

MANITOBA HYDRO

OPEN ACCESS TRANSMISSION TARIFF

DOCUMENT HISTORY

January 25, 2006	Added 1.13(a) Generation Resource Definition, 1.15(b) Inoperable Capacity Definition, revised section 28.4 on Secondary Service, added section 31.5 (b) Changes in Service Requests.
March 30, 2006	Added 1.15(b) Inoperable Capacity and 30.2.1 Designation of a Temporary Network Resource.
June 1, 2006	Updated Tariff rates for the 2006 fiscal year – Schedules 1, 2, 3, 5, 6, 7, 8, 10, 14, Attachment O Deleted Schedule 22 – SECA Charges
December 19, 2006	Updated Attachment J.
June 1, 2007	Updated Tariff rates for the 2007 fiscal year – Schedules 1, 2, 3, 5, 6, 7, 8 and Attachment O. Revised Section 34.1 to refer to Attachment O.
March 7, 2008	Schedule 14 - Regional Through and Out Rate discontinued effective February 1, 2008.
May 30, 2008	Updated Tariff rates.
November 1, 2008	Various revisions related to OATT reform and Coordination Agreement revisions.
December 31, 2008	Schedule 2 revised.
September 4, 2009	Schedule 10 revised to charge 50% based on Energy Rate and 50% based on Capacity Rate.
March 4, 2010	Section 2.2(a) revised to clarify that rollover rights apply to terminated contracts and to only require a rollover customer to match the term of a competing request, rather than the longer of such term or five years.

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I. COMMON SERVICE PROVISIONS

1. DEFINITIONS

- 1.1 **Ancillary Services:** Those services that are 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.
- 1.2 **Annual Transmission Costs:** The total annual cost of the Transmission System for purposes of Network Integration Transmission Service shall be the amount specified in Attachment H until amended by the Transmission Provider.
- 1.3 **Application:** A request by an Eligible Customer for transmission service pursuant to the provisions of the Tariff.
- 1.4 **Board:** The Manitoba Hydro-Electric Board.
- 1.5 **Commission or FERC:** The U.S. Federal Energy Regulatory Commission.
- 1.6 **Completed Application:** An Application that satisfies all of the information and other requirements of the Tariff, including any required deposit.
- 1.7 **Contractor:** The Midwest ISO.
- 1.8 **Control Area:** An electric power system or combination of electric power systems to which a common automatic generation control scheme is applied in order to:
- (a) match, at all times, the power output of the generators within the electric power system(s) and capacity and energy purchased from entities outside

the electric power system(s), with the load within the electric power system(s);

- (b) maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice;
- (c) maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice; and
- (d) provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice.

1.9 Coordinating Owner(s) : An entity that owns transmission facilities and has entered into an agreement with the Contractor to coordinate transmission operations and transmission pricing.

1.10 Coordination Agreement: The Coordination Agreement between Manitoba Hydro and the Midwest ISO dated September 27, 2001 and filed with the U.S. Federal Energy Regulatory Commission on November 14, 2001.

1.11 Curtailment: A reduction in firm or non-firm transmission service in response to a transmission capacity shortage as a result of system reliability conditions.

1.12 Day One: The period beginning on the effective date of this Tariff and continuing until a date determined by the Contractor.

1.13 Delivering Party: The entity supplying capacity and energy to be transmitted at Point(s) of Receipt.

1.14 Designated Agent: Any entity that performs actions or functions on behalf of the Transmission Provider, an Eligible Customer, or the Transmission Customer required

under the Tariff.

- 1.15 Direct Assignment Facilities:** Facilities or portions of facilities that are constructed by the Transmission Provider for the sole use/benefit of a particular Transmission Customer requesting service under the Tariff. Direct Assignment Facilities shall be specified in the Service Agreement that governs service to the Transmission Customer and shall be subject to Lieutenant Governor in Council or National Energy Board approval if required.
- 1.16 Drive-In Transmission Service:** Point-to-Point Transmission Service from a generating source located outside both the Manitoba Hydro Zone and the MISO Tariff Zone to load located in the Manitoba Hydro Zone or the MISO Tariff Zone.
- 1.17 Drive-Out Transmission Service:** Point-to-Point Transmission Service from a generating source located in the Manitoba Hydro Zone or the MISO Tariff Zone to load located outside both the Manitoba Hydro Zone and the MISO Tariff Zone.
- 1.18 Drive-Through Transmission Service:** Point-to-Point Transmission Service from a generating source located outside both the Manitoba Hydro Zone and the MISO Tariff Zone to load located outside both the Manitoba Hydro Zone and the MISO Tariff Zone.
- 1.19 Drive-Within Transmission Service:** Point-to-Point Transmission Service from a generating source located inside the Manitoba Hydro Zone or the MISO Tariff Zone to load located inside either the Manitoba Hydro Zone or the MISO Tariff Zone.
- 1.20 Eligible Customer:** (i) Any electric utility (including the Transmission Provider and any power marketer or U.S. Federal power marketing agency), or any person generating electric energy for sale for resale is an Eligible Customer under the Tariff. Electric energy sold or produced by such entity may be electric energy produced in Canada, the

United States or Mexico. However, an entity is not eligible for transmission service if such service would be prohibited by Section 212(h)(2) of the U.S. Federal Power Act; and (ii) Any retail customer taking unbundled transmission service pursuant to a statutory or regulatory requirement that the Transmission Provider offer the transmission service, or pursuant to a voluntary offer of such service by the Transmission Provider, is an Eligible Customer under the Tariff.

- 1.21 Facilities Construction Agreement:** An agreement entered into between the Transmission Customer and Transmission Provider, in a form prescribed by the Transmission Provider, in order to construct Direct Assignment Facilities and/or Network Upgrades that are necessary for the provision of Point-to-Point or Network Integration Transmission Service.
- 1.22 Facilities Study:** An engineering study conducted by the Transmission Provider to determine the required modifications to the Transmission Provider's Transmission System, including the cost and estimated time required to complete construction of such modifications, that will be required to provide the requested transmission service.
- 1.23 Firm Point-to-Point Transmission Service:** Transmission Service under this Tariff that is reserved and/or scheduled between specified Points of Receipt and Delivery pursuant to Part II of this Tariff.
- 1.24 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.

- 1.25 Group Facilities Study:** A Facilities Study conducted by the Transmission Provider for two or more Eligible Customers pursuant to Section 19.3.
- 1.26 Group Study:** A Group Facilities Study or a Group System Impact Study conducted pursuant to Section 19.3.
- 1.27 Group System Impact Study:** A System Impact Study conducted by the Transmission Provider for two or more Eligible Customers.
- 1.28 Interruption:** A reduction in non-firm transmission service due to economic reasons pursuant to Section 14.7.
- 1.29 ISO Agreement:** The Agreement of Transmission Facilities Owners to organize The Midwest Independent Transmission System Operator Inc., a Delaware Non-Stock Corporation, as amended from time to time.
- 1.30 Inoperable Capacity:** The amount of the output of a Generation Resource which is not available due to: (i) a scheduled outage approved by the Transmission Provider; (ii) legal or regulatory restrictions, including, without limitation, environmental restrictions; (iii) modifications or repairs to Generation Resource; (iv) reduction in output due to hydro conditions; or (v) Generation Resource is in a mothballed state.
- 1.31 Load Ratio Share:** Ratio of a Transmission Customer's Network Load to the Transmission Provider's total load computed in accordance with Sections 34.2 and 34.3 of the Network Integration Transmission Service under Part III of the Tariff and

calculated on a rolling twelve month basis.

- 1.32 Load Shedding:** The systematic reduction of system demand by temporarily decreasing load in response to transmission system or area generation or transmission capacity shortages, system instability, or voltage control considerations under Part III of the Tariff.
- 1.33 Long-Term Firm Point-to-Point Transmission Service:** Firm Point-to-Point Transmission Service under Part II of the Tariff with a term of one (1) year or more.
- 1.34 Manitoba Hydro Zone:** The area encompassing the Transmission Provider's transmission facilities over which Transmission Service is provided and any generation or load connected directly thereto.
- 1.35 Midwest ISO or MISO:** Midwest Independent Transmission System Operator, Inc.
- 1.36 MISO Tariff:** The Open Access Transmission Tariff of the Midwest ISO.
- 1.37 MISO Tariff Zone:** The combination of all rate zones included within the MISO Tariff.
- 1.38 Native Load Customers:** The wholesale and retail power customers of the Transmission Provider on whose behalf the Transmission Provider, by statute, franchise, regulatory requirement, or contract, has undertaken an obligation to construct and operate the Transmission Provider's system to meet the reliable electric needs of such customers.
- 1.39 Network Customer:** An entity receiving transmission service pursuant to the terms of the Transmission Provider's Network Integration Transmission Service under Part III of the Tariff.

- 1.40 Network Integration Transmission Service:** The transmission service provided under Part III of the Tariff.
- 1.41 Network Load:** The load that a Network Customer designates for Network Integration Transmission Service under Part III of the Tariff. The Network Customer's Network Load shall include all load served by the output of any Network Resources designated by the Network Customer. A Network Customer may elect to designate less than its total load as Network Load but may not designate only part of the load at a discrete Point of Delivery. Where an Eligible Customer has elected not to designate a particular load at discrete points of delivery as Network Load, the Eligible Customer is responsible for making separate arrangements under Part II of the Tariff for any Point-to-Point Transmission Service that may be necessary for such non-designated load.
- 1.42 Network Operating Agreement:** An executed agreement that contains the terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Network Integration Transmission Service under Part III of the Tariff.
- 1.43 Network Operating Committee:** A group made up of representatives from the Network Customer(s) and the Transmission Provider established to coordinate operating criteria and other technical considerations required for implementation of Network Integration Transmission Service under Part III of this Tariff.
- 1.44 Network Resource:** Any designated generating resource or dedicated transmission equipment owned, purchased or leased by a Network Customer, or by the load-serving entity where the Network Customer is acting as an intermediary for the load-serving entity, and used to serve the load-serving entity's load on a firm basis, under the Network Integration Transmission Service Tariff. Network Resources do not include any

resource, or any portion thereof, that is committed for sale to third parties (other than the load-serving entity on whose behalf the Network Customer is acting) or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program.

- 1.45 Network Upgrades:** Modifications or additions to transmission-related facilities that are integrated with and support the Transmission Provider's overall Transmission System for the general benefit of all users of such Transmission System.
- 1.46 Non-Firm Point-to-Point Transmission Service:** Point-to-Point Transmission Service under the Tariff that is reserved and scheduled on an as-available basis and is subject to Curtailment or Interruption as set forth in Section 14.7 under Part II of this Tariff. Non-Firm Point-to-Point Transmission Service is available on a stand-alone basis for periods ranging from one (1) hour to one month.
- 1.47 Non-Firm Sale:** An energy sale for which receipt or delivery may be interrupted for any reason or no reason without liability on the part of either the buyer or seller.
- 1.48 Open Access Same-Time Information System (OASIS):** The information system and standards of conduct contained in Part 37 of the U.S. Federal Energy Regulatory Commission's regulations and all additional requirements implemented by subsequent Commission orders dealing with OASIS.
- 1.49 Part I:** Tariff Definitions and Common Service Provisions contained in Sections 2 through 12.
- 1.50 Part II:** Tariff Sections 13 through 27 pertaining to Point-to-Point Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate

Schedules and Attachments.

- 1.51 Part III:** Tariff Sections 28 through 35 pertaining to Network Integration Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.
- 1.52 Parties:** The Transmission Provider and the Transmission Customer receiving service under the Tariff.
- 1.53 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 Part II of the Tariff. The Point(s) of Delivery shall be specified in the Service Agreement for Long-Term Firm Point-to-Point Transmission Service.
- 1.54 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 Part II of the Tariff. The Point(s) of Receipt shall be specified in the Service Agreement for Long-Term Firm Point-to-Point Transmission Service.
- 1.55 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 Part II of the Tariff.
- 1.56 Power Purchaser:** The entity that is purchasing the capacity and energy to be transmitted under the Tariff.

- 1.57 Pre-Confirmed Application:** An Application that commits the Eligible Customer to execute a Long Term Firm Service Agreement upon receipt of notification that the Transmission Provider can provide the requested Transmission Service or an Application made pursuant to an executed Umbrella Agreement.
- 1.58 Prime Lending Rate:** The rate of interest per annum, publicly announced from time to time by the Royal Bank of Canada at its main office in the City of Winnipeg, Manitoba, as its preferred lending rate of interest charged to its most creditworthy Canadian customers, whether or not such interest rate per annum is actually charged by said bank to any customer. Notwithstanding the foregoing, in no event shall said rate of interest ever exceed the maximum rate of interest allowed under Canadian law.
- 1.59 Receiving Party:** The entity receiving the capacity and energy transmitted by the Transmission Provider to Point(s) of Delivery.
- 1.60 Regional Transmission Group ('RTG'):** A voluntary organization of transmission owners, transmission users and other entities formed to efficiently coordinate transmission planning (and expansion), operation and use on a regional (and interregional) basis.
- 1.61 Reserved Capacity:** The maximum amount of capacity and energy that the Transmission Provider agrees to transmit for the Transmission Customer over the Transmission Provider's Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under Part II of the Tariff. Reserved Capacity shall be expressed in terms of whole megawatts on a sixty (60) minute interval (commencing on the clock hour) basis.
- 1.62 Separated Load Service:** A type of Long-Term Firm Point-to-Point Transmission

Service provided solely for the purpose of serving the Transmission Customer's load during planned or unplanned separation of the load from the Transmission Customer's transmission system.

1.63 Service Agreement: The initial agreement and any amendments or supplements thereto entered into by the Transmission Customer and the Transmission Provider for service under the Tariff.

1.64 Service Commencement Date: The date the Transmission Provider begins to provide service pursuant to the terms of an executed Service Agreement.

1.65 Short-Term Firm Point-to-Point Transmission Service: Firm Point-to-Point Transmission Service under Part II of the Tariff with a term of less than one (1) year.

1.66 System Impact Study: An assessment by the Transmission Provider of: (i) the adequacy of the Transmission System to accommodate a request for either Firm Point-to-Point Transmission Service or Network Integration Transmission Service; and (ii) whether any additional costs may be incurred in order to provide transmission service.

1.67 Third-Party Sale: Any sale for resale of generation capacity or energy to a Power Purchaser that is not designated as part of Network Load under the Network Integration Transmission Service.

1.68 Transition Period: The period from the first day that the Midwest ISO begins providing transmission service pursuant to the MISO Tariff to the last day of the sixth year after the Midwest ISO begins providing said transmission service.

1.69 Transmission Customer: Any Eligible Customer (or its Designated Agent) that: (i)

executes a Service Agreement; or (ii) receives service under an Umbrella Agreement. This term is used in the Part I Common Service Provisions to include customers receiving transmission service under Part II and Part III of this Tariff.

- 1.70 Transmission Owner(s)** : An “Owner” as defined pursuant to the ISO Agreement.
- 1.71 Transmission Provider**: Manitoba Hydro (or its Designated Agent).
- 1.72 Transmission Provider’s Monthly Transmission System Peak**: The maximum firm usage of the Transmission Provider’s Transmission System in a calendar month.
- 1.73 Transmission Service**: Point-to-Point Transmission Service provided under Part II of the Tariff on a firm and non-firm basis.
- 1.74 Transmission Service Request**: A completed Application for transmission service.
- 1.75 Transmission System**: The facilities owned, controlled or operated by the Transmission Provider that are used to provide transmission service under Part II and Part III of the Tariff.
- 1.76 Umbrella Agreement**: An agreement between the Transmission Provider and an Eligible Customer which provides all the information necessary to enable such Eligible Customer to receive Short-Term Firm or Non-Firm Point-to-Point Transmission Service under this Tariff for a maximum period of three years without the necessity of executing a Service Agreement for each Completed Application. A form of Umbrella Agreement is attached as Attachment B.

2. INITIAL ALLOCATION AND RENEWAL PROCEDURES

2.1 Initial Allocation of Available Transmission Capability: For purposes of determining whether existing capability on the Transmission Provider's Transmission System is adequate to accommodate a request for firm service under this Tariff, all Completed Applications for new firm transmission service received during the initial sixty (60) day period commencing with the effective date of the Transmission Provider's initial Tariff will be deemed to have been filed simultaneously. A lottery system conducted by an independent party shall be used to assign priorities for Completed Applications filed simultaneously. All Completed Applications for firm transmission service received after the initial sixty (60) day period shall be assigned a priority pursuant to Section 13.2.

2.2 Reservation Priority for Existing Firm Service Customers:

(a) Existing firm service customers (wholesale requirements and transmission-only, with a contract term of five years or more), have the right to continue to take transmission service from the Transmission Provider when the contract expires (including termination of the contract), rolls over or is renewed. For purposes of this Section 2.2, a request for transmission service made by an existing firm service customer in the exercise of the above right shall be known as a "Rollover Request". This transmission reservation priority is independent of whether the existing customer continues to purchase capacity and energy from the Transmission Provider or elects to purchase capacity and energy from another supplier. If a new request(s) for transmission service or Rollover Request(s) for the total amount of capacity for a given interface have been submitted on the OASIS ("Competition Queue") and, the Transmission Provider's Transmission System cannot accommodate all of the requests for transmission service, subject to Section 2.2(d), the existing firm service customer must agree to accept a contract term at least equal to the contract term of a competing request by any new Eligible Customer and to pay the current Tariff rate, for such service. The

existing firm service customer must provide notice to the Transmission Provider whether it will exercise its right of first refusal no less than one (1) year prior to the expiration date of its Service Agreement. Once the Competition Queue is established and if a Transmission Customer has submitted two Rollover Requests covering successive time periods, and the service period of the first in time Rollover Request is extended due to a competing request, the second in time Rollover Request shall be annulled and the Transmission Customer shall lose its place in the transmission queue for the second in time Rollover Request. The Transmission Customer shall be required to submit a new Rollover Request and take a new place in the transmission queue to exercise its rollover rights in the time period subsequent to the expiration of its first in time Rollover Request. This transmission reservation priority for Rollover Request is an ongoing right that may be exercised at the end of all firm contract terms of five years or longer. This reservation priority only applies to the facilities of the Transmission Provider where such facility costs have been included as part of the firm service rates that the firm service customer has been paying. If competing Rollover Request customers apply for service that cannot be fully provided, the priority rights will be ranked in accordance with first-come, first-served principles. If Rollover Request customers tie, then the capacity for which they receive priority rights under this Tariff shall be apportioned on a pro rata basis. Upon the submission of a Rollover Request by a Transmission Customer, the Transmission Customer must revise, as may be necessary, the contact information in the OASIS transmission service request to provide for a twenty-four (24) hour point of contact. Once the Competition Queue is established and if the Transmission Provider receives a competing request for Transmission Service, the Transmission Provider shall notify the Rollover Request Transmission Customer of such competing request on the same business day the Competition Queue is established. Such notification shall occur on a recorded line of the Transmission

Provider to the twenty-four (24) hour point of contact provided by the Transmission Customer. The next business day shall begin the three (3) business day window provided in Attachment J to this Tariff, within which the Transmission Customer may agree to match the term of the competing request. In the event, the Transmission Customer is no longer obligated to match a competing request, the same notification process shall be followed.

- (b) The following additional terms and condition relate to the exercise of reservation priorities:
- (i) Roll over rights apply to existing transmission capacity, and the Transmission Provider is not obligated to build transmission capacity in order to maintain the same amount of service.
 - (ii) A Transmission Customer may roll over its usage of the transmission system for as long a term as it wants, regardless of the length of existing pending long-term contracts. For example, a Transmission Customer with a five (5) year firm contract may choose to exercise its roll over rights and enter into a ten (10) year firm contract.
 - (iii) A Transmission Customer has the option to exercise its roll over rights for less than five (5) years. This new service will of course not have roll over rights in the subsequent year because it is no longer eligible.
 - (iv) A Transmission Customer with multiple existing long-term firm agreements of five (5) years or more that all provide for service between the same points of receipt and same points of delivery has the option to combine them into a single transmission reservation when rolled over.
 - (v) A Transmission Customer that upgrades short term firm service to long term firm service of five (5) years or more acquires roll over rights when it does so.
 - (vi) Neither the Transmission Provider nor the Contractor, on behalf of the

Transmission Provider, may grant a request for transmission service that would interfere with another Customer's roll over rights, even if the new request is for a different term or does not possess the same points of receipt and or the same points of delivery. Therefore the Transmission Provider shall model its system as if all the existing long-term firm contracts continue their service when it evaluates any requests for new service, including service commencing several years in the future.

