



September 30, 2014

**Via eTariff Filing**

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

Re: NV Energy OATT Revisions (for Nevada Power Company and Sierra Pacific Power Company) to Comply with Order No. 789's Adoption of Reliability Standard BAL-002-WECC-2  
Docket No. ER14-\_\_\_\_\_

Dear Ms. Bose:

Pursuant to the Federal Power Act section 205<sup>1</sup> and Part 35 of the Federal Energy Regulatory Commission's regulations,<sup>2</sup> Nevada Power Company and Sierra Pacific Power Company, collectively d/b/a NV Energy (NV Energy), hereby submit revisions to NV Energy's Open Access Transmission Tariff (OATT) Schedule 5 (Spinning Reserve Service) and Schedule 6 (Supplemental Reserve Service). These revisions amend the appropriate tariff sections to comply with the requirements of new regional Reliability Standard BAL-002-WECC-2 (Contingency Reserve), which was approved by the Commission in Order No. 789.<sup>3</sup>

**I. COMMUNICATIONS**

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

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<sup>1</sup> FPA § 205, 16 U.S.C. § 824d (2011).

<sup>2</sup> 18 C.F.R. Part 35 (2014).

<sup>3</sup> *Regional Reliability Standard BAL-002-WECC-2 - Contingency Reserve*, Order No. 789, 78 Fed. Reg. 71,448 (Nov. 29, 2013), 145 FERC ¶61,141 (2013) (Order No. 789).

## II. DESCRIPTION AND CONTENTS OF THIS FILING

On November 21, 2013, the Commission issued Order No. 789, approving the regional Reliability Standard BAL-002-WECC-2 of the Western Electricity Coordinating Council (WECC). This regional Reliability Standard applies to balancing authorities and reserve sharing groups in the WECC Region and is meant to specify the quantity and types of contingency reserves required to ensure reliability under normal and emergency conditions. The amount of total contingency reserves – both spinning and supplemental – must equal the sum of three percent of hourly integrated load plus three percent of hourly integrated generation. Balancing authorities in the region must implement the standard as of October 1, 2014.

NV Energy's spinning and supplemental reserves requirements are currently set forth in NV Energy, Inc.'s Tariff Volume No. 1, Schedules 5 and 6. NV Energy's customers must satisfy the contingency reserve requirement by purchasing each of spinning and supplemental reserves equal to the operating reserve percentage of its transmission load that is supplied with firm resources and a level of operating reserves equal to the interruptible imports of the transmission customer. For point-to-point transmission service, the rate is applied to the spinning or supplemental reserve percentage times the reserved capacity. For network integration transmission service, the rate is applied to the spinning or supplemental reserve percentage times the transmission customer's monthly network load as determined for each month pursuant to a methodology described within the tariff. The minimum operating reserve requirement for thermal resources is 7%, i.e., 3.5% for each of spinning and supplemental reserves. The minimum operating reserve requirement for hydro is 5%, i.e., 2.5% for each of spinning and supplemental reserves.

Consistent with the new regional Reliability Standard, the revised tariff will require transmission customers to purchase an amount of spinning reserves under Schedule 5 equal to 1.5% of the customer's reserved capacity for point-to-point service, or 1.5 percent of the customer's monthly network load as determined for each month pursuant to the tariff methodology; plus 1.5 percent of the capacity of a generating resource (including Designated Network Resources) identified as the source in the transmission customer's transmission schedule and located within or scheduled to NV Energy's control area. Transmission customers must purchase an equivalent quantity of supplemental reserves under the revised Schedule 6.

