

Business Practice for the Renewal of Long-Term Firm Transmission Service And Competing Requests

The following business practice applies to the Renewal of Long-Term Firm Transmission Service (pursuant to Section 2.2 of the PNM Open Access Transmission Tariff (“Tariff”)), and Competing Requests for that same service.

Renewing Long-Term Firm Transmission Service

A Transmission Customer, with an executed Long -Term Firm Point-to-Point Transmission Service Agreement, shall have the right to continue taking (i.e., may roll-over or renew) long-term firm transmission service in accordance with FERC policy and the PNM’s Tariff.¹ Transmission service agreements eligible for rollover or renewal must be for a term of at least five (5) years, unless otherwise provided in accordance with FERC policy.

An existing long-term firm Transmission Customer with the right to rollover transmission service must provide notice to PNM regarding its decision to exercise that right no less than one (1) year prior to the expiration date of its transmission service agreement and no earlier than the start date of its transmission service agreement. Such notice shall be provided by submitting a “Preconfirmed” TSR RENEWAL request on OASIS, which shall include the following:

- The TSR Number of the original TSR (i.e., the TSR being rolled-over) in the “Related Ref” field.
- The same Point of Receipt (“POR”) and same Point of Delivery (“POD”) as the original TSR.
- A start date for service that is the same as the “Stop Time” of service on the original TSR.
- A follow-on term of at least five (5) years in order to maintain renewal/rollover rights (Transmission service can be renewed for less than a five (5) year term, but no renewal/rollover rights will attach to such service);
- In the Customer Comment Field, the phrase: “Rollover of Existing TSR No. XXX,” where “XXX” is “the number of the Existing TSR which is being rolled over.”

The Transmission Customer may elect to rollover/renew a lesser amount of transmission capacity than currently in the existing Long-Term Firm Point-to-Point Transmission Service Agreement. The queued time-stamp of the TSR RENEWAL submittal on OASIS shall be considered the official time of receipt of the Transmission Customer’s request to rollover the transmission service, provided all information on the TSR RENEWAL is included and is correct.

A TSR RENEWAL request received after the deadline (i.e., received less than one year in advance of the original TSR “Stop Time”), will be invalidated.

¹Unless otherwise mutually agreed to by the Transmission Provider and Transmission Customer, a request for Redirect on a Firm basis does not impact the Transmission Customer’s long-term firm transmission service rollover rights on the original path, nor does it convey any rollover rights on the redirected path.

Additionally, the Transmission Customer must submit the Roll-Over Renewal Of Transmission Service Customer Application (“Application”) located in the Forms folder on the PNM OASIS requesting rollover/renewal of its existing TSA and TSR. The Application must be received by PNM no later than the close of business fifteen (15) days after the date of the properly submitted OASIS reservation.

If the Application has not been received by PNM by close of business fifteen (15) days after the date of the properly submitted OASIS reservation, PNM will reject the OASIS reservation.

PNM will notify the Transmission Customer within fifteen (15) days of receipt of the Application if the Application fails to meet requirements and the reason(s) for such failure. PNM will work with the Transmission Customer to remedy minor deficiencies in the Application.

PNM will respond to the TSR RENEWAL as soon as practicable after receipt of a properly completed Application but no later than 30 calendar days after its receipt.

Competing Requests

A Competing Request must meet the following criteria:

If it has been determined that, at the end of the term of a Transmission Customer's transmission service agreement containing renewal/rollover rights (i.e., prior to the Rollover Customer's “Rollover Execution Date”²), that there are one or more other Eligible Transmission Customers that have requested that same transmission service (i.e., there are “competing requests” for the transmission service) and PNM's Transmission System cannot accommodate all of the requests for that transmission service, the Transmission Customer desiring to rollover its transmission service (i.e., the “Rollover Customer”) must agree to accept a contract term and rate for service at least equal to the first queued competing request.

A “competing request” is defined herein as a request by an Eligible Customer (i.e., a “Competing Request Customer”) that: (i) is a long-term firm service request; (ii) is queued prior to the Rollover Customer's TSR RENEWAL request; (iii) shares the same POR and POD with the Rollover Customer's long-term firm transmission service, and; (iv) indicates the Competing Request Customer's commitment to take and pay for the transmission service by submission of a TSR on PNM's OASIS, that declares it to be a competing request by entering the phrase “COMPETING REQUEST” in the comment field, including the assignment reference number(s) (“AREF”) of the TSR(s) with which it would like to compete, and selecting the “Preconfirmed” status for the TSR.

