

Use of Capacity Benefit Margin

1. Effective Date. This business practice is effective upon posting on Idaho Power's OASIS.
2. Revisions. This business practice may be revised at any time by Idaho Power Grid Operations. Network Customers¹ may request revisions to this business practice at any Network Operating Committee Meeting. A revised business practice will not become effective until posted on OASIS.
3. Authority. Idaho Power establishes and administers the use of Capacity Benefit Margin (CBM) in accordance with Idaho Power's OATT, the Commission's orders, the Commission's regulations, and Commission approved NERC Standards, as each is amended from time to time.
 - a. The applicable section of Idaho Power's OATT is Attachment C.
 - b. The applicable Commission Orders are:
 - i. *Capacity Benefit Margin in Computing Available Transmission Capacity*, 88 FERC 61,099 (1999),
 - ii. *Arizona Public Service Company*, 100 FERC 61,253 (2002), and
 - iii. *Preventing Undue Discrimination and Preference in Transmission Service*, FERC Order 890 (2007).
 - c. The applicable regulation is 18 C.F.R. § 37.6(b)(1)(vii) (Definition of CBM).
 - d. The applicable Commission approved NERC Standards are:
 - i. MOD-006-0, ftp://www.nerc.com/pub/sys/all_updl/standards/rs/MOD-006-0.pdf, and
 - ii. MOD-007-0, ftp://www.nerc.com/pub/sys/all_updl/standards/rs/MOD-007-0.pdf.
4. Amount and Location of CBM Reservation.
 - a. The rules defining the amount and location of the CBM reservation are set forth in Attachment C to Idaho Power's OATT.

¹ Network Customer includes Idaho Power when acting on behalf of its native load.

- b. Based upon Idaho Power's most severe single contingency, Idaho Power Grid Operations reserves CBM for use by Network Customers in the amount of 330 megaWatts. This amount of CBM reservation was approved by the Commission in *Arizona Public Service Company*, 100 FERC 61,253 (2002). The most severe single contingency was established in accordance with Western Electric Coordinating Council's Minimum Operating Reliability Standards.
 - c. As set forth in Attachment C to Idaho Power's OATT, the CBM reservation is allocated to the Brownlee East Total path and the Idaho to Northwest path.
5. Sale of Capacity Held for CBM. Transmission capacity reserved for CBM is posted as non-firm point-to-point ATC on the transmission paths upon which it is held.
6. Authorized Uses of CBM. CBM can be used by Network Customers to reestablish Operating Reserves or supply Network Load.
7. When CBM may be used.
- a. CBM shall only be used if the Network Customer calling for its use is:
 - i. Experiencing a generation deficiency² associated with generation located within the Idaho Power balancing area (including dynamically scheduled generation),
 - ii. The transmission path available for importing replacement generation is constrained, and
 - iii. The Network Customer has taken the following steps:
 - 1. All non-firm energy sales have been terminated,
 - 2. Applicable direct-control load management programs³ have been implemented, and
 - 3. No other transmission service is available for importing replacement generation.
 - b. CBM may be first used commencing at the start of the hour following the hour in which the generation deficiency occurs. During the hour in which the generation

² Generation deficiency means the loss or derate of a generator either inside or dynamically scheduled to Idaho Power's balancing area. A generation deficiency does not include: (1) loss or derate of a generator outside of Idaho Power's balancing area, and (2) the loss of a purchased energy schedule from outside the Idaho Power balancing area.

³ The direct-control load management requirement is established by MOD-006-0. In the context of Idaho Power, direct-control load management programs consist of the following dispatchable and prescheduled retail programs to reduce load: AC Cool Credits and Irrigation Peak Rewards Program.

deficiency occurs, the Balancing Area operator must call upon reserves to complete the remainder of any schedule affected by the generation deficiency.

- c. Firm energy sales that were scheduled prior to the generation deficiency are allowed to continue while the Network Customer is using CBM. No new off-system sales of energy whether non-firm or firm can be scheduled while CBM is in use.

8. Procedures for Use of CBM.

- a. To use CBM, Network Customers shall call Idaho Power's Real Time or Pre-schedule Operators in Grid Operations. Additionally, Idaho Power Merchant may contact Idaho Power Grid Operations over Mind Align.⁴
- b. Network Customers must:
 - i. Identify:
 - 1. The lost generator, and
 - 2. Amount of generation lost; and
 - ii. Attest that all the conditions set forth in Sections 7.a. above are satisfied.
- c. In response to the request for use of CBM, Idaho Power Grid Operations will:
 - i. Confirm that all required information has been provided by the Network Customer,
 - ii. Designates according to Attachment C of Idaho Power's OATT the path(s) over which the Network Customer may schedule replacement energy using CBM, and the amount of capacity on each path(s), and
 - iii. Notifies the Network Customer via phone call or Mind Align.
- d. The Network Customer shall submit an E-schedule for use of CBM on the path(s) and in the amount specified by Idaho Power Grid Operations.

9. Duration of CBM Usage. CBM is set aside only for use in emergency circumstances. When CBM is used, it is the Network Customer's obligation to put alternative transmission arrangements in place to import energy to replace the lost generation as soon as reasonably possible.

⁴ Mind Align refers to Idaho Power's electronic instant messaging tool. Messages communicated through this tool are retained pursuant to the records retention requirements of the Commission's Market Behavior Rules, 18 C.F.R. § 35.37(d) (2007).

10. Curtailment Priority of CBM. Idaho Power treats CBM as a NERC Priority 7 transmission product and thus will be curtailed *prorata* with all scheduled network and firm point-to-point transmission.
11. Documentation of CBM Usage. The documentation requirements for posting the usage of CBM are established by NERC. According to MOD-007-0, Idaho Power Grid Operations shall post the following items within 15 calendar days after the use of CBM in a sub-folder titled “CBM” in the Network Customer folder on Idaho Power’s OASIS:
 - a. The generation deficiency and the applicable transmission constraint,
 - b. Duration of CBM usage,
 - c. The path(s) over which CBM was used, and
 - d. The megaWatt amount of CBM used on each path(s).