



A UniSource Energy Company

Tucson Electric Power Company
Network Integrated Transmission Service

**Interim Business Practice:
Designation and Undesignation of Network Resources
Effective: 7/13/07**

1. Background

TEP will use the following procedures and deadlines for requests by Network Customers (taking service under Parts III and IV of the TEP OATT) to make designations and undesignations of Network Resources.

This business practice may be modified from time-to-time, as various issues surrounding Order 890 implementation are addressed.

All requests for designation and undesignation of Network Resources must be submitted in writing to TEP. Forms should be faxed to the attention of the Transmission Coordinator at (520) 571-4036. A copy of the form should also be emailed to: TransCoord@tep.com.

2. Designating Network Resources

2.1. Qualifications

- 2.1.1. Designated Network Resources (DNRs) may be generating resources owned by the Network Customer or purchases of non-interruptible power under executed contracts that require the Network Customer to pay for the purchase.
- 2.1.2. Network Customers may designate resources from system purchases not linked to a specific generating unit, provided the purchase power agreement is interruptible only for reliability reasons, does not allow the seller to fail to perform under the contract for economic reasons and the executed contract requires the Network Customer to pay for the purchase (a “firm” purchase).
- 2.1.3. If a power purchase contract has a liquidated damages (LD) clause, the contract may be designated only if the clause requires the seller to make the buyer whole for a curtailment. If the LD clause simply requires the payment of a pre-determined penalty, the contract may not be designated (for example, a contract with an LD that is fixed or capped does not qualify as a DNR). FERC grandfathered the DNR status of non-make whole contracts that were in place as DNRs prior to February 16, 2007.
- 2.1.4. The Network Customer is required to obtain firm transmission service to schedule power from the point at which the Network Customer takes



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delivery under the contract to the TEP transmission system to the extent transmission is necessary.

2.2. Restrictions

- 2.2.1. Network Service may not be used for sales to non-designated loads or direct or indirect provision of transmission service to third parties.
- 2.2.2. 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 cannot be used to make firm off-system sales).
- 2.2.3. A DNR must be terminated or "undesigned" (temporarily or permanently) in order to be used to make firm off-system sales. Network Customers should use the Interim Business Practice Undesignation of Network Resources to make a request to undesignate a resource when the Network Customer desires to use the resource to sell to someone other than a Designated Network Load.
- 2.2.4. DNRs may be used, without undesignation, to make non-firm sales to parties other than their Designated Network Loads – that is, sales where the Network Customer may interrupt service, without penalty, in order to serve its Designated Network Loads.
- 2.2.5. Network Customers shall use Point-To-Point Transmission Service under Part II of the OATT for any third-party sale which requires use of the TEP transmission system.

2.3. Process for Designation of Network Resources

- 2.3.1. Designated Network Resources (DNR) request forms will be posted on TEP's OASIS. There are forms for "On-System" DNR requests and "Off-System" DNR requests. "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.
- 2.3.2. Prior to submitting new Off-System DNR requests, the Network Customer must submit a request(s) for Network Transmission Service via TEP's OASIS. To expedite this process, it is suggested that the customer pre-confirm this Network Transmission Service request, but be aware preconfirmed requests cannot be withdrawn. A pre-confirmed request



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requires submittal of a Network Resource Attestation, as described in Section 3 below.

- 2.3.3. 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.
- 2.3.4. TEP will accept requests for new DNRs during WECC preschedule days (typically Monday through Friday). The requests for new DNRs shall be faxed to TEP's Transmission Coordinator at (520) 571-4037 with as much advance notice as practicable. TEP intends to process each new DNR request received by 10:00am MST 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 MST of the preschedule day.
- 2.3.5. TEP will acknowledge DNR requests within ten (10) days of receipt by either posting an acceptance statement on TEP's OASIS or by faxing a deficiency statement to the Network Customer. DNR requests that are found deficient will be faxed back with an explanation of the nature of the deficiency within fifteen (15) days of receipt. Deficient requests may be corrected and resubmitted.
- 2.3.6. 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 TEP's system and be for the same timeframe of service. If any one or more of the aggregated remote DNRs is found to be deficient, TEP will Counteroffer the associated network transmission service request's capacity. Customers are expected to closely monitor the status of their network transmission service requests and respond to Counteroffers.
- 2.3.7. 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, delivery point(s) to the Transmission Provider's Transmission System, transmission arrangements on the external Transmission, Systems(s).
- 2.3.8. Nothing in this business practice guarantees that a request to designate or undesignated a particular Network Resource will be granted.



