to measure imbalance energy is the exact same timeframe that CAISO will use to measure imbalances for non-participating load and resources and for which those imbalance

⁸⁰ Actual capacity for EIM Transfers will be reduced or increased based on the schedules submitted before the NV Energy EIM Entity submits its e-Tag(s) by forty minutes before the Operating Hour. In addition, the maximum capacity may be adjusted based on further analysis and operating experience. See Testimony of Carolyn C. Barbash, Attachment D at 6.

⁸¹ CAISO Tariff Section 29.34(f).

⁸² The CAISO often refers to the final deadline as T-40. As explained in PacifiCorp’s Answer in ER14-1578, “[b]etween T-55 minutes and T-40 minutes prior to the Operating Hour, PacifiCorp Energy, serving in its role as the balancing agent for the PacifiCorp EIM Entity, will have one last opportunity to balance PACE and PACW based upon the load forecast provided by the MO. This is consistent with today’s operational practice in which PacifiCorp Energy acts as the balancing agent for PacifiCorp’s BAAs to maintain overall system balance. PacifiCorp is not able to accept Forecast Data from Transmission Customers between T-55 minutes and T-40 minutes prior to the Operating Hour, because it would not be possible under those circumstances for it to achieve overall BAA balance to the MO load forecast by the T-40 minute deadline. The ability of PacifiCorp to take these actions between T-55 minutes and T-40 minutes prior to the Operating Hour is critical for achieving overall BAA balance and for avoiding under- and over-scheduling penalties.”

⁸³ Section 29.34(d) of the CAISO Tariff also requires the NV EIM Entity to submit forecasts seven days in advance. To make these submissions as representative as possible, NV Energy has proposed in Attachment P, Section 4.2.4.5.1 that customers provide data to the NV Energy EIM Entity in support of this submission.

charges are the responsibility of PacifiCorp as the EIM Scheduling Coordinator. Accordingly, it is reasonable that PacifiCorp would use the same measurement to pass through the allocated CAISO imbalance charges to its Transmission Customers that cause PacifiCorp to incur those charges.⁸⁴

Thus, the PacifiCorp EIM Order and the PacifiCorp EIM Rehearing Order required Transmission Customers to submit Forecast Data consistent with the timelines proposed by CAISO in order for CAISO to run its security constrained economic dispatch, maintaining the status quo for the submission of Forecast Data was not a workable option in the EIM.⁸⁵ NV Energy submits that its proposed approach is just and reasonable, consistent with the market scheduling deadlines and will maximize the transmission capacity available to the EIM.

NV Energy notes that customers in the WECC regional BAAs currently have the ability to modify schedules until T-20. Thus, there is a possibility that the actual ATC will be different – either more or less – than transfer capacity reported in the NV Energy EIM Entity’s final Base Schedule at T-40. If the Base Schedule exceeds the actual ATC that is available after all firm transmission use is scheduled and tagged at T-20, the difference will be resolved as an imbalance by the EIM. If a Transmission Customer elects to modify its schedule after the T-57 requirement established by the EIM, that customer would be subject to the Commission-approved imbalance provisions. The imbalance reflects the change from that customer’s Forecast Data, which was used in the NV Energy EIM Entity’s final Base Schedule and from which the CAISO assesses imbalances to the NV Energy EIM Entity.

While this element of the NV Energy draft OATT provisions existed from its initial iteration in September 2014, Powerex challenged it in the NV Energy tariff stakeholder process following final posting of the draft tariff in January 2015. In its comments, Powerex fails to discuss the Commission’s prior determination of this same issue in the PacifiCorp proceeding.⁸⁶ In addition, Powerex proposed a “credit” for unused firm transmission capacity that becomes available for EIM transfers. Powerex’s proposal contravenes the historic practice consistent with Order No. 890, whereby unscheduled firm transmission capacity is not the property of the

⁸⁴ PacifiCorp EIM Rehearing Order at P 90.

⁸⁵ *Id.* at P 191 (“The EIM Benefits Study adequately demonstrate that the EIM will provide both quantitative and qualitative benefits to PacifiCorp’s customers. Accordingly, in order to realize those benefits, PacifiCorp and by extension, its transmission customers, must submit forecast data consistent with the timelines established by CAISO in order for CAISO to run its security-constrained economic dispatch. These are the same timelines applicable to supply resources in CAISO’s real-time market. Thus, we find that PacifiCorp’s proposal is just and reasonable and we therefore accept it. Neither Deseret nor BPA have demonstrated that maintaining the status quo is a workable option for EIM forecasts in the EIM”). The Commission has been clear that “[c]ollateral attacks on final orders and relitigation of applicable precedent by parties that were active in the earlier cases thwart the finality and repose that are essential to administrative efficiency and are strongly discouraged.” *San Diego Gas & Electric Co. v. Sellers of Energy and Ancillary Services*, 134 FERC ¶ 61,129 at P 15 (2011) (citing *Entergy Nuclear Operations, Inc. v. Consol. Edison Co.*, 112 FERC ¶ 61,117 at P 12 (2005)); *EPIC Merchant Energy NJ/PA, L.P. v. PJM Interconnection, L.L.C.*, 131 FERC ¶ 61,130 (2010) (dismissing as an impermissible collateral attack a complaint that merely sought to re-litigate the same issues as raised in the prior case citing no new evidence or changed circumstances).

⁸⁶ See PacifiCorp EIM Order at P 191; PacifiCorp EIM Rehearing Order at P 90.

Transmission Customer but reverts to the Transmission Provider to be used by other potential customers as non-firm transmission. Any transmission charges paid by those customers are used to lower the Transmission Provider's transmission revenue requirement, benefitting all customers, including the entity that did not schedule its previously-reserved firm capacity. While NV Energy believes the solution in its tariff is most appropriate for its EIM implementation in 2015, it is committed to continue working with PacifiCorp, CAISO, and stakeholders on this issue and others, including a transmission charge for the EIM, that more broadly relate to implementation of the EIM within the existing practices of the western interconnection. NV Energy suggests that stakeholder process is the appropriate forum to discuss the nature of any transmission charge and the appropriate crediting of revenues generated by the charge.

E. EIM Operations

1. System Operations Under Normal and Emergency Conditions

Section 6 of Attachment P (System Operations Under Normal and Emergency Conditions) is intended to ensure that operation of the EIM remains consistent with NV Energy's reliability responsibilities as a BA. Participation in the EIM does not modify, change, or otherwise alter the manner in which the participants comply with the applicable North American Electric Reliability Corporation ("NERC") and WECC reliability standards.⁸⁷ The NV Energy EIM Entity remains responsible for: (1) maintaining appropriate operating reserves and for its obligations pursuant to any reserve sharing group agreements; (2) NERC and WECC responsibilities; (3) processing e-Tags and managing schedule curtailments at the interties; and (4) monitoring and managing real-time flows within system operating limits on all transmission facilities within NV Energy's BAA. Section 6.2 requires that the NV Energy EIM Entity, Transmission Customers with Non-Participating Resources, and Transmission Customers with NV Energy EIM Participating Resources comply with Good Utility Practice.

NV Energy will remain responsible for real-time flow management and mitigation, including coordinated unscheduled flow mitigation consistent with procedures of the WECC. All Interchange between NV Energy's BAA and other BAAs will continue to be scheduled, which will allow for operational curtailments. The EIM will also be continually monitoring transmission, and will have the ability, either automatically or with Manual Dispatch adjustments by NV Energy Transmission Operations, to re-dispatch generation across the EIM footprint to counter loop flow.⁸⁸ In that respect, NV Energy is gaining an additional tool through EIM SCED that will be useful to mitigate unscheduled flow, without losing any of its existing capabilities or responsibilities. In addition, NV Energy will populate e-Tags used for EIM Transfers to include an energy profile, which is necessary to be compatible with unscheduled flow mitigation procedures.

As described above, there may be times when NV Energy Transmission Operations will use Manual Dispatch to resolve congestion or other system conditions. This is consistent with

⁸⁷ Attachment P, Section 6.1.

⁸⁸ *Id.*, Section 6.3.2.

NV Energy's BA responsibilities today. Use of the new defined term "Manual Dispatch" in the OATT is intended to reflect NV Energy's existing authority under its OATT to require redispach of Network Resources on a least-cost, non-discriminatory basis to relieve a transmission constraint or maintain system stability.

2. Outage Reporting

Section 29.9 of the CAISO Tariff requires reporting of information on the operating status of the transmission system, NV Energy EIM Participating Resources, and Non-Participating Resources. This includes information on planned outages, unplanned outages and derates. NV Energy has structured Attachment P, Section 7 to ensure timely and accurate submission of the required information in a manner substantially similar to that approved for PacifiCorp. NV Energy has proposed a minor addition to the section to add specificity regarding the requirement to report derates. As proposed in Sections 7.3.3 and 7.4.3, changes in availability of 10 MW or 5% of the Pmax of the generating unit (whichever is greater) lasting 15 minutes or longer must be reported to the NV Energy EIM Entity. These criteria were taken from the CAISO Business Practice Manual for outage management and are consistent with current EIM operations by PacifiCorp.⁸⁹

F. EIM Settlements

In evaluating the justness and reasonableness of cost allocations, the Commission follows the principle of cost-causation – that customers should be fairly allocated costs for which they are responsible or which are incurred for their benefit.⁹⁰ As discussed in the following sections of this filing letter, NV Energy has sought to follow the Commission's direction as reflected in the PacifiCorp EIM Order, other Commission precedent, and appropriate cost causation principles in its proposed approach to imbalances charges, administrative fees, and uplift costs related to participation in the EIM. The proposals are just and reasonable and should be accepted.

⁸⁹ See version 10, page 8.5, available at <http://bpmcm.aiso.com/Pages/BPMDetails.aspx?BPM=Outage%20Management> (last visited Mar. 6, 2015).

⁹⁰ *K N Energy, Inc. v. FERC*, 968 F.2d 1295, 1300 (D.C. Cir. 1992); see also *Pac. Elec. Co. v. FERC*, 11 F.3d 207, 211 (D.C. Cir. 1993) ("Utility customers should normally be charged rates that fairly track the costs for which they are responsible."); *Cal. Indep. Sys. Operator Corp.*, 108 FERC ¶ 61,022 at P 62, *order on reh'g*, 109 FERC ¶ 61,097 (2004) ("As a general matter, the Commission believes that the entities that cause costs should pay for such costs.") (citation omitted); *Fla. Power & Light Co.*, 98 FERC ¶ 61,326 at P 79 (2002) ("Basic principles of equity and cost causation require the party that causes costs to be responsible for such costs.").

1. Revisions to OATT Schedules

a. Schedule 1-A

In the PacifiCorp EIM Order, the Commission accepted PacifiCorp's proposal regarding the recovery of EIM administrative fees through a formula rate for Schedule 1 of its OATT.⁹¹ The Commission concluded:

The benefits of the EIM to PacifiCorp cannot be realized without incurring administrative charges from CAISO's implementation of the EIM. PacifiCorp will be submitting forecast data to CAISO on behalf of all transmission and interconnection customers, which CAISO will use to dispatch and settle its real-time market. The administrative fee for this service, charged by CAISO to PacifiCorp, is properly considered as a Scheduling, System Control and Dispatch Service and appropriately included in Schedule 1 of its OATT. Powerex's argument that the amount of the administrative charge assessed to PacifiCorp is solely related to the amount of supply and load imbalance is not accurate. Absent any imbalance, CAISO would still assess an administrative charge based upon five percent of the total gross absolute value of both supply and demand of all EIM market participants. In the case of PacifiCorp, that value would include non-participating Transmission Customers. Thus, even customers that do not use the EIM potentially cause PacifiCorp to incur EIM administrative charges on their behalf. Therefore, we are not persuaded by Powerex's argument.⁹²

Under the EIM, NV Energy and its Transmission Customers will likewise benefit from the CAISO's security-constrained least-cost dispatch model. As noted in the benefits section, the EIM promotes reliability by increasing the situational awareness and responsiveness of the system operators. Transmission Customers also benefit from the expanded pool of resources to meet imbalances.

Schedule 1 of NV Energy's OATT is a stated rate. NV Energy is proposing a formula rate approach under a new Schedule 1-A for EIM administrative charges. Proposed Schedule 1-A recovers the administrative costs assessed by the CAISO as the MO of the EIM to the NV Energy EIM Entity in accordance with Sections 4.5.1.1.4, 4.5.1.3, 11.22.8, and 29.11(i) of the MO Tariff. EIM Administrative Costs assigned to the NV Energy EIM Entity would be sub-allocated to Transmission Customers on the basis of Measured Demand for the month in which the EIM Administrative Costs were incurred.

These are only new costs assessed by the CAISO. Accordingly, there is no double counting for charges recovered under Schedule 1. All of the CAISO administrative charges and the CAISO's allocation to the NV EIM Entity have been approved by the Commission in its

⁹¹ PacifiCorp EIM Order at P 170.

⁹² *Id.*

review of the CAISO Tariff and any future charges will also require approval. The Commission and the Courts have recognized that recovery of administrative costs in this manner is just and reasonable approach.⁹³

b. Revisions to Schedule 4

The EIM is the manner in which NV Energy will continue to offer required Schedule 4 imbalance service to all Transmission Customers serving load within NV Energy's BAA. Critical to the PacifiCorp EIM Order was the Commission's acceptance of the use of LMPs resulting from the EIM to settle imbalances for Transmission Customers who continue to take service under Schedules 4 and 9, instead of participating in the EIM.⁹⁴ The Commission found the LMP-based imbalance pricing structure to be just and reasonable, as well as an accurate reflection of PacifiCorp's costs of providing imbalance service.⁹⁵

It is appropriate for all such customers to bear the responsibilities and cost allocations set forth in Schedule 4 to facilitate the EIM. Under the EIM, NV Energy will settle energy imbalances caused by load inside the NV Energy BAA⁹⁶ using LMPs determined by the CAISO and aggregated at the LAP level. The Commission has found use of LMPs to be just and reasonable as "a pricing system that provides a transparent price signal reflecting the marginal cost to supply energy at specific locations" and "that LMP market designs promote efficient use of the transmission grid, promote use of lowest-cost generation, provide for transparent price signals, and enable transmission grid operators to operate the grid more reliably."⁹⁷

A Transmission Customer shall be charged or paid for Energy Imbalance Service measured as the deviation of the Transmission Customer's metered load from the load component of the Transmission Customer Base Schedule (as determined pursuant to Section 4.2.4.3 of Attachment P). The charge or payment is settled at the Uninstructed Imbalance Energy price, as determined by the MO under Section 29.11(b)(3)(C) of the CAISO Tariff, for the period of the deviation at the applicable LAP where the load is located.

⁹³ See *Midwest ISO Transmission Owners v. FERC*, 373 F.3d 1361 (2004) ("In this sense, MISO is somewhat like the federal court system. It costs a considerable amount to set up and maintain a court system, and these costs — the costs of *having* a court system — are borne by the taxpayers, even though the vast majority of them will have no contact with that system (will not *use* that system) in any given year. The public nevertheless benefits from *having* a system for the prompt adjudication of criminal offenses and the orderly resolution of civil disputes. Litigants bear some of the costs of *using* this system through the payment of filing fees and court costs. They, like utilities transmitting power under the MISO open access tariff who pay according to Schedule 1, are paying for the specific benefit of *using* the court system") (emphasis in original).

⁹⁴ PacifiCorp EIM Order at PP 160-163.

⁹⁵ *Id.* See also PacifiCorp EIM Rehearing Order at P 79.

⁹⁶ Imbalances caused by serving load outside of the BAA, reflected by changes to Interchange, are addressed in Section 8.1 of Attachment P, Instructed Imbalance Energy. Pursuant to Attachment P, Section 8.1, should a Transmission Customer adjust its Interchange after the NV Energy EIM Entity submits – by forty minutes before the operating hour – its e-Tag to the MO with available transfer capacity for EIM, the difference will be subject to instructed energy imbalance settlement at the applicable PNode for that Interchange.

⁹⁷ *Cal. Indep. Sys. Operator Corp.*, 116 FERC ¶ 61,274 at PP 62, 64 (2006), *order on reh'g*, 119 FERC ¶ 61,076 (2007).

Similar to the approach taken by PacifiCorp, NV Energy proposes to remove the penalty tiers from the currently-approved Schedule 4. NV Energy had previously proposed to stakeholders to retain the penalty tiers in hours in which the CAISO did not assess charges for over- or under-scheduling in accordance with Section 29.11(d) of the CAISO Tariff. NV Energy noted that if it sought to minimize exposure to over- or under-scheduling penalties imposed by the CAISO, as well as comply with BAA error reliability criteria and pass the market operating resource sufficiency tests, the NV Energy EIM Entity must include in its Resource Plan sufficient resources needed to meet the CAISO forecast. The NV EIM Entity would need to come forward with these resources, even if Transmission Customers provide different values in their individual Forecast Data submissions, and these actions by the NV EIM Entity may reduce the periods of time in which the CAISO over- and under-scheduling penalties apply. NV Energy proposed that retention of the penalty tiers could prevent “leaning” on NV Energy’s resources and continue to promote good scheduling practices. Moreover, retention of the penalty tiers could encourage participation, because only NV Energy EIM Participating Resources would be eligible to receive the full LMP price.

In comments during NV Energy’s stakeholder process, WPTF argued that retention of the penalty tiers would impose extra costs or reduced payments and that the EIM prices should be sufficient to motivate proper scheduling practices. In further consideration of these comments and for consistency with the approach taken by PacifiCorp, NV Energy has removed the penalty tiers from Schedule 4. NV Energy will monitor the scheduling practices. If Non-Participating Resources chase the EIM LMPs by intentionally over-generating or under-generating, NV Energy will reevaluate its determination and consider seeking to reinstate the penalty tiers.

Whereas PacifiCorp assessed its system average loss factor to imbalances, NV Energy has determined, based on the specific circumstances of its system, that it is appropriate to use the full LAP, including the marginal loss component. NV Energy will therefore not apply its Real Power Loss Factor in Schedule 10 of its OATT, which is 1.57%. By comparison, the Real Power Loss Factor in Schedule 10 of the PacifiCorp OATT is 4.26%. The CAISO will charge the EIM Entity the full LAP price, including the marginal loss component. Whereas the higher PacifiCorp loss factor is more likely to match the marginal loss component assessed by the CAISO, the lower rate in NV Energy’s OATT would lead to under-recovery of losses associated with provision of imbalance service to customers. To ensure accurate allocation, NV Energy proposes not to remove the cost of marginal losses as determined by the CAISO.

c. Revisions to Schedule 9

Similarly to Schedule 4, the EIM is the manner in which NV Energy will continue to offer required imbalance service to all Transmission Customers with generation in NV Energy’s BAA. Accordingly, it is appropriate for all such customers to bear the responsibilities and cost allocations set forth in Schedule 9 to facilitate the EIM.

Imbalances for NV Energy EIM Participating Resources will be settled directly with the CAISO in accordance with the CAISO Tariff. The revised Schedule 9 expressly provides that it applies to resources that are not NV Energy EIM Participating Resources. With respect to Non-Participating Resources, the Schedule 9 Generator Imbalance Service is provided when a

difference occurs between the output of such generators located in NV Energy's BAA⁹⁸ and the resource component of the Transmission Customer Base Schedule from that generator to (1) another BAA or (2) a load within NV Energy's BAA.

Generator Imbalance Service will apply under the following circumstances:

- There is a deviation between the Transmission Customer's metered generation from the resource component of the Transmission Customer Base Schedule. This imbalance will be settled at the Uninstructed Imbalance Energy price as determined by the MO under Section 29.11(b)(3)(B) of the MO Tariff for the period of the deviation at the applicable PNode where the generator is located.
- For Transmission Customers who have received a Manual Dispatch or who have communicated physical changes in the output from resources to the MO, Generator Imbalance Service will apply under the following circumstances:
 - There is a deviation between the Transmission Customer's metered generation from the Manual Dispatch amount or from the amount of physical changes in the output from resources communicated to the MO prior to the 15-Minute Market ("FMM"). This imbalance will be settled at the Uninstructed Imbalance Energy price, as determined by the MO under Section 29.11(b)(3)(B) of the MO Tariff for the period of the deviation at the applicable PNode where the generator is located;
 - There is a deviation of the resource component of the Transmission Customer Base Schedule from the Manual Dispatch amount or from the amount of physical changes in the output from resources communicated to the MO prior to the FMM. This imbalance will be settled at the FMM Instructed Imbalance Energy price, as determined by the MO under Section 29.11(b)(1)(A)(ii) of the MO Tariff for the period of the deviation at the applicable PNode where the generator is located; or
 - There is a deviation of the resource component of the Transmission Customer Base Schedule from the Manual Dispatch amount. This imbalance will be settled at the Real-Time Dispatch ("RTD") Instructed Imbalance Energy price, as determined by the MO under Section 29.11(b)(2)(A)(ii) of the MO Tariff for the period of the deviation at the applicable PNode where the generator is located. This settlement provision only applies to Transmission Customers which have received a Manual Dispatch.

⁹⁸ Imbalances caused by generation outside of the BAA serving load within the BAA, reflected by changes to Interchange, are addressed in Section 8.1 of Attachment P, Instructed Imbalance Energy. Pursuant to Attachment P, Section 8.1, should a Transmission Customer adjust its Interchange after the NV Energy EIM Entity submits – by forty minutes before the operating hour – its e-Tag to the MO with available transfer capacity for EIM, the difference will be subject to instructed energy imbalance settlement at the applicable PNode for that Interchange.

These provisions are consistent with those authorized for PacifiCorp.⁹⁹ In addition, the CAISO explained in its February 11, 2015 Draft Final Proposal For the EIM Year 1 Enhancements,

The current ISO EIM tariff and PacifiCorp OATT, narrowly considers physical changes as forced outages and forecast changes for variable energy resources in FMM only. This is not consistent with the calculation of expected energy from ISO resources who self-schedule their day-ahead award into the real-time market (RTM). ISO resources who self-schedule in the RTM are equivalent to a non-participating resource with a base schedule. As a result of this inconsistency, the determination of uninstructed imbalance energy differs within the ISO BAA and the EIM entity BAA. Uninstructed imbalance energy is used as the denominator when determining the pro-rata share of bid cost recovery uplift and the real-time imbalance energy offset that is transferred between BAAs. The ISO proposes to align the calculation of expected energy across the EIM area by including additional energy categories that apply to ISO resources who self-schedule in the RTM to changes from base schedule of EIM nonparticipating resources.¹⁰⁰

The revisions to Schedule 9 incorporate the CAISO's proposal for differentiating between the fifteen minute market and the real-time market.

NV Energy proposes to make the same modifications that it proposed with respect to Schedule 4: (1) elimination of the penalty tiers and (2) inclusion of the marginal loss component of the LMP. Again, NV Energy will monitor the scheduling practices. If there is intentional over-generating or under-generating, NV Energy would reserve the right to come forward based on these practices to seek to reinstate the penalty tiers.

d. Revisions to Schedule 10

NV Energy has used locational pricing for financial provision of losses. This is consistent with the Commission's determination in the PacifiCorp EIM Order, that use of a proxy price for financial settlement of losses was "inconsistent with the use of the EIM LMP in Schedule 4 and Schedule 9."¹⁰¹ Because NV Energy has proposed to include the marginal loss component of the CAISO LMP price in its payments and charges under Schedules 4 and 9, Schedule 10 will only apply to the Transmission Customer's Base Schedule. NV Energy is not modifying the Real Power Loss Factor in paragraph 4 of Section 10.

⁹⁹ See PacifiCorp OATT Schedule 9.

¹⁰⁰ A copy of the proposal can be found at <http://www.caiso.com/informed/Pages/StakeholderProcesses/EnergyImbalanceMarketYear1Enhancements.aspx> (last visited Mar. 6, 2015).

¹⁰¹ PacifiCorp EIM Order at P 162.

2. Allocation of CAISO EIM Charges

a. Residual Uninstructed Imbalance Energy

Under Attachment P, Section 8.2, any charges or payments to the NV Energy EIM Entity pursuant to Section 29.11(b)(3)(B) and (C) of the CAISO Tariff for Uninstructed Imbalance Energy not otherwise recovered under Schedule 4 or Schedule 9 shall not be sub-allocated to Transmission Customers. These Uninstructed Imbalance Energy allocations can arise because NV Energy uses the Transmission Customers' individual derived load forecasts to settle imbalances under Schedule 4, not an allocated share of the CAISO BAA load forecast. Thus, there can be a difference between the CAISO's projection and customers' individual expectations of their demand. In other words, if customers are 100% accurate, the CAISO will still assess charges to the NV Energy EIM Entity based on the difference between the CAISO load forecast for the BAA and actual metered amounts where the EIM Entity had to make an adjustment to the Base Schedule for the BAA after customers submitted their Forecast Data. While the CAISO allocates these costs to Measured Demand,¹⁰² the proposed allocation by NV Energy insulates existing customers from potential costs due to the CAISO load forecast.

b. Unaccounted For Energy

Under Attachment P, Section 8.3, any charges to the NV Energy EIM Entity pursuant to Section 29.11(c) of the CAISO Tariff for Unaccounted-For Energy shall not be sub-allocated to Transmission Customers. This proposed allocation holds customers harmless and limits losses to the previously-approved loss factors.

c. Under- and Over-Scheduling Charges

To promote accurate forecasting, the CAISO has proposed charges in Section 29.11(d) of the CAISO Tariff for both under-scheduling and over-scheduling of load. In Attachment P, Section 8.4, NV Energy proposes that any charges to the NV Energy EIM Entity for under- or over-scheduling be assigned to the Transmission Customers subject to Schedule 4 that contributed to the imbalance for that hour based on their respective under- and over-scheduling imbalance ratio share. This allocation is consistent with cost-causation by proportionately assigning the charges to parties that contribute to the incurrence of the penalty.

The CAISO Tariff also provides that the CAISO will calculate the total daily excess revenues received from under-scheduling charges and over-scheduling charges and allocate them to Load in the EIM Area that was not subject to under-scheduling or over-scheduling charges according to Metered Demand.¹⁰³ Under Attachment P, Section 8.4.3, any payment to the NV EIM Entity pursuant to Section 29.11(d)(3) of the CAISO Tariff shall be distributed to Transmission Customers on the basis of Metered Demand.

¹⁰² See CAISO Tariff Section 11.5.4.1.(d); see also, *Cal. Indep. Sys. Operator Corp.*, 116 FERC ¶ 61,274 at PP 273-74 (2007).

¹⁰³ See Section 29.11(d)(3) of the CAISO Tariff.

d. Flexible Ramping Constraint

Under Section 29.34(m) of the CAISO Tariff, the CAISO will determine the flexible ramping requirement for each EIM Entity BAA based on the demand forecast change across consecutive intervals, demand forecast error, and energy production variability. The combined requirement for the entire EIM footprint may be less than the sum of the individual BAA requirements, recognizing the diversity benefits in the EIM footprint.

NV Energy proposes that, at least for initial EIM implementation, any charges to the NV EIM Entity pursuant to Section 29.11(g) of the CAISO Tariff for the flexible ramping constraint (“FRC”) be sub-allocated to Transmission Customers on the basis of Measured Demand.¹⁰⁴ Use of a Measured Demand allocator for FRC costs ensures that those customers benefiting from the reliability of the transmission system also are responsible for sharing the costs that incurred in maintaining that level of reliability.¹⁰⁵

This approach is consistent with that authorized by the Commission for PacifiCorp.¹⁰⁶ PacifiCorp recognized that currently the CAISO allocates FRC 75% to hourly Measured Demand (which consists of metered load and exports), and 25% to daily gross negative supply deviations by generators as a result of a settlement accepted by the Commission.¹⁰⁷ PacifiCorp explained that its proposed sub-allocation reflected data limitations – because PacifiCorp EIM Participating Resource Scheduling Coordinators settle Instructed and Uninstructed Imbalance Energy directly with the CAISO – the PacifiCorp EIM Entity would not have the data necessary to proportionally assess 25% of the FRC charge to all generators. PacifiCorp would have the data for Non-Participating Resources.

In the PacifiCorp EIM Order, the Commission determined:

With respect to the flexible ramping constraint charge, the Commission accepts PacifiCorp’s rationale that it does not currently have the data to allocate that charge in the same manner as CAISO. However, we do agree that PacifiCorp should look into this issue as it gains experience with the EIM. Accordingly, we direct PacifiCorp to submit a report to the Commission 15 months after the commencement of the EIM analyzing whether continued use of the Measured Demand allocation is appropriate for the flexible ramping constraint charge and whether it now has sufficient operational data to use the 75/25 allocation factor used by CAISO.¹⁰⁸

¹⁰⁴ See Attachment P, Section 8.5.6.

¹⁰⁵ *Midwest Indep. Transmission Sys. Operator, Inc.*, 117 FERC ¶ 61,237 at P 23 (2006).

¹⁰⁶ PacifiCorp OATT Attachment T, Section 8.5.6.

¹⁰⁷ See *Cal. Indep. Sys. Operator Corp.*, 141 FERC ¶ 61,012 (Oct. 3, 2012) (accepting settlement agreement resolving issues concerning the CAISO’s FRC).

¹⁰⁸ PacifiCorp EIM Order at P 184.

NV Energy will benefit from the study to be performed by PacifiCorp, the results of which will inform whether NV Energy should perform a similar study of its own operational data to assess the appropriate allocation factor. If PacifiCorp's experience and study support that NV Energy should do the same, NV Energy would consequently have better data from which to structure an alternative approach.

e. EIM BAA Real Time Market Neutrality

Real-time market BAA neutrality can be charges or credits attributable to: (1) an excessive rate mitigation measure in the pricing formula for LAPs, (2) differences between the load forecast and actual metered load, (3) Uninstructed Imbalance Energy of generation, (4) regulation energy in the CAISO, (5) the real-time marginal loss surplus, and (6) Unaccounted-For Energy.¹⁰⁹ Each EIM Entity and the CAISO will have its own real-time market BAA neutrality account. However, because the EIM Transfers energy between BAAs within the EIM, the CAISO will reallocate a portion of the amounts in each BAA's account to other BAAs' accounts. The reallocation will be based on the BAA's ratio of 5-minute energy transfers to other BAAs to overall Uninstructed Imbalance Energy in the BAA including the energy transfers to other BAAs.

NV Energy proposes that any charges to the NV Energy EIM Entity pursuant to Section 29.11(e)(3) of the CAISO Tariff for EIM BAA real-time market neutrality (referred to as the Real-Time Imbalance Energy Offset) would be sub-allocated to Transmission Customers on the basis of Measured Demand.¹¹⁰ The Commission has found pro rata allocation of neutrality uplifts to be just and reasonable.¹¹¹

Indeed, the Commission accepted this approach for PacifiCorp.¹¹² On rehearing, the Commission reaffirmed this determination:

We deny Powerex's request for rehearing. Contrary to Powerex's assertion that the Commission failed to address its arguments, the June 19 Order considered Powerex's arguments and concluded that they were based upon faulty reasoning. As explained in the June 19 Order, PacifiCorp's EIM OATT revisions are intended to work in parallel with CAISO's EIM tariff provisions. The EIM Uplift Charges were included in CAISO's EIM tariff filing and CAISO proposed to allocate the EIM Uplift Charges to PacifiCorp using Measured Demand. The June 19 Order found that the charges that CAISO will be assessing PacifiCorp are an integral part of CAISO's security constrained economic dispatch and it was reasonable for PacifiCorp to allocate the EIM Uplift Charges on the same basis as

¹⁰⁹ CAISO Draft Final Proposal at 5. The proposal can be found at <http://www.caiso.com/Documents/EnergyImbalanceMarket-DraftFinalProposal092313.pdf> (last visited March 6, 2015).

¹¹⁰ Attachment P, Section 8.5.1.

¹¹¹ See, e.g., *Southwest Power Pool*, 114 FERC ¶ 61,289 at P 128 (2007).

¹¹² PacifiCorp EIM Order at P 184.

CAISO. Thus, we find that the Commission appropriately considered and addressed its concerns in the June 19 Order.¹¹³

NV Energy proposes to follow this previously-approved approach.

f. BAA Real-Time Congestion Offset

Consistent with the discussion in the prior section, NV Energy proposes that any charges or payments to the NV Energy EIM Entity pursuant to Section 29.11(e)(2) of the CAISO Tariff for the EIM real-time congestion offset shall be allocated to Transmission Customers on the basis of Measured Demand.¹¹⁴ Amounts in this account arise when the CAISO has to re-dispatch generation resources in real-time to manage congestion. These amounts can be either payments or charges, but if the re-dispatch is due to higher load or reduced transmission limits from when base schedules were established, the amount will be a charge.¹¹⁵ Each EIM Entity, as well as the CAISO BAA, will have a separate BAA real-time congestion balancing account. The CAISO will allocate the costs of congestion attributable to transmission constraints located within each BAA to that EIM Entity's BAA real-time congestion balancing account.¹¹⁶

Commission policy states that enhanced reliability is a system-wide benefit and that the integrated transmission grid is a cohesive network in which impacts felt on one part of the grid have a cascading effect on other parts of the grid.¹¹⁷ Congestion management is an essential grid reliability function. Accordingly, all Transmission Customers should receive a pro rata share of these costs.

g. EIM Entity Real-Time Marginal Cost of Losses Offset

NV Energy proposes to sub-allocate charges and payments for the EIM real-time marginal cost of losses offset pursuant to Section 29.11(e)(4) of the CAISO Tariff on the basis of Measured Demand.¹¹⁸ This change from the PacifiCorp Tariff is made consistent with the determination to use the full LMP pricing in Schedules 4, 9, and 10 and not to remove the marginal loss component of the LMP.

¹¹³ PacifiCorp EIM Rehearing Order at P 86 (*citing* PacifiCorp EIM Order at P 184).

¹¹⁴ Attachment P, Section 8.5.2.

¹¹⁵ This is because the CAISO must dispatch generation resources up on the downstream side of a congested constraint at a relatively higher LMP while dispatching generation resources down on the upstream side at a relatively low LMP.

¹¹⁶ CAISO Draft Final Proposal at 6, as reflected in the Section 11.5.4.1.1 of the CAISO Tariff.

¹¹⁷ *See, e.g., Standardization of Generator Interconnection Agreements and Procedures*, Order No. 2003, FERC Stats. & Regs. ¶ 31,146 (2003), *order on reh'g*, Order No. 2003-A, FERC Stats. & Regs. ¶ 31,160 at P 590 (2004),), *order on reh'g*, Order No.2003-B, FERC Stats. & Regs. ¶ 31,171 (2004),), *order on reh'g*, Order No. 2003-C, FERC Stats. & Regs. ¶ 31,190 (2005), *aff'd sub nom. Nat'l Ass'n of Regulatory Util. Comm'rs v. FERC*, 475 F.3d 1277 (D.C. Cir. 2007) ("all customers benefit from having a transmission system that provides reliable service . . .").

