

**Amie V. Colby**  
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January 31, 2018

**VIA ELECTRONIC FILING**

The Honorable Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

**Re: *PacifiCorp***  
**Docket Nos. ER17-219 and EL17-27 (consolidated)**  
**Offer of Settlement**

Dear Ms. Bose:

Pursuant to Rule 602 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission ("Commission"),<sup>1</sup> PacifiCorp, on behalf of itself and the intervenors in this proceeding,<sup>2</sup> hereby submits by electronic filing a Stipulation and Offer of Settlement ("Settlement") in the above-referenced proceedings. This Settlement is intended to resolve all issues in these dockets.

In accordance with Rule 602(c)(1), this Settlement filing consists of the following documents:

1. This Transmittal Letter;
2. An Explanatory Statement;
3. The Stipulation and Offer of Settlement;
4. Revised tariff sheets for PacifiCorp Schedules 3, 3A, 5, and 6; and

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<sup>1</sup> 18 C.F.R. § 385.602 (2017).

<sup>2</sup> The entities that have intervened in this proceeding and that either support or do not oppose the Settlement Agreement include: American Wind Energy Association; Avangrid Renewables, LLC; Bonneville Power Administration; Deseret Generation & Transmission Co-operative, Inc.; EDP Renewables North America LLC; NextEra Energy Resources, LLC; Powerex Corporation; Public Power Council; Renewable Northwest; Utah Associated Municipal Power Systems; Utah Municipal Power Agency; and Western Area Power Administration (collectively, the "Parties").

5. A Certificate of Service.

PacifiCorp is submitting this Settlement Filing in eTariff format consistent with Order No. 714<sup>3</sup> and the Commission's related notices.<sup>4</sup> As this Settlement relates to more than one docket, and the eTariff submission of this Settlement filing may generate a new root docket number, subsequent to this filing PacifiCorp will file a notice of this Settlement filing in each of the related dockets as may be necessary.<sup>5</sup>

PacifiCorp respectfully requests that the Settlement be transmitted to Settlement Judge Glazer for certification pursuant to Rule 602(b)(2)(i).<sup>6</sup> In addition, PacifiCorp respectfully requests that Judge Glazer certify the Settlement to the Commission at the earliest possible date and that the Commission promptly approve the Settlement, without modification or condition, on the grounds that it is in the public interest, represents the results of extensive negotiations between PacifiCorp and the Parties, and fully resolves all issues in these proceedings.

PacifiCorp certifies that it is serving a complete copy of the Settlement on all Parties to the above-referenced proceedings.

In accordance with Commission regulations,<sup>7</sup> comments on the settlement package are due twenty (20) days from the date of filing, making comments due on February 20, 2018. Reply comments are due within thirty (30) day from the date of filing, making reply comments due on March 2, 2018.

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<sup>3</sup> *Electronic Tariff Filings*, Order No. 714, 124 FERC ¶ 61,270 (2008).

<sup>4</sup> *Notice of Additional eTariff Type of Filing Codes* (Dec. 1, 2016); *Notice to the Public, Procedures Governing Rule 602 Settlement Filings* (Oct. 13, 2017).

<sup>5</sup> *See Notice to the Public, Procedures Governing Rule 602 Settlement Filings* at § 4, n.3.

<sup>6</sup> *See* 18 C.F.R. § 385.602(b)(2)(i).

<sup>7</sup> 18 C.F.R. § 385.602(f)(2).

Sincerely,

Amie V. Colby  
Amie V. Colby

*Attorney for PacifiCorp*

cc: The Honorable Steven A. Glazer  
All Participants

Exhibits

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

<b>PacifiCorp</b>	)	<b>Docket Nos. ER17-219-___</b>
	)	<b>EL17-27-___</b>
	)	<b>(consolidated)</b>
	)	

**EXPLANATORY STATEMENT**

PacifiCorp submits to the Federal Energy Regulatory Commission (“FERC” or “Commission”) this Explanatory Statement in connection with the Settlement Agreement (“Settlement”) in the captioned proceedings. PacifiCorp, Utah Associated Municipal Power Systems (“UAMPS”), Deseret Generation & Transmission Co-operative, Inc. (“Deseret”), Utah Municipal Power Agency (“UMPA”), Bonneville Power Administration (“BPA”), Avangrid Renewables, LLC (“Avangrid”), and NextEra Energy Resources, LLC (“NextEra”) (collectively, the “Combined Customers” and with PacifiCorp, the “Settling Parties”)<sup>1</sup> enter into the Settlement to provide resolution of all issues as between PacifiCorp and the Combined Customers in the captioned proceedings.

This Explanatory Statement is provided solely to comply with Rule 602(c)(1)(ii) of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.602(c)(1)(ii) (2017). This Explanatory Statement is not intended to, and does not, alter any of the provisions of the Settlement. In the event of an inconsistency between the Explanatory Statement and the Settlement, the Settlement shall control.

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<sup>1</sup> In addition to the Settling Parties, the following entities are parties to this proceeding but have not taken an active role: American Wind Energy Association, Renewable Northwest; EDP Renewables North America LLC (“EDP”); Public Power Council (“PPC”); the Western Area Power Administration (“WAPA”); and Powerex Corporation (“Powerex”).

## **I. PROCEDURAL HISTORY**

PacifiCorp is an indirect, wholly-owned subsidiary of Berkshire Hathaway Energy Company. PacifiCorp provides delivery of electric power and energy to approximately 1.8 million retail electric customers in six western states. PacifiCorp provides transmission services, transmission planning, and system operations for all six states through its PacifiCorp Transmission operating unit. PacifiCorp delivers electricity to its retail electric customers through its Pacific Power and Rocky Mountain Power operating units.

On October 28, 2016, PacifiCorp filed with the Commission in Docket No. ER17-219 “Revisions to Open Access Transmission Tariff” to amend its Open Access Transmission Tariff (“OATT”) to update rates for PacifiCorp’s: Schedule 3, Regulation and Frequency Response Service; Schedule 3A, Generator Regulation and Frequency Response Service; Schedule 5, Operating Reserve – Spinning Reserve Service; and Schedule 6, Operating Reserve – Supplemental Reserve Service (the “Regulation and Operating Reserve Schedules”). Additionally, PacifiCorp proposed minor clarifying revisions to Schedule 11, Unauthorized Use of Transmission Service (the “Initial Filing”). PacifiCorp explained that the purpose of the revisions to the Regulation and Operating Reserve Schedules were to: (1) permit PacifiCorp to better allocate the costs and benefits of providing reserve service among customer groups; (2) ensure reliable operation of the PacifiCorp transmission system; and (3) make certain that PacifiCorp recovered the costs of providing regulation reserve and operating reserve services. In addition, the proposed revisions for Regulation reserve provided for differentiated rates to reflect the variability in costs associated with variable energy resources (“VERs”), resources that are not VERs (“Non-VERs”), and load.

On November 28, 2016, the following parties filed motions to intervene and comments or protests (collectively, the “Initial Protests”): BPA;<sup>2</sup> American Wind Energy Association, Renewable Northwest, and Avangrid Renewables;<sup>3</sup> NextEra;<sup>4</sup> Deseret;<sup>5</sup> UAMPS;<sup>6</sup> and UMPA.<sup>7</sup> Additionally, EDP, PPC, WAPA, and Powerex filed doc-less Motions to Intervene.

PacifiCorp filed an answer to the Initial Protests on December 14, 2016 (the “First Answer”).<sup>8</sup> On December 15, 2016, FERC issued a letter establishing December 14, 2016 as the filing date for this proceeding based on the information contained within the First Answer.<sup>9</sup>

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<sup>2</sup> *PacifiCorp*, Docket No. ER17-219, Bonneville Power Administration Motion to Intervene and Protest (Nov. 28, 2016).

<sup>3</sup> *PacifiCorp*, Docket No. ER17-219, Protest of American Wind Energy Association, Renewable Northwest, and Avangrid Renewables (Nov. 28, 2016).

<sup>4</sup> *PacifiCorp*, Docket No. ER17-219, Motion to Intervene and Comments of NextEra Energy Resources, LLC (Nov. 28, 2016).

<sup>5</sup> *PacifiCorp*, Docket No. ER17-219, Motion to Intervene, Protest, Request for Partial Rejection, and Requests for Hearing, Five-Month Suspension, Institution of a Section 206 Proceeding, and Settlement Judge Procedures of Deseret Generation & Transmission Co-operative, Inc. (Nov. 28, 2016).

<sup>6</sup> *PacifiCorp*, Docket No. ER17-219, Motion to Intervene, Protest and Request for Rejection or, in the Alternative, Suspension, Hearing and Institution of a Section 206 Proceeding of Utah Associated Municipal Power Systems (Nov. 28, 2016).

<sup>7</sup> *PacifiCorp*, Docket No. ER17-219, Utah Municipal Power Agency’s Protest and Request for Suspension and Hearing (Nov. 28, 2016).

<sup>8</sup> *PacifiCorp*, Docket No. ER17-219, Motion for Leave to File Answer; Answer of PacifiCorp to Protests, Comments and Motions Seeking Rejection or Institution of a Section 206 Proceeding; and Request for Waiver (Dec. 14, 2016).

<sup>9</sup> *PacifiCorp*, Docket No. ER17-219, Letter Informing that the Filing Date for this Proceeding is Dec. 14, 2016 (Dec. 15, 2016).

On January 4, 2017, UMPA, Deseret, BPA, and UAMPS filed supplemental protests or responses to the First Answer (the “Supplemental Protests”).<sup>10</sup> PacifiCorp answered the Supplemental Protests on January 17, 2017.<sup>11</sup>

On February 2, 2017, the Commission issued an order accepting and suspending PacifiCorp’s proposed rates, instituting a Section 206 proceeding (Docket No. EL17-27-000), and establishing hearing and settlement judge procedures (“February 2 Order”).<sup>12</sup> The Commission accepted and suspended the proposed revisions to Schedules 3 and 3A for five months, to be effective July 13, 2017, subject to refund.<sup>13</sup> The Commission accepted the proposed revisions to Schedules 5 and 6, to be effective February 13, 2017, subject to refund, and instituted the Section 206 investigation to determine if a further rate decrease may be warranted.<sup>14</sup> In the Commission’s February 2 Order, it accepted PacifiCorp’s proposed revisions to Schedule 11 without suspension or hearing, so those revisions are not at issue in this proceeding.<sup>15</sup> The Commission further directed that a compliance filing be made by PacifiCorp within 30 days of the date of the order correcting the rates set forth in Schedules 3, 3A, 5 and 6 as proposed in its First Answer.<sup>16</sup>

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<sup>10</sup> See *PacifiCorp*, Docket No. ER17-219, Utah Municipal Power Agency’s Supplemental Protest and Renewed Request for Suspension and Hearing (Jan. 4, 2017); *PacifiCorp*, Docket No. ER17-219, Supplemental Protest and Response of Deseret Generation & Transmission Co-operative, Inc. (Jan. 4, 2017); *PacifiCorp*, Docket No. ER17-219, Bonneville Power Administration Response to PacifiCorp’s Answer (Jan. 4, 2017); and *PacifiCorp*, Docket No. ER17-219, Renewed and Supplemental Protest of Utah Associated Municipal Power Systems (Jan. 4, 2017).

<sup>11</sup> *PacifiCorp*, Docket No. ER17-219, Motion for Leave to File Answer and Answer of PacifiCorp (Jan. 17, 2017).

<sup>12</sup> *PacifiCorp*, 158 FERC ¶ 61,121 (2017).

<sup>13</sup> *Id.* at PP 1, 40 and Ordering Paragraph (A).

<sup>14</sup> *Id.* at PP 1, 40-41 and Ordering Paragraph (B).

<sup>15</sup> *Id.* at PP 1, 47 and Ordering Paragraph (C).

<sup>16</sup> *Id.* at PP 1, 41 and Ordering Paragraph (D).

On February 7, 2017, the Chief Judge issued an order appointing the Honorable Steven A. Glazer as Settlement Judge for this case.<sup>17</sup>

PacifiCorp submitted its compliance filing on March 3, 2017 to correct its eTariff records, as directed by the Commission.<sup>18</sup> No parties filed comments or protests to the compliance filing. On June 7, 2017, the Commission issued a letter order accepting the compliance filing.<sup>19</sup>

The Settling Parties met with Judge Glazer for settlement conferences on February 23, 2017; April 27, 2017; June 15, 2017; October 31, 2017; and December 7, 2017. In addition, the Settling Parties have held numerous additional settlement discussions via telephone, in addition to technical conferences on July 10-11, 2017 and September 25, 2017. As a result of the settlement conferences and discussions, the Settling Parties have reached the instant Settlement. This Settlement resolves all remaining outstanding issues in Docket Nos. ER17-219 and EL17-27.

## **II. SUMMARY OF SETTLEMENT**

Article 1 is an introductory section, identifying the parties to the Settlement and stating that it will be filed with the Commission.

Article 2 describes the procedural history leading to the Settlement, including the efforts of the Settling Parties to reach a settlement.

Article 3 sets forth the terms of the Settlement with respect to the framework for self-supply or third-party supply of the Regulation and Operating Reserve Schedules. Specifically, under Article 3 of the Settlement the Settling Parties agree as follows:

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<sup>17</sup> *PacifiCorp*, Docket Nos. ER17-219 and EL17-27, Order of Chief Judge Designating Settlement Judge (Feb. 7, 2017).

<sup>18</sup> *PacifiCorp*, Docket No. ER17-219, eTariff Compliance Filing (Mar 6, 2017).

<sup>19</sup> *PacifiCorp*, Docket No. ER17-219, Letter Order (June 7, 2017).



In Section 3.1 PacifiCorp agrees to modify its OATT ancillary services Rate Schedules 5 and 6 to clearly establish the requirements for self-supply and third-party supply of contingency reserves under Schedules 5 and 6 by customers. The requirements are set forth in Attachment 1 to the Settlement. Section 3.1 also sets out the transition to the new self-supply criteria set forth in Attachment 1, the effective date of which is a function of the effective date of the Settlement.

Section 3.2 addresses the agreed upon provisions that would apply in the event that the Commission considers any of the self-supply framework language to be more appropriately included in a business practice rather than in the Tariff as the Settlement contemplates. In such case, all provisions included in a business practice regarding self-supply of Schedules 5 and 6 shall not be subject to change by any of the Settling Parties through June 30, 2020 (the “Moratorium Period”), unless mutually agreed to by the Settling Parties.

Section 3.3 addresses changes to business practices developed pursuant to Section 3.2, or conflicting business practices, after expiration of the Moratorium Period, through December 31, 2025. It includes a process of notification and coordination with the Combined Customers to discuss the proposed changes in good faith. It also addresses what occurs if mutual agreement concerning the proposed changes is not reached, including rights of parties to seek redress through a complaint under Section 206 of the FPA, with PacifiCorp carrying the burden of demonstrating that its changes are just and reasonable if the complaint is filed within 60 days of adoption of the new or amended business practice being challenged.

Section 3.4 provides sample calculations for self-supply and third-party supply of contingency reserves under Schedules 5 and 6, which sample calculations are attached as Attachment 2 to the Settlement. The section explains how the new calculation will supersede calculations in the pre-Settlement business practices, how calculation details or other technical elements may be added

to a business practice, and the process for revision based on any changes in NERC Standard BAL-002-WECC-2 (or any successor Reliability Standard thereto).

Section 3.5 states that charges for Schedules 5 and 6 shall not apply to the extent customers satisfy the requirements for self-supply or acquire third-party-supply of the required reserves under these schedules.

Section 3.6 states that the Settling Parties agree that during the Moratorium Period, the Combined Customers will not self-supply ancillary services for Rate Schedules 3 and 3A and shall be subject to charges for those services as provided in Article 4 of the Settlement except as provided in Article 7 of the Settlement.

Section 3.7 describes the process for the Settling Parties to work together during the Moratorium Period to create a framework for the self-supply of Schedules 3 and 3A, and to update the self-supply provisions for Schedules 5 and 6, including discussion of PacifiCorp's ability to automate e-Tag adjustments. The section also explains PacifiCorp's obligations and rights to make a Section 205 filing at the end of the Moratorium Period or thereafter to implement that a self-supply framework, as well as any of the Combined Customers' right to file a complaint pursuant to Section 206 of the FPA. In response, PacifiCorp may argue for revised or alternative procedures but shall not contest any Combined Customer's right to self-supply under Schedule 3 or 3A and shall not contest any Combined Customer's right to file a complaint in accordance with this provision.

Section 3.8 states that after the Moratorium Period this Settlement does not in any way limit or waive any of the Combined Customers' rights to challenge PacifiCorp's Schedule 3, 3A, 5 and 6 rates pursuant to Section 206 of the FPA.

Article 4 sets out the "black box" Ancillary Service Rates for Schedules 3, 3A, 5 and 6. In particular, different rates are agreed upon for two discrete effective periods, one through

December 31, 2017 and the other from January 1, 2018, to address changes to the federal corporate income tax rate triggered by the Tax Relief and Jobs Act of 2017. The agreed rates are as follows:

	Settling Parties Agreed Rates effective from July 13, 2017 through December 31, 2017	Settling Parties Agreed Rates effective beginning January 1, 2018
Schedule 3 (Load rate)	2.25 \$/kW-year	2.124 \$/kW-year
Schedules 3 and 3A (Non-VER generation rate)	1.90 \$/kW-year	1.794 \$/kW-year-
Schedules 3 and 3A (VER generation rate for uncommitted scheduling)	6.984 \$/kW-year	6.593 \$/kW-year

	Settling Parties Agreed Rates effective from July 13, 2017 through December 31, 2017	Settling Parties Agreed Rates effective beginning January 1, 2018
<p>Schedules 3 and 3A (VER generation rate for 60- minute committed scheduling)</p> <p>To qualify for this rate for a month, during every hour of that month (except as specified below), a VER customer must utilize and submit into BSAP by 57 minutes prior to the operating hour (T-57), consistent with PacifiCorp’s EIM Business Practice, hour-ahead base schedules consistent with PacifiCorp’s VER forecast vendor’s forecast available as of no more than 72 minutes prior to the operating hour (T-72) without modification or manual override of the hour-ahead forecast, fifteen-minute schedule, and five-minute schedule. In any calendar month for up to two operating hour intervals, a VER customer may utilize and submit into BSAP by T-57, hour-ahead schedules consistent with PacifiCorp’s VER forecast vendor’s forecast available as of up to 90 minutes prior to the operating hour (T-90), without modification or manual override of the hour-ahead forecast, fifteen-minute schedule, and five-minute schedule, and still be eligible for this rate. Use and submission into BSAP of hour-ahead schedules older than PacifiCorp’s VER forecast vendor’s forecast at T-90 in any hour during a calendar month will make a VER customer ineligible for this rate in that month.</p>	5.965 \$/kW-year	5.631 \$/kW-year

	Settling Parties Agreed Rates effective from February 13, 2017 through December 31, 2017	Settling Parties Agreed Rates effective beginning January 1, 2018
Schedule 5 (Spinning Reserves)	0.16 \$/MWh	0.151 \$/MWh
Schedule 6 (Supplemental Reserves)	0.16 \$/MWh	0.151 \$/MWh

Article 5 addresses possible modifications to the rates for Schedules 3, 3A, 5, and 6 in response to any further changes to the federal corporate income tax rate from that currently in effect as of January 1, 2018. Article 5 explains how the rate will be changed, PacifiCorp’s obligation to make a single-issue filing pursuant to Section 205 of the FPA to update the rate, that such filing is expressly excluded from the Moratorium Period and, if made, limitations on the Combined Customers’ rights to challenge the filing. Article 5 will remain in effect until the earlier of: (1) December 31, 2025, or (2) the effective date of a filing by PacifiCorp to update its rates for Schedules 3, 3A, 5 and 6.

Article 6 discusses the Moratorium Period on changes to ancillary service rates, terms, and conditions.

Section 6.1 states that except as specifically provided for in Section 3.4 and Article 5, the “black box” rates, terms and conditions for the proposed rates for Schedules 3, 3A, 5, and 6, as described in the Settlement, and any provisions included in, or removed from, a business practice pursuant to FERC order as contemplated in Article 3 of the Settlement, shall remain in force and effect, and shall not be subject to modification by any of the Settling Parties through the Moratorium Period. Similarly, during the Moratorium Period, PacifiCorp shall not propose, in either the OATT

or a business practice, any new or separate ancillary service schedule charge or other rate, term, or condition of service for Schedules 3, 3A, 5, and/or 6.

Section 6.2 states that following the Moratorium Period, PacifiCorp may make a Section 205 filing at FERC that updates the Regulation Reserve Study and the ancillary services rates for Schedules 3, 3A, 5, and/or 6 rates with an effective date no earlier than July 1, 2020. The Combined Customers in the instant dockets shall have the right to intervene in, protest, and participate fully in any proceeding concerning such filing by PacifiCorp, or in any proceeding initiated by any other entity concerning PacifiCorp's ancillary services rates for Schedules 3, 3A, 5, and/or 6 (whether involving change or addition to any such rates or rate schedules).

Section 6.3 states that during the Moratorium Period, PacifiCorp shall work with stakeholders in good faith to develop consensus regarding the methodology and associated data used to calculate the applicable regulation and operating reserves to be used in the future update of the Schedule 3/3A ancillary service rates, and includes a list of issues for consideration.

Section 6.4 states that PacifiCorp will conform its Section 205 filing described above to all the matters listed in detail in Section 6.3 on which consensus is reached.

Section 6.5 states that the limitation on the Combined Customers' rights to self-supply ancillary services for Rate Schedules 3 and 3A, as set out in Section 3.6, above, shall terminate automatically at the end of the Moratorium Period, without regard to any other provision of the Settlement.

Article 7 discusses the applicability of the Settlement to certain legacy agreements.

Specifically, Sections 7.1 through 7.3 identify the billing determinants to be used for charging UMPA, Deseret and UAMPS for the load-based charges set forth in Schedule 3/3A service under

their respective legacy agreements during the term of the Moratorium Period and provide that the generation-based charges shall not apply to the legacy agreements during the Moratorium Period.

Article 8 addresses implementation of the Settlement, including the effective date of the Settlement.

Article 9 states that PacifiCorp will file a motion for interim rate relief concurrently with the Settlement.

Article 10 provides that the standard of review for modifications to the Settlement proposed by any party thereto after it is approved by the Commission shall be the *Mobile-Sierra* public interest standard.

Article 11 sets forth miscellaneous provisions. Notably, Article 11 provides that the Settlement is a “black box” negotiated settlement and an integrated package and that the individual provisions thereof are non-severable.

### **III. RESPONSES TO REQUIRED QUESTIONS**

By notice issue December 15, 2016, the Chief Administrative Law Judge requires all parties submitting Offers of Settlement under Rule 602 to address four questions in their Explanatory Statement. The questions and specific responses applicable to the Settlement are as follows:

#### **A. DOES THE SETTLEMENT AFFECT OTHER PENDING CASES?**

No. By its terms, the Settlement does not establish any policy or principle, nor does it affect any other issues reserved for litigation and/or settlement discussions in this case, or any other pending case.

**B. DOES THE SETTLEMENT INVOLVE ISSUES OF FIRST IMPRESSION?**

No. The issues underlying the Settlement are related to the appropriate rates to be charged by PacifiCorp for certain ancillary services it provides under its OATT, including those provided under Schedules 3, 3A, 5, and 6.

**C. DOES THE SETTLEMENT DEPART FROM COMMISSION PRECEDENT?**

The Settlement does not depart from Commission precedent.

**D. DOES THE SETTLEMENT SEEK TO IMPOSE A STANDARD OF REVIEW OTHER THAN THE ORDINARY JUST AND REASONABLE STANDARD WITH RESPECT TO ANY CHANGES TO THE SETTLEMENT THAT MIGHT BE SOUGHT BY EITHER A THIRD PARTY OR THE COMMISSION ACTING *SUA SPONTE*?**

The standard of review for any proposed changes sought by any Settling Party to the terms of this Settlement shall be the “public interest” standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Services Corp.*, 350 U.S. 332 (1956), *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956), and *Morgan Stanley Capital Group Inc. v. Pub. Util. Dist. No. 1*, 554 U.S. 527 (2008), and the standard of review for any changes proposed by a non-party or the Commission acting *sua sponte* shall be the ordinary just and reasonable standard of review, not the public interest standard of review, *see Devon Power LLC*, 134 FERC ¶ 61,208 at P 10 (2011); provided, however, that nothing in the Settlement shall affect the rights of PacifiCorp, any other Settling Party, the Commission, or any other entity to seek future changes to the rates, terms, and/or conditions of the OATT under Sections 205 or 206 of the FPA except as expressly provided by the Settlement; nor is the Settlement intended to create a standard of review other than the just and reasonable standard for any such future rate changes.



