

# Alaska Intertie Open Access Rules

Adopted December 20, 2013

By the Alaska Intertie Management Committee

Anchorage, Alaska

These rules for open access on the Alaska Intertie were adapted from the pro-forma open access transmission tariff (OATT) of the Federal Energy Regulatory Commission (FERC) (FERC order 888); the language in Chugach Electric Association's OATT currently before the RCA; and the Amended and Restated Alaska Intertie Agreement. The Chugach OATT also follows the FERC Pro-forma tariff format modified to some degree to reflect the unique nature of the Alaskan Interconnection. The Available Transfer Capability (ATC) calculation follows the North American Electric Reliability Corporation (NERC) Rated Path methodology, and is outlined in the associated reliability standards AKMOD-001-01, 028-01, 029-01, 030-01 covering the requirements for these calculations.

From a practical perspective "Alaska Intertie" is a component in a "series connection" of components which facilitate the transfer of energy and capacity from the Kenai-Anchorage-Mat-Su areas to the Fairbanks and central region and vice versa. The Alaska Intertie includes the facilities beginning at Chugach's 230kV bus at Teeland Substation; traversing a small section of Alaska Energy Authority's (AEA) line, the Leased MEA 115 Section to Douglas and the 345 kV AEA-owned intertie section and terminating at Golden Valley Electric Association's (GVEA) Healy 138 kV bus and including static VAR compensators (SVCs) at Teeland, Healy and Gold Hill (See Exhibit E of the Amended and Restated Alaska Intertie Agreement). Entities wishing to move power from the "Southern Group" to the "Northern Group" (the predominant direction of Power flow currently) or vice versa, must at a minimum traverse four systems to transfer Energy and Capacity; namely Chugach's, the AEA's, MEA's and GVEA's. Currently, GVEA has an open access tariff on file with the Regulatory Commission of Alaska (RCA) and Chugach has an open access tariff before the RCA. Both the Chugach and GVEA tariffs have reservations for transfer of energy and capacity to native loads. The scheduling boundary between the Northern and Southern Groups is Douglas substation located near Willow. Municipal Light and Power is the southern area controller while GVEA is the northern area controller. Under the AIA both groups have Minimum Intertie Transfer Capability Rights (MITCR) in their respective Import directions based on the Total Transfer Capability of the Intertie. Currently total MITCR is 80 MW in each direction, as determined by powerflow and a transient stability analysis completed in accordance with the relevant reliability guidelines.

## 11. COMMON TRANSMISSION SERVICE PROVISIONS

### 11.1 General

These terms are applicable to all Eligible Customers and Transmission Customers transmitting capacity and energy on Transmission Provider's Transmission System. If an Eligible Customer or Transmission Customer is part of some other transmission services arrangement in which the Transmission Provider is involved, those terms and conditions will govern where applicable.

### 11.2 Definitions Relating to Transmission Service in Rules 11, 12 and 13

- (a) 2011 Amended Intertie Agreement: the Amended and Restated Alaska Intertie Agreement dated November 18, 2011.
- (b) Ancillary Services: Those services necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the Transmission Provider's Transmission System in accordance with Good Utility Practice.
- (c) Application For Transmission Service: A written request for transmission service by an Eligible Customer in a form approved by Transmission Provider pursuant to the provisions of the these Rules.
- (d) Commission: The Regulatory Commission of Alaska.
- (e) Completed Application For Transmission Service: An Application For Transmission Service that satisfies all of the information and other requirements of these rules, including any required deposit.
- (f) Counterflows: As defined in Rule 13.2.
- (g) Curtailment: A reduction in the scheduled capacity or energy delivery of an Interchange Transaction. Such a reduction in firm or non-firm transmission service made by the Transmission Provider in response to a transmission capacity shortage due to system reliability issues or other emergency conditions.
- (h) Delivering Party: The entity supplying capacity and energy to be transmitted at Point(s) of Receipt.
- (i) Designated Agent: Any entity, or person, that performs actions or functions on behalf of the Transmission Provider, an Eligible Customer, or the Transmission Customer required under these Rules.

- (j) Direct Assignment Facilities: Facilities or portions of facilities that are constructed by the Transmission Provider for the sole use and/or benefit of a particular Transmission Customer requesting service under the Interconnection Standards for Railbelt Transmission and or Generation and End User Interconnection Standards. Direct Assignment Facilities shall be specified in the Service Agreement that governs service to the Transmission Customer.
- (k) Eligible Customer: Any electric utility (including the Transmission Provider) or any person generating electric energy for resale that holds a Certificate of Public Convenience and Necessity from the Commission, or having other equivalent authority, is an Eligible Customer under these Rules.
- (l) Facilities Study: An engineering study conducted in accordance with the methodologies outlined in the Interconnection Standards for Railbelt Transmission and or Generation and End User Interconnection Standards by the Transmission Provider, or its designee, to determine the required modifications to the Transmission Provider's Transmission System, including the cost and scheduled completion date for such modifications, that will be required to provide the requested transmission service. The cost of any Facilities Study is the responsibility of the requesting party.
- (m) Firm Point-To-Point Transmission Service: Transmission Service under these rules that is reserved and/or scheduled between Douglas and Healy substations pursuant these rules.
- (n) Good Utility Practice: Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.
- (o) Intertie Management Committee (IMC): The Intertie Management Committee established by the 2011 Amended Intertie Agreement.
- (p) Participant(s): As defined in the 2011 Amended Intertie Agreement.
- (q) Interruption: A reduction in non-firm transmission service due to economic reasons pursuant to Rule 12.2(g).
- (r) Long-Term Firm Point-To-Point Transmission Service: Firm Point-To-

Point Transmission Service with a term of one (1) year or more.

- (s) Native Load Customers: The wholesale and retail power customers of the Transmission Provider (or their load serving entities) on whose behalf the Transmission Provider, by statute, franchise, regulatory requirement, or contract, has undertaken a priority obligation to construct and operate the Transmission Provider's system to meet the reliable electric needs of such customers.
- (t) Network Upgrades: Facilities or a portion of facilities that are added or upgraded by the Transmission Provider to the Transmission System in order to accommodate Eligible Customer's transmission service request in accordance with the Interconnection Standards for Railbelt Transmission and or Generation and End User Interconnection Standards.
- (u) Non-Firm Point-To-Point Transmission Service: Point-To-Point Transmission Service under these rules that is reserved and scheduled on an as-available basis and is subject to Curtailment or Interruption as set forth in Rule 12.2(g) of these rules. Non-Firm Point-To-Point Transmission Service is available on a stand-alone basis for a period ranging from one hour to one month.
- (v) Parties: The Transmission Provider and the Transmission Customer receiving service pursuant to Rules 11 and 12.
- (w) Point(s) of Delivery: Point(s) on the Transmission Provider's Transmission System where capacity and energy transmitted by the Transmission Provider will be made available to the Receiving Party under Rule 12 of these rules. The Point(s) of Delivery shall be specified in the Service Agreement for Firm Point-To-Point Transmission Service – see Appendix E-1 and E-2.
- (x) Point(s) of Receipt: Point(s) of interconnection on the Transmission Provider's Transmission System where capacity and energy will be made available to the Transmission Provider by the Delivering Party under Rule 12 of these rules. The Point(s) of Receipt shall be specified in the Service Agreement for Firm Point-To-Point Transmission Service – see Appendix E-1 and E-2.
- (y) Point-To-Point Transmission Service: The reservation and transmission of capacity and energy on either a firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery under Rule 12 of these Rules.
- (z) Priority Participant: An entity entitled under 11.4(a) to preferential allocation of the Transfer Capability of the Alaska Intertie based upon the entity's MITCR allocation.
- (aa) Priority User: An entity entitled under Rule 11.4(b) to preferential allocation

of the Transfer Capability of the Alaska Intertie based upon the amount of increase in the Transfer Capability resulting from an improvement for which the entity paid.

- (bb) Postbacks: As defined in Rule 13.1.
- (cc) Real Power Losses: A Real Power Loss is the normal loss of energy during transmission.
- (dd) Receiving Party: The entity receiving the capacity and energy transmitted by the Transmission Provider to Point(s) of Delivery.
- (ee) Reseller: The entity receiving rights under a Service Agreement as more fully described in Rule 12.11.
- (ff) Reserved Capacity: The amount of capacity and energy that the Transmission Provider agrees to transfer for the Transmission Customer over the Transmission Provider's Transmission System between the Point(s) of Receipt and the Point(s) of Delivery. Reserved Capacity shall be expressed in terms of whole megawatts on a sixty (60) minute interval (commencing on the clock hour) basis.
- (gg) Service Agreement for Point-to-Point Transmission Service ("Service Agreement"): For purposes of Rule 11 and Rule 12, the initial agreement and any amendments or supplements thereto entered into by the Transmission Customer and the Transmission Provider for service under these Rules. See Appendix E-1 and Appendix E-3.
- (hh) Service Commencement Date: The date the Transmission Provider begins to provide service pursuant to the terms of an executed Service Agreement, or the date the Transmission Provider begins to provide service in accordance with these Rules.
- (ii) Loadshed or Shedding: The systematic reduction of system demand by temporarily decreasing load in response to transmission system or area capacity shortages, system instability, or voltage control considerations, also known as under frequency loadshed when operating below 59.0 Hz and Shed In Lieu of Spin (SILOS) between 59.0 and 60 Hz.
- (jj) Short-Term Firm Point-To-Point Transmission Service: Firm Point-To-Point Transmission Service with a term of less than one (1) year.
- (kk) System Impact Study: An assessment by the Transmission Provider, or its designee, of (i) the adequacy of the Transmission System to accommodate a

request for Firm Point-To-Point Transmission Service and (ii) whether any additional costs may be incurred in order to provide transmission service. The cost of any System Impact Study is the responsibility of the requesting entity and must be performed in accordance with the Interconnection Standards for Railbelt Transmission and or Generation and End User Interconnection Standards.

- (ll) Third-Party Sale: Any sale for resale to a power purchaser.
- (mm) Transmission Customer: Any Eligible Customer (or its Designated Agent) that is deemed qualified under the Interconnection Standards for Railbelt Transmission and or Generation and End User Interconnection Standards that executes a Service Agreement with the Transmission Provider. This term is used in the Rule 11 Common Transmission Service Provisions to include customers receiving transmission service under Rule 12 of these rules.
- (nn) Transmission Provider: Intertie Management Committee.
- (oo) Transmission Service: Point-To-Point Transmission Service provided under Rule 12 of these Rules.
- (pp) Transmission System: The facilities owned, controlled or operated by the Transmission Provider that are used to provide transmission service under Rule 12 of these Rules.
- (qq) Working Day: Monday through Friday, excluding public holidays recognized by the Commission and the State of Alaska, Alaska Energy Authority.