¹¹⁸ Attachment P, Section 8.5.3.

h. Real-Time Bid Cost Recovery

NV Energy proposes to sub-allocate real-time bid cost recovery charges assessed pursuant to Section 29.11(f) of the CAISO Tariff on the basis of Measured Demand.¹¹⁹ The proposed allocation is consistent with the allocation used by PacifiCorp¹²⁰ and current CAISO practice as accepted by the Commission.¹²¹

The EIM makes payments to generators, referred to as bid cost recovery, in the event real-time market revenues over a day do not cover a resource's real-time commitment and dispatched bid costs. These costs fall into two categories: (1) dispatched energy production deviation from a resource's Transmission Customer Base Schedule level, and (2) commitment costs, consisting of the costs to start a generator and operate it at its minimum operating level. Each EIM Entity has an account based upon the bid cost recovery payments made to resources located in its BAA(s). In allocating bid cost recovery costs to these accounts, the CAISO considers energy transfers between BAAs similar to the way it will for the real-time market BAA neutrality account.

i. Other EIM Neutrality Settlement Provisions

The CAISO is a revenue-neutral entity. It pays out to CAISO Creditors payments received from CAISO Debtors. The CAISO imposes Daily and Monthly Neutrality Adjustments and Daily and Monthly Rounding Adjustments to collect any shortfalls due to rounding. The CAISO allocates these charges on the basis of Measured Demand.¹²² NV Energy proposes to use this same approach.¹²³

There are certain CAISO charges that are more directly related to the timing of billing and payments. As these are more under the control of the NV EIM Entity, NV Energy is proposing to hold Transmission Customers harmless from these charges.¹²⁴ They include the following: Invoice Deviation (distribution and allocation); Default Invoice Interest Payment; Default Invoice Interest Charge; Invoice Late Payment Penalty; Financial Security Posting (Collateral) Late Payment Penalty; Shortfall Receipt Distribution; Shortfall Reversal; Shortfall Allocation; Default Loss Allocation; and Generator-Interconnection Process Forfeited Deposit

¹¹⁹ *Id.*, Section 8.5.5.

¹²⁰ *Id.*

¹²¹ *Cal. Indep. Sys. Operator Corp.*, 119 FERC ¶ 61,076 at P 309 (2007) (“[t]he disparities between the forecast and real-time demand are problematic and could lead to costs which cannot accurately be attributed to a specific market participant. We agree that cost causation principles are difficult to follow in situations where procurements are made to assure grid reliability.”). *See also, Pacific Gas & Electric Co.*, Opinion No. 459, 101 FERC ¶ 61,160, *order on reh’g*, Opinion No. 459-A, 101 FERC ¶ 61,139 (2002) *order rejecting request for reh’g*, Opinion No. 459-B, 102 FERC ¶ 61,009 at PP 15-16, 21 (2002) (finding that reliability services, including the costs of reliability agreements with generators, provide a system-wide benefit and “should be paid for by all users of the grid” including wholesale transmission customers).

¹²² *See* Section 11.14 of CAISO Tariff.

¹²³ Attachment P, Section 8.5.4.

¹²⁴ Attachment T, Section 8.5.8.

Allocation. The proposed allocation is reasonable as these charges relate to timing of payments and risk of market shortfalls.

j. Operating Reserves

On September 29, 2014, the Commission issued an order in Docket No. ER14-2536 accepting the CAISO's proposal with respect to allocation of contingency reserve costs and payments.¹²⁵ With respect to the EIM, the CAISO added a new subsection to section 29.11 to its tariff to treat EIM Transfers similarly to static imports and exports. As a result, the EIM Entity Scheduling Coordinator is charged or paid for contingency reserves procured as a result of the EIM Transfer, depending on the direction of their EIM Transfer.¹²⁶

On July 31, 2014, in Docket No. ER14-2544, PacifiCorp made a filing proposing a methodology for sub-allocation of Operating Reserve Obligation charges and payments from the CAISO. In response to comments, PacifiCorp submitted an answer in the proceeding on August 29, 2014 proposing limited revisions to proposed Section 8.9 of its Attachment T to address the customer's concerns. In its September 29, 2014 order, the Commission recognized PacifiCorp's proposal to: (1) revise the sub-allocation of operating reserves *payments* such that the ratio share reflects the volume of operating reserves provided by the resource, compared to the total volume of operating reserves provided by other resources in PacifiCorp's BAAs during the Operating Hour; and (2) delete language regarding the sub-allocation of operating reserves *charges*, and to allocate such charges to the PacifiCorp EIM Entity.¹²⁷

In preparing its EIM OATT provisions, NV Energy proposes to adopt the allocation of payments in the manner proposed in the PacifiCorp compliance filing in ER14-2544.¹²⁸

¹²⁵ *Cal. Indep. Sys. Operator Corp.*, 148 FERC ¶ 61,239 (2014).

¹²⁶ In footnote 17 of the order, the Commission cited the following example:

For example, an EIM transfer into the CAISO balancing authority area will result in the EIM entity scheduling coordinator receiving a payment equal to the three percent of the hourly MW transfer into CAISO multiplied by the ancillary service product rate. On the other hand, an EIM transfer out of the CAISO balancing authority area will result in a charge to the EIM entity scheduling coordinator for three percent of the hourly MW transfer out of the CAISO multiplied by the ancillary service product rate.

¹²⁷ PacifiCorp, 148 FERC ¶ 61,240 at P 33 (2014).

¹²⁸ This is illustrated in the following table.

| | |
|--|--|
| PacifiCorp Payment Provision Attachment T, Section 8.9 | NV Energy Payment Provision Attachment P, Section 8.12 |
|--|--|

NV Energy, however, does not believe it is appropriate for the EIM Entity not to sub-allocate the charges it receives from the CAISO for operating reserves associated with transfers from the CAISO to serve imbalances in the NV Energy BAA. In an extreme example where only a single customer is short and the resource that made up that imbalance was dispatched from the CAISO, it would be inconsistent with cost causation principles for NV Energy’s customers to pay for the operating reserves needed to support the imbalance service to the customer.

Accordingly, NV Energy proposes that any charges to the NV Energy EIM Entity pursuant to Section 29.11(n)(2) of the MO Tariff for operating reserve obligations shall be sub-allocated to Transmission Customers within the NV Energy BAA based on the Transmission Customer’s load imbalance ratio share, which is the ratio of the Transmission Customer’s load imbalance amount (the amount that the Transmission Customer’s load exceeds the Transmission Customer’s resources) relative to all other Transmission Customers’ load imbalance amounts who have load imbalance shortages for the Operating Hour, expressed as a percentage. In this way, each customer (including NV Energy itself) that contributes to the need for additional resources will be allocated an appropriate share of the operating reserves needed to support the imbalance energy, if any, transferred from California.

k. Direct Assignment Charges

Three types of charges will be directly assigned or sub-allocated to the customers that cause the costs to be incurred: (1) penalties for inaccurate or late settlement quality meter data; (2) tax liabilities; and (3) the Variable Energy Resource Forecast Charge. Each of these provisions appropriately matches cost payments with cost causation.

3. Coordination with CAISO Settlements

a. Payment Calendar

Section 29.11(l) of the CAISO Tariff provides that the EIM Entity shall be subject to the CAISO’s payment calendar for issuing settlement statements, exchanging invoice funds, submitting meter data, and submitting settlement disputes. Attachment P, Section 8.9 recognizes that while the NV Energy EIM Entity shall be subject to the CAISO’s payment calendar, for issuing settlement statements, for example, NV Energy will follow Section 7 of its own OATT for issuing invoices regarding the EIM. As noted below, NV Energy has proposed an amendment to Section 7.1 of the OATT to permit expedited EIM invoicing.

| | |
|--|--|
| <p>Payments shall be sub-allocated on a ratio-share basis, defined as the proportion of the volume of <i>Operating Reserves provided by</i> a PacifiCorp EIM Participating Resource in the PACW BAA dispatched during the Operating Hour compared to the total volume of <i>Operating Reserves provided by</i> all PacifiCorp EIM Participating Resources dispatched in the PACW BAA for the Operating Hour.</p> | <p>Payments shall be sub-allocated on a ratio-share basis, defined as the proportion of the volume of Operating Reserves provided by a NV Energy EIM Participating Resource in the NV Energy BAA dispatched during the Operating Hour compared to the total volume of Operating Reserves provided by all NV Energy EIM Participating Resources dispatched in the NV Energy BAA for the Operating Hour.</p> |
|--|--|

b. Price Correction

Pursuant to Sections 29.35 and 35 of the CAISO Tariff, the CAISO has the authority to correct prices.¹²⁹ In addition, the CAISO may modify settlement statements as a result of its dispute resolution process. Under Attachment P, Section 8.11, NV Energy proposes to make corresponding changes to its sub-allocations to pass through the CAISO's revisions to its settlements.

c. EIM Residual Balancing Account

To the extent that the CAISO's EIM-related charges or payments to the NV Energy EIM Entity are not captured elsewhere in the OATT, Section 8.10 of Attachment P permits those charges or payments to be placed in an EIM Residual Balancing Account until the NV Energy EIM Entity files for Commission approval of a proposed allocation methodology pursuant to FPA Section 205. Interest shall accrue on EIM Residual Balancing Account funds in accordance with the Commission's regulations.

The purpose of the EIM Residual Balancing Account is similar to that of commonly-used formula rate true-ups insofar as both mechanisms are ultimately designed to prevent cost over- or under-recovery.¹³⁰ That is, while CAISO EIM-related charges or payments will be captured in the proposed OATT, such as in Attachment P Section 8, and/or Schedules 1-A, 4 and 9, it is possible that, for example, the CAISO could implement a new charge or amend an existing charge before the NV Energy EIM Entity is able to make a corresponding change to the OATT. Under such circumstances, the charge amount would be placed in the EIM Residual Balancing Account until such time that NV Energy files a proposed cost allocation methodology with the Commission.

Thus, as is the case for a formula rate true-up mechanism, this proposed approach would prevent over- or under-cost recovery. In fact, the EIM Residual Balancing Account provides even more protection than a traditional true-up approach, as the NV Energy EIM Entity is not proposing to initially base charges on projected costs subject to a later true-up mechanism. Rather, any charges to the EIM Residual Balancing Account would only be those that the Commission has authorized,¹³¹ and the NV Energy EIM Entity would not allocate any amounts from the EIM Residual Balancing Account until the Commission approves an allocation methodology.

¹²⁹ Section 35.4 of the CAISO Tariff currently provides that the CAISO may correct all financially binding prices whenever the CAISO identifies an invalid market solution or invalid prices in an otherwise valid market solution. The circumstances in which the CAISO may determine that an invalid market solution or invalid prices exist include the following: the occurrence of data input failure; the occurrence of hardware or software failure; or a result that is inconsistent with the CAISO Tariff.

¹³⁰ See, e.g., *Midwest Indep. Transmission Sys. Operator, Inc.*, Letter Order, Docket Nos. ER13-263-000, ER0263-001 (Feb. 11, 2013) (approving an October 2012 proposal by the Midwest Independent Transmission System Operator, Inc. ("MISO") and Participating MISO Transmission owners to add a true-up mechanism to the MISO OATT to ensure that the Participating MISO Transmission Owners collect the actual revenue requirements calculated under the MISO OATT, while protecting customers from cost over-recovery); *ISO New England Inc.*, 113 FERC ¶ 61,341 at P 25 (2005) (stating true-up mechanisms protect market participants from over-collection).

¹³¹ In the foregoing example, the Commission would have approved the CAISO's charge modification.

This approach supports recovery of the EIM Residual Balancing Account funds during the period in which the NV Energy EIM Entity allocates the charges or payments, similar to the treatment of regulatory assets and liabilities. Regulatory assets and liabilities are defined as those that "...arise from specific revenues, expenses, gains, or losses that would have been included in net income determination in one period under the general requirements of the Uniform System of Accounts but for it being probable: (A) that such items will be included in a different period(s) for purposes of developing the rates the utility is authorized to charge for its utility services; or (B) in the case of regulatory liabilities, that refunds to customers, not provided for in other accounts, will be required."¹³² Here, it would be appropriate to recover EIM Residual Balancing Account funds similar to the treatment of regulatory assets and liabilities because of the substantial probability of the recovery of charges and payments made pursuant to a Commission-authorized tariff and allocated in accordance with a Commission-authorized methodology. The Commission accepted this approach with respect to PacifiCorp's tariff.¹³³

G. Dispute Resolution

NV Energy has largely adopted PacifiCorp's approach to dispute resolution. To provide for a dispute resolution process for EIM-related charges and payments, PacifiCorp proposed a new Section 12.4A. Under 12.4A.1, disputes between the EIM Entity and a Transmission Customer regarding the manner in which the EIM Entity has sub-allocated EIM payments or charges from the MO are processed in accordance with Sections 12.1 to 12.4 of the OATT, in the same manner as any other dispute between the Transmission Provider and an OATT customer.

Section 12.4A.2 recognizes that disputes between the MO and a EIM Participating Resource Scheduling Coordinator related to settlement statements provided to the EIM Participating Resource Scheduling Coordinator from the MO will proceed in accordance with the process timeline under the MO Tariff. Section 12.4A.3 states that the EIM Entity may raise disputes with the MO regarding the settlement statements it receives from the MO in accordance with the process specified in the MO Tariff.

Finally, Section 12.4A.4 provides that, to the extent a dispute arises regarding an MO charge or payment to the EIM Entity that is subsequently charged to or paid by a Transmission Customer and the customer wishes to raise a dispute with the MO, the EIM Entity shall file a dispute on behalf of the customer in accordance with the MO Tariff and work with the customer to resolve the dispute pursuant to the process specified in the MO Tariff.

In the PacifiCorp EIM Order, the Commission accepted this approach to EIM dispute resolution:

We accept proposed section 12.4A of the PacifiCorp OATT. We recognize that, upon EIM implementation, the possibility exists that PacifiCorp's transmission customers will have very little time to review the charges that they are assessed

¹³² 18 C.F.R. Part 101(31).

¹³³ See Section 8.10 of Attachment T.

from PacifiCorp by CAISO, thereby limiting their ability to request that PacifiCorp dispute a charge with CAISO on their behalf. As noted by PacifiCorp, its transmission customers will have preliminary settlement data from CAISO in enough time that will permit transmission customers to request that PacifiCorp bring a dispute to CAISO on their behalf. We do not find the use of preliminary data to be ideal as the data is subject to change in final form thereby leading to the filing of needless disputes or worse, failure to raise a legitimate dispute if the final settlement data differs from the preliminary data. However, while the timeframe to review final settlement data will be very compressed, neither SoCal Edison nor PacifiCorp state that they will be unable to review the final settlement data and bring a dispute, if needed. Moreover, in response to PacifiCorp's concerns raised in CAISO's EIM filing in Docket No. ER14-1386-000, CAISO states that it "will be mindful of the concerns of EIM Market Participants and monitor the circumstances accordingly." Accordingly, we will not direct PacifiCorp to modify its dispute resolution procedures, but we expect that if a problem does arise, PacifiCorp and CAISO will address the situation expeditiously and file appropriate tariff language with the Commission.¹³⁴

NV Energy has proposed to adopt the same approach to EIM dispute resolution as PacifiCorp, with two modifications. First, NV Energy has proposed an amendment to Section 7.1 of the OATT to permit expedited EIM invoicing. NV Energy has been investigating the feasibility of issuing EIM-related invoices on a weekly basis, which could increase the time customers have to review their billing statements before the T+77 business day cutoff in the CAISO Tariff.¹³⁵

Second, NV Energy has included additional detail as to the timing requirements for activities by both the NV Energy EIM Entity and Transmission Customers. These include:

- A Transmission Customer with a NV Energy EIM Participating Resource shall provide notice to the NV Energy EIM Entity within two business days of initiating a dispute pursuant to the MO's dispute resolution process.
- The NV Energy EIM Entity shall provide notice to Transmission Customers via an OASIS posting within two business days of initiating the dispute pursuant to the MO's dispute resolution process and upon resolution of the dispute with the MO, the NV Energy EIM Entity shall provide notice to Transmission Customers via a posting on NV Energy's OASIS site within two business days of resolution.
- In order to provide sufficient time for the NV Energy EIM Entity to raise a dispute with the MO on behalf of customers, a Transmission Customer or Interconnection

¹³⁴ PacifiCorp EIM Order at P 213.

¹³⁵ See CAISO Tariff Section 11.29.8.4.3 ("Each Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO may submit a dispute that identifies discrepancies or errors for any item in a Recalculation Settlement Statement T+55B no later than twenty-two (22) Business Days after the publication date of the Recalculation Settlement Statement T+55B").

Customer must provide notice to the NV Energy EIM Entity of the dispute at least seven calendar days prior to the MO's deadline.

These additions to the previously-accepted Section 12.4A provide clarity and certainty as to the timing requirements followed by both customers and the NV Energy. The provisions are just and reasonable and should be accepted by the Commission.

H. Compliance

Proposed Section 9 of Attachment P is consistent with a comparable provision of approved for PacifiCorp's OATT and includes several provisions related to the expected code of conduct for customers. Section 9.1 governs the provision of data, under which NV Energy EIM Participating Resources and NV Energy EIM Participating Resource Scheduling Coordinators are responsible for complying with information requests they receive directly from the EIM market monitor or regulatory authorities. Transmission Customers also must provide the NV Energy EIM Entity with all data necessary to respond to information requests received by the NV Energy EIM Entity from the MO, the EIM market monitor, or regulatory authorities concerning EIM activities. These provisions reasonably respond to the needs of those responsible for market oversight to have the information necessary to perform these tasks. Under the EIM, the activities of non-participants can have a material effect on the LMP price based on their need for imbalances or their excess generation. Accordingly, the provision appropriately recognizes the need that non-participants respond to data requests.

Responding to information does not mean the information will be disclosed publicly. In addition, Section 9.1 reiterates NV Energy's ongoing obligation to maintain the confidentiality of data and information obtained by the NV Energy EIM Entity from Transmission Customers and Interconnection Customers, unless the NV Energy EIM Entity is required or otherwise permitted to disclose the information. NV Energy shall continue to abide by the Commission's Standards of Conduct and handle customer information accordingly once the EIM is administered.

Proposed Section 9.2 specifies six general rules of conduct which are intended to provide fair notice of expected conduct and facilitate an environment in which all parties may fairly participate in the EIM. Customers must:

- (1) Comply with Dispatch Instructions and NV Energy EIM Entity operating orders in accordance with Good Utility Practice. If some limitation prevents the party from fulfilling the action requested by the MO or the NV Energy EIM Entity then the party must promptly and directly communicate the nature of any such limitation to the NV Energy EIM Entity.
- (2) Submit bids for resources that are reasonably expected to be available and capable of performing at the levels specified in the bid, and to remain available and capable of so performing based on all information that is known or should have been known at the time of submission.
- (3) Notify the MO and the NV Energy EIM Entity of outages in accordance with Section 7 of Attachment P.

- (4) Provide complete, accurate, and timely meter data to the NV Energy EIM Entity in accordance with the metering and communication requirements of the Tariff, and maintain responsibility to ensure the accuracy of such data communicated by any customer-owned metering or communications systems. To the extent such information is not accurate when provided to the NV Energy EIM Entity, the customer shall be responsible for any consequence on settlement and billing.
- (5) Provide information to the NV Energy EIM Entity, including the information requested in Attachment P, by applicable deadlines.
- (6) Use commercially-reasonable efforts to ensure that forecasts are accurate and based on all information that is known or should have been known at the time of submission to the NV Energy EIM Entity.

Proposed Section 9.3 states that the NV Energy EIM Entity may refer a violation of the rules of conduct to the Commission to be enforced in accordance with the Commission's rules and procedures. Nothing in Section 9 of Attachment P is meant to limit any other remedy before the Commission or any applicable court or agency.

These rules of conduct are necessary and appropriate. Courts and the Commission have recognized that parties are liable for violations of tariffs.¹³⁶ These provisions are designed to put customers on notice as to expected conduct with regard to data provision, bidding, and forecasts related to the EIM, among other actions. Consistent with this rationale, the Commission stated with respect to the SPP market proposal:

[W]e will direct SPP to immediately notify the Commission should a market participant refuse to follow an SPP order regarding resource commitment, or should a market participant fail to meet its energy obligations through scheduling or offering into the imbalance market. The Commission will invoke appropriate sanctions for such action.¹³⁷

The rules are also designed to address concerns raised by the CAISO Market Surveillance Committee as part of its public committee process about the potential for market participants to leverage EIM activities with their participation in other CAISO markets, including virtual bidding.¹³⁸

¹³⁶ Under Section 309 of the FPA, the Commission "shall have power to perform any and all acts, and to prescribe, issue, make, amend, and rescind such orders, rules, and regulations as it may find necessary or appropriate to carry out the provisions of this chapter." 16 U.S.C. § 825h. Courts have interpreted the provision as granting FERC "remedial authority to require that entities violating the FPA pay restitution for profits gained as a result of a statutory or tariff violation." *Pub. Util. Comm'n of the State of Cal. v. FERC*, 462 F.3d 1027, 1047-48 (9th Cir. 2006).

¹³⁷ *Southwest Power Pool*, 114 FERC ¶ 61,289 at P 40 (2006).

¹³⁸ See J. Bushnell, S. Harvey, B. Hobbs, and S. Oren, "Opinion on Initial Implementation of the Energy Imbalance Market and Related Market Design Changes," Market Surveillance Committee of the California ISO, October 30, 2013 at 11 (the EIM Entity "may be able to manage these incentives, and perhaps apply rules to limit strategic

I. Market Contingencies

NV Energy's proposal with respect to market contingencies in Attachment P, Section 10 reflects Section 10 of Attachment T of PacifiCorp's OATT, as modified by the Commission. PacifiCorp included several provisions related to corrective actions that may be taken by the EIM Entity to reflect the occurrence of certain market contingencies related to the EIM:

(1) temporary suspension of the EIM by the Market Operator; (2) termination of the EIM Entity's participation in the EIM; or (3) occurrence of "temporary contingencies." In the PacifiCorp EIM Order, the Commission accepted PacifiCorp's proposal with the exception of the proposed section 10.3(3) which gave the EIM Entity the authority unilaterally to suspend its participation in the EIM due to a market design flaw.¹³⁹

NV Energy has followed the Commission's determination in its own proposed Attachment P, Section 10. Accordingly, the proposed remedies and termination processes are unchanged. The "Temporary Schedules", however, reflect the currently-approved, pre-EIM provisions of the NV Energy OATT, which while similar, are not identical to their PacifiCorp counterparts.¹⁴⁰ Furthermore, in an ongoing stakeholder process the CAISO is considering using the Temporary Schedules to set an administrative price under the CAISO Tariff.¹⁴¹ The proposed Attachment P, Section 10 would allow the use of the Temporary Schedules, if required by the MO.

Attachment P, Section 10 contains critical protections for NV Energy and its customers. If the NV Energy EIM Entity submits a notice of termination of its participation in the EIM to the MO, the NV Energy EIM Entity may invoke certain corrective actions to mitigate price exposure during the 180-day period between submission of the notice and the termination effective date.¹⁴² In this case, the NV energy EIM Entity may request that the MO effectuate both of the following actions: (1) prevent EIM Transfers and separate the NV Energy BAA from operation of the EIM; and (2) suspend settlement of EIM charges with respect to the NV Energy EIM Entity.¹⁴³ The CAISO Tariff specifies that the MO will implement corrective actions requested by the NV Energy EIM Entity.¹⁴⁴ Once such corrective actions are implemented by the MO, the NV Energy EIM Entity shall use the Temporary Schedules.

submission of base schedules, under the terms of its Open Access Transmission Tariff"). The document can be found at <http://www.caiso.com/Informed/Pages/BoardCommittees/MarketSurveillanceCommittee/Default.aspx> (last visited March 6, 2015).

¹³⁹ PacifiCorp EIM Order at P 136.

¹⁴⁰ Contrast PacifiCorp Attachment T, Section 10.4.3 which uses a loss factor of 4.26% with NV Energy's proposed Attachment P, Section 10.4.3 which uses a loss factor of 1.57%.

¹⁴¹ See Energy Imbalance Market Year 1 Enhancements Issue Draft Final Proposal dated February 11, 2015 at pp. 26-27. The document may be found at <http://www.caiso.com/informed/Pages/StakeholderProcesses/EnergyImbalanceMarketYear1Enhancements.aspx> (last visited March 6, 2015).

¹⁴² See the CAISO's *pro forma* EIM Entity Agreement at Section 3.2.2.

¹⁴³ Attachment P, Section 10.2. This provision is consistent with Section 29.4(b)(5) of the CAISO Tariff.

¹⁴⁴ See, CAISO Tariff Section 29.4(b)(5)(B).

Section 10 also addresses corrective actions that may be invoked by the NV Energy EIM Entity when it declares a temporary contingency. These protections are just and reasonable and reliability based. NV Energy must have the ability to take these corrective actions as part of its BA responsibilities.¹⁴⁵

J. Other Proposed Tariff Changes to the OATT

1. Definitions

NV Energy has added to the definitions in Section 1 of the OATT to include terms associated with the new market structure. Many of the proposed definitions are intended to be consistent with terms and terminology in the CAISO Tariff,¹⁴⁶ the PacifiCorp OATT,¹⁴⁷ or the NERC Glossary,¹⁴⁸ as applicable. The reasoning for each of the new definitions is discussed in Attachment C to this filing.

2. Changes to Ensure Applicability of Attachment P

The proper functioning of the EIM requires certain minimum information to be provided on an ongoing basis by Transmission Customers and/or Interconnection Customers subject to the OATT, even prior to NV Energy's initial participation in the EIM. To that end, NV Energy includes in Section 1 of Attachment P language making Attachment P applicable to all Transmission Customers and Interconnection Customers with new and existing service agreements under the OATT. The purpose of these proposed amendments is to ensure that customers will provide the NV Energy EIM Entity the necessary information to meet the registration, outage reporting, and forecast requirements included throughout Attachment P in time both for the period of non-binding parallel operations and to ensure the information is in place prior to actual market participation.

To further clarify the applicability of the EIM-related OATT modifications, NV Energy proposes the following additions to its OATT:

- A new Section 16.1g that provides “[t]he Transmission Customer must comply with the requirements of Attachment P regarding the EIM;”
- A modification to subsection 29.2(ix) to require the Network Customer to provide information identified in Attachment P; and

¹⁴⁵ For example, under TOP-004-2 R.5, “If the Transmission Operator determines that by remaining interconnected, it is in imminent danger of violating IROL or SOL, the Transmission Operator may take such actions, as it deems necessary, to protect its area.”

¹⁴⁶ For example, the terms “Dispatch Instruction”, “Dispatch Operating Point”, “Energy Imbalance Market”, “EIM Area”, “EIM Entity”, “EIM Transfer”, “Flexible Ramping Requirement”, “Imbalance Energy”, “Instructed Imbalance Energy”, “Load Aggregation Points”, “Locational Marginal Price”, “Manual Dispatch”, “EIM Entity”, “Operating Day”, “Operating Hour”, “Pricing Node”, “Resource Plan”, and “Uninstructed Imbalance Energy”.

¹⁴⁷ For example, the terms “Forecast Data”, “Interchange”, “Intrachange”, “Market Operator”, “Measured Demand”, “Metered Demand”, “MO Tariff”, “Non-Participating Resource”, and “Transmission Customer Base Schedule”.

¹⁴⁸ For example, the terms “Balancing Authority”, “Balancing Authority Area”, “Dynamic Transfer”, and “e-Tag”.

- A new Section 2.5 of the Large Generator Interconnection Procedure in Attachment N and new Section 5 of the Small Generator Interconnection Procedure in Attachment O that specify the “Interconnection Customer shall have a continuing duty to comply with Attachment P of this Tariff, as applicable.”

These provisions were accepted by the Commission with respect to PacifiCorp’s OATT. They are necessary and appropriate to make the EIM-related OATT provisions applicable to all customers and enable the NV EIM Entity to provide the CAISO with the necessary information to administer the market.

3. Transmission Service Agreement

Under revised Section 18.5 of NV Energy’s OATT, a Transmission Customer that elects to participate in the EIM in accordance with Attachment P and that is not a Network or Firm Point-to-Point Transmission Customer may do so by executing a Completed Application for the Umbrella Service Agreement for Non-Firm point-to-point service consistent with Section 18.1 and provide the information requested in Section 18.2 (i), (ii), and the Point of Receipt in (iii). This clarification has been added to Section 18.5 to establish a contractual relation between the NV Energy EIM Participating Resource and the NV EIM Entity and because of the fact that a Transmission Customer that elects to use Non-Firm point-to-point service to participate in the EIM will not have access to all of the information identified in Section 18.2 as required for a Completed Application for an Umbrella Service Agreement for non-Firm point-to-point service. Transmission Customers bidding output from EIM Participating Resources will not know in advance of an EIM dispatch instruction several of the other information requirements set forth in Section 18.2, including, for example, the Points of Delivery, the maximum amount of capacity requested at each Point of Receipt and Point of Delivery.

4. Use of Designated Network Resources

To implement the EIM, PacifiCorp amended the provisions in its OATT that require undesignation of Network Resources to make off-system sales (new Section 28.7, 30.1, and 30.4), so that Network Customers have the option to participate in the EIM without having to undesignate all or a portion of the resource. NV Energy proposes to make similar revisions to its OATT.

This proposal is justified for several reasons. First, it will not be possible to know in advance of any hour if a particular Network Resource will be used only to serve Network Load or will be awarded an EIM dispatch instruction. It will also not be possible in advance of any hour to know if an EIM dispatch instruction will be issued for load within the NV Energy BAA, PacifiCorp’s BAAs, or the CAISO BAA. Notwithstanding this uncertainty, the EIM will be serving network load in the broader EIM footprint and, as such, use of Network Integration Transmission Service is justified and reasonable.

Second, the purpose of the Commission’s undesignation requirements is to ensure non-discriminatory access to available capacity. This purpose is achieved when Network Resources are used to serve any EIM load utilizing transmission capacity that is determined to be available

based upon real-time information about the transmission system, and that would be otherwise unable to be used on a real-time basis. Third, the Commission has approved provisions in both the SPP and MISO that recognize the need for exemptions from the need to undesignate resources.¹⁴⁹

5. Standard of Liability for NV Energy's Responsibilities as an EIM Entity

While NV Energy proposes to maintain the existing ordinary negligence standard of liability for its responsibilities as the Transmission Provider under the *pro forma* OATT, NV Energy requests, consistent with the liability protection accorded PacifiCorp, that its new market responsibilities as an EIM Entity be subject to a higher, gross negligence or intentional wrongdoing, standard.¹⁵⁰ This is reflected in a proposed addition to Section 10.2 of the OATT. The higher standard is consistent with NV Energy voluntarily assuming the additional responsibilities required of EIM Entities.

This gross negligence or intentional wrongdoing standard is consistent with what the Commission has accepted previously in other organized markets. In particular, the Commission has approved such a standard for the CAISO and its participating transmission owners under the Transmission Control Agreement and the CAISO Tariff.¹⁵¹ The Commission recognized that a gross negligence standard is reasonable, as it offers an “equitable balance between lower rates for all market participants and the burden of limited recovery of liability for some.”¹⁵²

Similarly, the Commission has approved gross negligence standards for transmission providers in all other organized markets.¹⁵³ In particular, in *Southwest Power Pool*, the Commission stated, in relevant part, as follows, in finding the gross negligence and intentional wrongdoing standard to be just and reasonable:

[T]he risk of potentially excessive damage awards could be reflected in higher insurance premiums and higher cost of capital, which, in turn would be borne by customers and could result in inequities among customers. Strong limited liability provisions can help ensure that excessive damage awards will not be passed through to customers in the form of increased rates.

¹⁴⁹ See Section 28.6 of the MISO Tariff and Section 30.4 of the Southwest Power Pool Tariff.

¹⁵⁰ See Section 10.2 of the PacifiCorp OATT as approved in the PacifiCorp EIM Order.

¹⁵¹ *Cal. Indep. Sys. Operator Corp.*, 139 FERC ¶ 61,198 (2012). See also *Cal. Indep. Sys. Operator Corp.*, 123 FERC ¶ 61,285 at P 241 (2008) (accepting gross negligence standard in Section 14.5.1 of the CAISO Tariff).

¹⁵² *Id.*

¹⁵³ See *Southwest Power Pool*, 112 FERC ¶ 61,100 at PP 36-44 (2005) (“*Southwest Power Pool*”); *Midwest Indep. Transmission Sys. Operator, Inc.*, 110 FERC ¶ 61,164 at P 29 (2005); *PJM Interconnection LLC*, 112 FERC ¶ 61,264 at PP 9-10 (2005); *ISO New England, Inc.*, 106 FERC ¶ 61,280 at PP 230-231 (2004); *Central Hudson Gas & Elec. Corp.*, 88 FERC ¶ 61,138 at 61,384 (1999).

Furthermore, SPP and its TOs must provide service to all customers, and cannot deny service to particular customers based on the risk of potential damages associated with interruption of service to those customers. It is also difficult for them to quantify the potential risk associated with service to such customers and price such service accordingly. Ultimately, all customers bear the cost associated with the risk of such service, including those customers who do not have special reliability needs.¹⁵⁴

The reasons that the Commission relied upon to find the gross negligence or intentional wrongdoing standard appropriate for participating transmission owners, independent system operators, and regional transmission organizations are equally compelling for NV Energy as an EIM Entity. As is the case in existing organized markets, excessive damage awards can lead to higher insurance premiums and a higher cost of capital, which are costs that NV Energy's customers would bear, along with excessive damage awards. Further, a gross negligence or intentional wrongdoing standard for EIM responsibilities encourages other BAs to take on the similar responsibility of an EIM Entity.

IV. OTHER CONSIDERATIONS RELATED TO EIM IMPLEMENTATION

A. EIM Business Practice

Decisions on whether to place an item in the OATT or the NV Energy EIM Business Practice are shaped by the Commission's "rule of reason" policy,¹⁵⁵ which dictates that provisions that "significantly affect rates, terms, and conditions" must be included in the filed tariff.¹⁵⁶ The Commission has elaborated that it is appropriate for a business practice to contain "implementation details, such as instructions, guidelines, examples and charts, which guide internal operations and inform market participants of how the [public utility] conducts its operations under the...tariff."¹⁵⁷ The Commission has also found that the "rule of reason" test requires evaluation on a case-by-case analysis, comparing what is in an OATT against what is in an unfiled business practice manual.¹⁵⁸

¹⁵⁴ *Southwest Power Pool* at PP 36-38.