- (vii) The following "tie breaker rules" apply in order to allocate roll over rights when dealing with competing requests. Tie breaker roll over allocation only applies if the new request for transmission service is substantially similar in all respects to the roll over Customer's service. The roll over Customer in these cases, can obtain the first right of refusal by matching the term of service requested by the new Transmission Customer.
- (viii) A Transmission Customer taking long-term firm transmission service may modify its points of delivery and/or points of receipt on a firm basis for part of the contract term without losing its roll over rights, even if the modification results in the Transmission Customer not taking service at the same points of receipt and/or delivery for a full year.
- (ix) At the time that a Transmission Customer requests the roll-over of Firm Point-to-Point Transmission Service that is subject to conditions pursuant to Section 13.5, the Transmission Provider may review and revise the conditions of service applicable to the new Service Agreement.

(c) The Transmission Provider may reserve existing transmission capacity needed for future load growth reasonably forecasted within the Transmission Provider's current planning horizon. The Transmission Provider may decline a Customer the ability to rollover its firm transmission service with a term of five years or longer only if the Transmission Provider includes in the service

agreement a specific, reasonably forecasted need for the transfer capability to serve load growth at the end of the term of the service agreement.

(d) The Transmission Provider shall use the following principles and methodology to determine reservation priority under this Section 2.2:

(i) Earlier-queued Rollover Requests shall not compete, on contract term, against later-queued new service requests. Rollover Requests that do not compete on contract term shall be accepted on the terms identified in the Rollover Request customer's Service Agreement and associated specification sheets. Rollover Request customers shall confirm their Rollover Requests in accordance with the timing requirements set forth in Attachment J, commensurate with the term of service.

(ii) A Rollover Request queued after a competing new service request shall be required to match the term of all previously submitted actively competing (i.e., not previously satisfied through acquisition of capacity held by other Rollover Request customers) new service requests to retain capacity. In order to preserve renewal rights, the Rollover Request customer shall confirm its request for rollover transmission service that has been conditionally accepted by the Transmission Provider within the confirmation time periods set forth in Attachment J, commensurate with the term of service. The condition of acceptance is that the Rollover Request customer may be required to match on term any earlier-queued competing new service request.

(iii) Where an interface would be fully subscribed if all holders of rollover rights exercised such rights, a new service request shall be denied unless: (a) the new service requestor agrees to a System Impact Study; or (b) the new service requestor agrees to confirm a conditionally accepted request

in order to retain queue priority. To retain queue priority, the new service requestor must confirm its request for transmission service that has been conditionally accepted by the Transmission Provider within the confirmation time periods set forth in Attachment J, commensurate with the term of service. The condition of acceptance is that the request is not matched on term by subsequently-queued Rollover Requests. The total capacity under new service requests conditionally accepted and confirmed shall not exceed the capacity held by the existing Rollover Request customers. All new service requests conditionally accepted and confirmed that are not awarded capacity when the queue is processed shall then be denied.

- (iv) In the event that a new service requestor does not confirm a conditional acceptance, the new service request shall be eliminated from the queue.
- (v) Earlier-queued new service requests shall have the opportunity to compete on term against all subsequently-queued Rollover Requests of a lesser term.
- (vi) Rollover Requests subject to competition on term shall be processed based on weakest queue position, i.e., the later-queued rollover request is the first to be asked match a new competing request.
- (vii) A Rollover Request customer shall be required to match the term of any new service request that: (a) was queued prior to the Rollover Request; (b) has been conditionally accepted by the Transmission Provider and subsequently confirmed by the new service requestor; (c) has the same start date as the Rollover Request and extends beyond the end date of the Rollover Request; and (d) has not already been awarded capacity due to a later-queued Rollover Request(s) declining to match on term. The Rollover Request customer shall have three (3) business days to confirm a matching request. If the Rollover Request customer does not agree to

match on term, the Rollover Request customer's capacity shall be awarded to the new service request customer.

2.3 Procedures for Exercising Reservation Priority Rights:

- (a) If, at any time, the Transmission Provider receives a request from an Eligible Customer for new firm transmission service that the Transmission Provider determines it could not provide without performing a System Impact Study if an existing customer were to exercise its transmission reservation priority pursuant to Section 2.2, the Transmission Provider shall promptly notify the existing customer of the new request. Within thirty (30) days of such notification, the existing customer must inform the Transmission Provider whether it exercises its reservation priority pursuant to Section 2.2 and agrees to accept a contract term at least equal to the new request. In the event an existing customer does not exercise its reservation priority or fails to respond within thirty (30) days of such notification, the existing firm service customer shall forfeit its reservation priority.

- (b) In the event an existing firm service customer does not receive a notification pursuant to Section 2.3(a), then the existing customer must notify the Transmission Provider no later than one (1) year prior to the end of the term of its firm transmission contract that it is exercising its transmission reservation priority and will take Transmission Service for an additional term of five years or longer; otherwise it shall forfeit the transmission reservation priority associated with the contract.

2.4 Transition: As of the effective date of this Tariff, the rates, terms and conditions of this Tariff shall supersede the rates, terms and conditions of the Transmission Provider's previous tariffs.

3. ANCILLARY SERVICES

Ancillary Services are needed with transmission service to maintain reliability within and among the Control Areas affected by the transmission service. The Transmission Provider is required to provide and the Transmission Customer is required to purchase, the following Ancillary Services: (i) Scheduling, System Control and Dispatch; and (ii) Reactive Supply and Voltage Control from Generation or Other Sources.

The Transmission Provider is required to offer to provide the following Ancillary Services only to the Transmission Customer serving load within the Transmission Provider's Control Area: (i) Regulation and Frequency Response; (ii) Energy Imbalance; (iii) Operating Reserve - Spinning; and (iv) Operating Reserve - Supplemental. The Transmission Customer serving load within the Transmission Provider's Control Area is required to acquire these Ancillary Services, whether from the Transmission Provider, from a third party, or by self-supply.

The Transmission Provider is required to provide, to the extent it is physically feasible to do so from its resources or from resources available to it, Generator Imbalance Service when Transmission Service is used to deliver energy from a generator located within its Control Area. The Transmission Customer using Transmission Service to deliver energy from a generator located within the Transmission Provider's Control Area is required to acquire Generator Imbalance Service, whether from the Transmission Provider, from a third party or by self-supply.

The Transmission Customer may not decline the Transmission Provider's offer of Ancillary Services unless it demonstrates that it has acquired the Ancillary Services from another source. The Transmission Customer must list in its Application which Ancillary Services it will purchase from the Transmission Provider. A Transmission Customer that exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery is required to pay for all of the Ancillary

Services identified in this section that were provided by the Transmission Provider associated with the unreserved service. The Transmission Customer shall pay for Ancillary Services based on the amount of transmission service it used but did not reserve.

The rate treatment and all related terms and conditions in the event of an unauthorized use of Ancillary Services by the Transmission Customer are specified in the applicable Rate Schedule.

The specific Ancillary Services, prices and/or compensation methods are described on the Schedules that are attached to and made a part of the Tariff. Three principal requirements apply to discounts for Ancillary Services provided by the Transmission Provider in conjunction with its provision of Transmission Service as follows: (i) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS; (ii) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an affiliate's use) must occur solely by posting on the OASIS; and (iii) once a discount is negotiated, details must be immediately posted on the OASIS. A discount agreed upon for an Ancillary Service must be offered for the same period to all Eligible Customers on the Transmission Provider's system. Sections 3.1 through 3.7 below list the seven Ancillary Services.

3.1 Scheduling, System Control and Dispatch Service: The rates and/or methodology are described in Schedule 1.

3.2 Reactive Supply and Voltage Control from Generation or Other Sources Service: The rates and/or methodology are described in Schedule 2.

3.3 Regulation and Frequency Response Service: Where applicable the rates and/or methodology are described in Schedule 3 .

- 3.4 Energy Imbalance Service:** Where applicable the rates and/or methodology are described in Schedule 4.
- 3.5 Operating Reserve - Spinning Reserve Service:** Where applicable the rates and/or methodology are described in Schedule 5.
- 3.6 Operating Reserve - Supplemental Reserve Service:** Where applicable the rates and/or methodology are described in Schedule 6.
- 3.7 Generator Imbalance Service:** Where applicable the rates and/or methodology are described in Schedule 9.

4. OPEN ACCESS SAME-TIME INFORMATION SYSTEM ('OASIS')

Terms and conditions regarding Open Access Same-Time Information System and standards of conduct are set forth in 18 CFR § 37 of the U.S. Federal Energy Regulatory Commission's regulations (Open Access Same-Time Information System and Standards of Conduct for Public Utilities). The Transmission Provider's standards of conduct are posted on the OASIS. In the event available transmission capability as posted on the OASIS is insufficient to accommodate a request for firm transmission service, additional studies may be required as provided by this Tariff pursuant to Sections 19 and 32. The Transmission Provider shall post on OASIS and its public website an electronic link to all rules, standards and practices that (i) relate to the terms and conditions of Transmission Service, (ii) are not subject to a North American Energy Standards Board (NAESB) copyright restriction, and (iii) are not otherwise included in this Tariff. The Transmission Provider shall post on OASIS and on its public website an electronic link to the NAESB website where any rules, standards and practices that are protected by copyright may be obtained. The Transmission Provider shall also post an OASIS and its public

website an electronic link to a statement of the process by which the Transmission Provider shall add, delete or otherwise modify the rules, standards and practices that are posted on its website. Such process shall set forth the means by which the Transmission Provider shall provide reasonable advance notice to Transmission Customers and Eligible Customers of any such additions, deletions or modifications, the associated effective date, and any additional implementation procedures that the Transmission Provider deems appropriate.

5. INTERPRETATION

- 5.1 Applicable Law:** This Tariff and any Service Agreements executed hereunder shall be governed by and construed in accordance with the laws of the Province of Manitoba, except where the law of the United States is specifically incorporated herein. For greater certainty, The United Nations Convention on Contracts for the International Sale of Goods as adopted by *The International Sale of Goods Act*, S.M. 1989-90, c.18, shall not apply to any Service Agreements executed hereunder.
- 5.2 Condition Precedent:** The Transmission Provider's obligation to provide transmission service pursuant to a Service Agreement executed under this Tariff shall be conditional upon the receipt and continued effectiveness of any regulatory or other approvals required by Canadian law in connection with transmission service hereunder.
- 5.3 Legislative Requirements:** The terms and conditions of this Tariff and any Service Agreements executed hereunder are subject to decisions, orders, rules and regulations of the National Energy Board of Canada and any other Canadian legislative requirements in effect from time to time and this Tariff may be amended without notice in accordance with such decisions, orders, rules, regulations or requirements.

6. RECIPROCITY

A Transmission Customer receiving transmission service under this Tariff agrees to provide comparable transmission service that it is capable of providing to the Transmission Provider on similar terms and conditions over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer's corporate affiliates. A Transmission Customer that is a member of, or takes transmission service from, a power pool, Regional Transmission Group, Regional Transmission Organization (RTO), Independent System Operator (ISO) or other transmission organization responsible for the operation of transmission facilities also agrees to provide comparable transmission service to the transmission-owning members of such power pool, Regional Transmission Group, RTO, ISO or other transmission organization on similar terms and conditions over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer's corporate affiliates.

This reciprocity requirement applies not only to the Transmission Customer that obtains transmission service under the Tariff, but also to all parties to a transaction that involves the use of transmission service under the Tariff, including the power seller, buyer and any intermediary, such as a power marketer. This reciprocity requirement also applies to any Eligible Customer that owns, controls or operates transmission facilities that uses an intermediary, such as a power marketer, to request transmission service under the Tariff. If the Transmission Customer does not own, control or operate transmission facilities, it must include in its Application a sworn statement of one of its duly authorized officers or other representatives that the purpose of its Application is not to assist an Eligible Customer to avoid the requirements of this provision.

The requirements of this Section may be waived by the Transmission Provider.

7. BILLING AND PAYMENT

7.1 Billing Procedure: Within a reasonable time after the first day of each month, the Transmission Provider or Contractor, as applicable, shall submit an invoice to the Transmission Customer for the charges for all services furnished under the Tariff during the preceding month. With respect to Point-to-Point Transmission Service, the Contractor shall issue two invoices to the Transmission Customer. One invoice relates to all charges for Point-to-Point Transmission Service other than Schedule 10. The second invoice relates to Schedule 10, the service charge for recovering costs associated with the Contractor's operations that are not covered under Schedule 1. These costs are captured within a separate invoice line item, Schedule 10, and include: 1) costs associated with the Contractor's control center, including capital costs and operating expenses and 2) costs for administering this Tariff. The invoices shall be paid by the Transmission Customer within seven (7) days of receipt. All payments for Point-to-Point Transmission Service charges shall be made in immediately available funds payable to the Midwest ISO, as Contractor for the Transmission Provider. All billing procedures involving invoices under the Tariff for Point-to-Point Transmission Service shall be governed by the Transmission Provider's Open Access Transmission Tariff Business Practices.

All payments for System Impact Studies, Facilities Studies, deposits pursuant to Section 17.3, extensions for commencement of service pursuant to Section 17.7, and service charges for Network Integration Transmission Service shall be made to the Transmission Provider by wire transfer to the bank named by the Transmission Provider in Appendix 1, or by internal journal entry if the Transmission Customer is the Transmission Provider's wholesale merchant function.

- 7.2 Interest on Unpaid Balances:** Interest on any unpaid amounts (not including amounts placed in trust pursuant to Section 7.2.a of the Tariff) shall be calculated daily at the Prime Lending Rate plus two percent (2%) per annum, or the maximum rate permitted by law, whichever is less. Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment.
- 7.2a. Trust Accounts:** All monies deposited by a Transmission Customer as financial assurance or as a deposit pursuant to Section 17.3 or pursuant to the terms of a System Impact Study Agreement or Facilities Study Agreement shall be held in trust by the Transmission Provider or the Contractor in a separate, interest-bearing, money market account and 100% of the interest earned shall accrue to the benefit of that Transmission Customer. Interest shall be calculated from the date of receipt of deposit until the date that the deposit is returned or converted into another form of financial assurance. When deposits are made by mail to the Transmission Provider or Contractor, they shall be considered having been paid on the date of receipt.
- 7.3 Currency:** All rates specified in the Tariff are stated in lawful money of Canada, unless specified otherwise. Unless otherwise agreed, monetary transactions, accounting and cost calculations between the Parties shall be determined and stated in lawful money of Canada. If required for any such monetary transactions, accounting or cost calculation, the rate to be used to convert from the currency of the United States of America to that of Canada for each day shall be the Bank of Canada noon spot exchange rate as published by the Royal Bank of Canada, Winnipeg, Manitoba, Canada, or the last published rate if not published for such day. If any monetary transaction is for a period of time exceeding one day, the weighted average of such noon spot exchange rates for each day in the respective period of time shall be used. The weighting shall be based in proportion to the dollar value of each day's transaction.

7.4 Customer Default: In the event the Transmission Customer fails, for any reason other than a billing dispute as described below, to make payment to the Transmission Provider or Contractor on or before the due date as described above, and such failure of payment is not corrected within ten (10) business days of receipt by the Transmission Customer of a written notice to cure such failure sent by the Transmission Provider or Contractor by certified mail, a default by the Transmission Customer shall be deemed to exist. Upon the occurrence of a default, the Transmission Provider or Contractor shall annul any confirmed reservations of the Transmission Customer for which there are insufficient financial assurances available to use as collateral to ensure payment for transmission services to be provided subsequent to the date of default and, upon three (3) days notice, may terminate service. In the event of a billing dispute between the Transmission Provider or Contractor and the Transmission Customer, the Transmission Provider will continue to provide service under the Service Agreement as long as the Transmission Customer (i) continues to make all payments not in dispute, and (ii) pays into an independent trust account specified by the Transmission Provider the portion of the invoice in dispute, pending resolution of such dispute. If the Transmission Customer fails to meet these two requirements for continuation of service, then the Transmission Provider or Contractor shall annul any confirmed reservations that the Transmission Customer has in excess of the available financial assurance after the outstanding obligation is settled and may provide notice to the Transmission Customer of its intention to suspend service in accordance with the policy of the Transmission Provider.

8. ACCOUNTING FOR THE TRANSMISSION PROVIDER'S USE OF THE TARIFF

The Transmission Provider shall record the following amounts, as outlined below:

- 8.1 Transmission Revenues:** Include in a separate transmission revenue account the revenues it receives from Transmission Service when making Third-Party Sales under Part II of the Tariff.
- 8.2 Study Costs and Revenues:** Include in a separate transmission account, the revenues it receives, through internal journal entries, to perform any System Impact Studies or Facilities Studies which the Transmission Provider conducts to determine if it must construct new transmission facilities or upgrades necessary for its own uses, including making Third-Party Sales under the Tariff; and include in a separate operating revenue account the revenues received for System Impact Studies or Facilities Studies performed when such amounts are separately stated and identified in the Transmission Customer's billing under the Tariff.

9. TARIFF AMENDMENTS

Nothing contained in the Tariff or any Service Agreement shall be construed as affecting in any way the right of the Transmission Provider to unilaterally make a change in rates, terms and conditions, charges, classification of service or a Service Agreement. The Transmission Provider reserves the right to change the rates for transmission service under Part II and Part III of this Tariff, without notice, in accordance with Attachment O of this Tariff and any contractual or other legal obligations regarding Transmission Service rates that are binding on the Transmission Provider.

10. FORCE MAJEURE AND INDEMNIFICATION

10.1 Force Majeure: An event of Force Majeure means any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any Curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include an act of negligence or intentional wrongdoing. Neither the Transmission Provider nor the Transmission Customer will be considered in default as to any obligation under this Tariff if prevented from fulfilling the obligation due to an event of Force Majeure. However, a Party whose performance under this Tariff is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Tariff.

10.2 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 this Tariff, except in cases of negligence or intentional wrongdoing by the Transmission Provider.

10.3 LIMITATION OF LIABILITY

- a) **THE TRANSMISSION PROVIDER SHALL NOT BE LIABLE, WHETHER BASED ON CONTRACT, INDEMNIFICATION, WARRANTY, TORT, STRICT LIABILITY OR OTHERWISE TO ANY TRANSMISSION CUSTOMER OR ANY THIRD PARTY FOR ANY DAMAGES WHATSOEVER, INCLUDING WITHOUT LIMITATION, DIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE, SPECIAL, EXEMPLARY OR INDIRECT DAMAGES ARISING OR RESULTING FROM ANY ACT OR OMISSION IN ANY WAY ASSOCIATED WITH SERVICE PROVIDED UNDER THIS TARIFF, INCLUDING BUT NOT LIMITED TO ANY ACT OR OMISSION THAT RESULTS IN AN INTERRUPTION, DEFICIENCY OR IMPERFECTION OF SERVICE, EXCEPT TO THE EXTENT THAT THE TRANSMISSION PROVIDER IS FOUND LIABLE FOR GROSS NEGLIGENCE OR INTENTIONAL MISCONDUCT, IN WHICH CASE THE TRANSMISSION PROVIDER SHALL NOT BE LIABLE FOR ANY INCIDENTAL, CONSEQUENTIAL, PUNITIVE, SPECIAL, EXEMPLARY OR INDIRECT DAMAGES.**
- b) **THE TRANSMISSION PROVIDER SHALL NOT BE LIABLE FOR DAMAGES ARISING OUT OF SERVICES PROVIDED UNDER THIS TARIFF, INCLUDING BUT NOT LIMITED TO, ANY ACT OR OMISSION THAT RESULTS IN AN INTERRUPTION, DEFICIENCY OR**

IMPERFECTION OF SERVICE OCCURRING AS A RESULT OF CONDITIONS OR CIRCUMSTANCES RESULTING FROM ELECTRIC SYSTEM DESIGN COMMON TO THE NORTH AMERICAN ELECTRIC UTILITY INDUSTRY OR ELECTRIC SYSTEM OPERATION PRACTICES OR CONDITIONS COMMON TO THE NORTH AMERICAN ELECTRIC UTILITY INDUSTRY.

11. CREDITWORTHINESS

For the purpose of determining the ability of the Transmission Customer to meet its obligations related to service hereunder, the Transmission Provider may conduct reasonable credit review procedures and require credit assurance in accordance with Attachment L-1. The credit review procedures shall be made in accordance with standard commercial practices under the laws of the Province of Manitoba and shall include the completion of an Application for Creditworthiness Approval (Attachment L-2) for approval by the Transmission Provider prior to the Transmission Customer's first request for service under the Tariff.