### **11.3 Implementation of Open Access Principles**

Section 6.1 of the 2011 Amended Intertie Agreement requires the IMC to implement a new methodology for allocating the Transfer Capability of the Alaska Intertie. The methodology implemented must use and incorporate Open Access and other principles set forth in Article 16 of the 2011 Amended Intertie Agreement. The MITCR, priority participant, priority user principles incorporated into this methodology apply solely to the unique ownership situation of the Alaska Intertie and are not intended to be precedent setting with respect to any other interconnected transmission systems.

The IMC is implementing this new methodology for allocating Transfer Capability by adoption of the rules, policies, and procedures set forth in Rules 11, 12 and 13. Historically, the Alaska Intertie has been used solely by Railbelt electric utilities that became Participants to Alaska Intertie Agreements. The new methodology reflects the initial use of Open Access principles for the Alaska Intertie. In order to more efficiently implement this change, the IMC recognizes that Rules 11, 12 and

13 should remain organic in nature. Final versions of certain documents and schedules referenced in the Rules have not yet been created or adopted. The IMC anticipates ongoing modification and supplementation of the Rules will be necessary based upon operational experience and as the Railbelt System evolves. For example, final versions of certain documents and schedules referenced in the Rules will need to be created or adopted when demand for Transfer Capability by new Users arises.

As the need to modify or supplement arises, each IMC Participant agrees that it shall, in good faith, act within the IMC to develop and adopt appropriate amendments to Rules 11, 12 and 13 to ensure that the Rules implement the Open Access and other principles contemplated in Section 16 of the 2011 Amended Intertie Agreement.

The 2011 Amended Intertie Agreement defines Open Access:

“Open Access” means that all potential Users of the Alaska Intertie shall be provided access to transmission service on the Alaska Intertie under common terms and conditions that are just and reasonable and not unjustly discriminatory, subject to a priority reservation of Capacity for power supply contracts with AEA projects, and equal access to Intertie system information the IMC has deemed critical for all potential Users.

Providing “Open Access” under “common terms and conditions that are on a just, reasonable, and not unjustly discriminatory basis” does not mean nor require “free access.” Rules 11 and 12 impose on new Intertie users, reasonable costs and obligations associated with the anticipated impacts arising from those new Intertie users. Further, existing financial arrangements associated with Intertie operations are expected to change. For example, various Railbelt utilities currently voluntarily donate certain services related to Intertie operations. These service donations occur in the context of an asset used solely by Railbelt utilities. When Open Access expands the universe of actual users, the IMC anticipates the cost of these services to become Intertie expenses recoverable from Intertie users.

The IMC may adopt rules that require new priority participants and priority users to reimburse the transmission provider a pro-rated payment. This payment will be based on the new user’s allocated MITCR share and shall be limited to no more than the previous five years of operating expenses that have ongoing value to the operation of the Intertie.

#### **11.4 Preferential Allocations of Transfer Capability to Priority Participants and**

## Priority Users

In implementing the new methodology for allocating the Transfer Capability of the Alaska Intertie using Open Access and other principles, Rules 11, 12, and 13 grant preferential allocations of the Transfer Capability of the Alaska Intertie to Priority Participants and to Priority Users.

(a) “Priority Participants” are entities that are “Participants” entitled to obtain a MITRC allocation of Intertie Capacity under Articles 6 and 16 of the 2011 Amended Intertie Agreement, as modified by this Rule 11.4.

Section 16.3.4 of the 2011 Amended Intertie Agreement (Alternative Allocation of Intertie Capacity) provides that Users or potential Users may become entitled to become a Participant under and for purposes of the allocation of MITCR Article 6 if the IMC has not timely developed and implemented the new methodology for the allocation of Intertie Capacity. In adopting the new methodology, the IMC incorporates into this Rule 11.4 an approach derived from the Alternative Allocation of Intertie Capacity.

Under this Rule 11.4, Users or potential Users obtain the status of “Participant” under Section 16.3.4 and Article 6 of the 2011 Amended Intertie Agreement if and limited to the extent the User or potential User will use the Transfer Capability of the Alaska Intertie to transfer power for purchase by an electric public utility with at least an Annual System Demand of 5MW of retail load, holding a Certificate of Public Convenience and Necessity from the Regulatory Commission of Alaska, or having other equivalent authority; and, having a certificated service territory, or other equivalent authority, with physical or contractual access to the Alaska Intertie for the transport of electric power. For purposes of clarity, power to be transferred for use at a military base shall constitute a transfer of power for purchase by a qualifying electric public utility under this Rule 11.4.

A qualifying User or potential User under this Rule 11.4 must follow the procedures established in Section 16.3.4 and Article 6 of the 2011 Amended Intertie Agreement to obtain the status of “Participant”:

The qualifying User or potential User must (a) give twenty-four (24) months written notice to AEA and the Participants of its intention to become a Participant, and (b) execute a User Agreement, if one has not already been executed. Upon becoming a Participant under this Rule 11.4 (referred to as a “Section 16.3.4 Participant” in the 2011 Amended Intertie Agreement) the entity shall obtain full rights to MITCR allocations under Article 6 of the 2011 Amended Intertie Agreement, **MINIMUM RIGHTS OF THE PARTICIPANTS AND USERS TO USE INTERTIE FACILITIES.**

For purposes of calculating MITCR allocations for a User eligible to become a Participant under this Rule 11.4 and Section 16.3.4 of the 2011

Amended Intertie Agreement and that sells wholesale power to an electric utility, the number of “kilowatts-hours in any clock hour, attributable to Energy required during such hour for supply of Energy to a system’s consumers,” as that phrase is used in the definition of “System Demand,” shall include wholesale power sold to an electric utility, unless otherwise agreed in writing by the “Section 16.3.4 Participant.” Wholesale power sold to a Participant and included in the calculation of a “Section 16.3.4 Participant’s” MITCR may not be included in the calculation of the receiving Participant’s MITCR.

(b) “Priority Users” are entities that pay for improvements to the Alaska Intertie that increase the Transfer Capability. The Priority User is entitled to preferential allocation of the increase in the Transfer Capability that results from the improvement to the Alaska Intertie.

## **11.5 Ancillary Services**

Ancillary Services are required with transmission service to maintain reliability within and among the portion(s) of the service territories area affected by the transmission service requested by Transmission Customer. The Transmission Provider is required to offer, and the Transmission Customer is required to purchase, the following Ancillary Services: (i) Scheduling, System Control and Dispatch (Rate Schedule T-1), (ii) Reactive Supply and Voltage Control from Generation Sources (Rate Schedule T-2), (iii) Regulation and Frequency Response (Rate Schedule T-3), (iv) Energy Imbalance (Rate Schedule T-4), (v) Operating Reserve - Spinning Reserve Service (Rate Schedule T-5), and (vi) Operating Reserve - Supplemental Reserve Service (Rate Schedule T-6).

In order to insure adequate Operating Reserves (spinning) and Non-Operating Reserves (supplemental) and to fairly distribute responsibility for these reserves, the original provider of the energy and/or capacity whether acting as the Transmission Customer or as energy provider to the Transmission Customer shall be responsible ensuring the reserve obligations are met as described in Exhibit H of the 2011 Amended Intertie Agreement.

The IMC as Transmission provider will contract for and obtain for provision to the Transmission Customer ancillary services not provided by the assets of the Alaska Intertie project. The Transmission Customer is required to acquire these Ancillary Services from the Transmission Provider. The Transmission Customer may not decline the Transmission Provider’s offer of these Ancillary Services and instead self-supply or supply these Ancillary services from a third party unless the Transmission Customer demonstrates, to the Transmission Provider’s satisfaction, that it can provide, or it has acquired, the additional Ancillary Services from another source acceptable to Transmission Provider. In this case, the Transmission Customer must identify in its Application For Transmission Service how it will satisfy this obligation, including which Ancillary Services it will purchase from the Transmission Provider. In all cases, Scheduling, System Control and Dispatch

services and Reactive Supply and Voltage Control from Generation and other VAR Sources services must be provided directly by the Transmission Provider.

A Transmission Customer that exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery or an Eligible Customer that uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved is required to pay for all of the Ancillary Services identified in this Rule that were provided by the Transmission Provider associated with the unreserved service. The Transmission Customer or Eligible Customer will pay for Ancillary Services in accordance with the provisions of Rule 12.1(g) in the case of firm service and Rule 12.2(e) in the case of non-firm service.

The specific Ancillary Services, prices and/or compensation methods are described on the Schedules that are attached to and made a part of these Transmission rules. The Ancillary Services are:

- (a) Scheduling: System Control and Dispatch Service. The rates and/or methodology are described in Rate Schedule T-1.
- (b) Reactive Supply and Voltage Control from Generation Sources Service: The rates and/or methodology are described in Rate Schedule T-2.
- (c) Regulation and Frequency Response Service: The rates and/or methodology are described in Rate Schedule T-3.
- (d) Energy Imbalance Service: The rates and/or methodology are described in Rate Schedule T-4.
- (e) Operating Reserve - Spinning Reserve Service: The rates and/or methodology are described in Rate Schedule T-5.
- (f) Operating Reserve - Supplemental Reserve Service: The rates and/or methodology are described in Rate Schedule T-6.

## **11.6 Reciprocity**

The IMC will adopt reciprocity rules in the future.

## **11.7 Billing and Payment**

Rules and procedures within the 2011 Amended Intertie Agreement, including but not limited to those in Article 17 of the 2011 Amended Intertie Agreement, apply to billing and payment processes and procedures.

**11.8 This section intentionally left blank**

**11.9 Uncontrollable Forces and Indemnification**

Uncontrollable Forces: Rules and procedures within the 2011 Amended Intertie Agreement, including but not limited to those in Article 22 of the 2011 Amended Intertie Agreement, apply when uncontrollable forces arise that impact transmission services provided in accordance with the provisions of Rules 11, 12, and 13.

- (a) Indemnification: The Transmission Customer shall at all times indemnify, defend, and save the Transmission Provider harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the Transmission Provider's performance of its obligations under these Rules on behalf of the Transmission Customer, except in cases of gross negligence or intentional wrongdoing by the Transmission Provider. This provision does not apply to the Alaska Energy Authority or any other State of Alaska agency or public corporation that becomes a Transmission Customer.

**11.10 Creditworthiness**

For the purpose of determining the ability of the Transmission Customer to meet its obligations related to service hereunder, the Transmission Provider may adopt and implement reasonable credit review procedures. The Transmission Provider may require the Transmission Customer to provide and maintain in effect during the term of the Service Agreement, reasonable security to demonstrate that the Transmission Customer has the ability to meet its responsibilities and obligations under these Rules, and protect the Transmission Provider from the risk of non-payment. The security may be in the form of an unconditional and irrevocable letter of credit, or an alternative form of security proposed by the Transmission Customer and acceptable to the Transmission Provider.