¹⁵⁵ See, e.g., *City of Cleveland v. FERC*, 773 F.2d 1368, 1376 (D.C. Cir. 1985) (finding that utilities must file "only those practices that affect rates and service significantly, that are reasonably susceptible of specification, and that are not so generally understood in any contractual arrangement as to render recitation superfluous"); *Public Serv. Comm'n of N.Y. v. FERC*, 813 F.2d 448, 454 (D.C. Cir. 1987) (holding that the Commission properly excused utilities from filing policies or practices that dealt with only matters of "practical insignificance" to serving customers); *Midwest Indep. Transmission Sys. Operator, Inc.*, 98 FERC ¶ 61,137, at 61,401, *clarification granted*, 100 FERC ¶ 61,262 (2002) ("It appears that the proposed Operating Protocols could significantly affect certain rates and services and as such are required to be filed pursuant to Section 205.").

¹⁵⁶ *Cal. Indep. Sys. Operator Corp.*, 119 FERC ¶ 61,076 at P 656 (2007) (citing *ANP Funding I, LLC v. ISO-NE*, 110 FERC ¶ 61,040, at P 22 (2005); *Prior Notice and Filing Requirements Under Part II of the Federal Power Act*, 64 FERC ¶ at 61,986-89 (1993), *order on reh'g*, 65 FERC ¶ 61,081 (1993)).

¹⁵⁷ *Cal. Indep. Sys. Operator Corp.*, 122 FERC ¶ 61,271 at P 16 (2008).

¹⁵⁸ *Cal. Indep. Sys. Operator Corp.*, 116 FERC ¶ 61,274 at P 1370 (2006), *order on reh'g*, 119 FERC ¶ 61,076, *order on reh'g*, 120 FERC ¶ 61,271 (2007).

The NV Energy EIM Business Practice will contain details as to how certain requirements, specified in the OATT, are to be implemented.¹⁵⁹ Specifically, the NV Energy EIM Business Practice will contain guidance regarding the following areas:

- the application and certification process delineated in Attachment P, Section 3 to become an NV Energy EIM Participating Resource;
- the information required for initial registration with the CAISO of NV Energy EIM Participating Resources and Non-Participating Resources and the process for providing updates to the information consistent with the requirements in Attachment P, Sections 4.2.2.1 and 4.2.2.2;
- the systems used to report outage and derate information required by Attachment P, Section 4.2.3 and Section 7;
- implementation details for customers to provide Forecast Data required under Attachment P, Section 4.2.4;
- information matching the specific charge code numbers to the EIM cost allocations contained in Attachment P, Section 8; and
- the methodology for distributing penalty proceeds authorized under the allocation in Attachment P, Section 8.4.3.

As discussed above with respect to Section 12.4A and Attachment P, Section 4.2.4.5, NV Energy has placed additional detail concerning timing of for specific actions in the OATT. NV Energy submits that the proposed issues in the bulleted list are appropriate for inclusion in the NV Energy EIM Business Practice.

In Order No. 890, the Commission required that business practices must be available for public inspection¹⁶⁰ and that the Transmission Provider establish a “transparent process for amending rules, standards, and practices previously posted by the transmission provider.”¹⁶¹ NV Energy has posted its rules in accordance with this requirement. Typically, new Business Practices or revisions to existing Business Practices will be posted at least five days before becoming effective to provide a period for comments. NV Energy recognizes the added complexity of the EIM Business Practice and commits that it will be posted in draft form and subject to stakeholder review and comment in the months prior to the EIM go-live date.

¹⁵⁹ *Midwest Indep. Transmission Sys. Operator*, 139 FERC ¶ 61,199 at P 237 (2012).

¹⁶⁰ See *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 1653, *order on reh’g*, Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 (2007), *order on reh’g and clarification*, Order No. 890-B, 123 FERC ¶ 61,299 (2008), *order on reh’g*, Order No. 890-C, 126 FERC ¶ 61,228 (2009), *order on clarification*, Order No. 890-D, 129 FERC ¶ 61,126 (2009).

¹⁶¹ *Id.* at P 1655.

B. Market Based Rate Authority

Both Nevada Power's and Sierra Pacific's respective market-based rate tariffs ("MBR Tariffs") currently do not extend to sales within their joint home Balancing Authority Area (the "NEVP BAA"). In anticipation of their participation in EIM, Nevada Power and Sierra Pacific will file under separate cover to amend their MBR Tariffs to include authority to make EIM sales, to the extent such sales are deemed to occur "in" the NEVP BAA.¹⁶² The Commission has recognized that an RTO's market power mitigation and monitoring plans are adequate to ensure just and reasonable rates in an imbalance market.¹⁶³ Moreover, the Commission has required the CAISO to provide the Commission with informational status reports every six months for two years following the launch of the EIM on the presence of market power at the interties.¹⁶⁴

V. PROPOSED EFFECTIVE DATE AND REQUEST FOR WAIVERS

NV Energy requests the effective dates as set forth in Section 1 of Attachment P and identified for reference in the table in Attachment C.¹⁶⁵ As noted in Attachment C, NV Energy respectfully requests that the language associated with the applicability of Attachment P and requirements associated with, for example: (1) application and certification requirements for Transmission Customers seeking to have resources become NV Energy EIM Participating Resources and (2) the initial registration data requirements for Transmission Customers, be effective May 5, 2015. This effective date provides greater certainty with respect to the EIM design for NV Energy, the CAISO, and customers as they prepare for the startup of NV Energy's participation in the EIM scheduled for September 1, 2015, with financially binding settlements as of October 1, 2015.

¹⁶² In addition, Nevada Power and Sierra Pacific will make a separate filing to amend their Joint Dispatch Agreement ("JDA") to account for their joint participation in EIM and to allocate certain costs and revenues associated with EIM.

¹⁶³ *Southwest Power Pool*, 114 FERC ¶ 61,289 at P 203 (2006)

SPP has demonstrated that its proposed mitigation measures will eliminate the exercise of market power when structural constraints limit competitive outcomes in the imbalance market. Therefore, we conclude that all market participants will be granted market-based rates for sales of imbalance energy into SPP's imbalance market. Thus, all suppliers will be able to bid into the market at market-based rates and be paid the market clearing price. Although we make this blanket determination for the imbalance market product, we will still require entities that seek market-based rates for the SPP imbalance product or any other product to make the requisite filings.

See also order on reh'g, Southwest Power Pool, 116 FERC ¶ 61,289 at P 30 (2006) ("We make two findings to support the grant of market-based rates for the imbalance market product. First, we find that the SPP imbalance market is competitive in the absence of transmission constraints. Second, we reiterate our finding in the SPP Market Order, that SPP's mitigation measures and monitoring plan are sufficient to protect customers from the exercise of market power that might occur in the energy imbalance market when transmission constraints bind.").

¹⁶⁴ *Cal. Indep. Sys. Operator Corp.*, 147 FERC ¶ 61,231 at P 219 (2014).

¹⁶⁵ The Commission has previously recognized the need for earlier effective dates for selected provisions. *See, e.g., Cal. Indep. Sys. Operator Corp.*, 119 FERC ¶ 61,124 at P 32 (2006).

NV Energy respectfully requests that Tariff Sections 3.6, 14.7, 28.6, 28.7, 30.1, 30.4, and Attachment P sections 4.1.3, 4.1.4, 4.2.4, 4.2.5, 5, 6, and 7 take effect no earlier than August 25, 2015 or seven days prior to the start of parallel operations. This request reflects the need to have information supporting EIM operation in place several business days prior to the initiation of non-financially binding, parallel operations which is currently scheduled for September 1, 2015.

NV Energy respectfully requests that Tariff Sections 7.1, 12.4A.1, 12.4A.2, 12.4A.3, 12.4A.4, and 16.1g; Attachment P sections 4.1.5, 4.1.6, 8, and 10; and Schedules 1, 1-A, 4, 9, and 10 take effect no earlier than October 1, 2015, or the implementation date of NV Energy's participation in the EIM, whichever is later. These are the remaining provisions related to financial settlement of charges associated with the EIM and additional aspects related to implementation of the EIM.¹⁶⁶

Because the requested effective date of certain provisions will be more than 120 days after the date this OATT amendment is filed with the Commission, NV Energy respectfully requests waiver of Section 35.3(a)(1) of the Commission's regulations, 18 C.F.R. § 35.3(a)(1). Good cause exists for granting this waiver as it will permit NV Energy's Tariff amendments to be in place in a timeframe necessary to support final design, testing, and startup, thereby providing all parties with necessary regulatory and operational certainty.¹⁶⁷

In addition, consistent with 18 C.F.R. § 35.3(a)(1), NV Energy respectfully requests that the Commission issue an order no later than May 5, 2015, sixty days after filing. As described above, a timely order is necessary to facilitate NV Energy's and the CAISO's market testing scheduled to begin in July 2015, and NV Energy's customers' implementation of system changes necessary to accommodate the EIM.

NV Energy respectfully requests waiver of the requirement to submit full Period I and Period II cost-of-service statements under 18 C.F.R. § 35.13, consistent with prior waivers granted by the Commission for formula rates.¹⁶⁸ Given that the EIM charges are addressed in the CAISO Tariff and NV Energy has no experience upon which to estimate proposed amounts, good cause exists to grant such waiver. To the extent that any filing requirement in Part 35 of the Commission's regulation is not satisfied by this filing and the materials enclosed herewith, NV Energy respectfully requests waiver of such requirements.

¹⁶⁶ Because new Attachment P of Nevada Power's OATT will include three different proposed effective dates, NV Energy has requested an effective date for Attachment P of May 5, 2015 in its eTariff software and included language in Section 1 of Attachment P to set forth the subsequent effective dates and applicable sections.

¹⁶⁷ See, e.g., PacifiCorp EIM Order at P 82; *Midcontinent Indep. Sys. Operator, Inc.*, 145 FERC ¶ 61,208 at P 13 (2013).

¹⁶⁸ See, PacifiCorp EIM Order at P 83. See also *PPL Elec. Utils. Corp.*, 125 FERC ¶ 61,121 at PP 40-41 (2008); *Pub. Serv. Elec. & Gas Co.*, 124 FERC ¶ 61,303 at P 23 (2008); *Oklahoma Gas & Elec. Co.*, 122 FERC ¶ 61,071 (2008); *Commonwealth Edison Co.*, 119 FERC ¶ 61,238 at P 94 (2007), *order on reh'g*, 122 FERC ¶ 61,037, *order on reh'g*, 124 FERC ¶ 61,231 (2008).

VI. EXPENSES

No expense or cost associated with this filing has been alleged or judged in any judicial proceeding to be illegal, duplicative, unnecessary, or demonstratively the product of discriminatory employment practices.

VII. COMMUNICATIONS

Communications and correspondence related to this filing should be sent to the following:

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VIII. SERVICE

Pursuant to Rule 2010 of the Commission's Rules of Practice and Procedure, NV Energy is providing an electronic copy of this filing to all transmission and interconnection customers pursuant to Nevada Power's OATT if such customers have provided NV Energy with an e-mail contact address. To the extent that any such customers have not provided NV Energy a contact e-mail, NV Energy has served such customers with a hard copy of this filing to the last customer mailing address on file. In addition, NV Energy has served this filing on the CAISO and the Public Utilities Commission of Nevada.

IX. LIST OF ATTACHMENTS

The following attachments, in addition to this filing letter, support this submission:

- Attachment A - Clean Tariff Sheets of Relevant OATT sections
- Attachment B - Blacklined Tariff Sheets of Relevant OATT sections
- Attachment C - Chart Containing Proposed Tariff Changes by Provision
- Attachment D - Testimony of Carolyn C. Barbash
- Attachment E - NV Energy – ISO Energy Imbalance Market Economic Assessment

X. CONCLUSION

Wherefore, for the reasons stated above, NV Energy respectfully requests that the proposed tariff sheets included with this filing be approved without modification, suspension, hearing, or condition to go into effect as requested herein.

Sincerely,

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Dated: March 6, 2015

CERTIFICATE OF SERVICE

I hereby certify that I have this day caused a copy of the foregoing document to be served via first-class mail or electronic mail upon all transmission and interconnection customers under Nevada Power's OATT, the California Independent System Operator Corporation, and the Public Utilities Commission of Nevada.

Dated at Reno, Nevada, this 6th day of March, 2015.

/s/ Connie Silveira

Connie Silveira
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Reno, NV 89511

ATTACHMENT A
CLEAN

NV Energy

Table of Contents

I. Common Service Provisions

1 Definitions

- 1.1 Affiliate
- 1.2 Ancillary Services
- 1.3 Annual Transmission Costs
- 1.4 ANSI
- 1.5 Application
- 1.5A Balancing Authority (BA)
- 1.5B Balancing Authority Area (BAA)
- 1.5C Bid Cost Recovery
- 1.5D California Independent System Operator Corporation (CAISO)
- 1.5E CAISO BAA or CAISO Controlled Grid
- 1.6 Approved Credit Rating
- 1.6A Behind the Meter Generation
- 1.6B Bookout
- 1.7 Commission
- 1.8 Completed Application
- 1.9 Control Area
- 1.10 Curtailment
- 1.11 Delivering Party
- 1.12 Designated Agent
- 1.13 Direct Assignment Facilities
- 1.13A Dispatch Instruction
- 1.13B Dispatch Operating Point
- 1.13C Dynamic Transfer
- 1.13D Energy Imbalance Market (EIM)
- 1.13E EIM Area

- 1.13F EIM Entity
- 1.13G EIM Transfer
- 1.14 Eligible Customer
 - 1.14A e-Tag
- 1.15 End-Use Customer
- 1.16 Facilities Study
- 1.17 Firm Point-To-Point Transmission Service
 - 1.17A Flexible Ramping Requirement (or Flexible Ramping Constraint)
 - 1.17B Forecast Data
- 1.18 Good Utility Practice
 - 1.18A Imbalance Energy
 - 1.18B Instructed Imbalance Energy (IIE)
 - 1.18C Interchange
 - 1.18D Intermittent Resource
- 1.19 Interruption
 - 1.19A Intrachange
- 1.20 Load Aggregation Point (LAP)
- 1.21 Load Ratio Share
- 1.22 Load Shedding
- 1.23 Local Regulatory Authority
- 1.24 Locational Marginal Price (LMP)
- 1.25 Long-Term Firm Point-To-Point Transmission Service
 - 1.25A Manual Dispatch
 - 1.25B Market Operator (MO)
 - 1.25C Market Price Proxy
 - 1.25D Measured Demand
 - 1.25E Metered Demand
 - 1.25F MO Tariff
- 1.26 Native Load Customers

- 1.27 Network Customer
- 1.28 Network Integration Transmission Service
- 1.29 Network Load
- 1.30 Network Operating Agreement
- 1.31 Network Operating Committee
- 1.32 Network Resource
- 1.33 Network Upgrades
- 1.34 Non-Firm Point-To-Point Transmission Service
- 1.35 Non-Firm Sale
 - 1.35A NV Energy BAA
 - 1.35B NV Energy BAA Transmission Owner
 - 1.35C NV Energy EIM Base Schedule
 - 1.35D NV Energy EIM Business Practice (NV Energy EIM BP)
 - 1.35E NV Energy EIM Entity
 - 1.35F NV Energy EIM Entity Scheduling Coordinator
 - 1.35G NV Energy EIM Participating Resource
 - 1.35H NV Energy EIM Participating Resource Scheduling Coordinator
 - 1.35I NV Energy EIM Non-Participating Resource
- 1.36 Open Access Same-Time Information System (OASIS)
 - 1.36A Operating Day
- 1.37 Part I
- 1.38 Part II
- 1.39 Part III
- 1.40 Part IV
- 1.41 Parties
- 1.42 Point(s) of Delivery
- 1.43 Point(s) of Receipt
- 1.44 Point-To-Point Transmission Service
- 1.45 Power Purchaser

- 1.46 Pre-Confirmed Application
- 1.46A Pricing Node (PNode)
- 1.47 Receiving Party
- 1.48 Regional Transmission Group (RTG)
- 1.49 Reserved Capacity
- 1.49A Resource Plan
- 1.50 Retail Access Transmission Service
- 1.50 Retail Open Access Program
- 1.52 Service Agreement
- 1.53 Service Commencement Date
- 1.54 Short-Term Firm Point-To-Point Transmission Service
- 1.55 Substitute Designated Network Resource
- 1.56 System Condition
- 1.57 System Impact Study
- 1.58 Third-Party Sale
- 1.59 Transmission Customer
- 1.59A Transmission Customer Base Schedule
- 1.60 Transmission Owner
- 1.61 Transmission Provider
- 1.62 Transmission Provider's Monthly Transmission System Peak
- 1.63 Transmission Service
- 1.64 Transmission System
- 1.65 Utility Distribution Company
- 1.65A Uninstructed Imbalance Energy (UIE)
- 1.65B Variable Energy Resource
- 1.66 Working Day

2 Initial Allocation and Renewal Procedures

- 2.1 Initial Allocation of Available Transfer Capability
- 2.2 Reservation Priority For Existing Firm Service Customers

- 3 Ancillary Services**
 - 3.1 Scheduling, System Control and Dispatch Service
 - 3.2 Reactive Supply and Voltage Control from Generation or Other Sources Service
 - 3.3 Regulation and Frequency Response Service
 - 3.4 Energy Imbalance Service
 - 3.5 Operating Reserve - Spinning Reserve Service
 - 3.6 Operating Reserve - Supplemental Reserve Service
 - 3.7 Generation Imbalance
 - 3.8 Loss Compensation Service
- 4 Open Access Same-Time Information System (OASIS)**
 - 4.1 Terms and Conditions
 - 4.2 NAESB WEQ Business Practice Standards
- 5 Local Furnishing Bonds**
 - 5.1 Transmission Providers That Own Facilities Financed by Local Furnishing Bonds
 - 5.2 Alternative Procedures for Requesting Transmission Service
- 6 Reciprocity**
- 7 Billing and Payment**
 - 7.1 Billing Procedure
 - 7.2 Interest on Unpaid Balances
 - 7.3 Customer Default
- 8 Accounting for the Transmission Provider's Use of the Tariff**
 - 8.1 Transmission Revenues
 - 8.2 Study Costs and Revenues
- 9 Regulatory Filings**
- 10 Force Majeure and Indemnification**
 - 10.1 Force Majeure
 - 10.2 Indemnification
- 11 Creditworthiness**

12 Dispute Resolution Procedures

- 12.1 Internal Dispute Resolution Procedures
- 12.2 External Arbitration Procedures
- 12.3 Arbitration Decisions
- 12.4 Costs
- 12.4A EIM Billing Disputes
 - 12.4A.1 Disputes Between the EIM Entity and a Transmission Customer or Interconnection Customer Related to Allocation of Charges or Payments to the MO
 - 12.4A.2 Disputes Between the MO and NV Energy EIM Participating Resource Scheduling Coordinators Related to EIM Charges and Payments Directly from the MO
 - 12.4A.3 Disputes Between the MO and NV Energy EIM Entity
 - 12.4A.4 Disputes Regarding Charges or Payments to the NV Energy EIM Entity Raised by Transmission Customers or Interconnection Customers
- 12.5 Rights Under The Federal Power Act

II. Point-To-Point Transmission Service

Preamble

13 Nature of Firm Point-To-Point Transmission Service

- 13.1 Term
- 13.2 Reservation Priority
- 13.3 Use of Firm Transmission Service by the Transmission Provider
- 13.4 Service Agreements
- 13.5 Transmission Customer Obligations for Facility Additions or Redispatch Costs
- 13.6 Curtailment of Firm Transmission Service
- 13.7 Classification of Firm Transmission Service
- 13.8 Scheduling of Firm Point-To-Point Transmission Service

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

- 14.1 Term
- 14.2 Reservation Priority

- 14.3 Use of Non-Firm Point-To-Point Transmission Service by the Transmission Provider
- 14.4 Service Agreements
- 14.5 Classification of Non-Firm Point-To-Point Transmission Service
- 14.6 Scheduling of Non-Firm Point-To-Point Transmission Service
- 14.7 Curtailment or Interruption of Service
- 15 Service Availability**
 - 15.1 General Conditions
 - 15.2 Determination of Available Transfer Capability
 - 15.3 Initiating Service in the Absence of an Executed Service Agreement
 - 15.4 Obligation to Provide Transmission Service that Requires Expansion or Modification of the Transmission System, Redispatch or Conditional Curtailment
 - 15.5 Deferral of Service
 - 15.6 Other Transmission Service Schedules
 - 15.7 Real Power Losses
- 16 Transmission Customer Responsibilities**
 - 16.1 Conditions Required of Transmission Customers
 - 16.2 Transmission Customer Responsibility for Third-Party Arrangements
- 17 Procedures for Arranging Firm Point-To-Point Transmission Service**
 - 17.1 Application
 - 17.2 Completed Application
 - 17.3 Deposit
 - 17.4 Notice of Deficient Application
 - 17.5 Response to a Completed Application
 - 17.6 Execution of Service Agreement
 - 17.7 Extensions for Commencement of Service
- 18 Procedures for Arranging Non-Firm Point-To-Point Transmission Service**

- 18.1 Application
- 18.2 Completed Application
- 18.3 Reservation of Non-Firm Point-To-Point Transmission Service
- 18.4 Determination of Available Transfer Capability
- 19 Additional Study Procedures For Firm Point-To-Point Transmission Service Requests**
 - 19.1 Notice of Need for System Impact Study
 - 19.2 System Impact Study Agreement and Cost Reimbursement
 - 19.3 System Impact Study Procedures
 - 19.4 Facilities Study Procedures
 - 19.5 Facilities Study Modifications
 - 19.6 Due Diligence in Completing New Facilities
 - 19.7 Partial Interim Service
 - 19.8 Expedited Procedures for New Facilities
 - 19.9 Penalties for Failure to Meet Study Deadlines
- 20 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
 - 20.2 Alternatives to the Original Facility Additions
 - 20.3 Refund Obligation for Unfinished Facility Additions
- 21 Provisions Relating to Transmission Construction and Services on the Systems of Other Utilities**
 - 21.1 Responsibility for Third-Party System Additions
 - 21.2 Coordination of Third-Party System Additions
- 22 Changes in Service Specifications**
 - 22.1 Modifications On a Non-Firm Basis
 - 22.2 Modification On a Firm Basis
- 23 Sale or Assignment of Transmission Service**
 - 23.1 Procedures for Assignment or Transfer of Service
 - 23.2 Limitations on Assignment or Transfer of Service

- 23.3 Information on Assignment or Transfer of Service
- 24 Metering and Power Factor Correction at Receipt and Delivery Points(s)**
 - 24.1 Transmission Customer Obligations
 - 24.2 Transmission Provider Access to Metering Data
 - 24.3 Power Factor
- 25 Compensation for Transmission Service**
- 26 Stranded Cost Recovery**
- 27 Compensation for New Facilities and Redispatch Costs**

III. Network Integration Transmission Service

Preamble

- 28 Nature of Network Integration Transmission Service**
 - 28.1 Scope of Service
 - 28.2 Transmission Provider Responsibilities
 - 28.3 Network Integration Transmission Service
 - 28.4 Secondary Service
 - 28.5 Real Power Losses
 - 28.6 Restrictions on Use of Service
- 29 Initiating Service**
 - 29.1 Condition Precedent for Receiving Service
 - 29.2 Application Procedures
 - 29.3 Technical Arrangements to be Completed Prior to Commencement of Service
 - 29.4 Network Customer Facilities
 - 29.5 Filing of Service Agreement
- 30 Network Resources**
 - 30.1 Designation of Network Resources
 - 30.2 Designation of New Network Resources
 - 30.3 Termination of Network Resources
 - 30.4 Operation of Network Resources

- 30.5 Network Customer Redispatch Obligation
- 30.6 Transmission Arrangements for Network Resources Not Physically Interconnected With The Transmission Provider
- 30.7 Limitation on Designation of Network Resources
- 30.8 Use of Interface Capacity by the Network Customer
- 30.9 Network Customer Owned Transmission Facilities
- 31 Designation of Network Load**
 - 31.1 Network Load
 - 31.2 New Network Loads Connected With the Transmission Provider
 - 31.3 Network Load Not Physically Interconnected with the Transmission Provider
 - 31.4 New Interconnection Points
 - 31.5 Changes in Service Requests
 - 31.6 Annual Load and Resource Information Updates
- 32 Additional Study Procedures For Network Integration Transmission Service Requests**
 - 32.1 Notice of Need for System Impact Study
 - 32.2 System Impact Study Agreement and Cost Reimbursement
 - 32.3 System Impact Study Procedures
 - 32.4 Facilities Study Procedures
 - 32.5 Penalties for Failure to Meet Study Deadlines
- 33 Load Shedding and Curtailments**
 - 33.1 Procedures
 - 33.2 Transmission Constraints
 - 33.3 Cost Responsibility for Relieving Transmission Constraints
 - 33.4 Curtailments of Scheduled Deliveries
 - 33.5 Allocation of Curtailments
 - 33.6 Load Shedding
 - 33.7 System Reliability
- 34 Rates and Charges**

- 34.1 Monthly Demand Charge
- 34.2 Determination of Network Customer's Monthly Network Load
- 34.3 Determination of Transmission Provider's Monthly Transmission System Load
- 34.4 Redispatch Charge
- 34.5 Stranded Cost Recovery

35 Operating Arrangements

- 35.1 Operation under The Network Operating Agreement
- 35.2 Network Operating Agreement
- 35.3 Network Operating Committee

IV. Retail Access Transmission Service

Preamble

36 Application

- 36.1 Responsibilities
- 36.2 Termination of Service Agreement

37 Billing

38 Assignment of ATC

Transmission Provider: OATT Schedules

SCHEDULE 1: Scheduling, System Control and Dispatch Service

SCHEDULE 1-A: EIM Administrative Service

SCHEDULE 2: Reactive Supply and Voltage Control from Generation Sources Service

SCHEDULE 3: Regulation and Frequency Response Service

SCHEDULE 4: Energy Imbalance Service

SCHEDULE 5: Operating Reserve - Spinning Reserve Service

SCHEDULE 6: Operating Reserve - Supplemental Reserve Service

SCHEDULE 7: Long-Term Firm and Short-Term Firm Point-To-Point Transmission Service

SCHEDULE 8: Non-Firm Point-To-Point Transmission Service

SCHEDULE 9: Generator Imbalance Service

SCHEDULE 10: Loss Compensation Service

**SCHEDULE 11: Regulation and Frequency Response Service for Generators
Selling Outside of Control Area**

Transmission Provider: OATT Attachments

**ATTACHMENT A: Form Of Service Agreement For Firm Point-To-Point
Transmission Service**

**ATTACHMENT A-1: Form Of Service Agreement For The Resale, Reassignment
or Transfer Of Point-To-Point Transmission Service**

**ATTACHMENT A-2: Form Of Service Agreement For Point-To-Point
Transmission Service For Retail Access Customers**

**ATTACHMENT B: Form Of Service Agreement For Non-Firm Point-To-Point
Transmission Service**

ATTACHMENT C: Methodology To Assess Available Transfer Capability

ATTACHMENT D: Methodology for Completing a System Impact Study

ATTACHMENT E: Index Of Point-To-Point Transmission Service Customers

**ATTACHMENT F: Service Agreement For Network Integration Transmission
Service**

**ATTACHMENT F-1 Retail Access Form of Service Agreement For Network
Integration Transmission Service**

ATTACHMENT G: Network Operating Agreement

**ATTACHMENT H: Annual Transmission Revenue Requirement For Network
Integration Transmission Service**

ATTACHMENT I: Index Of Network Integration Transmission Service Customers

ATTACHMENT J: Procedures for Addressing Parallel Flows

ATTACHMENT K: Transmission Planning Process

ATTACHMENT L: Creditworthiness Procedures

ATTACHMENT M: Distribution Loss Factor

**ATTACHMENT N: Standard Large Generator Interconnection Procedures
(including Standard Large Generator Interconnection Agreement)**

**ATTACHMENT O: Standard Small Generator Interconnection Procedures
(including Standard Small Generator Interconnection Agreement)**

ATTACHMENT P: Energy Imbalance Market

I. Common Service Provisions

1 Definitions

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 Annual Transmission Costs:

The total annual cost of the Transmission System for purposes of Network Integration Transmission Service shall be the amount specified in Attachment H until amended by the Transmission Provider or modified by the Commission.

1.4 ANSI:

American National Standards Institute.

1.5 Application:

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

1.5A Balancing Authority (BA):

The responsible entity that integrates resource plans ahead of time, maintains the load-Interchange-generation balance within a Balancing Authority Area, and supports interconnection frequency in real time.

1.5B Balancing Authority Area (BAA):

The collection of generation, transmission, and loads within the metered boundaries of the BA. The BA maintains load-resource balance within this area. For purposes of this Tariff, “BAA” shall have the same meaning as “Control Area.”

1.5C Bid Cost Recovery (BCR):

The Market Operator EIM settlements process through which NV Energy’s EIM Participating Resources recover their bid costs.

1.5D California Independent System Operator Corporation (CAISO):

A state-chartered, California non-profit public benefit corporation that operates the transmission facilities of all CAISO participating transmission owners and dispatches certain generating units and loads. The CAISO is the Market Operator for the Energy Imbalance Market.

1.5E CAISO BAA or CAISO Controlled Grid:

The system of transmission lines and associated facilities of the CAISO participating transmission owners that have been placed under the CAISO’s operational control.

1.6 Approved Credit Rating:

A short-term debt rating of not less than A2 by Standard and Poor’s Corporation or a rating of not less than P2 by Moody’s Investors Service or an equivalent rating from any other reputable credit rating agency. A federal agency shall be deemed to have an Approved Credit Rating if its financial obligations under the Tariff are backed by the full faith and credit of the United States.

1.6A Behind the Meter Generation:

A generation unit that delivers energy to load without using the Transmission System or any distribution facilities.

1.6B Bookout:

A transaction in which energy or capacity contractually committed bilaterally for delivery is not actually delivered due to some offsetting or countervailing trade.

1.7 Commission:

The Federal Energy Regulatory Commission.

1.8 Completed Application:

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

1.9 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.

1.10 Curtailment:

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

1.11 Delivering Party:

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

1.12 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.

1.13 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.

1.13A Dispatch Instruction:

An instruction by the Market Operator for an action with respect to a specific NV Energy EIM Participating Resource for increasing or decreasing its energy supply or demand to a specified Dispatch Operating Point pertaining to real-time operations.

1.13B Dispatch Operating Point:

The expected operating point, in MW, of a NV Energy EIM Participating Resource that has received a Dispatch Instruction from the Market Operator. For purposes of Attachment P of this Tariff, the Dispatch Operating Point means the incremental change, in MW output, of a NV Energy EIM Participating Resource due to an EIM bid being accepted and the NV Energy EIM Participating Resource receiving a Dispatch Instruction, expressed either as (i) a negative MW quantity for the

downward movement of generation, or (ii) a positive MW quantity for the upward movement of generation.

1.13C Dynamic Transfer:

The provision of the real-time monitoring, telemetering, computer software, hardware, communications, engineering, energy accounting (including inadvertent Interchange), and administration required to electronically move all or a portion of the real energy services associated with a generator or load out of one BAA into another. A Dynamic Transfer can be either:

- (1) a Dynamic Schedule: a telemetered reading or value that is updated in real time and used as a schedule in the AGC/ACE equation and the integrated value of which is treated as an after-the-fact schedule for Interchange accounting purposes. Dynamic Schedules are commonly used for scheduling jointly-owned generation to or from another BAA; or
- (2) a Pseudo-Tie: a functionality by which the output of a generating unit physically interconnected to the electric grid in a native BAA is telemetered to and deemed to be produced in an attaining BAA that provides BA services for and exercises BA jurisdiction over the generating unit. This value is treated as an actual Interchange and validated after the hour in real time with the host BAA.

1.13D Energy Imbalance Market (EIM):

The real-time market to manage transmission congestion and optimize procurement of imbalance energy (positive or negative) to balance supply and demand deviations for the EIM Area through economic bids submitted by EIM Participating Resource Scheduling Coordinators in the fifteen-minute and five-minute markets.

1.13E EIM Area:

The combination of NV Energy's BAA, the CAISO BAA, and the BAAs of any other EIM Entities.

1.13F EIM Entity:

A BA, other than the NV Energy EIM Entity, that enters into the Market Operator's *pro forma* EIM Entity Agreement to enable the EIM to occur in its BAA.

1.13G EIM Transfer:

The transfer of real-time energy resulting from an EIM Dispatch Instruction: (1) between the NV Energy BAA and the CAISO BAA; (2) between the NV Energy BAA and an EIM Entity BAA; or (3) between the CAISO BAA and an EIM Entity BAA using transmission capacity available in the EIM.

1.14 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 unbundled transmission service, or pursuant to a voluntary offer of such service by the Transmission Provider.
- (ii) Any eligible retail customer taking unbundled Transmission Service pursuant to a Retail Open Access Program or pursuant to a voluntary offer of such service by the Transmission Provider, is an Eligible Customer and shall take service pursuant to Part IV of the Tariff.

1.14A e-Tag:

An electronic tag associated with a schedule in accordance with the requirements of the North American Electric Reliability Corporation (NERC), the Western Electricity

Coordinating Council (WECC), or the North American Energy Standards Board (NAESB).

1.15 End-Use Customer:

A purchaser of electric power, who purchases such power from the Colorado River Commission of Nevada (as the authorized agency) pursuant to the provisions of NRS 704B.787, to satisfy load (the purchaser's energy consuming equipment) and who does not resell the power. The Colorado River Commission of Nevada shall act as the End-Use Customer's Designated Agent.

1.16 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.

1.17 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.

1.17A Flexible Ramping Requirement (or Flexible Ramping Constraint):

The costs associated with meeting a requirement, established by the Market Operator, that may be enforced in the Market Operator's EIM optimization to ensure that the unit commitment or dispatch of resources for intervals beyond the applicable commitment or dispatch period provide for the availability of required capacity for dispatch in subsequent real-time dispatch intervals.

1.17B Forecast Data:

Information provided by Transmission Customers regarding expected load (as determined pursuant to Section 4.2.4.3 of Attachment P of this Tariff),

generation, Intrachange, and Interchange, as specified in the NV Energy EIM Business Practice. Forecast Data comprise the Transmission Customer Base Schedule that is used by the NV Energy EIM Entity as the baseline by which to measure Imbalance Energy for purposes of EIM settlement. 1.18 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).

1.18A Imbalance Energy:

The deviation of supply or demand from the Transmission Customer Base schedule, positive or negative, as measured by metered generation, metered load, or real-time Interchange schedules.