#### **IV. CONCLUSION**

The Settlement resolves all outstanding issues in these proceedings, and is consistent with the Commission's policies encouraging settlements. Further, the Settlement is fair, reasonable, and in the public interest, and Commission approval of the Settlement will save not only the Settling Parties, but also the Commission, the expense and effort of protracted litigation. Accordingly, the Settling Parties respectfully request that the Commission find that the Settlement is fair and reasonable and in the public interest and approve it without condition or modification.

Respectfully Submitted,

/s/ Amie V. Colby

Amie V. Colby  
*Attorney for PacifiCorp*

**Certificate of Service**

I hereby certify that I have this day served a copy of the foregoing document on the official service list for these proceedings as established and maintained by the Commission's Secretary.

Dated at Portland, OR this 31<sup>st</sup> day of January, 2018.

/s/ Jessica Zahnow

Jessica Zahnow  
*Senior Compliance Specialist for PacifiCorp*

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

PacifiCorp	)		
	)	Docket Nos.	ER17-219-__
	)		EL17-27-__
	)		(consolidated)

**SETTLEMENT AGREEMENT  
(Dated January 31, 2018)**

**ARTICLE 1  
INTRODUCTION**

1.1 Pursuant to Rule 602 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“FERC” or “Commission”), 18 C.F.R. § 385.602 (2017), PacifiCorp, in coordination with Utah Associated Municipal Power Systems (“UAMPS”), Deseret Generation & Transmission Co-operative, Inc. (“Deseret”), Utah Municipal Power Agency (“UMPA”), Bonneville Power Administration (“BPA”), Avangrid Renewables, LLC (“Avangrid”), and NextEra Energy Resources, LLC, (“NextEra”) (collectively, the “Combined Customers” and with PacifiCorp, the “Settling Parties”)<sup>1</sup> enter into this Settlement Agreement (“Settlement”) to provide resolution of all issues as between PacifiCorp and the Combined Customers in the captioned proceeding.

1.2 This Settlement shall be filed with the Commission as part of an Offer of Settlement submitted in accordance with 18 C.F.R. § 385.602 (the “Offer of Settlement”). In accordance with 18 C.F.R. § 385.602(c)(1)(ii), such Offer of Settlement shall contain an Explanatory Statement which is not intended to, and does not, alter any of the provisions of this Settlement. In the event of an inconsistency between the Explanatory Statement and this Settlement, this Settlement shall control.

**ARTICLE 2  
BACKGROUND**

2.1 PacifiCorp is an indirect, wholly-owned subsidiary of Berkshire Hathaway Energy Company. PacifiCorp provides delivery of electric power and energy to approximately 1.8 million retail electric customers in six western states. PacifiCorp provides transmission services, transmission planning, and system operations for all six states through its PacifiCorp Transmission operating unit. PacifiCorp delivers electricity to its retail electric customers through its Pacific Power and Rocky Mountain Power operating units.

2.2 On October 28, 2016, PacifiCorp filed with the Commission in Docket No. ER17-219 “Revisions to Open Access Transmission Tariff” to amend its Open Access Transmission Tariff (“OATT”) to update rates for PacifiCorp’s: Schedule 3, Regulation and Frequency Response Service; Schedule 3A, Generator Regulation and Frequency Response Service; Schedule 5, Operating Reserve – Spinning Reserve Service; and Schedule 6, Operating Reserve – Supplemental Reserve Service (the “Regulation and Operating Reserve Schedules”). Additionally, PacifiCorp proposed minor clarifying revisions to Schedule 11, Unauthorized Use of Transmission Service (the “Initial Filing”). PacifiCorp explained that the purpose of the revisions to the Regulation and Operating

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<sup>1</sup> In addition to the Settling Parties, the following entities are parties to this proceeding but have not taken an active role: American Wind Energy Association, Renewable Northwest; EDP Renewables North America LLC (“EDP”); Public Power Council (“PPC”); the Western Area Power Administration (“WAPA”); and Powerex Corporation (“Powerex”).

Reserve Schedules were to: (1) permit PacifiCorp to better allocate the costs and benefits of providing reserve service among customer groups; (2) ensure reliable operation of the PacifiCorp transmission system; and (3) make certain that PacifiCorp recovered the costs of providing regulation reserve and operating reserve services. In addition, the proposed revisions for Regulation reserve provided for differentiated rates to reflect the variability in costs associated with variable energy resources (“VERs”), resources that are not VERs (“Non-VERs”), and load.

2.3 On November 28, 2016, the following parties filed motions to intervene and comments or protests (collectively, the “Initial Protests”): BPA;<sup>2</sup> the Wind Parties;<sup>3</sup> NextEra;<sup>4</sup> Deseret;<sup>5</sup> UAMPS;<sup>6</sup> and UMPA.<sup>7</sup> EDP, PPC, WAPA, and Powerex filed doc-less Motions to Intervene.

2.4 PacifiCorp filed an answer to the Initial Protests on December 14, 2016 (the “First Answer”).<sup>8</sup> On December 15, 2016, FERC issued a letter establishing December 14, 2016 as the filing date for this proceeding based on the information contained within the First Answer.<sup>9</sup>

2.5 On January 4, 2017, UMPA, Deseret, BPA, and UAMPS filed supplemental protests or responses to the First Answer (the “Supplemental Protests”).<sup>10</sup> PacifiCorp answered the Supplemental Protests on January 17, 2017.<sup>11</sup>

2.6 On February 2, 2017, the Commission issued an order accepting and suspending PacifiCorp’s proposed rates, instituting a Section 206 proceeding (Docket No. EL17-27-000), and establishing hearing and

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<sup>4</sup> *PacifiCorp*, Docket No. ER17-219, Motion to Intervene and Comments of NextEra Energy Resources, LLC (Nov. 28, 2016).

<sup>5</sup> *PacifiCorp*, Docket No. ER17-219, Motion to Intervene, Protest, Request for Partial Rejection, and Requests for Hearing, Five-Month Suspension, Institution of a Section 206 Proceeding, and Settlement Judge Procedures of Deseret Generation & Transmission Co-operative, Inc. (Nov. 28, 2016).

<sup>6</sup> *PacifiCorp*, Docket No. ER17-219, Motion to Intervene, Protest and Request for Rejection or, in the Alternative, Suspension, Hearing and Institution of a Section 206 Proceeding of Utah Associated Municipal Power Systems (Nov. 28, 2016).

<sup>7</sup> *PacifiCorp*, Docket No. ER17-219, Utah Municipal Power Agency’s Protest and Request for Suspension and Hearing (Nov. 28, 2016).

<sup>8</sup> *PacifiCorp*, Docket No. ER17-219, Motion for Leave to File Answer; Answer of PacifiCorp to Protests, Comments and Motions Seeking Rejection or Institution of a Section 206 Proceeding; and Request for Waiver (Dec. 14, 2016).

<sup>9</sup> *PacifiCorp*, Docket No. ER17-219, Letter Informing that the Filing Date for this Proceeding is Dec. 14, 2016 (Dec. 15, 2016).

<sup>10</sup> See *PacifiCorp*, Docket No. ER17-219, Utah Municipal Power Agency’s Supplemental Protest and Renewed Request for Suspension and Hearing (Jan. 4, 2017); *PacifiCorp*, Docket No. ER17-219, Supplemental Protest and Response of Deseret Generation & Transmission Co-operative, Inc. (Jan. 4, 2017); *PacifiCorp*, Docket No. ER17-219, Bonneville Power Administration Response to PacifiCorp’s Answer (Jan. 4, 2017); and *PacifiCorp*, Docket No. ER17-219, Renewed and Supplemental Protest of Utah Associated Municipal Power Systems (Jan. 4, 2017).

<sup>11</sup> *PacifiCorp*, Docket No. ER17-219, Motion for Leave to File Answer and Answer of PacifiCorp (Jan. 17, 2017) (“Second Answer”).

settlement judge procedures (“February 2 Order”).<sup>12</sup> The Commission accepted and suspended the proposed revisions to Schedules 3 and 3A for five months, to be effective July 13, 2017, subject to refund.<sup>13</sup> The Commission accepted the proposed revisions to Schedules 5 and 6, to be effective February 13, 2017, subject to refund, and instituted the Section 206 investigation to determine if a further rate decrease may be warranted.<sup>14</sup> In the Commission’s February 2 Order, it accepted PacifiCorp’s proposed revisions to Schedule 11 without suspension or hearing, so those revisions are not at issue in this proceeding.<sup>15</sup> The Commission further directed that a compliance filing be made by PacifiCorp within 30 days of the date of the order correcting the rates set forth in Schedules 3, 3A, 5 and 6 as proposed in its First Answer.<sup>16</sup>

2.7 On February 7, 2017, the Chief Judge issued an order appointing the Honorable Steven A. Glazer as Settlement Judge for this case.<sup>17</sup>

2.8 The Parties met with Judge Glazer for settlement conferences on February 23, 2017; April 27, 2017; June 15, 2017; October 31, 2017; and December 7, 2017. In addition, the Parties have held several additional settlement discussions via telephone, in addition to technical conferences on July 10-11, 2017 and September 25, 2017. As a result of the settlement conferences and discussions, the Parties have reached the instant Settlement.

2.9 The Parties hereby settle and resolve all outstanding issues between them involving the matters raised in Docket Nos. ER17-219 and EL17-27, on the terms set forth below.

**ARTICLE 3**  
**FRAMEWORK FOR SELF-SUPPLY (OR THIRD-PARTY SUPPLY)**  
**OF ANCILLARY SERVICES**

3.1 PacifiCorp shall modify its OATT ancillary services Rate Schedules 5 and 6 to clearly establish the requirements for self-supply (or third-party supply) of contingency reserves under Schedules 5 and 6 by customers. Attachment 1 to this Settlement contains the revised terms for Self-Supply of Schedule 5 and Schedule 6, providing the criteria for self-supply or third-party-supply of contingency reserves under Schedules 5 and 6 on PacifiCorp’s system, including provisions related to a customer’s obligation to pay for the provision of contingency reserves under Schedules 5 and 6. PacifiCorp shall include appropriate, agreed-upon provisions for self-supply of Schedule 5 and Schedule 6, consistent with Attachment 1, in Schedules 5 and 6 of its OATT.

The transition to the new self-supply criteria in Attachment 1 shall occur on (i) the first day of the month immediately following the Effective Date of the Settlement, as defined in Article 8 below, or (ii) the first day of the second month immediately following the Effective Date of the Settlement, if such later transition date will result in more efficient transition to the new practice, as mutually agreed by the Settling Parties. For transmission customers wishing to self-supply according to Attachment 1, a self-supply reserve forecast must be submitted to PacifiCorp no later than thirty (30) days prior to the transition date. Until the transition date, PacifiCorp’s current practices for self-supply contained in Business Practice #34, Self-supply or Third-party Supply of Ancillary Services, will continue. In anticipation of the transition time window set out above, PacifiCorp and any Settling Party with a generator that will be used for self-supply pursuant to the protocols in Attachment 1 at the transition date shall work to have all testing completed no later than April

<sup>12</sup> *PacifiCorp*, 158 FERC ¶ 61,121 (2017) (“February 2 Order”).

<sup>13</sup> *Id.* at PP 1, 40 and Ordering Paragraph (A).

<sup>14</sup> *Id.* at PP 1, 40-41 and Ordering Paragraph (B).

<sup>15</sup> *Id.* at PP 1, 47.

<sup>16</sup> *Id.* at PP 1, 41 and Ordering Paragraph (D).

<sup>17</sup> *PacifiCorp*, Docket Nos. ER17-219 and EL17-27, Order of Chief Judge Designating Settlement Judge (Feb. 7, 2017).

1, 2018. Notwithstanding the preceding sentence, UMPA has requested additional time in order to provide telemetered data from the Provo Plant to PacifiCorp in connection with UMPA's use of the Provo Plant as a self-supply resource under the terms of this Settlement Agreement. UMPA shall proceed with acquisition and implementation of the needed telemetry and shall satisfy all other terms for self-supply contained in this Settlement Agreement, but the Settling Parties agree that UMPA shall be permitted to continue to use the Provo Plant as a self-supply resource for Schedule 6 service until no later than September 30, 2018.

3.2 To the extent FERC rejects inclusion of any of the self-supply framework language in the proposed rate schedules as being more appropriate for a business practice, PacifiCorp shall include such language in a business practice. All provisions included in a business practice, pursuant to the preceding sentence, shall not be subject to change by any of the Settling Parties through June 30, 2020 (the "Moratorium Period"), unless mutually agreed to by the Settling Parties.

3.3 If PacifiCorp seeks to make any changes to the business practices developed pursuant to Section 3.2. above or create conflicting business practices after expiration of the Moratorium Period through December 31, 2025, but does not file such changes in a filing under Section 205 of the Federal Power Act ("FPA") to amend its OATT pursuant to Article 6 below, PacifiCorp will first notify the Combined Customers in writing of its proposed changes and discuss its proposed changes with the Combined Customers in good faith. If mutual agreement concerning the proposed changes is not reached within sixty (60) days, PacifiCorp may adopt its proposed changes consistent with the procedures for such changes provided in its business practices but shall suspend the effectiveness of the changes. Within 60 days of PacifiCorp's adoption of its proposed, suspended, changes, any of the Combined Customers may file a complaint with FERC under Section 206 of the FPA challenging the justness and reasonableness of the proposed change(s). In such proceeding, PacifiCorp shall carry the burden of demonstrating that its proposed changes are just and reasonable, as if the proceeding had been initiated by PacifiCorp under Section 205 of the FPA. Absent agreement by the Combined Customers, PacifiCorp's proposed change(s) shall not take effect until such date as FERC issues an order permitting them to become effective. The foregoing does not waive any customer's right to file a complaint after the 60<sup>th</sup> day of PacifiCorp's adoption of its proposed, suspended changes but the burden of proof will not be shifted to PacifiCorp for such filing and will remain with the filing customer(s).

3.4 Sample calculations for self-supply (or third-party supply) of contingency reserves under Schedules 5 and 6 are attached hereto as Attachment 2 and are incorporated herein as demonstration of how the Settling Parties intend for such calculations to be performed.

The calculation contained in Attachment 2 is intended to supersede the calculation currently contained in PacifiCorp Business Practice #64, and concurrent with the transition date, as determined in Section 3.1, above. PacifiCorp will eliminate the current language addressing the calculations from that business practice. PacifiCorp will establish the terms and conditions for the calculation for customers' contingency reserve obligations for self-supply (or third-party supply) of Schedules 5 and 6 in its OATT, consistent with Attachment 2. There may, however, be calculation details or other technical elements that the Settling Parties agree are more suitable for a business practice. The Settling Parties agree that Attachment 2 calculations shall be subject to revision based on any changes in NERC Standard BAL-002-WECC-2 (or any successor Reliability Standard thereto). The Settling Parties agree to work together to develop revisions that conform the calculation to the most current standard. Such revisions to the calculation to reflect any changes in the underlying reliability standard shall not be subject to the Moratorium Period.

3.5 Charges for Schedules 5 and 6 shall not apply to the extent customers satisfy the requirements for self-supply (or acquire third-party-supply) of the required reserves under these schedules.

3.6 The Settling Parties agree that during the Moratorium Period, the Combined Customers will not self-supply ancillary services for Rate Schedules 3 and 3A and shall be subject to charges for those services as provided in Article 4 below, except as provided in Article 7 of this Settlement.

3.7 The Settling Parties agree to work together during the Moratorium Period to create a framework for the self-supply of Schedules 3 and 3A, and to update the self-supply provisions for Schedules 5 and 6, including discussion of PacifiCorp's ability to automate e-Tag adjustments. If the Settling Parties agree to a final self-supply framework during the Moratorium Period for Schedules 3, 3A, 5, and 6, PacifiCorp shall make a Section 205 filing at the end of the Moratorium Period or thereafter to implement that self-supply framework. It is the Settling Parties' intent that they will come to agreement during the Moratorium Period regarding a self-supply framework for all of Schedules 3, 3A, 5, and 6, and that PacifiCorp will file to update Schedules 3, 3A, 5 and 6 after the Moratorium Period to incorporate such self-supply framework. Following the Moratorium Period, any of the Combined Customers may file a complaint pursuant to Section 206 of the FPA alleging that PacifiCorp's OATT is not just and reasonable to the extent that it does not include provisions enabling customers to self-supply under Schedules 3 or 3A, and may propose procedures for such self-supply. In response, PacifiCorp may argue for revised or alternative procedures but shall not contest any Combined Customer's right to self-supply under Schedule 3 or 3A and shall not contest any Combined Customer's right to file a complaint in accordance with this provision.

3.8 The Settling Parties agree that after the Moratorium Period this Settlement does not in any way limit or waive any of the Combined Customers' rights to challenge PacifiCorp's Schedule 3, 3A, 5 and 6 rates pursuant to Section 206 of the FPA.

**ARTICLE 4**  
**ANCILLARY SERVICE RATES**

4.1 Subject to Articles 5 and 7 hereof, the black box rates for Schedules 3 and 3A for Load, VERs, and Non-VERs applied to the Transmission Customer's Schedule 3/3A obligation, effective as of July 13, 2017, through December 31, 2017, then effective as of January 1, 2018, shall be as follows:

	Settling Parties Agreed Rates effective from July 13, 2017 through December 31, 2017	Settling Parties Agreed Rates effective beginning January 1, 2018
Schedule 3 (Load rate)	2.25 \$/kW-year	2.124 \$/kW-year
Schedules 3 and 3A (Non-VER generation rate)	1.90 \$/kW-year	1.794 \$/kW-year-
Schedules 3 and 3A (VER generation rate for uncommitted scheduling)	6.984 \$/kW-year	6.593 \$/kW-year

	Settling Parties Agreed Rates effective from July 13, 2017 through December 31, 2017	Settling Parties Agreed Rates effective beginning January 1, 2018
<p>Schedules 3 and 3A (VER generation rate for 60- minute committed scheduling)</p> <p>To qualify for this rate for a month, during every hour of that month (except as specified below), a VER customer must utilize and submit into BSAP by 57 minutes prior to the operating hour (T-57), consistent with PacifiCorp’s EIM Business Practice, hour-ahead base schedules consistent with PacifiCorp’s VER forecast vendor’s forecast available as of no more than 72 minutes prior to the operating hour (T-72) without modification or manual override of the hour-ahead forecast, fifteen-minute schedule, and five-minute schedule. In any calendar month for up to two operating hour intervals, a VER customer may utilize and submit into BSAP by T-57, hour-ahead schedules consistent with PacifiCorp’s VER forecast vendor’s forecast available as of up to 90 minutes prior to the operating hour (T-90), without modification or manual override of the hour-ahead forecast, fifteen-minute schedule, and five-minute schedule, and still be eligible for this rate. Use and submission into BSAP of hour-ahead schedules older than PacifiCorp’s VER forecast vendor’s forecast at T-90 in any hour during a calendar month will make a VER customer ineligible for this rate in that month.</p>	5.965 \$/kW-year	5.631 \$/kW-year



4.2 Subject to Article 5, the black box rates for Schedules 5 and 6, effective as of February 13, 2017, through December 31, 2017, then effective as of January 1, 2018, shall be as follows:

	Settling Parties Agreed Rates effective from February 13, 2017 through December 31, 2017	Settling Parties Agreed Rates effective beginning January 1, 2018
Schedule 5 (Spinning Reserves)	0.16 \$/MWh	0.151 \$/MWh
Schedule 6 (Supplemental Reserves)	0.16 \$/MWh	0.151 \$/MWh

**ARTICLE 5**  
**CHANGE IN FEDERAL INCOME TAX RATE**

5.1 If during the effective period of this Article 5 the federal corporate income tax rate is changed, from that currently in effect as of January 1, 2018, the rates for Schedules 3, 3A, 5, and 6 shall each be correspondingly changed by 0.4 percent for each incremental one percentage point change in the federal corporate income tax rate for each year, or part thereof, for which such changed tax rates are effective. For example, if in February 2020 the corporate income tax rate is increased by 10 percent from 21 percent to 31 percent effective January 1, 2020, the rate will be increased 4.0 percent (0.4 percent times 10), also effective January 1, 2020. PacifiCorp shall make a single-issue filing pursuant to Section 205 of the FPA to update the rate pursuant to this section within six months of the corporate income tax rate being enacted, effective as of the effective date of the changed tax rate. Such single-issue filing, therefore, shall not be subject to the Moratorium Period. The Combined Customers agree not to challenge the single-issue filing to reflect the changed corporate tax rate made pursuant to this Section of the Settlement except to enforce PacifiCorp's compliance with this Settlement. This Article (Article 5) will remain in effect until the earlier of: (1) December 31, 2025, or (2) the effective date of a filing by PacifiCorp to update its rates for Schedules 3, 3A, 5 and 6. This Article 5 does not preclude any of the Combined Customers from making a filing subject to 206 of the FPA to challenge the proposed tax rate after the Moratorium Period.

**ARTICLE 6**  
**MORATORIUM PERIOD ON CHANGES TO ANCILLARY SERVICE RATES TERMS, AND CONDITIONS**

6.1 Except as specifically provided for in Section 3.4 and Article 5 above, the black box rates, terms and conditions for the proposed rates for Schedules 3, 3A, 5, and 6, as described in this Settlement, and any provisions included in, or removed from, a business practice pursuant to FERC order as contemplated in Article 3 of this Settlement, shall remain in force and effect, and shall not be subject to modification by any of the Settling Parties through the Moratorium Period. Similarly, during the Moratorium Period, PacifiCorp shall not propose, in either the OATT or a business practice, any new or separate ancillary service schedule charge or other rate, term, or condition of service for Schedules 3, 3A, 5, and/or 6.

6.2 Following the Moratorium Period, PacifiCorp may make a Section 205 filing at FERC that updates the Regulation Reserve Study and the ancillary services rates for Schedules 3, 3A, 5, and/or 6 rates with an effective date no

earlier than July 1, 2020. The Combined Customers in the instant dockets shall have the right to intervene in, protest, and participate fully in any proceeding concerning such filing by PacifiCorp, or in any proceeding initiated by any other entity concerning PacifiCorp's ancillary services rates for Schedules 3, 3A, 5, and/or 6 (whether involving change or addition to any such rates or rate schedules).

6.3 During the Moratorium Period, PacifiCorp shall work with stakeholders in good faith to develop consensus regarding the methodology and associated data used to calculate the applicable regulation and operating reserves to be used in the future update of the Schedule 3/3A ancillary service rates, including consideration of the following:

- 6.3.1 Development of the ancillary services rates based on cost-causation principles and optimization of resources utilizing a least cost methodology;
- 6.3.2 Calculation of the fixed charge rate using the Production Fixed Charge Rate Formula of the instant docket;
- 6.3.3 Use of coincidental one-minute data that includes Energy Imbalance Market ("EIM") benefits for, at a minimum, the most recent 24-month period for which data is available;
- 6.3.4 Allocation of System-Wide Portfolio Diversity Benefits among classes (Load, Non-VERs, and VERs) according to the contribution of the deviation signals of each class to the combined deviation signal for regulation deployment during the test period;
- 6.3.5 Use of data that reflect all events that are reasonably known and measurable at the time of filing, including unit retirements, contract terminations/renewals, resource additions, changes in operational characteristics of the resources providing ancillary services, changes in load growth, etc.;
- 6.3.6 Accounting for contingencies and Disturbance Control Standard events using actual contingency data, including deployment of contingency reserves as well as other Qualifying Events under the Northwest Power Pool Agreement;
- 6.3.7 Treatment of PacifiCorp's Interruptible Contracts as providing self-supply of ancillary services to PacifiCorp's Energy Supply Management, and excluding them from the derivation of the ancillary service rates;
- 6.3.8 Use of a 1-day-in-10-years resource adequacy standard (equivalent to a 2.4 loss of load hours per year);
- 6.3.9 Inclusion of an intra-hour scheduling discount reflecting the use of wind power production forecasts as of the later of the T-40 base schedule update or any later deadline that is established for EIM Entity updates to base schedules; and
- 6.3.10 In the calculation of the production plant revenue requirement, provision of revenue offsets (credits) of all revenues generated by PacifiCorp's EIM sales out of the Balancing Authority Area (whether short-term or long-term opportunity sales) for the purpose of serving loads other than firm native load.

6.4 PacifiCorp shall conform its Section 205 filing described above to all the foregoing matters on which consensus is reached.

6.5 The limitation on the Combined Customers' rights to self-supply ancillary services for Rate Schedules 3 and 3A, as set out in Section 3.6, above, shall terminate automatically at the end of the Moratorium Period, without regard to any other provision of this Settlement.