The contents of this filing, attached to this transmittal letter, include the following:

- Clean and redlined copies of the tariff for publishing in eLibrary;<sup>4</sup> and

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<sup>4</sup> The attached redline compares the revised Schedules 5 and 6 against those in the common tariff filed under NV Energy, Inc. and effective as of January 1, 2014 for both Nevada Power Company and Sierra Pacific Power Company. See *NV Energy, Inc.*, 144 FERC ¶ 61,105 (2013). Since August 2013, that tariff has been subject to settlement discussions with the assistance of Administrative Law Judge Dring; on September 19, 2014, NV Energy filed a settlement intended to resolve all outstanding rate issues. That settlement is pending Commission approval in Docket No. ER13-1605-005. NV Energy simultaneously filed a Motion for Interim Rate Relief and Request for Expedited Action seeking authorization to implement the Settlement Rates on an interim basis, effective September 1, 2014. On September 24, 2014, Chief Administrative Law Judge Wagner found that acceptance of NV Energy's interim rates served the public interest because it allows customers to benefit without delay from the settlement's reduced rates; the Chief Judge accepted the Settlement Rates and authorized NV Energy to institute those reduced

- Proposed tariff sheets.

### III. SERVICE

NV Energy will serve a copy of this filing on all current Schedule 5 and Schedule 6 customers; the Public Utilities Commission of Nevada (PUCN) Chief Attorney; PUCN Staff Counsel; and Nevada Attorney General's Office Chief Deputy Attorney General. NV Energy will also post a copy of this filing on its OASIS.

### IV. PROPOSED EFFECTIVE DATE AND REQUEST FOR WAIVER

NV Energy respectfully requests that the Commission accept this filing and tariff amendments with an effective date of October 1, 2014, which coincides with the effective date of standard BAL-002-WECC-2. Good cause exists to waive the 60-day prior notice requirement in this instance, which involves sections of a tariff that was pending resolution of rate case through and until September 24, 2014. Moreover, this filing furthers the purpose of amending NV Energy's transmission customer reserve obligations under Schedules 5 and 6 of the OATT to comply and be consistent with an obligation under a new, mandatory regional reliability standard that has been previously accepted and approved by the Commission. In addition, this filing has been submitted before NV Energy has commenced implementing the requirements of the regional reliability standard.<sup>5</sup>

### V. CONCLUSION

For the reasons set forth above, NV Energy respectfully submits this filing and requests that the Commission accept its proposed OATT revisions effective October 1, 2014.

Sincerely,  
/s/ Lauren Rosenblatt  
Lauren Rosenblatt  
Attorney\*  
NV Energy  
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Las Vegas, NV 89146  
(702) 402-5616  
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\*Admitted in New York, the District of Columbia, and Virginia; certification as corporate counsel in Nevada pending.

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rates effective September 1, 2014. While the tariff pages submitted for filing today refer to the tariff pages currently on file with the Commission and rates contained therein, NV Energy intends, as of October 1, 2014, to implement regional Reliability Standard BAL-002-WECC-2 against the reduced rates contained in the interim effective Settlement Rates (subject to rebilling should the Commission reject the settlement). Should the Commission approve the settlement, NV Energy will submit revised tariff sheets for Schedules 5 and 6 that will set forth implementation of regional Reliability Standard BAL-002-WECC-2 against the Settlement Rates.

<sup>5</sup> *Central Hudson Gas & Electric Co.*, 60 FERC ¶ 61,106 (1992), 61,338, *reh'g denied*, 61 FERC ¶ 61,089 (1992).

## **CERTIFICATE OF SERVICE**

I hereby certify that I have this day served, by electronic mail, a copy of the foregoing document upon all Schedule 5 and Schedule 6 customers of Nevada Power Company and Sierra Pacific Power Company, d/b/a NV Energy, and also posted the contents of this filing on NV Energy's OASIS. I have also served the foregoing on the Public Utilities Commission of Nevada (PUCN) Chief Attorney, PUCN Staff Counsel, and Nevada Attorney General's Office Chief Deputy Attorney General.

Dated at Reno, Nevada, this 30th day of September, 2014.

