

Effective 12/27/2007
These business practices apply
to transmission service requests
made after 10/4/2006.

NorthWestern Energy (NWMT)

Open Access Transmission Tariff and OASIS Business Practices

These business practices may be amended from time to time to comport with NorthWestern Energy's (NWMT) practices and all applicable rules, regulations and requirements.

General Practices

Only service with an increment of Yearly is considered Long-Term Firm Service for OATT purposes. Transmission Service Requests for Monthly Service for periods of more than 12 months will be treated as INVALID by the Transmission Provider.

NWMT will not accept requests for zero (0) MW where there is at least 1 MW of Available Transmission Capacity (ATC).

If a transmission service request for hourly transmission service that begins the next pre-schedule day is queued after 2:00 PM MPT, the request will not be acted in the pre-schedule period, but will be addressed at real-time (i.e., hour-ahead) instead.

MANAGING COMPETING TRANSMISSION SERVICE REQUESTS FOR SHORT-TERM FIRM SERVICE

The Open Access Transmission Tariff (OATT), [FERC Order No. 638](#) and the NAESB Wholesale Electric Quadrant Business Practice Standards (NAESB Standards) provide the procedures that Transmission Providers and Transmission Customers must follow in the OASIS Transmission Service Request (TSR) process.

In addition to the OATT, Order No. 638 and the NAESB Standards, the following steps will be utilized by NorthWestern Energy when managing competing requests for Short-Term Firm Point-To-Point Transmission Service on the OASIS. Short-Term Service is service up to one year in length; and service increments are Daily, Weekly, or Monthly (but not Yearly).

The term "competing request" refers to requests for the same capacity on the same path (defined by either the Point of Receipt or Point of Delivery).

The possible STATUS values assigned to requests are:

QUEUED = initial status assigned by TSIP on receipt of "customer services purchase request."

INVALID = assigned by TSIP or Provider indicating an invalid field in the request, such as improper POR, POD, source, sink, etc. (Final state).

RECEIVED = assigned by Provider or Seller to acknowledge QUEUED requests and indicate the service request is being evaluated, including for completing the required ancillary services.

STUDY= assigned by Provider or Seller to indicate some level of study is required or being performed to evaluate service request.

REFUSED = assigned by Provider or Seller to indicate service request has been denied due to lack of availability of transmission capability. (Final state).

COUNTEROFFER =assigned by Provider or Seller to indicate that a new OFFER_PRICE is being proposed or that CAPACITY_GRANTED is less than CAPACITY_REQUESTED.

REBID = assigned by Customer to indicate that a new BID_PRICE is being proposed.

SUPERSEDED = assigned by Provider or Seller when a request which has not yet been confirmed is preempted by another reservation request. (Final state).

ACCEPTED = assigned by Provider or Seller to indicate the service request at the designated OFFER_PRICE and CAPACITY_GRANTED has been approved/accepted. If the reservation request was submitted PRECONFIRMED and CAPACITY_GRANTED is equal to CAPACITY_REQUESTED, the OASIS Node shall immediately set the reservation status to CONFIRMED. Depending upon the type of ancillary services required, the Seller may or may not require all ancillary service reservations to be completed before accepting a request.

DECLINED = assigned by Provider or Seller to indicate that the terms and conditions, such as the BID_PRICE, are unacceptable and that negotiations are terminated or that contractual terms and conditions have not been met. (Final state).

CONFIRMED = assigned by Customer in response to Provider or Seller posting "ACCEPTED" status, to confirm service. Once a request has been "CONFIRMED," a transmission service reservation exists. (Final state, unless overridden by DISPLACED or ANNULLED state).

WITHDRAWN = assigned by Customer at any point in request evaluation to withdraw the request from any further action. (Final state).

DISPLACED = assigned by Provider or Seller when a "CONFIRMED" reservation from a Customer is displaced by a higher priority reservation and the Customer is not offered or has not exercised right of first refusal (*i.e.*, refused to match terms of new request). (Final state).

ANNULLED = assigned by Provider or Seller when, by mutual agreement with the Customer, a confirmed reservation is to be voided. (Final state).

RETRACTED = assigned by Provider or Seller when the Customer fails to confirm or withdraw the request within the required time period. (Final state).

If ATC is available, a request for short-term firm service will be ACCEPTED within 30 days. If curtailment becomes necessary, as stated in the OATT, non-firm service will be curtailed first, then all firm service on a pro rata basis.