12. DISPUTE RESOLUTION PROCEDURES AND WITHDRAWAL OF TARIFF

12.1 Internal Dispute Resolution Procedures: Any dispute between a Transmission Customer and the Transmission Provider involving transmission service under the Tariff shall be referred to a designated senior representative of the Transmission Provider and a senior representative of the Transmission Customer for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute within thirty (30) days [or such other period as the Parties may agree upon] by mutual agreement, such dispute may be submitted to arbitration and resolved in

accordance with the arbitration procedures set forth below.

12.2 External Arbitration Procedures: Any arbitration initiated under the Tariff shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall conduct the arbitration in Winnipeg, Manitoba and shall provide each of the Parties an opportunity to be heard and except as otherwise provided herein, shall generally conduct the arbitration in accordance with The Arbitration Act of Manitoba.

12.3 Arbitration Decisions: Unless otherwise agreed the arbitrator(s) shall render a decision within ninety (90) days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of the Tariff and any Service Agreement entered into under the Tariff and shall have no power to modify or change any of the above in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be either appealed solely on a question of law alone or set aside. Such appeal or application to set aside shall be governed by the provisions of The Arbitration Act of Manitoba.

12.4 Costs: Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable:

- (a) the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or
- (b) one half the cost of the single arbitrator jointly chosen by the Parties.

12.5 Court Jurisdiction: The Parties agree to the exclusive jurisdiction of the Manitoba Court of Queen's Bench and the Manitoba Court of Appeal for the resolution of disputes which the Parties do not agree to arbitrate pursuant to Section 12.1 hereof and for the appeal, application to set aside or other reconsideration of an arbitral decision with respect to the Tariff or any Service Agreement under the Tariff.

12.6 Termination or Withdrawal of Tariff: Nothing contained in this Tariff shall restrict the Transmission Provider's right unilaterally to withdraw this Tariff on notice for any reason. Such withdrawal shall not affect a Transmission Customer's right to receive Long-Term Firm Point-to-Point Transmission Service, confirmed requests for Short-Term Firm Point-to-Point Transmission Service or Network Integration Transmission Service pursuant to existing Service Agreements entered into under the Tariff. Upon such withdrawal of this Tariff, all rights to receive Non-Firm Point-to-Point Transmission Service under Umbrella Agreements shall terminate immediately, provided that the Transmission Provider shall complete Non-Firm Point-to-Point Transmission Service for specific Non-Firm Point-to-Point Transmission Service transactions scheduled prior to the date of termination of the Tariff (not to exceed service for three months). The Transmission Provider shall provide at least thirty (30) days notice of its intent to withdraw this Tariff to Transmission Customers that have entered into Umbrella Agreements for Non-Firm Point-to-Point Transmission Service.

II. POINT-TO-POINT TRANSMISSION SERVICE

Preamble

The Transmission Provider will provide Firm and Non-Firm Point-to-Point Transmission Service pursuant to the applicable terms and conditions of this Tariff. Point-to-Point Transmission Service is for the receipt of capacity and energy at designated Point(s) of Receipt and the transmission of such capacity and energy to designated Point(s) of Delivery. The processing of Short-Term Firm and Non-Firm Point-to-Point Transmission Service Requests, with the exception of conducting System Impact Studies and Facilities Studies, shall be conducted by the Midwest ISO as Contractor on behalf of the Transmission Provider.

13. NATURE OF FIRM POINT-TO-POINT TRANSMISSION SERVICE

13.1 Term: The minimum term of Firm Point-to-Point Transmission Service shall be one day and the maximum term shall be specified in the Service Agreement.

13.2 Reservation Policy:

(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.

(ii) Reservations for Short-Term Firm Point-to-Point Transmission Service will be conditional based upon the length of the requested transaction. However, Pre-Confirmed Applications for Short-Term Point-to-Point Transmission Service will receive priority over earlier-submitted requests that are not Pre-Confirmed and that have equal or shorter duration. Among requests with the same duration and pre-confirmation status (Pre-Confirmed or not confirmed), priority will be

given to an Eligible Customer's request that offers the highest price, followed by the date and time of the request.

(iii) If the Transmission System becomes oversubscribed, requests for service may preempt competing reservations that involve the same source or sink Control Area or controllable device/contract path interface up to the following deadlines: one day before the commencement of daily service, one week before the commencement of weekly service, and one month before the commencement of monthly service. Before the conditional reservation deadline, if available transmission capability is insufficient to satisfy all requests and reservations, an Eligible Customer with a reservation for shorter term service or equal duration service and lower price has the right of first refusal to match any longer term request or equal duration service with a higher price 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 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in Section 13.8) 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, price and time of response shall 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 Part II of the Tariff. Firm Point-to-Point Transmission Service will always have a reservation priority over Non-Firm Point-to-Point Transmission Service under the Tariff. All Long-Term Firm Point-to-Point Transmission Service will have equal reservation priority with Native Load Customers and Network Customers. Reservation

priorities for existing firm service customers are provided in Section 2.2.

- 13.3 Use of Firm Transmission Service by the Transmission Provider:** The Transmission Provider will be subject to the rates, terms and conditions of Part II of the Tariff when making Third-Party Sales under agreements executed on or after the effective date of this Tariff. The Transmission Provider will maintain separate accounting, pursuant to Section 8, for any use of the Point-to-Point Transmission Service to make Third-Party Sales.
- 13.4 Service Agreements:** The Transmission Provider shall offer a standard form Long-Term Firm Point-to-Point Transmission Service Agreement (Attachment A) to an Eligible Customer when it submits a Completed Application for Long-Term Firm Point-to-Point Transmission Service. The Transmission Provider shall offer a standard form Umbrella Agreement (Attachment B), effective for a maximum term of three years, to an Eligible Customer when it first submits a Completed Application for Short-Term Firm Point-to-Point Transmission Service pursuant to the Tariff. Upon expiry of an Umbrella Agreement, the Eligible Customer shall submit a new Completed Application for Short-Term Firm Point-to-Point Transmission Service if the Eligible Customer wishes to reserve Short-Term Firm Point-to-Point Transmission Service, after which the Transmission Provider, shall again offer a standard form Umbrella Agreement to the Eligible Customer. An Eligible Customer that uses transmission capacity at a Point of Receipt or Point of Delivery that it has not reserved and for which it has not executed a Service Agreement shall be charged for such Transmission Service in accordance with the rates, terms and conditions of this Tariff governing Firm Point-to-Point Transmission Service.
- 13.5 Transmission Customer Obligations for Facility Additions:** In cases where it is determined through a System Impact Study that the Transmission System is not capable of providing Firm Point-to-Point Transmission Service without: (i) degrading or

impairing the reliability of service to Native Load Customers, Network Customers and other Transmission Customers taking Firm Point-to-Point Transmission Service; or (ii) interfering with the Transmission Provider's ability to meet prior firm contractual commitments to others, the Transmission Provider may offer Firm Point-to-Point Transmission Service under which: (i) the amount of capacity that is available varies under specified system conditions throughout the term of the Service Agreement and/or; (ii) the Transmission Provider is entitled to curtail service, in priority to the curtailment of other Firm Point-to-Point Transmission Service reservations, under specified system conditions. If such a Service Agreement is not offered or is not acceptable to the Eligible Customer, the Transmission Provider will be obligated to expand or upgrade its Transmission System pursuant to the terms of Section 15.3. The Transmission Customer must agree to compensate the Transmission Provider for any necessary transmission facility additions pursuant to the terms of Section 27. Any Network Upgrade or Direct Assignment Facilities costs to be charged to the Transmission Customer on an incremental basis under the Tariff will be specified in the Service Agreement or specified by the Transmission Provider pursuant to the terms of an executed Umbrella Agreement prior to initiating service.

13.6 Curtailment of 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, and the systems directly and indirectly interconnected with the Transmission Provider's Transmission System, Curtailments will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint. The Transmission Provider shall implement such Curtailments pursuant to the procedures included as Attachment Q hereto. If multiple transactions require Curtailment, to the extent practicable and consistent with Good Utility Practice, the Transmission Provider will curtail service to Network Customers and Transmission Customers taking Firm Point-to-Point Transmission Service on a basis comparable to the

curtailment of service to the Transmission Provider's Native Load Customers. All Curtailments will be made on a non-discriminatory basis, however, Non-Firm Point-to-Point Transmission Service shall be subordinate to Firm Transmission Service. When the Transmission Provider determines that an electrical 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. However, the Transmission Provider reserves the right to Curtail, in whole or in part, any Firm Transmission Service provided under the Tariff when, in the Transmission Provider's sole discretion, an emergency or other unforeseen condition impairs or degrades the reliability of its Transmission System. The Contractor or Transmission Provider, as applicable, will notify all affected Transmission Customers in a timely manner of any scheduled Curtailments.

13.7 Classification of Firm Transmission Service:

- (a) The Transmission Customer taking Firm Point-to-Point Transmission Service may: (i) change its Receipt and Delivery Points to obtain service on a non-firm basis consistent with the terms of Section 22.1; or (ii) request a modification of the Points of Receipt or Delivery on a firm basis pursuant to the terms of Section 22.2.

- (b) 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 plant in which case the units will be treated as a single Point of Receipt unless specified otherwise by the Transmission Provider.

- (c) The Transmission Provider shall provide firm deliveries of capacity and energy from the Point(s) of Receipt to the Point(s) of Delivery. Each Point of Receipt at which firm transmission capacity is reserved by the Transmission Customer shall be set forth in the Firm Point-to-Point Service Agreement for Long-Term Firm 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 Transmission. Each Point of Delivery at which firm transmission capacity is reserved by the Transmission Customer shall be set forth in the Firm Point-to-Point Service Agreement for Long-Term Firm 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 Transmission. The greater of either: (i) the sum of the capacity reservations at the Point (s) of Receipt; or (ii) 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 Schedule 7. The Transmission Customer may not exceed its firm capacity reserved at each Point of Receipt and each Point of Delivery except as otherwise specified in Section 22. In the event that a Transmission Customer (including Third-Party Sales by the Transmission Provider) exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery, or an Eligible Customer uses capacity that it has not reserved, the Transmission Customer or Eligible Customer shall pay to the Contractor the applicable Schedule 7 charges, for the amount of capacity that exceeded the firm

reserved capacity.

13.8 Scheduling of Firm Point-to-Point Transmission Service: Schedules for the Transmission Customer's Firm Point-to-Point Transmission Service must be submitted to the Contractor in accordance with the times set forth in Attachment J. Transmission schedules shall be submitted electronically in a form specified by the Contractor. Schedules submitted after the applicable time will 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 within the Transmission Provider's service area 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. Scheduling changes will be permitted in accordance with Attachment J provided that the Delivering Party and Receiving Party also agree to the schedule modification. The Contractor or Transmission Provider, as applicable, 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 the Transmission Provider 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 Contractor, or 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.

14. NATURE OF NON-FIRM POINT-TO-POINT TRANSMISSION SERVICE

14.1 Term: Non-Firm Point-to-Point Transmission Service will be available for periods ranging from one (1) hour to one month as provided in Schedule 8. 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 Section 18.3.

14.2 Reservation Priority: Non-Firm Point-to-Point Transmission Service shall be available from transmission capability in excess of that needed for reliable service to Native Load Customers, Network Customers and other Transmission Customers taking Long-Term and Short-Term Firm Point-to-Point Transmission Service. A higher priority will be assigned first to requests or reservations with a longer duration of service and second to Pre-Confirmed Applications. In the event the Transmission System is constrained, competing requests of the same Pre-Confirmation Status and 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 any longer term request before being preempted. A longer term competing request for Non-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: (i) immediately for hourly Non-Firm Point-to-Point Transmission Service after notification by the Contractor; and (ii) within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in Section 14.6) for Non-Firm Point-to-Point Transmission Service other than hourly transactions after notification by the Contractor. Transmission Service for Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-to-Point Transmission Service. Non-Firm Point-to-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have the second lowest reservation priority under the Tariff and next hour hourly Non-Firm Point-to-Point Transmission Service will have the lowest reservation priority under the Tariff.

- 14.3 Use of Non-Firm Point-to-Point Transmission Service by the Transmission Provider:** The Transmission Provider will be subject to the rates, terms and conditions of Part II of the Tariff when making Third-Party Sales under agreements executed on or after the effective date of the tariff. The Transmission Provider will maintain separate accounting, pursuant to Section 8, for any use of Non-Firm Point-to-Point Transmission Service to make Third-Party Sales.
- 14.4 Service Agreements:** The Transmission Provider, shall offer a standard form Umbrella Agreement, effective for a maximum term of three years, (Attachment B) to an Eligible Customer when it first submits a Completed Application for Non-Firm Point-to-Point Transmission Service pursuant to the Tariff. Upon expiry of an Umbrella Agreement, the Eligible Customer shall submit a new Completed Application for Non-Firm Point-to-Point Transmission Service if the Eligible Customer wishes to reserve Non-Firm Point-to-Point Transmission Service, after which the Contractor, on behalf of the Transmission Provider, shall again offer a standard form Umbrella Agreement to the Eligible Customer.
- 14.5 Classification of Non-Firm Point-to-Point Transmission Service:** Non-Firm Point-to-Point Transmission Service shall be offered under terms and conditions contained in Part II of the Tariff. The Transmission Provider undertakes no obligation under the Tariff 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 the Tariff. In the event that a Transmission Customer (including Third-Party Sales by the Transmission Provider) exceeds its non-firm capacity reservation, the Transmission Customer shall pay to the Contractor the applicable Schedule 8 charges for the amount of capacity that exceeded the non-firm Reserved Capacity. 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, as provided in Schedule 8.

14.6 Scheduling of Non-Firm Point-to-Point Transmission Service: Schedules for Non-Firm Point-to-Point Transmission Service must be submitted to the Contractor in accordance with the times set forth in Attachment J. Schedules submitted after the applicable time will be accommodated, if practicable. Transmission Customers shall submit schedules electronically in a form specified by the Contractor. Hour-to-Hour schedules of energy that is to be delivered must be stated in increments of 1,000 kW per hour. Transmission Customers within the Transmission Provider's service area 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. Scheduling changes will be permitted in accordance with Attachment J provided that the Delivering Party and Receiving Party also agree to the schedule modification. The Contractor 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 the Transmission Provider 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 Contractor, and the Transmission Provider shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered. Schedules submitted less than 20 minutes prior to the start of the Schedule will be accommodated if practicable.

14.6(a) After The Fact Scheduling: Notwithstanding the provisions of Section 14.6, schedules for Non-Firm Point-to-Point Transmission Service used to deliver emergency energy to a

Receiving Party, pursuant to a contractual obligation between the Transmission Provider and Receiving Party (including, but not limited to, generation reserve sharing agreements), may be submitted after-the-fact to the Contractor. The Contractor shall enter the appropriate reservations after-the-fact into the OASIS for billing purposes and shall bill the Receiving Party for hourly Non-Firm Point-to-Point Transmission Service pursuant to Schedule 8. The transmission capacity required for such Transmission Service shall be reserved through the Transmission Provider's retention of a Transmission Reliability Margin (as referenced in Attachment C), if required pursuant to contractual obligations between the Transmission Provider and the Receiving Party, and shall not be subject to the reservation procedures of this Tariff. In the absence of such a requirement, the Transmission Provider shall determine if sufficient capacity is available to transmit the emergency energy prior to scheduling.

14.7 Curtailment or Interruption of Service: The Transmission Provider reserves the right to Curtail, in whole or in part, Non-Firm Point-to-Point Transmission Service provided under the Tariff for reliability reasons when, an emergency or other unforeseen condition threatens to impair or degrade the reliability of its Transmission System or the systems directly and indirectly interconnected with the Transmission Provider's Transmission System. The Transmission Provider shall implement such Curtailments pursuant to the procedures included as Attachment Q hereto. The Transmission Provider reserves the right to Interrupt, in whole or in part, Non-Firm Point-to-Point Transmission Service provided under the Tariff for economic reasons in order to accommodate: (i) a request for Firm Transmission Service; (ii) a request for Non-Firm Point-to-Point Transmission Service of greater duration; (iii) a request for Non-Firm Point-to-Point Transmission Service of equal duration with a higher price; or (iv) transmission service for Network Customers from non-designated resources. 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 non-discriminatory 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. If multiple transactions require Curtailment or Interruption, to the extent practicable and consistent with Good Utility Practice, Curtailments or Interruptions will be made first to next hour hourly Non-Firm Point-to-Point Transmission Service and then to transactions of the shortest term (e.g. hourly non-firm transactions will be Curtailed or Interrupted before daily non-firm transactions and daily non-firm transactions will be Curtailed or Interrupted before weekly non-firm transactions). Transmission service for Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-to-Point Transmission Service under the Tariff. 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 the Tariff. The Contractor, or Transmission Provider, as applicable, will provide advance notice of Curtailment or Interruption where such notice can be provided consistent with Good Utility Practice.

15. SERVICE AVAILABILITY

15.1 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 Section 16.

15.2 Determination of Available Transmission Capability: A description of the Transmission Provider's specific methodology for assessing available transmission capability posted on the OASIS (Section 4) used by the Transmission Provider is contained in Attachment C of this Tariff. In the event sufficient transmission capability

may not exist to accommodate a service request, the Transmission Provider will respond by offering to perform a System Impact Study.

- 15.3 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 Firm Point-to-Point Transmission Service because of insufficient capability on its Transmission System, or if conditional service pursuant to Section 13.5 is not acceptable to the Eligible Customer, the Transmission Provider will use due diligence 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 such costs pursuant to the terms of Section 27. The Transmission Provider will conform to Good Utility Practice 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.
- 15.4 Denial of Service:** The Transmission Provider may deny providing service and the performance of a System Impact Study whenever the Transmission Provider determines that new transmission facilities or upgrades, required to provide the requested service could not be completed prior to the service commencement date.
- 15.5 Real Power Losses:** Real Power Losses are associated with all transmission service. The Transmission Provider is not obligated to replace Real Power Losses. The Transmission Customer is responsible for losses associated with all transmission service as calculated in accordance with Attachment M. The applicable Real Power Loss factors for the Transmission Provider are set forth in Schedule 9-A of this Tariff.

16. TRANSMISSION CUSTOMER RESPONSIBILITIES

16.1 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:

- (a) The Transmission Customer has executed an Application for Creditworthiness Approval in the form of Attachment L-2 and has pending a Completed Application for service;
- (b) The Transmission Customer meets the creditworthiness criteria set forth in Section 11;
- (c) 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 Part II of the Tariff commences;
- (d) The Transmission Customer agrees to pay for any facilities constructed and chargeable to such Transmission Customer under Part II of the Tariff, whether or not the Transmission Customer takes service for the full term of its reservations;
- (e) The Transmission Customer has executed a Point-to-Point Service Agreement;
- (f) The Transmission Customer has provided the Transmission Provider with a copy of the National Energy Board export permit(s) or license(s) authorizing each export of electricity from Canada to the United States of America effected by the provision of transmission service pursuant to this Tariff.

16.2 Transmission Customer Responsibility for Third-Party Arrangements: Any scheduling arrangements that may be required by other 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 Contractor or Transmission Provider, as applicable, identifying such systems and authorizing them to schedule the capacity and energy to be transmitted by the Transmission Provider pursuant to Part II of the Tariff on behalf of the Receiving Party at the Point of Delivery or the Delivering Party at the Point of Receipt. However, the Contractor or Transmission Provider, as applicable, 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.

17. PROCEDURES FOR ARRANGING FIRM POINT-TO-POINT TRANSMISSION SERVICE

17.1 Application: A request for Firm Point-to-Point Transmission Service for periods of one year or longer must contain a written Application to the Transmission Provider in accordance with the time requirements of Attachment J. The Transmission Provider will consider requests for such firm service on shorter notice when feasible. All Firm Point-to-Point Transmission Service requests should be submitted by entering the information listed below on the OASIS used by the Contractor. If the OASIS used by the Contractor is not functioning, a Completed Application may be submitted by transmitting the required information to the Contractor by facsimile in a form approved by the Contractor pursuant to its Business Practices Manual. All requests for Separated Load Service shall require the submission of a Completed Application for Long-Term Firm Point-to-Point Transmission Service.