In addition, the Competing Request Customer is required to submit the Long-Term Firm Transmission Service Customer Application located in the Forms folder on the PNM OASIS and must note in its application that it is seeking to be deemed a competing request. This declaration will provide notice to PNM that the Competing Request

²For purposes of this business practice, the term "Rollover Exercise Date" shall be the calendar day one (1) year prior to the expiration date of the Rollover Customer's transmission service agreement.

Customer is requesting that the reservation be evaluated as a competing request. PNM will determine whether the request is a competing request based on the information provided in the application and the TSR (i.e., the attributes it has in common with the Rollover Customer's TSR RENEWAL) and will verify that the request meets the competing request requirements. If the request is determined by PNM to be a competing request (i.e., the request meets the requirements set forth herein) PNM will activate the "Competing Request Flag" on the Competing Request Customer's TSR and deem the Competing Request Customer to be a "Confirmed Competitor."³ PNM will notify the Rollover Customer of the competing request prior to the close of business on the Rollover Customer's Rollover Exercise Date and the request will be processed in accordance with PNM's Tariff.

Competing Request Processing

Once the Competing Request Customer has been determined to be a Confirmed Competitor (to occur no later than close of business on the Rollover Exercise Date), the Transmission Provider shall evaluate the requests in accordance with FERC policy, PNM's Tariff, and this business practice.

PNM will evaluate the requests by comparing the Rollover Customer's TSR RENEWAL request with the Confirmed Competitor's reservation with regard to the attributes of the reservation including the duration of the TSR and the rate the Confirmed Competitor is willing to pay.

- If the Confirmed Competitor's reservation has a longer duration or higher rate than the Rollover Customer's TSR RENEWAL request, the Rollover Customer will have fifteen (15) calendar days to determine whether to match the Confirmed Competitor's reservation (i.e., exercise its right of first refusal).
- If the Rollover Customer chooses to match the Confirmed Competitor's reservation then the Rollover Customer must submit a new MATCHING request on OASIS, with duration and rate at least equal to the Confirmed Competitor's reservation. The Rollover Customer must CONFIRM this reservation within three (3) business days of PNM accepting the request, or the capacity will be granted to the Confirmed Competitor. Upon confirmation by the Rollover Customer, the Rollover Customer will be granted the transmission service.⁴

³ In order to permit PNM to process the Competing Request Customer's competing request in accordance with the Tariff and determine if it is a Confirmed Competitor, the competing request must be submitted on or before the Rollover Exercise Date.

⁴ In the event the Rollover Customer elects to rollover less than its full amount of long-term firm transmission service, the Confirmed Competitor shall have a right to receive any unused or "released" transmission capacity, in accordance with the provisions of PNM's Tariff.

- If the Rollover Customer does not choose to match the Confirmed Competitor's reservation, the Confirmed Competitor will be granted the transmission capacity.
- If the Confirmed Competitor's reservation does not have a longer duration or a rate as high as the Rollover Customer's TSR RENEWAL request, then the Rollover Customer will be granted the transmission service.

Subsequent to the evaluation of the requests, appropriate adjustments shall be made on the OASIS, including, but not limited to, annulment of previously confirmed reservations and the assignment of a new TSR number.

Treatment of Multiple Competing Requests

FERC policy provides that there would be "only one potential competitor for Rollover Customers seeking long-term firm transmission service" (i.e., the first customer in the queue that has made a competing request and is determined to be a Confirmed Competitor). However, the Rollover Customer may be required to "compete" with multiple Confirmed Competitors for all of the transmission service being rolled over. For example, the Rollover Customer may seek to rollover 100 MW, while Confirmed Competitor "A" is seeking 75 MW, and Confirmed Competitor "B" is seeking 25 MW. In such an event, the Rollover Customer will "compete" with Confirmed Competitor "A" (for the first 75 MW), and with Confirmed Competitor "B" (for the remaining 25 MW).

In order to maintain all of its transmission service, the Rollover Customer must match the contract rate and term of all Confirmed Competitors, in order of queue priority, that cumulatively equal the capacity for which rollover/renewal is being proposed.

Subsequent to the evaluation of the requests, appropriate adjustments shall be made on OASIS, including, but not limited to, annulment of previously confirmed reservations.

Election to not Rollover Transmission Service

In the event the Rollover Customer elects to not rollover some or all of the transmission service, the transmission capacity made available will be awarded on a first come, first served basis in accordance with the Tariff. Confirmed Competitors that are not awarded transmission capacity as part of the evaluation shall remain in the queue and may receive available transmission capacity in accordance with the Tariff.

Termination of Competing Requests

In the event the Rollover Customer elects to rollover the transmission service, any Competing Competitors for the Rollover Customer's specific transmission, as indicated on the OASIS and in the Competing Customer's Long-Term Firm Transmission Service Customer Application, will be deemed withdrawn.