

Business Practice

Salt River Project Agricultural Improvement and Power District
Effective Date: March 31, 2008

Version 0

Alternative Procedures for Designation and Undesignation of Network Resources

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1 General

- 1.1 Network Service is a Long-Term Firm service, which can be used by a Network Customer when reserving and scheduling Designated Network Resources (“DNRs”).
- 1.2 Resources must meet certain SRP requirements to qualify as DNRs.
- 1.3 DNRs may include any generation owned, purchased or leased by the Network Customer.
- 1.4 The Network Resource designation and undesignation procedures in this Business Practice serve as the alternative procedures referenced in Part III of the SRP Tariff.

2 Network Resources Located Within the SRP Valley Network

- 2.1 The SRP Valley Network exists within an Unconstrained Transmission Area.
- 2.2 Under normal operating conditions, there is sufficient transmission capacity to transmit energy from Network Resources located within the SRP Valley Network from any SRP Valley Network Point of Receipt to any SRP Valley Network Point of Delivery.
- 2.3 SRP does not require designation, undesignation or redesignation of Network Resources located within the SRP Valley Network, allowing Network Customer to treat all such Network Resources as designated or undesignated at any time.
- 2.4 Any new request for service is subject to the evaluation processes in the SRP Tariff, including appropriate studies to assess impact on the Unconstrained Transmission Area.

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3 Network Resources Located Outside the SRP Valley Network

- 3.1 For a Network Resource located outside the SRP Valley Network, the Customer shall designate and undesignate such resource through an electronic tag (E-tag) by:
 - 3.1.1 Indicating a Point of Delivery (POD) that is on the SRP Valley Network to designate such a Network Resource;
 - 3.1.2 Indicating a POD that is not on the SRP Valley Network to undesignate such a Network Resource
- 3.2 A SRP Network Customer must use Point-to-Point Transmission Service, if needed, to transmit Network Resources to a Point of Receipt (POR) on the SRP Valley Network transmission facilities on which SRP offers Network Integration Transmission Service.

4 Reserve Sharing Arrangements

- 4.1 Supplying power under a SRP-approved reserve-sharing program (e.g., the Southwest Reserve Sharing Group) is an appropriate use of a DNR. Providing power under an SRP-approved reserve sharing group does not trigger undesignation or redesignation requirements.
- 4.2 SRP will treat any receipt of reserve power under its existing reserve sharing arrangement as a reliability product for the Balancing Authority, not as a resource for any particular Network Customer.

5 Bookouts

- 5.1 The SRP Tariff permits Bookouts of DNRs without undesignation of the booked out DNR or designation of substitute products.

6 System Emergencies

- 6.1 A Network Customer may use a DNR to supply power to a third party on a firm basis to address or forestall an Emergency without a corresponding undesignation of the DNR.
 - 6.1.1 The supply of such power from the DNR may not last for more than two consecutive hours.
 - 6.1.2 Within one working day of receipt of such Emergency power, the Network Customer must provide a notice to SRP containing details of such supply. Network Customer should send notice via e-mail to srpt@srpnet.com and the subject line of the e-mail should contain the

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term "Emergency." The notice should be contained in the body of the e-mail and should not be an attachment to the e-mail.

6.1.3 Within three (3) working days of receipt of such notice from the Network Customer, SRP will post the notice on OASIS.

6.2 In an Emergency, SRP, in its capacity as a Balancing Authority, may take whatever actions are necessary and may direct a Network Customer to take whatever actions are necessary to keep the system in operation. SRP will post on OASIS each Emergency that resulted in any deviation from the SRP Tariff, within 24 hours of such a deviation.

7. Restrictions on Use

7.1 Network Service may not be used for sales to non-designated loads or direct or indirect provision of transmission service to third parties.

7.2 DNRs 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 (for example, DNRs should not be used to make firm off-system sales).

7.3 DNRs may be used without undesignation to make non-firm sales to parties other than Designated Network Load.

7.5 Network Customer should use Point-to-Point or Generation Integration Transmission Service under Parts II and IV of the SRP Tariff for any third-party sales that require the use of the SRP transmission system.