**11.11 Dispute Resolution Procedures**

Dispute resolution rules and procedures within the 2011 Amended Intertie Agreement, including but not limited to those in Articles 3, 8, 9, 10, 17 and 19 of the 2011 Amended Intertie Agreement, apply under Rules 11, 12 or 13, as appropriate to the type of dispute.

## 12. POINT-TO-POINT TRANSMISSION SERVICE

For Users without priority rights or priority users who wish to use otherwise uncommitted transfer capability, the Transmission Provider will provide Firm Point-To-Point Transmission Service and Non-Firm Point-to-Point Transmission Service pursuant to the applicable terms and conditions of these rules. Point-To-Point Transmission Service is for the receipt of capacity and energy at designated Point(s) of Receipt and the transfer of such capacity and energy to designated Point(s) of Delivery. As set forth in this Rule 12, Point-To-Point Transmission Service transactions may give rise to several component charges.

Notwithstanding the requirements to evaluate Available Transmission Capability, Counterflows and to Postback unused MITCR, the Priority Participants and Priority Users (MITCR holders and new Priority Users) will continue to schedule energy and capacity and provide ancillary services as has been done prior to the implementation of this Open Access language. Users of the capacity made available by Postbacks and Counterflows shall schedule energy and capacity and provide ancillary service as described in sections 12 and 13. Because of the preferential capacity rights of Priority Participants and Priority Users, the availability of point-to-point transmission service may be limited to Postbacks and Counterflows only. Duration and nature of service may be contingent upon the duration and nature of the Postbacks and Counterflows.

### 12.1 Nature of Firm Point-To-Point Transmission Service

- (a) Term: The minimum term of Firm Point-To-Point Transmission Service shall be one (1) day. The term shall be specified in the Service Agreement. The term of Short-Term Firm Point-To-Point Transmission Service shall be expressed in days, weeks, and/or months.
- (b) Reservation Priority:
  - i. Long-Term Firm Point-To-Point Transmission Service shall be available on a first-come, first-served basis *i.e.*, in the chronological sequence in which each Transmission Customer has reserved service subject to preferential capacity rights of Priority Participants and Priority Users;
  - ii. Reservations for Short-Term Firm Point-To-Point Transmission Service will be conditional based upon the length of the Postbacks and Counterflows and the length of the requested transaction as follows: If the Postbacks and Counterflows are recallable and subsequently recalled or the transmission system becomes oversubscribed, requests for longer term service shall preempt requests for shorter-term service up to the following conditional reservation deadlines:
    - one (1) day before the commencement of daily service (*i.e.* service with a term of less than a week);

- one (1) week before the commencement of weekly service (i.e. service with a term of less than a month); and
- one (1) month before the commencement of monthly service (i.e. service with a term equal to or greater than a month).

Preemption of shorter-term service, if any, shall take place sequentially beginning with preemption of the most recent request for shorter-term service. Before the conditional reservation deadline, if available transmission capability is insufficient to satisfy all Applications for Transmission Service, an Eligible Customer with a reservation for shorter term service has the right of first refusal to match any longer term reservation before losing its reservation priority. A longer term competing request for Short-Term Firm Point-To-Point Transmission Service will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request within twenty-four (24) hours (or earlier at Transmission Provider's discretion if necessary to comply with the scheduling deadlines) from being notified by the Transmission Provider of a longer-term competing request for Short-Term Firm Point-To-Point Transmission Service. When a longer duration request preempts multiple shorter duration reservations, the shorter duration reservations shall have simultaneous opportunities to exercise the right of first refusal. Duration and time of response will be used to determine the order by which the multiple shorter duration reservations will be able to exercise the right of first refusal. After the conditional reservation deadline, service will commence pursuant to the terms of Rule 12 of these rules.

iii. Firm Point-To-Point Transmission Service will always have a reservation priority over Non-Firm Point-To-Point Transmission Service under these rules. All Long-Term Firm Point-To-Point Transmission Service, should it become available, will be subject to priority to MITCR allocations in effect on the date these OAT rules were incorporated into the agreement.

(c) Intentionally Omitted.

(d) Firm Point-To-Point Service Agreements: The Transmission Provider shall offer a standard form Service Agreement (See Appendix E-1) for Firm Point-To-Point Transmission Service to an Eligible Customer when it submits a Completed Application For Transmission Service in accordance with these Rules. An Eligible Customer that uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved and that has not executed a Service Agreement will be deemed, for purposes of assessing any appropriate charges and penalties, to have executed the applicable Service Agreement.

- (e) Transmission Customer Obligations for Facility Additions or Re-dispatch Costs: In cases where the Transmission Provider determines that the Transmission System is not capable of providing Firm Point-To-Point Transmission Service without exceeding the Available Transfer Capability, the Transmission Provider will only be obligated to expand or upgrade its Transmission System pursuant to the terms of Rule 12.7 and in accordance with the Applicable Railbelt Reliability Standards and the Interconnection Standards for Railbelt Transmission and or Generation and End User Interconnection Standards. The Transmission Customer must agree to compensate the Transmission Provider for any necessary transmission facility additions pursuant to the terms of Rule 12.7 and these standards. To the extent the Transmission Provider can relieve any system constraint more economically by re-dispatching the Transmission Provider's resources than through constructing System Upgrades; it may do so, provided that the Eligible Customer agrees to compensate the Transmission Provider pursuant to the terms of Rule 12.7. Any re-dispatch, System Upgrade or Direct Assignment Facilities costs to be charged to the Transmission Customer on an incremental basis under these rules will be specified in the Service Agreement prior to initiating service.
- (f) Curtailed Firm Transmission Service: In the event that a Curtailment on the Transmission Provider's Transmission System, or a portion thereof, is required to maintain reliable operation of such system Curtailments will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint. If multiple transactions require Curtailment, to the extent practicable and consistent with Good Utility Practice, the Transmission Provider will curtail service to Transmission Customers taking Firm Point-To-Point Transmission Service on a basis subordinate only to the curtailment of service to the Transmission Provider's Native Load Customers (Priority Participants and Priority Users). All Curtailments under these Rules will be made on a non-discriminatory basis, however:
- Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Transmission Service and service to the Transmission Provider's Native Load Customers; and
  - Non-Firm Point-To-Point Transmission Service for which re-dispatch costs will not be paid shall be subordinate to Non-Firm Point-To-Point Transmission Service for which re-dispatch costs will be paid.

When the Transmission Provider determines that an electrical or system emergency exists on its Transmission System and implements emergency procedures to curtail firm transmission service, the Transmission Customer shall make the required reductions upon request of the Transmission Provider. In some instance these reduction may be automated. Automated

curtailment procedures will be outlined in detail in the Service Agreement prior to scheduling. However, the Transmission Provider reserves the right to initiate Curtailment, in whole or in part, any Firm Point-To-Point Transmission Service provided under these rules when, in the Transmission Provider's sole discretion, an emergency or other unforeseen condition impairs or degrades the reliability of its Transmission System. The Transmission Provider will notify all affected Transmission Customers in a timely manner of any scheduled Curtailments.

(g) Classification of Firm Transmission Service:

- i. The Transmission Customer taking Firm Point-To-Point Transmission Service may request a modification of the Point(s) of Receipt or Point(s) of Delivery on a firm basis pursuant to the terms of Rule 12.10. The Transmission Customer may purchase transmission service to make sales of capacity and energy from multiple generating units that are on the Transmission Provider's Transmission System. For such a purchase of transmission service, the resources will be designated as multiple Points of Receipt, unless the multiple generating units are at the same generating facility in which case the units would be treated as a single Point of Receipt.
- ii. The Transmission Provider shall provide deliveries of capacity and energy on a firm basis from the Point(s) of Receipt to the Point(s) of Delivery. Each Point of Receipt at which firm transfer capability is reserved by the Transmission Customer shall be set forth in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service along with a corresponding capacity reservation associated with each Point of Receipt. Points of Receipt and corresponding capacity reservations shall be as mutually agreed upon by the Parties for Short-Term Firm Point-To-Point Transmission. Each Point of Delivery at which firm transfer capacity is reserved by the Transmission Customer shall be set forth in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service along with a corresponding capacity reservation associated with each Point of Delivery. Points of Delivery and corresponding capacity reservations shall be as mutually agreed upon by the Parties for Short-Term Firm Point-To-Point Transmission. The greater of either (1) the sum of the capacity reservations at the Point(s) of Receipt, or (2) the sum of the capacity reservations at the Point(s) of Delivery shall be the Transmission Customer's Reserved Capacity. The Transmission Customer will be billed for its Reserved Capacity under the terms of Rate Schedule T-7.

The Transmission Customer may not exceed its firm capacity reserved at each Point of Receipt and each Point of Delivery. In the event the

Transmission Customer (including Third Party Sales by the Transmission Provider) exceeds its firm capacity reserved at any Point of Receipt or Point of Delivery or uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved, the Transmission Customer shall pay a penalty equal to twice the rate set forth in Rate Schedule T-7 as follows:

- The unreserved use penalty for a single hour of unreserved use shall be based on the rate for daily Firm Point-To-Point Transmission Service.
- If there is more than one assessment for a given duration (e.g., daily) for the Transmission Customer, the penalty shall be based on the next longest duration (e.g., weekly).
- The unreserved penalty charge for multiple instances of unreserved use (i.e., more than one hour) within a day shall be based on the daily rate Firm Point-To-Point Transmission Service.
- The unreserved penalty charge for multiple instances of unreserved use isolated to one calendar week shall be based on the charge for weekly Firm Point-To-Point Transmission Service.
- The unreserved use penalty charge for multiple instances of unreserved use during more than one week during a calendar month shall be based on the charge for monthly Firm Point-To-Point Transmission Service.

The Transmission Customer shall additionally pay for Ancillary Services associated with the unreserved service. This penalty payment for Ancillary Services shall be based on twice the rate set forth in Rate Schedules T-1, T-2, T-3, T-4, T-5 and T-6, multiplied by the penalty basis set out in the immediately-preceding list (i.e. a daily, weekly or monthly basis as appropriate).