#### **ARTICLE 7** **LEGACY AGREEMENTS**

7.1 Effective as of July 13, 2017, in accordance with the Fifth Amended and Restated Transmission Service and Operating Agreement between UMPA and PacifiCorp (the "UMPA TSOA"), PacifiCorp shall bill UMPA under Schedule 3/3A based only on its Aggregate Peak Demand ("APD") as such term is defined in the UMPA TSOA, and shall not charge or seek to charge UMPA for generation at all, under Schedule 3/3A or otherwise, during the term of the Moratorium Period. However, to the extent PacifiCorp seeks to charge UMPA for generation under Schedule 3/3A, or otherwise, in a subsequent rate filing, PacifiCorp and UMPA each reserve their respective rights and positions regarding whether the UMPA TSOA provides, or can be amended to provide, for application of Schedule 3/3A charges to UMPA's generation.

7.2 Effective as of July 13, 2017, in accordance with the Sixth Amended and Restated Transmission Service and Operating Agreement between Deseret and PacifiCorp (the "Deseret TSOA"), PacifiCorp shall bill Deseret under Schedule 3/3A based only on its Aggregate Peak Demand plus the Deseret Area Load for which Deseret has the obligation to supply Regulation Reserve Service, and shall only charge or seek to charge Deseret under Schedule 3/3A for off-system sales associated with Deseret Resources, as all such terms are defined in the Deseret TSOA, during the term of the Moratorium Period. However, to the extent PacifiCorp seeks to charge Deseret for generation under Schedule 3/3A, or otherwise, in a subsequent rate filing, PacifiCorp and Deseret each reserve their respective rights and positions regarding whether the Deseret TSOA provides, or can be amended to provide, for application of Schedule 3/3A charges to Deseret's generation.

7.3 Effective as of July 13, 2017, in accordance with the Fourth Amended and Restated Transmission Service and Operating Agreement between UAMPS and PacifiCorp (the "UAMPS TSOA"), PacifiCorp shall bill UAMPS under Schedule 3/3A based only on its Monthly Coincident Peak Demand as such term is defined in the UAMPS TSOA, and shall not charge or seek to charge UAMPS for generation at all, under Schedule 3/3A or otherwise, during the term of the Moratorium Period. However, to the extent PacifiCorp seeks to charge UAMPS for generation under Schedule 3/3A, or otherwise, in a subsequent rate filing, PacifiCorp and UAMPS each reserve their respective rights and positions regarding whether the UAMPS TSOA provides, or can be amended to provide, for application of Schedule 3/3A charges to UAMPS' generation.

#### **ARTICLE 8** **SETTLEMENT EFFECTIVE DATE**

8.1 This Settlement shall be binding upon each of the Settling Parties upon the issuance of a final Commission order no longer subject to rehearing approving the Settlement without modification or condition unacceptable to any Settling Party, as described in Section 8.3, below (the "Effective Date").

8.2 Within 30 days of the Effective Date of this Settlement, any Settling Party with a request for rehearing in the instant dockets will file to withdraw their requests for rehearing in this proceeding.

8.3 In the event of a Commission order requiring any modification or condition to this Settlement, any Settling Party may provide written notice to the other parties within ten (10) business days of any such order that such modification or condition is unacceptable, in which case this Settlement shall be of no force and effect, unless the Settling Parties agree in writing within an additional fifteen (15) business days of any such notice to

modifications acceptable to all Settling Parties that are consistent with any modification and/or condition imposed by Commission order and any such modifications are approved in a final Commission order no longer subject to rehearing (the “Revised Effective Date”). In the absence of such written notice, all Settling Parties are deemed to have accepted this Settlement as modified and/or conditioned.

**ARTICLE 9**  
**INTERIM RATE RELIEF**

9.1 The Parties agree that PacifiCorp will concurrently file an unopposed motion for interim rate relief and expedited action so that PacifiCorp may (i) charge the settlement rates described herein as soon as possible after the Settlement is filed with the Commission, subject to refund or surcharge and (ii) commence work to have all testing for new self-supply criteria described in Section 3.1 completed within the timeframes contemplated by Section 3.1.

**ARTICLE 10**  
**STANDARD OF REVIEW FOR SETTLEMENT MODIFICATION**

10.1 The standard of review for any modifications to this Settlement Agreement, whether proposed by any of the Parties, any party with standing under the FPA § 206, or the Commission acting *sua sponte*, shall be solely the most strict standard set forth in *United Gas Pipeline Co. v. Mobile Gas Serv. Corp.*, 350 U.S. 348 (1956); *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956); *Morgan Stanley Capital Group, Inc. v. Pub. Util. Dist. No. 1 of Snohomish, Washington*, 554 U.S. 527 (2008); or *NRG Power Marketing, LLC, et al., v. Maine Public Utilities Commission*, 558 U.S. 165 (2010).

**ARTICLE 11**  
**MISCELLANEOUS**

11.1 This Settlement is an integrated package. None of the terms of the Settlement are agreed to without each of the others. The various provisions of this Settlement are not severable.

11.2 This Settlement is submitted pursuant to Rule 602 of the Commission’s Rules of Practice and Procedure, and it is agreed by all Settling Parties that until this Settlement becomes effective in accordance with Section 8.1, this Settlement shall be privileged and shall not be admissible in evidence or made a part of the record in any proceeding.

11.3 It is specifically understood and agreed that this Settlement represents a “black box” negotiated settlement in the public interest with respect to the matters agreed to herein for the sole purpose of the settlement of such matters agreed to herein, and neither the Settling Parties, the Commission, its Staff, nor any other party or person shall be prejudiced or bound thereby in any separate proceeding, except as specifically provided herein. Neither the Settling Parties, the Commission, its Staff, nor any other party or person shall be deemed to have approved, accepted, agreed or consented to any concept, theory or principle underlying or supposed to underlie any of the matters provided for herein. Further, this Settlement cannot be used, and no part hereof shall be used, to advance or support a position taken before the Commission or the courts by any party to this proceeding. Nor shall any participant’s failure to litigate in this proceeding an issue resolved by this Settlement prejudice the participant’s right to raise such issue in a future proceeding. Nothing in this Settlement shall be deemed a “settled practice” as interpreted by the court in *Pub. Serv. Comm’n of N.Y. v. FERC*, 645 F.2d 1335 (D.C. Cir. 1980).

11.4 This Settlement, together with all Attachments hereto, constitutes the full and complete agreement of the Settling Parties with respect to the subject matter hereof and supersedes all prior negotiations, understandings, and agreements, whether written or oral, between the Settling Parties with respect to the subject matter thereof, and there are no warranties or representations among the Parties in connection with the subject matter hereof except as set forth specifically herein.

11.5 The titles and headings of the various Articles of this Settlement are for reference and convenience purposes only, and are not to be construed or taken into account in interpreting the Settlement and do not qualify, modify, or explain the effects of the Settlement.

11.6 Each person executing this Settlement represents and warrants that he or she is duly authorized and empowered to act on behalf of, and to sign for, the party for whom he or she has signed.

11.7 This Settlement is binding upon and for the benefit of the Settling Parties and their successors and assigns.

11.8 This Settlement may be executed in any number of counterparts, each of which shall constitute an original and all of which together shall constitute one and the same Settlement.

In witness whereof, this Settlement Agreement is entered into by the authorized representatives of the Settling Parties.

*PacifiCorp*

*Utah Associated Municipal Power Systems*

Signature: /s/ Sarah E. Edmonds

Signature: /s/ Marshall Empey

Printed Name: Sarah E. Edmonds

Printed Name: Marshall Empey

Title: Vice President

Title: Chief Operations Officer

Party: PacifiCorp

Party: UAMPS

Executed this 30th day of January, 2018

Executed this 29th day of January, 2018

*Deseret Generation & Transmission Co-operative, Inc.*

*Utah Municipal Power Agency*

Signature: /s/ Clay MacArthur

Signature: /s/ Layne Burningham

Printed Name: Clay MacArthur

Printed Name: Layne Burningham

Title: Vice President

Title: COO/ General Manager

Party: Deseret Generation and Transmission Co-op

Party: Utah Municipal Power Agency

Executed this 29th day of January, 2018

Executed this 29th day of January, 2018

*Bonneville Power Administration*

*Avangrid Renewables, LLC*

Signature: /s/ Garry R. Thompson

Signature: /s/ Laura Beane

Printed Name: Garry R. Thompson

Printed Name: Laura Beane

Title: V.P. N.W. Requirements Marketing

Title: Authorized Representative

Party: Bonneville Power Administration

Party: Avangrid Renewables, LLC

Executed this 29th day of January, 2018

Executed this 31st day of January, 2018

Signatures continue on the next page

*NextEra Energy Resources, LLC*

Signature: /s/ W. Mason Emmett

Printed Name: W. Mason Emmett

Title: Senior FERC Counsel

Party: NextEa Energy Resources, LLC

Executed this 30th day of January, 2018

### **SCHEDULE 3**

#### **Regulation and Frequency Response Service**

Regulation and Frequency Response Service is necessary to provide for the continuous balancing of resources (generation and interchange) with load and for maintaining scheduled Interconnection frequency at sixty cycles per second (60 Hz). Regulation and Frequency Response Service is accomplished by committing on-line generation whose output is raised or lowered (predominantly through the use of automatic generating control equipment) and by other non-generation resources capable of providing this service as necessary to follow the moment-by-moment changes in load. The obligation to maintain this balance between resources and load lies with the Transmission Provider (or the BA that performs this function for the Transmission Provider).

The Transmission Provider must offer this service when the Transmission Service is used to serve load within its BAA. The Transmission Customer must purchase this service from the Transmission Provider, self-supply the service, or make alternative comparable arrangements to satisfy its Regulation and Frequency Response Service obligation as further described in applicable PacifiCorp business practices. The Transmission Provider will take into account the speed and accuracy of regulation resources in its determination of Regulation and Frequency Response reserve requirements, including as it reviews whether a self-supplying Transmission Customer has made alternative comparable arrangements. Upon request by the self-supplying Transmission Customer, the Transmission Provider will share with the Transmission Customer its reasoning and any related data used to make the determination of whether the Transmission Customer has made alternative comparable arrangements.

For purposes of serving load under this schedule, the amount of and charges for Regulation and Frequency Response Service are differentiated by load, Variable Energy Resources (VERs), and resources that are not VERs (Non-VERs). The Transmission Customer shall pay a total Regulation and Frequency Response Service charge under this tariff equal to the sum of the charges applicable to the customer's load, VERs, and Non-VERs, as set forth below. To the extent the BA performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that BA.



**Charge for Regulation and Frequency Response Service:**

The load charges below apply to all load served by Network Integration Transmission Service or by Point-To-Point Transmission Service. Firm imports do not reduce the load obligation.

The rates below are applied to the Transmission Customer's Monthly Network Load for Network Integration Transmission Service or to the load served by Point-To-Point Transmission Service.

Load

	Effective Rates from July 13, 2017 through December 31, 2017	Effective Rates beginning January 1, 2018
1. Yearly Rate	\$2.25 per KW-Year	\$2.124 per kW-Year
2. Monthly Rate	\$0.188 per kW-Month	\$0.177 per kW-Month

The charges below apply to all generators serving Network Load and are differentiated by the type of resources (VERs or Non-VERs) serving that load. The applicable differentiated rate below is applied to customers by charging the monthly rate times the nameplate capacity of the generator.

Each year by December 1, the Transmission Customer shall provide to the Transmission Provider, attestation of the nameplate capacity of VERs and Non-VERs owned or controlled by the Transmission Customer and located within the BAA.

VERs - Uncommitted Scheduling

	Effective Rates from July 13, 2017 through December 31, 2017	Effective Rates beginning January 1, 2018
1. Yearly Rate	\$6.984 per kW-Year	\$6.593 per KW-Year
2. Monthly Rate	\$0.582 per kW-Month	\$0.549 per kW-Month

VERs - Committed Scheduling

To qualify for this committed scheduling rate for a month, during every hour of that month (except as specified below), a VER customer must utilize and submit into BSAP by 57 minutes prior to the operating hour (T-57), consistent with PacifiCorp's EIM Business Practice, hour-ahead base schedules consistent with PacifiCorp's VER forecast vendor's forecast available as of no more than 72 minutes prior to the operating hour (T-72) without modification or manual override of the hour-ahead forecast, fifteen-minute schedule, and five-minute schedule. In any calendar month for up to two operating hour intervals, a VER customer may utilize and submit into BSAP by T-57, hour-ahead schedules consistent with PacifiCorp's VER forecast vendor's forecast available as of up to 90 minutes prior to the operating hour (T-90), without modification or manual override of the hour-ahead forecast, fifteen-minute schedule, and five-minute schedule, and still be eligible for this rate. Use and submission into BSAP of hour-ahead schedules older than PacifiCorp's VER forecast vendor's forecast at T-90 in any hour during a calendar month will make a VER customer ineligible for this rate in that month.

	Effective Rates from July 13, 2017 through December 31, 2017	Effective Rates beginning January 1, 2018
1. Yearly Rate	\$5.965 per kW-Year	\$5.631 per kW-Year
2. Monthly Rate	\$0.497 per kW-Month	\$0.469 per kW-Month

Non-VERs

	Effective Rates from July 13, 2017 through December 31, 2017	Effective Rates beginning January 1, 2018
1. Yearly Rate	\$1.90 per kW-Year	\$1.794 per kW-Year
2. Monthly Rate	\$0.158 per kW-Month	\$0.150 per kW-Month

**Self-Supply:**

A Network Customer may choose to self-supply its Regulation and Frequency Response Service obligation consistent with the requirements herein and PacifiCorp's business practices and consistent with the settlement in Docket Nos. ER17-219 and EL17-27.

The total charge for failure to self-supply shall not exceed the Monthly Rate pursuant to this Schedule 3A times the highest amount in megawatts not covered under self-supply.

### **SCHEDULE 3**

#### **Regulation and Frequency Response Service**

Regulation and Frequency Response Service is necessary to provide for the continuous balancing of resources (generation and interchange) with load and for maintaining scheduled Interconnection frequency at sixty cycles per second (60 Hz). Regulation and Frequency Response Service is accomplished by committing on-line generation whose output is raised or lowered (predominantly through the use of automatic generating control equipment) and by other non-generation resources capable of providing this service as necessary to follow the moment-by-moment changes in load. The obligation to maintain this balance between resources and load lies with the Transmission Provider (or the BA that performs this function for the Transmission Provider).

The Transmission Provider must offer this service when the Transmission Service is used to serve load within its BAA. The Transmission Customer must purchase this service from the Transmission Provider, self-supply the service, or make alternative comparable arrangements to satisfy its Regulation and Frequency Response Service obligation as further described in applicable PacifiCorp business practices. The Transmission Provider will take into account the speed and accuracy of regulation resources in its determination of Regulation and Frequency Response reserve requirements, including as it reviews whether a self-supplying Transmission Customer has made alternative comparable arrangements. Upon request by the self-supplying Transmission Customer, the Transmission Provider will share with the Transmission Customer its reasoning and any related data used to make the determination of whether the Transmission Customer has made alternative comparable arrangements.

For purposes of serving load under this schedule, the amount of and charges for Regulation and Frequency Response Service are differentiated by load, Variable Energy Resources (VERs), and resources that are not VERs (Non-VERs). The Transmission Customer shall pay a total Regulation and Frequency Response Service charge under this tariff equal to the sum of the charges applicable to the customer's load, VERs, and Non-VERs, as set forth below. To the extent the BA performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that BA.

**Charge for Regulation and Frequency Response Service:**

The load charges below apply to all load served by Network Integration Transmission Service or by Point-To-Point Transmission Service. Firm imports do not reduce the load obligation.

The rates below are applied to the Transmission Customer's Monthly Network Load for Network Integration Transmission Service or to the load served by Point-To-Point Transmission Service.

Load

	<u>Effective Rates from July 13, 2017 through December 31, 2017</u>	<u>Effective Rates beginning January 1, 2018</u>
1. <u>Yearly Rate</u>	<u>\$2.25 per KW-Year</u>	<u>\$2.124 per kW-Year</u>
2. <u>Monthly Rate</u>	<u>\$0.188 per kW-Month</u>	<u>\$0.177 per kW-Month</u>

- ~~1. Yearly Rate \$2.996 per kW-Year~~
- ~~2. Monthly Rate \$0.250 per kW-Month~~
- ~~3. Weekly Rate \$0.058 per kW-Week~~
- ~~4. Daily Rate, On-Peak \$0.012 per kW-Day~~
- ~~5. Daily Rate, Off-Peak \$0.008 per kW-Day~~
- ~~6. Hourly Rate, On-Peak \$0.720 per MWh~~
- ~~7. Hourly Rate, Off-Peak \$0.343 per MWh~~

The charges below apply to all generators serving Network Load and are differentiated by the type of resources (VERs or Non-VERs) serving that load. The applicable differentiated rate below is applied to customers by charging the monthly rate times the nameplate capacity of the generator.

Each year by December 1, the Transmission Customer shall provide to the Transmission Provider, attestation of the nameplate capacity of VERs and Non-VERs owned or controlled by the Transmission Customer and located within the BAA.

VERs - Uncommitted Scheduling

	<u>Effective Rates from July 13, 2017 through December 31, 2017</u>	<u>Effective Rates beginning January 1, 2018</u>
1. <u>Yearly Rate</u>	<u>\$6.984 per kW-Year</u>	<u>\$6.593 per KW-Year</u>
2. <u>Monthly Rate</u>	<u>\$0.582 per kW-Month</u>	<u>\$0.549 per kW-Month</u>

VERs - Committed Scheduling

To qualify for this committed scheduling rate for a month, during every hour of that month (except as specified below), a VER customer must utilize and submit into BSAP by 57 minutes prior to the operating hour (T-57), consistent with PacifiCorp's EIM Business Practice, hour-ahead base schedules consistent with PacifiCorp's VER forecast vendor's forecast available as of no more than 72 minutes prior to the operating hour (T-72) without modification or manual override of the hour-ahead forecast, fifteen-minute schedule, and five-minute schedule. In any calendar month for up to two operating hour intervals, a VER customer may utilize and submit into BSAP by T-57, hour-ahead schedules consistent with PacifiCorp's VER forecast vendor's forecast available as of up to 90 minutes prior to the operating hour (T-90), without modification or manual override of the hour-ahead forecast, fifteen-minute schedule, and five-minute schedule, and still be eligible for this rate. Use and submission into BSAP of hour-ahead schedules older than PacifiCorp's VER forecast vendor's forecast at T-90 in any hour during a calendar month will make a VER customer ineligible for this rate in that month.

- ~~1. Yearly Rate \$10.114 per kW-Year~~
- ~~2. Monthly Rate \$0.843 per kW-Month~~
- ~~3. Weekly Rate \$0.194 per kW-Week~~
- ~~4. Daily Rate, On-Peak \$0.039 per kW-Day~~
- ~~5. Daily Rate, Off-Peak \$0.028 per kW-Day~~
- ~~6. Hourly Rate, On-Peak \$2.431 per MWh~~
- ~~7. Hourly Rate, Off-Peak \$1.158 per MWh~~

	<u>Effective Rates from July 13, 2017 through December 31, 2017</u>	<u>Effective Rates beginning January 1, 2018</u>
<u>1. Yearly Rate</u>	<u>\$5.965 per kW-Year</u>	<u>\$5.631 per kW-Year</u>
<u>2. Monthly Rate</u>	<u>\$0.497 per kW-Month</u>	<u>\$0.469 per kW-Month</u>

Non-VERs

- ~~1. Yearly Rate \$2.526 per kW-Year~~
- ~~2. Monthly Rate \$0.211 per kW-Month~~

- ~~3. Weekly Rate \$0.049 per kW-Week~~
- ~~4. Daily Rate, On-Peak \$0.010 per kW-Day~~
- ~~5. Daily Rate, Off-Peak \$0.007 per kW-Day~~
- ~~6. Hourly Rate, On-Peak \$0.607 per MWh~~
- ~~7. Hourly Rate, Off-Peak \$0.289 per MWh~~

~~**Discount for Intra-hour Scheduling by VERs:**~~

	<u>Effective Rates from July 13, 2017 through December 31, 2017</u>	<u>Effective Rates beginning January 1, 2018</u>
<u>1. Yearly Rate</u>	<u>\$1.90 per kW-Year</u>	<u>\$1.794 per kW-Year</u>
<u>2. Monthly Rate</u>	<u>\$0.158 per kW-Month</u>	<u>\$0.150 per kW-Month</u>

~~A VERs customer that commits to submit a balanced 15-minute schedule may be eligible to receive a rate discount of up to 13.8 percent. A balanced 15-minute schedule consists of transactions of either 15-minute or integrated hourly e-Tag schedules following the VERs forecast, as defined in Attachment T. The Transmission Customer may elect to receive this discount with 90 days prior notice of intent and is conditioned on the Transmission Customer's ability to submit and transact using 15-minute schedules as well as persistently following the forecast. The VERs customer will receive the discount each month where the customer has persistently followed the forecast, which is defined as a customer balancing within ten percent above or below the forecast for at least 80% of the intervals during the month.~~

**Self-Supply:**

A Network Customer may choose to self-supply its Regulation and Frequency Response Service obligation consistent with the requirements herein and PacifiCorp's business practices ~~and~~ consistent with the settlement in Docket Nos. ER17-219 and EL17-27.

The total charge for failure to self-supply shall not exceed the Monthly Rate pursuant to this Schedule 3A times the highest amount in megawatts not covered under self-supply.

## SCHEDULE 3A

### Generator Regulation and Frequency Response Service

Generator Regulation and Frequency Response Service is necessary to provide for the continuous balancing of resources (generation and interchange) with load and for maintaining scheduled Interconnection frequency at sixty cycles per second (60 Hz). Generator Regulation and Frequency Response Service is accomplished by committing on-line generation whose output is raised or lowered (predominantly through the use of automatic generating control equipment) as necessary to follow the moment-by-moment changes for a generator located within the BAA. The obligation to maintain this balance between resources and the generator's schedule lies with the Transmission Provider (or the BAA that performs this function for the Transmission Provider).

The Transmission Provider must offer this service when transmission service is provided for a generator physically or electrically located in the Transmission Provider's BAA. Generator Regulation and Frequency Response Service applies to the extent that a Transmission Customer is not already subject to Regulation and Frequency Response Service provided under Schedule 3. When applicable, the Transmission Customer must purchase Generator Regulation and Frequency Response Service from the Transmission Provider, self-supply the service, or make alternative comparable arrangements, as further described in applicable PacifiCorp business practices which may include self-supplying regulation reserve capacity from generation or non-generation resources or through dynamically scheduling its generation to another BAA. The Transmission Provider will take into account the speed and accuracy of regulation resources in its determination of Generator Regulation and Frequency Response reserve requirements, including as it reviews whether a self-supplying Transmission Customer has made alternative comparable arrangements. Upon request by the self-supplying Transmission Customer, the Transmission Provider will share with the Transmission Customer its reasoning and any related data used to make the determination of whether the Transmission Customer has made alternative comparable arrangements.

For purposes of exports or Third-Party Sales, the amount of and charges for Generator Regulation and Frequency Response Service are differentiated by the type of exporting resource (Variable Energy Resources (VERs) or resources that are not VERs (Non-VERs)) and are set forth below. To the extent a BA performs this service for the Transmission Provider, charges to



the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that BA. The Transmission Provider may not charge a Transmission Customer for regulation reserves under both Schedule 3 and Schedule 3A for the same transaction.

**Charge for Generator Regulation and Frequency Response Service:**

The charges below apply to generation that originates in the PacifiCorp BAA and terminates in another BAA or for any resource not designated as a Network Resource. The applicable differentiated rate below is applied to customers by charging the monthly rate times the nameplate capacity of the generator.

Each year by December 1, the Transmission Customer shall provide to the Transmission Provider, attestation of the nameplate capacity of VERs and Non-VERs owned or controlled by the Transmission Customer and located within the BAA.

VERs - Uncommitted Scheduling

	Effective Rates from July 13, 2017 through December 31, 2017	Effective Rates beginning January 1, 2018
1. Yearly Rate	\$6.984 per kW-Year	\$6.593 per kW-Year
2. Monthly Rate	\$0.582 per kW-Month	\$0.549 per kW-Month

VERs - Committed Scheduling

To qualify for this committed scheduling rate for a month, during every hour of that month (except as specified below), a VER customer must utilize and submit into BSAP by 57 minutes prior to the operating hour (T-57), consistent with PacifiCorp's EIM Business Practice, hour-ahead base schedules consistent with PacifiCorp's VER forecast vendor's forecast available as of no more than 72 minutes prior to the operating hour (T-72) without modification or manual override of the hour-ahead forecast, fifteen-minute schedule, and five-minute schedule. In any calendar month for up to two operating hour intervals, a VER customer may utilize and submit into BSAP by T-57, hour-ahead schedules consistent with PacifiCorp's VER forecast vendor's forecast available as of up to 90 minutes prior to the operating hour (T-90), without modification or manual override of the hour-ahead forecast, fifteen-minute schedule, and five-minute schedule, and still be eligible for this rate. Use and

submission into BSAP of hour-ahead schedules older than PacifiCorp's VER forecast vendor's forecast at T-90 in any hour during a calendar month will make a VER customer ineligible for this rate in that month.