1.18B Instructed Imbalance Energy (IIE):

There are two categories of IIE which is settled by the NV Energy EIM Entity depending on the nature and timing of the energy in either the FMM (Fifteen Minute Market) IIE, or RTD (Real-Time Dispatch) IIE: (1) FMM (15-minute) IIE is the portion of Imbalance Energy resulting from the difference between the resource component of the Transmission Customer Base Schedule and the energy, if any, from the Manual Dispatch or physical changes in the output from resources communicated to the Market Operator prior to the FMM, and (2) RTD (5-minute) IIE is the portion of Imbalance Energy resulting from the difference between the resource component of the Transmission Customer Base Schedule and the energy, if any, from the Manual Dispatch identified by the EIM Entity Scheduling Coordinator.

1.18C Interchange:

E-Tagged energy transfers from or to NV Energy's BAA or other BAAs, not including EIM Transfers.

1.18D Intermittent Resource:

An intermittent resource, for the limited purpose of Attachment P, is 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.

1.19 Interruption:

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

1.19A Intrachange:

E-Tagged energy transfers within NV Energy's BAA, not including real-time actual energy flows associated with EIM Dispatch Instructions.

1.20 Load Aggregation Point (LAP):

A set of Pricing Nodes that is used for the submission of bids and settlement of demand in the EIM.

1.21 Load Ratio Share:

Ratio of a Transmission Customer's Network Load to the Transmission Provider's total load computed in accordance with Sections 34.2 and 34.3 of the Network Integration Transmission Service under Part III of the Tariff. Load Ratio Share will be calculated on a rolling twelve month basis.

1.22 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.

1.23 Local Regulatory Authority:

The state or local government authority responsible for the regulation or oversight of a Utility Distribution Company.

1.24 Locational Marginal Price (LMP):

The marginal cost (\$/MWh) of serving the next increment of demand at that PNode consistent with existing transmission constraints and the performance characteristics of resources.

1.25 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.

1.25A Manual Dispatch:

An operating order issued by the NV Energy EIM Entity to a Transmission Customer with a NV Energy EIM Participating Resource or a Non-Participating Resource in NV Energy's BAA, outside of the EIM optimization, when necessary to address reliability or operational issues in NV Energy's BAA that the EIM is not able to address through economic dispatch and congestion management.

1.25B Market Operator (MO):

CAISO, as the entity responsible for operation, administration, settlement, and oversight of the EIM.1.25C Market Price Proxy:

The simple average of the Powerdex Hourly Mid-Columbia Index (Mid-C) and the Powerdex Hourly Mead Index for the applicable hour. If the Market Price Proxy

hourly pricing data set out above is not available from Powerdex for a given hour, pricing data from another published source for the same hour and location shall be used or, if no such alternative published data is available, the applicable Powerdex indices from one or more hours proximate to (either prior or subsequent to) the hour without available data and with the same hour characteristics shall be used in a commercially reasonable manner to estimate the missing pricing data. **1.25D**

Measured Demand:

Includes (1) metered load volumes, including losses pursuant to Schedule 10, in NV Energy's BAA, plus (2) e-Tagged export volumes from the NV Energy BAA, including losses pursuant to Schedule 10 (excluding Dynamic Schedules that support EIM Transfers).

1.25E Metered Demand:

Metered load volumes, including losses pursuant to Schedule 10, in NV Energy's BAA.

1.25F MO Tariff:

Those portions of the MO's approved tariff, as such tariff may be modified from time to time, that specifically apply to the operation, administration, settlement, and oversight of the EIM.

1.26 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.

1.27 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.

1.28 Network Integration Transmission Service:

The transmission service provided under Part III of the Tariff.

1.29 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 an 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.

1.30 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.

1.31 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.

1.32 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 or output associated with an EIM Dispatch Instruction.

1.33 Network Upgrades:

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.

1.34 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.

1.35 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.

1.35A NV Energy BAA:

Refers to the BAA operated by NV Energy.

1.35B NV Energy BAA Transmission Owner:

A transmission owner, other than the NV Energy EIM Entity, who owns transmission facilities in NV Energy's BAA

1.35C NV Energy EIM Base Schedule:

An hourly forward energy schedule that is submitted by an EIM Entity Scheduling Coordinator or EIM Participating Resource Scheduling Coordinator for use by the MO in the Real-Time Market.

1.35D NV Energy EIM Business Practice (NV Energy EIM BP):

The business practice posted on NV Energy's OASIS that contains procedures related to NV Energy's implementation of EIM and the rights and obligations of Transmission Customers and Interconnection Customers related to EIM.

1.35E NV Energy EIM Entity:

The Transmission Provider in performance of its role as an EIM Entity under the MO Tariff and this Tariff, including, but not limited to, Attachment P. The term "NV Energy EIM Entity" refers collectively to the EIM Entity for both Sierra Pacific Power Company and Nevada Power Company.

1.35F NV Energy EIM Entity Scheduling Coordinator:

The Transmission Provider or the entity selected by the Transmission Provider that is certified by the MO and that enters into the MO's pro forma EIM Entity Scheduling Coordinator Agreement. An EIM Participating Resource Scheduling Coordinator may not also be an EIM Entity Scheduling Coordinator unless it is also a transmission provider subject to the standards of conduct set fourth in 18 C.F.R. Section 358.

1.35G NV Energy EIM Participating Resource:

A resource or a portion of a resource: (1) that has been certified in accordance with Attachment P by the NV Energy EIM Entity as eligible to participate in the EIM; and (2) for which the generation owner and/or operator enters into the MO's pro forma EIM Participating Resource Agreement.

1.35H NV Energy EIM Participating Resource Scheduling Coordinator:

A Transmission Customer with one or more NV Energy EIM Participating Resource(s) or a third-party designated by the Transmission Customer with one or more NV Energy EIM Participating Resource(s), that is certified by the MO and

enters into the MO's pro forma EIM Participating Resource Scheduling Coordinator Agreement.

1.35I NV Energy EIM Non-Participating Resource:

A resource in NV Energy's BAA that is not a NV Energy EIM Participating Resource.

1.36 Open Access Same-Time Information System (OASIS):

The information system and standards of conduct contained in Part 37 and Part 38 of the Commission's regulations and all additional requirements implemented by subsequent Commission orders dealing with OASIS.

1.36A Operating Day

The day when the EIM runs and Energy is supplied to Load.

1.37 Part I:

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

1.38 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.

1.39 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.

1.40 Part IV:

Tariff Sections 36 through 38 pertaining to Retail Access Transmission Service in conjunction with the applicable Common Service Provisions of Part I, the Point-To-Point Transmission Provisions of Part II, the Network Integration Transmission Service provisions of Part III and appropriate Schedules and Attachments.

1.41 Parties:

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

1.42 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.

1.43 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.

1.44 Point-To-Point Transmission 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.

1.45 Power Purchaser:

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

1.46 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.

1.46A Pricing Node (PNode):

A single network node or subset of network nodes where a physical injection or withdrawal is modeled by the MO and for which the MO calculates an LMP that is used for financial settlements by the MO and the NV Energy EIM Entity.

1.47 Receiving Party:

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

1.48 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.

1.49 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.

1.49A Resource Plan:

The combination of load, resource and Interchange components of the Transmission Customer Base Schedule, ancillary services plans of the NV Energy EIM Entity, and bid ranges submitted by NV Energy EIM Participating Resources.

1.50 Retail Access Transmission Service:

Transmission Service that is reserved and scheduled between the Transmission Provider and an eligible retail customer (who has met the requirements under Nevada's Retail Open Access Program to obtain such service) under Part IV of this Tariff.

1.51 Retail Open Access Program:

The requirements administered by the Public Utilities Commission of Nevada under A.B. 661 (NRS 704B) for eligible retail customers to obtain unbundled service from the Transmission Provider, or the authority established by S.B. 211 (NRS 704.787) for the Colorado River Commission of Nevada to supply power to an End-Use Customer. Retail access under a Retail Open Access Program is subject to the terms and conditions imposed by the corresponding statute and, if applicable, state regulatory agency.

1.52 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.

1.53 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.

1.54 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.

1.55 Substitute Designated Network Resource:

A resource not previously designated by a Network Customer under Section 29.2 that (1) goes to physical delivery to serve a Network Customer's Network Load, (2) solely as a result of a Bookout involving a Network Resource and (3) uses the transmission path previously reserved for the booked out Network Resource pursuant to Section 29 of the Tariff to deliver power to the Network Customer's Network Load.

1.56 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.

1.57 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.

1.58 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.

1.59 Transmission Customer:

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 and in the Ancillary Services schedules to include customers receiving transmission service under Part II and Part III of this Tariff.

1.59A Transmission Customer Base Schedule:

An energy schedule that provides Transmission Customer hourly-level load Forecast Data, hourly-level resource Forecast Data, and hourly-level Interchange Forecast Data and other information that is used by the NV Energy EIM Entity as the baseline by which to measure Imbalance Energy or purposes of EIM settlement. The term “Transmission Customer Base Schedule” as used in this Tariff may refer collectively to the three components of such schedule (load, resource, and Interchange) or any individual components of such schedule.

1.60 Transmission Owner:

Sierra Pacific Power Company and Nevada Power Company (“NV Energy”)

1.61 Transmission Provider:

The public utility that owns, controls, or operates facilities used for the transmission of electric energy in interstate commerce and provides transmission service under the Tariff, which is:

Nevada Power Company (“Nevada Power,” “NEVP,” “NV Energy”), for itself, and as the Designated Agent for Sierra Pacific Power Company.

1.62 Transmission Provider's Monthly Transmission System Peak:

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

1.63 Transmission Service:

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

1.64 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.

1.65 Utility Distribution Company (“UDC”):

An entity which will continue to provide services regulated by a Local Regulatory Authority for (1) the distribution of electricity to customers and (2) energy to those customers who do not choose Retail Access.

1.65A Uninstructed Imbalance Energy (UIE):

For Non-Participating Resources in an EIM Entity BAA, the MO shall calculate UIE as either (1) the algebraic difference between the resource’s 5-minute meter data and the resource component of the Transmission Customer Base Schedule, or, if applicable, (2) the 5-minute meter data and any Manual Dispatch or FMM schedules. For Transmission Customers with load in the NV Energy EIM Entity’s BAA, the NV Energy EIM Entity shall calculate UIE as the algebraic difference between the Transmission Customer’s actual hourly load and the Transmission Customer Base Schedule.

1.65B Variable Energy Resource:

A device for the production of electricity that is characterized by an energy source that: (1) is renewable; (2) cannot be stored by the facility owner or operator; and (3) has variability that is beyond the control of the facility owner or operator.

Working Day:

Monday through Friday excluding holidays.

7 Billing And Payment

7.1 Billing Procedure:

Within a reasonable time after service is provided, the Transmission Provider shall submit an invoice to the Transmission Customer for the charges for all services furnished under the Tariff. Notwithstanding the prior sentence, the Transmission Provider may submit invoices for periods of less than a full 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. If necessary, bills may be rendered on an estimated basis subject to true-up as soon as actual billing data is available.

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 CFR § 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.

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.

Except for the obligation to make any payments under this Tariff, each Party shall be excused from performing any obligation under this Tariff and shall not be liable in damages or otherwise if and to the extent that it is unable to perform or is prevented from performing such obligation by a Force Majeure; provided, that:

- (a) The non-performing Party, as promptly as practicable after the occurrence of the Force Majeure, but in no event later than five (5) days thereafter, gives the other Party written notice describing the particulars of the occurrence;
- (b) The suspension of performance is of no greater scope and of no longer duration than is reasonably required by the Force Majeure;
- (c) The non-performing Party uses Due Diligence to perform and/or remedy its inability to perform;
- (d) As soon as the non-performing Party is able to resume performance of its obligations excused as a result of the occurrence, it gives prompt written notification thereof to the other Party; and

- (e) Neither Party shall be required to settle any strike, walkout, lockout or other labor dispute on terms which, in the sole judgment of the Party involved in the dispute, are contrary to its interest, it being understood and agreed that the settlement of strikes, walkouts, lockouts or other labor disputes shall be entirely within the discretion of the Party having such dispute.

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. Provided, however, that the standard of liability for the actions of the NV Energy EIM Entity performed consistent with Attachment P of this Tariff shall be gross negligence or intentional wrongdoing.

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 therefore. 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:

- (A) 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
- (B) one half the cost of the single arbitrator jointly chosen by the Parties.

12.4A EIM Billing Disputes

12.4A.1 Disputes between the NV Energy EIM Entity and a Transmission Customer or Interconnection Customer Related to Allocation of Charges or Payments from the MO:

To the extent a dispute arises between the NV Energy EIM Entity and a Transmission Customer or Interconnection Customer regarding the NV Energy

EIM Entity's allocations of charges or payments from the MO, the Transmission Customer or Interconnection Customer shall submit the dispute to the EIM Entity in accordance with the deadlines set forth in the NV Energy EIM Business Practice. The parties shall follow the dispute resolution procedures in Sections 12.1 to 12.4 of this Tariff.

12.4A.2 Disputes between the MO and NV Energy EIM Participating Resource Scheduling Coordinators Related to EIM Charges and Payments Directly From the MO:

Disputes involving settlement statements between the MO and NV Energy EIM Participating Resource Scheduling Coordinators shall be resolved in accordance with the dispute resolution process of the MO Tariff. A Transmission Customer with a NV Energy EIM Participating Resource shall provide notice to the NV Energy EIM Entity if it raises a dispute with the MO in accordance with the process set forth in the NV Energy EIM Business Practice. Such notice shall be provided to the NV Energy EIM Entity within two business days of initiating a dispute pursuant to the MO's dispute resolution process and must include detailed information about the nature of the dispute.

12.4A.3 Disputes between the MO and the NV Energy EIM Entity:

The NV Energy EIM Entity may raise disputes with the MO regarding the settlement statements it receives from the MO in accordance with the process specified in the MO Tariff. If the NV Energy EIM Entity submits a dispute it shall provide notice to Transmission Customers in accordance with the NV Energy EIM Business Practice. The NV Energy EIM Entity shall provide notice to Transmission Customers via an OASIS posting within two business days of initiating the dispute pursuant to the MO's dispute resolution process. Such notice shall include detailed information about the nature of the dispute and disputed charges. Upon resolution of the dispute with the MO, the NV Energy

EIM Entity shall provide notice to Transmission Customers via a posting on NV Energy's OASIS site within two business days of resolution, including the nature of the resolution and any settlement-related impacts of the resolution on Transmission Customers.

12.4A.4 Disputes Regarding MO Charges or Payments to the NV Energy EIM Entity Raised by Transmission Customers or Interconnection Customers:

To the extent a dispute arises regarding a MO charge or a MO payment to the NV Energy EIM Entity that is subsequently charged or paid by the NV Energy EIM Entity to a Transmission Customer or an Interconnection Customer, and such Transmission Customer or Interconnection Customer wishes to raise a dispute with the MO, the Transmission Customer or Interconnection Customer shall provide notice to the NV EIM Entity in accordance with the NV Energy EIM Business Practice. The NV Energy EIM Entity shall file a dispute on behalf of such Transmission Customer or Interconnection Customer with the MO in accordance with the MO Tariff and work with the Transmission Customer or the Interconnection Customer to resolve the dispute pursuant to the process specified in the MO Tariff. In order to provide sufficient time for the NV Energy EIM Entity to raise a dispute with the MO on behalf of customers, a Transmission Customer or Interconnection Customer must provide notice to the NV Energy EIM Entity of the dispute at least seven calendar days prior to the MO's deadline, currently established at 77 business days after the Operating Day (T+77BD). Such notice and must include sufficiently detailed information about the nature of the dispute for the NV Energy EIM Entity to properly bring and support the dispute within the MO's prescribed settlement dispute timelines and consistent with the MO's requirements. The NV Energy EIM Entity will work with the Transmission Customer or the Interconnection Customer to resolve the dispute pursuant to the process specified in the MO Tariff. The NV Energy EIM Entity

shall provide notice to Transmission Customers via an OASIS posting within two business days of initiating a dispute on behalf of a customer. Such notice shall include detailed information about the nature of the dispute and disputed charges. Upon resolution of the dispute with the MO, the NV Energy EIM Entity shall provide notice to Transmission Customers via a posting on NV Energy's OASIS site within two business days of resolution, including the nature of the resolution and any settlement-related impacts of the resolution on Transmission Customers.

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.

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 reserved 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 Transmission Provider:

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 Transmission Customer 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. The Transmission Customer must agree to compensate the Transmission Provider for any necessary transmission facility additions pursuant to the terms of Section 27. 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 or 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 Load Shedding procedures specified in Section 33. 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. Transmission Provider shall take necessary measures to ensure reliability in NV Energy's BAA in accordance with Section 6 of Attachment P.

13.7 Classification of Firm Transmission Service:

- (a) 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.
- (b) 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.

- (c) 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. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable 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.

13.8 Scheduling of Firm Point-To-Point Transmission Service:

Schedules for the Transmission Customer's Firm Point-To-Point Transmission must be submitted to the Transmission Provider no later than 10:00 a.m. (Pacific Time) of the day prior to commencement of such service. Schedules submitted after 10:00 a.m. (Pacific Time) will be accommodated, if practicable. Hour-to-hour and intra-hour (four intervals consisting of fifteen minute schedules) 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 scheduling interval 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 and intra-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 Non-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 Point-To-Point Transmission Service by the Transmission Provider:

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:

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 Point-To-Point 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. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that a Transmission Customer (including Third-Party Sales by the Transmission Provider) exceeds its non-firm capacity reservation.

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 1:00 p.m. (Pacific Time) of the day prior to commencement of such service. Schedules submitted after than 1:00 p.m. (Pacific Time) will be accommodated, if practicable. Hour-to-hour and intra-hour (four intervals consisting of fifteen minute schedules) 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 twenty (20) minutes before the start of the next scheduling interval 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 and intra-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. 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. Transmission Provider will take necessary measures to ensure reliability in NV Energy's BAA in accordance with Section 6 of Attachment P.

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, 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.
- g. The Transmission Customer is subject to Attachment P regarding the EIM and must comply with its requirements.

16.2 Transmission Customer 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 Point-To-Point Transmission 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 the current representative(s) for the Companies. For eligible retail customers or an authorized agency seeking Point-To-Point Retail Open Access Transmission Service, such requests shall be submitted in accordance with Part IV of this Tariff.

The Companies' representative is listed on the Open Access Transmission Inc.(OATi) OASIS website in the Contacts folder.

The OATi OASIS websites are located at the following locations:

<http://www.oasis.oati.com/NEVP>

<http://www.oasis.oati.com/SPPC>

<http://www.oasis.oati.com/NVE>

The Application must be submitted 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 that shall be negotiated between the Parties within the time constraints provided in Section 17.5.

All Firm Point-To-Point Transmission Service requests should be submitted by entering the information listed below on the Transmission Provider's OASIS. In the event that the Transmission Provider's OASIS is not functional for any reason, a Completed Application may instead 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 designated for that purpose.

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 CFR § 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. 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;
- (x) Any additional information required by the Transmission Provider's planning process established in Attachment K; and
- (xi) The designated representative for Transmission Customer who will be responsible for operational communications with the Transmission Provider and who will have sufficient authority to commit and bind the Transmission Customer during real time operation. Such representative may be responsible for more than one Transmission Customer but each Transmission Customer shall have only one representative.

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:

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. 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.

(a) Procedures For Obtaining an Extension of Service Involving Existing Facilities:

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.

(b) Procedures For Obtaining an Extension of Service When New Facilities Are Constructed:

When a requested extension is made on or after July 5, 2004 and involves the construction of new facilities by the Transmission Provider, the procedures described in Section 17.7(a) shall apply, except that the following procedures will apply with respect to the amount of compensation required for the requested extension:

- (i) The Transmission Provider will determine whether the extension can be granted without the incurrence of additional costs by the Transmission Provider. If so, the provisions of Section 17.7(a) shall govern the amount of compensation required.
- (ii) If additional costs will be incurred by the Transmission Provider as a consequence of the requested extension, a senior management representative of both the Transmission Provider and the Transmission Customer shall negotiate in good faith to attempt to reach an agreement on the amount and form of compensation required for the extension. The Transmission Provider shall file any such agreement under Section 205 of the Federal Power Act as an amendment to the Transmission Customer's transmission service agreement.
- (iii) If additional costs will be incurred by the Transmission Provider as a consequence of the requested extension and the Transmission Provider and the Transmission Customer cannot reach an agreement on the amount and form of compensation required for the extension, the Transmission Provider may make a filing under Section 205 of the Federal Power Act as an amendment to the Transmission Customer's transmission service agreement, providing for the recovery of the carrying costs and any other costs incurred by the Transmission Provider as a consequence of the extension. Such filing shall contain information that shall allow the Commission to determine whether the claimed costs are just and reasonable.

17.8 For Future Use:

17.9 Completed Application for Participation in EIM Using Firm Point-to-Point Transmission Service:

A Transmission Customer that elects to participate in the EIM using a Service Agreement for Firm Point-to-Point Transmission Service in accordance with Attachment P shall submit a Completed Application for the Service Agreement for Firm Point-To-Point Transmission Service consistent with Section 17.1 and provide the information requested in Section 17.2.

18 Procedures For Arranging Non-Firm Point-To-Point Transmission 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.

In the event that the Transmission Provider's OASIS is not functional for any reason, a Completed Application may instead 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 designated for that purpose. Each of these methods will provide a time-stamped record for establishing the service priority of the Application.

18.2 Completed 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 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
- (viii) The designated representative for Transmission Customer who will be responsible for operational communications with the Transmission Provider and who will have sufficient authority to commit and bind the Transmission Customer during real time operation. Such representative may be responsible for more than one Transmission Customer but each Transmission Customer shall have only one representative.

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

- (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.

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; and requests for daily service shall be submitted no earlier than two (2) days before service is to commence. Requests for hourly service shall be submitted no earlier than 6:00 a.m. (Pacific Time) the day before service is to commence. Requests for service received later than 2:00 p.m. (Pacific Time) 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 but no earlier than 11:00 a.m. (Pacific Time) prior to the day service is scheduled, (ii) thirty (30) minutes for daily service, (iii) four (4) hours for weekly service, and (iv) two (2) days for monthly service.

18.5 Completed Application for Participation in EIM Using Non-Firm Point-to-Point Transmission Service:

A Transmission Customer that elects to participate in the EIM using an Umbrella Service Agreement for Non-Firm Point-to-Point Transmission Service in accordance with Attachment P shall submit a Completed Application for the Umbrella Service Agreement for Non-Firm Point-To-Point Transmission Service consistent with Section 18.1 and provide the information requested in Section 18.2.

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. Replacement of Real Power Losses shall be made pursuant to the options contained in Schedule 10.

28.6 Restrictions on Use of Service:

The Network Customer shall not use Network Integration Transmission Service for either (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, except

and unless in accordance with Section 28.7. 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 that requires use of the Transmission Provider's Transmission System. The Transmission Provider shall specify any appropriate charges and penalties and all related terms and conditions applicable in the event that a Network Customer uses Network Integration Transmission Service or secondary service pursuant to Section 28.4 to facilitate a wholesale sale that does not serve a Network Load.

28.7 Participation in the EIM: Notwithstanding the limitations in Section 28.6, Network Customers may participate in the EIM using a Network Integration Transmission Service Agreement without a requirement to terminate the designation of any Network Resource that is a NV Energy EIM Participating Resource consistent with Section 30.3 of this Tariff and without a requirement to reserve additional Point-To-Point Transmission Service for such transactions.

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 (or Attachment F-1, if applicable) 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, and
- (iv) the Eligible Customer executes a Network Operating Agreement with the Transmission Provider pursuant to Attachment G.

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. 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. In the event that the Transmission Provider's OASIS is not functional for any reason, a Completed Application may instead 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 designated for that purpose. 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;
- (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 noninterruptible 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 or as specified for EIM purposes in Attachment P.

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 Commencement of 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 or participation in the EIM in accordance with Attachment P. 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. 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. 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 noninterruptible

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.

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.

Information provided by a Network Customer necessary to redesignate a Network Resource following a period of temporary termination may incorporate by reference information provided pursuant to Section 29 which that resource was first designated, provided, however, that a Network Customer must provide an attestation required by Section 29.2 in order to properly redesignate the Network Resource.

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 group, plus sales that permit curtailment without penalty to serve its designated Network Load. This limitation shall not apply to NV Energy EIM Participating Resources responding to Dispatch Instructions or 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.

Power from a Substitute Network Resource may be transmitted over transmission capacity reserved under Section 29 for the booked out Network Resource, provided that the Network Customer document the Substitute Designated Network Resource on its electronic tag submitted to the Transmission Provider. A Network Customer need not undesignate a Network Resource before engaging in a Bookout involving that Network Resource.

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 Transmission Arrangements for Network Resources Not Physically Interconnected With The Transmission Provider:

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 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 July 13th, 2007 (the effective date of the Final Rule in RM05-25-000), 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.

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. Schedule 1-A includes a pass-through of the MO Administrative costs assigned to the NV Energy EIM Entity Scheduling Coordinator in accordance with Sections 4.5.1.1.4, 4.5.1.3, 11.22.8, and 29.11(i) of the MO Tariff.

The Transmission Customer shall maintain, or shall designate a 24 hour, seven days per week scheduling entity for the purposes of communicating with the Transmission Provider regarding all scheduling of the Transmission Customer's loads and/or resources and for coordinating and allocating curtailments and interruptions in Load and the altering of schedules at the request of the Transmission Provider. Such scheduling entity must be registered as a single purchasing selling entity ("PSE") on the NAESB Electric Industry Registry ("EIR") website. Either the Transmission Customer acting on its own behalf, or its designated scheduling entity, will at all times have present a designated member of its staff who will be responsible for operational communications with the Transmission Provider and who will have sufficient authority to commit and bind the Transmission Customer. The Transmission Customer shall provide written notification to the Transmission Provider of a change in its designated scheduling entity as soon as practicable but not later than sixty (60) days prior to the effective

date of such change. The Transmission Customer shall be allowed a maximum of two changes to its scheduling entity in a 12-month period.

Pre-schedules shall be submitted through the presentation of an electronic tag (“e-tag”), as defined by the NERC, to the Transmission Provider. The Transmission Customer or its designated scheduling entity is responsible for ensuring that the e-tag is submitted in accordance with the Operating and Scheduling Protocol posted on the Transmission Provider’s OASIS. E-tags which are incomplete or contain incorrect information, will be rejected. Such e-tags may be resubmitted during the pre-scheduling process. However, Transmission Customers who have e-tags which are incomplete or incorrect at the close of pre-schedule will be required to implement their schedule in real-time. Real time schedules and changes to pre-schedule will be communicated to the Transmission Provider via telephone followed immediately by the submission of a correct and complete e-tag or modification to pre-existing tag as appropriate. The Transmission Customer or its designated scheduling entity is responsible for matching its tags and schedules and for ensuring that the information on the tag is correct. The Transmission Customer will be held responsible for any imbalance that may occur as a result of its failure to submit a correct and complete e-tag. Additionally, assessment of reserve requirements will be based on the e-tag.

The Transmission Customer will be allowed to use dynamic scheduling when it is feasible and reliable. Dynamic scheduling involves the arrangement for moving load or generation served within one Control Area such that the load or generation is recognized in the real-time control and dispatch of another Control Area. If a Transmission Customer requests that the Transmission Provider perform dynamic scheduling, the Transmission Provider will provide this service at negotiated rates, terms and conditions. Such negotiated rates, terms and conditions will be subject to Commission approval.

For Point-to-Point Transmission Service, the rate shall be applied to the Reserved Capacity. For Network Integration Transmission Service, the rate shall be applied to the Transmission Customer’s Monthly Network Load as determined for each month during such period pursuant to the methodology set forth in Section 34.2 of this Tariff.

\$99.15/MW per month

22.88/MW per week

3.27/MW per day

0.14/MW per hour

**Schedule 1-A:
EIM Administrative Service**

This service recovers the administrative costs assessed by the CAISO as the MO of the EIM to the NV Energy EIM Entity in accordance with Sections 4.5.1.1.4, 4.5.1.3, 11.22.8, and 29.11(i) of the MO Tariff (EIM Administrative Costs). All Transmission Customers purchasing Long-Term Firm Point-to-Point Transmission Service, Short-Term Firm Point-to-Point Transmission Service, Non-Firm Point-to-Point Transmission Service, or Network Integration Transmission Service from the Transmission Provider shall be required to acquire EIM Administrative Service from the Transmission Provider.

EIM Administrative Costs assigned to the NV Energy EIM Entity shall be sub-allocated to Transmission Customers on the basis of Measured Demand for the month in which the EIM Administrative Costs were incurred.

**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 shall establish charges for energy imbalance service as follows:

A Transmission Customer shall be charged or paid for Energy Imbalance Service measured as the deviation of the Transmission Customer's metered load compared to the load component of the Transmission Customer Base Schedule (as determined pursuant to Section 4.2.4.3 of Attachment P of this Tariff) settled as UIE for the period of the deviation at the applicable LAP price where the load is located, as determined by the MO under Section 29.11(b)(3)(C) of the MO Tariff.

A spreadsheet showing the sub-hourly LAPs and LMPs of the previous month shall be accessible through the MO's OASIS.

Schedule 9 Generator Imbalance Service

Generator Imbalance Service is provided when a difference occurs between the output of a generator located in the Transmission Provider's Control Area, as reflected in the resource component of the Transmission Customer Base Schedule, and the delivery schedule from that generator to (1) another Control Area or (2) a load within the Transmission Provider's Control Area over a single hour. The Transmission Provider must offer this service, to the extent it is physically feasible to do so from its resources or from resources available to it, when Transmission Service is used to deliver energy from a generator located 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 Generator 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 shall establish charges for generator imbalance service based as follows:

A Transmission Customer shall be charged or paid for Generator Imbalance Service measured as the deviation of the Transmission Customer's metered generation compared to the resource component of the Transmission Customer Base Schedule settled as UIE for the period of the deviation at the applicable PNode RTD price where the generator is located, as determined by the MO under Section 29.11(b)(3)(B) of the MO Tariff. This provision does not apply to Transmission Customers which have received a Manual Dispatch or which have communicated physical changes in the output of resources to the MO.

The following provisions shall apply to Transmission Customers which have received a Manual Dispatch or which have communicated physical changes in the output of resources to the MO:

- (1) (a) A Transmission Customer shall be charged or paid for Generator Imbalance Service measured as the deviation of the Transmission Customer's metered generation compared to either the Manual Dispatch amount or physical changes in the output of resources incorporated by the MO in the FMM, settled as UIE for the period of the deviation at the applicable PNode RTD price where the generator is located, as determined by the MO under Section 29.11(b)(3)(B) of the MO Tariff; or
- (1) (b) A Transmission Customer shall be charged or paid for Generator Imbalance Service measured as the deviation of the Transmission Customer's metered generation compared to either the Manual Dispatch amount or physical changes in the output of resources incorporated by the MO in RTD, settled as UIE for the period of the deviation at the applicable PNode RTD price where the generator is located, as determined by the MO under Section 29.11(b)(3)(B) of the MO Tariff; and

- (2) (a) A Transmission Customer shall be charged or paid for Generator Imbalance Service measured as the deviation of either the Manual Dispatch amount or physical changes in the output of resources incorporated by the MO in the FMM, compared to the resource component of the Transmission Customer Base Schedule, settled as IIE for the period of the deviation at the applicable PNode FMM price where the generator is located, as determined by the MO under Section 29.11(b)(1)(A)(ii) of the MO Tariff; or
- (2) (b) A Transmission Customer shall be charged or paid for Generator Imbalance Service measured as the deviation of either the Manual Dispatch amount or physical changes in the output of resources incorporated by the MO in RTD, compared to the FMM schedule, settled as IIE for the period of the deviation at the applicable PNode RTD price where the generator is located, as determined by the MO under Section 29.11(b)(2)(A)(ii) of the MO Tariff.

A spreadsheet showing the sub-hourly LMPs of the previous month shall be accessible through the MO's OASIS.

Applicability to Interconnection Customers:

To the extent the Interconnection Customer is a different entity than the Transmission Customer and controls the output of a generator located in the Transmission Provider's Control Area, the Interconnection Customer may be subject to charges for Generator Imbalance Service (rather than the Transmission Customer) in accordance with this Schedule 9.

Schedule 10: Loss Compensation Service

Capacity and energy losses occur when a Transmission Provider delivers electricity across its transmission facilities for a Transmission Customer. The Transmission Customer taking Network Integration Transmission Service, Firm Point-to-Point, or Non-Firm Point-to-Point Transmission Service, excluding service for EIM participation, shall reimburse Transmission Provider for Real Power Losses as provided in Section 15.7 and may elect to:

- (1) Financially settle the losses by reimbursement as specified by the Transmission Provider for such losses, or;
- (2) Supply via a schedule capacity and energy necessary to compensate the Transmission Provider for such losses, or
- (3) Arrange for a third party to supply via a schedule the capacity and energy to compensate the Transmission Provider for such losses.

Settlement of Real Power Losses associated with Energy Imbalance Service shall be pursuant to Schedule 4 of this Tariff, and settlement of Real Power Losses associated with Generator Imbalance Service shall be pursuant to Schedule 9 of this Tariff.

The procedures to determine the amount of losses associated with the matched portion of a Transmission Customer's Base Schedule as well as the provisions for such charges or schedules for losses are set forth below. The matched portion is the Transmission Customer's metered load and/or Interchange, as applicable, compared to the resource component and/or Interchange of the Transmission Customer's Base Schedule, as applicable.

1. Transmission Customer Options:

A Transmission Customer shall have the option to settle Real Power Losses pursuant to Section 2, Financial Losses, or Section 3, Physical Delivery as scheduled by the Transmission Customer or by a third party on behalf of the Transmission Customer, described below subject to the following conditions:

- a. A Transmission Customer shall be required to settle Real Power Losses associated with all short-term firm and non-firm point-to-point transmission service in an identical manner.
- b. Transmission Customers shall elect the method of loss compensation at the time of scheduling the Point-To-Point Transmission Service.
- c. Failure of a Transmission Customer to provide notification of its election for settling Real Power Losses to the Transmission Provider during the scheduling of the Point-To-Point Transmission Service will result in Financial Settlement pursuant to Section 2 below until the next scheduling period.

2. Financial Settlement:

- a. The amount of Loss Compensation Service provided shall be the product of the actual transmission service provided (scheduled service less any curtailments, corrections or adjustments mutually agreed on by the Transmission Provider and the Transmission Customer) during each hour in MWhs and the applicable loss factor provided in Section 4 below.
- b. The Transmission Customer shall compensate the Transmission Provider for Loss Compensation Service provided each hour at a rate equal to the average hourly LAP price for the NV Energy BAA as established by the MO under section 29.11 (b)(3)(C) of the MO Tariff, multiplied by the energy for such hour based on a Transmission Customer's metered load actual amounts (for a Transmission Customer taking Network Integration Transmission Service) or actual amounts of power scheduled to be delivered at Point(s) of Delivery (for a Transmission Customer taking Point-to-Point Transmission Service).
- c. A spreadsheet showing the average LAP prices for each hour of the previous month shall be accessible through the Transmission Providers's OASIS.