*/s/ Connie Silveira*

Connie Silveira

NV Energy

6100 Neil Rd.

Reno, NV 89511

## **Schedule 5: Operating Reserve - Spinning Reserve Service**

Spinning Reserve Service is needed to serve load immediately in the event of a system contingency. Spinning Reserve Service may be provided by generating units that are on-line and loaded at less than maximum output and by non-generation resources capable of providing this service. The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area and to support firm sales from generators located within the Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Spinning Reserve Service obligation. A Transmission Customer who makes alternative comparable arrangements to satisfy its Spinning Reserve Service obligation must have capacity pre-scheduled for the reserves, including but not limited to Transmission Capacity, and must adhere to WECC Operating Criteria to satisfy its Spinning Reserve Service obligation. In the event that the Transmission Customer makes alternative comparable arrangements to satisfy its Spinning Reserve Service obligation and the reserves are not available, the Transmission Customer will be billed for the resulting energy imbalance at 200% of the applicable Schedule 4 Energy Imbalance Incremental Energy Cost plus Schedule 5 Spinning Reserve Service obligations equivalent to three months charges.

The amount of and charges for Spinning Reserve Service are set forth below. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator.

The Transmission Customer must provide a level of Spinning Reserves equal to the sum of: 1) 1.5 percent of the Transmission Customer's reserved capacity for Point-to-Point Transmission Service or 1.5% of the Transmission Customer's Monthly Network Load for Network Integration Transmission Service; plus 2) 1.5% of the capacity of a generating resource (including designated Network Resources) identified as the "source" in the Transmission Customer's transmission schedule and located within or dynamically transferred to Transmission Provider's Control Area. Interruptible imports include energy purchases from a single generating unit (unit contingent) or energy purchases across a non-firm Transmission path. The Operating

Reserves will provide the Transmission Customer with a one-hour reserve to cover a loss of their source of supply. The Transmission Customer shall agree to purchase a minimum one-half of its Operating Reserve requirements from Spinning Reserves. Any additional amount of Spinning Reserve Service above the minimum can also be purchased from the Transmission Provider.

Maximum Rates:

\$8,280.00/MW per month

1,910.77/MW per week

318.46/MW per day on-peak

272.97/MW per day off-peak

19.90/MW per hour on-peak

11.37/MW per hour off-peak

The On-Peak Period for Daily service shall be all hours Monday through Saturday, excluding holidays as designated annually by the WECC. For each calendar year, these additional Off-Peak days will be posted on the OASIS on or before November 1 preceding the applicable Calendar year. The On-Peak period for Hourly service shall consist of Hour Ending (HE) 0700 through HE 2200 PST, Monday through Saturday. The Off-Peak periods shall consist of HE 0100 through HE 0600, HE 2300 and HE 2400 PST, Monday through Saturday; HE 0100 through HE 2400 PST on Sunday and additional Off-Peak days (holidays) as designated annually by WECC. The total charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the Daily rate specified above times the highest amount in megawatts of Reserved Capacity times the Spinning Reserve percentage in any hour during such day. In addition, the total charge in any week, pursuant to a reservation for Hourly or Daily service, shall not exceed the Weekly rate specified above times the highest amount in megawatts of Reserved Capacity times the Spinning Reserve percentage in any hour during such week.

Notwithstanding the above, in the event that the Transmission Provider, does not have sufficient Operating Reserves to provide this service in addition to its prior commitments, the Transmission Provider will acquire the Operating Reserves and directly charge the Transmission Customer the incremental cost of providing the Operating Reserves. The Transmission Provider will file the incremental cost rate under Section 205 and include the charge in the Transmission Customer's service agreement.

## **Schedule 5: Operating Reserve - Spinning Reserve Service**

Spinning Reserve Service is needed to serve load immediately in the event of a system contingency. Spinning Reserve Service may be provided by generating units that are on-line and loaded at less than maximum output and by non-generation resources capable of providing this service. The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area and to support firm sales from generators located within the Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Spinning Reserve Service obligation ~~in accordance with WECC “Minimum Operating Reliability Criteria”, Contingency Reserve and Additional Reserve for Interruptible Imports sections~~. A Transmission Customer who makes alternative comparable arrangements to satisfy its Spinning Reserve Service obligation must have capacity pre-scheduled for the reserves, including but not limited to Transmission Capacity, and must adhere to WECC Operating Criteria to satisfy its Spinning Reserve Service obligation. In the event that the Transmission Customer makes alternative comparable arrangements to satisfy its Spinning Reserve Service obligation and the reserves are not available, the Transmission Customer will be billed for the resulting energy imbalance at 200% of the applicable Schedule 4 Energy Imbalance Incremental Energy Cost plus Schedule 5 Spinning Reserve Service obligations equivalent to three months charges.