	Effective Rates from July 13, 2017 through December 31, 2017	Effective Rates beginning January 1, 2018
1. Yearly Rate	\$5.965 per kW-Year	\$5.631 per kW-Year
2. Monthly Rate	\$0.497 per kW-Month	\$0.469 per kW-Month

Non-VERs

	Effective Rates from July 13, 2017 through December 31, 2017	Effective Rates beginning January 1, 2018
1. Yearly Rate	\$1.90 per kW-Year	\$1.794 per kW-Year
2. Monthly Rate	\$0.158 per kW-Month	\$0.150 per kW-Month

**Self-Supply:**

A Network Transmission Customer may choose to self-supply its Generator Regulation and Frequency Response Service obligation consistent with the requirements herein and PacifiCorp's business practices and consistent with the settlement in Docket Nos. ER17-219 and EL17-27.

The total charge for failure to self-supply shall not exceed the Monthly Rate pursuant to this Schedule 3A times the highest amount in megawatts not covered under self-supply.

## **SCHEDULE 3A**

### **Generator Regulation and Frequency Response Service**

Generator Regulation and Frequency Response Service is necessary to provide for the continuous balancing of resources (generation and interchange) with load and for maintaining scheduled Interconnection frequency at sixty cycles per second (60 Hz). Generator Regulation and Frequency Response Service is accomplished by committing on-line generation whose output is raised or lowered (predominantly through the use of automatic generating control equipment) as necessary to follow the moment-by-moment changes for a generator located within the BAA. The obligation to maintain this balance between resources and the generator's schedule lies with the Transmission Provider (or the BAA that performs this function for the Transmission Provider).

The Transmission Provider must offer this service when transmission service is provided for a generator physically or electrically located in the Transmission Provider's BAA. Generator Regulation and Frequency Response Service applies to the extent that a Transmission Customer is not already subject to Regulation and Frequency Response Service provided under Schedule 3. When applicable, the Transmission Customer must purchase Generator Regulation and Frequency Response Service from the Transmission Provider, self-supply the service, or make alternative comparable arrangements, as further described in applicable PacifiCorp business practices which may include self-supplying regulation reserve capacity from generation or non-generation resources or through dynamically scheduling its generation to another BAA. The Transmission Provider will take into account the speed and accuracy of regulation resources in its determination of Generator Regulation and Frequency Response reserve requirements, including as it reviews whether a self-supplying Transmission Customer has made alternative comparable arrangements. Upon request by the self-supplying Transmission Customer, the Transmission Provider will share with the Transmission Customer its reasoning and any related data used to make the determination of whether the Transmission Customer has made alternative comparable arrangements.

For purposes of exports or Third-Party Sales, the amount of and charges for Generator Regulation and Frequency Response Service are differentiated by the type of exporting resource (Variable Energy Resources (VERs) or resources that are not VERs (Non-VERs)) and are set forth below. To the extent a BA performs this service for the Transmission Provider, charges to the

Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that BA. The Transmission Provider may not charge a Transmission Customer for regulation reserves under both Schedule 3 and Schedule 3A for the same transaction.

**Charge for Generator Regulation and Frequency Response Service:**

The charges below apply to generation that originates in the PacifiCorp BAA and terminates in another BAA or for any resource not designated as a Network Resource. The applicable differentiated rate below is applied to customers by charging the monthly rate times the nameplate capacity of the generator.

Each year by December 1, the Transmission Customer shall provide to the Transmission Provider, attestation of the nameplate capacity of VERs and Non-VERs owned or controlled by the Transmission Customer and located within the BAA.

VERs - Uncommitted Scheduling

	<u>Effective Rates from July 13, 2017 through December 31, 2017</u>	<u>Effective Rates beginning January 1, 2018</u>
1. <u>Yearly Rate</u>	<u>\$6.984 per kW-Year</u>	<u>\$6.593 per kW-Year</u>
2. <u>Monthly Rate</u>	<u>\$0.582 per kW-Month</u>	<u>\$0.549 per kW-Month</u>

VERs - Committed Scheduling

- ~~1. Yearly Rate \$10.114 per kW-Year~~
- ~~2. Monthly Rate \$0.843 per kW-Month~~
- ~~3. Weekly Rate \$0.195 per kW-Week~~
- ~~4. Daily Rate, On-Peak \$0.039 per kW-Day~~
- ~~5. Daily Rate, Off-Peak \$0.028 per kW-Day~~
- ~~6. Hourly Rate, On-Peak \$2.431 per MWh~~
- ~~7. Hourly Rate, Off-Peak \$1.158 per MWh~~

To qualify for this committed scheduling rate for a month, during every hour of that month (except as specified below), a VER customer must utilize and submit into BSAP by 57 minutes prior to the operating hour (T-57), consistent with PacifiCorp's EIM Business Practice, hour-ahead base schedules consistent with PacifiCorp's VER forecast vendor's forecast available as of no more than 72 minutes prior to the operating hour (T-72) without modification or manual override of the hour-ahead forecast, fifteen-minute schedule, and five-minute schedule. In any

calendar month for up to two operating hour intervals, a VER customer may utilize and submit into BSAP by T-57, hour-ahead schedules consistent with PacifiCorp's VER forecast vendor's forecast available as of up to 90 minutes prior to the operating hour (T-90), without modification or manual override of the hour-ahead forecast, fifteen-minute schedule, and five-minute schedule, and still be eligible for this rate. Use and submission into BSAP of hour-ahead schedules older than PacifiCorp's VER forecast vendor's forecast at T-90 in any hour during a calendar month will make a VER customer ineligible for this rate in that month.

~~Non-VERs~~

- ~~1. Yearly Rate \$2.526 per kW-Year~~
- ~~2. Monthly Rate \$0.211 per kW-Month~~
- ~~3. Weekly Rate \$0.049 per kW-Week~~
- ~~4. Daily Rate, On-Peak \$0.010 per kW-Day~~
- ~~5. Daily Rate, Off-Peak \$0.007 per kW-Day~~
- ~~6. Hourly Rate, On-Peak \$0.607 per MWh~~
- ~~7. Hourly Rate, Off-Peak \$0.289 per MWh~~

	<u>Effective Rates from July 13, 2017 through December 31, 2017</u>	<u>Effective Rates beginning January 1, 2018</u>
<u>1. Yearly Rate</u>	<u>\$5.965 per kW-Year</u>	<u>\$5.631 per kW-Year</u>
<u>2. Monthly Rate</u>	<u>\$0.497 per kW-Month</u>	<u>\$0.469 per kW-Month</u>

~~**Discount for Intra-hour Scheduling by VERs:**~~

~~Non-VERs~~

~~A VERs customer that commits to submit a balanced 15-minute schedule may be eligible to receive a rate discount of up to 13.8 percent. For a resource not designated as a Network Resource, a balanced 15-minute schedule consists of transactions of either 15-minute or integrated hourly e-Tag schedules following the VERs forecast, as defined in Attachment T. The Transmission Customer may elect to receive this discount with 90 days prior notice of intent and is conditioned on the Transmission Customer's ability to submit and transact using 15-minute schedules as well as persistently following the forecast. The VERs customer will receive the discount each month where the customer has persistently followed the forecast, which is defined as a customer balancing within ten percent above or below the forecast for at least 80% of the intervals during the month.~~

	<u>Effective Rates from July 13, 2017 through</u>	<u>Effective Rates beginning January 1, 2018</u>
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	<u>December 31, 2017</u>	
1. <u>Yearly Rate</u>	<u>\$1.90 per kW-Year</u>	<u>\$1.794 per kW-Year</u>
2. <u>Monthly Rate</u>	<u>\$0.158 per kW-Month</u>	<u>\$0.150 per kW-Month</u>

**Self-Supply:**

A Network Transmission Customer may choose to self-supply its Generator Regulation and Frequency Response Service obligation consistent with the requirements herein and PacifiCorp's business practices ~~and consistent with the settlement in Docket Nos. ER17-219 and EL17-27.~~

The total charge for failure to self-supply shall not exceed the Monthly Rate pursuant to this Schedule 3A times the highest amount in megawatts not covered under self-supply.

## SCHEDULE 5

### Operating Reserve - Spinning Reserve Service

Spinning Reserve Service is needed to serve load in the BAA and to support other transmission usage sourced from generation in the BAA including exports and sales. Spinning Reserve Service may be provided by generating units that are on-line and loaded at less than maximum output and by non-generation resources capable of providing this service. The Transmission Provider must offer this service when the transmission service is used to serve load within its BAA and to support other transmission usage sourced from generation in the BAA including exports and sales. The Transmission Customer must purchase this service from the Transmission Provider, self-supply the service, or make alternative comparable arrangements to satisfy its Spinning Reserve Service obligation. The amount of and charges for Spinning Reserve Service are set forth below. To the extent the BA performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that BA.

#### **Charges for Spinning Reserve Service:**

Under the current NERC Regional Reliability Standard BAL-002-WECC, the Transmission Provider is required to maintain a minimum amount of contingency reserve equal to the sum of three percent of hourly integrated load plus three percent of hourly integrated generation with at least half as spinning. Consistent with the Transmission Provider operating in accordance with this reliability standard, the charges for Schedule 5 below apply one and one-half percent to load and one and one-half percent to generation.

For load, the rates below are charged to a Network Customer's hourly integrated load (including losses).

For generation, the rates below are applied to customers by charging actual hourly generation delivered to the Transmission Provider at the Point of Receipt.

The rate shall be an Hourly Rate of:

	Effective Rates from February 13, 2017 through December 31, 2017	Effective Rates beginning January 1, 2018
Schedule 5 (Spinning Reserves)	\$0.16 per MWh	\$0.151 per MWh

**Self-Supply:**

A Transmission Customer may choose to self-supply all or a portion of its reserve obligation. For a Transmission Customer choosing to self-supply a portion of its reserve obligation, detailed hourly calculation procedures are set forth in Attachment V to the Tariff.

The Transmission Customer shall schedule that portion which it will self-supply and/or supply from third parties pursuant to procedures set forth in Attachment U to the Tariff.

**Spinning Reserve Service to be Provided:**

The Transmission Provider, using its generators controlled by automatic generation control, will provide the capacity required to provide Spinning Reserve Service for a Transmission Customer. Upon an outage of a generation resource for which Spinning Reserve Service has been purchased from the Transmission Provider, the Transmission Provider will provide replacement capacity commencing immediately upon such outage until the earlier of (1) the restoration of such resource to service by the Transmission Customer or (2) the end of ten (10) full minutes after the occurrence of such outage.

To the extent that the Transmission Provider determines that a Transmission Customer's specific Spinning Reserve Requirements are not being fully met through the purchase of Spinning Reserve Service as provided above, the Transmission Provider reserves the right (upon filing with the Commission) to require such Transmission Customer to purchase a greater amount of Spinning Reserve Service.



## SCHEDULE 5

### Operating Reserve - Spinning Reserve Service

Spinning Reserve Service is needed to serve load in the BAA and to support other transmission usage sourced from generation in the BAA including exports and sales. Spinning Reserve Service may be provided by generating units that are on-line and loaded at less than maximum output and by non-generation resources capable of providing this service. The Transmission Provider must offer this service when the transmission service is used to serve load within its BAA and to support other transmission usage sourced from generation in the BAA including exports and sales. The Transmission Customer must purchase this service from the Transmission Provider, self-supply the service, or make alternative comparable arrangements to satisfy its Spinning Reserve Service obligation. The amount of and charges for Spinning Reserve Service are set forth below. To the extent the BA performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that BA.

#### Charges for Spinning Reserve Service:

Under the current NERC Regional Reliability Standard BAL-002-WECC, the Transmission Provider is required to maintain a minimum amount of contingency reserve equal to the sum of three percent of hourly integrated load plus three percent of hourly integrated generation with at least half as spinning. Consistent with the Transmission Provider operating in accordance with this reliability standard, the charges for Schedule 5 below apply one and one-half percent to load and one and one-half percent to generation.

For load, the rates below are charged to a Network Customer's hourly integrated load (including losses).

For generation, the rates below are applied to customers by charging actual hourly generation delivered to the Transmission Provider at the Point of Receipt.

The rate shall be an Hourly Rate of:

~~\$0.19 per MWh~~

	<u>Effective Rates from February 13, 2017 through December 31, 2017</u>	<u>Effective Rates beginning January 1, 2018</u>
<u>Schedule 5 (Spinning Reserves)</u>	<u>\$0.16 per MWh</u>	<u>\$0.151 per MWh</u>

**Self-Supply:**

A Transmission Customer may choose to self-supply all or a portion of its reserve obligation. ~~The total reserve obligation for a Transmission Customer who self-supplies is determined by the currently effective version of the NERC Regional Reliability Standard BAL-002-WECC. The requirement is currently equal to the sum of one and one-half percent of hourly integrated load plus one and one-half percent of hourly integrated generation.~~ For a Transmission Customer choosing to self-supply a portion of its reserve obligation, ~~the billing determinants for supplemental purchases of Schedule 5 reserve service shall be determined by:~~ (1) ~~identifying the difference between the amount self-supplied during each hour each month and the Transmission Customer's full requirement, as determined by NERC Regional Reliability Standard BAL-002-WECC;~~ (2) ~~charging the Transmission Customer the Hourly Rate multiplied by the amount of megawatts identified in (1) where the Transmission Customer failed to supply its full requirement for each hour, if any failure occurred.~~ detailed hourly calculation procedures are set forth in Attachment V to the Tariff.

The Transmission Customer shall schedule that portion which it will self-supply and/or supply from third parties pursuant to procedures set forth in ~~the business practices of the Transmission Provider. During any period that a Transmission Customer has scheduled self-supply and/or supply from third parties but fails to provide the full amount scheduled due to partial or full forced outage of the generation source or a transmission curtailment or interruption, the Transmission Customer shall purchase the shortfall at the Hourly Rate, as described in the proceeding section~~ Attachment U to the Tariff.

**Spinning Reserve Service to be Provided:**

The Transmission Provider, using its generators controlled by automatic generation control, will provide the capacity required to provide Spinning Reserve Service for a Transmission Customer. Upon an outage of a generation resource for which Spinning

Reserve Service has been purchased from the Transmission Provider, the Transmission Provider will provide replacement capacity commencing immediately upon such outage until the earlier of (1) the restoration of such resource to service by the Transmission Customer or (2) the end of ten (10) full minutes after the occurrence of such outage.

To the extent that the Transmission Provider determines that a Transmission Customer's specific Spinning Reserve Requirements are not being fully met through the purchase of Spinning Reserve Service as provided above, the Transmission Provider reserves the right (upon filing with the Commission) to require such Transmission Customer to purchase a greater amount of Spinning Reserve Service.

## **SCHEDULE 6**

### **Operating Reserve - Supplemental Reserve Service**

Supplemental Reserve Service is needed to serve load in the BAA and to support other transmission usage sourced from generation in the BAA including exports and sales; however, it is not available immediately to serve load but rather within a short period of time. Supplemental Reserve Service may be provided by generating units that are on-line but unloaded, by quick-start generation or by interruptible load or other non-generation resources capable of providing this service. The Transmission Provider must offer this service when the transmission service is used to serve load within its BAA and to support other transmission usage sourced from generation in the BAA including exports and sales. The Transmission Customer must purchase this service from the Transmission Provider, self-supply the service, or make alternative comparable arrangements to satisfy its Supplemental Reserve Service obligation. The amount of and charges for Supplemental Reserve Service are set forth below. To the extent the BA performs this service for the Transmission Provider; charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that BA.

#### **Charges for Supplemental Reserve Service:**

Under the current NERC Regional Reliability Standard BAL-002-WECC, the Transmission Provider is required to maintain a minimum amount of contingency reserve equal to the sum of three percent of hourly integrated load plus three percent of hourly integrated generation with at least half as spinning. Consistent with the Transmission Provider operating in accordance with this reliability standard, the charges for Schedule 6 below apply one and one-half percent to load and one and one-half percent to generation.

For load, the rates below are charged to a Network Customer's hourly integrated load (including losses).

For generation, the rates below are applied to customers by charging actual hourly generation delivered to the Transmission Provider at the Point of Receipt.

The rate shall be an Hourly Rate of:

	Effective Rates from February 13, 2017 through December 31, 2017	Effective Rates beginning January 1, 2018
Schedule 6 (Supplemental	\$0.16 per MWh	\$0.151 per MWh

**Self-Supply:**

A Transmission Customer may choose to self-supply all or a portion of its reserve obligation.

For a Transmission Customer choosing to self-supply a portion of its reserve obligation, detailed hourly calculation procedures are set forth in Attachment V to the Tariff.

The Transmission Customer shall schedule that portion which it will self-supply and/or supply from third parties pursuant to procedures set forth in Attachment U of the Tariff.

**Supplemental Reserve Service to be Provided:**

The Transmission Provider, using its generators controlled by automatic generation control, will provide the capacity required to provide Supplemental Reserve Service for a Transmission Customer. Upon an outage of a generation resource for which Supplemental Reserve Service has been purchased from the Transmission Provider, the Transmission Provider will provide replacement capacity commencing at the end of ten (10) full minutes after such outage until the earlier of (1) the restoration of such resource to service by the Transmission Customer or (2) the end of the first full hour immediately following such outage.

To the extent that the Transmission Provider determines that a Transmission Customer's specific Supplemental Reserve Requirements are not being fully met through the purchase of Supplemental Reserve Service as provided above, the Transmission Provider reserves the right (upon filing with the Commission) to require such Transmission Customer to purchase a greater amount of Supplemental Reserve Service.

## SCHEDULE 6

### Operating Reserve - Supplemental Reserve Service

Supplemental Reserve Service is needed to serve load in the BAA and to support other transmission usage sourced from generation in the BAA including exports and sales; however, it is not available immediately to serve load but rather within a short period of time. Supplemental Reserve Service may be provided by generating units that are on-line but unloaded, by quick-start generation or by interruptible load or other non-generation resources capable of providing this service. The Transmission Provider must offer this service when the transmission service is used to serve load within its BAA and to support other transmission usage sourced from generation in the BAA including exports and sales. The Transmission Customer must purchase this service from the Transmission Provider, self-supply the service, or make alternative comparable arrangements to satisfy its Supplemental Reserve Service obligation. The amount of and charges for Supplemental Reserve Service are set forth below. To the extent the BA performs this service for the Transmission Provider; charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that BA.

#### Charges for Supplemental Reserve Service:

Under the current NERC Regional Reliability Standard BAL-002-WECC, the Transmission Provider is required to maintain a minimum amount of contingency reserve equal to the sum of three percent of hourly integrated load plus three percent of hourly integrated generation with at least half as spinning. Consistent with the Transmission Provider operating in accordance with this reliability standard, the charges for Schedule 6 below apply one and one-half percent to load and one and one-half percent to generation.

For load, the rates below are charged to a Network Customer's hourly integrated load (including losses).

For generation, the rates below are applied to customers by charging actual hourly generation delivered to the Transmission Provider at the Point of Receipt.

The rate shall be an Hourly Rate of:

~~\$0.23 per MWh~~

	<u>Effective Rates from February 13, 2017 through December 31, 2017</u>	<u>Effective Rates beginning January 1, 2018</u>
<u>Schedule 6 (Supplemental</u>	<u>\$0.16 per MWh</u>	<u>\$0.151 per MWh</u>

**Self-Supply:**

A Transmission Customer may choose to self-supply all or a portion of its reserve obligation.

~~The total reserve obligation for a Transmission Customer who self-supplies is determined by the currently effective version of the NERC Regional Reliability Standard BAL-002-WECC. The requirement is currently equal to the sum of one and one-half percent of hourly integrated load plus one and one-half percent of hourly integrated generation. For a Transmission Customer choosing to self-supply a portion of its reserve obligation, the billing determinants for supplemental purchases of Schedule 6 reserve service shall be determined by: (1) identifying the difference between the amount self-supplied during each hour of each month and the Transmission Customer's full requirement, as determined by NERC Regional Reliability Standard BAL-002-WECC; (2) charging the Transmission Customer the Hourly Rate multiplied by the amount of megawatts identified in (1) where the Transmission Customer failed to supply its full requirement for each hour, if any failure occurred.~~ For a Transmission Customer choosing to self-supply a portion of its reserve obligation, detailed hourly calculation procedures are set forth in Attachment V to the Tariff.

The Transmission Customer shall schedule that portion which it will self-supply and/or supply from third parties pursuant to procedures set forth in ~~the Business Practices~~ Attachment U of the Transmission Provider. ~~During any period that a Transmission Customer has scheduled self-supply and/or supply from third parties but fails to provide the full amount scheduled due to partial or full forced outage of the generation source or a transmission curtailment or interruption, the Transmission Customer shall purchase the shortfall at the hourly rate.~~ Tariff.

**Supplemental Reserve Service to be Provided:**

The Transmission Provider, using its generators controlled by automatic generation control, will provide the capacity required to provide Supplemental Reserve Service for a Transmission Customer. Upon an outage of a generation resource for which Supplemental Reserve Service has been purchased from the Transmission Provider, the Transmission Provider will provide replacement capacity commencing at the end of ten (10) full minutes after such outage until the earlier of (1) the restoration of such resource to service by the Transmission Customer or (2) the end of the first full hour immediately following such outage.

To the extent that the Transmission Provider determines that a Transmission Customer's specific Supplemental Reserve Requirements are not being fully met through the purchase of Supplemental Reserve Service as provided above, the Transmission Provider reserves the right (upon filing with the Commission) to require such Transmission Customer to purchase a greater amount of Supplemental Reserve Service.



## ATTACHMENT U

### Requirements for Self-Supply of Schedules 5 and 6

#### Definitions

No definitions other than the following, those provided hereinafter, and those currently contained in PacifiCorp's Open Access Transmission Tariff ("OATT") or North American Electric Reliability Corporation ("NERC") reliability standards are required for this Attachment U.

**Customer**- Reference for the purpose of this Attachment U, refers to a customer that has successfully met qualifications to self-supply Ancillary Services.

**Internal Resource** - A resource in a PacifiCorp Balancing Authority Area ("BAA") including one that is dynamically scheduled or pseudo-tied into a PacifiCorp BAA. These resources are classified as either Participating or Non-Participating Resources.

**External Resource** - A resource that does not meet the definition of an Internal Resource but provides self-supply (or third-party supply) service via a capacity tag.

#### Purpose

The purpose of this Attachment U is to clarify the practices outlined in the OATT pertaining to self-supply or third-party supply of ancillary services-certification process and requirements.

#### Practice

The following are the requirements of PacifiCorp, the Balancing Authority and Transmission Operator, for Customers who wish to self-supply or to arrange for third-party purchase of specific Ancillary Services. PacifiCorp requires that these Ancillary Services satisfy the requirements for Schedules 5 and 6 under the currently effective PacifiCorp OATT and satisfy the relevant reliability standards of NERC or any successor organization. In addition to these requirements and the requirements listed below, the party requesting to self-supply or to arrange for third-party purchase shall also execute an Umbrella Service Agreement or a revision to an existing transmission agreement, as applicable, with PacifiCorp specifying the detailed arrangements made to supply the services including, but not limited to, specification of the

amount of service required to meet the party's obligation, identification of the generation resource(s) or system supplying the service and its Balancing Authority Area, specification of metering and communications equipment, and procedures for data exchange. In addition, PacifiCorp reserves the right to require pre-acceptance testing of the units identified and periodic testing, at such times determined by PacifiCorp, thereafter to ensure that the service can be provided in accordance with reliability standards and the contractual agreement.

### **Telemetry (metering) requirements for reserves**

For an Internal Resource to qualify for self-supply of Operating Reserve-Spinning Reserve Service (Schedule 5) or Operating Reserve - Supplemental Reserve Service (Schedule 6) the following four-second, industry-standard data must be supplied by the designated self-supply resource. Real time data must be supplied through telemetry acceptable to PacifiCorp. In general, an example of an acceptable telemetry method is a Remote Terminal Unit ("RTU") or Inter-Control Center Communication Protocol ("ICCP"). The latter is subject to WECC Operations Network ("WON") guidelines. To the extent any data items are not applicable to a particular resource, they are not required. To the extent applicable data items are already provided through an effective interconnection agreement, they are not separately required.

- Net Generation MW
- Net Generator MVAR
- Real power flow through each of the low side feeder breakers
- Reactive power flow through each of the low side feeder breakers
- Reactive power flow from each of the shunt capacitor banks
- A phase high side transmission voltage
- B phase high side transmission voltage
- C phase high side transmission voltage
- Accumulator pulses for generator output metering kWh
- Status of all low and high side breakers
- 10-minute ramp rate, limited by capacity
- PMax

## **Testing and Disqualification for Self-Supply of Reserves in the PacifiCorp Balancing Authority Areas**

Resources designated for self-supply of reserves, spinning or supplemental, may be tested by PacifiCorp at any time throughout the year. The test will be performed upon the physical response of resources designated for self-supply via e-Tag.