As stated in the OATT and Order No. 638, for Short-Term Firm transmission service, longer term requests preempt shorter term requests. However, Transmission Customers with earlier QUEUED requests have the "right of first refusal" to match longer term requests, **but only if the earlier QUEUED request is QUEUED during its conditional period (as set forth in section 13.2 of the OATT) and CONFIRMED before the later QUEUED request is QUEUED.**

Step 1: If Available Transmission Capacity (ATC) exists to either partially or fully accept a request:

- a. the earliest QUEUED request will be ACCEPTED, or if the request is only able to be accepted partially, the request will be COUNTEROFFERED.
- b. Except as stated in 1.c., the ACCEPTED request referred to in 1.a. must be CONFIRMED within the time specified in [Table 4-2 of Order No. 638](#).
- c. If the start date for the request occurs before the time specified in 1.b., the request must be CONFIRMED by 11:00 AM MPT of the pre-scheduling day before the service will begin.

Example 1a: Customer White submits a request on August 15 for 100 MW of firm monthly service over path X to begin November 1 of the same year. The ATC for path X is 100 MW. Customer White's request is ACCEPTED on August 30. Customer White's request must be CONFIRMED by September 3.

Example 1b: Customer White submits a request on October 26 for 100 MW of firm monthly service for one month over path X to begin November 1 of the same year. The ATC for path X is 100 MW. Customer White's request is ACCEPTED October 29. Customer White's request must be CONFIRMED by 11:00 AM MPT on October ____.

Step 2: A later-QUEUED competing request(s) for the same period and service increment, or for a shorter service increment/term, will be:

- a. REFUSED if no ATC exists after either the earlier QUEUED request or the later QUEUED, longer term request are CONFIRMED.
- b. ACCEPTED if the earlier QUEUED request is WITHDRAWN or RETRACTED.
- c. Go to Step 1b.

Example 2a: Customer White submits a request on August 15 for 100 MW of firm monthly service over path X to begin November 1 of the same year. The ATC for path X is 100 MW. Customer White's request is ACCEPTED on August 30. Customer White's request is CONFIRMED on September 1. Customer Black submits a request on September 6 of the same year for 100 MW of firm monthly service for one month over path X to begin November 1 of the same year. Customer Black's request will be REFUSED for no ATC.

Example 2b: Customer White submits a request on August 15 for 100 MW of firm monthly service over path X to begin November 1 of the same year. The ATC for path X is 100 MW. Customer White's request is ACCEPTED on August 30. Customer White does not confirm by September 3 (the request is RETRACTED). Customer Black submits a request on September 2 of the same year for 100 MW of firm monthly service for one month over path X to begin November 1 of the same year. Customer Black's request is ACCEPTED on September 5. Customer Black's request must be CONFIRMED by September 9.

Step 3: If later QUEUED competing requests for longer term service exist, and if the earlier QUEUED request was QUEUED during its conditional period

Actions Taken on the Longer Term, Later Queued Request

- a. The first longer term request will be ACCEPTED, or if the request is only able to be accepted partially, the request will be COUNTEROFFERED.
- b. Except as stated in 4.c., the ACCEPTED request referred to in 4.a. must be CONFIRMED within the time specified in Table 4-2 of Order 638.
- c. If the start date for the earlier QUEUED request occurs before the time specified in 4.b., the longer term request must be confirmed by 11:00 AM MPT of the pre-scheduling day before the earlier QUEUED service will begin.
- d. If the longer term request is not confirmed in the specified time, it will be RETRACTED.
- e. A later-QUEUED competing request(s) for the same period and service increment, or for a shorter service increment/term, will be:
 - i. REFUSED for no ATC after either the earlier QUEUED request or the later QUEUED, longer term request are CONFIRMED.
 - ii. ACCEPTED if the earlier QUEUED request(s) is WITHDRAWN or RETRACTED.
 - iii. Go to Step 3b.
- f. If a Transmission Customer has a right of first refusal to meet this longer request, and the right of first refusal is exercised (as described in 4.g-h), the longer term request will be DISPLACED.

Actions Taken on the Shorter Term, Earlier Queued Request

- g. After the longer term request is CONFIRMED (within the specified time):
 - i. If the earlier QUEUED request was CONFIRMED before the longer term request was QUEUED, the Transmission Customer with the earlier QUEUED request has the right of first refusal to match the longer term, later QUEUED request.
 - ii. In order to match the later QUEUED request, the Transmission Customer with the right of first refusal must agree to match the same duration, capacity and price.

