

The following process description addresses the designation of network or native load resources (DNRs) with Puget Sound Energy's transmission service provider function (PSEI). The intent is to inform network and native load customers how to designate and terminate resources.

This document will be modified from time-to-time as the various issues surrounding Order 890 implementation are addressed. Questions and or comments can be directed to Bob Harshbarger at 425-462-3348 or robert.harshbarger@pse.com.

All requests for designation and termination of Network Resources must be submitted in writing using the forms found on PSEI's OASIS. Forms should be faxed to (425) 462-3049 with an electronic copy mailed to transmaster@pse.com.

1) Designating New DNRs

- a) DNR request forms will be posted on PSEI'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 may be those resources which:
 - i) Are considered to be "system purchases";
 - ii) Are sourced from the Customer's own generation, but are remote to the network or native load customer's load; or
 - iii) Require 3rd party transmission service or transmission arrangements on an external transmission system(s) to serve the network or native load customer's network load.
- b) Prior to submitting new off-system DNRs, the network or native load customer must submit a request(s) for network transmission service to the OASIS. The transmission service request assignment reference number must be included in the request for designation of network resources. 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that the customer pre-confirm this network transmission service request, but be aware preconfirmed requests can not be withdrawn. A pre-confirmed request must include the Network Resource attestation described in Section 3 below.
- c) All DNR request(s) must be a minimum of one day, starting at midnight and ending at midnight. These requests must be block capacity requests; they may not contain hourly MW profiles.
- d) PSEI accepts requests for new DNRs during WECC preschedule days (typically Monday through Friday). The requests for new DNRs shall be faxed to PSEI's preschedule desk at 425-462-3049 with as much advance notice as practicable. PSEI intends to process each new DNR request received by 10:00am 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.
- e) In general, no studies will be required for requests for designation of network resources 1) on paths for which ATC is available; 2) in which a transmission service request is successfully made, as described in Section 1(i); or 3) for which no additional transmission is requested. Approving a request to designate a network resource does not guarantee additional transmission capacity will be granted.
 - f) PSEI will not limit the MW quantity of DNRs associated with particular path. PSEI will, however, limit the quantity of DNRs which may be scheduled on a path to comply with applicable reliability standards. Therefore, there may be instances where undesignation of a network resource will not result in the release of additional ATC.
 - g) A power purchase contract may qualify as a DNR even if energy deliveries are not around-the-clock, e.g. seasonal or peak hour deliveries.

2) **Guidelines for Designation Forms**

Designation of Network Resources must be completed pursuant to Section 29.2(v) of PSEI's Open Access Transmission Tariff (OATT). 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:

- a) The network resource name is determined by the network or native load customer. But must be unique from the other resources currently designated.
- b) No entry is required to identify the control area(s) from which the power will originate (OATT § 29.2 (v)), per the Commission's September 12, 2007 acceptance of PSEI's section 205 tariff filing.
- c) When describing transmission arrangements on the external transmission system(s), entries such as not applicable or a blank are not an acceptable response. Any transmission services arranged by the network or native load customer to schedule power to PSEI's transmission system from the point at which the network or native load customer takes title to the power must be firm (to the extent that transmission may be required). The network or native load customer may respond with:
 - i) An OASIS assignment reference number with the host OASIS node identified;
 - ii) Documentation sufficient to enable PSEI to confirm that the network or native load customer's transmission arrangements on external transmission system(s) are firm;
 - iii) No external transmission is required, if the network or native load customer takes title to the power at one of PSEI's points of receipt on a path to PSEI.SYSTEM, e.g. gen bus transactions, SCL.SYSTEM, TPWR.STAR, CENTRALIA, SNOH.PUD.
- d) When describing the Network Resource's operating restrictions, a blank is not an acceptable response; network or native load customer may respond with not applicable, not contractually specified, or none, as appropriate. Specifics of a power purchase agreement, such as seasonal delivery periods should be described in the operating restrictions to the extent possible.

- e) When describing the approximate variable cost for redispatch of the Network Resource a dollar per MWh amount is required. Any non-numeric response, such as not applicable or a blank, will be replaced with 100\$/MWh in PSEI's redispatch computation.