The amount of and charges for Spinning Reserve Service are set forth below. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator.

The Transmission Customer must provide a level of ~~Spinning Operating~~ Reserves equal to the sum of: 1) 1.5 percent of the Transmission Customer’s reserved capacity for Point-to-Point Transmission Service or 1.5% of the Transmission Customer’s Monthly Network Load for Network Integration Transmission Service; plus 2) 1.5% of the capacity of a generating resource (including designated Network Resources) identified as the “source” in the Transmission Customer’s transmission schedule and located within or dynamically transferred to Transmission Provider’s Control Area~~Operating Reserve Percent of its transmission load that is~~

~~supplied with firm resources and a level of Operating Reserves equal to the interruptible imports of the Transmission Customer. The levels of Operating Reserve must be in accordance with WECC “Minimum Operating Reliability Criteria”, Contingency Reserve and Additional Reserve for Interruptible Imports sections.~~ Interruptible imports include energy purchases from a single generating unit (unit contingent) or energy purchases across a non-firm Transmission path. The Operating Reserves will provide the Transmission Customer with a one-hour reserve to cover a loss of their source of supply. The Transmission Customer shall agree to purchase a minimum one-half of its Operating Reserve requirements from Spinning Reserves. Any additional amount of Spinning Reserve Service above the minimum can also be purchased from the Transmission Provider.

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

**Minimum Operating Reserve Requirements:**

<del>Operating Reserve Percent, thermal</del>	<del>7.0%</del>
<del>Operating Reserve Percent, hydro</del>	<del>5.0%</del>
<del>Spinning Reserve Percent, thermal</del>	<del>3.5%</del>
<del>Spinning Reserve Percent, hydro</del>	<del>2.5%</del>

Maximum Rates:

- \$8,280.00/MW per month
- 1,910.77/MW per week
- 318.46/MW per day on-peak
- 272.97/MW per day off-peak
- 19.90/MW per hour on-peak
- 11.37/MW per hour off-peak

The On-Peak Period for Daily service shall be all hours Monday through Saturday, excluding holidays as designated annually by the WECC. For each calendar year, these additional Off-Peak days will be posted on the OASIS on or before November 1 preceding the applicable Calendar year. The On-Peak period for Hourly service shall consist of Hour Ending (HE) 0700 through HE 2200 PST, Monday through Saturday. The Off-Peak periods shall consist of HE 0100 through HE 0600, HE 2300 and HE 2400 PST, Monday through Saturday; HE 0100 through HE 2400 PST on Sunday and additional Off-Peak days (holidays) as designated annually by WECC. The total charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the Daily rate specified above times the highest amount in megawatts of Reserved Capacity times the Spinning Reserve percentage in any hour during such day. In addition, the total charge in any week, pursuant to a reservation for Hourly or Daily service, shall not exceed the Weekly rate specified above times the highest amount in megawatts of Reserved Capacity times the Spinning Reserve percentage in any hour during such week.

Notwithstanding the above, in the event that the Transmission Provider, does not have sufficient Operating Reserves to provide this service in addition to its prior commitments, the Transmission Provider will acquire the Operating Reserves and directly charge the Transmission Customer the incremental cost of providing the Operating Reserves. The Transmission Provider will file the incremental cost rate under Section 205 and include the charge in the Transmission Customer's service agreement.

