

Length of OATT Firm Point-to-Point and Network Service Agreements

It is the policy of the Western Area Power Administration (Western) that the length for firm point-to-point and network transmission service agreements shall not normally exceed 10 years, with provision for longer terms for the case:

- When it is necessary for financing infrastructure;
- When it is necessary to achieve a break-even point for a transmission customer, who is required to pay embedded costs instead of incremental costs for service, when transmission system upgrades are required;
- When the Regional Operations Manager decides that, consistent with sound business practices, a request for a longer term may be accommodated.

Note: Ten-year limit begins with the Service Commencement Date and not with the time of the initial queue request.

However, in no case, Western will execute a firm transmission contract exceeding forty (40) years term. Despite this limit, the transmission customer has the option to match competing offers, based on roll-over provisions, prior to the expiration of its existing contract.