3. Physical Delivery:

Transmission Customers electing physical delivery shall schedule losses, or have a third party schedule losses on their behalf, to the Transmission Provider concurrently with transmission energy schedules. Consistent with the e-Tag Business Practices of the WECC, Real Power Losses must be scheduled utilizing capacity from the original transmission service reservation or capacity on a new transmission service reservation. The amount of Real Power Losses scheduled shall be the product of the actual transmission service provided (scheduled service less any curtailments, corrections or adjustments mutually agreed on by the Transmission Provider and the Transmission Customer) during each hour in whole MWhs and the applicable loss factor provided in Section 4 below. Partial MWhs will be accrued by the Transmission Customer and scheduled back within the month transmission service was taken, concurrent with their transmission schedules. Any partial MWhs not scheduled back within the month of service shall be billed financially.

4. Loss Factors

The Real Power Loss Factors is:

1.57%

Attachment N

Standard Large Generator Interconnection Procedures (LGIP)

including

Standard Large Generator Interconnection Agreement (LGIA)

Standard Large Generator Interconnection Procedures (LGIP)

(Applicable to Generating Facilities that exceed 20 MW)

Table of Contents: Large Generator Interconnection Procedures (LGIP)

| | | Attachment N Page Number |
|-------------------|--|---------------------------------|
| Section 1. | Definitions..... | 6 |
| Section 2. | Scope and Application | 16 |
| 2.1 | Application of Standard Large Generator Interconnection Procedures..... | 16 |
| 2.2 | Comparability..... | 16 |
| 2.3 | Base Case Data..... | 16 |
| 2.4 | No Applicability to Transmission Service..... | 16 |
| 2.5 | EIM Requirements..... | 16 |
| Section 3. | Pre-Application Process | 16 |
| 3.1 | General..... | 16 |
| 3.2 | Pre-Application Requests..... | 17 |
| 3.2.1 | Initiating a Pre-Application Request..... | 17 |
| 3.2.2 | Acknowledgment of Pre-Application Request..... | 17 |
| 3.2.3 | Deficiencies in Pre-Application Request..... | 17 |
| 3.2.4 | Withdrawal..... | 17 |
| 3.3 | Pre-Application Procedures | 18 |
| 3.3.1 | Pre-Application Number | 18 |
| 3.3.2 | Pre-Application Meeting | 18 |
| 3.3.3 | Data Required at Pre-Application Meeting..... | 18 |
| 3.3.4 | Completion of Pre-Application Process..... | 19 |
| Section 4. | Completed Interconnection Requests | 19 |
| 4.1 | General..... | 19 |
| 4.2 | Identification of Types of Interconnection Services..... | 20 |
| 4.2.1 | Energy Resource Interconnection Service..... | 20 |
| 4.2.2 | Network Resource Interconnection Service..... | 21 |
| 4.3 | Completed Interconnection Request..... | 21 |
| 4.4 | Scoping Meeting..... | 22 |
| 4.5 | OASIS Posting..... | 22 |
| 4.6 | Coordination with Affected Systems..... | 23 |
| 4.7 | Withdrawal..... | 23 |
| Section 5. | Queue Position..... | 24 |
| 5.1 | General..... | 24 |
| 5.2 | Clustering..... | 25 |
| 5.3 | Transferability of Queue Position..... | 26 |
| 5.4 | Modifications..... | 26 |
| Section 6. | Procedures for Interconnection Requests Submitted Prior to Effective Date of Standard Large Generator Interconnection Procedures..... | 27 |
| 6.1 | Queue Position for Pending Requests..... | 27 |

| | | |
|--------------------|---|-----------|
| 6.2 | New Transmission Provider..... | 28 |
| Section 7. | Interconnection System Impact Study | 29 |
| 7.1 | Interconnection System Impact Study Agreement. | 29 |
| 7.2 | Execution of Interconnection System Impact Study Agreement..... | 29 |
| 7.3 | Scope of Interconnection System Impact Study. | 29 |
| 7.4 | Interconnection System Impact Study Procedures | 30 |
| 7.5 | Meeting with Transmission Provider..... | 31 |
| 7.6 | Re-Study. | 31 |
| Section 8. | Interconnection Facilities Study | 31 |
| 8.1 | Interconnection Facilities Study Agreement..... | 31 |
| 8.2 | Scope of Interconnection Facilities Study. | 32 |
| 8.3 | Interconnection Facilities Study Procedures..... | 32 |
| 8.4 | Meeting with Transmission Provider..... | 33 |
| 8.5 | Re-Study. | 33 |
| Section 9. | Engineering & Procurement (“E&P”) Agreement..... | 33 |
| Section 10. | Optional Interconnection Study | 34 |
| 10.1 | Optional Interconnection Study Agreement. | 34 |
| 10.2 | Scope of Optional Interconnection Study. | 34 |
| 10.3 | Optional Interconnection Study Procedures. | 35 |
| Section 11. | Standard Large Generator Interconnection Agreement (LGIA)..... | 35 |
| 11.1 | Tender. | 35 |
| 11.2 | Negotiation..... | 35 |
| 11.3 | Execution and Filing..... | 36 |
| 11.4 | Commencement of Interconnection Activities. | 37 |
| Section 12. | Construction of Transmission Provider’s Interconnection Facilities and Network Upgrades | 37 |
| 12.1 | Schedule..... | 37 |
| 12.2 | Construction Sequencing. | 37 |
| 12.2.1 | General. | 37 |
| 12.2.2 | Advance Construction of Network Upgrades that are an Obligation of an Entity Other than Interconnection Customer | 37 |
| 12.2.3 | Advancing Construction of Network Upgrades that are Part of an Expansion Plan of the Transmission Provider..... | 38 |
| 12.2.4 | Amended Interconnection System Impact Study. | 38 |
| Section 13. | Miscellaneous..... | 38 |
| 13.1 | Confidentiality. | 38 |
| 13.1.1 | Scope..... | 39 |
| 13.1.2 | Release of Confidential Information. | 39 |
| 13.1.3 | Rights. | 40 |
| 13.1.4 | No Warranties. | 40 |
| 13.1.5 | Standard of Care..... | 40 |
| 13.1.6 | Order of Disclosure. | 40 |

| | | |
|--------|---|-----------|
| 13.1.7 | Remedies..... | 40 |
| 13.1.8 | Disclosure to FERC, its Staff, or a State..... | 41 |
| 13.2 | Delegation of Responsibility..... | 42 |
| 13.3 | Obligation for Study Costs..... | 42 |
| 13.4 | Third Parties Conducting Studies..... | 42 |
| 13.5 | Disputes..... | 43 |
| 13.5.1 | Submission..... | 43 |
| 13.5.2 | External Arbitration Procedures..... | 44 |
| 13.5.3 | Arbitration Decisions..... | 44 |
| 13.5.4 | Costs..... | 44 |
| 13.6 | Local Furnishing Bonds..... | 45 |
| 13.6.1 | Transmission Providers That Own Facilities Financed by Local Furnishing Bonds..... | 45 |
| 13.6.2 | Alternative Procedures for Requesting Interconnection Service..... | 45 |
| | LGIP Appendix 1: Pre-Application Request For A Large Generating Facility | 46 |
| | LGIP Appendix 2: Interconnection System Impact Study Agreement | 52 |
| | LGIP Appendix 3: Interconnection Facilities Study Agreement | 56 |
| | LGIP Appendix 4: Optional Interconnection Study Agreement..... | 61 |
| | LGIP Appendix 5 Interconnection Procedures For A Wind Generating Plant | 63 |
| | LGIP Appendix 6: Standard Large Generator Interconnection Agreement (LGIA) | 64 |

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.

Bureau of Land Management (BLM) shall mean the U.S. Department of the Interior, Bureau of Land Management, or its successor agency, which manages federal public lands.

BLM Land shall mean federal public lands managed by the Bureau of Land Management or its successor agency.

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 Completed 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.

Completed Interconnection Request shall mean an Interconnection Customer's request that has met all requirements to complete and completed the Pre-Application Process as set forth in Section 3 of the LGIP, to interconnect a new Generating Facility, increasing the capacity of, or making a Material Modification to the operating characteristics of an existing Generating Facility.

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 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 Completed 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 Completed 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 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 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, 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 2 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: (1) cost or timing of any Pre-Application Request with a later Pre-Application Number or (2) cost or timing of any Completed 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 Corporation 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, 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.

Pre-Application Meeting shall mean the meeting held between the Transmission Provider and the Interconnection Customer during the Pre-Application Process in order to process the Pre-Application Request, to discuss any potential siting impediments or timelines associated with an Interconnection Customer's Pre-Application Request, and to create a Preliminary Plan of Development (if necessary) for the Interconnection Customer's Pre-Application Request.

Pre-Application Number shall mean the number given to the Interconnection Customer upon receipt of a Pre-Application Request by the Transmission Provider. The Pre-Application Number shall be time- and date stamped and Pre-Application Requests will be processed in order of Pre-Application Number.

Pre-Application Process shall mean the activities required prior to the Interconnection Customer entering the Interconnection Queue, as further set forth in Section 3 of this Large Generator Interconnection Procedures. The Pre-Application Process shall apply to a new Interconnection Customer request 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.

Pre-Application 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.

Preliminary Plan of Development (PPOD) shall mean the plan required to be submitted to the BLM, if any, to obtain necessary permits or Right-of-Way grants for Interconnection Facilities or Network Upgrades, Distribution Upgrades, System Protection Facilities or Affected System facilities needed to accommodate the Interconnection Customer's Pre-Application Request, which are to be sited, all or partially, on BLM lands.

Queue Position shall mean the order of a Completed Interconnection Request, relative to all other pending, Completed Interconnection Requests, that is established based upon the date and time of receipt of the Completed 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 an optional 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: (A) for privately owned lands: (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; (B) for BLM publically managed lands, the submittal of a Preliminary Plan of Development which includes Interconnection Customer's Interconnection Facilities and Transmission Provider's Interconnection Facilities and Network Upgrades, System Protection Facilities, Distribution Upgrades developed by the Interconnection Customer and Transmission Provider through the Pre-Application Process; and (C) for Tribal or other public lands managed by the federal government, agency, or other applicable state agency, reasonable demonstration or a right to develop a site for the purpose of constructing the Generating Facility.

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 a Completed 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 a Completed 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.

Tribal shall mean any Native American tribe, as recognized by the Bureau of Indian Affairs, or its successor agency.

Section 2. Scope and Application

2.1 Application of Standard Large Generator Interconnection Procedures.

Sections 2 through 13 apply to processing a Pre-Application Request and a Completed Interconnection Request pertaining to a Large Generating Facility.

2.2 Comparability.

Transmission Provider shall receive, process and analyze all Pre-Application Requests and Completed Interconnection Requests in a timely manner as set forth in this LGIP. Transmission Provider will use the same Reasonable Efforts in processing and analyzing Pre-Application Requests and Completed 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.

In accordance with the Applicable Reliability Council policies, 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.

2.5 EIM Requirements:

The Interconnection Customer shall have a continuing duty to comply with Attachment P of this Tariff, as applicable.

Section 3. Pre-Application Process

3.1 General.

An Interconnection Customer shall submit to Transmission Provider a Pre-Application Request, by providing the information set forth in Appendix 1 to this LGIP, along with a -refundable deposit of \$10,000 in order to initiate the Pre-Application Process. Interconnection Customer shall submit a separate Pre-Application Request for each site and may submit multiple Pre-Application Requests for a single site.

Interconnection Customer must submit a deposit with each Pre-Application Request even when more than one request is submitted for a single site. At Interconnection Customer's option, Transmission Provider and Interconnection Customer will identify alternative Point(s) of Interconnection and configurations at the Pre-Application Meeting.

3.2 Pre-Application Requests

3.2.1 Initiating a Pre-Application Request.

To initiate a Pre-Application Request, Interconnection Customer must submit a Pre-Application Request pursuant to Appendix 1 to the Standard Large Generator Interconnection Procedures along with a refundable deposit of \$10,000.

3.2.2 Acknowledgment of Pre-Application Request.

Transmission Provider shall acknowledge receipt of the Pre-Application Request within five (5) Business Days of receipt of the Pre-Application Request.

3.2.3 Deficiencies in Pre-Application Request.

A Pre-Application Request will not be considered to be a valid request until all items in Section 3.2.1 have been received by Transmission Provider. If a Pre-Application Request fails to meet the requirements set forth in Section 3.2.1, Transmission Provider shall notify Interconnection Customer within five (5) Business Days of receipt of the initial Pre-Application Request of the reasons for such failure and that the Pre-Application 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 3.2.3 shall be treated in accordance with Section 3.2.4.

3.2.4 Withdrawal.

Interconnection Customer may withdraw its Pre-Application 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 Pre-Application 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 notice, Interconnection Customer shall have fifteen (15) Business Days in which to either respond with information or actions that cure the deficiency or to notify Transmission Provider of its intent to pursue Dispute Resolution.

Withdrawal shall result in the loss of Interconnection Customer's Pre-Application Number. If an Interconnection Customer disputes the withdrawal and loss of its Pre-Application Number, then during Dispute Resolution, Interconnection Customer's Pre-Application Request is eliminated from the Pre-Application process until such time that the outcome of Dispute Resolution would restore its Pre-Application Number.

3.3 Pre-Application Procedures

3.3.1 Pre-Application Number

Upon receiving a Pre-Application Request along with the refundable \$10,000 deposit and information required in Appendix 1 of this LGIP, the Interconnection Customer shall be assigned a time- and date-stamped Pre-Application Number. The Transmission Provider shall post on the OASIS all Pre-Application Requests according to Pre-Application Number.

3.3.2 Pre-Application Meeting

The Transmission Provider shall schedule a Pre-Application Meeting with the Interconnection Customer to be held within 20 Business Days from receipt of a completed Pre-Application Request, unless otherwise mutually agreed to by the Parties. During the Pre-Application Meeting, the Parties shall discuss whether any potential facilities to accommodate the Interconnection Customer's Pre-Application Request may cross BLM, Tribal or other Federal/State lands. In the event that the Parties in good faith determine that any potential facilities that may be required to accommodate a Pre-Application Request may cross Federal, State, or Tribal lands, the Parties shall work together in good faith to develop necessary joint applications to the applicable regulatory agency or Tribal Council. If all, or part of any of the Generating Facility, Network Upgrades, Interconnection Facilities or Interconnection Customer Interconnection Facilities are to be sited on land managed by the BLM, the Interconnection Customer shall work in good faith with the Transmission Provider to submit a joint Preliminary Plan of Development (PPOD) that includes all anticipated facilities required to accommodate the Interconnection Customer's Pre-Application Request and interconnect the Generating Facility to the Transmission Provider's Transmission System.

If no potential facilities, or any portion of potential facilities are located on BLM, Tribal, or other Federal/State lands, the meeting will focus on any environmental and permitting issues that may need to be addressed in the Interconnection Studies. The Parties may also discuss Point(s) of Interconnection during the Pre-Application Meeting.

3.3.3 Data Required at Pre-Application Meeting

At the Pre-Application Meeting the Interconnection Customer and Transmission Provider shall 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. The Pre-Application Meeting shall cover all environmental, permitting, site control and matters related to the interconnection of Interconnection Customer's Generating Facility to Transmission Provider's system, in order to identify the scope of Interconnection Customer's request, and identify any potential issues with the Interconnection Customer's Pre-Application Request. Alternative Interconnection options will also be discussed if applicable.

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, and one or more available alternative Point(s) of Interconnection. The duration of the meeting shall be sufficient to accomplish its purpose.

3.3.4 Completion of Pre-Application Process

The Pre-Application Process will not be considered complete until all items in Section 3.2 and 3.3 have been completed satisfactorily. Failure by Interconnection Customer to comply with Section 3.2 shall be treated in accordance with Section 3.2.4.

Section 4. Completed Interconnection Requests

4.1 General.

An Interconnection Customer's interconnection request will be deemed a Completed Interconnection Request when the Pre-Application Process is complete. Within ten (10) Business Days after the completion of the Pre-Application Process, Transmission Provider shall establish a date mutually acceptable for the Parties to conduct the Scoping Meeting, and such date shall be no later than thirty (30) Calendar Days from completion of the Pre-Application Process, unless otherwise mutually agreed upon by the Parties.

Interconnection Customer may, at its option, waive the Scoping Meeting following the completion of the Pre-Application Process.

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 System Impact Study Agreement. If the Interconnection Customer waives the Scoping Meeting, Transmission Provider shall tender a draft System Impact Study Agreement to Interconnection Customer of its review and execution within three (3) days of Interconnection Customer's Scoping Meeting waiver request.

4.2 Identification of Types of Interconnection Services.

At the time the Pre-Application 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.

4.2.1 Energy Resource Interconnection Service.

4.2.1.1 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.

4.2.1.2 The Study. The study consists of short circuit/fault duty, steady state (thermal and voltage) and stability analyses. 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.

4.2.2 Network Resource Interconnection Service.

4.2.2.1 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.

4.2.2.2 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 at peak load, 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. 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.

4.3 Completed Interconnection Request

An Interconnection Customer's interconnection request will be deemed a Completed Interconnection Request when the Pre-Application Process is complete.

4.4 Scoping Meeting.

Within ten (10) Business Days after receipt of a Completed 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 Completed Interconnection Request, unless otherwise mutually agreed upon by the Parties. Interconnection Customer may, at its option, waive the Scoping Meeting following the completion of the Pre-Application Process.

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 7.1, and one or more available alternative Point(s) of Interconnection. The duration of the meeting shall be sufficient to accomplish its purpose.

4.5 OASIS Posting.

Transmission Provider will maintain on its OASIS a list of all Pre-Application Requests and Completed Interconnection Requests. The list will identify, for each Pre-Application Request and Completed Interconnection Request:

- (i) the maximum summer and winter megawatt electrical output, both gross and net;
- (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 request, including Queue Position;
- (vi) the type of Completed Interconnection Service being requested in the request;

- (vii) the availability of any studies related to the request;
- (viii) the date of request;
- (ix) the type of Generating Facility to be constructed (e.g., combined cycle, combustion turbine, wind, solar, etc. and fuel type); and
- (x) for 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.

4.6 Coordination with Affected Systems.

Transmission Provider will coordinate the conduct of any studies required to determine the impact of the Completed 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.

4.7 Withdrawal.

Interconnection Customer may withdraw its Completed 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 Completed 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 notice, Interconnection Customer shall have fifteen (15) Business Days in which to either respond with information or actions that cure 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 Completed 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 Completed Interconnection Request shall pay to Transmission Provider all costs that Transmission Provider prudently incurs with respect to that Completed 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 Completed Interconnection Request.

Section 5. Queue Position

5.1 General.

Transmission Provider shall assign a Queue Position based upon the date and time of successful completion of the Pre-Application Process. Moving a Point of Interconnection shall result in returning to the Pre-Application Process and a new Pre-Application Number if it is deemed a Material Modification under Section 5.4.3.

The Queue Position of each Completed 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 Completed Interconnection Request. A higher queued Completed Interconnection Request is one that has been placed "earlier" in the queue in relation to another Completed Interconnection Request that is lower queued.

Transmission Provider may allocate the cost of the common upgrades for clustered Completed Interconnection Requests without regard to Queue Position.

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 Completed 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 exceed the date the Completed 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 by the Transmission Provider.

5.2 Clustering.

Where appropriate, Completed Interconnection Requests are to be studied in clusters for the purpose of the Interconnection System Impact Study and the Interconnection Facilities Study.

Clustering shall be implemented on the basis of Queue Position (as set forth in Section 5 above) and geographic location of the proposed Interconnection Point on the Transmission Provider's Transmission System. All interconnection requests deemed to be Completed Interconnection Requests during the second and third quarters of a given year (i.e., beginning April 1 and closing September 30) will be grouped into one "Queue Cluster Window," and interconnection requests deemed to be Completed Interconnection Requests during the fourth quarter of a year and the first quarter of the following year (i.e., beginning October 1 and closing March 31 the following year) will be placed into the second "Queue Cluster Window." Completed Interconnection Requests shall be grouped in their respective Queue Cluster Windows and by geographical areas, and shall be studied together, where appropriate, for Network Resource Interconnection Service without regard to the nature of the requested 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 Completed Interconnection Requests assigned to the same Queue Cluster Window. Transmission Provider may study a Completed Interconnection Request separately to the extent warranted by Good Utility Practice.

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.

5.2.1 Cluster Window Transition Period

The first Queue Cluster Window will commence upon the first Window deadline following Commission approval of the Queue Cluster Windows.

5.3 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 Completed Interconnection Request and the Point of Interconnection does not change.

5.4 Modifications.

Interconnection Customer shall submit to Transmission Provider, in writing, modifications to any information provided in the Completed Interconnection Request. Interconnection Customer shall retain its Queue Position if the modifications are in accordance with Sections 5.4.1, 5.4.2 or 5.4.5, or are determined not to be Material Modifications pursuant to Section 5.4.3.

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 Completed 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 7.6 and Section 8.5 as applicable and Interconnection Customer shall retain its Queue Position.

5.4.1 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.

5.4.2 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.

5.4.3 Prior to making any modification other than those specifically permitted by Sections 5.4.1, 5.4.2, and 5.4.5, 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 3.2, 7.2 or so allowed elsewhere, shall constitute a Material Modification. Interconnection Customer may then withdraw the proposed modification or proceed with a new Pre-Application Request for such modification.

- 5.4.4** Upon receipt of Interconnection Customer's request for modification permitted under this Section 5.4, 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.
- 5.4.5** Extensions of less than three (3) cumulative years in the Commercial Operation Date of the Large Generating Facility to which the Completed Interconnection Request relates are not material and should be handled through construction sequencing; provided, however, that extensions may necessitate a determination of whether the Generating Facility will retain its Western Electricity Coordinating Council ("WECC") accepted rating status and whether additional studies are required pursuant to the Applicable NERC and WECC Reliability Standards and Criteria.

Section 6. Procedures for Interconnection Requests Submitted Prior to Effective Date of Standard Large Generator Interconnection Procedures

6.1 Queue Position for Pending Requests.

- 6.1.1** Any Interconnection Customer assigned a Queue Position prior to the effective date of this LGIP shall retain that Queue Position.
- 6.1.1.1** If an Interconnection System Impact, or Facilities Study 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.
- 6.1.1.2** If an interconnection System Impact, or Facilities Study 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 this LGIP, Transmission Provider shall offer Interconnection Customer the option of either continuing under Transmission Provider's prior 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.

6.1.1.3 If an LGIA has been submitted to FERC for approval before the effective date of the LGIP, then the LGIA would be grandfathered.

6.1.2 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.

6.2 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 Studies, 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 7. Interconnection System Impact Study

7.1 Interconnection System Impact Study Agreement.

Unless otherwise agreed, pursuant to the Scoping Meeting provided in Section 4.4, once the Pre-Application Process is complete, Transmission Provider shall provide to Interconnection Customer an Interconnection System Impact Study Agreement in the form of Appendix 2 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 submittal of the System Impact Study Agreement to the Interconnection Customer, 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, or a \$50,000 deposit in lieu of site control, and a \$75,000 deposit to be used toward the preparation of the System Impact Study Agreement.

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 Pre-Application Meeting or 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 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 Pre-Application process or in the Scoping Meeting, 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 Completed Interconnection Request;
- (iii) have a pending higher queued Completed 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. 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 Completed Interconnection Request and a non-binding good faith estimate of cost responsibility and a non-binding good faith estimated time to construct.

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 Completed Interconnection Request pursuant to Section 4.6 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 one hundred twenty (120) 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 one hundred twenty (120) 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-Completed Interconnection Request and post-Completed 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. On projects involving BLM land, the PPOD required for the BLM process will be reviewed for accuracy and possible revisions by Transmission Provider and the Interconnection Customer. If revisions are required, the Interconnection Customer must work with the Transmission Provider in good faith to revise the PPOD as soon as is practicable.

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 5.4, 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 3 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 a \$75,000 deposit to be used in preparation of the Interconnection Facilities Study Agreement.

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 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 4.6 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: one hundred twenty (120) Calendar Days, with no more than a +/- 20 percent cost estimate contained in the report.

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 5.4, 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 4.

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 Completed 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 Completed 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 Completed 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 completed to the extent practicable. 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 Pre-Application Request or Completed 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 Completed 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 Completed

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 Transmission Provider's Interconnection Facilities and Network Upgrades

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 shall be entitled to transmission credits, if any, for any expediting costs paid.

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.

Transmission Provider may perform study work using WECC data (power flow, stability, and disturbance monitoring data) for nonmembers provided that the WECC data are not provided to the nonmember. Under such arrangements the nonmembers are permitted to look at the data in the Transmission Provider's office to gain an understanding of the study results, but are not permitted to have the data or a copy of the data. Interconnection Customer must also sign the WECC Nonmember Confidentiality Agreement in accordance with regional Reliability Council policies.

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 CFR 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 CFR 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 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 CFR 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 Completed 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 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 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 Completed Interconnection Request and not interfere with Transmission Provider's progress on Interconnection Studies for other pending Completed 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 Completed 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 therefore. 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 Completed 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.

LGIP Appendix 1: Pre-Application Request For A Large Generating Facility

1. The undersigned Interconnection Customer submits this request to interconnect its Large Generating Facility with the Transmission Provider's Transmission System pursuant to a Tariff.
2. This Pre-Application 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. MVA rating of generator(s) and total number of generators.
Net megawatt electrical output of the proposed new Large Generating Facility delivered to the POI ;
 - d. General description of the equipment configuration;
 - e. In-Service date (Day, Month and Year);
Commercial Operation Date (Day, Month and Year);
Good faith estimate of the stand-by or station service load when not generating;
 - f. Name, address, telephone number, and e-mail address of the Interconnection Customer's contact person;
 - g. Approximate location of the proposed Point of Interconnection (optional); and
 - h. 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 Pre-Application Request
_____ Will be provided at a later date in accordance with this LGIP
8. This Pre-Application Request shall be submitted to the representative indicated below:
[To be completed by Transmission Provider]
9. Representative of the Interconnection Customer to contact:
[To be completed by Interconnection Customer]
10. This Pre-Application Request is submitted by:
Name of Interconnection Customer:

By (signature): _____
Name (type or print): _____
Title: _____
Date: _____

**Attachment A To Appendix 1:
Pre-Application 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_2^2t | = | _____ |
| 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)
_____ / _____ 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 Pre-Application 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 PT1 power flow models, must be supplied with the Pre-Application Request. If other data sheets are more appropriate to the proposed device, then they shall be provided and discussed at Pre-Application 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 Pre-Application Request to determine if the information designated by (*) is required.

LGIP Appendix 2: 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 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 Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Completed Interconnection Request submitted by the Interconnection Customer dated _____ ; and

WHEREAS, Interconnection Customer desires to interconnect the Large Generating Facility with the Transmission System;

WHEREAS, Interconnection Customer has requested the 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 the 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.
- 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 Pre-Application Process and the technical information provided by Interconnection Customer in the Completed Interconnection Request, subject to any modifications in accordance with Section 5.4 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, Completed 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 \$75,000 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. The Interconnection System Impact Study Agreement shall include standard miscellaneous terms including, but not limited to, indemnities, representations, disclaimers, warranties, governing law, amendment, execution, waiver, enforceability and assignment, that reflect best practices in the electric industry, that are consistent with regional practices, Applicable Laws and Regulations and the organizational nature of each Party. All of these provisions, to the extent practicable, shall be consistent with the provisions of the LGIP and the LGIA.

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 or Transmission Owner, if applicable]

By: _____ By: _____

Title: _____ Title: _____

Date: _____ Date: _____

[Insert name of Interconnection Customer]

By: _____

Title: _____

Date: _____

**Attachment A To Appendix 2:
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 Pre-Application Process, 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.

- e. Updated In-Service date (Day, Month and Year);
Updated Commercial Operation Date (Day, Month and Year);

[Above assumptions to be completed by Interconnection Customer and other assumptions to be provided by Interconnection Customer and Transmission Provider]

LGIP Appendix 3: 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 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 Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Completed Interconnection Request submitted by the Interconnection Customer dated _____; and

WHEREAS, Interconnection Customer desires to interconnect the Large Generating Facility with the Transmission System;

WHEREAS, the Transmission Provider has completed an Interconnection System Impact Study (the “System Impact Study”) and provided the results of said study to the Interconnection Customer; and

WHEREAS, Interconnection Customer has requested the 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 the 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.
- 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 \$75,000 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. The Interconnection Facility Study Agreement shall include standard miscellaneous terms including, but not limited to, indemnities, representations, disclaimers, warranties, governing law, amendment, execution, waiver, enforceability and assignment, that reflect best practices in the electric industry, and that are consistent with regional practices, Applicable Laws and Regulations, and the organizational nature of each Party. All of these provisions, to the extent practicable, shall be consistent with the provisions of the LGIP and the LGIA.

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 or Transmission Owner, if applicable]

By: _____ By: _____

Title: _____ Title: _____

Date: _____ Date: _____

[Insert name of Interconnection Customer]

By: _____

Title: _____

Date: _____

**Attachment A To Appendix 3:
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:

- one hundred twenty (120) Calendar Days with no more than a +/- 20 percent cost estimate contained in the report.
- e. Updated In-Service date (Day, Month and Year);
Updated Commercial Operation Date (Day, Month and Year);

**Attachment B to Appendix 3:
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 indicate the generation capacity attached at each metering location. (Maximum load on CT/PT)

On the one line 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 the 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
receives back feed power Date: _____

Generation Testing Date: _____

Commercial Operation Date: _____

LGIP Appendix 4: 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 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 Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Completed Interconnection Request submitted by the 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 a Completed Interconnection Request; and

WHEREAS, on or after the date when the 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 the 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.
- 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. The Optional Interconnection Study Agreement shall include standard miscellaneous terms including, but not limited to, indemnities, representations, disclaimers, warranties, governing law, amendment, execution, waiver, enforceability and assignment, that reflect best practices in the electric industry, and that are consistent with regional practices, Applicable Laws and Regulations, and the organizational nature of each Party. All of these provisions, to the extent practicable, shall be consistent with the provisions of the LGIP and the LGIA.

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 or Transmission Owner, if applicable]

By: _____ By: _____

Title: _____ Title: _____

Date: _____ Date: _____

[Insert name of Interconnection Customer]

By: _____

Title: _____

Date: _____

LGIP Appendix 5 Interconnection Procedures For A Wind Generating Plant

Appendix G of the LGIA sets forth procedures specific to a wind generating plant. All other requirements of this LGIP continue to apply to wind generating plant interconnections.

A. Special Procedures Applicable to Wind Generators

The wind plant Interconnection Customer, in completing the Pre-Application Request required by section 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 Completed 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 a Completed 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.