- h) Scheduling of Firm Point-To-Point Transmission Service: Notice of Postbacks and Counterflows in excess of one day, making available Firm Point to Point service will be posted not later than 5:00 pm of second working day prior to the schedule date. The Transmission Customer's Firm Point-To-Point Transmission Service must be submitted to the Transmission Provider no later than 10:00 a.m. of the Working Day prior to commencement of such service. Schedules submitted after 10:00 a.m. may be accommodated, if practicable. Hour-to-hour schedules of any capacity and energy that is to be delivered must be stated in increments of 1,000 kW

per hour. Transmission Customers with multiple requests for transmission service at a Point of Receipt, each of which is under 1,000 kW per hour, may consolidate their service requests at a common Point of Receipt into units of 1,000 kW per hour for scheduling and billing purposes. To the extent practicable, scheduling changes will be permitted up to twenty (20) minutes before the start of the next clock hour provided that the Delivering Party and Receiving Party also agree to the schedule modification. Hour by hour Postbacks and Counterflows may occur within this time frame as well. The Transmission Provider will furnish to the Delivering Party's system operator, hour-to-hour schedules equal to those furnished by the Receiving Party (unless reduced for losses) and shall deliver the capacity and energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify the Transmission Provider, and the Transmission Provider shall have the right to adjust, in its sole discretion, the schedule for capacity and energy to be received and to be delivered, as well as to add these termination to the hour by hour Postbacks.

## **12.2 Nature of Non-Firm Point-To-Point Transmission Service**

- (a) Term: Non-Firm Point-To-Point Transmission Service will be available for periods ranging from one (1) hour to one (1) month subject to corresponding Postbacks and Counterflows. However, a Purchaser of Non-Firm Point-To-Point Transmission Service will be entitled to reserve a sequential term of service (such as a sequential monthly term without having to wait for the initial term to expire before requesting another monthly term) so that the total time period for which the reservation applies is greater than one month, subject to the requirements of Rule 12.6(c).
- (b) Reservation Priority: Subject to availability of suitable Postbacks and Counterflows, Non-Firm Point-To-Point Transmission Service shall be available from transfer capability in excess of that needed for preferential capacity rights of Native Load Customers, reliable service to Native Load Customers and other Transmission Customers taking Long-Term and Short-Term Firm Point-To-Point Transmission Service. A higher priority will be assigned in the first instance to requests or reservations with a longer duration of service. In the event the Transmission System is constrained, competing requests of equal duration will be prioritized based on the highest price offered by the Eligible Customer for the Transmission Service. Eligible Customers that have already reserved shorter term service have the right of first refusal to match the term and price of any longer term request before being preempted. A longer term competing request for Non-Firm Point-To-Point Transmission Service will preempt that of the Eligible Customer with the right of first refusal if that Eligible Customer does not agree to match the competing request within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in Rule 12.2(f)) after notification by the

Transmission Provider. Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have the lowest reservation priority under these rules.

- (c) Use of Non-Firm Transmission Service by the Transmission Provider: The Transmission Provider will be subject to the rates, terms and conditions of these rules when making Third-Party Sales.
- (d) Non-Firm Transmission Service Agreements: The Transmission Provider shall offer a standard form Service Agreement (see Appendix E-3) for Non-Firm Point-To-Point Transmission Service to an eligible Customer when it submits a Completed Application For Transmission Service in accordance with these rules.
- (e) Classification of Non-Firm Transmission Service: Subject to appropriate Postbacks and Counterflows, Non-Firm Point-To-Point Transmission Service shall be offered under terms and conditions contained in these rules. The Transmission Provider undertakes no obligation under these rules to plan its Transmission System in order to have sufficient capacity for Non-Firm Point-To-Point Transmission Service. Parties requesting Non-Firm Point-To-Point Transmission Service for the transmission of firm power do so with the full realization that such service is subject to availability and to Curtailment or Interruption under the terms of these rules. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that a Transmission Customer (including Third-Party Sales by the Transmission Provider) exceeds its non-firm capacity reservation. Non-Firm Point-To-Point Transmission Service shall include transmission of energy on an hourly basis and transmission of scheduled short-term capacity and energy on a daily, weekly or monthly basis, but not to exceed one month's reservation for any one Application, under Rate Schedule T-8.

In the event the Transmission Customer (including Third Party Sales by the Transmission Provider) exceeds its non-firm capability reserved at any Point of Receipt or Point of Delivery, the Transmission Customer shall pay the rate set forth in Rate Schedule T-8 for the delivery period (i.e., monthly, weekly, daily or hourly) for which the Transmission Customer is reserving capacity multiplied by an adjusted reserved capacity (for pricing purposes only) equal to the highest level used by the Transmission Customer at such Point of Receipt or Point of Delivery as integrated over a 60 minute period. The Transmission Customer shall additionally pay for Ancillary Services on the basis of this adjusted reserved capacity level, multiplied by the rates set forth in Rate Schedules T-1, T-2, T-3, T-4, T-5 and T-6.

- (f) Scheduling of Non-Firm Point-To-Point Transmission Service: Postbacks and Counterflows in excess of one day shall be posted by 5:00pm of the

second day prior to scheduled service. Schedules for Non-Firm Point-To-Point Transmission Service must be submitted to the Transmission Provider no later than 10:00 a.m. of the day prior to the commencement of such service. Schedules submitted after 10:00 a.m. will be accommodated, if practicable. Hour-to-hour schedules of energy that is to be delivered must be stated in increments of 1,000 kW per hour. Transmission Customers with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 kW per hour, may consolidate their schedules at a common Point of Receipt into units of 1,000 kW per hour. To the extent practicable, scheduling changes will be permitted up to thirty (30) minutes before the start of the next clock hour provided that the Delivering Party and Receiving Party also agree to the schedule modification. The Transmission Provider will furnish to the Delivering Party's system operator, hour-to-hour schedules equal to those furnished by the Receiving Party and shall deliver the capacity and energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify the Transmission Provider, and the Transmission Provider shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered.

- (g) Curtailment or Interruption of Non-Firm Point-To-Point Transmission Service: The Transmission Provider reserves the right to Curtail, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under these rules for reliability reasons when an emergency or other unforeseen condition threatens to impair or degrade the reliability of the Transmission System or the systems directly and indirectly interconnected with Transmission Provider's Transmission System. Transmission Provider may elect to implement such Curtailments pursuant to the transmission loading relief procedures. The Transmission Provider reserves the right to Interrupt, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under these rules for economic reasons in order to (1) accommodate in the event that the Postbacks are recalled (2) Counterflows are cancelled or interrupted for some reason and situation will impede the delivery of service to Native Load Customers or firm service (3) a request for Firm Transmission Service, (4) a request for Non-Firm Point-To-Point Transmission Service of greater duration, or (5) a request for Non-Firm Point-To-Point Transmission Service of equal duration with a higher price. The Transmission Provider also will discontinue or reduce service to the Transmission Customer to the extent that deliveries for transmission are discontinued or reduced at the Point(s) of Receipt. Where required, Curtailments or Interruptions will be made on a nondiscriminatory basis to the transaction(s) that effectively relieve the constraint, however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Transmission Service and Non-Firm Point-To-Point Transmission Service for which redispatch costs will not be paid shall be subordinate to Non-Firm

Point-To-Point Transmission Service for which redispatch costs will be paid. If multiple transactions require Curtailment or Interruption, to the extent practicable and consistent with Good Utility Practice, Curtailments or Interruptions will be made to transactions of the shortest term Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have a lower priority than any Non-Firm Point-To-Point Transmission Service under these rules. The Transmission Provider will provide advance notice of Curtailment or Interruption where such notice can be provided consistent with Good Utility Practice.

### **12.3 Service Availability**

- (a) General Conditions: The Transmission Provider will provide Firm and Non-Firm Point-To-Point Transmission Service over, on, or across its Transmission System to any Transmission Customer that has met the requirements of Rule 12.4.
- (b) Determination of Available Transmission Capability: Transmission Provider's methodology for assessing Available Transmission Capability is the "Rated System Path Methodology" as required in Reliability Standard AKMOD-001-01 and more fully described in Appendix E-4 and Reliability Standard AKMOD-028-01 . In the event sufficient transmission capability may not exist to accommodate a service request for Long-Term Firm Point-To-Point Transmission Service, the Transmission Provider will respond by performing a System Impact Study as more fully described in the Interconnection Standards for Railbelt Transmission and or Generation and End User Interconnection Standards. See Appendix E-5.
- (c) Obligation to Provide Transmission Service that Requires Expansion or Modification of the Transmission System: If the Transmission Provider determines that it cannot accommodate a Completed Application for Long-Term Firm Point-To-Point Transmission Service because of insufficient capability on its Transmission System, the Transmission Provider will use due diligence to redispatch its own resources or to expand or modify its Transmission System to provide the requested Firm Transmission Service, provided the Transmission Customer agrees to compensate the Transmission Provider for all such costs incurred to accommodate Transmission Customer's request pursuant to the terms of these rules . The Transmission Provider will conform to Good Utility Practice and the applicable Railbelt Reliability and Interconnection Standards in determining the need for new facilities and in the design and construction of such facilities. The obligation applies only to those facilities that the Transmission Provider has the right to expand or modify. With the expansion of the system, the Priority Participants and Priority Users will retain preferential rights only to the pre-existing Available Transfer Capability of the Transmission System. The Transmission Provider may impose conditions to compensate the Priority Participant or Priority User if congestion on the improved system impairs

preferential rights to the pre-existing Available Transfer Capability.

- (d) Deferral of Service: The Transmission Provider may defer providing service until it completes construction of new transmission facilities or upgrades needed to provide Firm Point-To-Point Transmission Service whenever the Transmission Provider determines that providing the requested service would, without such new facilities or upgrades, impair or degrade reliability to any existing firm services.
- (e) Real Power Loss (Losses): Real Power Losses are associated with all transmission service and must be supplied by Transmission Customer. The Transmission Provider is not obligated to provide for Real Power Losses. The Transmission Customer is responsible for replacing losses associated with all transmission service *as calculated by* the Transmission Provider. Losses will be allocated based on system loading. For loss calculation purposes, capacity is allocated as determined by the IMC.

#### **12.4 Transmission Customer Responsibilities**

- (a) Conditions Required of Transmission Customers: Point-To-Point Transmission Service shall be provided by the Transmission Provider only if the following conditions are satisfied by the Transmission Customer:
  - i. The Transmission Customer has pending a Completed Application For Transmission Service;
  - ii. The Transmission Customer meets the creditworthiness criteria set forth in Rule 11.10;
  - iii. The Transmission Customer will have arrangements in place for any other transmission service necessary to effect the delivery from the generating source to the Transmission Provider prior to the time service under Rule 12 of these rules commences;
  - iv. The Transmission Customer agrees to pay for any facilities constructed and chargeable to such Transmission Customer under Rule 12 of these rules, whether or not the Transmission Customer takes service for the full term of its reservation;
  - v. The Transmission Customer has executed a Service Agreement; and
  - vi. The Transmission Customer (and/ or its energy supplier) has agreed, in writing, to be bound by operating policies, procedures; and reliability standards adopted pursuant to Section 8.6.1 of the 2011 Amended Intertie Agreement and to operate in accordance with Exhibit H (and its corresponding reserve Reliability Standard

AKRES-001) of that same agreement (pertaining to Reserve Capacity and Operating Reserve Responsibility).