3) Network Resource Attestation

- a) To expedite the process, DNR requests should include a statement, or attestation, that the new network resource satisfies the following conditions:
 - i) The network or native load 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
 - ii) 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 or native load customer's network load on a non-interruptible basis.
- b) The unique Network Resource name must be included on the attestation and must be identical to the Network Resource name specified in the outstanding requests for designation of a Network Resource.
- c) The network or native load customer must provide such attestation the earlier of 15 days after confirmation of its Network Transmission Service request or the firm scheduling deadline before the first day service commences. A designation request lacking such attestation will be deemed deficient and denied. For all requests for designation of Network Resources, the network or native load customer should provide the attestation as soon as possible, but in no case will it be accepted after noon Pacific of the preschedule day. A suggested attestation form is available on PSEI'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.
- d) Attestations using a form and term other than provided by PSEI must be reviewed by PSEI's legal counsel, therefore the associated DNR request may not be processed in as timely of a fashion as a DNR request accompanied by PSEI's suggested attestation form.

4) Designation Process

- a) A network or native load customer may choose to request the aggregation of several network resources at a common Point of Receipt in the form of NERC registered Source. Transmission customers are responsible for registration of such Sources with NERC. Transmission Provider will review these requests for appropriateness, considering known network constraints, scheduling practices, and other factors.
- b) A network or native load 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 of PSEI'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, PSEI will Counteroffer the associated network transmission service request's capacity. Customers are expected to closely monitor the status of their network transmission service requests' status and respond to Counteroffers.

- c) If the required data of a previously submitted and approved DNR is modified that impacts path ATC, 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: Delivery point(s) to the Transmission Provider's Transmission System or Transmission arrangements on the external transmission systems(s).
- d) 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 or native load customer.
- e) When a request for designation of a Network Resource is denied and that request fulfills the requirements specified in the PSEI's Designation Request forms and these business practices, the network or native load customer will be notified and an entry made in PSEI's discretion log explaining the reason for the denial.
- f) Nothing in this business practice guarantees that a request to designate or undesignated a particular Network Resource will be granted. When a request to designate a particular Network Resource is denied and that request meets the requirements specified in these business practices and PSEI's OATT, a discretion log entry will be posted by PSEI explaining the reason(s) for denial.

5) DNR Temporary Termination Process

- a) Temporary Termination or Undesignation Requests for a Day or Less
 - i) Daily/Hourly Temporary Termination or Undesignation of one or more DNRs or Sources (associated with the aggregation of several DNRs at a particular POR) is accomplished through the submittal of a completed Daily/Hourly Undesignation form. The form is posted on PSEI's OASIS.
 - ii) For daily and hourly temporary terminations, the Name of each Designated Network Resource or a NERC-registered Source must correspond to an existing DNR or Source.
 - iii) The Temporary Termination may be for any single day within each DNR's start and stop times, including a single hour.
 - iv) PSEI allows Temporary Terminations of less than one (1) day in the same-day time frame, as follows:
 - (1) The deadline for submitting such Temporary Termination requests is no later than 20 minutes before the first hour for which the undesignation applies.
 - (2) Until an OASIS-based process for designation and undesignation is developed, PSEI will post on OASIS such requests for undesignation and redesignation on a best efforts basis.