17.2 Completed Application: A Completed Application shall provide all of the information

listed below:

- (a) The identity, address, telephone number and facsimile number of the entity requesting service;
- (b) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (c) The location of the Point(s) of Receipt and Point(s) of Delivery and the identities of the Delivering Parties and the Receiving Parties. For Separated Load Service, the Transmission Customer shall specify the Point of Delivery designated for Separated Load Service by the Transmission Provider in its business Practices Manual;
- (d) The location of the generating facility(ies) supplying the capacity and energy and the location of the load ultimately served by the capacity and energy transmitted. The Transmission Provider and the Contractor will treat this information as confidential except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, or by Canadian law, for reliability purposes pursuant to Good Utility Practice or pursuant to transmission information sharing agreements. The Transmission Provider shall treat this information consistent with its standards of conduct;
- (e) A description of the supply characteristics of the capacity and energy to be delivered;
- (f) An estimate of the capacity and energy expected to be delivered to the Receiving Party;
- (g) The Service Commencement Date and the term of the requested Transmission Service; and
- (h) 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.

- (i) Where transmission service is requested for the purposes of exporting electricity generated in Canada to the United States of America, the National Energy Board permit or license number authorizing the export, a copy of which permit or license shall have been provided to the Transmission Provider pursuant to Section 16.1(f) of the Tariff.
- (j) A statement indicating that, if the Eligible Customer submits a Pre-Confirmed Application, the Eligible Customer will execute a Service Agreement upon receipt of notification that the Transmission Provider can provide the requested Transmission Service or, with respect to Short-Term Firm Point-to-Point Transmission Service, that the Eligible Customer has already executed an Umbrella Agreement.
- (k) The billing information and requirements specified in the Transmission Provider's Open Access Transmission Tariff Business Practices.
- (l) A statement indicating whether the Transmission Service being requested is solely for the purpose of serving the Transmission Customer's load during planned or unplanned separation of the load from the Transmission Customer's transmission system.

The Transmission Provider and the Contractor shall treat this information consistent with the Transmission Provider's standards of conduct.

17.3 Deposit: A Completed Application for Long-Term Firm Point-to-Point Transmission Service also shall include a deposit of ten thousand dollars (\$10,000.00), inclusive of Goods and Services Tax. If the Eligible Customer is the Transmission Provider's wholesale merchant function, a journal entry for an equivalent deposit amount shall be made at the time of submitting a Completed Application for Long-Term Firm Point-to-

Point Transmission Service. 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 pursuant to Section 7.2.a, less any reasonable costs incurred by the Transmission Provider in connection with the review of the losing bidder’s Application. 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 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 pursuant to Section 7.2.a, 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. The Transmission Provider will provide to the Eligible Customer a complete accounting of all costs deducted from the refunded deposit, which the Eligible Customer may contest if there is a dispute concerning the deducted costs. Deposits associated with construction of new facilities are subject to the provisions of Section 19. If a Service Agreement for Firm Point-to-Point Transmission Service is executed, the deposit, with interest pursuant to Section 7.2.a, will be returned to the Transmission Customer upon expiration or termination of the Service Agreement for Firm Point-to-Point Transmission Service.

- 17.4 Notice of Deficient Application:** If an Application fails to meet the requirements of the Tariff, the Contractor shall notify the entity requesting service within fifteen (15) days of receipt of the reasons for such failure. The Contractor will attempt to remedy minor deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the Contractor shall return the Application, along with any deposit, with interest. Upon receipt of a new or revised Application that fully complies with the requirements of Part II of the Tariff, the Eligible Customer shall

be assigned a new priority consistent with the date of the new or revised Application.

17.5 Response to a Completed Application: Following receipt of a Completed Application for Firm Point-to-Point Transmission Service, the Transmission Provider or Contractor, as applicable, shall make a determination of available transmission capability as required in Section 15.2. The Contractor or Transmission Provider shall notify the Eligible Customer in accordance with the time periods specified in Attachment J either: (i) if the Transmission Provider 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 Section 19.1, provided that, if in connection with the request, the Contractor must provide notification to an existing customer pursuant to Section 2.3, the deadline shall be extended to forty-five (45) days after the date of receipt of a Completed Application. Responses by the Contractor must be made as soon as practicable to all completed applications (including applications by its own merchant function) and the timing of such responses must be made on a non-discriminatory basis.

17.6 Execution of Service Agreement: Whenever the Contractor or Transmission Provider, as applicable, 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. Where a System Impact Study is required, the provisions of Section 19 will govern the execution of a Service Agreement. Failure of an Eligible Customer to execute and return the Service Agreement within the time periods specified in Attachment J, or confirm an approved request pursuant to the terms of an executed Umbrella Agreement will be deemed a withdrawal and termination of the Application and any deposit submitted shall be refunded with interest. Nothing herein limits the rights of an Eligible Customer to file another Application after such withdrawal and termination.

17.7 Extensions for Commencement of Service: The Transmission Customer can obtain, subject to available capacity, up to five (5) one-year extensions for the commencement of service. The Transmission Customer may postpone service by paying a non-refundable annual reservation fee equal to one-month's charge for Firm Transmission Service for each year or fraction thereof within fifteen (15) days of notifying the Transmission Provider that the Transmission Customer intends to extend the commencement of service. If during any extension for the commencement of service an Eligible Customer submits a Completed Application for Firm 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 the following condition is satisfied. 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.

18. PROCEDURES FOR ARRANGING NON-FIRM POINT-TO-POINT TRANSMISSION SERVICE

18.1 Application: Eligible Customers seeking Non-Firm Point-to-Point Transmission Service must submit a Completed Application to the Contractor. Applications should be submitted by entering the information listed below on the OASIS used by the Contractor. If the OASIS used by the Contractor is not functioning, a Completed Application may be submitted by transmitting the required information to the Contractor by facsimile in a form approved by the Contractor pursuant to its Business Practices Manual.

18.2 Completed Application: A Completed Application shall provide all of the information

listed below:

- (a) The identity, address, telephone number and facsimile number of the entity requesting service;
- (b) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (c) The Point(s) of Receipt and the Point(s) of Delivery;
- (d) The maximum amount of capacity requested at each Point of Receipt and Point of Delivery; and
- (e) The proposed dates and hours for initiating and terminating transmission service hereunder.

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

- (f) The electrical location of the initial source of the power to be transmitted pursuant to the Transmission Customer's request for service; and
- (g) The electrical location of the ultimate load;
- (h) Where transmission service is requested for the purposes of exporting electricity generated in Canada to the United States of America, the National Energy Board permit or license number authorizing the export, a copy of which permit or license shall have been provided to the Transmission Provider pursuant to Section 16.1(f) of the Tariff.
- (i) A statement indicating that, if the Eligible Customer submits a Pre-Confirmed Application, the Eligible Customer will execute a Service Agreement upon receipt of notification that the Transmission Provider can provide the requested Transmission Service or that the Eligible Customer

has already executed a Service Agreement.

The Transmission Provider and the Contractor will treat the information in (f) and (g) as confidential at the request of the Transmission Customer except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order or by Canadian law, for reliability purposes pursuant to Good Utility Practice, or pursuant to transmission information sharing agreements. The Transmission Provider and the Contractor shall treat this information consistent with the Transmission Provider's standards of conduct.

18.3 Reservation of Non-Firm Point-to-Point Transmission Service: Requests for monthly service shall be submitted in accordance with the time periods specified in Attachment J. Requests for service received later than the applicable time will be accommodated if practicable.

18.4 Determination of Available Transmission Capability: Following receipt of a tendered schedule the Contractor will make a determination on a non-discriminatory basis of available transmission capability pursuant to Section 15.2. Such determination shall be made as soon as reasonably practicable after receipt, but not later than the time periods specified in Attachment J.

19. ADDITIONAL STUDY PROCEDURES FOR FIRM POINT-TO-POINT TRANSMISSION SERVICE REQUESTS

19.1 Notice of Need for System Impact Study: After receiving a request for service, the Contractor or Transmission Provider, as applicable, shall determine on a non-discriminatory basis whether a System Impact Study is needed to be performed by the

Transmission Provider. A description of the Transmission Provider's methodology for completing a System Impact Study is provided in Attachment D. Subject to Section 15.4, if the Contractor or Transmission Provider determines that a System Impact Study is necessary to accommodate the requested service, it shall so inform the Eligible Customer within the time period specified in Attachment J. Transmission Service Requests may be studied individually or in groups.

19.2 Individual System Impact Studies: In such cases where a System Impact Study is required and the Transmission Provider does not offer to perform a Group Study, the Transmission Provider shall, within thirty (30) days of receipt of a Completed Application, tender a System Impact Study Agreement in the form of Attachment D-1 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, 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, pursuant to Section 17.3.

19.3 Group Studies:

19.3.1 General. For the purpose of any Systems Impact Studies or Facilities Studies ("Studies"), a Group Study may be performed if the Transmission Provider deems a Group Study feasible and the Eligible Customers concur. Transmission Service Requests for both Point-to-Point Transmission Service and Network Integration Transmission Service may be part of a Group Study. Group Studies shall be conducted in accordance with the queue position of the highest queued Transmission Service Request that is part of the Group Study.

19.3.2 Conditions. The following conditions apply to the performance of a Group Study: (1) Eligible Customers participating in a Group Study waive the right to have individual Studies performed. (2) An Eligible Customer shall not withdraw its Transmission Service Request until completion of the Group System Impact Study Report. (3) Eligible Customers participating in a Group Study acknowledge that the Transmission Provider shall be responsible for determining, after consultation with participating Eligible Customers, Group Study assumptions related to the treatment of higher queued Transmission Service Requests.

19.3.3 Notice of Group Study. If the Transmission Provider deems a Group Study feasible, the Transmission Provider shall provide written notice containing a general description of the Transmission Provider's proposal to Eligible Customers that are proposed to be included in the Group Study. Eligible Customers shall have fifteen (15) days after issuance of the notice to notify the Transmission Provider in writing of their potential interest in being included in a meeting to discuss the Group Study. Such notification of interest by an Eligible Customer to be included in a Group Study meeting shall not bind an Eligible Customer to the execution of a Group Study Agreement. For purposes of this Section, written notice shall include electronic mail.

19.3.4 Group Study Meeting. If a reasonable number of Eligible Customers respond to a proposal for a Group Study, the Transmission Provider shall convene a meeting with the Eligible Customers in person or by teleconference to discuss the Group Study.

19.3.5 Study Agreement. Within thirty (30) days following the Group Study meeting, the Transmission Provider shall forward a Group System Impact Study Agreement in the form of Attachment D-1(G) to all Eligible Customers participating in a Group Study meeting for execution. The cost of a Group Study shall be borne equally by all participating Eligible Customers. Each Eligible

Customer shall return an executed Group System Impact Study Agreement and provide payment of its portion of the estimated costs to the Transmission Provider, less Eligible Customer's initial deposit, within fifteen (15) days of receiving the Group System Impact Study Agreement, failing which the Eligible Customer shall not be eligible to participate in the Group Study.

19.3.6 Revision or Termination. A Group Study proposal may be revised or terminated if all proposed Eligible Customers do not execute the Group System Impact Study Agreement.

19.4 System Impact Study Agreement and Cost Reimbursement:

- (a) The individual or Group System Impact Study Agreement will clearly specify the Transmission Provider's estimate of the actual cost, 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(s) will not be assessed a charge for such existing studies; however, the Eligible Customer(s) will be responsible for 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.
- (b) For System Impact Studies that the Transmission Provider conducts on its own behalf, the Transmission Provider shall record the cost of the System Impact Studies pursuant to Section 8.

19.5 System Impact Study Procedures: Subject to Section 19.3.6, upon receipt of an

executed individual or Group System Impact Study Agreement and payment for the estimated costs of the System Impact Study (to the extent such costs exceed any deposit pursuant to Section 17.3), the Transmission Provider will use due diligence to complete the required System Impact Study within a reasonable time period, taking into consideration the complexity of the study, the Transmission Provider's resources, the number of other studies to be conducted and whether or not the eligible Customer has requested a study to be conducted under the Transmission Provider's Open Access Interconnection Tariff that involves the same transmission service. The System Impact Study shall identify any system constraints, additional Direct Assignment Facilities or Network Upgrades required to provide the requested service. The System Impact Study shall also include conditional service options pursuant to Section 13.5. In the event that the Transmission Provider is unable to complete the required System Impact Study within the estimated time period, it shall so notify the Eligible Customer and provide a revised estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. Upon completion of the System Impact Study, the Transmission Provider shall post the System Impact Study on the OASIS used by the Transmission Provider with the name of the Eligible Customer omitted. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible Customer. 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. At the time of tendering the System Impact Study Report to the Eligible Customer, the Transmission Provider shall provide the Eligible Customer with an invoice or statement for any amount by which the actual costs (or Eligible Customer's portion) of the System Impact Study exceed or are less than the estimated costs or deposit paid by Eligible Customer. If the System Impact Study indicates that the Transmission System will be adequate to accommodate a request for service and that no costs are to be incurred for new transmission facilities or upgrades, or if a conditional service option is identified, the Transmission Provider shall forward a Service Agreement with any applicable

conditions to the Eligible Customer within fifteen (15) days of completion of the System Impact Study. In order for a request that does not involve the construction of new transmission facilities or upgrades to remain a Completed Application, within fifteen (15) days of receipt, the Eligible Customer must execute a Service Agreement, or provide confirmation to the Transmission Provider pursuant to the terms of an executed Umbrella Agreement or the Application shall be deemed terminated and withdrawn.

19.6 Individual Facilities Study Agreement and Costs: If a System Impact Study indicates that additions or upgrades to the Transmission System are needed to supply the Eligible Customer's service request, and the Eligible Customer has not executed a conditional Service Agreement, 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 in the form of Attachment D-2 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, the Eligible Customer shall execute the Facilities Study Agreement and return it to the Transmission Provider with the deposit required by the Facilities Study Agreement within fifteen (15) days. If the Eligible Customer elects not to execute the Facilities Study Agreement or does not provide the required deposit, its Application shall be deemed withdrawn and its deposit, shall be returned with interest pursuant to Section 17.3.

19.7 Group Facilities Study Agreement and Costs: Upon receipt of the Group System Impact Study Report, Eligible Customers participating in a Group Study shall have thirty (30) days to inform the Transmission Provider of their request for a Group Facilities Study (if new transmission facilities and/or upgrades are required) and to: (i) pay any amount invoiced; (ii) direct the Transmission Provider to either refund any amounts owed to Eligible Customer for the Group System Impact Study or to credit said amounts to the estimated cost of performing a Group Facilities Study. If an Eligible Customer

participating in a Group Study fails to respond and make payment in full as required by this Section within thirty (30) days, its Application shall be deemed withdrawn and its deposit, shall be returned with interest, pursuant to Section 17.3. Within forty-five (45) days after issuing a Group System Impact Study Report, if sufficient Eligible Customers request a Group Facilities Study, the Transmission Provider shall respond with a Group Facilities Study Agreement in the form of Attachment D-2(G) that includes a non-binding estimated cost to Eligible Customers for the Transmission Provider to conduct the Group Facilities Study and prepare a Group Facilities Study Report. Eligible Customers participating in a Group Facilities Study shall share equally in the costs of the Group Study and Group Study Report. If an Eligible Customer elects to proceed with the Group Facilities Study, the Eligible Customer shall execute the Group Facilities Study Agreement and return it with an initial payment of the estimated cost of the Group Facilities Study to the Transmission Provider within fifteen (15) days after receipt of the Group Facilities Study Agreement. If an Eligible Customer does not provide the executed Group Facilities Study Agreement and the initial payment of the estimated cost to the Transmission Provider within such fifteen (15) day period: (1) the Eligible Customer's Application shall be deemed withdrawn and its deposit shall be returned with interest, pursuant to Section 17.3. If, in the Transmission Provider's sole discretion, an insufficient number of Eligible Customers agree to proceed with a Group Facilities Study, the Transmission Provider shall not be obligated to perform a Group Study, but shall offer to perform an individual Facilities Study for each Eligible Customer that executed the Group Facilities Study Agreement.

19.8 Facilities Studies: Subject to Section 19.3.6, upon receipt of an executed individual or Group Facilities Study Agreement, the Transmission Provider will use due diligence to complete the required Facilities Study within a reasonable time period, taking into consideration the complexity of the study, the Transmission Provider's resources, the number of other studies to be conducted and whether or not the Eligible Customer has

requested a Study to be conducted under the Transmission Provider's Open Access Interconnection Tariff that involves the same transmission service. If the Transmission Provider is unable to complete the Facilities Study in the estimated time period, the Transmission Provider shall notify the Eligible Customer and provide an estimate of the additional 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 Part II of the Tariff; and (iii) the time required to complete such construction and initiate the requested service. The Facilities Study shall also specify that 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 under the laws of the Province of Manitoba and the Transmission Provider's Creditworthiness Procedures identified in Attachment L-1. Upon completion, the Facilities Study shall be posted on the OASIS used by the Transmission Provider with the name of the Eligible Customer omitted. A copy of the Facilities Study and related work papers shall be made available to the Eligible Customer. Within ninety (90) days of posting the Facilities Study, the Transmission Provider shall forward a Service Agreement and a Facilities Construction Agreement to the Eligible Customer. The Eligible Customer shall have thirty (30) days to execute a Service Agreement or provide written confirmation to the Transmission Provider pursuant to the terms of an executed Umbrella Agreement, and execute a Facilities Construction Agreement and provide the required letter of credit or other form of security or the request will no longer be a Completed Application and shall be deemed terminated and withdrawn.

19.9 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 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 Part II of the Tariff.

19.10 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.

19.11 Partial Interim Service:

If the Contractor or Transmission Provider determines that the Transmission Provider will not have adequate transmission capability to satisfy the full amount of a Completed Application for Firm Point-to-Point 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. 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.

19.12 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 the Tariff. 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 the Tariff. 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 and will be deemed terminated and withdrawn.

20. PROCEDURES IF THE TRANSMISSION PROVIDER IS UNABLE TO COMPLETE NEW TRANSMISSION FACILITIES FOR FIRM POINT-TO-POINT TRANSMISSION SERVICE

20.1 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 promptly 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.

20.2 Alternatives to the Original Facility Additions: When the review process of Section 20.1 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 subject to construction of the alternative facilities, it may request the Transmission Provider to submit a revised Service Agreement for Long-Term Firm Point-to-Point Transmission Service. If the alternative approach solely involves Short-Term Firm or Non-Firm Point-to-Point Transmission Service, the Transmission Provider shall promptly tender an Umbrella Agreement for Short-Term Firm or 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 Section 12.

20.3 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 Part II of the Tariff, the obligation to provide the requested Firm Point-to-Point Transmission Service shall terminate and any deposit made by the Transmission Customer pursuant to Section 17.3 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.

21. PROVISIONS RELATING TO TRANSMISSION CONSTRUCTION AND SERVICES ON THE SYSTEMS OF OTHER UTILITIES

21.1 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. The Transmission Customer shall reimburse the Transmission Provider for all prudently incurred costs arising from the Transmission Provider's obligation to undertake such efforts.

21.2 Coordination of Third-Party System Additions: In circumstances where the need for transmission facilities or upgrades is identified pursuant to the provisions of Part II of the Tariff, 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 section, the Transmission Customer may challenge the decision in accordance with the dispute resolution procedures pursuant to Section 12.

22. CHANGES IN SERVICE SPECIFICATIONS

22.1 Modifications on a Non-Firm Basis: The Transmission Customer taking Firm Point-to-Point Transmission Service, excluding Separated Load 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 or agreed on pursuant to an Umbrella 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.

- (a) 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 the Tariff or by the Transmission Provider on behalf of its Native Load Customers.
- (b) The sum of all Firm and Non-Firm Point-to-Point Transmission Service provided to the Transmission Customer at any time pursuant to this section shall not exceed the Reserved Capacity in the relevant Service Agreement or agreed on pursuant to an Umbrella Agreement under which such services are provided.
- (c) 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 or agreed on pursuant to an Umbrella Agreement in the amount of its original capacity reservation.

- (d) 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 the Tariff. However, all other requirements of Part II of the Tariff (except as to transmission rates) shall apply to transmission service on a non-firm basis over Secondary Receipt and Delivery Points.

22.2 Modifications on a Firm Basis: Any request by a Transmission Customer to modify Receipt and Delivery Points on a firm basis shall be treated as a new request for service in accordance with Section 17 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 or agreed on pursuant to an Umbrella Agreement. While such new request is pending, the Transmission Customer shall retain its priority for service at the existing firm Receipt and Delivery Points specified in its Service Agreement or agreed on pursuant to an Umbrella Agreement.