Resources called upon to supply reserves and responding to meet Western Electricity Coordinating Council ("WECC") and PacifiCorp requirements for time, output, and power quality, during the calendar year shall be deemed as passing the test. PacifiCorp will monitor resources designated and accepted for self-supply and log the date of successful operation. Failure to respond when called upon to supply reserves may disqualify the resource from self-supplying reserves as described here:

- PacifiCorp will count as a single failure event (each a "Failure Event"), any hour or group of hours that a resource does not successfully respond when called by PacifiCorp to provide reserves and that occurs before PacifiCorp provides written notice of the Failure Event to the resource owner and all Customers relying on the resource for reserves. Upon and with such written notice, a Failure Event may be assessed a "strike," the assessment of which shall be included in the written notice of the underlying Failure Event. "Written notice" for purposes of this Attachment 1 includes notice given electronically.
- Upon each written notice of a Failure Event as provided above, and before another strike may be assessed to the same resource, PacifiCorp will allow the affected Customer(s) up to three business days in which to provide written notice to PacifiCorp of the specific remedy to the resource failure that has been implemented, of alternative self-supply arrangements that have been made, or of the intent to take the applicable reserve service(s) from PacifiCorp. Absent any such written notice to PacifiCorp, the affected Customer(s) shall be subject to the applicable reserve service(s) as defined in Schedule 5 and/or Schedule 6 of PacifiCorp's OATT.
- A resource that accumulates three strikes within a rolling 12-month period will be disqualified for the balance of the month in which the third Failure Event occurs and the

entirety of the following month. PacifiCorp will give affected Customer(s) written notice of the third strike and resource disqualification and will allow Customer(s) up to three business days in which to formally notify PacifiCorp of alternative self-supply arrangements or be subject to the applicable reserve service(s) as defined in Schedule 5 and/or Schedule 6 of PacifiCorp's OATT. No Customer may designate or utilize a disqualified resource to provide self-supply service. Following the disqualification period, strikes for the resource shall be reset to zero and the resource will be again eligible to provide self-supply service subject to the provisions herein.

PacifiCorp will only test resources that are carrying operating reserves at the time the test is commenced. A resource that is experiencing a unit trip shall not be subject to the test for the operating hour during which the trip occurs. This will be accomplished with PacifiCorp calling on reserves, monitoring results and logging the test. PacifiCorp will provide written reports of all test results to the resource owner and the Customer(s) using the resource for self-supply, if different.

**Operating Reserve - Spinning Reserve Service (Schedule 5):**

This service may be self-supplied or purchased from any unit or system that has uncommitted available capacity which is on-line and loaded at less than maximum owned or contracted output and which may be used to satisfy the Transmission Customer's reserve obligation. The specific resources from which the service is being provided must be identified and have observable telemetry. The party requesting to self-supply or arranging for third-party purchase shall, at its own expense, install the necessary equipment (including but not limited to metering and telecommunications equipment) for providing the service. The party requesting to self-supply or arranging for third-party purchase shall also reimburse PacifiCorp or its affiliates for any expenses incurred to accommodate the request for self-supply or third-party supply.

**A. Use of an External Resource:**

For generation external to PacifiCorp's BAAs to qualify for self-supply or third-party supply service, a dynamic transfer coming into PacifiCorp's energy management system ("EMS") as a dynamic schedule into the balancing authority area where the obligation originates, represented on a dynamic e-Tag, is sufficient for communication with

PacifiCorp's EMS. The author of the e-Tag is responsible for adjusting the energy profile to match the resource output for self-supply until such time as an automated process can be developed and implemented to relieve the author of this responsibility.

B. The following information will be required to demonstrate the self-supply or third-party purchase of spinning reserve service for Internal Resources:

- The generation resources providing the service must be located in the same PacifiCorp Balancing Authority Area as the Network Load or contractual point of receipt and must have observable telemetry.
- Requirements for self-supply or third-party purchase of spinning reserve service shall apply at the unit level if PacifiCorp's network model includes the resource by unit, or at the plant level if PacifiCorp's network model includes the resource at the plant level.
- Documentation that the generation resources are deliverable Network Resources as defined by a current Network Integration Transmission Service Agreement, a legacy load service agreement on file at FERC, or other firm PTP agreement, which may be reported on PacifiCorp's Electric Quarterly Report ("EQR").
- For self-supply arrangements through a power purchase agreement, a copy of the capacity agreement(s) or contract(s) that can be used to verify that the capacity used for this service is dedicated to serve the designated metered Network Load, and is not being used to satisfy any other capacity obligations.
- Access to logs, dispatch records and test data that can be used to verify that spinning reserves are actually spinning and not fully loaded and are capable of being applied as reported. Resource capability for self-supply of reserves shall mean the operational capability of the unit to actually deliver the reserve energy in the event of a deployment based on the operational capability characteristics of the self-supply resource (i.e., ramp rates, PMax).

- Self-suppliers must provide a monthly reserve supply forecast no less than thirty (30) calendar days before the beginning of the month with amounts (MWs) in all hours for that month based on the forecasted percentage of reserve obligation. This 30-day forecast requirement does not replace or satisfy separate seven-day forecast requirements established by Peak Reliability and the California Independent System Operator ("CAISO").
- Self-suppliers must provide day-ahead information via e-Tag. In the day-ahead, the reserve supply forecast must be updated for the next operating day with the amount (MWs) of reserve obligation the self-supplier expects to actually be providing in all hours.
- A point of contact is always available, all hours, every day to be used to deploy the reserves.

C. For self-supply and third-party purchases of this service, reserves must be scheduled using a capacity e-Tag consistent with PacifiCorp Business Practice #39, E-tagging Reserves. Also, consistent with Business Practice #39, when the service is needed, the reserves must be deployed by the Customer through a mid-hour tag adjustment to the energy profile. PacifiCorp will confirm customer reserves are being held via e-Tag.

Once confirmation is validated, PacifiCorp will place a phone call or adjust a capacity tag through an automated process to communicate a loss of generation in the appropriate Balancing Authority and request deployment of reserves for the appropriate length of time. PacifiCorp will provide an annual report to Customers demonstrating non-discriminatory deployment of reserves.

D. In the event that any of the above requirements fail to be met, then PacifiCorp reserves the right to bill the responsible party for this service as supplied by PacifiCorp for the duration of the failure, including reimbursement for any compliance-related penalties, charges, or other consequences, to which PacifiCorp is subject related to the failure. If the Customer fails to self-supply its spinning reserves as defined in this section and fails to notify PacifiCorp to make arrangements for service, the Customer will be subject to

spinning reserve service as defined in Schedule 5 of PacifiCorp's OATT.

E. The service hereunder must be available to be called on by PacifiCorp to comply with NERC Standard BAL-002-WECC-2 (or any successor Reliability Standard thereto), and any such other related criteria or standards which may be imposed by a national or regional reliability council or governing regulatory body. The service will also be used by PacifiCorp to comply with its obligations under the Northwest Power Pool Reserve Sharing Group Contract and any future Reserve Sharing Group of which PacifiCorp is a member. The supplying party must, at its own expense, make the necessary arrangements, in coordination with PacifiCorp, to be able to respond to a reserve sharing event. The supplying party is not required to have a separate relationship or agreement with the Northwest Power Pool Reserve Sharing Group.

F. PacifiCorp reserves the right to request more information from the party requesting self-supply or third-party supply and/or its supplier of spinning reserve service, in addition to the above-listed information, to ensure that this service is supplied in a reliable manner, PacifiCorp shall make best efforts to request further information no later than thirty (30) calendar days from the customer's request to self-supply or third-party supply.

Further, PacifiCorp reserves the right to reject the request to self-supply such service, or purchase it from another source, in the event that PacifiCorp, in its reasonable judgement, concludes that such self-supply or third-party purchase would impair reliability in the relevant PacifiCorp BAA or the interconnected system. PacifiCorp also reserves the right to terminate the self-supply or third-party purchase if, in its reasonable judgement, PacifiCorp concludes that such self-supply or third-party purchase is impairing reliability in the relevant PacifiCorp BAA or the interconnected system.

In the event that PacifiCorp rejects the request to self-supply or third-party purchase, or concludes that an existing self-supply or third-party purchase is

impairing reliability, PacifiCorp will provide in writing detailed explanations for such determination and proposed remedy not less than thirty (30) calendar days from the customer's request to self-supply or third-party supply. Notice of rejection to self-supply or third-party purchase does not preclude a customer from reapplication.

- G. If the metered Network Load requiring the spinning reserve service has been moved electronically into another BAA, certified by NERC or its successor organization, by means of a pseudo-tie, this Section G shall apply. The pseudo-tie requires identification and observable telemetry of the specific Network Loads for which the service is to be provided. PacifiCorp requires a letter in advance from the BAA that is supplying the spinning reserve ("Supplying Balancing Authority") which certifies that this service is supplied in accordance with all current policies and guidelines of the NERC Operating Manual and/or the North American Energy Standards Board ("NAESB") standards, or any successor manual or standards, that apply to supplying Ancillary Services to loads that are located physically in another Balancing Authority Area.
1. PacifiCorp will accept, in lieu of the showing required in Section A.1 above, a letter in advance from the Supplying Balancing Authority which certifies that this service is supplied in accordance with all current policies and guides of the NERC Operating Manual and/or NAESB standards, or any successor manual or standards, that apply to supplying Ancillary Services to loads that are physically located in another Balancing Authority Area.
  2. Whenever the pseudo-tie equipment providing the Network Load's data to PacifiCorp and/or the Supplying Balancing Authority is not used and/or not useable, the dispatcher for the entity that is not receiving the load signal shall immediately contact the dispatcher for the other entity to inform it of the loss of the signal. Thereafter, until both entities are again receiving the load signal through the pseudo-tie equipment, PacifiCorp may call upon the Supplying Balancing Authority to provide (or, if it is not the supplier of the Network Load's spinning



reserves, call upon the supplier of such spinning reserves to provide) spinning reserves when and to the extent requested.

3. If the Supplying Balancing Authority or the supplier of spinning reserves fails to meet the requirements set forth in Section G.2 (i.e., fails to notify PacifiCorp of the Supplying Balancing Authority's loss of its ability to receive the Network Load's signal and/or fails to supply spinning reserves when called upon by PacifiCorp), PacifiCorp reserves the right to bill the responsible party for this service for the duration of the failure, including reimbursement for any penalties, charges, or other consequences to which PacifiCorp is subject related to the failure.
4. PacifiCorp reserves the right to request more information from the Supplying Balancing Authority and/or the Network Load's supplier of spinning reserve service, in addition to the above referenced letter, to ensure that this service is supplied in a reliable manner. PacifiCorp shall make best efforts to request further information no later than thirty (30) calendar days from the customer's request.

Further, PacifiCorp reserves the right to reject the request to self-supply such service, or purchase it from another source, in the event that PacifiCorp, in its reasonable judgement, concludes that such self-supply or third-party purchase would impair reliability in the relevant PacifiCorp Balancing Authority Area or the interconnected system.

PacifiCorp also reserves the right to terminate the self-supply or third-party purchase if, in its reasonable judgement, PacifiCorp concludes that such self-supply or third-party purchase is impairing reliability in the relevant PacifiCorp Balancing Authority Area or the interconnected system.

In the event that PacifiCorp rejects the request to self-supply or third-party purchase, or concludes that an existing self-supply or third-party purchase is impairing reliability, PacifiCorp will provide in writing detailed explanations for such determination,

proposed remedy not less than thirty (30) calendar days from the customer's request to self-supply or third-party supply. Notice of rejection to self-supply or third-party purchase does not preclude customer from reapplication.

- H. During periods when reserve deployment is required, PacifiCorp will notify the Customer either through electronic means or by phone call that reserves are required, the amount of reserves to deploy and the appropriate length of time of deployment. Specific notice arrangements will be agreed to between the Customer and PacifiCorp during the certification process.

Energy supplied by a Customer during periods of reserve deployment will be settled financially for the amount of energy deployed as represented on the Customer adjusted energy profile of the capacity tag(s) for External Resources and for Internal Resources not represented in the network model. Resources supplying reserves that are represented in the network model will not receive separate energy settlement. These resources will receive settlements per Schedule 9 of PacifiCorp's OATT for Non-Participating Resources or directly from CAISO for Participating Resources.

Financial settlement for Internal Resources not in the network model and External Resources will be settled based on the integrated tag value multiplied by the hourly settled PACE or PACW ELAP price, adjusted for losses consistent with PacifiCorp's OATT.

**Operating Reserve - Supplemental Reserve Service (Schedule 6):**

This service may be self-supplied or purchased from any qualifying unit, system, or qualifying interruptible load to meet the Network Load Transmission Customer's reserve obligation. The unit or system must consist of one or more quick-start units that are off-line but capable of serving demand in 10 minutes, or uncommitted available capacity that is on-line and loaded at less than maximum owned or contracted output which can be fully applied in 10 minutes. The interruptible load must be located within PacifiCorp Balancing Authority Area and must be capable of being interrupted within 10 minutes in the reasonable judgement of PacifiCorp. The specific resources for which the service is being provided must be identified and have observable telemetry. The party requesting to self-supply or arranging for third-party purchase shall, at its own expense, install the necessary equipment (including but not limited to metering and telecommunications equipment) for providing the service. The party requesting to self-supply or arranging for third-party purchase shall also reimburse PacifiCorp or its affiliates for any expenses incurred to accommodate the request for self-supply or third-party supply.

A. Use of an External Resource:

For generation external to PacifiCorp's BAAs to qualify for self-supply or third-party supply service, a dynamic transfer coming into PacifiCorp's EMS as a dynamic schedule into the balancing authority area where the obligation originates, represented on a dynamic e-Tag is sufficient for communication with PacifiCorp's EMS. The author of the e-Tag is responsible for adjusting the energy profile to match the resource output for self-supply until such time as an automated process can be developed and implemented to relieve the author of this responsibility.

B. The following information will be required to demonstrate the self-supply or third-party purchase of supplemental reserve service for Internal Resources:

- The generation resources providing the service must be located in the same PacifiCorp Balancing Authority Area as the Network Load or contractual point of receipt and must have observable telemetry.

- Requirements for self-supply or third-party purchase of supplemental reserve service shall apply at the unit level if PacifiCorp's network model includes the resource by unit or at the plant level if PacifiCorp's network model includes the resource at the plant level.
- Documentation that the generation resources are deliverable Network Resources as defined by a current Network Integration Transmission Service Agreement, a legacy load service agreement on file at FERC, or other firm PTP agreement, which may be reported on PacifiCorp's Electric Quarterly Report ("EQR").
- For self-supply arrangements through a power purchase agreement, a copy of the capacity agreement(s) or contract(s) that can be used to verify that the capacity used for this service is dedicated to serve the designated metered Network Load, and is not being used to satisfy any other capacity obligations.
- If interruptible load is used, explicit description of the load, curtailment method, process utilized to trigger the curtailment and interruptible contract.
- Deployment capability must be proven by the self-supply Customer in a fashion acceptable to PacifiCorp. Requirements will depend on the type resource claimed as supplemental reserves and may include load trip testing or requesting an unplanned start on a reserve generator. Procedures must be validated prior to certification and also may require at least bi-annual validation.
- Access to logs, dispatch records and test data that can be used to verify that supplemental reserves are available and not fully loaded, and are capable of being applied as reported. Resource capability for self-supply of reserves shall mean the operational capability of the unit to actually deliver the reserve energy in the event of a deployment based on the operational capability characteristics of the self-supply resource (i.e., ramp rates, PMax).

- Self-suppliers must provide a monthly reserve supply forecast no less than thirty (30) calendar days before the beginning of the month with amounts (MWs) in all hours for that month based on the forecasted percentage of reserve obligation. This 30-day forecast requirement does not replace or satisfy separate seven-day forecast requirements established by Peak Reliability and the California Independent System Operator ("CAISO").
- Self-suppliers must provide day-ahead information via e-Tag. In the day-ahead, the reserve supply forecast must be updated for the next operating day with the amount (MWs) of reserve obligation the self-supplier expects to actually be providing in all hours.
- A point of contact is always available, all hours, every day to be used to call on the reserves.

C. For self-supply and third-party purchases of this service, reserves must be scheduled using a capacity e-Tag consistent with PacifiCorp Business Practice #39, E-Tagging of Reserves. Also, consistent with Business Practice #39, when the service is needed, the reserves must be deployed by the Customer through a mid-hour tag adjustment to the energy profile. PacifiCorp will confirm customer reserves are being held via e-Tag.

Once confirmation is validated, PacifiCorp will place a phone call or adjust a capacity tag through an automated process to communicate a loss of generation in the appropriate Balancing Authority and request deployment of reserves for the appropriate length of time. PacifiCorp will provide an annual report to Customers demonstrating non-discriminatory deployment of reserves.

D. In the event that any of the above requirements fail to be met, then PacifiCorp reserves the right to bill the responsible party for this service as supplied by PacifiCorp for the duration of the failure, including reimbursement for any compliance-related penalties, charges or other consequences which PacifiCorp is subject to related to the failure. If the Customer fails to self-supply its supplemental reserves as defined in this section and fails to notify PacifiCorp to make arrangements for service, the Customer will be subject to

supplemental reserve service as defined in Schedule 6 of PacifiCorp's OATT.

- E. The service hereunder must be available to be called on by PacifiCorp to comply with the NERC Disturbance Control Standard (NERC BAL-002-2 or any successor Reliability Standard thereto), and any such other related criteria or standards which may be imposed by a national or regional reliability council or governing regulatory body. The service will also be used by PacifiCorp to comply with its obligations under the Northwest Reserve Sharing Group Contract and any future Reserve Sharing Group of which PacifiCorp or its affiliates are a member. The supplying party must, at its own expense, make the necessary arrangements, in coordination with PacifiCorp, to be able to respond to a Reserve Sharing event. The supplying party is not required to have a separate relationship or agreement with the Northwest Power Pool Reserve Sharing Group.
- F. PacifiCorp reserves the right to request more information from the party requesting self-supply or third-party supply and/or its supplier of supplemental reserve service, in addition to the above-listed information, to ensure that this service is supplied in a reliable manner. PacifiCorp shall make best efforts to request further information no later than thirty (30) calendar days from the customer's request to self-supply or third-party supply.

Further, PacifiCorp reserves the right to reject the request to self-supply such service, or purchase it from another source, in the event that PacifiCorp, in its reasonable judgement, concludes that such self-supply or third-party purchase would impair reliability in the relevant PacifiCorp BAA or the interconnected system. PacifiCorp also reserves the right to terminate the self-supply or third-party purchase if, in its reasonable judgement, PacifiCorp concludes that such self-supply or third-party purchase is impairing reliability in the relevant PacifiCorp BAA or the interconnected system.

In the event that PacifiCorp rejects the request to self-supply or third-party purchase, or concludes that an existing self-supply or third-party purchase is impairing reliability, PacifiCorp will provide in writing detailed explanations for such determination, proposed remedy not less than thirty (30) calendar days from the customer's

request to self-supply or third-party supply. Notice of rejection to self-supply or third-party purchase does not preclude customer from reapplication.

- G. If the metered Network Load requiring the reserves has been moved electronically into another BAA, certified by NERC or its successor, by means of a pseudo-tie, this Section G shall apply. The pseudo-tie requires identification and observable telemetry of the specific Network Loads for which the service is to be provided.
1. PacifiCorp will accept, in lieu of the showing required in Section A above, a letter in advance from the BAA that is supplying the supplemental reserve ("Supplying Balancing Authority"), which certifies that this service is supplied in accordance with all current policies of the NERC Operating Manual and/or NAESB standards, or any successor manual or standards, that apply to supplying Ancillary Services to loads that are located physically in another Balancing Authority Area.
  2. Whenever the pseudo-tie equipment providing the Network Load's data to PacifiCorp and/or the Supplying Balancing Authority is not used and/or not useable, the dispatcher for the entity that is not receiving the load signal shall immediately contact the dispatcher for the other entity to inform it of the loss of the signal. Thereafter, until both entities are again receiving load signal through the pseudo-tie equipment, PacifiCorp may call upon the Supplying Balancing Authority to provide supplemental reserves when and to the extent requested.
  3. If the Supplying Balancing Authority or the supplier of spinning reserves fails to meet the requirements set forth in Section G.2 (i.e., fails to notify PacifiCorp of the Supplying Balancing Authority's loss of its ability to receive the load signal and/or fails to supply supplemental reserves when called upon by PacifiCorp), PacifiCorp reserves the right to bill the responsible party for this service for the duration of the failure, including reimbursement for any penalties, charges, or other consequences which PacifiCorp is subject to related to the failure.
  4. PacifiCorp reserves the right to request more information from the Supplying Balancing Authority

and/or the Network Load's supplier of the supplemental reserves, in addition to the above referenced letter, to ensure that this service is supplied in a reliable manner. PacifiCorp shall make best efforts to request further information no later than thirty (30) calendar days from the customer's request.

Further, PacifiCorp reserves the right to reject the request to self-supply such service, or purchase it from another source, in the event that PacifiCorp, in its reasonable judgement, concludes that such self-supply or third-party purchase would impair reliability in PacifiCorp's Balancing Authority Area or the interconnected system. PacifiCorp also reserves the right to terminate the self-supply or third-party purchase if, in its reasonable judgement, PacifiCorp concludes that such self-supply or third-party purchase is impairing reliability in the relevant PacifiCorp Balancing Authority Area or the interconnected system. In the event that PacifiCorp rejects the request to self-supply or third-party purchase, or concludes that an existing self-supply or third-party purchase is impairing reliability, PacifiCorp will provide in writing detailed explanations for such determination, proposed remedy not less than thirty (30) calendar days from the customer's request to self-supply or third-party supply. Notice of rejection to self-supply or third-party purchase does not preclude customer from reapplication.

H. During periods when reserve deployment is required, PacifiCorp will notify the Customer either through electronic means or by phone call that reserves are required, the amount of reserves to deploy and the appropriate length of time of deployment. Specific notice arrangements will be agreed to between the Customer and PacifiCorp during the certification process.

Energy supplied by a Customer during periods of reserve deployment will be settled financially for the amount of energy deployed as represented on the Customer adjusted energy profile of the capacity tag(s) for External Resources and for Internal Resources not represented in the network model. Resources supplying reserves that are represented in the network model will not receive separate energy settlement. These resources will receive settlements as uninstructed imbalances per Schedule 9 of



PacifiCorp's OATT for Non-Participating Resources or direct from CAISO for Participating Resources.

Financial settlement for Internal Resources not in the network model and External Resources will be settled based on the integrated tag value multiplied by the hourly settled PACE or PACW ELAP price, adjusted for losses consistent with PacifiCorp's OATT.

## ATTACHMENT U

### Requirements for Self-Supply of Schedules 5 and 6

#### Definitions

No definitions other than the following, those provided hereinafter, and those currently contained in PacifiCorp's Open Access Transmission Tariff ("OATT") or North American Electric Reliability Corporation ("NERC") reliability standards are required for this Attachment U.

**Customer**- Reference for the purpose of this Attachment U, refers to a customer that has successfully met qualifications to self-supply Ancillary Services.

**Internal Resource** - A resource in a PacifiCorp Balancing Authority Area ("BAA") including one that is dynamically scheduled or pseudo-tied into a PacifiCorp BAA. These resources are classified as either Participating or Non-Participating Resources.

**External Resource** - A resource that does not meet the definition of an Internal Resource but provides self-supply (or third-party supply) service via a capacity tag.

#### Purpose

The purpose of this Attachment U is to clarify the practices outlined in the OATT pertaining to self-supply or third-party supply of ancillary services-certification process and requirements.

#### Practice

The following are the requirements of PacifiCorp, the Balancing Authority and Transmission Operator, for Customers who wish to self-supply or to arrange for third-party purchase of specific Ancillary Services. PacifiCorp requires that these Ancillary Services satisfy the requirements for Schedules 5 and 6 under the currently effective PacifiCorp OATT and satisfy the relevant reliability standards of NERC or any successor organization. In addition to these requirements and the requirements listed below, the party requesting to self-supply or to arrange for third-party purchase shall also execute an Umbrella Service Agreement or a revision to an existing transmission agreement, as applicable, with PacifiCorp specifying the detailed arrangements made to supply the services including, but not limited to, specification of the

amount of service required to meet the party's obligation, identification of the generation resource(s) or system supplying the service and its Balancing Authority Area, specification of metering and communications equipment, and procedures for data exchange. In addition, PacifiCorp reserves the right to require pre-acceptance testing of the units identified and periodic testing, at such times determined by PacifiCorp, thereafter to ensure that the service can be provided in accordance with reliability standards and the contractual agreement.

