

Business Practice

PacifiCorp's Discretionary Practices Relating to its Capacity

Benefit Margin

Approved: _____
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Purpose: To promote the consistent and uniform use of transmission Transfer Capacity margins calculations among transmission system users.

Policy Description:

Introduction: This Position Statement on PacifiCorp's practices relating to Capacity Benefit Margin ("CBM") is made in compliance with the Commission's requirements of its Order Clarifying Methodology for Computing Available Transmission Capacity, 88 FERC 61,099. PacifiCorp is required to "explain its CBM practices, including who performs the assessment (transmission or merchant staff), the methodology used to perform generation reliability assessments (e.g., probabilistic or deterministic), whether the assessment method reflects a specific regional practice, the assumptions used in those assessments and the basis used for the selection of paths on which CBM is set aside. If the utility's practice is to not reserve CBM, the narrative should so state. As regional CBM practices develop, PacifiCorp may, from time-to-time, revise this policy statement. This business practice also meets PacifiCorp's compliance requirements with NERC reliability standard MOD-006-0.

R1

A. CBM Reservation by PacifiCorp Transmission Systems:

It is not the practice of PacifiCorp Transmission Systems to reserve CBM on behalf of its own merchant function, any affiliate merchant functions or any other transmission customers acting as load serving entities within PacifiCorp's control area. Only load serving entities can make such CBM requests leading to reservations.

B. CBM Reservation by Load Serving Entities:

Assessment of specific CBM requirements, generation reliability assessments, and the selection of amounts and paths for CBM to be set aside are the responsibility of load serving entities. It is the obligation of load serving entities to provide such information to PacifiCorp along with load and resource data which is to be submitted annually.

- i. The CBM reservation request must list Point(s) of Receipt and amounts of generation to be delivered to PacifiCorp's transmission system ("CBM Resource").
- ii. CBM of one load serving entity may not be used by any other load serving entity as a CBM product for the purpose of delivering backup generation on a firm basis. This prohibition is not intended to interfere in any way with PacifiCorp's obligation to post and market unutilized CBM pursuant to Section E below.
- iii. Any load serving entity failing to reserve an adequate amount of CBM must use secondary delivery rights under section 28.4 of PacifiCorp's open access transmission tariff, FERC Electric Tariff, Volume No. 11 ("Tariff") to arrange for deliveries of resources other than Network Resources.

C. CBM Utilization by Load Serving Entities:

The CBM Resource and the CBM transmission path may be utilized by the load serving entity reserving such CBM if and only if the following conditions exist:

- i. A Network Resource discontinues operation due to an emergency or other unforeseen condition that impairs or degrades the ability of such resource to generate. Any non-emergency use of CBM (e.g. economic dispatch) is prohibited and shall result in the assessment of excess transmission reservation charges as provided in Section 6 to Schedule 7 of the Tariff.
- ii. There is no additional generation from other Network Resources available to the transmission customer which could be utilized without using the CBM transmission path.
- iii. All Operating Reserves - Spinning and Operating Reserves - Supplemental have been fully utilized.
- iv. All non firm sales have been curtailed
- v. Direct control load management has been implemented
- vi. Customer interruptible loads have been interrupted

D. Nature of CBM Service:

The CBM service shall be deemed to be a firm transmission service as long as: 1) all of the above listed conditions have been met, and 2) any third party transmission service necessary to deliver a CBM Resource to PacifiCorp's transmission system (or from one part of PacifiCorp's transmission system to another) has been reserved on a firm basis as Point-to-Point Transmission Service or as CBM Transmission Service. A CBM Resource shall be deemed to be a temporary Network Resource so long as the conditions listed in section C above exist.

R2

A. Treatment of CBM by PacifiCorp:

PacifiCorp shall post on its OASIS the amount of any OASIS posted path that has been reserved for CBM. Such amounts shall be included with amounts of non-firm ATC for sale by PacifiCorp Transmission Systems except during times when such CBM is being utilized by the owner of the CBM reservation subject to the conditions listed above.

B. Reporting

PacifiCorp will post information on its OASIS site within 15 calendar days of an event requiring the use of CBM for an Energy Emergency. The following will be included in the posting:

- i. The circumstances of the energy emergency
- ii. The duration of the energy emergency and subsequent use of CBM
- iii. The amount of CBM used and the path utilized

References

"Capacity Benefit Margin in Computing Available Transmission Capacity," 86 FERC & 61,313 (1999) (Notice of Technical Conference).

"Order Clarifying Methodology for Computing Available Transmission Capability," 88 FERC & 61,099 (1999) (Capacity Benefit Margin in Computing Available Transmission Capacity).