23. SALE OR ASSIGNMENT OF TRANSMISSION SERVICE

23.1 Procedures for Assignment or Transfer of Service: Subject to regulatory approval of any necessary filings, a Transmission Customer may sell, assign, or transfer all or a portion of its rights under its Service Agreement, excluding Service Agreements for Separated Load Service, 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 at rates established by agreement with the Assignee. The Reseller and Assignee must execute a Service Agreement (Attachment A-1) with the Transmission Provider prior to

the date on which the reassigned service commences that will govern the provision of reassigned service, specifying the negotiated rate. Notwithstanding such reassignment, Reseller shall remain liable under its Service Agreement for all capacity reserved. The Transmission Provider shall charge or credit the Reseller, as appropriate, for any difference between the rate reflected in the Reseller's Service Agreement with the Transmission Provider and the negotiated rate paid by the Assignee. 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 Contractor 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 this Tariff. If the Assignee requests a change in service, the reservation priority of service will be determined by the Contractor pursuant to Section 13.2.

23.2 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 the Tariff, provided that the change will not impair the operation and reliability of the Transmission Provider's generation, transmission, or distribution systems. The Assignee also will pay for any additional charges, including Ancillary Services, Congestion, Losses, or other Transmission Provider charges. In addition, the Transmission Customer changing its service shall be responsible for supplying any additional losses required under Attachment M if the Transmission Customer is not purchasing losses under Attachment M. 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.

23.3 Information on Assignment or Transfer of Service: In accordance with Section 4, all sales or assignments of capacity must be conducted through or otherwise posted on the OASIS used by the Transmission Provider on or before the date that the reassigned service commences and are subject to Section 23.1. Resellers may use the OASIS used by the Contractor to post transmission capacity available for resale.

24. METERING AND POWER FACTOR CORRECTION AT RECEIPT AND DELIVERY POINT(S)

24.1 Transmission Customer Obligations: Unless otherwise agreed, the Transmission Customer shall be responsible for installing and maintaining compatible metering and communications equipment to accurately account for the capacity and energy being transmitted under Part II of the Tariff and to communicate the information to the Transmission Provider. Such equipment shall remain the property of the Transmission Customer.

24.2 Transmission Provider Access to Metering Data: The Transmission Provider shall have access to metering data, which may reasonably be required to facilitate measurements and billing under the Service Agreement.

24.3 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 Practice. The power factor requirements are specified in the Service

Agreement where applicable.

25. COMPENSATION FOR TRANSMISSION SERVICE

The Transmission Customer shall pay for Point-to-Point Transmission Service in accordance with the rates for Firm and Non-Firm Point-to-Point Transmission Service provided in the following Schedules appended to the Tariff as revised from time to time throughout the term of the Service Agreement and in effect at the time that Transmission Service is provided: Firm Point-to-Point Transmission Service (Schedules 7 and 7-A); and Non-Firm Point-to-Point Transmission Service (Schedule 8). In addition, the Transmission Customer shall pay for any applicable Ancillary Service charges, any applicable loss compensation, and shall also pay the Cost Recovery Adder pursuant to Schedules 1 through 6, 9 and 10 of the Tariff and as revised from time to time throughout the term of the Service Agreement and in effect at the time that Transmission Service is Provided. The Transmission Provider shall use Part II of the Tariff to make its Third-Party Sales. The Transmission Provider shall account for such use at the applicable Tariff rates, pursuant to Section 8.

26. STRANDED COST RECOVERY

The Transmission Provider may seek to recover stranded costs from the Transmission Customer pursuant to this Tariff subject to the Dispute Resolution provisions in Section 12.

27. COMPENSATION FOR NEW FACILITIES

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 costs of new facilities to the extent consistent with law and/or Board policy governing the Transmission Provider.

III. NETWORK INTEGRATION TRANSMISSION SERVICE

Preamble

The Transmission Provider will provide Network Integration Transmission Service pursuant to the applicable terms and conditions contained in the Tariff and Service Agreement. Network Integration Transmission Service allows the Network Customer to integrate, economically dispatch and regulate its current and planned Network Resources to serve its Network Load in a manner comparable to that in which the Transmission Provider utilizes its Transmission System to serve its Native Load Customers. Network Integration Transmission Service also may be used by the Network Customer

to deliver economy energy purchases to its Network Load from non-designated resources on an as-available basis without additional charge. Transmission service for sales to non-designated loads will be provided pursuant to the applicable terms and conditions of Part II of the Tariff.

28. NATURE OF NETWORK INTEGRATION TRANSMISSION SERVICE

28.1 Scope of Service: Network Integration Transmission Service is a transmission service that allows Network Customers to efficiently and economically utilize their Network Resources (as well as other non-designated generation resources) to serve their Network Load located in the Transmission Provider's Control Area and any additional load that may be designated pursuant to Section 31.3 of the Tariff. The Network Customer taking

Network Integration Transmission Service must obtain or provide Ancillary Services pursuant to Section 3.

28.2 Transmission Provider Responsibilities: The Transmission Provider will plan, construct, operate and maintain its Transmission System in accordance with Good Utility Practice in order to provide the Network Customer with Network Integration Transmission Service over the Transmission Provider's Transmission System. The Transmission Provider's retail merchant function, on behalf of its Native Load Customers, shall designate resources and loads under Part III of this Tariff in the same manner as any Network Customer. The resource and load information must be consistent with the information used by the Transmission Provider to calculate available transmission capability. The Transmission Provider shall include the Network Customer's Network Load in its Transmission System planning and shall, consistent with Good Utility Practice, endeavor to construct and place into service sufficient transmission capacity to deliver the Network Customer's Network Resources to serve its Network Load on a basis comparable to the Transmission Provider's delivery of its own generating and purchased resources to its Native Load Customers.

28.3 Network Integration Transmission Service: The Transmission Provider will provide firm transmission service over its Transmission System to the Network Customer for the delivery of capacity and energy from its designated Network Resources to service its Network Loads on a basis that is comparable to the Transmission Provider's use of the Transmission System to reliably serve its Native Load Customers.

28.4 Secondary Service: The Network Customer may use the Transmission Provider's Transmission System to deliver energy to its Network Loads from Generation resources that have not been designated as Network Resources. Such energy shall be transmitted, on an as-available basis, at no additional charge. Secondary service shall not require the

filing of an Application for Network Integration Transmission Service under the Tariff but instead shall be requested in accordance with the procedures set forth in Section 18 of the Tariff. However, all other requirements of Part III of the Tariff (except for transmission rates) shall apply to secondary service. Deliveries from resources other than Network Resources will have a higher priority than any Non-Firm Point-to-Point Transmission Service under Part II of the Tariff.

- 28.5 Real Power Losses:** Real Power Losses are associated with all transmission service. The Transmission Provider is not obligated to replace Real Power Losses. The Network Customer is responsible for losses associated with all transmission service as calculated by the Transmission Provider in accordance with Attachment M. The applicable Real Power Loss factors for the Transmission Provider are as set forth in Schedule 9-A of this Tariff.
- 28.6 Restrictions on Use of Service:** The Network Customer shall not use Network Integration Transmission Service for: (i) sales of capacity and energy to non-designated loads; or (ii) direct or indirect provision of transmission service by the Network Customer to third parties. All Network Customers taking Network Integration Transmission Service shall use Point-to-Point Transmission Service under Part II of the Tariff for any Third-Party Sale which requires use of the Transmission Provider's Transmission System. In the event that a Network Customer uses Network Integration Transmission Service contrary to the above-referenced restrictions, the Network Customer shall be charged the applicable Point-to-Point Transmission Service rate(s).
- 28.7 Identity of Network Customer:** If the Network Customer is: (i) acting as an intermediary for the provision of Network Integration Transmission Service to a load-serving entity; or (ii) does not control the generation designated as a Network Resource; or (iii) does not own/operate the facilities interconnected with the Transmission System,

any references in the Tariff to the Network Customer's or Eligible Customer's transmission system, facilities, Network Resources or operations shall be interpreted as including the transmission system, facilities, resources and operations of the load-serving entity, resource owner/operator or facility owner/operator as applicable. Under such circumstances, the Network Customer shall be responsible for ensuring that contractual arrangements acceptable to the Transmission Provider are in place with the applicable load-serving entity, resource owner/operator and facility owner/operator to ensure that all Tariff obligations are fulfilled.

29. INITIATING SERVICE

29.1 Condition Precedent for Receiving Service: Subject to the terms and conditions of Part III of the Tariff, the Transmission Provider will provide Network Integration Transmission Service to any Eligible Customer, provided that: (i) the Eligible Customer completes an Application for Creditworthiness Approval pursuant to Attachment L-2; (ii) the Eligible Customer completes an Application for service as provided under Part III of the Tariff; (iii) the Eligible Customer and the Transmission Provider complete the technical arrangements set forth in Sections 29.3 and 29.4; (iv) the Eligible Customer executes a Service Agreement pursuant to Attachment F for service under Part III of the Tariff; and (v) the Eligible Customer executes a Network Operating Agreement with the Transmission Provider pursuant to Attachment G.

29.2 Application Procedures: An Eligible Customer requesting service under Part III of the Tariff must submit an Application, with a deposit approximating the charge for one month of service, to the Transmission Provider as far as possible in advance of the month in which service is to commence. Unless subject to the procedures in Section 2, Completed Applications for Network Integration Transmission Service will be assigned a

priority according to the date and time the Application is received, with the earliest Application receiving the highest priority. Applications should be submitted by entering the information listed below on the OASIS used by the Transmission Provider or by electronic mail to the Transmission Provider. If the OASIS used by the Transmission Provider is not functioning, a Completed Application may be submitted by: (i) transmitting the required information to the Transmission Provider by telefax; or (ii) providing the information by telephone over the Transmission Provider's time recorded telephone line. Each of these methods will provide a time-stamped record for establishing the service priority of the Application. A Completed Application shall provide all of the information listed below:

- (a) The identity, address, telephone number and facsimile number of the party requesting service;
- (b) A statement that the party requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (c) A description of the Network Load at each delivery point. This description should separately identify and provide the Eligible Customer's best estimate of the total loads to be served at each transmission voltage level, and the loads to be served from each Transmission Provider substation at the same transmission voltage level. The description should include a ten (10) year forecast of summer and winter load and resource requirements beginning with the first year after the service is scheduled to commence;
- (d) The amount and location of any interruptible loads included in the Network Load. This shall include the summer and winter capacity

requirements for each interruptible load (had such load not been interruptible), that portion of the load subject to interruption, the conditions under which an interruption can be implemented and any limitations on the amount and frequency of interruptions. An Eligible Customer should identify the amount of interruptible customer load (if any) included in the 10 year load forecast provided in response to (c) above;

(c) A description of Network Resources (current and 10 year projection), which shall include, for each on-system Network Resource:

- Unit size and amount of capacity from that unit to be designated as Network Resource
- VAR capability (both leading and lagging) of all generators
- Operating restrictions
 - Any periods of restricted operations throughout the year
 - Maintenance schedules
 - Minimum loading level of unit
 - Normal operating level of unit
 - Any must-run unit designations required for system reliability or contract reasons
- Load and frequency control capability
- Dispatchability and maneuverability
- Level of ancillary services available (regulation and load following)
- Approximate variable cost (\$/MWH) for redispatch computations
- Arrangements governing sale and delivery of power to third parties

from generating facilities located in the Transmission Provider Control Area, where only a portion of unit output is designated as a Network Resource

- Description of purchased power designated as a Network Resource including source of supply, accredited value of the Network Resource, Control Area location, transmission arrangements and delivery point(s) to the Transmission Provider's Transmission System;

For each off-system Network Resource, such description shall include:

- Identification of the Network Resource as an off-system resource
- Amount of power to which the customer has rights
- Identification of the control area from which the power will originate
- Delivery point(s) to the Transmission Provider's Transmission System (interface between neighbouring system and Transmission Provider's Transmission System.)
- Confirmation of Firm Point-to-Point Service Transmission Service arrangements on the external transmission system(s) from Network Resource to Transmission Provider's Transmission System
- Operating restrictions, if any
 - Any periods of restricted operations throughout the year
 - Maintenance schedules
 - Minimum loading level of unit
 - Normal operating level of unit
 - Any must-run unit designations required for system reliability or contract reasons

- Approximate variable generating cost (\$/MWH) for redispatch computations.
- (f) Description of Eligible Customer's transmission system:
- Load flow and stability data, such as real and reactive parts of the load, lines, transformers, reactive devices and load type, including normal and emergency ratings of all transmission equipment in formats compatible with those used by the Transmission Provider
 - Operating restrictions needed for reliability
 - Operating guides employed by system operators
 - Contractual restrictions or committed uses of the Eligible Customer's transmission system, other than the Eligible Customer's Network Loads and Resources
 - Location of Network Resources described in subsection (e) above
 - 10 year projection of system expansions or upgrades
 - Transmission System maps that include any proposed expansions or upgrades
 - Thermal ratings of Eligible Customer's Control Area ties with other Control Areas; and
- (g) Service Commencement Date and the term of the requested Network Integration Transmission Service. The minimum term for Network Integration Transmission Service is one (1) year.
- (h) A statement signed by an authorized officer from or agent of the Network Customer attesting that all of the network resources listed pursuant to

Section 29.2(v) satisfy the following conditions: (1) the Network Customer owns the resource, has committed to purchase generation pursuant to an executed contract, or has committed to purchase generation where execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff; and (2) pursuant to Section 30.1, the Network Resources do not include any resources, or any portion thereof, that are either: (i) committed for sale by the Network Customer to non-designated third party load unless, and only to the extent that, the Network Customer, as seller, has a contractual right to curtail the energy sold in order to maintain reliable service to the seller's Network Load; or (ii) purchased by the Network Customer pursuant to a power purchase agreement that allows the seller to interrupt delivery of energy to the purchaser for economic reasons.

- (i) A copy of any power purchase agreement that is to be designated as a Network Resource.

Unless the Parties agree to a different time frame, the Transmission Provider must acknowledge the request within ten (10) days of receipt. The acknowledgment must include a date by which a response, including a Service Agreement, will be sent to the Eligible Customer. If an Application fails to meet the requirements of this section, the Transmission Provider shall notify the Eligible Customer requesting service within fifteen (15) days of receipt and specify the reasons for such failure. Wherever possible, the Transmission Provider will attempt to remedy deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the Transmission Provider shall return the Application without prejudice to the Eligible Customer filing a new or revised Application that fully complies with the requirements of this section. The Eligible Customer will be assigned a new priority consistent with the

date of the new or revised Application. The Transmission Provider shall treat this information consistent with its standards of conduct.

29.3 Technical Arrangements to be Completed Prior to Commencement of Service:

Network Integration Transmission Service shall not commence until the Transmission Provider and the Network Customer, or a third party, have completed installation of all equipment specified under the Network Operating Agreement consistent with Good Utility Practice and any additional requirements reasonably and consistently imposed to ensure the reliable operation of the Transmission System. The Transmission Provider shall exercise reasonable efforts, in coordination with the Network Customer, to complete such arrangements as soon as practicable taking into consideration the Service Commencement Date.

29.4 Network Customer Facilities: The provision of Network Integration Transmission Service shall be conditioned upon the Network Customer's constructing, maintaining and operating the facilities on its side of each delivery point or interconnection necessary to reliably deliver capacity and energy from the Transmission Provider's Transmission System to the Network Customer. The Network Customer shall be solely responsible for constructing or installing all facilities on the Network Customer's side of each such delivery point or interconnection.

30. NETWORK RESOURCES

30.1 Designation of Network Resources:

(a) Network Resources shall include all generation and dedicated transmission equipment owned, purchased or leased by the Network Customer, and by the load-serving entity where the Network Customer is acting as an intermediary for the load-

serving entity, designated to serve Network Load under the Tariff. Network Resources shall not include resources, or any portion thereof, that are either: (i) committed for sale by the Network Customer to non-designated third party load, unless, and only to the extent that, the Network Customer, as seller, has a contractual right to curtail the energy sold in order to maintain reliable service to the seller's Network Load; or (ii) purchased by the Network Customer pursuant to a power purchase agreement that allows the seller to interrupt delivery of energy to the purchaser for economic reasons. Any owned or purchased resources that were serving the Network Customer's loads under firm agreements entered into on or before the Service Commencement Date shall initially be designated as Network Resources until the Network Customer terminates the designation of such resources.

(b) A Network Customer that applies to designate curtailable energy as a Network Resource pursuant to Section 30.1(a)(i):

(i) shall identify the conditions under which the Network Customer, as seller, has the right to curtail energy deliveries to the purchaser as operating restrictions pursuant to Section 29.2(e) of the Tariff; and

(ii) shall not be required to undesignate a portion of each Network Resource or a portion of its system supporting the third party sale.

30.2 Designation of New Network Resources: The Network Customer may designate a new Network Resource by providing the Transmission Provider with as much advance notice as practicable. A designation of a new Network Resource must be made through the OASIS used by the Transmission Provider by a request for modification of service by submitting a new Application under Section 29.

30.2.1 Designation of a Temporary Network Resource: A Transmission Customer may

designate a resource as a Network Resource for a period of not less than one (1) month and not exceeding twelve (12) consecutive months provided that.

- i) An existing Network Resource has Inoperable Capacity which may make additional Network Integration Transmission Service available.
- ii) The request to designate a resource as a Network Resource is submitted to the Transmission Provider no earlier than 12 months prior and no later than 30 days prior to the requested start date.
- iii) In the event that a competing Point-to-Point Transmission Service request is received by the Transmission Provider, the Point-to-Point Transmission request and the request to convert the resource to a Network Resource shall be ranked in accordance with first-come, first served principles.

Upon receiving a request from the Transmission Customer to temporarily designate a resource as a Network Resource in a form acceptable to the Transmission Provider, the Transmission Provider shall determine the available transmission capacity within 30 days, or such other period of time provided by written notice to the Transmission Customer, and notify the Network Customer accordingly.

30.3 Termination of Network Resources: The Network Customer may terminate the designation of all or part of a generating resource as a Network Resource upon one month's notice and upon approval of the Transmission Provider. The Transmission Provider shall not withhold its approval if the termination of such designation does not, in the Transmission Provider's sole discretion, create or aggravate a constrained interface in the Transmission Provider's Transmission System or if the Network Customer has no control over such termination. The Network Customer must terminate the designation of each portion of a Network Resource that is used to support a system sale by the Network Customer to non-designated third party load if the Network Customer does not have the

right to curtail deliveries to the purchaser to maintain reliable service to the seller's Network Load.

30.4 Operation of Network Resources: The Network Customer shall not operate its designated Network Resources located in the Network Customer's or Transmission Provider's Control Area such that the output of those facilities exceeds its designated Network Load, plus Non-Firm Sales delivered pursuant to Part II of the Tariff, plus losses, plus power sales under a reserve sharing program, plus sales that permit curtailment to maintain reliable service to the seller's designated Network Load. This limitation shall not apply to changes in the operation of a Transmission Customer's Network Resources at the request of the Transmission Provider to respond to an emergency or other unforeseen condition which may impair or degrade the reliability of the Transmission System. For all Network Resources not physically connected with the Transmission Provider's Transmission System, the Network Customer may not schedule delivery of energy in excess of the Network Resource's capacity, as specified in the Network Customer's Application pursuant to Section 29, unless the Network Customer supports such delivery within the Transmission Provider's Transmission System by either obtaining Point-to-Point Transmission Service or utilizing secondary service pursuant to Section 28.4. In the event that a Network Customer's schedule at the delivery point for a Network Resource not physically interconnected with the Transmission Provider's Transmission System exceeds the Network Resource's designated capacity, excluding energy delivered using secondary service or Point-to-Point Transmission Service, the Transmission Provider shall have the right to instruct the Network Customer to curtail and the Network Customer shall be charged the applicable rates for Point-to-Point Transmission Service related to transmission of any excess capacity by the Transmission Provider.

30.5 Network Customer Redispatch Obligation: As a condition to receiving Network

Integration Transmission Service, the Network Customer agrees to redispatch its Network Resources as requested by the Transmission Provider pursuant to Section 33.2. To the extent practical, the redispatch of resources pursuant to this section shall be on a least cost, non-discriminatory basis between all Network Customers, and the Transmission Provider.