- vii. Transmission Customer Responsibility for Third-Party Arrangements: Any scheduling arrangements that may be required by other persons or electric systems shall be the responsibility of the Transmission Customer requesting service. The Transmission Customer shall provide, unless waived by the Transmission Provider, notification to the Transmission Provider identifying such systems and authorizing them to schedule the capacity and energy to be transmitted by the Transmission Provider pursuant to Rule 12 of these Rules on behalf of the Receiving Party at the Point of Delivery or the Delivering Party at the Point of Receipt. However, to the extent practicable, the Transmission Provider will undertake reasonable efforts to assist the Transmission Customer in making such arrangements, including without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

## **12.5. Procedures for Arranging Firm Point-To-Point Transmission Service**

### (a) Application:

- i. A request for Firm Point-To-Point Transmission Service for periods of one year or longer must contain a completed Application For Transmission Service to:

Intertie Management Committee  
c/o Alaska Energy Authority  
813 West Northern Lights Boulevard  
Anchorage, Alaska 99503

The Application For Transmission Service for firm service must be received by the Intertie Management Committee at least sixty (60) days in advance of the calendar month in which transmission service is to commence. The Transmission Provider will consider requests for such firm service on shorter notice when feasible. Requests for firm service for periods of less than one year may be subject to expedited procedures that shall be negotiated between the Parties within the time constraints provided in Rule 12.5(e). The Transmission Provider will provide a time-stamped record for establishing the priority of Applications.

- ii. Requests for monthly service shall be submitted no earlier than eleven (11) months before the requested service is to commence.
- iii. All Firm Point-To-Point Transmission Service requests should be

submitted by entering the information on an Application For Transmission Service.

(b) Completed Application For Transmission Service:

- i. The location of the generating facility (or facilities) supplying the capacity and energy and the location of the load ultimately served by the capacity and energy transmitted. The Transmission Provider will treat this information as confidential until after the transmission transaction has begun except to the extent that disclosure of this information is required by these rules, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice. Confidentiality under these Rules may require the IMC to establish ethical walls that restrict access to the information by Participants;
- ii. A description of the supply characteristics of the capacity and energy to be delivered;
- iii. An estimate of the capacity and energy expected to be delivered to the Receiving Party;
- iv. The Service Commencement Date and the term of the requested transmission service; and the transmission capacity requested for each Point of Receipt and each Point of Delivery on the Transmission Provider's Transmission System; customers may combine their requests for service in order to satisfy the minimum transmission capacity requirement.

This information set forth in Rule 12.5(b) shall be kept confidential until after the transmission transaction has begun at the request of the Transmission Customer except to the extent that disclosure of this information is required by these rules, by regulatory or judicial order, or for reliability purposes pursuant to Good Utility Practice. Confidentiality under these Rules may require the IMC to establish ethical walls that restrict access to the information by Participants

- (c) Deposit: A Completed Application For Transmission Service also shall include a deposit of either one month's charge for Reserved Capacity for transmission service request of one (1) year or greater, or the full charge for Reserved Capacity for transmission service requests of less than one (1) year. However, the Transmission Provider may waive the deposit requirement if the Applicant meets the creditworthiness requirements for Transmission Customers as described in Rule 11.10. If the Application is rejected by the Transmission Provider because it does not meet the conditions for service as set forth herein, or in the case of requests for service arising in connection with losing bidders in a Request For Proposals (RFP),

said deposit shall be returned with interest less any reasonable costs incurred by the Transmission Provider in connection with the review of the losing bidder's Application For Transmission Service. The deposit also will be returned with interest less any reasonable costs incurred by the Transmission Provider if the Transmission Provider is unable to complete new facilities needed to provide the service. If an Application For Transmission Service is withdrawn or the Eligible Customer decides not to enter into a Service Agreement for Firm Point-To-Point Transmission Service, the deposit shall be refunded in full, with interest, less reasonable costs incurred by the Transmission Provider to the extent such costs have not already been recovered by the Transmission Provider from the Eligible Customer. If requested, the Transmission Provider will provide to the Eligible Customer a complete accounting of all costs deducted from the refunded deposit. If a Service Agreement for Firm Point-To-Point Transmission Service is executed, the deposit, with interest, will be returned to the Transmission Customer upon expiration or termination of the Service Agreement for Firm Point-To-Point Transmission Service. Applicable interest shall be computed and shall be calculated from the day the deposit check is credited to the Transmission Provider's account.

- (d) Notice of Deficient Application For Transmission Service: If an Application For Transmission Service fails to meet the requirements of these rules, the Transmission Provider shall notify the entity requesting service within fifteen (15) days of receipt of the reasons for such failure. The Transmission Provider will attempt to remedy minor deficiencies in the Application For Transmission Service through informal communications with the Eligible Customer. If such efforts are undertaken and are unsuccessful, the Transmission Provider shall return the Application For Transmission Service, along with any deposit, with interest. Upon receipt of a new or revised Application For Transmission Service that fully complies with the requirements of Rule 12 of the rules, the Eligible Customer shall be assigned a priority consistent with the date of the new, refiled, or revised Application For Transmission Service.
- (e) Response to a Completed Application For Transmission Service: Following receipt of a Completed Application For Transmission Service, the Transmission Provider shall make a determination of available transmission capability as required in Rule 12.7. The Transmission Provider shall notify the Eligible Customer as soon as practicable, but not later than thirty (30) days after the date of receipt of a Completed Application either (i) if it will be able to provide service without performing a System Impact Study or (ii) if such a study is needed to evaluate the impact of the Application pursuant to Rule 12.7. Responses by the Transmission Provider shall be made as soon as practicable to all completed applications, and the timing of such responses shall be made on a nondiscriminatory basis.

- (f) Execution of Service Agreement: Whenever the Transmission Provider determines that a System Impact Study is not required and that the service can be provided, it shall notify the Eligible Customer as soon as practicable but no later than thirty (30) days after receipt of the Completed Application For Transmission Service. Where a System Impact Study is required, the provisions of Rule 12.7(a) will govern the execution of a Service Agreement. Failure of an Eligible Customer to execute and return the Service Agreement within fifteen (15) days after it is tendered by the Transmission Provider may be deemed a withdrawal and termination of the Application For Transmission Service and any deposit submitted shall be refunded with interest. Nothing herein limits the right of an Eligible Customer to file another Application after its Application For Transmission Service is deemed withdrawn or terminated under this Rule.
  
- (g) Extensions for Commencement of Service: The Transmission Customer can obtain up to a one-year extension for the commencement of service. The Transmission Customer may postpone service by paying a non-refundable annual reservation fee equal to one (1) month's charge for Firm Transmission Service for each month of the requested extension within fifteen (15) days of notifying the Transmission Provider of its interest to extend commencement of service. If during any extension for the commencement of service an Eligible Customer submits a Completed Application For Transmission Service, and such request can be satisfied only by releasing all or part of the Transmission Customer's Reserved Capacity, the original Reserved Capacity will be released unless within thirty (30) days, the original Transmission Customer agrees to pay the Firm Point-To-Point transmission rate for its Reserved Capacity concurrent with the new Service Commencement Date. In the event the Transmission Customer elects to release the Reserved Capacity, the reservation fees or portions thereof previously paid will be forfeited.

## **12.6 Procedures for Arranging Non-Firm Point-To-Point Transmission Service**

- (a) Application: Eligible Customers seeking Non-Firm Point-To-Point Transmission Service must submit a completed Application For Transmission Service to the Transmission Provider.
  
- (b) Completed Application For Transmission Service: A Completed Application For Transmission Service shall provide all of the information included in the Application For Transmission Service form, including, but not limited to, the following:
  - i. The identity, address, telephone number, email address, and facsimile number of the entity requesting service;
  
  - ii. A statement that the entity requesting service is, or will be upon

commencement of service, an Eligible Customer under these rules;

- iii. The location of the Point(s) of Receipt and Point(s) of Delivery and the identities of the Delivering Parties and the Receiving Parties;
- iv. The maximum amount of capacity requested at each Point of Receipt and Point of Delivery; and
- v. The proposed dates and hours for initiating and terminating transmission service hereunder.
- vi. “Request Valid Until Date and Time. This date and time is the latest date and time that the Transmission Customer is willing to receive service and in no case shall be later than one-hour before the scheduled transaction. Transmission Provider will attempt to schedule service up to this point in time the event of short lead time Postbacks or Counterflows.

In addition to the information specified above, when required to properly evaluate system conditions, the Transmission Provider also may ask the Transmission Customer to provide the following:

- vii. Modeling information as required by the applicable Railbelt Interconnection Standards.

This information set forth in Rules 12.6(b)(6) and 12.6(b)(7) shall be kept confidential at the request of the Transmission Customer until after the transmission transaction has begun except to the extent that disclosure of this information is required by these rules, by regulatory or judicial order, or for reliability purposes pursuant to Good Utility Practice.

- (c) Reservation of Non-Firm Point-To-Point Transmission Service: Requests for monthly service shall be submitted no earlier than sixty (60) days before service is to commence, requests for weekly service shall be submitted no earlier than fourteen (14) days before service is to commence, requests for daily service shall be submitted no earlier than three (3) days before service is to commence, and requests for hourly service shall be submitted no earlier than two (2) days before service is to commence. Requests for service received later than 2:00 p.m. prior to the day service is scheduled to commence will be accommodated if practicable.
- (d) Determination of Available Transfer Capability: Following receipt of a tendered schedule the Transmission Provider will make a determination on a non-discriminatory basis of available transfer capability pursuant to Rule 11.2. Such determination shall be made as soon as reasonably practicable

after receipt. The Transmission Providers will revisit the determination up to the earlier of the “Request Valid until Date and Time” or one-hour before the scheduled transaction. The Transmission Provider will attempt to schedule service up to this point in time in the event of short lead time Postbacks or Counterflows.

**12.7 Additional Study Procedures For Firm Point-To-Point Transmission Service Requests**

- (a) Notice of Need for System Impact Study: After receiving a request for service, the Transmission Provider shall determine on a non-discriminatory basis whether a System Impact Study is needed. A general description of the Transmission Provider’s methodology for completing a System Impact Study is provided in Appendix E-5 and the applicable Railbelt Interconnection Standards. If the Transmission Provider determines that a System Impact Study is necessary to accommodate the requested service, it shall so inform the Eligible Customer, as soon as practicable. In such cases, the Transmission Provider shall within thirty (30) days of receipt of a Completed Application, tender a System Impact Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required System Impact Study. For a service request to remain a Completed Application For Transmission Service, the Eligible Customer shall execute the System Impact Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study Agreement, its application shall be deemed withdrawn and its deposit shall be returned with interest.
  