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2.4. Guidelines for Completing Designation Forms

2.4.1. Designation of Network Resources must be completed pursuant to Section 29.2(v) of TEP's OATT. Customers must utilize the appropriate forms. The following should be used as a guideline when describing a Network Resource:

2.4.1.1. For Off-System Network Resources, 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 Network Customer may cite any or all valid control areas.

2.4.1.2. For Off-System Network Resources, when describing transmission arrangements on the external transmission system(s), entries such as "not applicable" or a blank response are not acceptable. 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 TEP's Transmission System must be firm (to the extent that transmission may be required). The Network Customer may respond with:

2.4.1.2.1. An OASIS assignment reference number with the host OASIS node identified;

2.4.1.2.2. Documentation sufficient to enable TEP to confirm that transmission arrangements on external transmission system(s) are firm;

2.4.1.3. When describing the Network Resource's operating restrictions, a blank is not an acceptable response; Network Customers 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.

2.4.1.4. 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 0\$/MWh in TEP's redispatch computation.

2.5. Network Resource Attestations



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- 2.5.1. To expedite the process, DNR requests should include a statement, or attestation, that the new network resource satisfies the following conditions (“Network Resource Attestation”):
 - 2.5.1.1. 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 the OATT; and
 - 2.5.1.2. The Network Resource does 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 Customer’s Network Load on a non-interruptible basis.
- 2.5.2. The Network Customer must provide a Network Resource Attestation within fifteen (15) days of confirmation of its Network Transmission Service request and before the firm scheduling deadline of the first day the service commences. A designation request lacking such attestation will be deemed deficient and denied. 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 MST of the preschedule day. The attestation form is included as part of the DNR request forms posted on TEP’s OASIS website.

3. Temporary Undesignation of Network Resources

- 3.1. Temporary or indefinite un-designation of a DNR is accomplished through the submittal of a completed Network Resources Undesignation/Termination Request Form which is posted on TEP’s OASIS in the NETWORK CUSTOMERS folder. Daily Undesignation Forms are also posted on the OASIS. Submittals of temporary undesignations must be received by 11:00am MST on the preschedule day for the day(s) during which the un-designation is effective. Submittals should be faxed to (520) 571-4036 to the attention of the Transmission Coordinator. A copy of the form should also be e-mailed to RaqAguiar@tep.com. You may call (520) 745-7193 or (520) 745-7139 for confirmation.
- 3.2. The Temporary Termination may be for any duration within the DNR’s termination start and redesignation start dates and times. Temporary Terminations may not be made within the hour for that hour.
- 3.3. Temporary Termination requests must be accompanied with an attestation to ensure redesignation of the DNR (and reinstatement of associated Network Transmission Service).



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- 3.4. For the Temporary Termination period (described in the form as the undesignation start and stop dates and times), Network Transmission Service associated with the DNR will be released as Available Transmission Capacity.

4. Indefinite Undesignation of Network Resources

- 4.1. An Indefinite Termination of a DNR is made using the same form as the Temporary Termination; however do check the indefinite check box and do not enter a redesignation start date and time.
- 4.2. Indefinite Termination of a DNR request does not require an attestation.
- 4.3. Upon approval of an Indefinite Termination of a DNR request, associated Network Transmission Service will be released as Available Transmission Capacity.

5. Posting of Designated Network Resources

- 5.1. TEP will post on OASIS the required DNR information for each Network Customer. Information concerning operating restrictions and approximate variable generating costs will be masked from these postings. DNR-related postings will be updated as needed.
- 5.2. Order 890 requires that a current list of DNRs for each Network Customer be posted on OASIS. The list is to include, for each DNR: the name of the resource, its geographic and electrical location, its total installed capacity and the amount of capacity to be designated as a Network Resource. A current DNR list should be submitted, by each Network Customer, no later than 1600 MST on the 5th business day prior to the 1st day of each calendar month.



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Document Change History

Version No.	Reason for Revision	Date
1	OATT Implementation	7/13/07
2	Update to include requirement to request Network Transmission on OASIS for Off-System DNRs. Update email address.	6/16/08

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