- 30.6 Transmission Arrangements for Network Resources not Physically Interconnected with the Transmission Provider:** The Network Customer shall be responsible for arranging Firm Point-to-Point Transmission Service to deliver capacity and energy from a Network Resource not physically interconnected with the Transmission Provider's Transmission System. The Transmission Provider will undertake reasonable efforts to assist the Network Customer in obtaining such arrangements, including without limitation, providing any information or data required by such other entity pursuant to Good Utility Practice.
- 30.7 Limitation on Designation of Network Resources:** The Network Customer must demonstrate that it owns or has committed to purchase generation pursuant to an executed contract in order to designate a generating resource as a Network Resource. Alternatively, the Network Customer may establish that execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff.
- 30.8 Use of Interface Capacity by the Network Customer:** There is no limitation upon a Network Customer's use of the Transmission Provider's Transmission System at any particular interface to integrate the Network Customer's Network Resources (or substitute economy purchases) with its Network Loads. However, a Network Customer's use of the Transmission Provider's total interface capacity with other transmission systems may not exceed the Network Customer's Load.

30.9 Network Customer Owned Transmission Facilities: The Network Customer that owns existing transmission facilities that are integrated with the Transmission Provider's Transmission System may be eligible to receive consideration either through a billing credit or some other mechanism. In order to receive such consideration the Network Customer must demonstrate that its transmission facilities are integrated into the plans or operations of the Transmission Provider to serve its power and transmission customers. For facilities constructed by the Network Customer subsequent to the Service Commencement Date under Part III of the Tariff, the Network Customer shall receive credit where such facilities are integrated into the operations of the Transmission Provider's facilities; provided however, the Network Customer's transmission facilities shall be presumed to be integrated if such transmission facilities, if owned by the Transmission Provider, would be eligible for inclusion in the Transmission Provider's annual transmission revenue requirement as specified in Attachment H. Calculation of the credit shall be addressed in either the Network Customer's Service Agreement or any other agreement between the Parties.

31. DESIGNATION OF NETWORK LOAD

31.1 Network Load: The Network Customer must designate the individual Network Loads on whose behalf the Transmission Provider will provide Network Integration Transmission Service. The Network Loads shall be specified in the Service Agreement.

31.2 New Network Loads Connected with the Transmission Provider: The Network Customer shall provide the Transmission Provider with as much advance notice as reasonably practicable of the designation of new Network Load that will be added to its Transmission System. A designation of new Network Load must be made through a modification of service pursuant to a new Application. The Transmission Provider will

use due diligence to install any transmission facilities required to interconnect a new Network Load designated by the Network Customer. The costs of new facilities required to interconnect a new Network Load shall be determined in accordance with the procedures provided in Section 32.4 and shall be charged to the Network Customer in accordance with law and/or Board policy governing the Transmission Provider.

31.3 Network Load not Physically Interconnected with the Transmission Provider: This section applies to both initial designation pursuant to Section 31.1 and the subsequent addition of new Network Load not physically interconnected with the Transmission Provider. To the extent that the Network Customer desires to obtain transmission service for a load outside the Transmission Provider's Transmission System, the Network Customer shall have the option of: (i) electing to include the entire load as Network Load for all purposes under Part III of the Tariff and designating Network Resources in connection with such additional Network Load; or (ii) excluding that entire load from its Network Load and purchasing Point-to-Point Transmission Service under Part II of the Tariff. To the extent that the Network Customer gives notice of its intent to add a new Network Load as part of its Network Load pursuant to this section the request must be made through a modification of service pursuant to a new Application.

31.4 New Interconnection Points: To the extent the Network Customer desires to add a new Delivery Point or interconnection point between the Transmission Provider's Transmission System and a Network Load, the Network Customer shall provide the Transmission Provider with as much advance notice as reasonably practicable.

31.5 Changes in Service Requests:

- (a) Under no circumstances shall the Network Customer's decision to cancel or delay a requested change in Network Integration Transmission Service (e.g. the addition of a new Network Resource or designation of a new Network Load) in any way relieve the

Network Customer of its obligation to pay the costs of transmission facilities constructed by the Transmission Provider and charged to the Network Customer as reflected in the Service Agreement. However, the Transmission Provider must treat any requested change in Network Integration Transmission Service in a non-discriminatory manner.

31.6 Annual Load and Resource Information Updates: The Network Customer shall provide the Transmission Provider with annual updates of Network Load and Network Resource forecasts consistent with those included in its Application for Network Integration Transmission Service under Part III of the Tariff. The Network Customer also shall provide the Transmission Provider with timely written notice of material changes in any other information provided in its Application relating to the Network Customer's Network Load, Network Resources, its transmission system or other aspects of its facilities or operations affecting the Transmission Provider's ability to provide reliable service.

32. ADDITIONAL STUDY PROCEDURES FOR NETWORK INTEGRATION TRANSMISSION SERVICE REQUESTS

32.1 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 description of the Transmission Provider's methodology for completing a System Impact Study is provided in Attachment D. 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 in the form of Attachment D-1 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, 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. Notwithstanding the foregoing, the Transmission Provider may deny providing service and the performance of a System Impact Study whenever the Transmission Provider determines that new transmission facilities or upgrades required to provide the requested service could not be completed prior to the service commencement date.

32.2 System Impact Study Agreement and Cost Reimbursement:

- (a) The System Impact Study Agreement will clearly specify the Transmission Provider's estimate of the actual cost 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 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.

- (b) 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 service

requests, the costs of that study shall be pro-rated among the Eligible Customers.

- (c) For System Impact Studies that the Transmission Provider conducts on its own behalf, the Transmission Provider shall record the cost of the System Impact Studies pursuant to Section 8.

32.3 System Impact Study Procedures: Upon receipt of an executed System Impact Study Agreement and payment for the estimated costs of the System Impact Study (to the extent such costs exceed any unused deposit pursuant to Section 29.2), the Transmission Provider will use due diligence to complete the required System Impact Study within a reasonable time period, taking into consideration the complexity of the study, the Transmission Provider's resources, the number of other studies to be conducted and whether or not the Eligible Customer has requested a study to be conducted under the Transmission Provider's Open Access Interconnection Tariff that involves the same transmission service. Payment of the estimated System Impact Study costs may be made through internal journal entries for studies conducted by the Transmission Provider on its own behalf. The System Impact Study shall identify: (i) any system constraints, identified with specificity by transmission element or flowgate; (ii) available options for installation of automatic devices to curtail service (when requested by an Eligible Customer); (iii) conditional service options; and (iv) additional Direct Assignment Facilities or Network Upgrades required to provide the requested service. In the event that the Transmission Provider is unable to complete the required System Impact Study within the estimated time period, it shall so notify the Eligible Customer and provide an updated 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 posted on the OASIS used by the Transmission Provider with the name of the Eligible Customer omitted and shall be made

available to the Eligible Customer as soon as the System Impact Study is complete. 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 if service can be provided at limited times under specified system conditions with no facilities or upgrades or that no costs are likely to be incurred for new transmission facilities or upgrades. If the System Impact Study indicates that the Transmission System will be adequate to accommodate a request for service and that no costs are to be incurred for new transmission facilities or upgrades, or if a conditional service option is identified, the Transmission Provider shall forward a Service Agreement with any applicable conditions to the Eligible Customer within fifteen (15) days of completion of the System Impact Study. In order for a request that does not involve the construction of new transmission facilities or upgrades to remain a Completed Application, within fifteen (15) days of receipt, the Eligible Customer must execute a Service Agreement, or the Application shall be deemed terminated and withdrawn.

32.4 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, and the Eligible Customer has declined a Service Agreement for conditional service, 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 in the form of Attachment D-2 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, the Eligible Customer shall execute the Facilities Study Agreement and return it to the Transmission Provider with payment for the estimated costs of the Facilities Study (to the extent exceeding any unused deposit provided pursuant to Section 29.2) within fifteen (15) days. Payment for

Facilities Studies conducted by the Transmission Provider on its own behalf may be made through internal journal entries. If the Eligible Customer elects not to execute the Facilities Study Agreement, its Application 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 reasonable time period, taking into consideration the complexity of the study, the Transmission Provider's resources, the number of other studies to be conducted and whether or not the Eligible Customer has requested a study to be conducted under the Transmission Provider's Open Access Interconnection Tariff that involves the same transmission service. If the Transmission Provider is unable to complete the Facilities Study in the estimated time period, the Transmission Provider shall notify the Eligible Customer and provide an estimate of the additional 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 Eligible Customer; (ii) the Eligible Customer's appropriate share of the cost of any required Network Upgrades; and (iii) the time required to complete such construction and initiate the requested service. Upon completion, the Facilities Study shall be posted on the OASIS used by the Transmission Provider with the name of the Eligible Customer omitted and a copy of the Facilities Study and related work papers shall be made available to the Eligible Customer. The Eligible 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 under the laws of the Province of Manitoba and the Transmission Provider's Creditworthiness Requirements under Attachment L-1. The Eligible Customer shall have thirty (30) days to execute a Service Agreement and provide the required letter of credit or other form of security or the request no longer will be a Completed Application and shall be deemed terminated

and withdrawn.

33. LOAD SHEDDING AND CURTAILMENTS

33.1 Procedures: Prior to the Service Commencement Date, the Transmission Provider and the Network Customer shall establish Load Shedding and Curtailment procedures pursuant to the Network Operating Agreement with the objective of responding to contingencies on the Transmission System and on systems directly and indirectly interconnected with the Transmission Provider's Transmission System. The Parties will implement such programs during any period when the Transmission Provider determines that a system contingency exists and such procedures are necessary to alleviate such contingency. The Transmission Provider will notify all affected Network Customers in a timely manner of any scheduled Curtailment.

33.2 Transmission Constraints: During any period when the Transmission Provider determines that a transmission constraint exists on the Transmission System, and such constraint may impair the reliability of the Transmission Provider's system, the Transmission Provider will take whatever actions, consistent with Good Utility Practice, that are reasonably necessary to maintain the reliability of the Transmission Provider's system. To the extent the Transmission Provider determines that the reliability of the Transmission System can be maintained by redispatching resources, the Transmission Provider will initiate procedures pursuant to the Network Operating Agreement to redispatch all Network Resources and the Transmission Provider's own resources on a least-cost basis without regard to the ownership of such resources. Any redispatch under this section may not unduly discriminate between the Transmission Provider's use of the Transmission System on behalf of its Native Load Customers and any Network Customer's use of the Transmission System to serve its designated Network Load.

- 33.3 Cost Responsibility for Relieving Transmission Constraints:** Whenever the Transmission Provider implements least-cost redispatch procedures in response to a transmission constraint, the Transmission Provider and Network Customers will each bear a proportionate share of the total redispatch cost based on their respective Load Ratio shares.
- 33.4 Curtailments of Scheduled Deliveries:** If a transmission constraint on the Transmission Provider's Transmission System cannot be relieved through the implementation of least-cost redispatch procedures and the Transmission Provider determines that it is necessary to Curtail scheduled deliveries, the Parties shall Curtail such schedules in accordance with the Network Operating Agreement pursuant to the procedures specified in Attachment Q hereto.
- 33.5 Allocation of Curtailments:** The Transmission Provider shall, on a non-discriminatory basis, Curtail the transaction(s) that effectively relieve the constraint. However, to the extent practicable and consistent with Good Utility Practice, any Curtailment will be shared by the Transmission Provider and Network Customer in proportion to their respective Load Ratio Shares. The Transmission Provider shall not direct the Network Customer to Curtail schedules to an extent greater than the Transmission Provider would Curtail the Transmission Provider's schedules under similar circumstances.
- 33.6 Load Shedding:** To the extent that a system contingency exists on the Transmission Provider's Transmission System and the Transmission Provider determines that it is necessary for the Transmission Provider and the Network Customer to shed load, the Parties shall shed load in accordance with previously established procedures under the Network Operating Agreement.

33.7 System Reliability: Notwithstanding any other provisions of this Tariff, the Transmission Provider reserves the right, consistent with Good Utility Practice and on a not unduly discriminatory basis, to Curtail Network Integration Transmission Service without liability on the Transmission Provider's part for the purpose of making necessary adjustments to, changes in, or repairs on its lines, substations and facilities, and in cases where the continuance of Network Integration Transmission Service would endanger persons or property. In the event of any adverse condition(s) or disturbances(s) on the Transmission Provider's Transmission System or on any other system(s) directly or indirectly interconnected with the Transmission Provider's Transmission System, the Transmission Provider, consistent with Good Utility Practice, also may Curtail Network Integration Transmission Service in order to: (i) limit the extent or damage of the adverse condition (s) or disturbance(s); (ii) prevent damage to generating or transmission facilities; or (iii) expedite restoration of service. The Transmission Provider will give the Network Customer as much advance notice as is practicable in the event of such Curtailment. Any Curtailment of Network Integration Transmission Service will be not unduly discriminatory relative to the Transmission Provider's use of the Transmission System on behalf of its Native Load Customers. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that the Network Customer fails to respond to established Load Shedding and Curtailment procedures.

34. RATES AND CHARGES

The Network Customer shall pay the Transmission Provider for any Direct Assignment Facilities, Ancillary Services, and applicable study costs, consistent with law and/or Board policy governing the Transmission Provider, along with the following:

- 34.1 Monthly Demand Charge:** The Network Customer shall pay a monthly Demand Charge, which shall be determined by multiplying its Load Ratio Share times one twelfth (1/12) of the Transmission Provider's Annual Transmission Revenue Requirement specified in Attachment O as revised from time to time during the term of the Service Agreement and in effect at the time that Network Integration Transmission Service is provided.
- 34.2 Determination of Network Customer's Monthly Network Load:** The Network Customer's monthly Network Load is its hourly load (including its designated Network Load not physically interconnected with the Transmission Provider under Section 31.3) coincident with the Transmission Provider's Monthly Transmission System Peak.
- 34.3 Determination of Transmission Provider's Monthly Transmission System Load:** The Transmission Provider's monthly Transmission System load is the Transmission Provider's Monthly Transmission System Peak minus the coincident peak usage of all Firm Point-to-Point Transmission Service customers pursuant to Part II of this Tariff plus the Reserved Capacity of all Firm Point-to-Point Transmission Service customers.
- 34.4 Redispatch Charge:** The Network Customer shall pay a Load Ratio Share of any redispatch costs allocated between the Network Customer and the Transmission Provider pursuant to Section 33. To the extent that the Transmission Provider incurs an obligation to the Network Customer for redispatch costs in accordance with 33, such amounts shall

be credited against the Network Customer's bill for the applicable month.

- 34.5 Stranded Cost Recovery:** The Transmission Provider may seek to recover stranded costs from the Network Customer pursuant to this Tariff subject to the dispute resolution provisions of Section 12.

35. OPERATING ARRANGEMENTS

- 35.1 Operation under The Network Operating Agreement:** The Network Customer shall plan, construct, operate and maintain its facilities in accordance with Good Utility Practice and in conformance with the Network Operating Agreement.

- 35.2 Network Operating Agreement:** The terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Part III of the Tariff shall be specified in the Network Operating Agreement. The Network Operating Agreement shall provide for the Parties to: (i) operate and maintain equipment necessary for integrating the Network Customer within the Transmission Provider's Transmission System (including, but not limited to, remote terminal units, metering, communications equipment and relaying equipment); (ii) transfer data between the Transmission Provider and the Network Customer (including, but not limited to, heat rates and operational characteristics of Network Resources, generation schedules for units outside the Transmission Provider's Transmission System, interchange schedules, unit outputs for redispatch required under Section 33, voltage schedules, loss factors and other real time data); (iii) use software programs required for data links and constraint dispatching; (iv) exchange data on forecasted loads and resources necessary for long-term planning; and (v) address any other technical and operational considerations required for implementation of Part III of the Tariff, including

scheduling protocols. The Network Operating Agreement will recognize that the Network Customer shall either: (i) operate as a Control Area under applicable guidelines of the North American Electric Reliability Corporation (“NERC”), and the Midwest Reliability Organization (“MRO”); (ii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with the Transmission Provider; or (iii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with another entity, consistent with Good Utility Practice, which satisfies NERC and MRO requirements. The Transmission Provider shall not unreasonably refuse to accept contractual arrangements with another entity for Ancillary Services. The Network Operating Agreement is included in Attachment G.

35.3 Network Operating Committee: A Network Operating Committee (‘Committee’) shall be established to coordinate operating criteria for the Parties’ respective responsibilities under the Network Operating Agreement. Each Network Customer shall be entitled to have at least one representative on the Committee. The Committee shall meet from time to time as need requires, but no less than once each calendar year.

APPENDIX 1

INTERBANK TRANSFER OF FUNDS ACCOUNT

Bank Wire Transfer to: Bank of Montreal
335 Main Street, WINNIPEG, Manitoba
Transit Number: 00037-001

For Credit to: Manitoba Hydro
Canadian Account No. 1198-806

SCHEDULE 1

Scheduling, System Control and Dispatch Service

I. General

This service is required to schedule the movement of power through, out of, within, or into a Control Area. This service can be provided only by the operator of the Control Area in which the transmission facilities used for transmission service are located. Scheduling, System Control and Dispatch Service is to be provided directly by the Transmission Provider. The Transmission Customer must purchase this service from the Transmission Provider. The charges for Scheduling, System Control and Dispatch Service are as set forth below:

II. Rates

- A. From June 1, 2008 through and including October 31, 2008, the annual rate for this service shall be calculated on a regional basis within the Midwest ISO as follows: $(1-2) \div 3$,

Where:

- 1 = The sum of all costs booked to FERC Account No. 561 for all Midwest ISO Transmission Owners and the equivalent account for Coordinating Owners in the prior calendar or fiscal year.
- 2 = The sum of all charges under this Schedule assessed to firm transactions of less than one year, all non-firm transactions, and any other transactions whose loads are not included in the Divisor on Page 1 of Attachment O for Drive-Out and Drive Through Transmission Service.
- 3 = The Divisor on Page 1 of Attachment O for Drive-Out and Drive-Through Transmission Service.

The Transmission Provider's revenue requirement for inclusion in item number 1 is \$8,070,882 (Cdn). Such rate shall be calculated and put into effect on June 1 of each year, based on data for the prior calendar year.

On-Peak:

Annual Rate/MW	Annual Rate
Monthly Rate/MW	Annual Rate divided by 12
Weekly Rate/MW	Annual Rate divided by 52
Daily Rate/MW	Annual Rate divided by 260
Hourly Rate/MW	Annual Rate divided by 4160

Off-Peak

Daily Rate/MW	Annual Rate divided by 365
Hourly Rate/MW	Annual Rate divided by 8760

B. Effective November 1, 2008, the rates for this service shall be:

Annual Rate/MW	\$2,311.25 (Cdn)
Monthly Rate/MW-Mo	\$ 192.60 (Cdn)
Weekly	\$ 44.45 (Cdn)
Daily Peak	\$ 8.89 (Cdn)
Daily Off-Peak	\$ 6.33 (Cdn)
Hourly Peak	\$ 0.56 (Cdn)
Hourly Off-Peak	\$ 0.26 (Cdn)

III. Charges

The charges for Transmission Customers taking Point-to-Point Transmission Service under Part II of the Tariff shall be calculated by multiplying the appropriate rate calculated above by each megawatt of Reserved Capacity.

The charges for Transmission Customers taking Network Transmission Service under Part III of the Tariff shall be calculated by multiplying the Monthly Rate calculated above by each megawatt of Network Load determined in accordance with Section 34.2 of the Tariff.

The Transmission Provider shall waive charges under this schedule for transmission service to load in the MISO Tariff Zone.

SCHEDULE 2

Reactive Supply and Voltage Control from Generation Sources Service

I. General

In order to maintain transmission voltages on the Transmission Provider's transmission facilities within acceptable limits, generation facilities and non-generation resources capable of providing this service that meet the Transmission Provider's technical criteria (as specified in the Transmission Provider's Business Practices published on OASIS) that are under the control of the Control Area operator are operated to produce (or absorb) reactive power. Thus, Reactive Supply and Voltage Control from Generation or Other 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 or Other 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.

Reactive Supply and Voltage Control from Generation or Other Sources Service is to be provided directly by the Transmission Provider. Except as specified below, the Transmission Customer must purchase this service from the Transmission Provider. The charges for such service will be as set forth below:

For the purposes of determining the charge applicable to transactions under this Tariff where the load is located within the MISO Tariff Zone, this service will be provided by the Control Area operator within the MISO Tariff Zone where the load is located and there shall be no charge by the Transmission Provider under this Schedule.

Effective November 1, 2008, all transactions within the Transmission Provider's Control Area or to load outside the Midwest ISO will be charged the following rate: \$234.00 (Cdn)/MW-Month.