## **Schedule 6: Operating Reserve - Supplemental Reserve Service**

Supplemental Reserve Service is needed to serve load in the event of a system contingency; however, it is not available immediately to serve load but rather within a short period of time. Supplemental Reserve Service may be provided by generating units that are on-line but unloaded, by quick-start generation or by interruptible load or other non-generation resources capable of providing this service. The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area and to support firm sales from generators located within the Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Supplemental Reserve Service obligation. A Transmission Customer who makes alternative comparable arrangements to satisfy its Supplemental Reserve Service obligation must have capacity pre-scheduled for the reserves, including but not limited to Transmission Capacity, and must adhere to WECC Operating Criteria to satisfy its Supplemental Reserve Service obligation. In the event that the Transmission Customer makes alternative comparable arrangements to satisfy its Supplemental Reserve Service obligation and the reserves are not available, the Transmission Customer will be billed for the resulting energy imbalance at 200% of the applicable Schedule 4 Energy Imbalance Incremental Energy Cost plus Schedule 6 Supplemental Reserve Service obligations equivalent to three months charges.

The amount of and charges for Supplemental Reserve Service are set forth below. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator.

The Transmission Customer must provide a minimum level of Supplemental Reserves equal to the sum of: 1) 1.5 percent of the Transmission Customer's reserved capacity for Point-to-Point Transmission Service or 1.5% of the Transmission Customer's Monthly Network Load for Network Integration Transmission Service; plus 2) 1.5% of the capacity of a generating resource (including designated Network Resources) identified as the "source" in the Transmission Customer's transmission schedule and located within or dynamically transferred to Transmission Provider's Control Area.. Interruptible imports include energy purchases from a single

generating unit (unit contingent) or energy purchases across a non-firm transmission path. The Operating Reserves will provide the Transmission Customer with a one-hour reserve to cover a loss of their source of supply. The Transmission Customer shall agree to purchase one-half of its Operating Reserve requirements from Spinning Reserves and the remainder of the Operating Reserve requirements from Supplemental Reserves.

Maximum Rates:

\$7,360.00/MW per month

1,698.46/MW per week

283.08/MW per day on-peak

242.64/MW per day off-peak

17.69/MW per hour on-peak

10.11/MW per hour off-peak

The On-Peak Period for Daily service shall be all hours Monday through Saturday, excluding holidays as designated annually by the WECC. For each calendar year, these additional Off-Peak days will be posted on the OASIS on or before November 1 preceding the applicable Calendar year. The On-Peak period for Hourly service shall consist of Hour Ending (HE) 0700 through HE 2200 PST, Monday through Saturday. The Off-Peak periods shall consist of HE 0100 through HE 0600, HE 2300 and HE 2400 PST, Monday through Saturday; HE 0100 through HE 2400 PST on Sunday and additional Off-Peak days (holidays) as designated annually by WECC. The total charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the Daily rate specified above times the highest amount in megawatts of Reserved Capacity times the Supplemental Reserve percentage in any hour during such day. In addition, the total charge in any week, pursuant to a reservation for Hourly or Daily service, shall not exceed the Weekly rate specified above times the highest amount in megawatts of Reserved Capacity times the Supplemental Reserve percentage in any hour during such week.

Notwithstanding the above, in the event that the Transmission Provider, does not have sufficient Operating Reserves to provide this service in addition to its prior commitments, the Transmission Provider will acquire the Operating Reserves and directly charge the Transmission customer the incremental cost of providing the Operating Reserves. The Transmission Provider

will file the incremental cost rate under Section 205 and include the charge in the Transmission Customer's service agreement.

## **Schedule 6: Operating Reserve - Supplemental Reserve Service**

Supplemental Reserve Service is needed to serve load in the event of a system contingency; however, it is not available immediately to serve load but rather within a short period of time. Supplemental Reserve Service may be provided by generating units that are on-line but unloaded, by quick-start generation or by interruptible load or other non-generation resources capable of providing this service. The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area and to support firm sales from generators located within the Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Supplemental Reserve Service obligation ~~in accordance with WECC “Minimum Operating Reliability Criteria”, Contingency Reserve and Additional Reserve for Interruptible Imports sections~~. A Transmission Customer who makes alternative comparable arrangements to satisfy its Supplemental Reserve Service obligation must have capacity pre-scheduled for the reserves, including but not limited to Transmission Capacity, and must adhere to WECC Operating Criteria to satisfy its Supplemental Reserve Service obligation. In the event that the Transmission Customer makes alternative comparable arrangements to satisfy its Supplemental Reserve Service obligation and the reserves are not available, the Transmission Customer will be billed for the resulting energy imbalance at 200% of the applicable Schedule 4 Energy Imbalance Incremental Energy Cost plus Schedule 6 Supplemental Reserve Service obligations equivalent to three months charges.