- (b) System Impact Study Agreement and Cost Reimbursement:
  - i. Subject to the applicable Railbelt Interconnection Standard terms and conditions, the System Impact Study Agreement will clearly specify the Transmission Provider’s estimate of the actual cost, including any consulting fees and a reasonable allocation of the Transmission Provider’s overhead costs related to the study, and time for completion of the System Impact Study. The charge shall not exceed the actual cost of the study. In performing the System Impact Study, the Transmission Provider shall rely, to the extent reasonably practicable, on existing transmission planning studies. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for all costs and charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer’s request for service on the Transmission System. In accordance with the applicable Railbelt Interconnection Standards, the Eligible

customer will be responsible for providing field tested modeling data for assets the Eligible customer intends to install to make or cause to be made the transfers of energy and capacity under consideration.

- ii. If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single System Impact Study is sufficient for the Transmission Provider to accommodate the requests for service, the costs of that study shall be prorated among the Eligible Customers by the amount of Reserved Capacity each Eligible Customer is requesting.
- (c) System Impact Study Procedures: Upon receipt of an executed System Impact Study Agreement, the Transmission Provider will use due diligence to complete the required System Impact Study within the timeframes indicated in the applicable Railbelt Interconnection Standard. The System Impact Study shall identify any system constraints and re-dispatch options (including an estimate of the number of hours of re-dispatch that may be required to accommodate the request for transmission service, and a preliminary estimate of the cost of re-dispatch), additional Direct Assignment Facilities or System Upgrades required to provide the requested service. In the event that the Transmission Provider is unable to complete the required System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible Customer(s). The Transmission Provider will use the same due diligence in completing the System Impact Study for an Eligible Customer as it uses when completing studies for itself. The Transmission Provider shall notify the Eligible Customer immediately upon completion of the System Impact Study if the Transmission System will be adequate to accommodate all or part of a request for service or that no costs are likely to be incurred for new transmission facilities or upgrades. In order for a request to remain a Completed Application, within fifteen (15) days of completion of the System Impact Study, the Eligible Customer must execute a Service Agreement or the Application For Transmission Service shall be deemed terminated and withdrawn.
- (d) Facilities Study Procedures: If a System Impact Study indicates that additions or upgrades to the Transmission System are needed to supply the Eligible Customer's service request, the Transmission Provider, within thirty (30) days of the completion of the System Impact Study, shall tender to the Eligible Customer a Facilities Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required Facilities Study. For a service request to remain a Completed Application For Transmission Service, the Eligible Customer

shall execute the Facilities Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the Facilities Study Agreement, its Application For Transmission Service shall be deemed withdrawn and its deposit shall be returned with interest. Upon receipt of an executed Facilities Study Agreement, the Transmission Provider will use due diligence to complete the required Facilities Study within the time periods identified in the applicable Railbelt Interconnection Standard. If the Transmission Provider is unable to complete the Facilities Study in the allotted time period, the Transmission Provider shall notify the Transmission Customer and provide an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Transmission Customer, (ii) the Transmission Customer's appropriate share of the cost of any required Network Upgrades as determined pursuant to the provisions of Rule 12 of these Rules, and (iii) the time required to complete such construction and initiate the requested service. The Transmission Customer shall provide the Transmission Provider with a letter of credit or other reasonable form of security acceptable to the Transmission Provider equivalent to the costs of new facilities or upgrades consistent with commercial practices as established by the Uniform Commercial Code. The Transmission Customer shall have thirty (30) days to execute a Service Agreement and provide the appropriate amount of security in a form satisfactory to Transmission Provider or the request will no longer be a Completed Application For Transmission Service and shall be deemed terminated and withdrawn.

- (e) Facilities Study Modifications: Any change in design arising from inability to site or construct facilities as proposed will require development of a revised good faith estimate. New good faith estimates also will be required in the event of new statutory or regulatory requirements that are effective before the completion of construction or other circumstances beyond the reasonable control of the Transmission Provider that significantly affect the final cost of new facilities or upgrades to be charged to the Transmission Customer pursuant to the provisions of Rule 12 of these rules.
- (f) Due Diligence in Completing New Facilities: The Transmission Provider shall use due diligence to add necessary facilities or upgrade its Transmission System within a reasonable time. The Transmission Provider will not upgrade its existing or planned Transmission System in order to provide the requested Firm Point-To-Point Transmission Service if doing so would impair system reliability or otherwise impair or degrade existing firm service.
- (g) Partial Interim Service: If the Transmission Provider determines that it will

not have adequate transfer capability to satisfy the full amount of a Completed Application For Transmission Service, the Transmission Provider nonetheless shall be obligated to offer and provide the portion of the requested Firm Point-To-Point Transmission Service that can be accommodated without addition of any facilities and through re-dispatch. However, the Transmission Provider shall not be obligated to provide the incremental amount of requested Firm Point-To-Point Transmission Service that requires the addition of facilities or upgrades to the Transmission System until such facilities or upgrades have been placed in service.

- (h) Expedited Procedures for New Facilities: In lieu of the procedures set forth above, the Eligible Customer shall have the option to expedite the process by requesting the Transmission Provider to tender at one time, together with the results of required studies, an "Expedited Service Agreement" pursuant to which the Eligible Customer would agree to compensate the Transmission Provider for all costs incurred pursuant to the terms of these rules. In order to exercise this option, the Eligible Customer shall request in writing an expedited Service Agreement covering all of the above-specified items within thirty (30) days of receiving the results of the System Impact Study identifying needed facility additions or upgrades or costs incurred in providing the requested service. While the Transmission Provider agrees to provide the Eligible Customer with its best estimate of the new facility costs and other charges that may be incurred, such estimate shall not be binding and the Eligible Customer must agree in writing to compensate the Transmission Provider for all costs incurred pursuant to the provisions of these Rules. The Eligible Customer shall execute and return such an Expedited Service Agreement within fifteen (15) days of its receipt or the Eligible Customer's request for service will cease to be a Completed Application For Transmission Service and will be deemed withdrawn and terminated.

## **12.8 Procedures if The Transmission Provider is Unable to Complete New Transmission Facilities for Firm Point-To-Point Transmission Service**

- (a) Delays in Construction of New Facilities: If any event occurs that will materially affect the time for completion of new facilities, or the ability to complete them, the Transmission Provider shall as soon as practicable notify the Transmission Customer. In such circumstances, the Transmission Provider shall within thirty (30) days of notifying the Transmission Customer of such delays, convene a technical meeting with the Transmission Customer to evaluate the alternatives available to the Transmission Customer. The Transmission Provider also shall make available to the Transmission Customer studies and work papers related to the delay, including all information that is in the possession of the Transmission Provider that is reasonably needed by the Transmission Customer to evaluate any alternatives.

- (b) Alternatives to the Original Facility Additions: When the review process of Rule 12.7 determines that one or more alternatives exist to the originally planned construction project, the Transmission Provider shall present such alternatives for consideration by the Transmission Customer. If, upon review of any alternatives, the Transmission Customer desires to maintain its Completed Application For Transmission Service subject to construction of the alternative facilities, it may request the Transmission provider to submit a revised Service Agreement for Firm Point-To-Point Transmission Service. If the alternative approach solely involves Non-Firm Point-To-Point Transmission Service, the Transmission Provider shall promptly tender a Service Agreement for Non-Firm Point-To-Point Transmission Service providing for the service. In the event the Transmission Provider concludes that no reasonable alternative exists and the Transmission Customer disagrees, the Transmission Customer may seek relief under the dispute resolution procedures pursuant to Rule 11.11 and the 2011 Amended Intertie Agreement..
  
- (c) Refund Obligation for Unfinished Facility Additions: If the Transmission Provider and the Transmission Customer mutually agree that no other reasonable alternatives exist and the requested service cannot be provided out of existing capability under the conditions of Rule 12 of these Rules, the obligation to provide the requested Firm Point-To-Point Transmission Service shall terminate and any deposit made by the Transmission Customer shall be returned with interest. However, the Transmission Customer shall be responsible for all prudently incurred costs by the Transmission Provider through the time construction was suspended. The Transmission Provider may offset such costs against any deposit.

**12.9 Provisions Relating to Transmission Construction and Services on the Systems of Other Utilities**

- (a) Responsibility for Third-Party System Additions: The Transmission Provider shall not be responsible for making arrangements for any necessary engineering, permitting, and construction of transmission or distribution facilities on the system(s) of any other entity or for obtaining any regulatory approval for such facilities. The Transmission Provider will undertake reasonable efforts to assist the Transmission Customer in obtaining such arrangements, including without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.
  
- (b) Coordination of Third-Party System Additions: In circumstances where the need for transmission facilities or upgrades is identified pursuant to the provisions of Rule 12 of these rules, and if such upgrades further require the addition of transmission facilities on other systems, the Transmission Provider shall have the right to coordinate construction on its own system

with the construction required by others. The Transmission Provider, after consultation with the Transmission Customer and representatives of such other systems, may defer construction of its new transmission facilities, if the new transmission facilities on another system cannot be completed in a timely manner. The Transmission Provider shall notify the Transmission Customer in writing of the basis for any decision to defer construction and the specific problems which must be resolved before it will initiate or resume construction of new facilities. Within sixty (60) days of receiving written notification by the Transmission Provider of its intent to defer construction pursuant to this Rule, the Transmission Customer may challenge the decision in accordance with the dispute resolution procedures pursuant to Rule 11.11, or it may refer the dispute directly to the Executive Director of the Alaska Energy Authority to pursue a negotiated resolution with the IMC.