### **Telemetry (metering) requirements for reserves**

For an Internal Resource to qualify for self-supply of Operating Reserve-Spinning Reserve Service (Schedule 5) or Operating Reserve - Supplemental Reserve Service (Schedule 6) the following four-second, industry-standard data must be supplied by the designated self-supply resource. Real time data must be supplied through telemetry acceptable to PacifiCorp. In general, an example of an acceptable telemetry method is a Remote Terminal Unit ("RTU") or Inter-Control Center Communication Protocol ("ICCP"). The latter is subject to WECC Operations Network ("WON") guidelines. To the extent any data items are not applicable to a particular resource, they are not required. To the extent applicable data items are already provided through an effective interconnection agreement, they are not separately required.

- N Net Generation MW
- N Net Generator MVA<sub>r</sub>
- N Real power flow through each of the low side feeder breakers
- N Reactive power flow through each of the low side feeder breakers
- N Reactive power flow from each of the shunt capacitor banks
- N A phase high side transmission voltage
- N B phase high side transmission voltage
- N C phase high side transmission voltage
- N Accumulator pulses for generator output metering kWh
- N Status of all low and high side breakers
- N 10-minute ramp rate, limited by capacity
- N P<sub>Max</sub>

### **Testing and Disqualification for Self-Supply of Reserves in the PacifiCorp Balancing Authority Areas**

Resources designated for self-supply of reserves, spinning or supplemental, may be tested by PacifiCorp at any time

throughout the year. The test will be performed upon the physical response of resources designated for self-supply via e-Tag.

Resources called upon to supply reserves and responding to meet Western Electricity Coordinating Council ("WECC") and PacifiCorp requirements for time, output, and power quality, during the calendar year shall be deemed as passing the test. PacifiCorp will monitor resources designated and accepted for self-supply and log the date of successful operation. Failure to respond when called upon to supply reserves may disqualify the resource from self-supplying reserves as described here:

N PacifiCorp will count as a single failure event (each a "Failure Event"), any hour or group of hours that a resource does not successfully respond when called by PacifiCorp to provide reserves and that occurs before PacifiCorp provides written notice of the Failure Event to the resource owner and all Customers relying on the resource for reserves. Upon and with such written notice, a Failure Event may be assessed a "strike," the assessment of which shall be included in the written notice of the underlying Failure Event. "Written notice" for purposes of this Attachment 1 includes notice given electronically.

N Upon each written notice of a Failure Event as provided above, and before another strike may be assessed to the same resource, PacifiCorp will allow the affected Customer(s) up to three business days in which to provide written notice to PacifiCorp of the specific remedy to the resource failure that has been implemented, of alternative self-supply arrangements that have been made, or of the intent to take the applicable reserve service(s) from PacifiCorp. Absent any such written notice to PacifiCorp, the affected Customer(s) shall be subject to the applicable reserve service(s) as defined in Schedule 5 and/or Schedule 6 of PacifiCorp's OATT.

N A resource that accumulates three strikes within a rolling 12-month period will be disqualified for the balance of the month in which the third Failure Event occurs and the entirety of the following month. PacifiCorp will give affected Customer(s) written notice of the third strike and resource disqualification and will allow Customer(s) up to three business days in which to formally notify PacifiCorp of alternative self-supply arrangements or be

subject to the applicable reserve service(s) as defined in Schedule 5 and/or Schedule 6 of PacifiCorp's OATT. No Customer may designate or utilize a disqualified resource to provide self-supply service. Following the disqualification period, strikes for the resource shall be reset to zero and the resource will be again eligible to provide self-supply service subject to the provisions herein.

PacifiCorp will only test resources that are carrying operating reserves at the time the test is commenced. A resource that is experiencing a unit trip shall not be subject to the test for the operating hour during which the trip occurs. This will be accomplished with PacifiCorp calling on reserves, monitoring results and logging the test. PacifiCorp will provide written reports of all test results to the resource owner and the Customer(s) using the resource for self-supply, if different.

**Operating Reserve - Spinning Reserve Service (Schedule 5):**

This service may be self-supplied or purchased from any unit or system that has uncommitted available capacity which is on-line and loaded at less than maximum owned or contracted output and which may be used to satisfy the Transmission Customer's reserve obligation. The specific resources from which the service is being provided must be identified and have observable telemetry. The party requesting to self-supply or arranging for third-party purchase shall, at its own expense, install the necessary equipment (including but not limited to metering and telecommunications equipment) for providing the service. The party requesting to self-supply or arranging for third-party purchase shall also reimburse PacifiCorp or its affiliates for any expenses incurred to accommodate the request for self-supply or third-party supply.

**A. Use of an External Resource:**

For generation external to PacifiCorp's BAAs to qualify for self-supply or third-party supply service, a dynamic transfer coming into PacifiCorp's energy management system ("EMS") as a dynamic schedule into the balancing authority area where the obligation originates, represented on a dynamic e-Tag, is sufficient for communication with PacifiCorp's EMS. The author of the e-Tag is responsible for adjusting the energy profile to match the resource output for self-supply until such time as an automated process can be developed and implemented to relieve the author of this responsibility.

B. The following information will be required to demonstrate the self-supply or third-party purchase of spinning reserve service for Internal Resources:

- N The generation resources providing the service must be located in the same PacifiCorp Balancing Authority Area as the Network Load or contractual point of receipt and must have observable telemetry.
- N Requirements for self-supply or third-party purchase of spinning reserve service shall apply at the unit level if PacifiCorp's network model includes the resource by unit, or at the plant level if PacifiCorp's network model includes the resource at the plant level.
- N Documentation that the generation resources are deliverable Network Resources as defined by a current Network Integration Transmission Service Agreement, a legacy load service agreement on file at FERC, or other firm PTP agreement, which may be reported on PacifiCorp's Electric Quarterly Report ("EOR").
- N For self-supply arrangements through a power purchase agreement, a copy of the capacity agreement(s) or contract(s) that can be used to verify that the capacity used for this service is dedicated to serve the designated metered Network Load, and is not being used to satisfy any other capacity obligations.
- N Access to logs, dispatch records and test data that can be used to verify that spinning reserves are actually spinning and not fully loaded and are capable of being applied as reported. Resource capability for self-supply of reserves shall mean the operational capability of the unit to actually deliver the reserve energy in the event of a deployment based on the operational capability characteristics of the self-supply resource (i.e., ramp rates, PMax).
- N Self-suppliers must provide a monthly reserve supply forecast no less than thirty (30) calendar days before the beginning of the month with amounts (MWs) in all hours for that month based on the forecasted percentage of reserve obligation. This 30-day forecast requirement does not replace or satisfy

separate seven-day forecast requirements established by Peak Reliability and the California Independent System Operator ("CAISO").

N Self-suppliers must provide day-ahead information via e-Tag. In the day-ahead, the reserve supply forecast must be updated for the next operating day with the amount (MWs) of reserve obligation the self-supplier expects to actually be providing in all hours.

N A point of contact is always available, all hours, every day to be used to deploy the reserves.

C. For self-supply and third-party purchases of this service, reserves must be scheduled using a capacity e-Tag consistent with PacifiCorp Business Practice #39, E-tagging Reserves. Also, consistent with Business Practice #39, when the service is needed, the reserves must be deployed by the Customer through a mid-hour tag adjustment to the energy profile. PacifiCorp will confirm customer reserves are being held via e-Tag.

Once confirmation is validated, PacifiCorp will place a phone call or adjust a capacity tag through an automated process to communicate a loss of generation in the appropriate Balancing Authority and request deployment of reserves for the appropriate length of time. PacifiCorp will provide an annual report to Customers demonstrating non-discriminatory deployment of reserves.

D. In the event that any of the above requirements fail to be met, then PacifiCorp reserves the right to bill the responsible party for this service as supplied by PacifiCorp for the duration of the failure, including reimbursement for any compliance-related penalties, charges, or other consequences, to which PacifiCorp is subject related to the failure. If the Customer fails to self-supply its spinning reserves as defined in this section and fails to notify PacifiCorp to make arrangements for service, the Customer will be subject to spinning reserve service as defined in Schedule 5 of PacifiCorp's OATT.

E. The service hereunder must be available to be called on by PacifiCorp to comply with NERC Standard BAL-002-WECC-2 (or any successor Reliability Standard thereto), and any

such other related criteria or standards which may be imposed by a national or regional reliability council or governing regulatory body. The service will also be used by PacifiCorp to comply with its obligations under the Northwest Power Pool Reserve Sharing Group Contract and any future Reserve Sharing Group of which PacifiCorp is a member. The supplying party must, at its own expense, make the necessary arrangements, in coordination with PacifiCorp, to be able to respond to a reserve sharing event. The supplying party is not required to have a separate relationship or agreement with the Northwest Power Pool Reserve Sharing Group.

F. PacifiCorp reserves the right to request more information from the party requesting self-supply or third-party supply and/or its supplier of spinning reserve service, in addition to the above-listed information, to ensure that this service is supplied in a reliable manner, PacifiCorp shall make best efforts to request further information no later than thirty (30) calendar days from the customer's request to self-supply or third-party supply.

Further, PacifiCorp reserves the right to reject the request to self-supply such service, or purchase it from another source, in the event that PacifiCorp, in its reasonable judgement, concludes that such self-supply or third-party purchase would impair reliability in the relevant PacifiCorp BAA or the interconnected system. PacifiCorp also reserves the right to terminate the self-supply or third-party purchase if, in its reasonable judgement, PacifiCorp concludes that such self-supply or third-party purchase is impairing reliability in the relevant PacifiCorp BAA or the interconnected system.

In the event that PacifiCorp rejects the request to self-supply or third-party purchase, or concludes that an existing self-supply or third-party purchase is impairing reliability, PacifiCorp will provide in writing detailed explanations for such determination and proposed remedy not less than thirty (30) calendar days from the customer's request to self-supply or third-party supply. Notice of rejection to self-supply or third-party purchase does not preclude a customer from reapplication.



G. If the metered Network Load requiring the spinning reserve service has been moved electronically into another BAA, certified by NERC or its successor organization, by means of a pseudo-tie, this Section G shall apply. The pseudo-tie requires identification and observable telemetry of the specific Network Loads for which the service is to be provided. PacifiCorp requires a letter in advance from the BAA that is supplying the spinning reserve ("Supplying Balancing Authority") which certifies that this service is supplied in accordance with all current policies and guidelines of the NERC Operating Manual and/or the North American Energy Standards Board ("NAESB") standards, or any successor manual or standards, that apply to supplying Ancillary Services to loads that are located physically in another Balancing Authority Area.

1. PacifiCorp will accept, in lieu of the showing required in Section A.1 above, a letter in advance from the Supplying Balancing Authority which certifies that this service is supplied in accordance with all current policies and guides of the NERC Operating Manual and/or NAESB standards, or any successor manual or standards, that apply to supplying Ancillary Services to loads that are physically located in another Balancing Authority Area.
2. Whenever the pseudo-tie equipment providing the Network Load's data to PacifiCorp and/or the Supplying Balancing Authority is not used and/or not useable, the dispatcher for the entity that is not receiving the load signal shall immediately contact the dispatcher for the other entity to inform it of the loss of the signal. Thereafter, until both entities are again receiving the load signal through the pseudo-tie equipment, PacifiCorp may call upon the Supplying Balancing Authority to provide (or, if it is not the supplier of the Network Load's spinning reserves, call upon the supplier of such spinning reserves to provide) spinning reserves when and to the extent requested.
3. If the Supplying Balancing Authority or the supplier of spinning reserves fails to meet the requirements set forth in Section G.2 (i.e., fails to notify PacifiCorp of the Supplying Balancing Authority's loss of its ability to receive the Network Load's signal and/or

fails to supply spinning reserves when called upon by PacifiCorp), PacifiCorp reserves the right to bill the responsible party for this service for the duration of the failure, including reimbursement for any penalties, charges, or other consequences to which PacifiCorp is subject related to the failure.

4. PacifiCorp reserves the right to request more information from the Supplying Balancing Authority and/or the Network Load's supplier of spinning reserve service, in addition to the above referenced letter, to ensure that this service is supplied in a reliable manner. PacifiCorp shall make best efforts to request further information no later than thirty (30) calendar days from the customer's request.

Further, PacifiCorp reserves the right to reject the request to self-supply such service, or purchase it from another source, in the event that PacifiCorp, in its reasonable judgement, concludes that such self-supply or third-party purchase would impair reliability in the relevant PacifiCorp Balancing Authority Area or the interconnected system.

PacifiCorp also reserves the right to terminate the self-supply or third-party purchase if, in its reasonable judgement, PacifiCorp concludes that such self-supply or third-party purchase is impairing reliability in the relevant PacifiCorp Balancing Authority Area or the interconnected system.

In the event that PacifiCorp rejects the request to self-supply or third-party purchase, or concludes that an existing self-supply or third-party purchase is impairing reliability, PacifiCorp will provide in writing detailed explanations for such determination, proposed remedy not less than thirty (30) calendar days from the customer's request to self-supply or third-party supply. Notice of rejection to self-supply or third-party purchase does not preclude customer from reapplication.

- H. During periods when reserve deployment is required, PacifiCorp will notify the Customer either through electronic means or by phone call that reserves are

required, the amount of reserves to deploy and the appropriate length of time of deployment. Specific notice arrangements will be agreed to between the Customer and PacifiCorp during the certification process.

Energy supplied by a Customer during periods of reserve deployment will be settled financially for the amount of energy deployed as represented on the Customer adjusted energy profile of the capacity tag(s) for External Resources and for Internal Resources not represented in the network model. Resources supplying reserves that are represented in the network model will not receive separate energy settlement. These resources will receive settlements per Schedule 9 of PacifiCorp's OATT for Non-Participating Resources or directly from CAISO for Participating Resources.

Financial settlement for Internal Resources not in the network model and External Resources will be settled based on the integrated tag value multiplied by the hourly settled PACE or PACW ELAP price, adjusted for losses consistent with PacifiCorp's OATT.

**Operating Reserve - Supplemental Reserve Service (Schedule 6):**

This service may be self-supplied or purchased from any qualifying unit, system, or qualifying interruptible load to meet the Network Load Transmission Customer's reserve obligation. The unit or system must consist of one or more quick-start units that are off-line but capable of serving demand in 10 minutes, or uncommitted available capacity that is on-line and loaded at less than maximum owned or contracted output which can be fully applied in 10 minutes. The interruptible load must be located within PacifiCorp Balancing Authority Area and must be capable of being interrupted within 10 minutes in the reasonable judgement of PacifiCorp. The specific resources for which the service is being provided must be identified and have observable telemetry. The party requesting to self-supply or arranging for third-party purchase shall, at its own expense, install the necessary equipment (including but not limited to metering and telecommunications equipment) for providing the service. The party requesting to self-supply or arranging for third-party purchase shall also reimburse PacifiCorp or its affiliates for any expenses incurred to accommodate the request for self-supply or third-party supply.

A. Use of an External Resource:

For generation external to PacifiCorp's BAAs to qualify for self-supply or third-party supply service, a dynamic transfer coming into PacifiCorp's EMS as a dynamic schedule into the balancing authority area where the obligation originates, represented on a dynamic e-Tag is sufficient for communication with PacifiCorp's EMS. The author of the e-Tag is responsible for adjusting the energy profile to match the resource output for self-supply until such time as an automated process can be developed and implemented to relieve the author of this responsibility.

B. The following information will be required to demonstrate the self-supply or third-party purchase of supplemental reserve service for Internal Resources:

N The generation resources providing the service must be located in the same PacifiCorp Balancing Authority Area as the Network Load or contractual point of receipt and must have observable telemetry.

N Requirements for self-supply or third-party purchase of supplemental reserve service shall

apply at the unit level if PacifiCorp's network model includes the resource by unit or at the plant level if PacifiCorp's network model includes the resource at the plant level.

- N Documentation that the generation resources are deliverable Network Resources as defined by a current Network Integration Transmission Service Agreement, a legacy load service agreement on file at FERC, or other firm PTP agreement, which may be reported on PacifiCorp's Electric Quarterly Report ("EQR").
- N For self-supply arrangements through a power purchase agreement, a copy of the capacity agreement(s) or contract(s) that can be used to verify that the capacity used for this service is dedicated to serve the designated metered Network Load, and is not being used to satisfy any other capacity obligations.
- N If interruptible load is used, explicit description of the load, curtailment method, process utilized to trigger the curtailment and interruptible contract.
- N Deployment capability must be proven by the self-supply Customer in a fashion acceptable to PacifiCorp. Requirements will depend on the type resource claimed as supplemental reserves and may include load trip testing or requesting an unplanned start on a reserve generator. Procedures must be validated prior to certification and also may require at least bi-annual validation.
- N Access to logs, dispatch records and test data that can be used to verify that supplemental reserves are available and not fully loaded, and are capable of being applied as reported. Resource capability for self-supply of reserves shall mean the operational capability of the unit to actually deliver the reserve energy in the event of a deployment based on the operational capability characteristics of the self-supply resource (i.e., ramp rates, PMax).
- N Self-suppliers must provide a monthly reserve supply forecast no less than thirty (30) calendar days before the beginning of the month with amounts (MWs) in all hours for that month based on the

forecasted percentage of reserve obligation. This 30-day forecast requirement does not replace or satisfy separate seven-day forecast requirements established by Peak Reliability and the California Independent System Operator ("CAISO").

N Self-suppliers must provide day-ahead information via e-Tag. In the day-ahead, the reserve supply forecast must be updated for the next operating day with the amount (MWs) of reserve obligation the self-supplier expects to actually be providing in all hours.

N A point of contact is always available, all hours, every day to be used to call on the reserves.

C. For self-supply and third-party purchases of this service, reserves must be scheduled using a capacity e-Tag consistent with PacifiCorp Business Practice #39, E-Tagging of Reserves. Also, consistent with Business Practice #39, when the service is needed, the reserves must be deployed by the Customer through a mid-hour tag adjustment to the energy profile. PacifiCorp will confirm customer reserves are being held via e-Tag.

Once confirmation is validated, PacifiCorp will place a phone call or adjust a capacity tag through an automated process to communicate a loss of generation in the appropriate Balancing Authority and request deployment of reserves for the appropriate length of time. PacifiCorp will provide an annual report to Customers demonstrating non-discriminatory deployment of reserves.

D. In the event that any of the above requirements fail to be met, then PacifiCorp reserves the right to bill the responsible party for this service as supplied by PacifiCorp for the duration of the failure, including reimbursement for any compliance-related penalties, charges or other consequences which PacifiCorp is subject to related to the failure. If the Customer fails to self-supply its supplemental reserves as defined in this section and fails to notify PacifiCorp to make arrangements for service, the Customer will be subject to supplemental reserve service as defined in Schedule 6 of PacifiCorp's OATT.

E. The service hereunder must be available to be called on by PacifiCorp to comply with the NERC Disturbance Control Standard (NERC BAL-002-2 or any successor Reliability

Standard thereto), and any such other related criteria or standards which may be imposed by a national or regional reliability council or governing regulatory body. The service will also be used by PacifiCorp to comply with its obligations under the Northwest Reserve Sharing Group Contract and any future Reserve Sharing Group of which PacifiCorp or its affiliates are a member. The supplying party must, at its own expense, make the necessary arrangements, in coordination with PacifiCorp, to be able to respond to a Reserve Sharing event. The supplying party is not required to have a separate relationship or agreement with the Northwest Power Pool Reserve Sharing Group.

F. PacifiCorp reserves the right to request more information from the party requesting self-supply or third-party supply and/or its supplier of supplemental reserve service, in addition to the above-listed information, to ensure that this service is supplied in a reliable manner. PacifiCorp shall make best efforts to request further information no later than thirty (30) calendar days from the customer's request to self-supply or third-party supply.

Further, PacifiCorp reserves the right to reject the request to self-supply such service, or purchase it from another source, in the event that PacifiCorp, in its reasonable judgement, concludes that such self-supply or third-party purchase would impair reliability in the relevant PacifiCorp BAA or the interconnected system. PacifiCorp also reserves the right to terminate the self-supply or third-party purchase if, in its reasonable judgement, PacifiCorp concludes that such self-supply or third-party purchase is impairing reliability in the relevant PacifiCorp BAA or the interconnected system.

In the event that PacifiCorp rejects the request to self-supply or third-party purchase, or concludes that an existing self-supply or third-party purchase is impairing reliability, PacifiCorp will provide in writing detailed explanations for such determination, proposed remedy not less than thirty (30) calendar days from the customer's request to self-supply or third-party supply. Notice of rejection to self-supply or third-party purchase does not preclude customer from reapplication.

G. If the metered Network Load requiring the reserves has been moved electronically into another BAA, certified by

NERC or its successor, by means of a pseudo-tie, this Section G shall apply. The pseudo-tie requires identification and observable telemetry of the specific Network Loads for which the service is to be provided.

1. PacifiCorp will accept, in lieu of the showing required in Section A above, a letter in advance from the BAA that is supplying the supplemental reserve ("Supplying Balancing Authority"), which certifies that this service is supplied in accordance with all current policies of the NERC Operating Manual and/or NAESB standards, or any successor manual or standards, that apply to supplying Ancillary Services to loads that are located physically in another Balancing Authority Area.
2. Whenever the pseudo-tie equipment providing the Network Load's data to PacifiCorp and/or the Supplying Balancing Authority is not used and/or not useable, the dispatcher for the entity that is not receiving the load signal shall immediately contact the dispatcher for the other entity to inform it of the loss of the signal. Thereafter, until both entities are again receiving load signal through the pseudo-tie equipment, PacifiCorp may call upon the Supplying Balancing Authority to provide supplemental reserves when and to the extent requested.
3. If the Supplying Balancing Authority or the supplier of spinning reserves fails to meet the requirements set forth in Section G.2 (i.e., fails to notify PacifiCorp of the Supplying Balancing Authority's loss of its ability to receive the load signal and/or fails to supply supplemental reserves when called upon by PacifiCorp), PacifiCorp reserves the right to bill the responsible party for this service for the duration of the failure, including reimbursement for any penalties, charges, or other consequences which PacifiCorp is subject to related to the failure.
4. PacifiCorp reserves the right to request more information from the Supplying Balancing Authority and/or the Network Load's supplier of the supplemental reserves, in addition to the above referenced letter, to ensure that this service is supplied in a reliable manner. PacifiCorp shall make best efforts to request



further information no later than thirty (30) calendar days from the customer's request.

Further, PacifiCorp reserves the right to reject the request to self-supply such service, or purchase it from another source, in the event that PacifiCorp, in its reasonable judgement, concludes that such self-supply or third-party purchase would impair reliability in PacifiCorp's Balancing Authority Area or the interconnected system. PacifiCorp also reserves the right to terminate the self-supply or third-party purchase if, in its reasonable judgement, PacifiCorp concludes that such self-supply or third-party purchase is impairing reliability in the relevant PacifiCorp Balancing Authority Area or the interconnected system. In the event that PacifiCorp rejects the request to self-supply or third-party purchase, or concludes that an existing self-supply or third-party purchase is impairing reliability, PacifiCorp will provide in writing detailed explanations for such determination, proposed remedy not less than thirty (30) calendar days from the customer's request to self-supply or third-party supply. Notice of rejection to self-supply or third-party purchase does not preclude customer from reapplication.

H. During periods when reserve deployment is required, PacifiCorp will notify the Customer either through electronic means or by phone call that reserves are required, the amount of reserves to deploy and the appropriate length of time of deployment. Specific notice arrangements will be agreed to between the Customer and PacifiCorp during the certification process.

Energy supplied by a Customer during periods of reserve deployment will be settled financially for the amount of energy deployed as represented on the Customer adjusted energy profile of the capacity tag(s) for External Resources and for Internal Resources not represented in the network model. Resources supplying reserves that are represented in the network model will not receive separate energy settlement. These resources will receive settlements as uninstructed imbalances per Schedule 9 of PacifiCorp's OATT for Non-Participating Resources or direct from CAISO for Participating Resources.

Financial settlement for Internal Resources not in the network model and External Resources will be settled based

on the integrated tag value multiplied by the hourly settled PACE or PACW ELAP price, adjusted for losses consistent with PacifiCorp's OATT.

## ATTACHMENT V

### Calculation of Reserve Obligation and Self-Supply (or Third-Party Supply) of Reserve Services under Schedules 5 and 6

Consistent with the terms and conditions for self-supply (or third-party supply) set forth in Attachment U, this Attachment V sets forth the general calculation of Total Operating Reserve Obligation and Operating Reserve Purchase Obligation accounting for self-supply (or third-party supply) of reserves services under Schedules 5 and 6. For simplicity, use of the term "self-supply" herein refers to self-supply or third-party supply.