SCHEDULE 3

Regulation and Frequency Response Service

Regulation and Frequency Response Service is necessary to provide for the continuous balancing of resources (generation and interchange) with load and for maintaining scheduled Interconnection frequency at sixty cycles per second (60 Hz). Regulation and Frequency Response Service is accomplished by committing on-line generation whose output is raised or lowered (predominantly through the use of automatic generating control equipment) and by other non-generation resources capable of providing this service that meet the Transmission provider's technical criteria (as specified in the Transmission Provider's Business Practices published on OASIS) as necessary to follow the moment-by-moment changes in load. The obligation to maintain this balance between resources and load lies with the Transmission Provider. The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Regulation and Frequency Response Service obligation. The amount of and charges for Regulation and Frequency Response Service are set forth below:

Amount: The Transmission Customer shall be required to purchase an amount of reserved capacity equal to 1.48% of the Transmission Customer's reserved capacity for Point-to-Point Transmission Service or 1.48% of the Network Customer's Network Load responsibility for Network Integration Transmission Service.

Rate: \$63.00 (Cdn)/MW-Month

SCHEDULE 4

Energy Imbalance Service

Energy Imbalance Service is provided when a difference occurs between the scheduled and the actual delivery of energy to a load located within a Control Area over a single hour. The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements, which may include use of non-generation resources capable of providing this service that meet the Transmission Provider's technical criteria (as specified in the Transmission Provider's Business Practices published on OASIS), to satisfy its Energy Imbalance Service obligation. The Transmission Provider may charge a Transmission Customer for either hourly energy imbalances under this Schedule or for hourly generator imbalances under Schedule 9 for imbalances occurring during the same hour, but not both unless the imbalances aggravate rather than offset each other.

The Transmission Provider shall establish charges for energy imbalance based on a deviation band of +/- 1.5 percent (with a minimum of 2 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 should attempt to eliminate energy imbalances within the limits of the deviation band within thirty (30) days or within such other reasonable period of time as is generally accepted in the region and consistently adhered to by the Transmission Provider. If an energy imbalance is not corrected within thirty (30) days or a reasonable period of time that is generally accepted in the region and consistently adhered to by the Transmission Provider, the Transmission Customer will compensate the Transmission Provider for such service. 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.

There shall be no charge for imbalances less than +/- 1.5%. Any imbalance energy within this bandwidth which occurs shall be accounted for in an imbalance energy exchange account and repaid as energy in kind between the Transmission Customer and Transmission Provider at mutually agreed times and payback amounts. Any energy imbalance on-peak or off-peak, that is not repaid in kind by the Transmission Customer within 30 days following the agreed to times and conditions stated above shall be billed at the greater of 110% of the Transmission Provider's incremental cost at the time of occurrence or the current MAPP filed rate for Emergency Energy Interchange Service. Any energy imbalance, on-peak or off-peak, that is not repaid in kind by the Transmission Provider within 30 days following the agreed to times and conditions stated above shall be billed at 90% of the Transmission Provider's decremental cost.

The rate for hourly energy imbalances greater than +/- 1.5% (Transmission Customer receives at the delivery point(s) more or less than it scheduled) shall be the greater of 110% of the Transmission Provider's incremental cost at the time of occurrence or 90% of the Transmission Provider's decremental cost.

SCHEDULE 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 and by non-generation resources capable of providing this service that meet the Transmission Provider's technical criteria (as specified in the Transmission Provider's Business Practices published on OASIS). The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Spinning Reserve Service obligation. The amount of and charges for Spinning Reserve Service are set forth below.

Amount: The Transmission Customer shall be required to purchase an amount of reserved capacity equal to 1.33% of the Transmission Customer's reserved capacity for Point-to-Point Transmission Service or 1.33% of the Network Customer's Network Load responsibility for Network Integration Transmission Service.

Rate: \$56.00 (Cdn)/MW-Month

SCHEDULE 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 or other non-generation resources capable of providing this service that meet the Transmission Provider's technical criteria (as specified in the Transmission Provider's Business Practices published on OASIS). The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Supplemental Reserve Service obligation. The amount of and charges for Supplemental Reserve Service are set forth below.

Amount: The Transmission Customer shall be required to purchase an amount of reserved capacity equal to 2.01% of the Transmission Customer's reserved capacity for Point-to-Point Transmission Service or 2.01% of the Network Customer's Network Load responsibility for Network Integration Transmission Service.

Rate: \$65.00 (Cdn)/MW-Month

SCHEDULE 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 at the sum of the applicable charges set forth below in addition to other applicable charges set forth in the Tariff:

A. Transmission Service to Load in Manitoba Hydro Zone

The following charges apply for service to load located within the Manitoba Hydro Zone:

All rates are stated in Canadian (“Cdn”) dollars.

- 1) Annual Rate: \$54,625 (Cdn)/MW of Reserved Capacity.
- 2) Monthly Rate: \$4,552 (Cdn)/MW of Reserved Capacity.
- 3) Weekly Rate: \$1050.49 (Cdn)/MW of Reserved Capacity.
- 4) a) Daily Peak Rate: \$210.10 (Cdn)/MW of Reserved Capacity.
b) Daily Off-Peak Rate: \$149.66 (Cdn)/MW of Reserved Capacity.

Caps: The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified in section (3) above times the highest amount in kilowatts of Reserved Capacity in any day during such week.

B. Transmission Service to Load in MISO Tariff Zone

The charges under this Schedule shall be waived by the Transmission Provider for Transmission Customers who are MISO members taking service to serve load in the MISO Tariff Zone.

C. Drive-Out and Drive Through Transmission Service

(i) From June 1, 2008 to and including October 31, 2008: The Transmission Customer shall pay a single system-wide rate for: (1) Firm Point-to-Point Transmission Service where the generation source is located in the Manitoba Hydro Zone or the MISO Tariff Zone and the load is located outside both the Manitoba Hydro Zone and the MISO Tariff Zone (“Drive Out”); and (2) Firm Point-to-Point Transmission Service where the generation source is located outside both the Manitoba Hydro Zone and the MISO Tariff Zone and the load is located outside both the Manitoba Hydro Zone and the MISO Tariff Zone (“Drive-Through”).

The system wide rate shall be calculated in accordance with Attachment O of this Tariff and Attachment O of the Midwest ISO Tariff and shall be posted on the Contractor’s OASIS. The rates will be calculated each June 1 based on the prior full calendar year. The initial rates will be calculated based on a prior full calendar year period. However, if this Tariff becomes effective between January 1 and June 1 of a given year, then the calendar year used in deriving the rates shall be the calendar year preceding the last calendar year prior to the effective date of this Tariff.

(ii) Effective November 1, 2008: The Transmission Customer shall pay the same charge as for service to load in the Manitoba Hydro Zone under Part A of this Schedule.

D. Discounts

Three principal requirements apply to discounts for transmission service as follows: (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS; (2) any customer-initiated requests for discounts (including requests for use by one's Wholesale Merchant or an affiliate's use) must occur solely by posting on the OASIS; and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.

E. Credit for Charges During Transmission Loading Relief (TLR) Events

In the event that the Transmission Provider initiates Curtailment of confirmed Point-to-Point Transmission Service on the Transmission System due to a TLR event in accordance with Attachment Q, credit will be given to the Transmission Customer(s) that are actually requested to Curtail their energy schedules associated with the confirmed Point-to-Point Transmission Service. No credits will be given for: (1) TLR events external to the Transmission System; or (2) Non-Firm Secondary Point-to-Point Transmission Service under a Firm Point-to-Point reservation. Under no circumstances shall the amount credited exceed the amount the customer was actually Curtailed nor will credit be given for any hours other than those in which the Curtailment was requested.

F. Resales

The rates and rules governing charges and discounts stated above shall not apply to resales of transmission service, compensation for which shall be governed by Section 23.1 of the Tariff.

SCHEDULE 8

Non-Firm Point-to-Point Transmission Service

The Transmission Customer shall compensate the Transmission Provider for Non-Firm Point-to-Point Transmission Service up to the sum of the applicable charges set forth below in addition to other applicable charges set forth in the Tariff:

A. Transmission Service to Load in Manitoba Hydro Zone

The following charges apply for service to load located within the Manitoba Hydro Zone.

All rates are stated in Canadian (“Cdn”) dollars.

- 1) Monthly Rate: 4,552 (Cdn)/MW of Reserved Capacity.
- 2) Weekly Rate: \$1050.49 (Cdn)/MW of Reserved Capacity.
- 3) a) Daily Peak Rate: \$210.10 (Cdn)/MW of Reserved Capacity.
b) Daily Off-Peak Rate: \$149.66 (Cdn)/MW of Reserved Capacity.
- 4) a) Hourly Peak Rate: \$13.13 (Cdn)/MWh of Reserved Capacity.
b) Hourly Off-Peak Rate: \$6.24 (Cdn)/MWh of Reserved Capacity.

Caps: The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified in section (2) above times the highest amount in kilowatts of Reserved Capacity in any day during such week. The total demand charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the applicable rate specified in section (3) above times the highest amount in kilowatts of Reserved Capacity in any hour during such day. In addition, the total demand charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (2) above times the highest amount in kilowatts of Reserved Capacity in any hour during such week.

B. Transmission Service to Load in MISO Tariff Zone

The charges under this Schedule shall be waived by the Transmission Provider for Transmission Customers who are MISO members for service to serve load in the MISO Tariff Zone.

C. Drive-Out and Drive Through Transmission Service

(i) From June 1, 2008 to and including October 31, 2008: The Transmission Customer shall pay a single system-wide rate for: (1) Non-Firm Point-to-Point Transmission Service where the generation source is located in the Manitoba Hydro Zone or the MISO Tariff Zone and the load is located outside both the Manitoba Hydro Zone and the MISO Tariff Zone (“Drive Out”); and (2) Non-Firm Point-to-Point Transmission Service where the generation source is located outside both the Manitoba Hydro Zone and the MISO Tariff Zone and the load is located outside both the Manitoba Hydro Zone and the MISO Tariff Zone (“Drive-Through”).

The system wide rate shall be calculated in accordance with Attachment O of this Tariff and Attachment O of the Midwest ISO Tariff and shall be posted on the Contractor’s OASIS. The rates will be calculated each June 1 based on the prior full calendar year. The initial rates will be calculated based on a prior full calendar year period. However, if this Tariff becomes effective between January 1 and June 1 of a given year, then the calendar year used in deriving the rates shall be the calendar year preceding the last calendar year prior to the effective date of this Tariff.

(ii) Effective November 1, 2008: The Transmission Customer shall pay the same charge as for service to load in the Manitoba Hydro Zone under Part A of this Schedule.

D. Discounts:

Three principal requirements apply to discounts for transmission service as follows: (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS; (2) any customer-initiated requests for discounts (including requests for use by one's Wholesale Merchant or an affiliate's use) must occur solely by posting on the OASIS; and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.

E. Credit for Charges During Transmission Loading Relief (TLR) Events

In the event that the Transmission Provider initiates Curtailment of confirmed Point-to-Point Transmission Service on the Transmission System due to a TLR event in accordance with Attachment Q, credit will be given to the Transmission Customer(s) that are actually requested to Curtail their energy schedules associated with the confirmed Point-to-Point Transmission Service. No credits will be given for: (1) TLR events external to the Transmission System; or (2) Non-Firm Secondary Point-to-Point Transmission Service under a Firm Point-to-Point reservation. Under no circumstances shall the amount credited exceed the amount the customer was actually curtailed nor will credit be given for any hours other than those in which the Curtailment was requested.

F. Resales

The rates and rules governing charges and discounts stated above shall not apply to resales of transmission service, compensation for which shall be governed by Section 23.1 of the

Tariff.

SCHEDULE 9-A

Real Power Loss Factors

All point-to-point transactions will incur real power losses of 2.47% on the energy delivered to the Point of Receipt.

All network transactions will incur real power losses of 2.47% on the energy delivered to the network, measured at all delivery points.

The Transmission Provider may replace these rates by specific rates, which may vary for different transmission paths and different time periods. The new rates are posted on the Transmission Provider's OASIS page.

SCHEDULE 9-B

Generator Imbalance Service

Generator Imbalance Service is provided when a difference occurs between the output of a generator located in the Transmission Provider's Control Area and a delivery schedule from that generator to (1) another Control Area or (2) a load within the Transmission Provider's Control Area over a single hour. The Transmission Provider must offer this service to the extent it is physically feasible to do so from its resources or from resources available to it, when Transmission Service is used to deliver energy from a generator located within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements, which may include use of non-generation resources capable of providing this service, provided such non-generation resources meet the Transmission Provider's technical criteria, (as specified in the Transmission Provider's Business Practices published on OASIS) to satisfy its Generator Imbalance Service obligation. The Transmission Provider may charge a Transmission Customer for either hourly generator imbalances under this Schedule or for hourly energy imbalances under Schedule 4 for imbalances occurring during the same hour, but not both unless the imbalances aggravate rather than offset each other.

The Transmission Provider shall establish charges for generator imbalance based on the deviation bands as follows: (i) deviations within +/- 1.5 percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be netted on a monthly basis and settled financially, at the end of each month, at 100 percent of incremental or decremental cost, (ii) deviations greater than +/- 1.5 percent up to 7.5 percent (or greater than 2 MW up to 10 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 110 percent of incremental cost or 90 percent of decremental cost, and (iii)

deviations greater than +/- 7.5 percent (or 10 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled at 125 percent of incremental cost or 75 percent of decremental cost, except that an intermittent resource will be exempt from this deviation band and will pay the deviation band charges for all deviations greater than the larger of 1.5 percent or 2 MW. An intermittent resource, for the limited purpose of this Schedule is an electric generator that is not dispatchable and cannot store its fuel source and therefore cannot respond to changes in system demand or respond to transmission security constraints.

Notwithstanding the foregoing, deviations from scheduled transactions in order to respond to directives by the Transmission Provider, a balancing authority, or a reliability coordinator shall not be subject to the deviation bands identified above and instead shall be settled financially at the end of the month, at 100 percent of incremental and decremental costs. Such directives may include instructions to correct frequency decay, respond to a reserve sharing event or change output to relieve congestion.

2. For purposes of this Schedule, incremental cost and decremental cost represent the Transmission Provider's actual average hourly cost of the last 10 MW dispatched for any purpose i.e. to supply the Transmission Provider's Native Load Customers, correct imbalances or make off-system sales, based on the replacement cost of fuel, unit heat rates, start-up costs (including any commitment and redispatch costs), incremental operation and maintenance costs, and purchased and interchange power costs and taxes, as applicable.

SCHEDULE 10
Cost Recovery Adder

I. GENERAL

The Contractor shall recover its costs pursuant to the terms of this Schedule 10 from Point-to-Point Transmission Service Customers under this Tariff. Part II of this Schedule 10 presents the cost recovery mechanism and charges applicable to all Point-to-Point Transmission Customers.

II. COST RECOVERY ADDER

Determination of Monthly Charge

The costs associated with the Contractor's administration of the MISO Tariff and this Tariff, exclusive of those costs recovered pursuant to Schedules 1, 16 or 17 of the MISO Tariff and Schedule 1 of this Tariff, shall be recovered through Schedule 10 charges.

A. Rates and Billing Units/Determinants

Each month, the Contractor shall determine two rates, a "Reserved Capacity Rate" and an "Energy Rate" for application under this section. The two rates are necessary because each will be multiplied by a different type of billing determinant. The Reserved Capacity Rate will be multiplied by billing units of Reserved Capacity, and the Energy Rate will be multiplied by billing units of MWhs of scheduled energy.

The Contractor shall determine the dollar target for recovery under the Cost Recovery Adder for each month based on the Contractor's budgeted costs to be recovered under this

Schedule 10 for that month, exclusive of the costs to be recovered under Schedule 10-A, Schedule 10-B and Schedule 10-C of the MISO Tariff; the monthly credit for withdrawal obligations paid under Schedules 10-A and 10-C of the MISO Tariff, and a true-up amount from the prior month (the “Targeted Monthly Recovery Amount”). The true-up amount is the difference between the Contractor’s actual costs to be recovered under this Schedule 10 for the prior month and the actual amount of Schedule 10 revenue received for that prior month. The Contractor shall separate the Targeted Monthly Recovery Amount into two components – one for recovery through the Energy Rate and one for the recovery through the Reserved Capacity Rate. The methodology for determining these two rates is as follows:

$$ER_t = [X_t\% \times TMRA_t - COST_{10A_t} - COST_{10B_t} - COST_{10C_t} - CREDIT_{10A_t} - CREDIT_{10C_t}] / FE_t; \text{ and}$$

$$CR_t = [(1 - X_t\%) \times TMRA_t - COST_{10A_t} - COST_{10B_t} - COST_{10C_t} - CREDIT_{10A_t} - CREDIT_{10C_t}] / (FMET_t) \text{ where:}$$

t = effective month

ER = Energy Rate

CR = Reserved Capacity Rate

X% = The percent of the Targeted Monthly Recovery Amount to be recovered using the Energy Rate (as of June 1, 2009, X is equal to 50%)

TMRA = Targeted Monthly Recovery Amount as defined in this Part II, Section A,

COST_{10A_t} = the projected costs to be recovered under Schedule 10-A of the MISO Tariff for the upcoming month based on prior month’s actual cost recovery.

COST_{10B_t} = the projected costs to be recovered under Schedule 10-B of the MISO Tariff for the upcoming month based on prior month’s actual cost recovery.

COST_{10C_t} = the projected costs to be recovered under Schedule 10-C of the MISO Tariff for the upcoming month based on prior month’s actual cost recovery.

FE = Contractor's Forecast of Energy for Transmission Service, exclusive of Energy for Transmission Service subject to Schedules 10A, 10B and 10C of the MISO Tariff.

FMET = The Contractor's Forecast of Maximum Energy Transfer for the billing month in MWhs defined as the summation of (i) Reserved Capacity for all Point-To-Point reservations multiplied by the duration of each reservation within the month; plus (ii) Network Load for all Network Integration Transmission Service requests in the billing month times the hours in the billing month in MWhs, and (iii) Transmission Owner Adder Load in the billing month for all Transmission Owners times the hours in the billing month. The Maximum Energy Transfer for the billing month is exclusive of the Maximum Energy Transfer subject to Schedules 10-A, 10-B and 10-C of the MISO Tariff.

The Contractor will bill the Transmission Customers for their respective shares of the costs. The foregoing provisions in this Part II, Section A shall constitute a formula rate, and changes to the relative percentages of the Targeted Monthly Recovery Amount to be recovered under the two components will not require a filing. The Contractor shall notify its Transmission Customers in advance of invoicing any change in the relative percentages.

Each monthly charge shall be calculated based on budgeted costs and estimated MWhs of Transmission Service, less the number of MWhs derived pursuant to Schedule 10-A. Section II, Schedule 10-B Section II and Schedule 10-C Section II of the MISO Tariff, which will be trued up in the following month's calculation to reflect actual costs and actual MWhs of Transmission Service.

B. Charges

The Schedule 10 charges for Transmission Customers taking Point-to-Point Transmission Service under Part III of the Tariff shall be calculated as follows:

$$PtP_t = (ER_t \times ES_t) + (CR_t \times RC_t \times HR_t); \text{ where};$$

t = Effective month

PtP = An individual Transmission Customer's Schedule 10 charges associated with Point-to-Point Transmission Service

ER = Energy Rate established by the Contractor in accordance with Part II, Section A of this Schedule 10

CR = Reserved Capacity Rate established by the Contractor in accordance with Part II, Section A of this Schedule 10

ES = Actual MWhs of scheduled energy for Point-to-Point Transmission Service

RC = Actual Reserved Capacity of Point-to-Point Transmission Service multiplied by the duration of the reservation within the month.

HR = the duration, in hours, of the reservation within the month.

The Transmission Provider shall waive charges under this Schedule for transmission service to serve load in the MISO Tariff Zone. Confirmed Point-to-Point Transmission Service reservations made by a Transmission Customer shall be exempt from Schedule 10 charges if such reservations sink in the Manitoba Hydro Zone and serve load through Network Integration Transmission Service under this Tariff.