- iii. If the longer term request was QUEUED before the earlier QUEUED request is CONFIRMED, the earlier QUEUED request will be SUPERSEDED (if the earlier QUEUED request is CONFIRMED after the longer term request is QUEUED, the earlier QUEUED request will be DISPLACED).
- h. Since a CONFIRMED request cannot be COUNTEROFFERED, the Transmission Customer with the right of first refusal will be contacted by telephone and provided the opportunity to match the longer term request.
 - i. The Transmission Provider status comments will be updated to note the date and time the Transmission Customer was notified of the right of first refusal.
 - ii. The Transmission Customer must enter a new TSR with a Request Type of MATCHING, referencing the original TSR number in the Related Reference field of the new TSR.
 - (1) The longer term of the competing request must be matched, or exceeded.
 - (2) The new TSR must be submitted as PRECONFIRMED.
 - (3) The new TSR must be received within 24 hours of the right of first refusal notification.
- i. If the new TSR is not received within 24 hours, the original TSR will be DISPLACED.
- j. If the new TSR is received later than the time specified in 3.i., it will be processed as a new request in the order it is received.

Example 3a: Customer White submits a request on August 15 for 100 MW of firm monthly service for one month over path X to begin November 1 of the same year. The ATC for path X is 100 MW. Customer White's request is ACCEPTED on August 30. Customer White's request is CONFIRMED on September 1. Customer Black submits a request on September 6 of the same year for 100 MW of firm monthly service for two months over path X to begin November 1 of the same year. Customer Black's request is ACCEPTED on September 9. Customer Black's request must be CONFIRMED by September 13. Customer Black's request is CONFIRMED September 10. Customer White is notified of his right to match Customer Black's request on September 11. Customer White submits a new pre-confirmed request with a Request Type of MATCHING, referencing the number of Customer White's August 15 request in the Related Reference field which matches or exceeds Customer Black's request on September 12. Customer Black's request is DISPLACED.

Example 3b: Customer White submits a request on August 15 for 100 MW of firm monthly service for one month over path X to begin November 1 of the same year.

The ATC for path X is 100 MW. Customer White's request is ACCEPTED on August 30. Customer White's request is CONFIRMED on September 1. Customer Black submits a request on September 6 of the same year for 100 MW of firm monthly service for two months over path X to begin November 1 of the same year. Customer Black's request is ACCEPTED on September 9. Customer Black's request must be CONFIRMED by September 13. Customer Black's request is CONFIRMED September 10. Customer White is notified of his right to match Customer Black's request on September 11. Customer White does not submit a new request. Customer White's request is DISPLACED.

Example 3c: Customer White submits a request on August 15 for 100 MW of firm monthly service for one month over path X to begin November 1 of the same year. The ATC for path X is 100 MW. Customer White's request is ACCEPTED on August 30. Customer White's request is CONFIRMED on September 1. Customer Black submits a request on September 6 of the same year for 100 MW of firm monthly service for two months over path X to begin November 1 of the same year. Customer Black's request is ACCEPTED on September 9. Customer Black's request must be CONFIRMED by September 13. Customer Black's request is CONFIRMED September 10. Customer White is notified of his right to match Customer Black's request on September 11. Customer White submits a new pre-confirmed request with a Request Type of MATCHING, referencing the number of Customer White's August 15 request in the Related Reference field which matches or exceeds Customer Black's request on September 14. Customer White's August 15 request is DISPLACED. Customer White's September 14, 2006 request will be REFUSED for no ATC.

Example 3d: Customer White submits a request on August 15 for 100 MW of firm monthly service for one month over path X to begin November 1 of the same year. The ATC for path X is 100 MW. Customer White's request is ACCEPTED on August 30. Customer White's request is CONFIRMED on September 2. Customer Black submits a request on August 31 of the same year for 100 MW of firm monthly service for two months over path X to begin November 1 of the same year. Customer Black's request is ACCEPTED on September 3. Customer Black's request is CONFIRMED on September 5. Customer White's request is DISPLACED.