#### Definitions

**Load Obligation for Reserves ("Load"):** A Transmission Customer's Load Obligation for Reserves is its metered load within the BAA, plus metered load(s) transferred into the BAA via Dynamic Transfer, less metered load(s) transferred out of the BAA via Dynamic Transfer, less contractual adjustments, plus losses (applicable losses under Schedule 10 of the OATT).

Load Obligation for Reserves = (+) metered load in the BAA, (+) metered load(s) brought into the BAA via Dynamic Transfer, (-) metered load(s) transferred from the BAA via Dynamic Transfer (-) load served via other contractual arrangements (+) losses

**Generation Obligation for Reserves ("Generation"):** A Transmission Customer's Generation Obligation for Reserve service is its metered net generation (gross generation less station service) or e-Tagged scheduled amount, depending on contractual arrangements for jointly-owned facilities, plus metered net generation transferred into the BAA via Dynamic Transfer, less metered net generation transferred out of the BAA via Dynamic Transfer, less metered net generation transferred out of the BAA via Dynamic Transfer, less Sales without Reserves, plus Purchases without Reserves.

Generation Obligation for Reserves = (+) metered net generation (or scheduled), (+) metered net generation transferred into the BAA via Dynamic Transfer, (-) metered net generation transferred out of the BAA via Dynamic Transfer, (-) Sales without Reserves, (+) Purchases without Reserves.

**Total Operating Reserve Obligation:** A Transmission Customer's Total Operating Reserve Obligation equals the Load Obligation for Reserves plus the Generation Obligation for Reserves.

Total Reserve Obligation = Load + Generation

**Operating Reserve Purchase Obligation:** A Transmission Customer's Operating Reserve Purchase Obligation for each Operating Reserve - Spinning (Schedule 5 service) and Operating Reserve - Supplemental (Schedule 6 service) shall each be calculated each hour as the positive difference, if any, between the Total Operating Reserve Obligation (*i.e.*, Generation plus Load) and any self-supply divided by 1.5 percent. For each service, the reserve purchase obligation multiplied by the applicable rate yields the reserve charge. The general reserve purchase obligation can be expressed as follows:

$$\text{Operating Reserve Purchase Obligation} = (\text{Load} + \text{Generation}) - (\text{Self-Supply}/1.5\%)$$

In a given hour, any Operating Reserve - Spinning (Schedule 5) self-supplied in excess of the total spinning reserve purchase obligation by a transmission customer shall be applied against that customer's Schedule 6 (supplemental reserve) purchase obligation for that same hour, consistent with the current BAL-002-WECC-2a standard.

## Hourly Calculation Procedure

Where:

[A] = Load (MWh)

[B] = Generation (MWh)

[C] = Total Operating Reserve Obligation (MWh) = [A] + [B]

[D] = Operating Reserve - Spinning self-supply capacity tags (MWh)

[E] = Operating Reserve - Supplemental self-supply capacity tags (MWh)

[F] = Operating Reserve - Spinning self-supply credit (MWh)

[G] = Operating Reserve - Supplemental self-supply credit (MWh)

[H] = Operating Reserve - Spinning net purchase obligation (MWh)

[I] = Operating Reserve - Supplemental reserve net purchase obligation (MWh)

[J] = Operating Reserve - Spinning charge net of self-supply credit (\$)

[K] = Operating Reserve - Supplemental charge net of self-supply credit (\$)

For a given hour:

1. Calculate Total Operating Reserve Obligation [C]  
= [A] + [B]
2. Calculate Operating Reserve - Spinning self-supply credit [F]  
= Minimum ([C] and [D]/1.5%)
3. Calculate Operating Reserve - Supplemental self-supply credit [G]  
= Minimum ([C] and ( ([D]/1.5%) - [F] ) + ([E]/1.5%) )
4. Calculate Operating Reserve - Spinning reserve net purchase obligation [H]  
= [C] - [F]
5. Calculate Operating Reserve - Supplemental reserve net purchase obligation [I]  
= [C] - [G]
6. Calculate Operating Reserve - Spinning reserve charge net of self-supply credit [J]  
= [H] x [Schedule 5 rate (\$/MWh)]
7. Calculate Operating Reserve - Supplemental reserve charge net of self-supply credit [K]  
= [I] x [Schedule 6 rate (\$/MWh)]

## ATTACHMENT V

### Calculation of Reserve Obligation and Self-Supply (or Third-Party Supply) of Reserve Services under Schedules 5 and 6

Consistent with the terms and conditions for self-supply (or third-party supply) set forth in Attachment U, this Attachment V sets forth the general calculation of Total Operating Reserve Obligation and Operating Reserve Purchase Obligation accounting for self-supply (or third-party supply) of reserves services under Schedules 5 and 6. For simplicity, use of the term "self-supply" herein refers to self-supply or third-party supply.

#### Definitions

**Load Obligation for Reserves** ("Load"): A Transmission Customer's Load Obligation for Reserves is its metered load within the BAA, plus metered load(s) transferred into the BAA via Dynamic Transfer, less metered load(s) transferred out of the BAA via Dynamic Transfer, less contractual adjustments, plus losses (applicable losses under Schedule 10 of the OATT).

Load Obligation for Reserves = (+) metered load in the BAA, (+) metered load(s) brought into the BAA via Dynamic Transfer, (-) metered load(s) transferred from the BAA via Dynamic Transfer (-) load served via other contractual arrangements (+) losses

**Generation Obligation for Reserves** ("Generation"): A Transmission Customer's Generation Obligation for Reserve service is its metered net generation (gross generation less station service) or e-Tagged scheduled amount, depending on contractual arrangements for jointly-owned facilities, plus metered net generation transferred into the BAA via Dynamic Transfer, less metered net generation transferred out of the BAA via Dynamic Transfer, less metered net generation transferred out of the BAA via Dynamic Transfer, less Sales without Reserves, plus Purchases without Reserves.

Generation Obligation for Reserves = (+) metered net generation (or scheduled), (+) metered net generation transferred into the BAA via Dynamic Transfer, (-) metered net generation transferred out of the BAA via Dynamic Transfer, (-) Sales without Reserves, (+) Purchases without Reserves.

**Total Operating Reserve Obligation:** A Transmission Customer's Total Operating Reserve Obligation equals the Load Obligation for Reserves plus the Generation Obligation for Reserves.

Total Reserve Obligation = Load + Generation

**Operating Reserve Purchase Obligation:** A Transmission Customer's Operating Reserve Purchase Obligation for each Operating Reserve - Spinning (Schedule 5 service) and Operating Reserve - Supplemental (Schedule 6 service) shall each be calculated each hour as the positive difference, if any, between the Total Operating Reserve Obligation (i.e., Generation plus Load) and any self-supply divided by 1.5 percent. For each service, the reserve purchase obligation multiplied by the applicable rate yields the reserve charge. The general reserve purchase obligation can be expressed as follows:

Operating Reserve Purchase Obligation = (Load + Generation) - (Self-Supply/1.5%)

In a given hour, any Operating Reserve - Spinning (Schedule 5) self-supplied in excess of the total spinning reserve purchase obligation by a transmission customer shall be applied against that customer's Schedule 6 (supplemental reserve) purchase obligation for that same hour, consistent with the current BAL-002-WECC-2a standard.

## Hourly Calculation Procedure

Where:

[A] = Load (MWh)

[B] = Generation (MWh)

[C] = Total Operating Reserve Obligation (MWh) = [A] + [B]

[D] = Operating Reserve - Spinning self-supply capacity tags (MWh)

[E] = Operating Reserve - Supplemental self-supply capacity tags (MWh)

[F] = Operating Reserve - Spinning self-supply credit (MWh)

[G] = Operating Reserve - Supplemental self-supply credit (MWh)

[H] = Operating Reserve - Spinning net purchase obligation (MWh)

[I] = Operating Reserve - Supplemental reserve net purchase obligation (MWh)

[J] = Operating Reserve - Spinning charge net of self-supply credit (\$)

[K] = Operating Reserve - Supplemental charge net of self-supply credit (\$)

For a given hour:

1. Calculate Total Operating Reserve Obligation [C]  
= [A] + [B]

2. Calculate Operating Reserve - Spinning self-supply credit [F]  
= Minimum ([C] and [D]/1.5%)

3. Calculate Operating Reserve - Supplemental self-supply credit [G]  
= Minimum ([C] and ( ([D]/1.5%) - [F] ) + ([E]/1.5%) )

4. Calculate Operating Reserve - Spinning reserve net purchase obligation [H]  
= [C] - [F]

5. Calculate Operating Reserve - Supplemental reserve net purchase obligation [I]  
= [C] - [G]

6. Calculate Operating Reserve - Spinning reserve charge net of self-supply credit [J]  
= [H] x [Schedule 5 rate (\$/MWh)]

7. Calculate Operating Reserve - Supplemental reserve charge net of self-supply credit [K]  
= [I] x [Schedule 6 rate (\$/MWh)]





**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

<b>PacifiCorp</b>	) ) ) )	<b>Docket Nos. ER17-219-____ EL17-27-____ (consolidated)</b>
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**UNOPPOSED MOTION OF PACIFICORP  
TO IMPLEMENT SETTLEMENT RATES ON AN INTERIM BASIS  
AND REQUEST FOR SHORTENED COMMENT PERIOD AND EXPEDITED ACTION**

**To: The Honorable Carmen A. Citron  
Chief Administrative Law Judge**

**The Honorable Steven A. Glazer  
Presiding Settlement Judge**

Pursuant to Rule 212 of the Federal Energy Regulatory Commission (“FERC” or “Commission”) Rules of Practice and Procedure, 18 C.F.R. § 385.212 (2017), PacifiCorp hereby respectfully submits this Unopposed Motion to Implement Settlement Rates on an Interim Basis and Request for Shortened Comment Period and Expedited Action (“Motion”). Specifically, PacifiCorp requests that the Chief Administrative Law Judge (“Chief Judge”) place the interim rates attached hereto agreed to as between PacifiCorp and Utah Associated Municipal Power Systems (“UAMPS”), Deseret Generation & Transmission Co-operative, Inc. (“Deseret”), Utah Municipal Power Agency (“UMPA”), Bonneville Power Administration (“BPA”), Avangrid Renewables, LLC, and NextEra Energy Resources, LLC (collectively, the “Combined Customers” and with PacifiCorp, the “Settling Parties”)<sup>1</sup> into effect on an interim basis until the Commission acts on the Offer of Settlement (“Settlement”) in the above-captioned proceedings.

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<sup>1</sup> In addition to the Settling Parties, the following entities are parties to this proceeding but have not taken an active role: American Wind Energy Association, Renewable Northwest; EDP Renewables North America LLC

The rates submitted herein reflect the agreement of the Settling Parties, and approval of these rates is necessary in order for them to go into effect beginning on February 1, 2018. Granting this Motion will not prejudice the interests of any party to this proceeding and is in the public interest as it permits settlement rates to be placed into effect on an interim basis, pending the Commission’s consideration of the Settlement. The rates, terms, and conditions proposed herein are the same rates, terms, and conditions on which the Settling Parties have come to agreement and have proposed in the Settlement. PacifiCorp has notified the Commission’s Trial Staff and the Combined Customers of its intent to file this Motion. PacifiCorp is authorized to state that each of the Combined Customers supports these requests for interim rates, expedited consideration and waiver set out in this motion.

## **I. BACKGROUND**

PacifiCorp is an indirect, wholly-owned subsidiary of Berkshire Hathaway Energy Company. PacifiCorp provides delivery of electric power and energy to approximately 1.8 million retail electric customers in six western states. PacifiCorp provides transmission services, transmission planning, and system operations for all six states through its PacifiCorp Transmission operating unit. PacifiCorp delivers electricity to its retail electric customers through its Pacific Power and Rocky Mountain Power operating units.

On October 28, 2016, PacifiCorp filed with the Commission in Docket No. ER17-219 “Revisions to Open Access Transmission Tariff” to amend its Open Access Transmission Tariff (“OATT”) to update rates for PacifiCorp’s: Schedule 3, Regulation and Frequency Response Service; Schedule 3A, Generator Regulation and Frequency Response Service; Schedule 5, Operating Reserve – Spinning Reserve Service; and Schedule 6, Operating Reserve –

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(“EDP”); Public Power Council (“PPC”); the Western Area Power Administration (“WAPA”); and Powerex Corporation (“Powerex”).

Supplemental Reserve Service (the “Regulation and Operating Reserve Schedules”). Additionally, PacifiCorp proposed minor clarifying revisions to Schedule 11, Unauthorized Use of Transmission Service (the “Initial Filing”). PacifiCorp explained that the purpose of the revisions to the Regulation and Operating Reserve Schedules were to: (1) permit PacifiCorp to better allocate the costs and benefits of providing reserve service among customer groups; (2) ensure reliable operation of the PacifiCorp transmission system; and (3) make certain that PacifiCorp recovered the costs of providing regulation reserve and operating reserve services. In addition, the proposed revisions for Regulation reserve provided for differentiated rates to reflect the variability in costs associated with variable energy resources (“VERs”), resources that are not VERs (“Non-VERs”), and load.

On November 28, 2016, the following parties filed motions to intervene and comments or protests (collectively, the “Initial Protests”): BPA;<sup>2</sup> American Wind Energy Association, Renewable Northwest, and Avangrid Renewables;<sup>3</sup> NextEra;<sup>4</sup> Deseret;<sup>5</sup> UAMPS;<sup>6</sup> and UMPA.<sup>7</sup> Additionally, EDP, PPC, WAPA, and Powerex filed doc-less Motions to Intervene.

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<sup>2</sup> *PacifiCorp*, Docket No. ER17-219, Bonneville Power Administration Motion to Intervene and Protest (Nov. 28, 2016).

<sup>3</sup> *PacifiCorp*, Docket No. ER17-219, Protest of American Wind Energy Association, Renewable Northwest, and Avangrid Renewables (Nov. 28, 2016).

<sup>4</sup> *PacifiCorp*, Docket No. ER17-219, Motion to Intervene and Comments of NextEra Energy Resources, LLC (Nov. 28, 2016).

<sup>5</sup> *PacifiCorp*, Docket No. ER17-219, Motion to Intervene, Protest, Request for Partial Rejection, and Requests for Hearing, Five-Month Suspension, Institution of a Section 206 Proceeding, and Settlement Judge Procedures of Deseret Generation & Transmission Co-operative, Inc. (Nov. 28, 2016).

<sup>6</sup> *PacifiCorp*, Docket No. ER17-219, Motion to Intervene, Protest and Request for Rejection or, in the Alternative, Suspension, Hearing and Institution of a Section 206 Proceeding of Utah Associated Municipal Power Systems (Nov. 28, 2016).

<sup>7</sup> *PacifiCorp*, Docket No. ER17-219, Utah Municipal Power Agency’s Protest and Request for Suspension and Hearing (Nov. 28, 2016).

PacifiCorp filed an answer to the Initial Protests on December 14, 2016 (the “First Answer”).<sup>8</sup> On December 15, 2016, FERC issued a letter establishing December 14, 2016 as the filing date for this proceeding based on the information contained within the First Answer.<sup>9</sup>

On January 4, 2017, UMPA, Deseret, BPA, and UAMPS filed supplemental protests or responses to the First Answer (the “Supplemental Protests”).<sup>10</sup> PacifiCorp answered the Supplemental Protests on January 17, 2017.<sup>11</sup>

On February 2, 2017, the Commission issued an order accepting and suspending PacifiCorp’s proposed rates, instituting a Section 206 proceeding (Docket No. EL17-27-000), and establishing hearing and settlement judge procedures (“February 2 Order”).<sup>12</sup> The Commission accepted and suspended the proposed revisions to Schedules 3 and 3A for five months, to be effective July 13, 2017, subject to refund.<sup>13</sup> The Commission accepted the proposed revisions to Schedules 5 and 6, to be effective February 13, 2017, subject to refund, and instituted the Section 206 investigation to determine if a further rate decrease may be warranted.<sup>14</sup> In the Commission’s February 2 Order, it accepted PacifiCorp’s proposed revisions to Schedule 11 without suspension or hearing, so those revisions are not at issue in this

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<sup>8</sup> *PacifiCorp*, Docket No. ER17-219, Motion for Leave to File Answer; Answer of PacifiCorp to Protests, Comments and Motions Seeking Rejection or Institution of a Section 206 Proceeding; and Request for Waiver (Dec. 14, 2016).

<sup>9</sup> *PacifiCorp*, Docket No. ER17-219, Letter Informing that the Filing Date for this Proceeding is Dec. 14, 2016 (Dec. 15, 2016).

<sup>10</sup> *See PacifiCorp*, Docket No. ER17-219, Utah Municipal Power Agency’s Supplemental Protest and Renewed Request for Suspension and Hearing (Jan. 4, 2017); *PacifiCorp*, Docket No. ER17-219, Supplemental Protest and Response of Deseret Generation & Transmission Co-operative, Inc. (Jan. 4, 2017); *PacifiCorp*, Docket No. ER17-219, Bonneville Power Administration Response to PacifiCorp’s Answer (Jan. 4, 2017); and *PacifiCorp*, Docket No. ER17-219, Renewed and Supplemental Protest of Utah Associated Municipal Power Systems (Jan. 4, 2017).

<sup>11</sup> *PacifiCorp*, Docket No. ER17-219, Motion for Leave to File Answer and Answer of PacifiCorp (Jan. 17, 2017).

<sup>12</sup> *PacifiCorp*, 158 FERC ¶ 61,121 (2017).

<sup>13</sup> *Id.* at PP 1, 40 and Ordering Paragraph (A).

<sup>14</sup> *Id.* at PP 1, 40-41 and Ordering Paragraph (B).

proceeding.<sup>15</sup> The Commission further directed that a compliance filing be made by PacifiCorp within 30 days of the date of the order correcting the rates set forth in Schedules 3, 3A, 5 and 6 as proposed in its First Answer.<sup>16</sup>

On February 7, 2017, the Chief Judge issued an order appointing the Honorable Steven A. Glazer as Settlement Judge for this case.<sup>17</sup>

PacifiCorp submitted its compliance filing on March 3, 2017 to correct its eTariff records, as directed by the Commission.<sup>18</sup> No parties filed comments or protests to the compliance filing. On June 7, 2017, the Commission issued a letter order accepting the compliance filing.<sup>19</sup>

The Settling Parties met with Judge Glazer for settlement conferences on February 23, 2017; April 27, 2017; June 15, 2017; October 31, 2017; and December 7, 2017. In addition, the Settling Parties have held numerous additional settlement discussions via telephone, in addition to technical conferences on July 10-11, 2017 and September 25, 2017. As a result of the settlement conferences and discussions, the Settling Parties have reached Settlement. That Settlement is being filed simultaneously with this Motion. This Settlement resolves all remaining outstanding issues in Docket Nos. ER17-219 and EL17-27. PacifiCorp is requesting that the Settlement be presented to Judge Glazer for certification to the Commission. In order to place the agreed-upon settlement rates into effect as soon as possible upon approval by the

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<sup>15</sup> *Id.* at PP 1, 47 and Ordering Paragraph (C).

<sup>16</sup> *Id.* at PP 1, 41 and Ordering Paragraph (D).

<sup>17</sup> *PacifiCorp*, Docket Nos. ER17-219 and EL17-27, Order of Chief Judge Designating Settlement Judge (Feb. 7, 2017).

<sup>18</sup> *PacifiCorp*, Docket No. ER17-219, eTariff Compliance Filing (Mar 6, 2017).

<sup>19</sup> *PacifiCorp*, Docket No. ER17-219, Letter Order (June 7, 2017).

Commission, PacifiCorp hereby requests permission to put them into effect on an interim basis pending Commission approval of the Settlement.

**II. MOTION TO IMPLEMENT SETTLEMENT RATES ON AN INTERIM BASIS**

Under section 375.307(a)(1)(iv) of the Commission’s Regulations, the Chief Administrative Law Judge has been delegated the authority to approve “uncontested motions that would result in lower interim settlement rates, pending Commission action on settlement agreements.” As a result, PacifiCorp respectfully requests that the Chief Judge place the interim rates attached hereto into effect on an interim basis until the Commission acts on the Settlement in Docket Nos. ER17-219 and EL17-27. The changes to the ancillary services rates contained in Schedules 3, 3A, 5, and 6 as agreed to by the parties in the Settlement reflect a decrease to the currently effective rates as described below:

	Currently effective rate, subject to refund	Settling Parties Agreed Rates effective through December 31, 2017 <sup>20</sup>	Settling Parties Agreed Rates for Interim Rate filing effective beginning February 1, 2018 <sup>21</sup>
Schedule 3 (Load rate)	2.996 \$/kW-year	2.25 \$/kW-year	2.124 \$/kW-year
Schedules 3 and 3A (Non-VER rate)	2.526 \$/kW-year	1.90 \$/kW-year	1.794 \$/kW-year-
Schedules 3 and 3A (VER rate for uncommitted scheduling)	10.114 \$/kW-year	6.984 \$/kW-year	6.593 \$/kW-year
Schedules 3 and 3A (VER rate for 60-minute committed scheduling)	n/a	5.965 \$/kW-year	5.631 \$/kW-year

<sup>20</sup> Pursuant to the Settlement Agreement, the rates for Schedules 3 and 3A are effective from July 13, 2017 to December 31, 2017. See, supra, n. 13. In addition, the rates for Schedules 5 and 6, are effective from February 13, 2017 through December 31, 2017. See, supra, n. 14.

<sup>21</sup> The Settling Parties have agreed that the rates in this column will go into effect on January 1, 2018. However, for purposes of this interim rate filing, the rates will go into effect February 1, 2018.

	Currently effective rate, subject to refund	Settling Parties Agreed Rates effective through December 31, 2017 <sup>20</sup>	Settling Parties Agreed Rates for Interim Rate filing effective beginning February 1, 2018 <sup>21</sup>
Schedule 5 (Spinning Reserves)	0.19 \$/MWh	0.16 \$/MWh	0.151 \$/MWh
Schedule 6 (Supplemental Reserves)	0.23 \$/MWh	0.16 \$/MWh	0.151 \$/MWh

Revised tariff sheets agreed to under the Settlement reflecting the settled rates and marked versions of the tariff sheets showing the changes to the currently-effective tariff sheets are also included in this filing. Allowing the settled rates to go into effect on an interim basis pending the Commission's review and approval will allow PacifiCorp's customers to have the benefit of paying the lower rates beginning with the February billing cycle before the Settlement is approved by the Commission, and will reduce PacifiCorp's refund and associated interest obligation to Combined Customers if and when approved.

### **III. REQUEST FOR EXPEDITED CONSIDERATION AND WAIVERS**

PacifiCorp respectfully requests that the Chief Judge act expeditiously on this Motion. PacifiCorp and the Combined Customers have reached a settlement, and the interim rates will allow PacifiCorp's customers to begin paying the lower rates in February before the Settlement is approved by the Commission. Accordingly, PacifiCorp requests a shortened notice period of five (5) days for responses to this Motion, which will then be due on or before February 7, 2018. PacifiCorp also requests waiver of any applicable requirements, including waiver of the 60-day prior notice and filing requirement, necessary to permit the interim rates to go into effect on February 1, 2018, as described above. PacifiCorp is authorized to state that each of the Combined Customers supports these requests for interim rates, expedited consideration and waiver set out in this motion. Neither Commission Staff nor any of the other parties to the



proceeding have indicated that they intend to file an opposition to either the imposition of the interim rates, waiver or the expedited consideration.

#### **IV. CONCLUSION**

WHEREFORE, for the reasons set forth above, PacifiCorp requests that the Chief Judge grant the Motion and all necessary waivers of the Commission's rules and regulations to permit the interim rates attached hereto to become effective February 1, 2018, and remain effective until final resolution of these proceedings, and that the Chief Judge consider this Motion on an expedited basis as discussed herein.

Respectfully Submitted,

/s/ Amie V. Colby

Amie V. Colby  
*Attorney for PacifiCorp*

**Certificate of Service**

I hereby certify that I have this day served a copy of the foregoing document on the official service list for these proceedings as established and maintained by the Commission's Secretary.

Dated at Portland, OR this 31<sup>st</sup> day of January 2018.

*/s/ Jessica Zahnow* \_\_\_\_\_

Jessica Zahnow  
*Senior Compliance Specialist for PacifiCorp*

### **SCHEDULE 3**

#### **Regulation and Frequency Response Service**

Regulation and Frequency Response Service is necessary to provide for the continuous balancing of resources (generation and interchange) with load and for maintaining scheduled Interconnection frequency at sixty cycles per second (60 Hz). Regulation and Frequency Response Service is accomplished by committing on-line generation whose output is raised or lowered (predominantly through the use of automatic generating control equipment) and by other non-generation resources capable of providing this service as necessary to follow the moment-by-moment changes in load. The obligation to maintain this balance between resources and load lies with the Transmission Provider (or the BA that performs this function for the Transmission Provider).

