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 or Non-Firm Point-to-Point Transmission Service , excluding 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.

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.

**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 Provider’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%