Example 3e: Customer White submits a request on August 15 for 100 MW of firm monthly service for one month over path X to begin November 1 of the same year. The ATC for path X is 100 MW. Customer White's request is ACCEPTED on August 30. Customer White's request is CONFIRMED on September 3. Customer Black submits a request on August 31 of the same year for 100 MW of firm monthly service for two months over path X to begin November 1 of the same year. Customer Black's request is ACCEPTED on September 1. Customer Black's request is CONFIRMED on September 2. Customer White's request is SUPERSEDED.

Step 4: If the longer term request is QUEUED during the earlier QUEUED request's unconditional period:

- a. If the earlier QUEUED request has been CONFIRMED, the longer term request will be REFUSED for no ATC for the portion that matches the earlier-QUEUED confirmed request and COUNTEROFFER for the longer portion if ATC exists.
- b. If the earlier QUEUED request has not been CONFIRMED:
 - i. The longer term request will be ACCEPTED (fully or partially *via* a COUNTEROFFER).
 - ii. Except as stated in 4.b.iii., the ACCEPTED request referred to in 4.b.i. must be CONFIRMED within the time specified in Table 4-2 of Order 638.
 - iii. If the start date for the earlier QUEUED request occurs before the time specified in 4.b.ii., the longer term request must be CONFIRMED by 11:00 AM MPT of the pre-scheduling day before the earlier QUEUED service will begin.
 - iv. If the longer term request is not CONFIRMED in the specified time, it will be RETRACTED.
 - v. If the longer term request is CONFIRMED within the time specified above, the earlier QUEUED request will be SUPERSEDED.

Example 4a: Customer White submits a request on September 15 for 100 MW of firm monthly service for one month over path X to begin November 1 of the same year. The ATC for path X is 100 MW. Customer White's request is ACCEPTED on September 30. Customer White's request is CONFIRMED on October 2. Customer Black submits a request on October 6 of the same year for 100 MW of firm monthly service for two months over path X to begin November 1 of the same year. Customer Black's request is REFUSED for no ATC for November and will be COUNTEROFFERED for the second month.

Example 4b: Customer White submits a request on September 15 for 100 MW of firm monthly service for one month over path X to begin November 1 of the same year. The ATC for path X is 100 MW. Customer White's request is ACCEPTED on October 1. Customer White's request is CONFIRMED on October 5. Customer Black submits a request on October 2 of the same year for 100 MW of firm monthly service for two months over path X to begin November 1 of the same year. Customer Black's request is ACCEPTED on October 3. Customer Black's request is CONFIRMED October 4. Customer White's request is SUPERSEDED.

Example 4c: Customer White submits a request on September 15 for 100 MW of firm monthly service for one month over path X to begin November 1 of the same year. The ATC for path X is 100 MW. Customer White's request is ACCEPTED on October 1. Customer White's request is CONFIRMED on October 5. Customer Black submits a request on October 2 of the same year for 100 MW of firm monthly service for two

months over path X to begin November 1 of the same year. Customer Black's request is ACCEPTED on October 3. Customer Black's request is not CONFIRMED by October 7. Customer Black's request is RETRACTED.

Step 5: Steps 1-4 will be repeated until all requests have been acted on and the longest service increment and/or term have been CONFIRMED.

Redirecting Transmission Service on a Firm Basis

Section 22.2 of the NWE OATT allows a customer to change the Point of Receipt (POR) and/or Point of Delivery (POD) of an existing firm point-to-point reservation. Any request to redirect transmission service (change POR/POD) on a firm basis is treated as a new request for service.

The POR/POD of a firm transmission service reservation may be changed (redirected) on a firm basis, subject to the following conditions:

1. A new Firm Point-to Point request must be submitted on the NWE OASIS with a Request Type of REDIRECT and have the active request being redirected in the Related Reference field.
2. The new request must be submitted and processed in accordance with the NWE OATT and FERC Order No. 638 timing requirements for the appropriate class and service increment required.
3. For the period of redirection, the transmission customer will be charged the transmission and ancillary service charges for the redirected path.
4. The start and stop times of the new reservation must be contained within the start and stop times of the original reservation.
5. Partial redirects of the previous reservation quantity or periods are allowed.
6. Sufficient ATC must exist to accommodate the new request. For purposes of ATC evaluation, the impacts of the redirected reservation will be replaced by the impacts of the new request during the overlapping period.
7. Once the new request is no longer pending, the capacity of the reservation that was redirected becomes available to the Market, subject to any limitations created by flow impacts of the changed POR and/or POD.
8. The portion of a firm reservation not replaced by redirected service will remain in effect.