The amount of and charges for Supplemental Reserve Service are set forth below. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator.

The Transmission Customer must provide a minimum level of Supplemental Operating Reserves equal to the sum of: 1) 1.5 percent of the Transmission Customer’s reserved capacity for Point-to Point Transmission Service or 1.5% of the Transmission Customer’s Monthly Network Load for Network Integration Transmission Service; plus 2) 1.5% of the capacity of a generating resource (including designated Network Resources) identified as the “source” in the

~~Transmission Customer's transmission schedule and located within or dynamically transferred to Transmission Provider's Control Area. Operating Reserve Percent of its transmission load that is supplied with firm resources and a level of Operating Reserves equal to the interruptible imports of the Transmission Customer. The levels of Operating Reserve must be in accordance with WECC "Minimum Operating Reliability Criteria", Contingency Reserve and Additional Reserve for Interruptible Imports sections.~~ Interruptible imports include energy purchases from a single generating unit (unit contingent) or energy purchases across a non-firm transmission path. The Operating Reserves will provide the Transmission Customer with a one-hour reserve to cover a loss of their source of supply. The Transmission Customer shall agree to purchase one-half of its Operating Reserve requirements from Spinning Reserves and the remainder of the Operating Reserve requirements from Supplemental Reserves.

~~For Point to Point Transmission Service, the rate shall be applied to the Supplemental Reserve percentage times the Reserved Capacity. For Network Integration Transmission Service, the rate shall be applied to the Supplemental Reserve percentage times the Transmission Customer's Monthly Network Load as determined pursuant to the methodology set forth in Section 34.2 of this Tariff.~~

**~~Minimum Operating Reserve Requirements:~~**

<del>Operating Reserve Percent, thermal</del>	<del>7.0%</del>
<del>Operating Reserve Percent, hydro</del>	<del>5.0%</del>
<del>Supplemental Reserve Percent, thermal</del>	<del>3.5%</del>
<del>Supplemental Reserve Percent, hydro</del>	<del>2.5%</del>

**Maximum Rates:**

- \$7,360.00/MW per month
- 1,698.46/MW per week
- 283.08/MW per day on-peak
- 242.64/MW per day off-peak
- 17.69/MW per hour on-peak
- 10.11/MW per hour off-peak

The On-Peak Period for Daily service shall be all hours Monday through Saturday, excluding holidays as designated annually by the WECC. For each calendar year, these additional Off-Peak days will be posted on the OASIS on or before November 1 preceding the applicable Calendar year. The On-Peak period for Hourly service shall consist of Hour Ending (HE) 0700 through HE 2200 PST, Monday through Saturday. The Off-Peak periods shall consist of HE 0100 through HE 0600, HE 2300 and HE 2400 PST, Monday through Saturday; HE 0100 through HE 2400 PST on Sunday and additional Off-Peak days (holidays) as designated annually by WECC. The total charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the Daily rate specified above times the highest amount in megawatts of Reserved Capacity times the Supplemental Reserve percentage in any hour during such day. In addition, the total charge in any week, pursuant to a reservation for Hourly or Daily service, shall not exceed the Weekly rate specified above times the highest amount in megawatts of Reserved Capacity times the Supplemental Reserve percentage in any hour during such week.

Notwithstanding the above, in the event that the Transmission Provider, does not have sufficient Operating Reserves to provide this service in addition to its prior commitments, the Transmission Provider will acquire the Operating Reserves and directly charge the Transmission customer the incremental cost of providing the Operating Reserves. The Transmission Provider will file the incremental cost rate under Section 205 and include the charge in the Transmission Customer's service agreement.