LGIP Appendix 6: Standard Large Generator Interconnection Agreement (LGIA)

(Applicable to Generating Facilities that exceed 20 MW)

Table of Contents: Large Generator Interconnection Agreement (LGIA)

| | | Attachment N Page Number |
|-------------------|---|---------------------------------|
| Recitals | 71 | |
| Article 1. | Definitions..... | 71 |
| Article 2. | Effective Date, Term, and Termination..... | 80 |
| 2.1 | Effective Date..... | 80 |
| 2.2 | Term of Agreement..... | 80 |
| 2.3 | Termination Procedures..... | 80 |
| 2.3.1 | Written Notice..... | 80 |
| 2.3.2 | Default..... | 80 |
| 2.4 | Termination Costs..... | 81 |
| 2.5 | Disconnection..... | 82 |
| 2.6 | Survival..... | 82 |
| Article 3. | Regulatory Filings..... | 82 |
| 3.1 | Filing..... | 82 |
| Article 4. | Scope of Service..... | 82 |
| 4.1 | Interconnection Product Options..... | 82 |
| 4.1.1 | Energy Resource Interconnection Service..... | 82 |
| 4.1.2 | Network Resource Interconnection Service..... | 83 |
| 4.2 | Provision of Service..... | 85 |
| 4.3 | Performance Standards..... | 85 |
| 4.4 | No Transmission Delivery Service..... | 85 |
| 4.5 | Interconnection Customer Provided Services..... | 86 |
| Article 5. | Interconnection Facilities Engineering, Procurement, and Construction..... | 86 |
| 5.1 | Options..... | 86 |
| 5.1.1 | Standard Option..... | 86 |
| 5.1.2 | Alternate Option..... | 86 |
| 5.1.3 | Option to Build..... | 87 |
| 5.1.4 | Negotiated Option..... | 87 |
| 5.2 | General Conditions Applicable to Option to Build..... | 87 |
| 5.3 | Liquidated Damages..... | 89 |
| 5.4 | Power System Stabilizers..... | 90 |
| 5.5 | Equipment Procurement..... | 90 |
| 5.6 | Construction Commencement..... | 90 |
| 5.7 | Work Progress..... | 91 |
| 5.8 | Information Exchange..... | 91 |
| 5.9 | Limited Operation..... | 91 |
| 5.10 | Interconnection Customer’s Interconnection Facilities (“ICIF”)..... | 91 |
| 5.10.1 | Interconnection Customer’s Interconnection Facility Specifications..... | 91 |

| | | |
|-------------------|---|------------|
| 5.10.2 | Transmission Provider’s Review..... | 92 |
| 5.10.3 | ICIF Construction..... | 92 |
| 5.11 | Transmission Provider’s Interconnection Facilities Construction..... | 92 |
| 5.12 | Access Rights..... | 92 |
| 5.13 | Lands of Other Property Owners..... | 93 |
| 5.14 | Permits..... | 93 |
| 5.15 | Early Construction of Base Case Facilities..... | 93 |
| 5.16 | Suspension..... | 93 |
| 5.17 | Taxes..... | 94 |
| 5.17.1 | Interconnection Customer Payments Not Taxable..... | 94 |
| 5.17.2 | Representations and Covenants..... | 94 |
| 5.17.3 | Indemnification for the Cost Consequences of Current Tax Liability Imposed Upon the Transmission Provider..... | 95 |
| 5.17.4 | Tax Gross-Up Amount..... | 96 |
| 5.17.5 | Private Letter Ruling or Change or Clarification of Law..... | 96 |
| 5.17.6 | Subsequent Taxable Events..... | 97 |
| 5.17.7 | Contests..... | 97 |
| 5.17.8 | Refund..... | 98 |
| 5.17.9 | Taxes Other Than Income Taxes..... | 99 |
| 5.17.10 | Transmission Owners Who Are Not Transmission Providers..... | 99 |
| 5.18 | Tax Status..... | 100 |
| 5.19 | Modification..... | 100 |
| 5.19.1 | General..... | 100 |
| 5.19.2 | Standards..... | 100 |
| 5.19.3 | Modification Costs..... | 100 |
| Article 6. | Testing and Inspection..... | 101 |
| 6.1 | Pre-Commercial Operation Date Testing and Modifications..... | 101 |
| 6.2 | Post-Commercial Operation Date Testing and Modifications..... | 101 |
| 6.3 | Right to Observe Testing..... | 101 |
| 6.4 | Right to Inspect..... | 101 |
| Article 7. | Metering..... | 102 |
| 7.1 | General..... | 102 |
| 7.2 | Check Meters..... | 102 |
| 7.3 | Standards..... | 102 |
| 7.4 | Testing of Metering Equipment..... | 102 |
| 7.5 | Metering Data..... | 103 |
| Article 8. | Communications..... | 103 |
| 8.1 | Interconnection Customer Obligations..... | 103 |
| 8.2 | Remote Terminal Unit..... | 103 |
| 8.3 | No Annexation..... | 104 |
| 8.4 | Provision of Data from a Variable Energy Resource..... | 104 |
| Article 9. | Operations..... | 104 |
| 9.1 | General..... | 104 |

| | | |
|--------------------|--|------------|
| 9.2 | Control Area Notification. | 105 |
| 9.3 | Transmission Provider Obligations..... | 105 |
| 9.4 | Interconnection Customer Obligations. | 105 |
| 9.5 | Start-Up and Synchronization..... | 105 |
| 9.6 | Reactive Power. | 106 |
| 9.6.1 | Power Factor Design Criteria..... | 106 |
| 9.6.2 | Voltage Schedules..... | 106 |
| 9.6.3 | Payment for Reactive Power..... | 107 |
| 9.7 | Outages and Interruptions..... | 107 |
| 9.7.1 | Outages..... | 107 |
| 9.7.2 | Interruption of Service..... | 108 |
| 9.7.3 | Under-Frequency and Over Frequency Conditions..... | 109 |
| 9.7.4 | System Protection and Other Control Requirements..... | 109 |
| 9.7.5 | Requirements for Protection..... | 110 |
| 9.7.6 | Power Quality..... | 111 |
| 9.8 | Switching and Tagging Rules..... | 111 |
| 9.9 | Use of Interconnection Facilities by Third Parties. | 111 |
| 9.9.1 | Purpose of Interconnection Facilities..... | 111 |
| 9.9.2 | Third Party Users..... | 111 |
| 9.10 | Disturbance Analysis Data Exchange..... | 112 |
| Article 10. | Maintenance | 112 |
| 10.1 | Transmission Provider Obligations..... | 112 |
| 10.2 | Interconnection Customer Obligations. | 112 |
| 10.3 | Coordination..... | 112 |
| 10.4 | Secondary Systems..... | 112 |
| 10.5 | Operating and Maintenance Expenses..... | 112 |
| Article 11. | Performance Obligation | 113 |
| 11.1 | Interconnection Customer Interconnection Facilities..... | 113 |
| 11.2 | Transmission Provider’s Interconnection Facilities..... | 113 |
| 11.3 | Network Upgrades and Distribution Upgrades..... | 113 |
| 11.4 | Transmission Credits..... | 113 |
| 11.4.1 | Repayment of Amounts Advanced for Network Upgrades..... | 113 |
| 11.4.2 | Special Provisions for Affected Systems..... | 114 |
| 11.5 | Provision of Security..... | 114 |
| 11.6 | Interconnection Customer Compensation..... | 115 |
| 11.6.1 | Interconnection Customer Compensation for Actions During Emergency Condition... | 115 |
| Article 12. | Invoice | 116 |
| 12.1 | General..... | 116 |
| 12.2 | Final Invoice..... | 116 |
| 12.3 | Payment..... | 116 |
| 12.4 | Disputes..... | 116 |
| Article 13. | Emergencies..... | 117 |

| | | |
|--------------------|--|------------|
| 13.1 | Definition..... | 117 |
| 13.2 | Obligations..... | 117 |
| 13.3 | Notice..... | 117 |
| 13.4 | Immediate Action..... | 117 |
| 13.5 | Transmission Provider Authority..... | 118 |
| | 13.5.1 General..... | 118 |
| | 13.5.2 Reduction and Disconnection..... | 118 |
| 13.6 | Interconnection Customer Authority..... | 119 |
| 13.7 | Limited Liability..... | 119 |
| Article 14. | Regulatory Requirements and Governing Law..... | 119 |
| 14.1 | Regulatory Requirements..... | 119 |
| 14.2 | Governing Law..... | 119 |
| Article 15. | Notices..... | 120 |
| 15.1 | General..... | 120 |
| 15.2 | Billings and Payments..... | 120 |
| 15.3 | Alternative Forms of Notice..... | 120 |
| 15.4 | Operations and Maintenance Notice..... | 120 |
| Article 16. | Force Majeure..... | 120 |
| 16.1 | Force Majeure..... | 120 |
| Article 17. | Default..... | 121 |
| 17.1 | Default..... | 121 |
| | 17.1.1 General..... | 121 |
| | 17.1.2 Right to Terminate..... | 121 |
| Article 18. | Indemnity, Consequential Damages and Insurance..... | 121 |
| 18.1 | Indemnity..... | 121 |
| | 18.1.1 Indemnified Person..... | 121 |
| | 18.1.2 Indemnifying Party..... | 122 |
| | 18.1.3 Indemnity Procedures..... | 122 |
| 18.2 | Consequential Damages..... | 123 |
| 18.3 | Insurance..... | 123 |
| Article 19. | Assignment..... | 125 |
| 19.1 | Assignment..... | 125 |
| Article 20. | Severability..... | 125 |
| 20.1 | Severability..... | 125 |
| Article 21. | Comparability..... | 126 |
| 21.1 | Comparability..... | 126 |
| Article 22. | Confidentiality..... | 126 |
| 22.1 | Confidentiality..... | 126 |
| | 22.1.1 Term..... | 126 |
| | 22.1.2 Scope..... | 126 |
| | 22.1.3 Release of Confidential Information..... | 127 |

| | | |
|--------------------|---|------------|
| 22.1.4 | Rights | 127 |
| 22.1.5 | No Warranties | 127 |
| 22.1.6 | Standard of Care | 127 |
| 22.1.7 | Order of Disclosure | 128 |
| 22.1.8 | Termination of Agreement | 128 |
| 22.1.9 | Remedies | 128 |
| 22.1.10 | Disclosure to FERC, its Staff, or a State | 128 |
| Article 23. | Environmental Releases | 129 |
| 23.1 | Environmental Releases | 129 |
| Article 24. | Information Requirements | 130 |
| 24.1 | Information Acquisition | 130 |
| 24.2 | Information Submission by Transmission Provider | 130 |
| 24.3 | Updated Information Submission by Interconnection Customer | 130 |
| 24.4 | Information Supplementation | 131 |
| Article 25. | Information Access and Audit Rights | 131 |
| 25.1 | Information Access | 131 |
| 25.2 | Reporting of Non-Force Majeure Events | 131 |
| 25.3 | Audit Rights | 132 |
| 25.4 | Audit Rights Periods | 132 |
| 25.4.1 | Audit Rights Period for Construction-Related Accounts and Records | 132 |
| 25.4.2 | Audit Rights Period for All Other Accounts and Records | 132 |
| 25.5 | Audit Results | 132 |
| Article 26. | Subcontractors | 133 |
| 26.1 | General | 133 |
| 26.2 | Responsibility of Principal | 133 |
| 26.3 | No Limitation by Insurance | 133 |
| Article 27. | Disputes | 133 |
| 27.1 | Submission | 133 |
| 27.2 | External Arbitration Procedures | 133 |
| 27.3 | Arbitration Decisions | 134 |
| 27.4 | Costs | 134 |
| Article 28. | Representations, Warranties, and Covenants | 134 |
| 28.1 | General | 134 |
| 28.1.1 | Good Standing | 134 |
| 28.1.2 | Authority | 135 |
| 28.1.3 | No Conflict | 135 |
| 28.1.4 | Consent and Approval | 135 |
| Article 29. | Joint Operating Committee | 135 |
| 29.1 | Joint Operating Committee | 135 |
| Article 30. | Miscellaneous | 136 |
| 30.1 | Binding Effect | 136 |

| | | |
|--|------------------------------------|------------|
| 30.2 | Conflicts..... | 136 |
| 30.3 | Rules of Interpretation. | 136 |
| 30.4 | Entire Agreement..... | 137 |
| 30.5 | No Third Party Beneficiaries. | 137 |
| 30.6 | Waiver..... | 137 |
| 30.7 | Headings. | 137 |
| 30.8 | Multiple Counterparts. | 137 |
| 30.9 | Amendment..... | 138 |
| 30.10 | Modification by the Parties..... | 138 |
| 30.11 | Reservation of Rights..... | 138 |
| 30.12 | No Partnership. | 138 |
| LGIA Appendix A: Interconnection Facilities, Network Upgrades and Distribution | | |
| | Upgrades | 140 |
| LGIA Appendix B: Milestones | | 141 |
| LGIA Appendix C: Interconnection Details..... | | 142 |
| LGIA Appendix D: Security Arrangements Details..... | | 143 |
| LGIA Appendix E: Commercial Operation Date | | 144 |
| LGIA Appendix F: Addresses for Delivery of Notices and Billings..... | | 145 |
| LGIA Appendix G: Interconnection Requirements For A Wind Generating Plant | | 146 |

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 _____, a _____ organized and existing under the laws of the State/Commonwealth of _____ (“Transmission Provider and/or Transmission Owner”). Interconnection Customer and Transmission Provider 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 Completed 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.

Completed Interconnection Request shall mean an Interconnection Customer's request following the completion of the Pre-Application Process, to interconnect a new Generating Facility, increasing the capacity of, or making a Material Modification to the operating characteristics of an existing Generating Facility.

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 Completed 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 Completed 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 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 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 Pre-Application Process, 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 2 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: (1) cost or timing of any Pre-Application Request with a later Pre-Application Number or (2) cost or timing of any Completed 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, 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.

Pre-Application Process shall mean the activities required prior to the Interconnection Customer entering the Interconnection Queue, as further set forth in Section 3 of the Large Generator Interconnection Procedures.

Queue Position shall mean the order of a valid Completed Interconnection Request, relative to all other pending valid Completed Interconnection Requests, that is established based upon successful completion of the Pre-Application Process, as determined 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 a Completed 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 a Completed 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.

Variable Energy Resource shall mean a device for the production of electricity that is characterized by an energy source that: (1) is renewable; (2) cannot be stored by the facility owner or operator; and (3) has variability that is beyond the control of the facility owner or operator.

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 (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 Engineering, Procurement, and Construction

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 and Applicable Reliability Standards 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. The settlement amount shall be calculated on a fully grossed-up basis to cover any related cost consequences of the current tax liability. 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.

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 CFR §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 a Completed 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, Applicable Reliability Standards 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.

8.4 Provision of Data from a Variable Energy Resource

The Interconnection Customer whose Generating Facility is a Variable Energy Resource shall provide meteorological and forced outage data to the Transmission Provider to the extent necessary for the Transmission Provider's development and deployment of power production forecasts for that class of Variable Energy Resources. The Interconnection Customer with a Variable Energy Resource having wind as the energy source, at a minimum, will be required to provide the Transmission Provider with site-specific meteorological data including: temperature, wind speed, wind direction, and atmospheric pressure. The Interconnection Customer with a Variable Energy Resource having solar as the energy source, at a minimum, will be required to provide the Transmission Provider with site-specific meteorological data including: temperature, atmospheric pressure, and irradiance. The Transmission Provider and Interconnection Customer whose Generating Facility is a Variable Energy Resource shall mutually agree to any additional meteorological data that are required for the development and deployment of a power production forecast. The Interconnection Customer whose Generating Facility is a Variable Energy Resource also shall submit data to the Transmission Provider regarding all forced outages to the extent necessary for the Transmission Provider's development and deployment of power production forecasts for that class of Variable Energy Resources. The exact specifications of the meteorological and forced outage data to be provided by the Interconnection Customer to the Transmission Provider, including the frequency and timing of data submittals, shall be made taking into account the size and configuration of the Variable Energy Resource, its characteristics, location, and its importance in maintaining generation resource adequacy and transmission system reliability in its area. All requirements for meteorological and forced outage data must be commensurate with the power production forecasting employed by the Transmission Provider. Such requirements for meteorological and forced outage data are set forth in Appendix C, Interconnection Details, of this LGIA, as they may change from time to time.

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 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 shall be entitled to a cash 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, 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 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. 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. 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 CFR § 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.

Transmission Provider may perform study work using WECC data (power flow, stability, and disturbance monitoring data) for nonmembers provided that the WECC data are not provided to the nonmember. Under such arrangements the nonmembers are permitted to look at the data in the Transmission Provider's office to gain an understanding of the study results, but are not permitted to have the data or a copy of the data. Interconnection Customer must also sign the WECC Nonmember Confidentiality Agreement in accordance with regional Reliability Council policies.

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 CFR 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 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 CFR 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 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 CFR section 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 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 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 Requirements

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 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. Subcontractors

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: _____

LGIA Appendix A: Interconnection Facilities, Network Upgrades 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]:

LGIA Appendix B: Milestones

Agreed to by:

For the Transmission Provider _____ Date _____

For the Interconnection Customer _____ Date _____

LGIA Appendix C: Interconnection Details

LGIA 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.

LGIA 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]

LGIA 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.]

LGIA 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 606 (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 O

**Standard Small Generator
Interconnection Procedures (SGIP)**

including

**Standard Small Generator
Interconnection Agreement (SGIA)**

**Standard Small Generator
Interconnection Procedures (SGIP)**

(For Generating Facilities No Larger Than 20 MW)

Table of Contents:
Small Generator Interconnection Procedures (SGIP)

| | Attachment O Page Number |
|--|---------------------------------|
| Section 1. Application..... | 4 |
| 1.1 Applicability | 4 |
| 1.2 Pre-Application Process..... | 4 |
| 1.3 Completed Interconnection Request..... | 10 |
| 1.4 Modification of the Pre-Application or Completed Interconnection Request..... | 10 |
| 1.5 Site Control..... | 10 |
| 1.6 Queue Position..... | 12 |
| 1.7 Completed Interconnection Requests Submitted Prior to the Effective Date of the SGIP..... | 12 |
| Section 2. Fast Track Process | 12 |
| 2.1 Applicability | 12 |
| 2.2 Initial Review..... | 12 |
| 2.3 Customer Options Meeting..... | 16 |
| 2.4 Supplemental Review | 16 |
| Section 3. Study Process | 17 |
| 3.1 Applicability | 17 |
| 3.2 Scoping Meeting..... | 17 |
| 3.3 System Impact Study | 18 |
| 3.4 Facilities Study..... | 20 |
| Section 4. Provisions that Apply to All Pre-Application Requests and Completed Interconnection Requests | 21 |
| 4.1 Reasonable Efforts | 21 |
| 4.2 Disputes..... | 21 |
| 4.3 Interconnection Metering..... | 22 |
| 4.4 Commissioning | 22 |
| 4.5 Confidentiality | 22 |
| 4.6 Comparability | 23 |

| | | |
|--------------------|---|----|
| 4.7 | Record Retention | 23 |
| 4.8 | Interconnection Agreement..... | 23 |
| 4.9 | Coordination with Affected Systems | 24 |
| 4.10 | Capacity of the Small Generating Facility | 24 |
| Section 5. | EIM Requirements | 21 |
| | | |
| SGIP Attachment 1: | Glossary of Terms | 25 |
| SGIP Attachment 2: | Small Generator Pre-Application Request | 28 |
| SGIP Attachment 3: | Certification Codes and Standards | 37 |
| SGIP Attachment 4: | Certification of Small Generator Equipment Packages | 38 |
| SGIP Attachment 5: | Application, Procedures, and Terms and Conditions for Interconnecting a Certified Inverter-Based Small Generating Facility No Larger than 10 kW ("10 kW Inverter Process..... | 39 |
| SGIP Attachment 6: | System Impact Study Agreement | 49 |
| SGIP Attachment 7: | Facilities Study Agreement | 55 |
| SGIP Attachment 8: | Standard Small Generator Interconnection Agreement(SGIA)..... | 62 |

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) will be subject to the Pre-Application Process. A request to interconnect a certified Small Generating Facility 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 Pre-Application 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 Process

1.2.1 General

To begin the Pre-Application Process, the Interconnection Customer shall submit a Pre-Application Request to Transmission Provider and Transmission Provider shall initiate the Pre-Application Procedures following receipt of a complete Pre-Application Request.

1.2.2 Pre-Application Procedures

1.2.2.1 Pre-Application Request

An Interconnection Customer shall submit to Transmission Provider a Pre-Application Request by providing information set forth in Attachment 2 of this Small Generator Interconnection Procedures along with a refundable deposit of \$1,000, or for Fast Track Process, a non-refundable processing fee of \$500, in order to initiate the Pre-Application Process. The Interconnection Customer shall submit a separate Pre-Application Request for each site and may submit multiple Pre-Application Requests for a single site. Interconnection Customer must submit a deposit with each Pre-Application Request even when more than one request is submitted for a single site.

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.

In addition, the Interconnection Customer shall coordinate with the Transmission Provider on any plans filed with any governmental entity to ensure that all interconnection facilities, including Network Upgrades, Interconnection Facilities, and Distribution Upgrades are included in the plans filed with the governmental entity.

1.2.2.2 Acknowledgement of Pre-Application Request

The Interconnection Customer shall be notified of receipt by the Transmission Provider within three (3) Business Days of receiving the Pre-Application Request.

1.2.2.3 Deficiencies in Pre-Application Request

The Transmission Provider shall notify the Interconnection Customer within ten (10) Business Days of the receipt of the Pre-Application Request as to whether the Pre-Application Request is complete or incomplete. If the Pre-Application Request is incomplete, the Transmission Provider shall provide along with the notice that the Pre-Application Request is incomplete, a written list detailing all information that must be provided to complete the Pre-Application Request. The Interconnection Customer will have ten (10) 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 Pre-Application Request will be deemed withdrawn. A Pre-Application Request will be deemed complete upon submission of the listed information to the Transmission Provider and successful completion of the Pre-Application Meeting, described in Section 1.2.2.5.

1.2.2.4 Pre-Application Number

Upon receiving a Pre-Application Request along with the refundable \$1,000 deposit, or \$500 deposit for Fast Track Process, and information required in Attachment 2 of this SGIP, the Interconnection Customer shall be assigned a time- and date-stamped Pre-Application Number. The Transmission Provider shall post on the OASIS all Pre-Application Requests according to Pre-Application Number.

1.2.2.5 Pre-Application Meeting

A Pre-Application Meeting shall be held within twenty (20) Business Days of receipt of a completed Pre-Application Request, unless otherwise mutually agreed to by the Parties. All permitting issues and generation modeling issues will be discussed at that meeting. The Pre-Application Meeting shall also cover all environmental, permitting and Site Control and matters related to the interconnection of Interconnection Customer's Generating Facility to the Transmission Provider's system in order to identify the scope of the Interconnection Customer's request, and identify any potential issues with the Interconnection Customer's Pre-Application Request. At Interconnection Customer's option, Transmission Provider and Interconnection Customer will identify alternative Point(s) of Interconnection and configurations at the Pre-Application Meeting.

During the Pre-Application Meeting, the Parties shall discuss if any potential facilities to accommodate the Interconnection Customer's Pre-Application Request may cross BLM, Tribal, or other federal, state or local agency lands. In the event the Parties determine in good faith that any potential facilities that may be required to accommodate an Pre-Application Request may cross BLM, Tribal or other federal, state or local agency/department lands, the Parties shall work together in good faith to develop necessary joint applications to the applicable regulatory agency or Tribal council. If all, or any part of the Generating Facility, Network Upgrades, Interconnection Facilities, or Interconnection Customer Interconnection Facilities are to be sited on land managed by the BLM, the Interconnection Customer shall work in good faith with the Transmission Provider to submit a joint Preliminary Plan of Development (PPOD) that includes all anticipated facilities required to accommodate the Interconnection Customer's interconnection request and interconnect the Generating Facility to the Transmission Provider's Transmission System.

If no potential facilities, or any portion of potential facilities, are located on BLM, Tribal, or other federal, state or local agency lands, the meeting will focus on any environmental and permitting issues that may need to be addressed in the Interconnection Studies. The Parties may also discuss Point(s) of Interconnection during the Pre-Application Meeting.

The Interconnection Customer shall not be granted a Queue Position until successful completion of the Pre-Application Process.

1.2.2.6 Data Required at Pre-Application Meeting

At the Pre-Application Meeting the Interconnection Customer and Transmission Provider shall 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. The Pre-Application Meeting shall cover all environmental, permitting, site control and matters related to the interconnection of Interconnection Customer's Generating Facility to Transmission Provider's system, in order to identify the scope of Interconnection Customer's request, and identify any potential issues with the Interconnection Customer's Pre-Application Request. Alternative Interconnection options will also be discussed if applicable.

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, and one or more available alternative Point(s) of Interconnection. The duration of the meeting shall be sufficient to accomplish its purpose.

1.2.2.7 Completion of Pre-Application Process

The Pre-Application Process will not be considered complete until all items in Section 1.2 have been completed satisfactorily. If the Interconnection Customer does not comply with Section 1.2.2 then Transmission Provider shall deem the Pre-Application 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 notice, Interconnection Customer shall have fifteen (15) Business Days in which to either respond with information or actions that cure the deficiency or to notify Transmission Provider of its intent to pursue Dispute Resolution pursuant to Section 4.2 of this SGIP. Withdrawal shall result in the loss of Interconnection Customer's Pre-Application Number.

1.3 Completed Interconnection Request

An Interconnection Customer's interconnection request will be deemed a Completed Interconnection Request when the Pre-Application Process is complete. Within ten (10) Business Days after the completion of the Pre-Application Process, Transmission Provider shall establish a date mutually acceptable for the Parties to conduct the scoping meeting, and such date shall be no later than thirty (30) Calendar Days from completion of the Pre-Application Process, unless otherwise mutually agreed upon by the Parties. Interconnection Customer may, at its option, waive the scoping meeting following the completion of the Pre-Application Process.

1.4 Modification of the Pre-Application or Completed 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 Pre-Application Request or Completed Interconnection Request and may require submission of a new Pre-Application 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 Pre-Application Request. Site control may be demonstrated through:

- 1.5.1** For privately held lands, ownership of, a leasehold interest in, or a right to develop a site for the purpose of constructing the Small Generating Facility;
or
an option to purchase or acquire a leasehold site for such purpose; or
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.
- 1.5.2** For Bureau of Land Management ("BLM") publically managed lands, the submittal of a Preliminary Plan of Development ("PPOD") which includes Interconnection Customer's Interconnection Facilities and Transmission Provider's Interconnection Facilities and Network Upgrades, System Protection Facilities, Distribution Upgrades developed by the Interconnection Customer and Transmission Provider through the Pre-Application Process; and
- 1.5.3** For Tribal or other public lands managed by the federal government, agency, or other applicable state or local agencies, reasonable demonstration or a right to develop a site for the purpose of constructing the Generating Facility.

1.6 Queue Position

The Transmission Provider shall assign a Queue Position based upon the date- and time-stamp of successful completion of the Pre-Application Process. The Queue Position of each Completed 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, Completed Interconnection Requests may be studied serially or in clusters for the purpose of the system impact study.

1.7 Completed 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 Completed 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 kW¹.
- 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 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

¹ 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)

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 Completed 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 Completed 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 (5) 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 Completed 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 Completed 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 when the Pre-Application Process is complete and 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** An optional scoping meeting will be held within ten Business Days after the Pre-Application 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. In addition, the Interconnection Customer must coordinate with the Transmission Provider on any governmental plans of developments to ensure that all interconnection facilities are included in the plan. These facilities include: Network Upgrades, Interconnection Facilities, and Distribution Upgrades.

At Interconnection Customer's option, Transmission Provider and Interconnection Customer will identify alternative Point(s) of Interconnection and configurations at the optional 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 System Impact Study Agreement. If the Interconnection Customer waives the scoping meeting, Transmission Provider shall tender a draft System Impact Study Agreement to Interconnection Customer of its review and execution within three (3) days of Interconnection Customer's scoping meeting waiver request.

- 3.2.2** The purpose of the optional scoping meeting is to discuss the Completed Interconnection Request and review existing studies relevant to the Completed Interconnection Request. The Parties shall further discuss whether the Transmission Provider should perform a system impact study, or a facilities study, or an interconnection agreement. If the Parties agree that a system impact 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 system impact 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. If the Customer waives the scoping meeting, study agreements shall be sent no later than five Business Days after the completion of the Pre-Application Process.
- 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 system impact study must return the executed system impact study agreement within 15 Business Days.

3.3 System Impact Study

- 3.3.1** 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 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.
- 3.3.2** If no transmission system impact study is required, but potential electric power Distribution System adverse system impacts are identified in the scoping meeting, 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 completion of the Pre-Application Process, including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study.
- 3.3.3** In instances where the distribution system impact study shows potential for transmission system adverse system impacts, within five Business Days following completion of the Pre-Application Process, 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.
- 3.3.4** If a transmission system impact study is not required, but electric power Distribution System adverse system impacts are shown during the Pre-Application Process 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.
- 3.3.5** If the system impact 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 7), 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.
- 3.3.6** In order to remain under consideration for interconnection, the Interconnection Customer must return executed system impact study agreements, if applicable, within 30 Business Days.
- 3.3.7** A deposit of the good faith estimated costs for each system impact study may be required from the Interconnection Customer.

- 3.3.8** The scope of and cost responsibilities for a system impact study are described in the attached system impact study agreement.
- 3.3.9** 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.

3.4 Facilities Study

- 3.4.1** 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.
- 3.4.2** 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.
- 3.4.3** 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).
- 3.4.4** 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.

- 3.4.5** A deposit of the good faith estimated costs for the facilities study may be required from the Interconnection Customer.
- 3.4.6** The scope of and cost responsibilities for the facilities study are described in the attached facilities study agreement.
- 3.4.7** 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 Pre-Application Requests and Completed 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 this Agreement.

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 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.

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 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.

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 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.

4.6 Comparability

The Transmission Provider shall receive, process and analyze all Pre-Application Requests and Completed 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 Pre-Application Requests and Completed 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 Pre-Application Requests and Completed Interconnection Requests received under these procedures, the times required to complete Pre-Application Request and Completed Interconnection Request approvals and disapprovals, and justification for the actions taken on the Pre-Application Requests and Completed 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 Pre-Application 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 Completed 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 Completed Interconnection Request is for an increase in capacity for an existing Small Generating Facility, the Completed Interconnection Request shall be evaluated on the basis of the new total capacity of the Small Generating Facility.
- 4.10.2** If the Completed 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 Completed Interconnection Request shall be evaluated on the basis of the aggregate capacity of the multiple devices.
- 4.10.3** The Completed Interconnection Request shall be evaluated using the maximum rated capacity of the Small Generating Facility.

Section 5. EIM Requirements

The Interconnection Customer shall have a continuing duty to comply with Attachment P of this Tariff, as applicable.

SGIP Attachment 1: Glossary of Terms

10 kW Inverter Process – The procedure for evaluating a Completed 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 Completed 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.

Bureau of Land Management – The U.S. Department of Interior, Bureau of Land Management, or its successor agency, which manages federal public lands.

Business Day – Monday through Friday, excluding Federal Holidays.

Completed Interconnection Request - The Interconnection Customer’s request following the completion of the Pre-Application Process, 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 Generating Facility that is interconnection with the Transmission Provider’s Transmission System.

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 a Completed 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.

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.

Material Modification – A modification that has a material impact on the cost or timing of any Pre-Application Request or Completed 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.

Pre-Application Meeting – The meeting held between the Transmission Provider and the Interconnection Customer during the Pre-Application Process in order to process the Pre-Application Request, to discuss any potential siting impediments or timelines associated with an Interconnection Customer's Pre-Application Request, and to create a Preliminary Plan of Development (if necessary) for the Interconnection Customer's Pre-Application Request.

Pre-Application Number -- The number given to the Interconnection Customer upon receipt of a Pre-Application Request. The Pre-Application Number shall be time and date stamped and Pre-Application Requests will be processed in order of Pre-Application Number.

Pre-Application Process – The activities required prior to the Interconnection Customer entering the Interconnection Queue, as further set forth in Section 1.6 of this Small Generator Interconnection Procedures. The Pre-Application Process shall apply to a new Interconnection Customer request 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.

Pre-Application Request – The Interconnection Customer's request, in the form of Attachment 2 of the Standard Small 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.

Preliminary Plan of Development (PPOD) – The plan required to be submitted to the BLM, if any, to obtain necessary permits or Right-of-Way grants for Interconnection Facilities or Network Upgrades, Distribution Upgrades, System Protection Facilities or Affected System facilities needed to accommodate the Interconnection Customer’s Pre-Application Request, which are to be sited, all or partially, on BLM lands.

Queue Position – The order of a valid Completed Interconnection Request, relative to all other pending valid Completed Interconnection Requests, that is established based upon the date and time of receipt of the valid Completed Interconnection Request by the Transmission Provider.

Small Generating Facility – The Interconnection Customer’s device for the production of electricity identified in the Pre-Application Request, but shall not include the Interconnection Customer’s Interconnection Facilities.

Study Process – The procedure for evaluating a Pre-Application Request that includes the Pre-Application Process, Section 3 scoping meeting, 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.

Tribal – Any Native American tribe, as recognized by the Bureau of Indian Affairs, or its successor agency.

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.

**SGIP Attachment 2: Small Generator Pre-Application 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.

Preamble and Instructions

An Interconnection Customer who requests a Federal Energy Regulatory Commission jurisdictional interconnection must submit this Pre-Application Request by hand delivery, mail, e-mail, or fax to the Transmission Provider.

Processing Fee or Deposit:

If the Pre-Application Request is submitted under the Fast Track Process, the non-refundable processing fee is \$500.

If the Pre-Application Request is submitted under the Study Process, whether a new submission or a Pre-Application Request that did not pass the Fast Track Process, the Interconnection Customer shall submit to the Transmission Provider an initial deposit of \$1,000 towards the cost of the Pre-Application Process.

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): _____

Effective:

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*)

(Existing Account Number*)

[*To be provided by the Interconnection Customer if the local electric service provider is different from the Transmission Provider]

Contact Name:

Title:

Address:

Fax: _____ E-Mail Address: _____

Effective:

Requested Point of Interconnection: _____

Interconnection Customer's Requested In-Service Date: _____

Effective:

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

Pre-Application Request: _____ Elevation: _____ Single phase
 Three phase

Effective:

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 Pre-Application 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_2^2t 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 Pre-Application 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 Western Electric Reliability Council ("WECC") reliability 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 | Minimum | Maximum |
|-------------------|---------|---------|
|-------------------|---------|---------|

1.

2.

- 3.
- 4.
- 5.
- 6.

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 Pre-Application Request is true and correct.

For Interconnection Customer: _____ Date: _____

SGIP Attachment 3: 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

SGIP Attachment 4: 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.

SGIP Attachment 5: 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 Pre-Application 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.

Processing Fee

A non-refundable processing fee of \$100 must accompany this Application.

Interconnection Customer

Name: _____

Contact Person: _____

Address: _____

City _____ State: _____ Zip: _____

Telephone (Day): _____ Telephone (Evening): _____

Fax: _____ E-Mail Address: _____

Contact (if different from Interconnection Customer)

Name: _____

Contact Person: _____

Address: _____

City _____ State: _____ Zip: _____

Telephone (Day): _____ Telephone (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: _____

Effective:

Company waives inspection/witness test? Yes___No___

Effective:

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: _____
Telephone (Day): _____ Telephone (Evening): _____
Fax: _____ E-Mail Address: _____

Electrician:

Name: _____

Address: _____

City _____ State: _____ Zip: _____
Telephone (Day): _____ Telephone (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:

Effective:

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 Pre-Application 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 each agree to maintain commercially reasonable amounts of insurance.

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.

SGIP Attachment 6: 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 Pre-Application 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 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 technical information provided by Interconnection Customer in the Pre-Application 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, Pre-Application 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 Pre-Application 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 Pre-Application Request or Completed 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 120 Calendar 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 Pre-Application Process and the optional scoping meeting, 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 are to be provided by the Interconnection Customer and the Transmission Provider.