9. Any customer with an original Yearly service that is redirected on a shorter duration Service increment will:
 - a. maintain its rollover rights at the POR/POD of the original service reservation under Section 2.2 of the OATT if the redirect ends before the end of term of the original reservation, or
 - b. have rollover rights at the redirected POR/POD if the redirect is still in place at the end of the term of the original reservation, and if capacity exists at the redirected POR/POD.
 10. A redirecting Transmission Customer under section 22.2 will not lose its rights to its original path by virtue of having submitted a request to redirect service until its request to redirect service is unconditionally ACCEPTED.
 11. Once a request is confirmed for a redirected path or enters into long-term service agreement for a redirected path, the Transmission Customer has no superior right to return to its original path if it loses its capacity due to a line outage or for other reliability reasons.
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Redirecting Non-Firm Transmission Service is Not Allowed

Redirecting Non-Firm Transmission Service is not allowed for any reason, including curtailments due to outages on other transmission systems.

Reduction of Scheduled and/or Accepted Capacity Due to Reduction in ATC or Curtailment

When reductions in scheduled and/or accepted capacity occur due to a reduction in path ATC or as a result of a curtailment for emergency reasons, schedules and/or TSRs will be modified as follows:

1. Non-Firm service (based on the TSR, not E-Tag generation type) will be reduced/curtailed on a last-in, first-out basis; i.e., latest-queued, confirmed requests will be cut first.
 2. If further reductions are necessary after cutting Non-Firm service, or if ATC is reduced permanently such that sufficient capacity no longer exists for all confirmed Firm requests, Firm service will be reduced/curtailed on a pro-rata basis.
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Requests for Extension of Existing Service

Any existing long-term customer that desires to exercise its reservation priority must make an application for its new service term following NWMT's OATT procedures and notify the NWMT, no less than sixty (60) days prior to the date an existing long-term contract ends and the new service commences, that the long-term transmission customer desires to exercise its reservation priority (right of first refusal) under section 2.2 of the OATT.

Reserving Long-Term Firm Point-To-Point or Network Transmission Service

As a supplement to the provisions described in Sections 17 and 29 of NorthWestern Energy's Federal Energy Regulatory Commission (FERC) Open Access Transmission Tariff (OATT), the following provides additional guidance to Transmission Customers with respect to requests for Long-Term Firm Point-To-Point or Network Transmission Service.

Written Application

FERC expects all transmission requests to occur on the OASIS, and the OASIS provides the official time-stamp.

A written application is not required for requests for Point-To-Point Transmission Service, but is required for Network Integration Transmission Service requests (since the OASIS doesn't allow entry of all necessary information, e.g., Network Resources and Network Load).

All new Eligible Network Customers requesting service under Part III of NorthWestern's Transmission Tariff must submit an Application, with a deposit approximating the charge for one month of service to NorthWestern as far as possible in advance of the month in which service is to commence. The completed Application shall provide all of the information included in Section 29.2 of NorthWestern's Tariff (including the required Customer Attestations) and should be faxed to (406) 497-2054 to the attention of Marc Donaldson, Manager – Electric Transmission Marketing.

Deposits

All Long-Term Firm Point-To-Point or new Network Transmission Requests including those to/from the same Point of Receipt and/or Point of Delivery, require a deposit approximating one month's transmission service charge to be received by NorthWestern Energy within three (3) business days of the date the request is made on the OASIS. NorthWestern Energy will not act on the request until it receives the deposit. If a deposit

is not provided by the Transmission Customer, as described above, the OASIS transmission reservation request will be REFUSED. Deposits may be either wire transferred or mailed to NorthWestern Energy. Deposits will be refunded as described in NorthWestern's Tariff.

Customer Requests for Reduced Capacity

Only when sufficient capacity does not exist for long term transmission requests, and studies are necessary (as described in Sections 19 and 32 of the OATT), may a Transmission Customer request a reduction in the originally requested capacity without a new, later OASIS request. The Transmission Customer may request a reduction in the capacity reservation anytime during or after the System Impact Study or the Facilities Study, but before a Transmission Service Agreement is executed by the Transmission Customer or the Transmission Customer has confirmed the OASIS request. However, if such a capacity reduction is requested by the Transmission Customer, the Transmission Customer will be responsible for any added System Impact or Facilities Study Costs NorthWestern Energy may incur as a result of the request. Further, the Transmission Customer must accept any delays in the studies that may be caused by the capacity reduction request.