The Transmission Provider must offer this service when the Transmission Service is used to serve load within its BAA. The Transmission Customer must purchase this service from the Transmission Provider, self-supply the service, or make alternative comparable arrangements to satisfy its Regulation and Frequency Response Service obligation as further described in applicable PacifiCorp business practices. The Transmission Provider will take into account the speed and accuracy of regulation resources in its determination of Regulation and Frequency Response reserve requirements, including as it reviews whether a self-supplying Transmission Customer has made alternative comparable arrangements. Upon request by the self-supplying Transmission Customer, the Transmission Provider will share with the Transmission Customer its reasoning and any related data used to make the determination of whether the Transmission Customer has made alternative comparable arrangements.

For purposes of serving load under this schedule, the amount of and charges for Regulation and Frequency Response Service are differentiated by load, Variable Energy Resources (VERs), and resources that are not VERs (Non-VERs). The Transmission Customer shall pay a total Regulation and Frequency Response Service charge under this tariff equal to the sum of the charges applicable to the customer's load, VERs, and Non-VERs, as set forth below. To the extent the BA performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that BA.

### **Charge for Regulation and Frequency Response Service:**

The load charges below apply to all load served by Network Integration Transmission Service or by Point-To-Point Transmission Service. Firm imports do not reduce the load obligation.

The rates below are applied to the Transmission Customer's Monthly Network Load for Network Integration Transmission Service or to the load served by Point-To-Point Transmission Service.

#### Load

1. Yearly Rate \$2.124 per kW-Year
2. Monthly Rate \$0.177 per kW-Month

The charges below apply to all generators serving Network Load and are differentiated by the type of resources (VERs or Non-VERs) serving that load. The applicable differentiated rate below is applied to customers by charging the monthly rate times the nameplate capacity of the generator.

Each year by December 1, the Transmission Customer shall provide to the Transmission Provider, attestation of the nameplate capacity of VERs and Non-VERs owned or controlled by the Transmission Customer and located within the BAA.

#### VERs - Uncommitted Scheduling

1. Yearly Rate \$6.593 per kW-Year
2. Monthly Rate \$0.549 per kW-Month

#### VERs - Committed Scheduling

To qualify for this committed scheduling rate for a month, during every hour of that month (except as specified below), a VER customer must utilize and submit into BSAP by 57 minutes prior to the operating hour (T-57), consistent with PacifiCorp's EIM Business Practice, hour-ahead base schedules consistent with PacifiCorp's VER forecast vendor's forecast available as of no more than 72 minutes prior to the operating hour (T-72) without modification or manual override of the hour-ahead forecast, fifteen-minute schedule, and five-minute schedule. In any calendar month for up to two operating hour intervals, a VER customer may utilize and submit into BSAP by T-57, hour-ahead

schedules consistent with PacifiCorp's VER forecast vendor's forecast available as of up to 90 minutes prior to the operating hour (T-90), without modification or manual override of the hour-ahead forecast, fifteen-minute schedule, and five-minute schedule, and still be eligible for this rate. Use and submission into BSAP of hour-ahead schedules older than PacifiCorp's VER forecast vendor's forecast at T-90 in any hour during a calendar month will make a VER customer ineligible for this rate in that month.

1. Yearly Rate \$5.631 per kW-Year
2. Monthly Rate \$0.469 per kW-Month

Non-VERs

1. Yearly Rate \$1.794 per kW-Year
2. Monthly Rate \$0.150 per kW-Month

**Self-Supply:**

A Network Customer may choose to self-supply its Regulation and Frequency Response Service obligation consistent with the requirements herein and PacifiCorp's business practices.

The total charge for failure to self-supply shall not exceed the Monthly Rate pursuant to this Schedule 3A times the highest amount in megawatts not covered under self-supply.

### **SCHEDULE 3**

#### **Regulation and Frequency Response Service**

Regulation and Frequency Response Service is necessary to provide for the continuous balancing of resources (generation and interchange) with load and for maintaining scheduled Interconnection frequency at sixty cycles per second (60 Hz). Regulation and Frequency Response Service is accomplished by committing on-line generation whose output is raised or lowered (predominantly through the use of automatic generating control equipment) and by other non-generation resources capable of providing this service as necessary to follow the moment-by-moment changes in load. The obligation to maintain this balance between resources and load lies with the Transmission Provider (or the BA that performs this function for the Transmission Provider).

The Transmission Provider must offer this service when the Transmission Service is used to serve load within its BAA. The Transmission Customer must purchase this service from the Transmission Provider, self-supply the service, or make alternative comparable arrangements to satisfy its Regulation and Frequency Response Service obligation as further described in applicable PacifiCorp business practices. The Transmission Provider will take into account the speed and accuracy of regulation resources in its determination of Regulation and Frequency Response reserve requirements, including as it reviews whether a self-supplying Transmission Customer has made alternative comparable arrangements. Upon request by the self-supplying Transmission Customer, the Transmission Provider will share with the Transmission Customer its reasoning and any related data used to make the determination of whether the Transmission Customer has made alternative comparable arrangements.

For purposes of serving load under this schedule, the amount of and charges for Regulation and Frequency Response Service are differentiated by load, Variable Energy Resources (VERs), and resources that are not VERs (Non-VERs). The Transmission Customer shall pay a total Regulation and Frequency Response Service charge under this tariff equal to the sum of the charges applicable to the customer's load, VERs, and Non-VERs, as set forth below. To the extent the BA performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that BA.

### Charge for Regulation and Frequency Response Service:

The load charges below apply to all load served by Network Integration Transmission Service or by Point-To-Point Transmission Service. Firm imports do not reduce the load obligation.

The rates below are applied to the Transmission Customer's Monthly Network Load for Network Integration Transmission Service or to the load served by Point-To-Point Transmission Service.

#### Load

1. Yearly Rate ~~\$2.996~~2.124 per kW-Year
2. Monthly Rate ~~\$0.250~~0.177 per kW-Month
- ~~3. Weekly Rate \$0.058 per kW Week~~
- ~~4. Daily Rate, On Peak \$0.012 per kW Day~~
- ~~5. Daily Rate, Off Peak \$0.008 per kW Day~~
- ~~6. Hourly Rate, On Peak \$0.720 per MWh~~
- ~~7. Hourly Rate, Off Peak \$0.343 per MWh~~

The charges below apply to all generators serving Network Load and are differentiated by the type of resources (VERs or Non-VERs) serving that load. The applicable differentiated rate below is applied to customers by charging the monthly rate times the nameplate capacity of the generator.

Each year by December 1, the Transmission Customer shall provide to the Transmission Provider, attestation of the nameplate capacity of VERs and Non-VERs owned or controlled by the Transmission Customer and located within the BAA.

#### VERs - Uncommitted Scheduling

1. Yearly Rate ~~\$10.114~~6.593 per kW-Year
2. Monthly Rate ~~\$0.843 per kW-Month~~
- ~~3. Weekly Rate \$0.194 per kW Week~~
- ~~4. Daily Rate, On Peak \$0.039 per kW Day~~
- ~~5. Daily Rate, Off Peak \$0.028 per kW Day~~
- ~~6. Hourly Rate, On Peak \$2.431 per MWh~~
- ~~7. Hourly Rate, Off Peak \$1.158 per MWh~~0.549 per kW-Month

#### VERs - Committed Scheduling

To qualify for this committed scheduling rate for a month, during every hour of that month (except as specified below), a VER customer must utilize and submit into BSAP by 57 minutes prior to the operating hour (T-57), consistent with PacifiCorp's EIM Business Practice, hour-ahead base schedules consistent with PacifiCorp's VER forecast vendor's forecast available as of no more than 72 minutes prior to the operating hour (T-72) without modification or manual override of the hour-ahead forecast, fifteen-minute schedule, and five-minute schedule. In any calendar month for up to two operating hour intervals, a VER customer may utilize and submit into BSAP by T-57, hour-ahead schedules consistent with PacifiCorp's VER forecast vendor's forecast available as of up to 90 minutes prior to the operating hour (T-90), without modification or manual override of the hour-ahead forecast, fifteen-minute schedule, and five-minute schedule, and still be eligible for this rate. Use and submission into BSAP of hour-ahead schedules older than PacifiCorp's VER forecast vendor's forecast at T-90 in any hour during a calendar month will make a VER customer ineligible for this rate in that month.

<u>1. Yearly Rate</u>	<u>\$5.631 per kW-Year</u>
<u>2. Monthly Rate</u>	<u>\$0.469 per kW-Month</u>

Non-VERs

1. Yearly Rate	<del>\$2.526</del> <u>1.794</u> per kW-Year
2. Monthly Rate	<del>\$0.211</del> <u>0.150</u> per kW-Month
<del>3. Weekly Rate</del>	<del>\$0.049 per kW Week</del>
<del>4. Daily Rate, On Peak</del>	<del>\$0.010 per kW Day</del>
<del>5. Daily Rate, Off Peak</del>	<del>\$0.007 per kW Day</del>
<del>6. Hourly Rate, On Peak</del>	<del>\$0.607 per MWh</del>
<del>7. Hourly Rate, Off Peak</del>	<del>\$0.289 per MWh</del>

~~**Discount for Intra-hour Scheduling by VERs:**~~

~~A VERs customer that commits to submit a balanced 15 minute schedule may be eligible to receive a rate discount of up to 13.8 percent. A balanced 15 minute schedule consists of transactions of either 15 minute or integrated hourly e-Tag schedules following the VERs forecast, as defined in Attachment T. The Transmission Customer may elect to receive this discount with 90 days prior notice of intent and is conditioned on the Transmission Customer's ability to submit and transact using 15-minute schedules as well as persistently following the forecast. The VERs customer will receive the discount each month where the customer has persistently followed the forecast, which is~~



~~defined as a customer balancing within ten percent above or below the forecast for at least 80% of the intervals during the month.~~

**Self-Supply:**

A Network Customer may choose to self-supply its Regulation and Frequency Response Service obligation consistent with the requirements herein and PacifiCorp's business practices.

The total charge for failure to self-supply shall not exceed the Monthly Rate pursuant to this Schedule 3A times the highest amount in megawatts not covered under self-supply.

## SCHEDULE 5

### Operating Reserve - Spinning Reserve Service

Spinning Reserve Service is needed to serve load in the BAA and to support other transmission usage sourced from generation in the BAA including exports and sales. Spinning Reserve Service may be provided by generating units that are on-line and loaded at less than maximum output and by non-generation resources capable of providing this service. The Transmission Provider must offer this service when the transmission service is used to serve load within its BAA and to support other transmission usage sourced from generation in the BAA including exports and sales. The Transmission Customer must purchase this service from the Transmission Provider, self-supply the service, or make alternative comparable arrangements to satisfy its Spinning Reserve Service obligation. The amount of and charges for Spinning Reserve Service are set forth below. To the extent the BA performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that BA.

#### Charges for Spinning Reserve Service:

Under the current NERC Regional Reliability Standard BAL-002-WECC, the Transmission Provider is required to maintain a minimum amount of contingency reserve equal to the sum of three percent of hourly integrated load plus three percent of hourly integrated generation with at least half as spinning. Consistent with the Transmission Provider operating in accordance with this reliability standard, the charges for Schedule 5 below apply one and one-half percent to load and one and one-half percent to generation.

For load, the rates below are charged to a Network Customer's hourly integrated load (including losses).

For generation, the rates below are applied to customers by charging actual hourly generation delivered to the Transmission Provider at the Point of Receipt.

The rate shall be an Hourly Rate of:

	Effective rates February 13, 2017 through December 31, 2017	Effective rates beginning January 1, 2018
Schedule 5 (Spinning Reserves)	\$0.16 per MWh	\$0.151 per MWh

**Self-Supply:**

A Transmission Customer may choose to self-supply all or a portion of its reserve obligation.

The total reserve obligation for a Transmission Customer who self-supplies is determined by the currently-effective version of the NERC Regional Reliability Standard BAL-002-WECC. The requirement is currently equal to the sum of one and one-half percent of hourly integrated load plus one and one-half percent of hourly integrated generation. For a Transmission Customer choosing to self-supply a portion of its reserve obligation, the billing determinants for supplemental purchases of Schedule 5 reserve service shall be determined by: (1) identifying the difference between the amount self-supplied during each hour each month and the Transmission Customer's full requirement, as determined by NERC Regional Reliability Standard BAL-002-WECC; (2) charging the Transmission Customer the Hourly Rate multiplied by the amount of megawatts identified in (1) where the Transmission Customer failed to supply its full requirement for each hour, if any failure occurred.

The Transmission Customer shall schedule that portion which it will self-supply and/or supply from third parties pursuant to procedures set forth in the business practices of the Transmission Provider. During any period that a Transmission Customer has scheduled self-supply and/or supply from third parties but fails to provide the full amount scheduled due to partial or full forced outage of the generation source or a transmission curtailment or interruption, the Transmission Customer shall purchase the shortfall at the Hourly Rate, as described in the proceeding section.

**Spinning Reserve Service to be Provided:**

The Transmission Provider, using its generators controlled by automatic generation control, will provide the capacity required to provide Spinning Reserve Service for a Transmission Customer. Upon an outage of a generation resource for which Spinning Reserve Service has been purchased from the Transmission

Provider, the Transmission Provider will provide replacement capacity commencing immediately upon such outage until the earlier of (1) the restoration of such resource to service by the Transmission Customer or (2) the end of ten (10) full minutes after the occurrence of such outage.

To the extent that the Transmission Provider determines that a Transmission Customer's specific Spinning Reserve Requirements are not being fully met through the purchase of Spinning Reserve Service as provided above, the Transmission Provider reserves the right (upon filing with the Commission) to require such Transmission Customer to purchase a greater amount of Spinning Reserve Service.

## SCHEDULE 5

### Operating Reserve - Spinning Reserve Service

Spinning Reserve Service is needed to serve load in the BAA and to support other transmission usage sourced from generation in the BAA including exports and sales. Spinning Reserve Service may be provided by generating units that are on-line and loaded at less than maximum output and by non-generation resources capable of providing this service. The Transmission Provider must offer this service when the transmission service is used to serve load within its BAA and to support other transmission usage sourced from generation in the BAA including exports and sales. The Transmission Customer must purchase this service from the Transmission Provider, self-supply the service, or make alternative comparable arrangements to satisfy its Spinning Reserve Service obligation. The amount of and charges for Spinning Reserve Service are set forth below. To the extent the BA performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that BA.

#### Charges for Spinning Reserve Service:

Under the current NERC Regional Reliability Standard BAL-002-WECC, the Transmission Provider is required to maintain a minimum amount of contingency reserve equal to the sum of three percent of hourly integrated load plus three percent of hourly integrated generation with at least half as spinning. Consistent with the Transmission Provider operating in accordance with this reliability standard, the charges for Schedule 5 below apply one and one-half percent to load and one and one-half percent to generation.

For load, the rates below are charged to a Network Customer's hourly integrated load (including losses).

For generation, the rates below are applied to customers by charging actual hourly generation delivered to the Transmission Provider at the Point of Receipt.

The rate shall be an Hourly Rate of:

• ~~\$0.19 per MWh~~

	<u>Effective rates February 13, 2017 through December 31, 2017</u>	<u>Effective rates beginning January 1, 2018</u>
<u>Schedule 5 (Spinning Reserves)</u>	<u>\$0.16 per MWh</u>	<u>\$0.151 per MWh</u>

**Self-Supply:**

A Transmission Customer may choose to self-supply all or a portion of its reserve obligation.

The total reserve obligation for a Transmission Customer who self-supplies is determined by the currently-effective version of the NERC Regional Reliability Standard BAL-002-WECC. The requirement is currently equal to the sum of one and one-half percent of hourly integrated load plus one and one-half percent of hourly integrated generation. For a Transmission Customer choosing to self-supply a portion of its reserve obligation, the billing determinants for supplemental purchases of Schedule 5 reserve service shall be determined by: (1) identifying the difference between the amount self-supplied during each hour each month and the Transmission Customer's full requirement, as determined by NERC Regional Reliability Standard BAL-002-WECC; (2) charging the Transmission Customer the Hourly Rate multiplied by the amount of megawatts identified in (1) where the Transmission Customer failed to supply its full requirement for each hour, if any failure occurred.

The Transmission Customer shall schedule that portion which it will self-supply and/or supply from third parties pursuant to procedures set forth in the business practices of the Transmission Provider. During any period that a Transmission Customer has scheduled self-supply and/or supply from third parties but fails to provide the full amount scheduled due to partial or full forced outage of the generation source or a transmission curtailment or interruption, the Transmission Customer shall purchase the shortfall at the Hourly Rate, as described in the proceeding section.

**Spinning Reserve Service to be Provided:**

The Transmission Provider, using its generators controlled by automatic generation control, will provide the capacity required to provide Spinning Reserve Service for a Transmission Customer. Upon an outage of a generation resource for which Spinning Reserve Service has been purchased from the Transmission

Provider, the Transmission Provider will provide replacement capacity commencing immediately upon such outage until the earlier of (1) the restoration of such resource to service by the Transmission Customer or (2) the end of ten (10) full minutes after the occurrence of such outage.

To the extent that the Transmission Provider determines that a Transmission Customer's specific Spinning Reserve Requirements are not being fully met through the purchase of Spinning Reserve Service as provided above, the Transmission Provider reserves the right (upon filing with the Commission) to require such Transmission Customer to purchase a greater amount of Spinning Reserve Service.

## **SCHEDULE 6**

### **Operating Reserve - Supplemental Reserve Service**

Supplemental Reserve Service is needed to serve load in the BAA and to support other transmission usage sourced from generation in the BAA including exports and sales; however, it is not available immediately to serve load but rather within a short period of time. Supplemental Reserve Service may be provided by generating units that are on-line but unloaded, by quick-start generation or by interruptible load or other non-generation resources capable of providing this service. The Transmission Provider must offer this service when the transmission service is used to serve load within its BAA and to support other transmission usage sourced from generation in the BAA including exports and sales. The Transmission Customer must purchase this service from the Transmission Provider, self-supply the service, or make alternative comparable arrangements to satisfy its Supplemental Reserve Service obligation. The amount of and charges for Supplemental Reserve Service are set forth below. To the extent the BA performs this service for the Transmission Provider; charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that BA.

#### **Charges for Supplemental Reserve Service:**

Under the current NERC Regional Reliability Standard BAL-002-WECC, the Transmission Provider is required to maintain a minimum amount of contingency reserve equal to the sum of three percent of hourly integrated load plus three percent of hourly integrated generation with at least half as spinning. Consistent with the Transmission Provider operating in accordance with this reliability standard, the charges for Schedule 6 below apply one and one-half percent to load and one and one-half percent to generation.

For load, the rates below are charged to a Network Customer's hourly integrated load (including losses).

For generation, the rates below are applied to customers by charging actual hourly generation delivered to the Transmission Provider at the Point of Receipt.

The rate shall be an Hourly Rate of:



	Effective Rates from February 13, 2017 through December 31, 2017	Effective Rates beginning January 1, 2018
Schedule 6 (Supplemental Reserves)	\$0.16 per MWh	\$0.151 per MWh

**Self-Supply:**

A Transmission Customer may choose to self-supply all or a portion of its reserve obligation.

The total reserve obligation for a Transmission Customer who self-supplies is determined by the currently-effective version of the NERC Regional Reliability Standard BAL-002-WECC. The requirement is currently equal to the sum of one and one-half percent of hourly integrated load plus one and one-half percent of hourly integrated generation. For a Transmission Customer choosing to self-supply a portion of its reserve obligation, the billing determinants for supplemental purchases of Schedule 6 reserve service shall be determined by: (1) identifying the difference between the amount self-supplied during each hour of each month and the Transmission Customer's full requirement, as determined by NERC Regional Reliability Standard BAL-002-WECC; (2) charging the Transmission Customer the Hourly Rate multiplied by the amount of megawatts identified in (1) where the Transmission Customer failed to supply its full requirement for each hour, if any failure occurred.

The Transmission Customer shall schedule that portion which it will self-supply and/or supply from third parties pursuant to procedures set forth in the Business Practices of the Transmission Provider. During any period that a Transmission Customer has scheduled self-supply and/or supply from third parties but fails to provide the full amount scheduled due to partial or full forced outage of the generation source or a transmission curtailment or interruption, the Transmission Customer shall purchase the shortfall at the hourly rate.

**Supplemental Reserve Service to be Provided:**

The Transmission Provider, using its generators controlled by automatic generation control, will provide the capacity required

to provide Supplemental Reserve Service for a Transmission Customer. Upon an outage of a generation resource for which Supplemental Reserve Service has been purchased from the Transmission Provider, the Transmission Provider will provide replacement capacity commencing at the end of ten (10) full minutes after such outage until the earlier of (1) the restoration of such resource to service by the Transmission Customer or (2) the end of the first full hour immediately following such outage.

To the extent that the Transmission Provider determines that a Transmission Customer's specific Supplemental Reserve Requirements are not being fully met through the purchase of Supplemental Reserve Service as provided above, the Transmission Provider reserves the right (upon filing with the Commission) to require such Transmission Customer to purchase a greater amount of Supplemental Reserve Service.

## SCHEDULE 6

### Operating Reserve - Supplemental Reserve Service

Supplemental Reserve Service is needed to serve load in the BAA and to support other transmission usage sourced from generation in the BAA including exports and sales; however, it is not available immediately to serve load but rather within a short period of time. Supplemental Reserve Service may be provided by generating units that are on-line but unloaded, by quick-start generation or by interruptible load or other non-generation resources capable of providing this service. The Transmission Provider must offer this service when the transmission service is used to serve load within its BAA and to support other transmission usage sourced from generation in the BAA including exports and sales. The Transmission Customer must purchase this service from the Transmission Provider, self-supply the service, or make alternative comparable arrangements to satisfy its Supplemental Reserve Service obligation. The amount of and charges for Supplemental Reserve Service are set forth below. To the extent the BA performs this service for the Transmission Provider; charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that BA.

#### Charges for Supplemental Reserve Service:

Under the current NERC Regional Reliability Standard BAL-002-WECC, the Transmission Provider is required to maintain a minimum amount of contingency reserve equal to the sum of three percent of hourly integrated load plus three percent of hourly integrated generation with at least half as spinning. Consistent with the Transmission Provider operating in accordance with this reliability standard, the charges for Schedule 6 below apply one and one-half percent to load and one and one-half percent to generation.

For load, the rates below are charged to a Network Customer's hourly integrated load (including losses).

For generation, the rates below are applied to customers by charging actual hourly generation delivered to the Transmission Provider at the Point of Receipt.

The rate shall be an Hourly Rate of:

~~• \$0.23 per MWh~~

	<u>Effective Rates from February 13, 2017 through December 31, 2017</u>	<u>Effective Rates beginning January 1, 2018</u>
<u>Schedule 6 (Supplemental Reserves)</u>	<u>\$0.16 per MWh</u>	<u>\$0.151 per MWh</u>

**Self-Supply:**

A Transmission Customer may choose to self-supply all or a portion of its reserve obligation.

The total reserve obligation for a Transmission Customer who self-supplies is determined by the currently-effective version of the NERC Regional Reliability Standard BAL-002-WECC. The requirement is currently equal to the sum of one and one-half percent of hourly integrated load plus one and one-half percent of hourly integrated generation. For a Transmission Customer choosing to self-supply a portion of its reserve obligation, the billing determinants for supplemental purchases of Schedule 6 reserve service shall be determined by: (1) identifying the difference between the amount self-supplied during each hour of each month and the Transmission Customer's full requirement, as determined by NERC Regional Reliability Standard BAL-002-WECC; (2) charging the Transmission Customer the Hourly Rate multiplied by the amount of megawatts identified in (1) where the Transmission Customer failed to supply its full requirement for each hour, if any failure occurred.

The Transmission Customer shall schedule that portion which it will self-supply and/or supply from third parties pursuant to procedures set forth in the Business Practices of the Transmission Provider. During any period that a Transmission Customer has scheduled self-supply and/or supply from third parties but fails to provide the full amount scheduled due to partial or full forced outage of the generation source or a transmission curtailment or interruption, the Transmission Customer shall purchase the shortfall at the hourly rate.

**Supplemental Reserve Service to be Provided:**

The Transmission Provider, using its generators controlled by automatic generation control, will provide the capacity required to provide Supplemental Reserve Service for a Transmission Customer. Upon an outage of a generation resource for which Supplemental Reserve Service has been purchased from the Transmission Provider, the Transmission Provider will provide replacement capacity commencing at the end of ten (10) full minutes after such outage until the earlier of (1) the restoration of such resource to service by the Transmission Customer or (2) the end of the first full hour immediately following such outage.

To the extent that the Transmission Provider determines that a Transmission Customer's specific Supplemental Reserve Requirements are not being fully met through the purchase of Supplemental Reserve Service as provided above, the Transmission Provider reserves the right (upon filing with the Commission) to require such Transmission Customer to purchase a greater amount of Supplemental Reserve Service.