SGIP Attachment 7: 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 Pre-Application 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 90 Calendar 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):

Effective:

Title_____ Title_____

**Attachment A to Facilities Study Agreement
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:

**SGIP Attachment 8:
Standard Small Generator
Interconnection Agreement(SGIA)**

(For Generating Facilities No Larger Than 20 MW)

Table of Contents:
Small Generator Interconnection Agreement (SGIA)

| | Attachment O Page Number |
|--|---------------------------------|
| Article 1. Scope and Limitations of Agreement | 66 |
| 1.1 Applicability | 66 |
| 1.2 Purpose..... | 66 |
| 1.3 No Agreement to Purchase or Deliver Power..... | 66 |
| 1.4 Limitations | 66 |
| 1.5 Responsibilities of the Parties..... | 67 |
| 1.6 Parallel Operation Obligations..... | 67 |
| 1.7 Metering..... | 68 |
| 1.8 Reactive Power | 68 |
| 1.9 Capitalized Terms | 68 |
| Article 2. Inspection, Testing, Authorization, and Right of Access | 69 |
| 2.1 Equipment Testing and Inspection..... | 69 |
| 2.2 Authorization Required Prior to Parallel Operation | 69 |
| 2.3 Right of Access | 69 |
| Article 3. Effective Date, Term, Termination, and Disconnection..... | 70 |
| 3.1 Effective Date | 70 |
| 3.2 Term of Agreement..... | 70 |
| 3.3 Termination..... | 70 |
| 3.4 Temporary Disconnection..... | 71 |
| Article 4. Cost Responsibility for Interconnection Facilities and Distribution Upgrades | 72 |
| 4.1 Interconnection Facilities..... | 72 |
| 4.2 Distribution Upgrades..... | 73 |
| Article 5. Cost Responsibility for Network Upgrades | 74 |
| 5.1 Applicability | 74 |
| 5.2 Network Upgrades | 74 |
| 5.3 Special Provisions for Affected Systems..... | 75 |

| | | |
|-------------|--|----|
| 5.4 | Rights Under Other Agreements..... | 75 |
| Article 6. | Billing, Payment, Milestones, and Financial Security | 75 |
| 6.1 | Billing and Payment Procedures and Final Accounting | 75 |
| 6.2 | Milestones..... | 76 |
| 6.3 | Financial Security Arrangements..... | 76 |
| Article 7. | Assignment, Liability, Indemnity, Force Majeure, Consequential Damages, and Default..... | 78 |
| 7.1 | Assignment | 78 |
| 7.2 | Limitation of Liability..... | 78 |
| 7.3 | Indemnity | 78 |
| 7.4 | Consequential Damages..... | 79 |
| 7.5 | Force Majeure | 79 |
| 7.6 | Default..... | 80 |
| Article 8. | Insurance | 80 |
| Article 9. | Confidentiality | 81 |
| Article 10. | Disputes..... | 82 |
| Article 11. | Taxes..... | 82 |
| Article 12. | Miscellaneous | 82 |
| 12.1 | Governing Law, Regulatory Authority, and Rules | 83 |
| 12.2 | Amendment..... | 83 |
| 12.3 | No Third-Party Beneficiaries | 83 |
| 12.4 | Waiver..... | 83 |
| 12.5 | Entire Agreement | 83 |
| 12.6 | Multiple Counterparts | 83 |
| 12.7 | No Partnership | 83 |
| 12.8 | Severability | 84 |
| 12.9 | Security Arrangements..... | 84 |
| 12.10 | Environmental Releases..... | 84 |
| 12.11 | Subcontractors..... | 84 |
| 12.12 | Reservation of Rights..... | 85 |
| Article 13. | Notices | 85 |

| | | |
|--------------------|---|----|
| 13.1 | General | 85 |
| 13.2 | Billing and Payment..... | 86 |
| 13.3 | Alternative Forms of Notice | 87 |
| 13.4 | Designated Operating Representative..... | 87 |
| 13.5 | Changes to the Notice Information | 88 |
| Article 14. | Signatures..... | 88 |
| SGIA Attachment 1: | Glossary of Terms..... | 89 |
| SGIA Attachment 2: | Description and Costs of the Small Generating Facility, Interconnection Facilities, and Metering Equipment..... | 92 |
| SGIA Attachment 3: | One-line Diagram Depicting the Small Generating Facility, Interconnection Facilities, Metering Equipment, and Upgrades | 93 |
| SGIA Attachment 4: | Milestones | 94 |
| SGIA Attachment 5: | Additional Operating Requirements for the Transmission Provider’s Transmission System and Affected Systems Needed to Support the Interconnection Customer’s Needs | 95 |
| SGIA Attachment 6: | Transmission Provider’s Description of its Upgrades and Best Estimate of Upgrade Costs..... | 96 |

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 Applicability

This Agreement shall be used for all Completed 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 Purpose

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 No Agreement to Purchase or Deliver Power

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. 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 Limitations

Effective:

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, 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 or 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 system operator 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

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. The

termination of this Agreement shall not relieve either Party of its liabilities and obligations, owed or continuing at the time of the termination.

3.3.4 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 other 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 CFR § 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 Affected System operator may adopt any alternative payment schedule that is mutually agreeable so long as the 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 the Interconnection Customer any amounts advanced for Network Upgrades not previously repaid, or (2) declare in writing that the Transmission Provider or Affected System operator 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 Affected System operator 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 insured 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;

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.

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

12.11.1 General.

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.

12.11.2 Responsibility of Principal.

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.

12.11.3 No Limitation by Insurance.

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: _____

Effective:

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: _____

Effective:

Transmission Provider: _____
Attention: _____
Address: _____
City: _____ State: ____ Zip: _____

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: _____

Effective:

SGIA Attachment 1: 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.

Completed Interconnection Request - The Interconnection Customer’s request following the completion of the Pre-Application Process, 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 Generating Facility that is interconnection with the Transmission Provider’s Transmission System.

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.

Material Modification – A modification that has a material impact on the cost or timing of any Pre-Application Request or Completed 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.

Pre-Application 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.

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 Pre-Application 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.

**SGIA Attachment 2: 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.

**SGIA Attachment 3: One-line Diagram Depicting the Small Generating Facility,
Interconnection Facilities, Metering Equipment, and Upgrades**

SGIA Attachment 4: 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 _____

Effective:

**SGIA Attachment 5: 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.

SGIA Attachment 6: 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 P
Energy Imbalance Market

- Section 1. General Provision - Purpose and Effective Date of Attachment P**
- Section 2. Election of Transmission Customers to Become NV Energy EIM Participating Resources**
- Section 3. Eligibility to be a NV Energy EIM Participating Resource**
 - 3.1 Internal Resources - Transmission Rights
 - 3.2 Resources External to NV Energy's BAA
 - 3.2.1 Use of Pseudo-Ties
 - 3.2.2 Pseudo-Tie Costs
 - 3.3 Application and Certification of NV Energy EIM Participating Resources
 - 3.3.1 Application
 - 3.3.2 Processing the Application
 - 3.3.3 Certification Notice
 - 3.3.4 Status of Resource Pending Certification
 - 3.3.5 Notice and Obligation to Report a Change in Information
- Section 4. Roles and Responsibilities**
 - 4.1 Transmission Provider as the NV Energy EIM Entity and the NV Energy EIM Entity Scheduling Coordinator
 - 4.1.1 Responsibilities
 - 4.1.1.1 Identification of EIM Entity Scheduling Coordinator
 - 4.1.1.2 Processing NV Energy EIM Participating Resource Applications
 - 4.1.1.3 Determination of EIM Implementation Decisions for NV Energy's BAA
 - 4.1.1.4 NV Energy EIM Business Practice
 - 4.1.1.5 Determination to Take Contingency Actions or Permanently Terminate Participation in the EIM
 - 4.1.2 Responsibilities of the NV Energy EIM Entity to Provide Required Information
 - 4.1.2.1 Provide Modeling Data to the MO
 - 4.1.2.2 Registration
 - 4.1.3 Day-to-Day EIM Operations

- 4.1.3.1 Submission of Transmission Customer Base Schedule, Forecast Data for Non-Participating Resources that are Variable Energy Resources, and Resource Plans
- 4.1.3.2 Communication of Manual Dispatch Information
- 4.1.3.3 Confirmation
- 4.1.4 Provision of Data
- 4.1.5 Settlement of MO Charges and Payments
- 4.1.6 Dispute Resolution with the MO
- 4.2 Transmission Customer Responsibilities
 - 4.2.1 Initial Registration Data
 - 4.2.1.1 Transmission Customers with an NV Energy EIM Participating Resource
 - 4.2.1.2 Transmission Customers with Non-Participating Resources
 - 4.2.2 Responsibility to Update Required Data
 - 4.2.2.1 Transmission Customers with an NV Energy EIM Participating Resource
 - 4.2.2.2 Transmission Customers with Non-Participating Resources
 - 4.2.3 Outages
 - 4.2.4 Submission of Forecast Data
 - 4.2.4.1 Transmission Customers with an NV Energy EIM Participating Resource
 - 4.2.4.2 Transmission Customers with Non-Participating Resources
 - 4.2.4.3 Transmission Customers with Load
 - 4.2.4.4 Transmission Customers Wheeling Through NV Energy's BAA
 - 4.2.4.5 Timing of Transmission Customer Base Schedules Submission
 - 4.2.5 Metering for Transmission Customers with Non-Participating Resources

Section 5. Transmission Operations

- 5.1 Provision of Information Regarding Real-Time Status of the Transmission Provider's Transmission System
- 5.2 Provision of EIM Transfer Capacity by the NV Energy EIM Entity

Section 6. System Operations Under Normal And Emergency Conditions

- 6.1 Compliance with Reliability Standards
- 6.2 Good Utility Practice

6.3 Management of Contingencies and Emergencies

6.3.1 EIM Disruption

6.3.2 Manual Dispatch

Section 7. Outages

7.1 NV Energy EIM Entity Transmission Outages

7.1.1 Planned Transmission Outages

7.1.2 Unplanned Transmission Outages

7.2 NV Energy BAA Transmission Owner Outages

7.3 NV Energy EIM Participating Resource Outages

7.3.1 Planned NV Energy EIM Participating Resource Outages

7.3.2 Unplanned NV Energy EIM Participating Resource Outages

7.4 Outages of Transmission Customers with Non-Participating Resources

7.4.1 Planned Outages of Transmission Customers with Non-Participating Resources

7.4.2 Unplanned Outages of Resources of Transmission Customers with Non-Participating Resources

Section 8. EIM Settlements and Billing

8.1 Instructed Imbalance Energy (IIE)

8.2 Uninstructed Imbalance Energy (UIE)

8.3 Unaccounted for Energy (UFE)

8.4 Charges for Under-Scheduling or Over-Scheduling Load

8.4.1 Under-Scheduling Load

8.4.2 Over-Scheduling Load

8.4.3 Distribution of Under-Scheduling or Over-Scheduling Proceeds

8.5 EIM Uplifts

8.5.1 EIM BAA Real-Time Market Neutrality (Real-Time Imbalance Energy Offset – BAA)

8.5.2 EIM Entity BAA Real-Time Congestion Offset

8.5.3 EIM Entity Real-Time Marginal Cost of Losses Offset

8.5.4 EIM Neutrality Settlement

8.5.5 Real-Time Bid Cost Recovery

8.5.6 Flexible Ramping Constraint

8.5.7 Inaccurate or Late Actual Settlement Quality Meter Data Penalty

8.5.8 Other EIM Settlement Provisions

8.6 MO Tax Liabilities

8.7 EIM Transmission Service Charges

8.8 Variable Energy Resource Forecast Charge

8.9 EIM Payment Calendar

8.10 EIM Residual Balancing Account

8.11 Market Validation and Price Correction

Section 9. Compliance

9.1 Provision of Data

9.2 Rules of Conduct

9.3 Enforcement

Section 10. Market Contingencies

10.1 Temporary Suspension by the MO

10.2 Termination of Participation in EIM by the NV Energy EIM Entity

10.3 Corrective Actions Taken by the NV Energy EIM Entity for Temporary Contingencies

10.3.1. Corrective Actions for Temporary Contingencies

10.4 Temporary Schedules 4, 9 and 10

10.4.1 Temporary Schedule 4 – Energy Imbalance Service

10.4.2 Temporary Schedule 9 – Generator Imbalance Service

10.4.3 Temporary Schedule 10 – Loss Compensation Service

ATTACHMENT P

Energy Imbalance Market

Section 1. General Provision - Purpose and Effective Date of Attachment P

Attachment P provides for Transmission Provider's participation as the NV Energy EIM Entity in the EIM administered by the MO. Attachment P shall be in effect upon its acceptance by the Commission, with the exceptions provided below. All of Attachment P shall be in effect for as long as Transmission Provider implements the EIM and until all final settlements are finalized resulting from such implementation. Sections 4.1.2.1, 4.1.3, 4.1.4, 4.2.4, 4.2.5, 5, 6 and 7 of this Attachment P take effect no earlier than August 25, 2015 or seven (7) days prior to the start of parallel operations. Sections 4.1.5, 4.1.6, 8 and 10 of this Attachment P take effect no earlier than October 1, 2015 or the implementation date of NV Energy's participation in the EIM, whichever is later.

This Attachment P shall apply to all Transmission Customers and Interconnection Customers, as applicable, with new and existing service agreements under Parts II, III, and IV of this Tariff, as well as all transmission customers with transmission agreements that pre-existed this Tariff and that expressly incorporate by reference the applicability of NV Energy's Tariff and/or this Attachment P in particular. To the extent an Interconnection Customer controls the output of a generator located in the NV Energy EIM Entity's BAA, the NV Energy EIM Entity may require the Interconnection Customer to comply with a requirement in this Attachment P to the extent that the NV Energy EIM Entity makes a determination that such Interconnection Customer is the more appropriate party to satisfy the requirements of Attachment P than any Transmission Customer.

This Attachment P shall work in concert with the provisions of the MO Tariff implementing the EIM to support operation of the EIM. To the extent that this Attachment P is inconsistent with a provision in the remainder of this Tariff with regard to the NV Energy EIM Entity's administration of the EIM, this Attachment P shall prevail.

This Attachment P governs the relationship between the NV Energy EIM Entity and all Transmission Customers and Interconnection Customers subject to this Tariff. This Attachment P does not establish privity between Transmission Customers and the MO or make a Transmission Customer subject to the MO Tariff. Any Transmission Customer duties and obligations related to the EIM are those identified in this Tariff, unless the Transmission Customer voluntarily elects to participate directly in the EIM as an NV Energy EIM Participating Resource. In that case, the Transmission Customer shall also

be subject to the MO Tariff provisions for EIM Participating Resources and EIM Participating Resource Scheduling Coordinators.

Section 2. Election of Transmission Customers to Become NV Energy EIM Participating Resources

The decision of a Transmission Customer to participate in the EIM with resources as NV Energy EIM Participating Resources is voluntary. A Transmission Customer that chooses to have a resource become a NV Energy EIM Participating Resource must satisfy the following:

- (1) Meet the requirements specified in Section 3 of this Attachment P;
- (2) Become, or retain status as, a MO-certified EIM Participating Resource Scheduling Coordinator; and
- (3) Follow the application and certification process specified in this Attachment P and the NV Energy EIM Business Practice posted on the Transmission Provider's OASIS.

Transmission Customers that own or control multiple resources may elect to have any or all of their resources be NV Energy EIM Participating Resources. Any resources that the Transmission Customer does not elect to be NV Energy EIM Participating Resources shall be treated as Non-Participating Resources for purposes of this Attachment P.

Section 3. Eligibility to be a NV Energy EIM Participating Resource

3.1 Internal Resources - Transmission Rights

Generating resources owned or controlled by Transmission Customers and located within the metered boundaries of NV Energy's BAA are eligible to become NV Energy EIM Participating Resources. The Transmission Customer that owns or controls the resource must have associated transmission rights based on one of the following:

- (1) The resource is a Designated Network Resource of a Network Customer and the Network Customer elects to participate in the EIM through its Network Integration Transmission Service Agreement; or
- (2) The resource is associated with either (i) a Service Agreement for Firm Point-to-Point Transmission Service or (ii) an Umbrella Service Agreement for Non-Firm Point-to-Point Transmission Service, and such Transmission Customer elects to participate in the EIM.

3.2 Resources External to NV Energy's BAA

3.2.1 Use of Pseudo-Ties

A generating resource owned or controlled by a Transmission Customer that is not physically located inside the metered boundaries of NV Energy's BAA may participate in the EIM as a NV Energy EIM Participating Resource if the Transmission Customer (1) implements a Pseudo-Tie into NV Energy's BAA, consistent with NV Energy's Business Practice posted on Transmission Provider's OASIS, (2) has arranged firm transmission over any third-party transmission systems to a NV Energy BAA intertie boundary equal to the amount of energy that will be Dynamically Transferred through the Pseudo-Tie into NV Energy's BAA, consistent with NV Energy's Business Practice posted on Transmission Provider's OASIS, and (3) has secured transmission service consistent with Section 3.1 of this Attachment P.

3.2.2 Pseudo-Tie Costs

Pseudo-Tie implementation costs shall be allocated in a manner consistent with the treatment of Network Upgrades and Direct Assignment Facilities to facilitate a Pseudo-Tie into NV Energy's BAA.

3.3 Application and Certification of NV Energy EIM Participating Resources

3.3.1 Application

To become a NV Energy EIM Participating Resource, an applicant must submit a completed application, as set forth in the NV Energy EIM Business Practice, and shall provide a deposit of \$1,500 for the NV Energy EIM Entity to process the application. Upon completion of processing the application, the NV Energy EIM Entity shall charge and the applicant shall pay the actual costs of the application processing. Any difference between the deposit and the actual costs of the application processing shall be paid by or refunded to the NV Energy EIM Participating Resource applicant, as appropriate.

At the time of application, any NV Energy EIM Participating Resource applicant must elect to perform the duties of either a CAISO Metered Entity or Scheduling Coordinator Metered Entity, consistent with the MO's requirements and additional technical requirements set forth in the NV Energy EIM Business Practice, as applicable.

3.3.2 Processing the Application

The NV Energy EIM Entity shall make a determination as to whether to accept or reject the application within 45 days of receipt of the application. At minimum, the NV Energy EIM Entity shall validate through the application that the NV Energy EIM Participating Resource applicant has satisfied either Section 3.1 or 3.2 of this Attachment P, as applicable, and met minimum telemetry and metering requirements, as set forth in the MO's requirements and the NV Energy EIM Business Practice. Within 45 days of receipt of the application and in accordance with the process outlined in the NV Energy EIM Business Practice, the NV Energy EIM Entity may request additional information and will attempt to resolve any minor deficiencies in the application with the

Transmission Customer. The NV Energy EIM Entity may extend the 45-day period to accommodate the resolution of minor deficiencies in the application in order to make a determination on an application.

If the NV Energy EIM Entity approves the application, it shall send notification of approval to both the NV Energy EIM Participating Resource applicant and the MO. The process by which the NV Energy EIM Entity sends notification of approval shall be set forth in the NV Energy EIM Business Practice.

If the NV Energy EIM Entity rejects the application, the NV Energy EIM Entity shall send notification stating the grounds for rejection to the NV Energy EIM Participating Resource applicant. Upon request, the NV Energy EIM Entity may provide guidance to the applicant as to how the NV Energy EIM Participating Resource applicant may cure the grounds for the rejection. In the event that the NV Energy EIM Entity has granted an extension of the 45-day period but the applicant has neither provided the additional requested information nor otherwise resolved identified deficiencies within six (6) months of the NV Energy EIM Entity's initial receipt of the application, the application shall be deemed rejected by the NV Energy EIM Entity.

If an application is rejected, the NV Energy EIM Participating Resource applicant may resubmit its application at any time with a new processing fee deposit.

3.3.3 Certification Notice

Upon approval of an application and in accordance with the process specified in the NV Energy EIM Business Practice, certification by the NV Energy EIM Entity of the NV Energy EIM Participating Resource to participate in the EIM shall occur once the Transmission Customer has demonstrated and the MO has confirmed that the Transmission Customer has achieved the following:

- (1) Met the MO's criteria to become an EIM Participating Resource and executed the MO's pro forma EIM Participating Resource Agreement;
- (2) Qualified to become or retained the services of a MO-certified EIM Participating Resource Scheduling Coordinator;
- (3) Met the necessary metering requirements of this Tariff and Section 29.10 of the MO Tariff, and the EIM Participating Resource Scheduling Coordinator has executed the MO's pro forma Meter Service Agreement for Scheduling Coordinators; and
- (4) Met communication and data requirements of this Tariff and Section 29.6 of the MO Tariff; and has the ability to receive and implement Dispatch Instructions every five minutes from the MO.

Upon receiving notice from the MO of the completion of the enumerated requirements by the Transmission Customer, the NV Energy EIM Entity shall provide notice to both the Transmission Customer with a NV Energy EIM Participating Resource and the MO that the NV Energy EIM Participating Resource is certified and therefore eligible to participate in the EIM. The process by which the NV Energy EIM Entity certifies Transmission Customers with a NV Energy EIM Participating Resource shall be set forth in the NV Energy EIM Business Practice.

3.3.4 Status of Resource Pending Certification

If the Transmission Customer (i) has submitted an application for a resource to be a NV Energy EIM Participating Resource but the application has not been approved, or (ii) the resource has not yet been certified by the NV Energy EIM Entity consistent with Section 3.3.3 of this Attachment P, the resource shall be deemed to be a Non-Participating Resource.

3.3.5 Notice and Obligation to Report a Change in Information

Each Transmission Customer with a NV Energy EIM Participating Resource has an ongoing obligation to inform the NV Energy EIM Entity of any changes to any of the information submitted as part of the application process under this Attachment P. The NV Energy EIM Business Practice shall set forth the process and timing requirements for notifying the NV Energy EIM Entity of such changes.

This information includes, but is not limited to the following:

- (1) Any change in the NV Energy EIM Participating Resource Scheduling Coordinator representing the resource;
- (2) Any change in the ownership or control of the resource;
- (3) Any change to the physical characteristics of the resource required to be reported to the MO in accordance with Section 29.4(e)(4)(D) of the MO Tariff; or
- (4) If either the MO terminates the participation of the NV Energy EIM Participating Resource in the EIM, or the Transmission Customer has terminated the NV Energy EIM Participating Resource's participation in the EIM, that resource shall be considered to be a Non-Participating Resource for purposes of this Tariff, including Attachment P.

Section 4. Roles and Responsibilities

4.1 Transmission Provider as the NV Energy EIM Entity and the NV Energy EIM Entity Scheduling Coordinator

4.1.1 Responsibilities

4.1.1.1 Identification of EIM Entity Scheduling Coordinator

The NV Energy EIM Entity may serve as the NV Energy EIM Entity Scheduling Coordinator or may retain a third-party to perform such role. If the NV Energy EIM Entity is not the NV Energy EIM Entity Scheduling Coordinator, the NV Energy EIM Entity shall communicate to the NV Energy EIM Entity Scheduling Coordinator the information required by the NV Energy EIM Entity Scheduling Coordinator to fulfill its responsibilities in the EIM.

The NV Energy EIM Entity Scheduling Coordinator shall coordinate and facilitate the EIM in accordance with the requirements of the MO Tariff. The NV Energy EIM Entity Scheduling Coordinator must meet the certification requirements of the MO and enter into any necessary MO agreements.

4.1.1.2 Processing NV Energy EIM Participating Resource Applications

The NV Energy EIM Entity shall be responsible for processing applications of Transmission Customers seeking authorization to participate in the EIM with resources as NV Energy EIM Participating Resources in accordance with Section 3.3 of this Attachment P.

4.1.1.3 Determination of EIM Implementation Decisions for NV Energy's BAA

The NV Energy EIM Entity is solely responsible for making any decisions required by the MO of EIM Entities with respect to EIM participation. The NV Energy EIM Entity has made the following determinations:

- (1) Eligibility requirements: Eligibility requirements are set forth in Section 3 of Attachment P.
- (2) Load Aggregation Point: There shall be one LAP for NV Energy. There shall be a load forecast prepared for the LAP.
- (3) Load Forecast: The NV Energy EIM Entity shall use the MO load forecast but shall retain the right to provide the load forecast to the MO in accordance with the MO Tariff.

- (4) MO metering agreements: The NV Energy EIM Entity and all Transmission Customers with NV Energy EIM Participating Resources shall have the option to elect to be Scheduling Coordinator Metered Entities or CAISO Metered Entities in accordance with Section 29.10 of the MO Tariff. The NV Energy EIM Entity shall be a Scheduling Coordinator Metered Entity on behalf of all Transmission Customers with Non-Participating Resources in accordance with Section 29.10 of the MO Tariff.

4.1.1.4 NV Energy EIM Business Practice

The NV Energy EIM Entity shall establish and revise, as necessary, procedures to facilitate implementation and operation of the EIM through the NV Energy EIM Business Practice. The EIM Business Practice shall be posted on the Transmission Provider's OASIS.

4.1.1.5 Determination to Take Contingency Actions or Permanently Terminate Participation in the EIM

The NV Energy EIM Entity may terminate its participation in the EIM by providing a notice of termination to the MO pursuant to applicable agreements and by making a filing pursuant to Section 205 of the Federal Power Act to revise this Tariff consistent with the Commission's requirements.

The NV Energy EIM Entity may take contingency actions in NV Energy's BAA in accordance with the requirements of Section 10 of Attachment P. In addition, the NV Energy EIM Entity, in its sole and absolute discretion, may terminate its participation in the EIM in accordance with this Attachment P, the MO Tariff, any implementing agreements, and the Commission's regulations.

4.1.2 Responsibilities of the NV Energy EIM Entity to Provide Required Information

4.1.2.1 Provide Modeling Data to the MO

The NV Energy EIM Entity shall provide the MO information associated with transmission facilities within NV Energy's BAA, including, but not limited to, network constraints and associated limits that must be observed in NV Energy's BAA network and interties with other BAAs.

4.1.2.2 Registration

The NV Energy EIM Entity shall register all Non-Participating Resources with the MO. The NV Energy EIM Entity shall update this information in accordance with the MO's requirements as revised information is received from Transmission Customers with Non-Participating Resources in accordance with Section 4.2.1.2 of this Attachment P.

4.1.3 Day-to-Day EIM Operations

4.1.3.1 Submission of Transmission Customer Base Schedule and Resource Plans

The NV Energy EIM Entity is responsible for providing the data required by the MO in accordance with Section 29.34 of the MO Tariff, including but not limited to: (1) hourly Transmission Customer Base Schedules; and (2) Forecast Data for Non-Participating Resources that are variable energy resources; and (3) Resource Plans.

4.1.3.2 Communication of Manual Dispatch Information

The NV Energy EIM Entity shall inform the MO of a Manual Dispatch by providing reliability adjustment information for the affected resources in accordance with Section 29.34(p) of the MO Tariff.

4.1.3.3 Confirmation

The MO shall calculate, and the NV Energy EIM Entity shall confirm, actual values for Dynamic Schedules reflecting EIM Transfers to the MO within 60 minutes after completion of the Operating Hour to ensure the e-Tag author will be able to update these values in accordance with WECC business practices through an update to the e-Tag.

4.1.4 Provision of Data

The NV Energy EIM Entity shall submit load, resource, and Interchange data to the MO in accordance with the format and timeframes required in the MO Tariff on behalf of Transmission Customers with Non-Participating Resources, loads, and Interchange.

4.1.5 Settlement of MO Charges and Payments

The NV Energy EIM Entity shall be responsible for financial settlement of all charges and payments allocated by the MO to the NV Energy EIM Entity. The NV Energy EIM Entity shall sub-allocate EIM charges and payments in accordance with Schedules 1, 4, and 9 of this Tariff or Section 8 of Attachment P, as applicable.

4.1.6 Dispute Resolution with the MO

The NV Energy EIM Entity shall manage dispute resolution with the MO for the NV Energy EIM Entity settlement statements consistent with Section 29.13 of the MO Tariff, Section 12 of this Tariff, and the NV Energy EIM Business Practice. Transmission Customers with NV Energy EIM Participating Resources shall manage dispute resolution with the MO for any settlement statements they receive directly from the MO.

4.2 Transmission Customer Responsibilities

The following must comply with the information requirements of this section: (1) Transmission Customers with an NV Energy EIM Participating Resource; (2) Transmission Customers with a Non-Participating Resource; and (3) Transmission Customers with load within NV Energy's BAA.

4.2.1 Initial Registration Data

4.2.1.1 Transmission Customers with a NV Energy EIM Participating Resource

A Transmission Customer with a NV Energy EIM Participating Resource shall provide the MO and the NV Energy EIM Entity with data necessary to meet the requirements established by the MO to register all resources with the MO as required by Section 29.4(e)(4)(D) of the MO Tariff. Data requirements will be listed in the NV Energy EIM Business Practice.

4.2.1.2 Transmission Customers with Non-Participating Resources

A Transmission Customer with Non-Participating Resources shall provide the NV Energy EIM Entity with data necessary to meet the requirements established by the MO as required by Section 29.4(c)(4)(c) of the MO Tariff. Data requirements will be listed in the NV Energy EIM Business Practice.

4.2.2 Responsibility to Update Required Data

4.2.2.1 Transmission Customers with a NV Energy EIM Participating Resource

Each Transmission Customer with a NV Energy EIM Participating Resource has an ongoing obligation to inform the MO and NV Energy EIM Entity of any changes to any of the information submitted by the Transmission Customer pursuant to Section 4.2.1 of this Attachment P and Section 29.4(e)(4)(D) of the MO Tariff. The NV Energy EIM Business Practice shall set forth the process and timing requirements of notifying the NV Energy EIM Entity of such changes.

4.2.2.2 Transmission Customers with Non-Participating Resources

Each Transmission Customer with a Non-Participating Resource has an ongoing obligation to inform the NV Energy EIM Entity of any changes to any of the information submitted by the Transmission Customer with a Non-Participating Resource pursuant to Section 4.2.1 of this Attachment P and Section 29.4(c)(4)(C) of the MO Tariff. The NV Energy EIM Business Practice shall set forth the process and timing requirements of notifying the NV Energy EIM Entity of such changes.

4.2.3 Outages

Transmission Customers with NV Energy EIM Participating Resources and Transmission Customers with Non-Participating Resources shall be required to provide planned and unplanned outage information for their resources in accordance with Section 7 of this Attachment P. The NV Energy EIM Business Practice shall set forth the outage information requirements for NV Energy EIM Participating Resources and Non-Participating Resources.

4.2.4 Submission of Forecast Data

4.2.4.1 Transmission Customers with a NV Energy EIM Participating Resource

A Transmission Customer with an NV Energy EIM Participating Resource shall submit Forecast Data to the NV Energy EIM Entity. This submission must include data on all resources, Interchange, and Intrachange, and shall balance to the Transmission Customer's anticipated load, as applicable. If the Transmission Customer does not serve load within NV Energy's BAA, submission of Forecast Data shall include data on all resources, Interchange, and Intrachange and shall balance to the Transmission Customer's anticipated actual generation. Transmission Customers opting for physical delivery of Real Power Losses shall supply Interchange Forecast Data for amounts of power to be delivered at the Point(s) of Delivery and the amounts of energy expected to be received at the Point(s) of Receipt. These submissions shall be subject to the following additional requirements:

- (1) For resources located in NV Energy's BAA, the Transmission Customer shall provide Forecast Data from any resource greater than or equal to three MW;
- (2) Behind-the-Meter generation contained in the MO's network model shall be required to submit EIM Forecast Data unless explicitly contradicted by contract terms; and
- (3) The submissions must be in the format and within the timing requirements established by the MO and the NV Energy EIM Entity as required in the NV Energy EIM Business Practice.

If the MO does not provide information on bid ranges for NV Energy EIM Participating Resources, each NV Energy EIM Participating Resource Scheduling Coordinator shall provide to the NV Energy EIM Entity the energy bid range data (without price information) of the respective resources it represents that are participating in the EIM.

If the MO does not provide Dispatch Operating Point data for NV Energy EIM Participating Resources, each NV Energy EIM Participating Resource Scheduling Coordinator shall provide the NV Energy EIM Entity with Dispatch Operating Point data of the respective resources it represents that are participating in the EIM.

4.2.4.2 Transmission Customers with Non-Participating Resources

A Transmission Customer with a Non-Participating Resource shall submit Forecast Data to the NV Energy EIM Entity. This submission must include data on all resources, Interchange, and Intrachange and shall balance to the Transmission Customer's anticipated load, as applicable. If the Transmission Customer does not serve load within NV Energy's BAA, submission of Forecast Data shall include data on all resources, Interchange, and Intrachange and shall balance to the Transmission Customer's anticipated actual generation. Transmission Customers opting for physical delivery of Real Power Losses shall supply Interchange Forecast Data for amounts of power to be delivered at the Point(s) of Delivery and the amounts of energy expected to be received at the Point(s) of Receipt. These submissions shall be subject to the following additional requirements:

- (1) For resources located in NV Energy's BAA, the Transmission Customer with Non-Participating Resources shall provide Forecast Data from any resource greater than or equal to three MW;
- (2) Behind-the-Meter generation contained in the MO's network model shall be required to submit EIM Forecast Data unless explicitly contradicted by contract terms; and
- (3) The submissions must be in the format and within the timing requirements established by the NV Energy EIM Entity as required in the NV Energy EIM Business Practice.
- (4) A Transmission Customer with a Non-Participating Resource that is a Variable Energy Resource shall submit (i) resource Forecast Data with hourly granularity and (ii) resource Forecast Data with 5-minute or 15-minute granularity. A Transmission Customer with a Non-Participating Resource that is a variable energy resource shall provide, at minimum, a three-hour rolling forecast with 15-minute granularity, updated every 15 minutes, and may provide, in the alternative, a three-hour rolling forecast with 5-minute granularity, updated every 5 minutes, and in accordance with any additional procedures set forth in the NV Energy EIM Business Practice.

4.2.4.2.1 Alternative Methods for Transmission Customers with Non-Participating Resources that are Variable Energy Resources to Submit Resource Forecast Data

A Transmission Customer with a Non-Participating Resource that is a Variable Energy Resource submitting resource Forecast Data consistent with Section 4.2.4.2(4) may use any one of the following methods:

- (1) The Transmission Customer may elect to use the NV Energy EIM Entity's Variable Energy Resource reliability forecast prepared for variable energy resources within NV Energy's BAA, which shall be considered to be the basis for physical changes in the output of the resource communicated to the MO for purposes of settlement pursuant to Schedule 9 of this Tariff;
- (2) The Transmission Customer may elect to self-supply the Forecast Data and provide such data to the NV Energy EIM Entity, which shall be considered to be the basis for physical changes in the output of the resource communicated to the MO for purposes of settlement pursuant to Schedule 9 of this Tariff. The NV Energy EIM Business Practice will specify the manner in which Transmission Customers may self-supply Forecast Data; or
- (3) The Transmission Customer may elect that the MO produce Forecast Data for the variable energy resource, made available to the Transmission Customer in a manner consistent with Section 29.11(j)(1) of the MO Tariff, which shall be considered to be the basis for physical changes in the output of the resource communicated to the MO for purposes of settlement pursuant to Schedule 9 of this Tariff.

A Transmission Customer with a Non-Participating Resource that is a Variable Energy Resource must elect one of the above methods prior to commencement of the EIM or prior to such other date in accordance with the procedures set forth in the NV Energy EIM Business Practice. A Transmission Customer with a Non-Participating Resource that is a Variable Energy Resource may change its election by providing advance notice to the NV Energy EIM Entity, in accordance with the procedures set forth in the NV Energy EIM Business Practice.

To the extent a Transmission Customer with a Non-Participating Resource that is a Variable Energy Resource elects method (2) above, and such Transmission Customer fails to submit resource Forecast Data for any time interval as required by Section 4.2.4.2(4) of this Attachment P, the NV Energy EIM Entity shall apply method (1) for purposes of settlement pursuant to Schedule 9 of this Tariff.

4.2.4.3 Transmission Customers with Load

As set forth in Sections 4.2.4.1 and 4.2.4.2 of Attachment P, a Transmission Customer is required to submit Forecast Data on all resources, Interchange, and Intrachange and balance to the Transmission Customer's anticipated load, as applicable. Transmission Customers opting for physical delivery of Real Power Losses shall supply Interchange Forecast Data for amounts of power to be delivered at Point(s) of Delivery and the amounts of energy expected to be received at the Point(s) of Receipt. The submissions shall be in the format and within the timing requirements established by the NV Energy EIM Entity as required in the NV Energy EIM Business Practice.

For purposes of settling Energy Imbalance Service, pursuant to Schedule 4 of this Tariff, the NV Energy EIM Entity shall calculate the load component of the Transmission Customer Base Schedule as its resource Forecast Data net of its Interchange Forecast Data and net of its Intrachange Forecast Data, as applicable.