Since the OASIS does not provide a mechanism to reduce the Capacity Requested while in STUDY status, the reservation Comments will be used by NorthWestern Energy to provide this information.

Comments

The Comments on the OASIS reservation will be used by NorthWestern Energy to provide additional information regarding a reservation's status.

These comments include, but are not limited to:

- Deposit received.
- Required deposit was not received within three days.
- System Impact Study Agreement mailed to customer.
- System Impact Study Agreement and study deposit received from customer.
- System Impact Study started.
- System Impact Study estimated completion time extended to mm/dd/yy.
- System Impact Study completed.
- Facilities Study Agreement mailed to customer.
- Facilities Study Agreement and study deposit received from customer.
- Facilities Study started.
- Facilities Study estimated completion time extended to mm/dd/yy.
- Facilities Study completed.
- The Capacity Requested is reduced to ____ MW per a request by the customer.

Reserving Multiples of a Service Increment

A Transmission Customer may request multiples of a transmission service increment within a single transmission service request as follows:

Hourly:	1 to 24 hours
Daily:	1 to 7 days
Weekly:	1 to 4 weeks
Monthly:	1 to 12 months
Yearly:	1 or more years

Submitting Real-Time Transmission Service Requests

Transmission Service Requests (TSRs) submitted at real-time (i.e., before the next hour begins) must be submitted as preconfirmed. If a TSR is submitted without being preconfirmed, the TSR may be acted upon if time allows.

TIMING REQUIREMENTS FOR TRANSMISSION SERVICE REQUESTS

Firm Table

Service Offering	Earliest Request	Latest Request ^A
Yearly	n/a	60 calendar days before the start of service
Monthly	11 months before the start of service	5 calendar days before the start of service
Weekly	51 weeks before the start of service	5 calendar days before the start of service
Daily	90 days before the start of service	1 calendar day before the start of service

A. Requests will be considered on shorter notice when feasible.

Non-firm table

Service Offering	Earliest Request	Latest Request ^A
Monthly	60 calendar days before the start of service	5 calendar days before the start of service
Weekly	14 calendar days before the start of service	5 calendar days before the start of service
Daily	5 calendar days before the start of service	1400 MPT the day before the start of service
Hourly (Pre-schedule) ^B	Noon the business day before the start of service	1400 MPT the day before the start of service
Hourly (Real-time) ^B	After preschedule checkout	25 minutes before the hour

A. Requests will be considered on shorter notice when feasible.

B. Includes re-directs.

Designation of New and Termination of Existing Designated Network Resources

Under Section 30 of the pro-forma OATT, Network Resources shall include all generation owned, purchased (including Power Purchase Agreements) 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.

When Network Resources are committed for sale to non-designated third party load or otherwise cannot be called upon to meet a Network Load on a non-interruptible basis, the Network Customer or its Agent shall adhere to the following business practices to designate new and terminate existing Network Resources. These practices are subject to change pending further development of business practices and OASIS functionality for the temporary and indefinite terminations of Designated Network Resources.

1) Designation of New DNRs (Designated Network Resources)

- i) DNR request forms are posted on NorthWestern's OASIS. There is a single form for "on-system" DNRs and two forms for "off-system" DNRs – single application and multiple application. "Off-system" resources are those resources requiring 3rd party transmission service or transmission

- arrangements on an external transmission system(s) to serve the Network Customer's Network Load.
- ii) Prior to submitting new off-system DNRs, the Network Customer must submit a request(s) for network transmission service to the OASIS. To expedite this process, it is suggested that the customer pre-confirm this network transmission service request, but be aware preconfirmed requests can not be withdrawn after July 13, 2007. Also, the Network Customer should include in the comments section of the transmission request that the request is to designate a new Network Resource(s). A pre-confirmed request must include the Network Resource attestation described in Section 3 below.
 - iii) All DNR request(s) must be a minimum of one day, starting at midnight and ending at midnight and may contain hourly MW profiles.
 - iv) NorthWestern will accept requests for new DNRs during WECC preschedule days (typically Monday through Friday). The requests for new DNRs shall be faxed to NorthWestern's preschedule desk at 406-497-2054 with as much advance notice as practicable. NorthWestern intends to process each new DNR request received by 10:00 am Pacific of the preschedule day for next-day operations. Requests received after 10:00am will be processed, if practical, but in no case will requests be accepted after noon Pacific of the preschedule day. All off-system DNR requests should include an associated assignment reference number of their corresponding network transmission service request. In addition, the submitter should include a valid fax number where notices of deficiencies can be sent.