#### **12.10 Modification Of Point(s) of Receipt or Point(s) of Delivery**

- (a) Modifications On a Non-Firm Basis: The Transmission Customer taking Firm Point-To-Point Transmission Service may request the Transmission Provider to provide transmission service on a non-firm basis over Receipt and Delivery Points other than those specified in the Service Agreement (“Secondary Receipt and Delivery Points”), in amounts not to exceed its firm capacity reservation, without incurring an additional Non-Firm Point-To-Point Transmission Service charge or executing a new Service Agreement, subject to the following conditions.
- i. Service provided over Secondary Receipt and Delivery Points will be non-firm only, on an as-available basis and will not displace any firm or non-firm service reserved or scheduled by third-parties under these Rules or by the Transmission Provider on behalf of its Native Load Customers.
  - ii. The sum of all Firm and non-firm Point-To-Point Transmission Service provided to the Transmission Customer at any time pursuant to this Rule shall not exceed the Reserved Capacity in the relevant Service Agreement under which such services are provided.
  - iii. The Transmission Customer shall retain its right to schedule Firm Point-To-Point Transmission Service at the Receipt and Delivery Points specified in the relevant Service Agreement in the amount of its original capacity reservation.
  - iv. Service over Secondary Receipt and Delivery Points on a non-firm basis shall not require the filing of an Application for Non-Firm Point-To-Point Transmission Service under these Rules. However, all other requirements of these rules (except as to transmission rates) shall apply to transmission service on a non-firm basis over Secondary

## Receipt and Delivery Points.

- (b) Modifications on a Firm Basis: Any request by a Transmission Customer to modify Point(s) of Receipt and Point(s) of Delivery on a firm basis shall be treated as a new request for service in accordance with Rule 12.5 hereof, except that such Transmission Customer shall not be obligated to pay any additional deposit if the capacity reservation does not exceed the amount reserved in the existing Service Agreement. While such new request is pending, the Transmission Customer shall retain its priority for service at the existing firm Points of Receipt and Points of Delivery specified in its Service Agreement.

### **12.11 Sale or Assignment of Transmission Service**

- (a) Procedures for Assignment or Transfer of Service: A Transmission Customer may sell, assign, or transfer all or a portion of its rights under its Service Agreement under the terms and conditions in Section 6.2.3 of the 2011 Amended Intertie Agreement, but only to another Eligible Customer (the Assignee). The Transmission Customer that sells, assigns, or transfers its rights under its Service Agreement is hereafter referred to as the Reseller. Compensation to the Reseller shall be the amount determined under Section 6.2.3 of the 2011 Amended Intertie Agreement. The Assignee must execute a service agreement with the Transmission Provider governing reassignments of transmission service prior to the date on which the reassigned service commences. If the Assignee does not request any change in the Point(s) of Receipt or the Point(s) of Delivery, or a change in any other term or condition set forth in the original Service Agreement, the Assignee will receive the same services as did the Reseller and the priority of service for the Assignee will be the same as that of the Reseller. A Reseller shall notify the Transmission Provider as soon as possible after any assignment or transfer of service occurs but in any event, notification must be provided prior to any provision of service to the Assignee. The Assignee will be subject to all terms and conditions of these rules. If the Assignee requests a change in service, the reservation priority of service will be determined by the Transmission Provider pursuant to Rule 12.1.
- (b) Limitations on Assignment or Transfer of Service: If the Assignee requests a change in the Point(s) of Receipt or Point(s) of Delivery, or a change in any other specifications set forth in the original Service Agreement, the Transmission Provider will consent to such change subject to the provisions of these Rules, provided that the change will not impair the operation and reliability of the Transmission Provider's generation, transmission, or distribution systems. The Assignee shall compensate the Transmission Provider for performing any System Impact Study needed to evaluate the capability of the Transmission System to accommodate the proposed change and any additional costs resulting from such change. The Reseller shall

remain liable for the performance of all obligations under the Service Agreement, except as specifically agreed to by the Parties through an amendment to the Service Agreement agreed to by the Transmission Provider.

**12.12 Metering and Power Factor Correction at Receipt and Delivery Point(s)**

- (a) Transmission Customer Obligations: Unless otherwise agreed, the Transmission Provider shall be responsible for installing and maintaining metering and communications equipment to accurately account for the capacity and energy being transmitted under Rule 12 of these rules. Such equipment shall remain the property of the Transmission Provider.
- (b) Meter Location: The Transmission Provider's meter(s) shall be located at each interconnection point (points of receipt and delivery) of energy and demand on the Transmission System.
- (c) Power Factor: Unless otherwise agreed, the Transmission Customer is required to maintain a power factor within the same range as the Transmission Provider pursuant to Good Utility Practices. The power factor requirements are specified in the Service Agreement where applicable.

**12.13 Compensation for Transmission Service**

Rates for Firm and Non-Firm Point-To-Point Transmission Service may be established by the IMC in Schedules to be attached to these rules. See Firm Point-To-Point Transmission Service (Schedule T-7) and Non-Firm Point-To-Point Transmission Service (Schedule T-8). Until the IMC adopts appropriate schedules, rates shall be determined under the rules and procedures established in the 2011 Amended Intertie Agreement, including but not limited to Articles 6, 7, 8 and 10 of the the 2011 Amended Intertie Agreement. Transmission Provider shall use Rule 12 of these rules to govern its Third-Party Sales where applicable. The Transmission Provider shall account for such use at the applicable rates.

**12.14 Compensation for New Facilities and Re-dispatch Costs**

Whenever a System Impact Study performed by the Transmission Provider in connection with the provision of Firm Point-To-Point Transmission Service identifies the need for new facilities, the Transmission Customer shall be responsible for all such costs. Whenever a System Impact Study performed by the Transmission Provider identifies capacity constraints that may be relieved more economically by re-dispatching the Transmission Provider's resources than by building new facilities or upgrading existing facilities to eliminate such constraints, the Transmission Customer shall be responsible for the re-dispatch costs.

### **13. POSTBACKS & COUNTERFLOWS**

Postbacks and Counterflows allow for maximum usage of intertie assets. Both increase the result of the Available Transfer Capability (ATC) calculation in the Rated Path Availability Methodology of ATC calculation.

#### **13.1 Postbacks**

- (a) Postbacks are the committed return of transmission capacity by a transmission capacity holder for a specified period of time. These commitments may be recallable or non-recallable commitments to make capacity available. Recallable commitments result in the availability of Non-Firm Point-to-Point capacity and Non-recallable commitments result in the availability of Firm Point-to-point capacity for the time specified in the Postback.
- (b) Subject to and in accordance with Good Utility Practice, entities who possess preferential rights to the Transfer Capability of the Intertie (whether Priority Participants or Priority Users who have acquired capacity through Intertie improvements or facility construction) are required to postback unused capacity as soon as it is reasonably certain to be available and no later than 2:00p of the day preceding the day the capacity will be available.
- (c) Postbacks may be made as recallable and converted to non-recallable as availability becomes more certain.

#### **13.2 Counterflows**

- (a) Counterflows are scheduled power flows in opposition to the predominant flow of power on the intertie, which result in an increase in ATC. Due to the nature of the Counterflows, capacity made available by Counterflows can only result in the availability of Non-Firm Capacity Point-to-Point capacity.

**RATE SCHEDULE T-1**

**Scheduling, System Control and Dispatch Service**

This service is required to schedule the movement of power through a Transmission Provider's Transmission System. The charges for Scheduling, System Control and Dispatch Service are to be based on the rates set forth below:

Scheduling, System Control, and Dispatch Service Rate	= \$xxxxper hour of Reserved Capacity in kW OR \$xxxxx per day of Reserved Capacity in kW OR \$xxxxxx per week of Reserved Capacity in kW OR \$xxxxxx per month of Reserved Capacity in kW OR \$xxxxxx per year of Reserved Capacity in kW
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**RATE SCHEDULE T-2**

**Reactive Supply and Voltage Control  
from Generation and VAR Sources Service**

In order to maintain transmission voltages on the Transmission Provider’s transmission facilities within the limits identified in the applicable Railbelt Reliability Standards, generation facilities and Static VAR Compensators use (or absorb) reactive power. Thus, Reactive Supply and Voltage Control from Generation and VAR Sources Service must be provided for each transaction on the Transmission Provider’s transmission facilities. The amount of Reactive Supply and Voltage Control from Generation Sources Service that must be supplied with respect to the Transmission Customer’s transaction will be determined based on the reactive power support necessary to maintain transmission voltages within limits that are generally accepted in the region and consistently adhered to by the Transmission Provider.

The charges for such service will be based on the rates set forth below:

Reactive Supply and Voltage Control Rate	=	\$xxxx per hour of Reserved Capacity in kW OR \$xxxxx per day of Reserved Capacity in kW OR \$xxxxx per week of Reserved Capacity in kW OR \$xxxxx per month of Reserved Capacity in kW OR \$xxxxx per year of Reserved Capacity in kW
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## **RATE SCHEDULE T-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) as necessary to follow the moment-by-moment changes in load. The obligation to maintain the balance between resources and load within the Standards set out in the Applicable Railbelt Reliability Standards lies with the Load Balancing Authority (LBA). The Transmission Provider is required to provide these services to the LBA in an amount sufficient to cover the transfers scheduled by the Transmission Provider and not otherwise accounted for by the LBA. The amount of and charges for Regulation and Frequency Response Service are set forth below.

Regulation and Frequency Response Service:

\$XXXXXX per hour of Reserved Capacity in kW or \$XXXXXX per day of Reserved Capacity in kW or \$XXXXXX per week of Reserved Capacity in kW or \$XXXXXX per month of Reserved Capacity in kW or \$XXXXXX per year of Reserved Capacity in kW.

## RATE SCHEDULE T-4

### Energy Imbalance Service

Energy Imbalance Service is provided when a difference occurs between the scheduled and the actual delivery of energy through the Transmission Provider's Transmission System over a single hour.

The Transmission Provider shall establish a deviation band of +/-1.5 percent (with a minimum of 1 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s). Parties will attempt to eliminate energy imbalances within the limits of the deviation band within next appropriate (on –peak or off peak) inadvertent payback period scheduled by the receiving area controller off the Transmission Provider. If an energy imbalance is not corrected within thirty (30) days or a reasonable period of time that is generally accepted by the Transmission Provider, the Transmission Customer will compensate the Transmission Provider for such service at the rate set forth below for energy imbalances outside the deviation band. Energy imbalances outside the deviation band will be subject to charges to be specified by the Transmission Provider. The charges for Energy Imbalance Service are set forth below.

1. For an energy imbalance within the deviation band there is no charge for Energy Imbalance Service; however, hourly energy associated with imbalances (positive or negative) shall be zeroed out, in like time periods, at the earliest practicable time. The time to zero out such energy shall not exceed thirty (30) days. The customer may elect to financially settle hourly energy imbalances within the deviation band, as follows: (i) hourly negative energy imbalances within the deviation band will be settled at 100 percent of the Transmission Provider's average cost of power for the hour in which the deviation occurred, plus 2 mills/kWh; and (ii) hourly positive energy imbalances within the deviation band will be settled at 100 percent of the Transmission Provider's average cost for the hour in which the deviation occurred, minus 2 mills/kWh. The customer may elect this option on a monthly basis, by providing at least ten (10) days' written notice to the Transmission Provider prior to the start of the month.
2. For an energy imbalance, for any hour of the day, outside the deviation band the charge for the Energy Imbalance Service shall be:
  - (a) The Transmission Customer shall pay the Transmission Provider the higher of 100 mills per kilowatt-hour or 110 percent of the Transmission Provider's incremental costs for that hour for a negative deviation energy imbalance. The Transmission Provider's incremental cost for these hourly negative Energy Imbalances will be 100 percent of the generation cost with the highest incremental cost of power at the time of imbalance for the hour in which the deviation occurred, plus 2 mills/kWh.
  - (b) The Transmission Provider shall pay the Transmission Customer 90 percent

of the Transmission Provider's detrimental costs for that hour for a positive deviation energy imbalance. The Transmission Provider's detrimental cost for these hourly positive Energy Imbalances will be 100 percent of the average cost of power for the hour in which the deviation occurred, minus 2 mills/kWh.