4.2.4.4 Transmission Customers Wheeling Through NV Energy's BAA

A Transmission Customer wheeling through NV Energy's BAA which does not have any resources or load within NV Energy's BAA shall submit Interchange Forecast Data to the NV Energy EIM Entity. This submission shall include data on import Interchange which balances to the Transmission Customer's export Interchange. Transmission Customers electing physical delivery of Real Power Losses shall supply Interchange Forecast Data for amounts of energy expected to be received at the Point(s) of Receipt.

4.2.4.5 Timing of Transmission Customer Base Schedules Submission

4.2.4.5.1 Preliminary Submission of Transmission Customer Base Schedules

Transmission Customers shall submit their initial Transmission Customer Base Schedules, including generation Forecast Data for each resource 7 days prior to each Operating Day ("T-7 days"), preliminary Interchange, and Load Forecast Data by T-7 days. Transmission Customers may modify the proposed Transmission Customer Base Schedule at any time but shall submit at least one update by 10 a.m. of the day before the Operating Day.

4.2.4.5.2 Final Submissions of Transmission Customer Base Schedules

Transmission Customers shall submit proposed final Transmission Customer Base Schedules, including generation Forecast Data for each resource, Interchange, and Load Forecast Data at any time but no later than 77 minutes prior to each Operating Hour ("T-77"). Transmission Customers may modify Transmission Customer Base Schedules up to and until 57 minutes prior to the Operating Hour ("T-57"). As of 55 minutes prior to each Operating Hour ("T-55"), the Base Schedule data for the Operating Hour will be considered financially binding and Transmission Customers may not submit further changes to Forecast Data for each resource, Interchange, or Load Forecast Data. If the Transmission Customer fails to enter a Forecast Data value, the default will be 0 MW for that Operating Hour.

4.2.5 Metering for Transmission Customers with Non-Participating Resources

To assess imbalance, the MO shall disaggregate meter data into 5-minute intervals if the meter intervals are not already programmed to 5-minute intervals pursuant to a Transmission Customer's applicable interconnection requirements associated with any

agreement pursuant to Part IV of this Tariff. To the extent that a Transmission Customer owns the meter or communication to the meter, the Transmission Customer shall be responsible to maintain accurate and timely data accessible for the NV Energy EIM Entity to comply with Section 4.1.4 of this Attachment P.

Section 5. Transmission Operations

5.1 Provision of Information Regarding Real-Time Status of the Transmission Provider's Transmission System

The NV Energy EIM Entity shall provide the MO information on the following:

- (1) Real time data for the Transmission System and interties; and
- (2) Any changes to transmission capacity and the Transmission System due to operational circumstances.

5.2 Provision of EIM Transfer Capacity by the NV Energy EIM Entity

The NV Energy EIM Entity shall facilitate the provision of transmission capacity for EIM Transfers by ensuring that the MO is provided with the amounts made available for EIM Transfers utilizing ATC.

The provision of EIM Transfer capacity shall be implemented through the submission of an e-Tag by 40 minutes prior to the Operating Hour ("T-40") by the NV Energy EIM Entity. The NV Energy EIM Entity shall include on the e-Tag an OASIS identification reservation number(s) created for EIM Transfers utilizing ATC and shall also include the Market Operator, all transmission providers, and path operators associated with the OASIS identification reservation number(s) identified on the e-Tag. The amount of ATC indicated on the e-Tag will be based upon the lower of the amount of ATC calculated by each EIM Entity at that interface by T-40. The ATC associated with the submitted e-Tag shall be available for the EIM, subject to approval of the e-Tag by all required e-Tag approval entities.

Section 6. System Operations Under Normal and Emergency Conditions

6.1 Compliance with Reliability Standards

Participation in the EIM shall not modify, change, or otherwise alter the manner in which the Transmission Provider operates its Transmission System consistent with applicable reliability standards, including reliability adjustments.

Participation in the EIM shall not modify, change, or otherwise alter the obligations of the NV Energy EIM Entity, Transmission Customers with NV Energy EIM Participating Resources, or Transmission Customers with Non-Participating Resources to comply with applicable reliability standards.

The NV Energy EIM Entity shall remain responsible for the following:

- (1) Maintaining appropriate operating reserves and for its obligations pursuant to any reserve sharing group agreements;
- (2) NERC and WECC responsibilities including, but not limited to, informing the Reliability Coordinator of issues within NV Energy's BAA;
- (3) Processing e-Tags and managing schedule curtailments at the interties; and
- (4) monitoring and managing real-time flows within system operating limits on all transmission facilities within NV Energy's BAA, including facilities of NV Energy BAA Transmission Owners. If requested by a Transmission Customer that is also a NV Energy BAA Transmission Owner, the NV Energy EIM Entity will provide additional information or data related to EIM operation as it may relate to facilities of a NV Energy BAA Transmission Owner.

6.2 Good Utility Practice

The NV Energy EIM Entity, Transmission Customers with Non-Participating Resources, and Transmission Customers with NV Energy EIM Participating Resources shall comply with Good Utility Practice with respect to this Attachment P.

6.3 Management of Contingencies and Emergencies

6.3.1 EIM Disruption

If the MO declares an EIM disruption in accordance with Section 29.7(j) of the MO Tariff, the NV Energy EIM Entity shall, in accordance with Section 29.7(j)(4) of the MO Tariff, promptly inform the MO of actions taken in response to the EIM disruption by providing reliability adjustment information, updates to e-Tags, transmission limit adjustments, or outage and de-rate information, as applicable.

6.3.2 Manual Dispatch

The NV Energy EIM Entity may issue a Manual Dispatch order to a Transmission Customer with a NV Energy EIM Participating Resource or a Non-Participating Resource in NV Energy's BAA to address reliability or operational issues in NV Energy's BAA that the MO, through operation of the EIM, is not able to address through normal economic dispatch and congestion management.

The NV Energy EIM Entity shall inform the MO of a Manual Dispatch as soon as possible.

Section 7. Outages

7.1. NV Energy EIM Entity Transmission Outages

7.1.1 Planned Transmission Outages and Known Derates

The NV Energy EIM Entity shall submit information regarding planned transmission outages and known derates to the MO's outage management system in accordance with Section 29.9(b) of the MO Tariff. The NV Energy EIM Entity shall update the submittal if there are changes to the transmission outage plan.

7.1.2 Unplanned Transmission Outages

The NV Energy EIM Entity shall submit information as soon as possible regarding unplanned transmission outages or derates to the MO's outage management system in accordance with Section 29.9(e) of the MO Tariff.

7.2 NV Energy BAA Transmission Owner Outages

Transmission Customers that are also NV Energy BAA Transmission Owners shall provide the NV Energy EIM Entity with planned and unplanned transmission outage data in the manner provided by NV Energy EIM Business Practice. Planned outages shall be reported to the NV Energy EIM Entity 7 or more days in advance and preferably at least 30 days in advance of the outage. Unplanned outages shall be reported to the NV Energy EIM Entity as soon as possible but no later than 30 minutes after the outage commences.

The NV Energy EIM Entity shall communicate information regarding planned and unplanned outages of NV Energy BAA Transmission Owner facilities to the MO as soon as practicable upon receipt of the information from the NV Energy BAA Transmission Owner.

7.3 NV Energy EIM Participating Resource Outages

7.3.1 Planned NV Energy EIM Participating Resource Outages and Known Derates

NV Energy EIM Participating Resource Scheduling Coordinators shall submit information regarding planned resource outages and known derates to the NV Energy EIM Entity in the manner provided by the NV Energy EIM Business Practice. Planned outages and known derates shall be reported to the NV Energy EIM Entity 7 or more days in advance and preferably at least 30 days in advance of the outage or known derate. The NV Energy EIM Entity shall then submit this outage information to the MO's outage management system in accordance with Section 29.9(c) of the MO Tariff. NV Energy EIM Participating Resource Scheduling Coordinators shall update the submittal as soon as reasonably practicable if there are changes to the resource outage plan or known derates.

7.3.2 Unplanned NV Energy EIM Participating Resource Outages

In the event of an unplanned outage required to be reported under Section 29.9(e) of the MO Tariff, the NV Energy EIM Participating Resource Scheduling Coordinator is responsible for notifying the NV Energy EIM Entity of required changes. Unplanned outages shall be reported to the NV Energy EIM Entity as soon as possible but no later than 30 minutes after the outage commences. The NV Energy EIM Entity shall then submit this information to the MO's outage management system.

7.3.3 Unplanned NV Energy EIM Participating Resource Derates

Changes in availability of 10 MW or 5% of Pmax (whichever is greater) lasting 15 minutes or longer must be reported to the NV Energy EIM Entity. These reports are due within 30 minutes of discovery, and are required only to include effective time and MW availability. The NV Energy EIM Entity shall then submit this information to the MO's outage management system.

7.4 Outages of Transmission Customers with Non-Participating Resources

7.4.1 Planned Outages and Known Derates of Transmission Customers with Non-Participating Resources

Transmission Customers with Non-Participating Resources shall report information regarding planned outages and known derates of resources to the NV Energy EIM Entity in the manner provided by the NV Energy EIM Business Practice 7 or more days in advance and preferably at least 30 days in advance of the outage. The Transmission Customer with a Non-Participating Resource shall update the submittal if there are changes to the resource's outage plan.

The NV Energy EIM Entity shall submit planned resource outages and known derates of Non-Participating Resources to the MO's outage management system in accordance Section 29.9(c) of the MO Tariff.

7.4.2 Unplanned Outages of Resources of Transmission Customers with Non-Participating Resources

Unplanned outages of resources of a Transmission Customer with Non-Participating Resources shall be reported to the NV Energy EIM Entity as soon as possible but no later than 30 minutes after the outage commences and in the manner provided by the NV Energy EIM Business Practice. De-rates of 50 MW or greater shall be reported to the NV Energy EIM Entity; reporting of de-rates less than 50 MW to the NV Energy EIM Entity is not required but is encouraged.

In the event of a forced outage required to be reported under Section 29.9(e) of the MO Tariff, the NV Energy EIM Entity is responsible for notifying the MO of required changes through the MO's outage management system.

7.4.3 Unplanned Derates of Resources of Transmission Customers with Non-Participating Resources

Changes in availability of 10 MW or 5% of Pmax (whichever is greater) lasting 15 minutes or longer must be reported to the NV Energy EIM Entity. These reports are due within 30 minutes of discovery, and are required only to include effective time and MW availability. The NV Energy EIM Entity shall then submit this information to the MO's outage management system.

Section 8. EIM Settlements and Billing

The NV Energy EIM Business Practice shall include information on the specific charge codes applicable to EIM settlement.

8.1 Instructed Imbalance Energy (IIE)

The NV Energy EIM Entity shall be required to sub-allocate IIE that occurs because of (1) operational adjustments of any affected Interchange, which includes changes by Transmission Customers to Interchange after T-57, or (2) resource imbalances created by Manual Dispatch, or (3) an adjustment to resource imbalances created by adjustments to resource forecasts pursuant to Section 11.5 of the MO Tariff and using the Real Time Dispatch or Fifteen Minute Market price at the applicable PNode. Any allocations to the NV Energy EIM Entity pursuant to Section 29.11(b)(1) and (2) of the MO Tariff for IIE shall be sub-allocated directly to Transmission Customers.

8.2 Uninstructed Imbalance Energy (UIE)

Any charges or payments to the NV Energy EIM Entity pursuant to Section 29.11(b)(3)(B) and (C) of the MO Tariff for UIE not otherwise recovered under Schedule 4 or Schedule 9 shall not be sub-allocated to Transmission Customers.

8.3 Unaccounted for Energy (UFE)

Any charges to the NV Energy EIM Entity pursuant to Section 29.11(c) of the MO Tariff for UFE shall not be sub-allocated to Transmission Customers.

8.4 Charges for Under-Scheduling or Over-Scheduling Load

8.4.1 Under-Scheduling Load

Any charges to the NV Energy EIM Entity pursuant to Section 29.11(d)(1) of the MO Tariff for under-scheduling load shall be assigned to the Transmission Customers subject to Schedule 4 based on each Transmission Customer's respective under-scheduling imbalance ratio share, which is the ratio of the Transmission Customer's under-scheduled load imbalance amount relative to all other Transmission Customers' under-scheduled

load imbalance amounts who have under-scheduled load for the Operating Hour, expressed as a percentage.

8.4.2 Over-Scheduling Load

Any charges to the NV Energy EIM Entity pursuant to Section 29.11(d)(2) of the MO Tariff for over-scheduling load shall be assigned to the Transmission Customers subject to Schedule 4 based on each Transmission Customer's respective over-scheduling imbalance ratio share, which is the ratio of the Transmission Customer's over-scheduled load imbalance amount relative to all other Transmission Customers' over-scheduled load imbalance amounts who have over-scheduled load for the Operating Hour, expressed as a percentage.

8.4.3 Distribution of Under-Scheduling or Over-Scheduling Proceeds

Any payment to the NV Energy EIM Entity pursuant to Section 29.11(d)(3) of the MO Tariff shall be distributed to Transmission Customers that were not subject to under-scheduling or over-scheduling charges on the basis of Metered Demand and in accordance with the procedures outlined in the NV Energy EIM Business Practice.

8.5 EIM Uplifts

8.5.1 EIM BAA Real-Time Market Neutrality (Real-Time Imbalance Energy Offset – BAA)

Any charges to the NV Energy EIM Entity pursuant to Section 29.11(e)(3) of the MO Tariff for EIM BAA real-time market neutrality shall be sub-allocated to Transmission Customers on the basis of Measured Demand.

8.5.2 EIM Entity BAA Real-Time Congestion Offset

Any charges to the NV Energy EIM Entity pursuant to Section 29.11(e)(2) of the MO Tariff for the EIM real-time congestion offset shall be allocated to Transmission Customers on the basis of Measured Demand.

8.5.3 EIM Entity Real-Time Marginal Cost of Losses Offset

Any charges to the NV Energy EIM Entity pursuant to Section 29.11(e) (4) of the MO Tariff for real-time marginal cost of losses offset shall be sub-allocated to Transmission Customers and the basis of Measured Demand.

8.5.4 EIM Neutrality Settlement

Any charges to the NV Energy EIM Entity pursuant to Section 29.11(e)(5) of the MO Tariff for EIM neutrality settlement shall be sub-allocated as follows:

| Description | Allocation |
|-------------|------------|
|-------------|------------|

Neutrality Adjustment (monthly and daily) Measured Demand

Rounding Adjustment (monthly and daily) Measured Demand

8.5.5 Real-Time Bid Cost Recovery

Any charges to the NV Energy EIM Entity pursuant to Section 29.11(f) of the MO Tariff for EIM real-time bid cost recovery shall be sub-allocated to Transmission Customers on the basis of Measured Demand.

8.5.6 Flexible Ramping Constraint

Any charges to the NV Energy EIM Entity pursuant to Section 29.11(g) of the MO Tariff for the Flexible Ramping Constraint shall be sub-allocated to Transmission Customers on the basis of Measured Demand.

8.5.7 Inaccurate or Late Actual Settlement Quality Meter Data Penalty

To the extent the NV Energy EIM Entity incurs a penalty for inaccurate or late actual settlement quality meter data, pursuant to Section 37.11.1 of the MO Tariff, the NV Energy EIM Entity shall directly assign the penalty to the offending Transmission Customer.

8.5.8 Other EIM Settlement Provisions

Any charges to the NV Energy EIM Entity pursuant to the MO Tariff for the EIM settlement provisions shown in the following table shall be sub-allocated as follows:

| Description | Allocation |
|---|----------------------|
| Invoice Deviation (distribution and allocation) | NV Energy EIM Entity |
| Generator Interconnection Process Forfeited Deposit Allocation | NV Energy EIM Entity |
| Default Invoice Interest Payment | NV Energy EIM Entity |
| Default Invoice Interest Charge | NV Energy EIM Entity |
| Invoice Late Payment Penalty | NV Energy EIM Entity |
| Financial Security Posting (Collateral) Late Payment Penalty | NV Energy EIM Entity |
| Shortfall Receipt Distribution | NV Energy EIM Entity |

| | |
|-------------------------|----------------------|
| Shortfall Reversal | NV Energy EIM Entity |
| Shortfall Allocation | NV Energy EIM Entity |
| Default Loss Allocation | NV Energy EIM Entity |

8.6 MO Tax Liabilities

Any charges to the NV Energy EIM Entity pursuant to Section 29.22(a) of the MO Tariff for MO tax liability as a result of the EIM shall be sub-allocated to those Transmission Customers triggering the tax liability.

8.7 EIM Transmission Service Charges

There shall be no incremental transmission charge assessed for transmission use related to the EIM.

Schedule 7 of this Tariff with respect to unreserved use shall apply to any amount of actual metered generation in an Operating Hour, if any, which is in excess of the sum of both: (1) the greatest positive Dispatch Operating Point or Manual Dispatch of the NV Energy EIM Participating Resource received during the Operating Hour, and (2) the Transmission Customer's Reserved Capacity. Any ancillary service charges that are applicable to Schedule 7 charges shall apply and shall include Schedule 1 and Schedule 1-A of this Tariff.

8.8 Variable Energy Resource Forecast Charge

Any costs incurred by the NV Energy EIM Entity related to the preparation and submission of resource Forecast Data for a Transmission Customer with a Non-Participating Resource electing either method (1) or (2), as set forth in Section 4.2.4.2.1 of this Attachment P, shall be allocated to the Transmission Customer with a Non-Participating Resource electing to use either such method.

For a Transmission Customer with a Non-Participating Resource electing method (3), as set forth in Section 4.2.4.2.1 of this Attachment P, any charges to the NV Energy EIM Entity pursuant to Section 29.11(j)(1) of the MO Tariff for variable energy resource forecast charges shall be sub-allocated to the Transmission Customer with a Non-Participating Resource requesting such forecast.

8.9 EIM Payment Calendar

Pursuant to Section 29.11(l) of the MO Tariff, the NV Energy EIM Entity shall be subject to the MO's payment calendar for issuing settlement statements, exchanging invoice funds, submitting meter data, and submitting settlement disputes to the MO. The NV

Energy EIM Entity shall follow Section 7 of this Tariff for issuing invoices regarding the EIM.

8.10 EIM Residual Balancing Account

To the extent that the MO's EIM-related charges or payments to the NV Energy EIM Entity are not captured elsewhere in Attachment P, Schedules 1, 4, and 9 of this Tariff, or this Section 8, those charges or payments shall be placed in a balancing account, with interest accruing at the rate established in 18 C.F.R. § 35.19(a) (2) (iii), until NV Energy makes a filing with the Commission pursuant to Section 205 of the Federal Power Act proposing an allocation methodology.

8.11 Market Validation and Price Correction

If the MO modifies the NV Energy EIM Entity settlement statement in accordance with the MO's market validation and price correction procedures in the MO Tariff, the NV Energy EIM Entity reserves the right to make corresponding or similar changes to the charges and payments sub-allocated under this Attachment P.

8.12 Allocation of Operating Reserves

8.12.1 Payments.

Any payments to the NV Energy EIM Entity pursuant to Section 29.11(n)(1) of the MO Tariff for Operating Reserve Obligations shall be sub-allocated to Transmission Customers with NV Energy EIM Participating Resources in the NV Energy BAA for Operating Hours during which EIM Transfers from the NV Energy BAA to another BAA occurred. Payments shall be sub-allocated on a ratio-share basis, defined as the proportion of the volume of Operating Reserves provided by a NV Energy EIM Participating Resource in the NV Energy BAA dispatched during the Operating Hour compared to the total volume of Operating Reserves provided by all NV Energy EIM Participating Resources dispatched in the NV Energy BAA for the Operating Hour.

8.12.1 Charges.

Any charges to the NV Energy EIM Entity pursuant to Section 29.11(n)(2) of the MO Tariff for Operating Reserve Obligations shall be sub-allocated to Transmission Customers within the NV Energy BAA based on the Transmission Customer's positive load imbalance ratio share, which is the ratio of the Transmission Customer's positive load imbalance amount (the amount that the Transmission Customer's load exceeds the Transmission Customer's resources) relative to the sum of the positive load imbalances of all other Transmission Customers with such load imbalance amounts for the Operating Hour, expressed as a percentage.

Section 9. Compliance

9.1 Provision of Data

Transmission Customers with NV Energy EIM Participating Resources and NV Energy EIM Participating Resource Scheduling Coordinators are responsible for complying with information requests they receive directly from the MO market monitor or regulatory authorities concerning EIM activities.

A Transmission Customer with NV Energy EIM Participating Resources or a Transmission Customer with Non-Participating Resources must provide the NV Energy EIM Entity with all data necessary to respond to information requests received by the NV Energy EIM Entity from the MO, the MO market monitor, or regulatory authorities concerning EIM activities.

If the NV Energy EIM Entity is required by applicable laws or regulations, or in the course of administrative or judicial proceedings, to disclose information that is otherwise required to be maintained in confidence, the NV Energy EIM Entity may disclose such information; provided, however, that upon the NV Energy EIM Entity learning of the disclosure requirement and, if possible, prior to making such disclosure, the NV Energy EIM Entity shall notify any affected party of the requirement and the terms thereof. The party can, at its sole discretion and own cost, direct any challenge to or defense against the disclosure requirement. The NV Energy EIM Entity shall cooperate with the affected party to obtain proprietary or confidential treatment of confidential information by the person to whom such information is disclosed prior to any such disclosure.

The NV Energy EIM Entity shall treat all Transmission Customer and Interconnection Customer data and information provided to it as market-sensitive and confidential, unless the NV Energy EIM Entity is otherwise allowed or required to disclose. The NV Energy EIM Entity shall continue to abide by the Standards of Conduct for Transmission Providers and other regulations of the Federal Energy Regulatory Commission governing non-public transmission information or customer-confidential information and handle customer information accordingly.

9.2 Rules of Conduct

These rules of conduct are intended to provide fair notice of the conduct expected and to provide an environment in which all parties may participate in the EIM on a fair and equal basis. Parties must

- (1) Comply with Dispatch Instructions and NV Energy EIM Entity operating orders in accordance with Good Utility Practice. If some limitation prevents the Transmission Customer from fulfilling the action requested by the MO or the NV Energy EIM Entity, the Transmission Customer must immediately and directly communicate the nature of any such limitation to the NV Energy EIM Entity;

- (2) Submit bids for resources that are reasonably expected to both be and remain available and capable of performing at the levels specified in the bid based on all information that is known or should have been known at the time of submission;
- (3) Notify the MO and the NV Energy EIM Entity of outages in accordance with Section 7 of this Attachment P;
- (4) Provide complete, accurate, and timely meter data to the NV Energy EIM Entity in accordance with the metering and communication requirements of this Tariff, and maintain responsibility to ensure the accuracy of such data communicated by any customer-owned metering or communications systems. To the extent such information is not accurate or timely when provided to the NV Energy EIM Entity, the Transmission Customer shall be responsible for any consequence on settlement and billing;
- (5) Provide information to the NV Energy EIM Entity, including the information requested in Sections 4.2.1, 4.2.2, 4.2.3, 4.2.4, and 9.1 of this Attachment P, by the applicable deadlines; and
- (6) Use commercially-reasonable efforts to ensure that forecasts are accurate and based on all information that is known or should have been known at the time of submission to the NV Energy EIM Entity.

9.3 Enforcement

The NV Energy EIM Entity may refer a violation of Section 9.2 of this Attachment P to FERC. Violations of these rules of conduct may be enforced by FERC in accordance with FERC's rules and procedures. Nothing in this Section 9 is meant to limit any other remedy before FERC or any applicable judicial, governmental, or administrative body.

Section 10. Market Contingencies

10.1 Temporary Suspension by the MO

In the event that the MO implements a temporary suspension in accordance with Section 29.1(d)(1) of the MO Tariff, including the actions identified in Section 29.1(d)(5), the NV Energy EIM Entity shall use Temporary Schedules 4, 9 and 10 set forth in Sections 10.4.1, 10.4.2 and 10.4.3 of this Attachment P until the temporary suspension is no longer in effect or, if the MO determines to extend the suspension, for a period of time sufficient to process termination of the NV Energy EIM Entity's participation in the EIM in accordance with Section 29.1(d)(2) of the MO Tariff.

10.2 Termination of Participation in EIM by the NV Energy EIM Entity

If the NV Energy EIM Entity submits a notice of termination of its participation in the EIM to the MO in accordance with the applicable agreements and Section 4.1.1.5 of this Attachment P, in order to mitigate price exposure during the 180-day period between submission of the notice and the termination effective date, the NV Energy EIM Entity may invoke the following corrective actions by requesting that the MO:

- (1) Prevent EIM Transfers and separate the NV Energy EIM Entity's BAA from operation of the EIM in the EIM Area; and
- (2) Suspend settlement of EIM charges with respect to the NV Energy EIM Entity.

Once such corrective actions are implemented by the MO, the NV Energy EIM Entity shall use Temporary Schedules 4, 9 and 10 set forth in Sections 10.4.1, 10.4.2 and 10.4.3 of this Attachment P.

If the NV Energy EIM Entity takes action under this Section 10.2, the NV Energy EIM Entity shall notify the MO and Transmission Customers.

10.3 Corrective Actions Taken by the NV Energy EIM Entity for Temporary Contingencies

The NV Energy EIM Entity may declare a temporary contingency and invoke corrective actions for the EIM when, in its judgment:

- (1) Operational circumstances (including a failure of the EIM to produce feasible results in NV Energy's BAA) have caused or are in danger of causing an abnormal system condition in NV Energy's BAA that requires immediate action to prevent loss of load, equipment damage, or tripping system elements that might result in cascading outages, or to restore system operation to meet the applicable Reliability Standards and reliability criteria established by NERC and WECC;
- (2) Communications between the MO and the NV Energy EIM Entity are disrupted and prevent the NV Energy EIM Entity, the NV Energy EIM Entity Scheduling Coordinator, or a NV Energy EIM Participating Resource Scheduling Coordinator from accessing MO systems to submit or receive information.

10.3.1 Corrective Actions for Temporary Contingencies

If either of the above temporary contingencies occurs, the NV Energy EIM Entity may invoke the following corrective actions by requesting that the MO:

- (1) Prevent EIM Transfers and separate the NV Energy EIM Entity's BAA from operation of the EIM in the EIM Area; and/or
- (2) Suspend settlement of EIM charges with respect to the NV Energy EIM Entity.

When corrective actions 10.3.1(1) and (2) are implemented or if the MO Tariff requires the use of these temporary schedules to set an administrative price, the NV Energy EIM Entity shall use Temporary Schedules 4, 9 and 10 set forth in Sections 10.4.1, 10.4.2 and 10.4.3 of this Attachment P or the MO Tariff.

If the NV Energy EIM Entity takes action under this Section 10.3, the NV Energy EIM Entity shall notify the MO and Transmission Customers. The NV Energy EIM Entity and the MO shall cooperate to resolve the temporary contingency event and restore full EIM operations as soon as is practicable.

10.4 Temporary Schedules 4, 9 and 10

10.4.1 Temporary 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 or a penalty for hourly generator imbalances under Temporary Schedule 9 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) the portion of 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 the Market Price Proxy; (ii) the portion of 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 the Market Price Proxy for underscheduling or 90 percent of the Market Price Proxy for overscheduling, and (iii) the portion of 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 the Market Price Proxy for underscheduling or 75 percent of the Market Price Proxy for overscheduling.

For any hour for which the Transmission Provider assesses any charge for Energy Imbalance Service under this Schedule 4 based on 110% or 125% of the Market Price Proxy, the Transmission Provider shall credit any such penalty revenues in excess of the Market Price Proxy to Qualified Transmission Customers that did not incur an imbalance penalty in such hour. For each such hour, the amount of such credit shall be allocated among Qualified Transmission Customers that did not incur an imbalance penalty in such hour in proportion to their respective Qualified Transmission Loads for such hour. The calculation will be done monthly, for all hours of the month, on a one-month lagging basis.

For purposes of this Schedule 4, the following definitions shall apply:

- (a) “Qualified Transmission Customer” means each of the following:
 - (i) Firm Point-to-Point Transmission Service Customer;
 - (ii) Network Customer; or
 - (iii) Transmission Provider on behalf of its Native Load Customers.
- (b) “Qualified Transmission Load” for any hour means the following with respect to each Qualified Transmission Customer:
 - (i) For each Firm Point-to-Point Transmission Service Customer, its Reserved Capacity applicable to such hour;
 - (ii) For each Network Customer, its load for such hour; or
 - (iii) For the Transmission Provider on behalf of its Native Load Customers, the load in such hour.

For purposes of Temporary Schedule 10, the terms “Transmission Provider’s Incremental Energy Cost” and “Transmission Provider’s Decremental Energy Cost” will be deemed to be the Market Price Proxy as defined in this Temporary Schedule 4.

10.4.2 Temporary Schedule 9 - Generator Imbalance Service

Generator Imbalance Service is provided when a difference occurs between the output of a generator located in the Transmission Provider’s Control Area and a delivery schedule from that generator to (1) another Control Area or (2) a load within the Transmission Provider’s Control Area over a single hour. The Transmission Provider must offer this service, to the extent it is physically feasible to do so from its resources or from resources available to it, when Transmission Service is used to deliver energy from a generator located 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 Generator 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 generator imbalances under this Schedule or a penalty for hourly energy imbalances under Temporary Schedule 4 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 generator imbalance based on the deviation bands as follows: (i) the portion of deviations within +/- 1.5 percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly to any generator 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 each month, at 100 percent of the Market Price Proxy, (ii) the portion of 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 generator 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 the Market Price Proxy for underscheduling or 90 percent of the Market Price Proxy for overscheduling, and (iii) the portion of deviations greater than +/- 7.5 percent (or 10 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled at 125 percent of the Market Price Proxy for underscheduling or 75 percent of the Market Price Proxy for overscheduling.

An intermittent resource will be exempt from this deviation band and will pay the deviation band charges for all deviations greater than the larger of 1.5 percent or 2 MW. An intermittent resource, for the limited purpose of this Temporary Schedule, is 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.

Notwithstanding the foregoing, deviations from scheduled transactions in order to respond to directives by the Transmission Provider, a balancing authority, or a reliability coordinator shall not be subject to the deviation bands identified above and, instead, shall be settled financially, at the end of the month, at 100 percent of the Market Price Proxy. Such directives may include instructions to correct frequency decay, respond to a reserve sharing event, or change output to relieve congestion.

Credit to Transmission Customers for Imbalance Penalty Charges: For any hour for which the Transmission Provider assesses any charge for Generator Imbalance Service under this Schedule 9 based on 110% or 125% of the Market Price Proxy, the Transmission Provider shall credit any such penalty revenues in excess of the Market

Price Proxy to Qualified Transmission Customers that did not incur an imbalance penalty in such hour. For each such hour, the amount of such credit shall be allocated among Qualified Transmission Customers that did not incur an imbalance penalty in such hour in proportion to their respective Qualified Transmission Loads for such hour. The calculation will be done monthly, for all hours of the month, on a one-month lagging basis.

For purposes of this Schedule 9, the following definitions shall apply:

- (a) “Qualified Transmission Customer” means each of the following:
 - (i) Firm Point-to-Point Transmission Service Customer;
 - (ii) Network Customer; or
 - (iii) Transmission Provider on behalf of its Native Load Customers.
- (b) “Qualified Transmission Load” for any hour means the following with respect to each Qualified Transmission Customer:
 - (i) For each Firm Point-to-Point Transmission Service Customer, its Reserved Capacity applicable to such hour;
 - (ii) For each Network Customer, its load for such hour; or
 - (iii) For the Transmission Provider on behalf of its Native Load Customers, the load in such hour.

10.4.3 Temporary Schedule 10 - Loss Compensation Service

Capacity and energy losses occur when a Transmission Provider delivers electricity across its transmission facilities for a Transmission Customer. The Transmission Customer for Point-To-Point Transmission Service shall reimburse Transmission Provider for Real Power Losses as provided in Section 15.7 of the NV Energy OATT and may elect to:

- (1) Financially settle the losses by reimbursement as specified by the Transmission Provider for such losses, or;
- (2) Supply via a schedule capacity and energy necessary to compensate the Transmission Provider for such losses, or
- (3) Arrange for a third party to supply via a schedule the capacity and energy to compensate the Transmission Provider for such losses.

The procedures to determine the amount of losses associated with a transaction as well as the provisions for such charges or schedules for losses are set forth below.

10.4.3.1. Transmission Customer Options:

A Transmission Customer shall have the option to settle Real Power Losses pursuant to Section 2, Financial Losses, or Section 3, Physical Delivery as scheduled by the Transmission Customer or by a third party on behalf of the Transmission Customer, described below subject to the following conditions:

- a. A Transmission Customer shall be required to settle Real Power Losses associated with all short-term firm and non-firm point-to-point transmission service in an identical manner.
- b. Transmission Customers shall elect the method of loss compensation at the time of scheduling the Point-To-Point Transmission Service.
- c. Failure of a Transmission Customer to provide notification of its election for settling Real Power Losses to the Transmission Provider during the scheduling of the Point-To-Point Transmission Service will result in Financial Settlement pursuant to Section 2 below until the next scheduling period.

10.4.3.2. Financial Settlement:

- a. The amount of Loss Compensation Service provided shall be the product of the actual transmission service provided (scheduled service less any curtailments, corrections or adjustments mutually agreed on by the Transmission Provider and the Transmission Customer) during each hour in MWhs and the applicable loss factor provided in Section 4 below.
- b. The Transmission Customer shall compensate the Transmission Provider for Loss Compensation Service provided each hour at a rate equal to the Transmission Provider's Incremental Energy Cost for that hour.
- c. For purposes of this Temporary Schedule 10, "Transmission Provider's Incremental Energy Cost" shall be as defined in Temporary Schedule 4, Energy Imbalance Service.

10.4.3.3. Physical Delivery:

Transmission Customers electing physical delivery shall schedule losses, or have a third party schedule losses on their behalf, to the Transmission Provider concurrently with transmission energy schedules. Consistent with the e-Tag Business Practices of the WECC, Real Power Losses must be scheduled using capacity from the original transmission service reservation or capacity on a new transmission service reservation.

The amount of Real Power Losses scheduled shall be the product of the actual transmission service provided (scheduled service less any curtailments, corrections or adjustments mutually agreed on by the Transmission Provider and the Transmission Customer) during each hour in whole MWhs and the applicable loss factor provided in Section 4 below. Partial MWhs will be accrued by the Transmission Customer and scheduled back within the month transmission service was taken, concurrent with their transmission schedules. Any partial MWhs not scheduled back within the month of service shall be billed financially.

10.4.4.4. Loss Factors

The Real Power Loss Factors is:

1.57%