- v) Daily/Hourly Temporary Termination requests must be accompanied with an attestation to ensure reinstatement of the DNR or Source status (and associated transmission).
 - vi) For Daily/Hourly Temporary Termination requests submitted at least a business day in advance, for the termination period, all or a portion of the Network Transmission Service Reservation capacity associated with each DNR or Source will be released as firm capacity.
 - vii) For Daily/Hourly Temporary Termination requests submitted in the same day time frame, for the termination period none of the Network Transmission Service Reservation Capacity associated with each DNR or Source will be released as firm capacity, but as with any other firm product, will be released as non-firm capacity.
 - viii) Only the same resource(s) or portion of resource(s) that was originally designated may be re-designated at the end of Temporary Termination. All of the information contained in the network or native load customer's Application pursuant to Section 29.2 of Puget Sound Energy's Open Access Transmission Tariff must remain in effect and apply to the redesignation of the Network Resource(s).
 - ix) During normal business hours, if no action is taken by PSEI within two (2) hours of receiving a Daily/Hourly Temporary Termination request, the customer may consider the request to be approved.
 - x) Upon any denial of a request to terminate a DNR or Source, PSEI will fax an explanation to the customer and post the explanation for the denial on OASIS.
- b) Temporary Termination or Undesignation Requests for Greater Than a Day
- i) Temporary Termination or Undesignation of a DNR or Source (associated with the aggregation of several DNRs at a particular POR) for periods of time greater than a day is accomplished through the submittal of a completed Single DNR Un-Designation form. The form is posted on PSEI's OASIS.
 - ii) For single resource temporary terminations, the Name of either a single designated Network Resource or a NERC-registered Source must correspond to an existing DNR or Source.
 - iii) The Temporary Termination may be for any duration within the DNRs start and stop times.
 - iv) Temporary Termination requests must be accompanied with an attestation to ensure reinstatement of the DNR or Source status (and associated transmission).
 - v) For Temporary Terminations submitted at least a business day in advance, for the termination period (described in the form as the start and stop dates and times), all or a portion of the Network Transmission Service associated with the DNR or Source will be released as firm capacity.
 - vi) Only the same resource(s) or portion of resource(s) that was originally designated may be re-designated at the end of Temporary Termination. All of the information contained in the network or native load customer's Application pursuant to Section 29.2 of Puget Sound Energy's Open Access Transmission Tariff must remain in effect and apply to the redesignation of the Network Resource(s).

- vii) During normal business hours, if no action is taken by PSEI within two (2) hours of receiving a Temporary Termination request, the customer may consider the Temporary Termination request to be approved.
- viii) Upon any denial of a request to terminate a DNR or Source, PSEI will fax an explanation to the customer and post the explanation for the denial on OASIS.

6) DNR Permanent Termination Process

- a) Permanent Termination of a DNR uses the Single DNR Un-Designation form but there should be no stop date specified. A request for permanent undesignation must be received by the preschedule day of the beginning of the termination (start time).
- b) The Name of the Network Resource to be permanently must correspond to an already designated Network Resource.
- c) Permanent Termination of a DNR request does not require an attestation.
- d) Upon approval of a Permanent Termination of a DNR request, any associated Network Transmission Service Reservation will be released as firm capacity
- e) PSEI will notify the network or native load customer of any deficiency in the termination request and will work informally with the customer to resolve the issue.
- f) PSEI will notify the network or native load customer of its approval of the permanent termination request via Fax.
- g) Upon any denial of a request to terminate a DNR, PSEI will fax an explanation to the customer and post the explanation for the denial on OASIS.

7) Posting of DNRs

- a) Until an OASIS-based process for designation, undesignation, and posting is developed by NAESB, PSEI will post on OASIS the required DNR information for each native load and network service customer. Specific information concerning operating restrictions and approximate variable generating costs will be masked. This posting will be updated as needed each business day and can be found on PSEI's portion of the wesTTrans OASIS in the DNR POSTINGS folder.

Special Note:

PSEI's merchant function has native load resources at the MIDC in excess of 1100 MWs. Historically, the entire firm capacity of the MIDC-PSEI.SYSTEM segment (450 MWs) has been allocated delivering that resource to the native load. PSEM has also established transmission arrangements with BPA to deliver the remaining resources to PSEI's system.

In 2000, PSEI reached a settlement with certain industrial customers, referred to as 449 customers, known as Washington Utilities and Transportation Commission (WUTC) Schedule 449, Retail Wheeling Service. Under this electric tariff, PSEI will, from time to time, provide firm transmission capacity from the MIDC (Rocky Reach substation) to the 449 customers' facilities via the MIDC-PSEI.SYSTEM segment. This arrangement uses OATT transmission services.

Under Order 890, firm network transmission service is awarded to Designated Network Resources. 449 customers wishing to use firm network transmission service from the MIDC to their facilities may do so by submitting a DNR application, network transmission service request, and attestation to PSEI's transmission provider function by noon of the preschedule day.

Network transmission service requests for DNRs utilizing this segment should specify the transmission service titled 449 NET MIDC ONLY. This service is exclusively for customers taking WUTC Schedule 449 service that have Designated Network Resources that utilize the MIDC-PSEI.SYSTEM segment. It may only be used by 449 customers (or their agents) and only for paths which include the MIDC-PSEI.SYSTEM segment (e.g., MIDC-BOEING449, etc.).

All customers taking OATT network transmission service may also use any of the other PSEI paths for importing energy from DNRs or non-DNRs to their facilities.

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