In the event an hourly rate is not available or ceases publication, a suitable replacement index will be used for pricing the incremental/detrimental costs of in-band and out-of-band imbalance energy.

Notwithstanding the above provisions, the transmission provider, in its sole discretion, may waive the requirements of this Rate Schedule T-4 and accept payment in kind on a MW per MW basis.

## **RATE SCHEDULE T-5**

### **Operating Reserve - Spinning Reserve Service**

Spinning Reserve Service is needed to serve load immediately in the event of a system contingency. Spinning Reserve Service may be provided by generating units that are on-line and loaded at less than maximum output or by an IMC approved Shed in Lieu of Spin system acting on the transmission customers load. The amount of and charges for Spinning Reserve Service provided by a generating unit will be 110% of the difference of the average cost of the unit providing the spin at its merit EDC control point, less the average cost of the Unit at its dispatch point.

## **RATE SCHEDULE T-6**

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

Supplemental Reserve Service is needed to serve load in the event of a system contingency; 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. Compensation shall be at the rate charged the Transmission Provider plus 10%.

## **RATE SCHEDULE T-7**

### **Long-Term Firm and Short-Term Firm Point-To-Point Transmission Service**

The Transmission Customer shall compensate the Transmission Provider each month for Reserved Capacity and energy usage at the rate calculated by the Intertie Management Committee – Operating Committee (IMC-OC) as defined in Section 7 of the 2011 Amended Intertie Agreement (as amended to incorporate these rules).

These rates are calculated annually based on projected usage of the line and upon allocated capacity; with 83.5% of anticipated annual costs being covered by energy charges and 16.5% being covered by capacity charges. A true up to reflect actual usage of the line and actual costs incurred (or committed) at the fiscal year's end (June 30). Legacy participants and other Transmission Customers are either credited or billed accordingly in order to zero annual carryover.

The Transmission Customer shall pay the average of the capacity charges on a per Mwh basis capacity reserved basis, and the calculated energy component for Kwh delivered.

The rates and rules governing charges and discounts stated above shall not apply to re-sales of transmission service, compensation for which shall be governed by Rule 12.11(a) of these rules.

## **RATE SCHEDULE T-8**

### **Non-Firm Point-To-Point Transmission Service**

The Alaska Intertie is operated as a cost-based asset. Therefore, the Transmission Customer shall compensate the Transmission Provider for Non-Firm Point-To-Point Transmission Service at a rate equal to the Firm Service rate (Rate Schedule T-7).

**E-1: Sample Service Agreement For Alaska Intertie Firm Point-To-Point Transmission Service**

1. This Service Agreement, dated as of, \_\_\_\_\_ is entered into by and between Intertie Management Committee, (the Transmission Provider), \_\_\_\_\_ and (“Transmission Customer”).
2. The Transmission Customer has been determined by the Transmission Provider to have a Completed Application For Transmission Service for firm service under these rules.
3. The Transmission Customer has provided to the Transmission Provider an Application deposit in accordance with the provisions of Rule 12.5(c) of these rules.
4. Service under this agreement shall commence on the later of (I) the requested service commencement date, or (2) the date on which construction of any Direct Assignment Facilities and/or System Upgrades are completed, or (3) such other date as it is permitted to become effective by the Commission. Service under this agreement shall terminate on such date as mutually agreed upon by the parties.
5. The Transmission Provider agrees to provide and the Transmission Customer agrees to take and pay for Firm Point-To-Point Transmission Service in accordance with the provisions of these rules and this Service Agreement.
6. Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below:

Transmission Provider:

Intertie Management Committee.  
c/o Alaska Energy Authority  
Attn: IMC Chairman  
813 Northern Lights Blvd  
Anchorage, Alaska 99503

Transmission Customer:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

7. These rules are incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

Transmission Provider:

By: \_\_\_\_\_

Name

Title

Date

Transmission Customer:

By: \_\_\_\_\_

Name

Title

Date

**E-2: Sample Attachment To Service Agreement For Firm Point-To-Point Transmission Service**

Specifications For Firm Point-To-Point Transmission Service

1. Term of Transaction: \_\_\_\_\_
2. Start Date: \_\_\_\_\_
3. Termination Date: \_\_\_\_\_
4. Description of capacity and energy to be transmitted by Transmission Provider: \_\_\_\_\_
5. Point(s) of Receipt: \_\_\_\_\_
6. Delivering Party: \_\_\_\_\_
7. Point(s) of Delivery: \_\_\_\_\_
8. Receiving Party: \_\_\_\_\_
9. Maximum amount of capacity and energy to be transmitted (Reserved Capacity): \_\_\_\_\_
10. Designation of party(ies) subject to reciprocal service obligation:  
\_\_\_\_\_  
\_\_\_\_\_
11. Name(s) of any other Systems providing transmission service:  
\_\_\_\_\_  
\_\_\_\_\_
12. Service under this Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of these Rules.)
13. Transmission Charge: \_\_\_\_\_
14. System Impact and/or Facilities Study Charge(s): \_\_\_\_\_
15. Direct Assignment Facilities Charge: \_\_\_\_\_  
\_\_\_\_\_
16. Ancillary Services Charges: \_\_\_\_\_
17. Latest date and time request is valid for: \_\_\_\_\_

**E-3: Sample Service Agreement For Non-Firm Point-To-Point Transmission Service**

1. This Service Agreement, dated as of, \_\_\_\_\_ is entered into by and between the Intertie Management Committee (the Transmission Provider), and \_\_\_\_\_ ("Transmission Customer").
2. The Transmission Customer has been determined by the Transmission Provider to be a Transmission Customer under Rule 12 of these Rules and has filed a Completed Application For Transmission Service for non-firm service in accordance with these Rules.
3. Service under this Agreement shall be provided by the Transmission Provider upon request by an authorized representative of the Transmission Customer.
4. The Transmission Customer agrees to supply information the Transmission Provider deems reasonably necessary in accordance with Good Utility Practice in order for it to provide the requested service.
5. The Transmission Provider agrees to provide and the Transmission Customer agrees to take and pay for Non-Firm Point-To-Point Transmission Service in accordance with the provisions of Rule 12 of these Rules and this Service Agreement.
6. Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below:

Transmission Provider:

Intertie Management Committee.  
c/o Alaska Energy Authority  
Attn: IMC Chairman  
813 Northern Lights Blvd  
Anchorage, Alaska 99503

Transmission Customer:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

7. These Rules are incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

Transmission Provider:

By: \_\_\_\_\_  
Name Title Date

Transmission Customer:

By: \_\_\_\_\_  
Name Title Date

#### **E-4:** Available Transfer Capability Implementation Document

The Transmission Provider will routinely review and assess the Available Transfer Capability (ATC) of the Intertie using the “Rated System Path Methodology”. ATC is a measure of the transfer capability remaining in the physical transmission network for further commercial activity over and above already committed uses. It is defined as Total Transfer Capability less Existing Transmission Commitments (including retail customer service), less a Capacity Benefit Margin, less a Transmission Reliability Margin, plus Post-backs, plus Counter-flows as applicable.

- The **Total Transfer Limit (TTC)** is the amount of electric power that can be moved or transferred reliably from one area to another area of the interconnected transmission systems by way of Alaska Intertie under specified system conditions. In the case of the Alaska Intertie this currently the stability limit of the line as determined by system studies.
- The **Capacity Benefit Margin (CBM)** is the amount of firm transmission transfer capability preserved by the transmission provider for Load-Serving Entities (LSEs), whose loads are located on that Transmission Service Provider’s system, to enable access by the LSEs to generation from interconnected systems to meet generation reliability requirements. Preservation of CBM for an LSE allows that entity to reduce its installed generating capacity below that which may otherwise have been necessary without interconnections to meet its generation reliability requirements. The transmission transfer capability preserved as CBM is intended to be used by the LSE only in times of emergency generation deficiencies. In the case of the Alaska Intertie the CBM provides the ability to transfer operating (spinning) and non-operating reserves (Supplemental) (as defined in Exhibit H of the amended and restated Alaska Intertie Agreement) either to the Fairbanks area or to the southern systems in the event of a disturbance.
- **Transmission Reliability Margin (TRM)** is the amount of transmission transfer capability necessary to provide reasonable assurance that the interconnected transmission network will be secure. TRM accounts for the inherent uncertainty in system conditions and the need for operating flexibility to ensure reliable system operation as system conditions change. The TRM takes into account errors in load forecast, errors in temperature prediction that effect unit capacity and other variation between the day ahead operating plan and actual operations.
- **Existing Firm Transmission Commitments (ETC)** are committed uses of a Transmission Service Provider’s Transmission system considered when determining ATC or AFC. These can include pre-existing (pre-OATT) transmission firm or non-firm transmission capacity rights, pre-existing, capacity benefit margin rights, or other commitments to use of a transmission system.

- **Postbacks** are a variable component of the Transmission Provider's selected ATC or AFC calculation methodology that positively impacts ATC or AFC based on a change in status of a transmission service reservation or use of reserved capacity, or other conditions as specified by the Transmission Provider<sup>1</sup>.
- **Counterflows** are scheduled or actual power flows in the opposite direction to the predominant flow scheduled or actual power which has a positive effect on ATC.

**The ATC will be determined by the following formula:**

**ATC** = (Total Transfer Capability- Capacity Benefit Margin-Transfer Reliability Margin- Existing Transfer Commitments + Postbacks + Counterflows).

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<sup>1</sup> Based on NAESB Business Practice Standards Version 002.1 Dated March 11, 2009 and IMC AK MOD Standard AKMOD-001-01 Available Transmission System Capability

## **E-5: Methodology for Completing a System Impact Study**

The Transmission Provider will complete a System Impact Study to assess the service requested consistent with Good Utility Practice and as described in the Railbelt Standards for Transmission, Generation and End User Interconnection. Computer models of the system may be used to simulate the behavior of the system under normal and outage conditions. Simulate Production costing and as described in the interconnection standards, the studies will consider different plausible scenarios and operating conditions in accordance with Railbelt Reliability Standards. The kinds of system problems identified will include equipment overloads, voltage concerns, and stability issues.