2) Guidelines for Network Designation Forms

- i) Designation of Network Resources must be completed pursuant to Section 29.2(v) of NorthWestern's Tariff. Forms for Multiple and Single Designation of Network Resources are available. The following should be used as a guideline when describing an off-system Network Resource:
 - (1) When identifying the control area(s) from which the power will originate, entries such as not applicable, blank, or any non-control area reference is not an acceptable response; the transmission customer may cite any or all valid control areas.
 - (2) When describing transmission arrangements on the external transmission system(s), entries such as not applicable or a blank are not an acceptable response. Any third-party transmission services arranged by the Network Customer to schedule the resource from the point at which the network customer takes delivery of the resource to NorthWestern's transmission system must be firm (to the extent that transmission may be required.) The Network Customer may respond with:
 - (a) An OASIS assignment reference number with the host OASIS node identified;
 - (b) Documentation sufficient to enable NorthWestern to confirm that transmission arrangements on external transmission system(s) are firm;
 - (c) No external transmission is required.

- (3) When describing the Network Resource's operating restrictions, a blank is not an acceptable response; network customer may respond with not applicable or none. Specifics of a power purchase agreement, such as seasonal delivery periods should be described in the operating restrictions to the extent possible.
- (4) The approximate variable generating cost (\$/MWH) for resdispatch computations, to be used if any such resdispatch is initiated by NorthWestern.

3) Network Resource Attestations

- i) To expedite the process, DNR requests should include a statement, or attestation, 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 non-interruptible basis.
- ii) The Network Customer must provide such attestation within 15 days of confirmation of its Network Transmission Service request or before the firm scheduling deadline of the first day the service commences. For all requests for designation of Network Resources, the Network Customer should provide the attestation as soon as possible, but in no case will it be accepted after noon Pacific of the preschedule day. Attestations must be signed by an authorized officer from or agent of the Network Customer. The Network Customer's request will be deemed deficient and denied if it does not include the required attestations. Attestations should be faxed to NorthWestern's Pre-Schedule desk at (406) 497-2054. A suggested attestation form is available on NorthWestern's OASIS website. DNR requests that are found deficient will be faxed back with an explanation of the nature of the deficiency. These requests maybe corrected and resubmitted along with new associated request(s) for network transmission service for off-system DNRs. **(NOTE:** power purchase agreements designated as Network Resources may only contain LD_(Liquidated Damages) provisions that are of the "make whole" type. Conversely, power purchase agreements containing LD provisions that provide penalties of a fixed amount, that are capped at a fixed amount, or that otherwise do no require the seller to pay an aggrieved buyer the full cost of replacing interrupted power are not acceptable Network Resources).

4) Designation Process

- i) A Network Customer may choose to aggregate transmission service requests for off-system DNRs into a single network transmission service request. To do so, these off-system DNRs must impact the same PORs/PODs on NorthWestern's system and be for the same time frame of service. If any one

or more of the aggregated remote DNRs is found to be deficient, NorthWestern will Counteroffer the associated network transmission service request's capacity. Network Customers are expected to closely monitor the status of their network transmission service requests' status and respond to Counteroffers.

- ii) If the required data of a previously submitted and approved designation for a Network Resource is modified, that resource must be undesignated and a new designation request must be made in order to ensure firm network transmission service. In particular, changes to the following required data triggers a request for a new designation of the Network Resource to ensure firm transmission: Identification of the control area(s) from which the power will originate, Deliver point(s) to the Transmission Provider's Transmission System, and the Transmission arrangements on the external transmission systems(s).
- iii) Customers may consider off-system DNR requests to be complete upon approval of the associated network transmission system request(s). On-system DNR requests found to be complete will have notice faxed to the Network Customer. When a request for designation of a Network Resource is denied and that request fulfills the requirements specified in NorthWestern's Designation Request forms and these business practices, the Network Customer will be notified and an entry made in NorthWestern's discretion log explaining the reason for the denial.
- iv) Nothing in this business practice guarantees that a request to designate or undesignate a particular Network Resource will be granted. When a request to designate a particular Network Resource is denied (e.g., for reliability purposes) and that request meets the requirements specified in these business practices and NorthWestern's OATT, a discretion log entry will be posted by NorthWestern explaining the reason(s) for denial.

5) DNR Temporary Termination Process

- a) Temporary Termination or Undesignation of a DNR is accomplished through the submittal of a completed Undesignation form which is posted on NorthWestern's OASIS. Undesignation forms should be faxed to NorthWestern's Pre-Schedule desk at (406) 497-2054. These submittals must be received by NorthWestern's transmission function by 10:00 am Pacific of the preschedule day.
- b) The Temporary Termination may be for any duration within the DNRs start and stop times, including a single hour.
- c) Temporary Termination requests must be accompanied with an attestation to ensure reinstatement of the DNR status (and associated transmission). Also, the full capacity of each resource shall automatically be re-designated at the conclusion of HE2400 Pacific.
- d) For the Temporary Termination period (described in the form as the start and stop dates and times), ATC, if any, associated with the Termination of the DNR will be released. The Termination of DNR will not necessarily result in any additional ATC. NorthWestern recognizes that some transactions are supported on a system basis by the selling party. Accordingly, NorthWestern acknowledges

and recognizes that electronic tags for delivery of such power may not reflect the specific Termination/Undesignation of specific Network Resources.

- e) Nothing in this business practice guarantees that a request to undesignate a Network Resources will be granted. Customers may consider Temporary Undesignations to be complete and approved if NorthWestern does not respond with a specific denial of the Temporary Undesignation by noon pacific of the preschedule day. When a request for undesignation of a Network Resource is denied and that request fulfills the requirements specified in NorthWestern’s Undesignation Form and these business practices, the Network Customer will be notified via a fax and an entry made in NorthWestern’s discretion log explaining the reason for the denial.

6) **DNR Permanent Termination Process**

- a) Permanent Termination of a DNR uses the same form as the Temporary Termination form only there is no stop date entry.
- b) Permanent Termination of a DNR request does not require an attestation.
- c) Upon approval of a Permanent Termination of a DNR request, associated ATC, if any, will be released.

7) **Posting of DNRs**

- a) NorthWestern will post on OASIS the required DNR information for each Network Customer. Information concerning operating restrictions and approximate variable generating costs will be masked as needed. This DNR posting will be updated as needed each business day.

	DNR Designation	Termination
Submittal Deadline	12pm Pacific Preschedule Day	10:00am Pacific Preschedule Day
Minimum Increment	One Day	One Hour

Release of Capacity on a Path When TSRs Exist In Study Status on the Same Path

If any Yearly TSR(s) is(are) in STUDY status, and as capacity becomes available before any new facilities upgrades or additions are built to grant the originally requested capacity, NorthWestern will apply the following:

1. The customer with the earliest queued TSR will be provided the opportunity to take the capacity that has become available:
 - a. NorthWestern will use the OASIS TransAssign function to create a new TSR that will be for the newly available capacity; with NorthWestern as the Seller and the customer described in Step 1. as the Customer.

- b. The comments will include a reference to the original request that is in Study status.
 - c. The Term Start Date will be the date the capacity is available.
 - d. The Stop Date will be entered such that the term length matches the original term. For example, if the original term was three years, then the term of the new request will also be three years.
 - e. The customer's email address will be placed in the Status Notification field of the TSR, which will result in an email notification to the customer of the new TSRs existence and any subsequent status changes.
 - f. Because the initial state of the new TSR will be QUEUED, NorthWestern will immediately ACCEPT the request.
2. NorthWestern will modify the comments of the original request in STUDY status, describing the new TSR, capacity granted, and capacity remaining under study.
 3. The customer must CONFIRM the request within 15 days of the automatic email notification that will occur as a result of Step 1.f. (in accordance NAESB's WEQ Business Practice Standard 001-4.13).
 4. If the customer does not confirm the request within 15 days, NorthWestern will repeat steps 1-3, offering the capacity to the customer with the next TSR, working in ascending queued order until the capacity is provided to a customer. If no customer with a request in STUDY status is granted the capacity (customers may wish to wait until the entire requested capacity is available through facility upgrades and additions), the capacity will be offered on the OASIS as would be absent any of the TSRs in STUDY.