ATTACHMENT A

Form of Service Agreement for Long-Term Firm Point-to-Point Transmission Service

- 1.0 This Service Agreement, dated as of _____, is entered into, by and between Manitoba Hydro (the 'Transmission Provider'), and (the 'Transmission Customer').
- 2.0 The Transmission Customer has been determined by the Contractor to have a Completed Application for Long-Term Firm Point-to-Point Transmission Service and an approved Application for Eligible Customer Status under the Tariff.
- 3.0 The Transmission Customer has/has not requested Separated Load Service.
- 4.0 The Transmission Customer has provided to the Contractor an Application deposit in accordance with the provisions of Section 17.3 of the Tariff, if required.
- 5.0 Service under this agreement shall commence on the later of: (1) the requested service commencement date; or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed. Service under this agreement shall terminate on such date as set forth in the attached Specifications for Long-Term Firm Point-to-Point Transmission Service incorporated herein.
- 6.0 The Transmission Provider agrees to provide and the Transmission Customer agrees to take and pay for Firm Point-to-Point Transmission Service, and specifically Separated Load Service if requested by the Transmission Customer, in accordance with the provisions of Part II of the Tariff and this Service Agreement.

7.0 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:

Transmission Customer:

8.0 No failure by the Transmission Provider or the Transmission Customer at any time or from time to time to enforce or require a strict observance of any of the provisions of this Service Agreement shall constitute a waiver of the provision or affect or impair such provisions or the right of the Transmission Provider or the Transmission Customer at any time to enforce such provisions or to avail itself of any remedy it may have.

9.0 This Service Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors and any Assignees of the Transmission Customer authorized pursuant to s.23.1 of the Tariff.

10.0 The Tariff and the attached Specifications for Long-Term Firm Point-to-Point Transmission Service are incorporated herein and made a part hereof.

11.0 Applicable taxes shall be added to all charges set forth in the Tariff.

12.0 The Transmission Customer shall not use transmission service provided pursuant to this Agreement for the purpose of exporting electricity from Canada to the United States of America without first providing the Transmission Provider with a copy of the export permit or license granted by the National Energy Board of Canada authorizing the

proposed export of electricity. The Transmission Customer shall provide the Transmission Provider with the appropriate National Energy Board permit or license number at the time of submitting schedules for exports pursuant to this Agreement.

13.0 At the termination of this Service Agreement up to MW of transmission capacity may be available for the exercising of reservation priority rights pursuant to Section 2.2 of the Tariff.

14.0 a) **THE TRANSMISSION PROVIDER SHALL NOT BE LIABLE, WHETHER BASED ON CONTRACT, INDEMNIFICATION, WARRANTY, TORT, STRICT LIABILITY OR OTHERWISE TO ANY TRANSMISSION CUSTOMER OR ANY THIRD PARTY FOR ANY DAMAGES WHATSOEVER, INCLUDING WITHOUT LIMITATION, DIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE, SPECIAL, EXEMPLARY OR INDIRECT DAMAGES ARISING OR RESULTING FROM ANY ACT OR OMISSION IN ANY WAY ASSOCIATED WITH SERVICE PROVIDED UNDER THIS TARIFF, INCLUDING BUT NOT LIMITED TO ANY ACT OR OMISSION THAT RESULTS IN AN INTERRUPTION, DEFICIENCY OR IMPERFECTION OF SERVICE, EXCEPT TO THE EXTENT THAT THE TRANSMISSION PROVIDER IS FOUND LIABLE FOR GROSS NEGLIGENCE OR INTENTIONAL MISCONDUCT, IN WHICH CASE THE TRANSMISSION PROVIDER SHALL NOT BE LIABLE FOR ANY INCIDENTAL, CONSEQUENTIAL, PUNITIVE, SPECIAL, EXEMPLARY OR INDIRECT DAMAGES.**

b) **THE TRANSMISSION PROVIDER SHALL NOT BE LIABLE FOR DAMAGES ARISING OUT OF SERVICES PROVIDED UNDER THIS TARIFF, INCLUDING BUT NOT LIMITED TO, ANY ACT OR OMISSION THAT RESULTS IN AN INTERRUPTION, DEFICIENCY OR IMPERFECTION OF**

SERVICE OCCURRING AS A RESULT OF CONDITIONS OR CIRCUMSTANCES RESULTING FROM ELECTRIC SYSTEM DESIGN COMMON TO THE NORTH AMERICAN ELECTRIC UTILITY INDUSTRY OR ELECTRIC SYSTEM OPERATION PRACTICES OR CONDITIONS COMMON TO THE NORTH AMERICAN ELECTRIC UTILITY INDUSTRY.

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

**Specifications for Long-Term Firm Point-to-Point
Transmission Service**

- 1.0 Term of Transaction:
Start Date:
Termination Date:

- 2.0 Description of capacity and energy to be transmitted by Transmission Provider including the electric Control Area in which the transaction originates.

- 3.0 Point(s) of Receipt:
Delivering Party:

- 4.0 Point(s) of Delivery:
Receiving Party:

- 5.0 Location of generating facilities supplying capacity and energy:

- 6.0 Location of load:

- 7.0 Maximum amount of capacity and energy to be transmitted (Reserved Capacity):

- 8.0 Designation of party(ies) subject to reciprocal service obligation:

- 9.0 Name(s) of any Intervening Systems providing transmission service:

- 10.0 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 the Tariff).

10.1 Transmission Charge:

10.2 System Impact and/or Facilities Study Charge(s):

10.3 Network Upgrade Charge:

10.4 Direct Assignment Facilities Charge:

10.5 Ancillary Services Charges:

ATTACHMENT A-1

**Form of Service Agreement for
the Resale, Reassignment or Transfer of
Point-to-Point Transmission Service**

- 1.0 This Service Agreement, dated as of _____, is entered into, by and between _____ (the Transmission Provider), and _____ (the Reseller) and _____ the Assignee).
- 2.0 The Assignee has been determined by the Transmission Provider to be an Eligible Customer under the Tariff pursuant to which the transmission service rights to be transferred were originally obtained.
- 3.0 The terms and conditions for the transactions entered into under this Service Agreement shall be subject to the terms and conditions of Part II of the Transmission Provider's Tariff, except for those terms and conditions negotiated by the Reseller, and the Assignee (pursuant to Section 23.1 of this Tariff) and appropriately specified in this Service Agreement. Such negotiated terms and conditions include: contract effective and termination dates, the amount of reassigned capacity or energy, point(s) of receipt and delivery. Changes by the Assignee to the Reseller's Points of Receipt and Points of Delivery will be subject to the provisions of Section 23.2 of this Tariff.
- 4.0 Notwithstanding the Reseller's reassignment of Transmission Service, Reseller shall remain liable under its original Service Agreement for all reserved capacity. The Transmission Provider shall credit or charge the Reseller, as appropriate, for any difference between the price reflected in this Agreement or the associated OASIS schedule and the Reseller's Service Agreement with the Transmission Provider.
- 5.0 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:

Assignee:

6.0 The Tariff is 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

Assignee:

By: _____
Name Title Date

Reseller:

By: _____
Name Title Date

Specifications for the Resale, Reassignment or Transfer of
Point-to-Point Transmission Service

1.0 Term of Transaction: _____
Start Date: _____
Termination Date: _____

2.0 Description of capacity and energy to be transmitted by Transmission Provider including the electric Control Area in which the transaction originates.

3.0 Point(s) of Receipt: _____
Delivering Party: _____

4.0 Point(s) of Delivery: _____
Receiving Party: _____

5.0 Maximum amount of reassigned capacity: _____

6.0 Designation of party(ies) subject to reciprocal service obligation: _____

7.0 Names(s) of any Intervening Systems providing transmission service:

8.0 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 the Tariff.)

8.1 Transmission Charge: _____

8.2 System Impact and/or Facilities Study Charge(s): _____

8.3 Direct Assignment Facilities Charge: _____

8.4 Ancillary Services Charges: _____

ATTACHMENT B

Umbrella Agreement for Short-Term Firm or Non-Firm Point-to-Point Transmission Service

- 1.0 This Service Agreement, dated as of _____, is entered into, by and between Manitoba Hydro (the "Transmission Provider"), and (the "Transmission Customer").
- 2.0 The Transmission Customer has been determined by the Contractor to be a Transmission Customer under Part II of the Tariff and has submitted a Completed Application for Short-Term Firm or Non-Firm Point-to-Point Transmission Service in accordance with the Tariff.
- 3.0 This Agreement shall come into force upon execution by both Parties. During the term of this Service Agreement, the Transmission Customer shall be entitled to arrange Short-Term Firm or Non-Firm Point-to-Point Transmission Service over the OASIS used by the Transmission Provider provided that such transactions do not exceed \$_____ in any calendar month. The Transmission Provider reserves the right to consent to larger monthly transactions on a case-by-case basis.
- 4.0 Identify any affiliates that own, control or operate any transmission facilities. If there are none, include a sworn statement pursuant to Section 6.0 of the Tariff.
- 5.0 This Service Agreement shall remain in effect for a period of three years from the date of execution.

6.0 Conditions Precedent

6.1 Unless a System Impact Study is required, service under this Agreement shall be provided by the Transmission Provider following: 1) the submission, by entry on the OASIS, of a Completed Application for Short-Term Firm or Non-Firm Point-to-Point Transmission Service by an authorized representative of the Transmission Customer; 2) the Contractor's signification on the OASIS that the Completed Application has been accepted; 3) confirmation by the Transmission Customer on the OASIS within the time frames specified herein, unless the Transmission Customer designates that the transaction is preconfirmed.

6.2 Where a System Impact Study must be performed for Short-Term Firm Point-to-Point Transmission Service and the Transmission Customer executes a System Impact Study Agreement, if the Study indicates that new facilities are not required, Transmission Service shall be provided upon confirmation by the Transmission Customer on the OASIS of the Transmission Provider's acceptance of the request, within the time frames specified herein, unless the Transmission Customer designates that the transaction is pre-confirmed.

6.3 Where a Facilities Study must be performed for Short Term Firm Point-to-Point Transmission Service and the Transmission Customer executes a Facilities Study Agreement, Transmission Service shall be provided by the Transmission Provider if after receiving the Facilities Study, the Transmission Customer provides written confirmation to the Transmission Provider that the Transmission Customer is willing to pay for the costs of any required Network Upgrades and/or Direct Assignment Facilities and provides the necessary security in accordance with sections 19.4 and 27 of the Tariff.

- 7.0 The Transmission Customer agrees to supply information the Transmission Provider or Contractor deems reasonably necessary in accordance with Good Utility Practice in order for it to provide the requested service.
- 8.0 The Transmission Provider agrees to provide and the Transmission Customer agrees to take and pay for Short-Term Firm or Non-Firm Point-to-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Service Agreement.
- 9.0 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:

Manitoba Hydro-Electric Board
820 Taylor Avenue
or P.O. Box 815
WINNIPEG, Manitoba, CANADA
R3C 2P4
Attn: Manager, Transmission Services Department
Telephone: 204-487-5302
Facsimile: 204-487-5368

Transmission Customer:

- 10.0 No failure by the Transmission Provider or the Transmission Customer at any time or from time to time to enforce or require a strict observance of any of the provisions of this Service Agreement shall constitute a waiver of the provision or affect or impair such provisions or the right of the Transmission Provider or the Transmission Customer at any time to enforce such provisions or to avail itself of any remedy it may have.

- 11.0 This Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors and any Assignees of the Transmission Customer authorized pursuant to s.23.1 of the Tariff.
- 12.0 The Tariff is incorporated herein and made a part hereof.
- 13.0 The Transmission Provider shall archive records of digitally transmitted information submitted pursuant to this Service Agreement. Such records shall be treated as accurate records of the transactions hereunder for the purposes of admission in to evidence in any dispute resolution proceedings conducted pursuant to this Service Agreement.
- 10.0 Applicable taxes shall be added to all charges set forth in the Tariff.
- 11.0 The Transmission Customer shall not use transmission service provided pursuant to this Agreement for the purpose of exporting electricity from Canada to the United States without first providing the Transmission Provider with a copy of the export permit or license granted by the National Energy Board of Canada authorizing the proposed export of electricity. The Transmission Customer shall provide the Transmission Provider with the appropriate National Energy Board permit or license number at the time of submitting schedules for exports pursuant to this Agreement.
- 12.0 a) THE TRANSMISSION PROVIDER SHALL NOT BE LIABLE, WHETHER BASED ON CONTRACT, INDEMNIFICATION, WARRANTY, TORT, STRICT LIABILITY OR OTHERWISE TO ANY TRANSMISSION CUSTOMER OR ANY THIRD PARTY FOR ANY DAMAGES WHATSOEVER, INCLUDING WITHOUT LIMITATION, DIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE, SPECIAL, EXEMPLARY OR INDIRECT DAMAGES ARISING OR RESULTING FROM ANY ACT OR OMISSION IN ANY WAY ASSOCIATED WITH SERVICE PROVIDED UNDER THIS TARIFF,**

INCLUDING BUT NOT LIMITED TO ANY ACT OR OMISSION THAT RESULTS IN AN INTERRUPTION, DEFICIENCY OR IMPERFECTION OF SERVICE, EXCEPT TO THE EXTENT THAT THE TRANSMISSION PROVIDER IS FOUND LIABLE FOR GROSS NEGLIGENCE OR INTENTIONAL MISCONDUCT, IN WHICH CASE THE TRANSMISSION PROVIDER SHALL NOT BE LIABLE FOR ANY INCIDENTAL, CONSEQUENTIAL, PUNITIVE, SPECIAL, EXEMPLARY OR INDIRECT DAMAGES.

b) THE TRANSMISSION PROVIDER SHALL NOT BE LIABLE FOR DAMAGES ARISING OUT OF SERVICES PROVIDED UNDER THIS TARIFF, INCLUDING BUT NOT LIMITED TO, ANY ACT OR OMISSION THAT RESULTS IN AN INTERRUPTION, DEFICIENCY OR IMPERFECTION OF SERVICE OCCURRING AS A RESULT OF CONDITIONS OR CIRCUMSTANCES RESULTING FROM ELECTRIC SYSTEM DESIGN COMMON TO THE NORTH AMERICAN ELECTRIC UTILITY INDUSTRY OR ELECTRIC SYSTEM OPERATION PRACTICES OR CONDITIONS COMMON TO THE NORTH AMERICAN ELECTRIC UTILITY INDUSTRY.

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

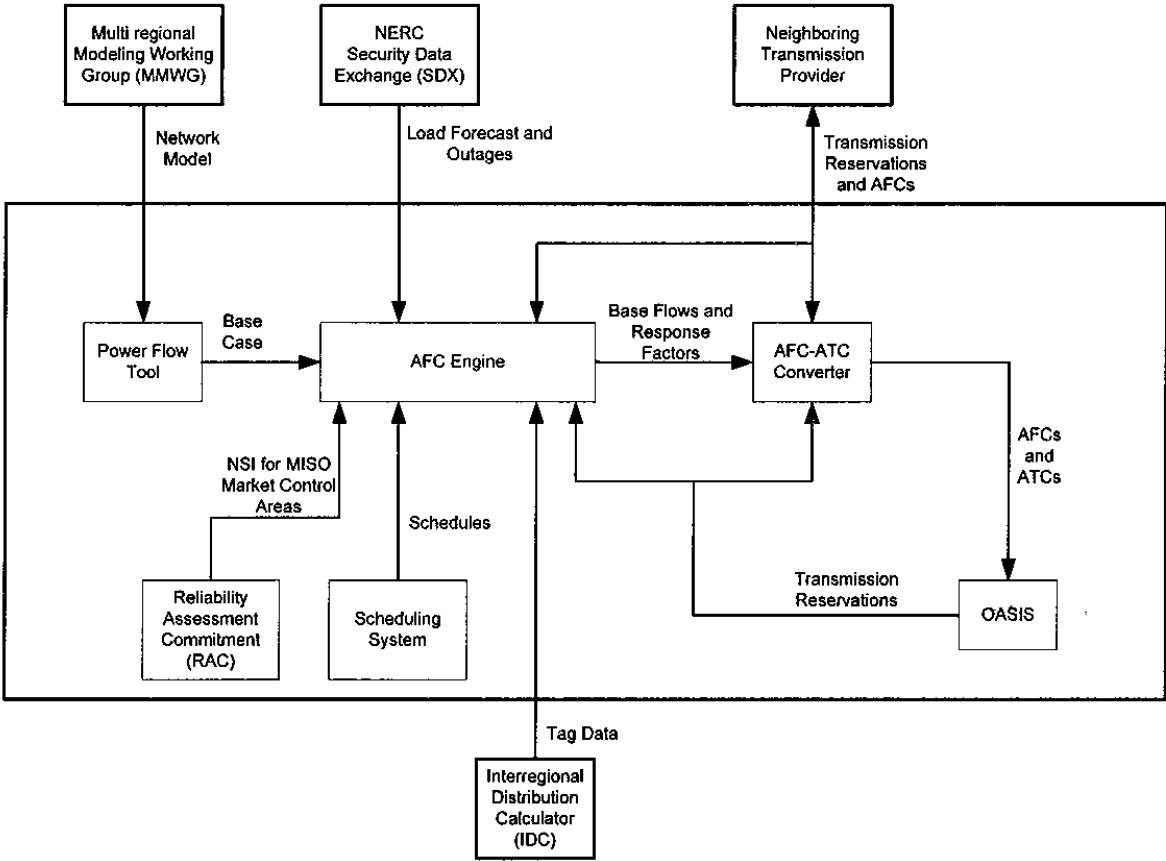
ATTACHMENT C
Methodology to Assess Available Transfer Capability

The Contractor will respond to a valid application for Short-Term Transmission Service under this Tariff by performing calculations pursuant to this Attachment C to assess whether sufficient transfer capability would be available to accommodate the service requested in the Application.

The Midwest ISO has been contracted by Manitoba Hydro to calculate and assess Available Transfer capability. This attachment C will summarize the Midwest ISO's Methodology as it applies to Flowgates within Transmission Providers system.

A request for Transmission Service will be evaluated using a flow-based approach to determine the capability of the interconnected network to accommodate the request for Transmission Service. A flow-based approach determines Available Flowgate Capability ("AFC") of constrained facilities or Flowgates. Flowgates are a predetermined set of constraints on the transmission system that are expected to experience loading problems in real-time. Constrained facility or Flowgate AFC represents capacity remaining on constrained facilities after reduction for base flows, previously approved but not-modeled Transmission Service requests and a reliability margin (if appropriate). In order to evaluate a Transmission Service request, response factors are used to decrement AFC of constrained facilities for the impacts caused by the request. The interconnected network has the capability to accommodate the Transmission Service request if AFC of critical flowgates is positive after decrementing the impacts caused by the request.

AFC Calculation, Response Factor Calculation, and ATC Calculation



Contractor’s AFC Process Diagram

The Contractor computes hourly AFC for the first seven (7) days, daily AFC for days 8 through 31 and monthly AFC for months 2 through 36 on constrained facilities that the Contractor administers. Each calculation cycle is referred to as a horizon. The table listed below describes the various horizons with their time range and increments:

Horizons in the Contractor's AFC Calculations

Horizon	Time Range	Increment
Operating *	0 – 48	Hourly
Planning I	49 – 168	Hourly
Planning II	8 – 31	Daily
Study	2 - 36	Monthly

* Operating horizon includes current day and next day information (scheduling horizon and beyond)

A power flow model is built for a peak condition for each of the time intervals for which these values are computed (all times are expressed as prevailing system time for the Contractor).

- Peak for hourly increment is the hour itself
- Peak for the daily increment is defined as 6:00 PM
- Peak for the monthly increment is defined as 2nd Wednesday of the month at 6:00 PM

The power flow case is built from a base network topology model, load forecast, generation and transmission outages, and net interchange for each of the Midwest ISO areas and first tier areas. For each of the Midwest ISO Control Areas, the individual loads are scaled to match with the load forecast value for that time point. The generation and transmission outages are applied using a topology processor. The net interchange for each of these areas is determined based on a constrained economic dispatch for the Contractor's market footprint and/or from Existing Commitments (EC). The generation dispatch order for Contractor control areas is determined from the Contractor's market history.

For each of the first tier areas, the individual loads are scaled to match with the load forecast value for the applicable time period under study (see Table 1). The generation and transmission outages are applied using a topology processor. The net interchange for each area is determined from existing transmission commitments. For Control Areas beyond the first tiers, outages may be applied to the extent they are available to Contractor through NERC Security Data Exchange (SDX).

A power flow is performed on the base case by enforcing net interchange. The power flow solution provides base flows on each of the flowgates. The response factors are computed from the solved case to identify the limiting flowgates for transmission paths. Response factors represent the percent of a transaction from a specified source to a specified sink that appears on the constrained facility. The response factors are topology dependent and changes with change in topology due to system conditions. The Contractor uses threshold defined below to decide whether a transaction has a significant impact on a constrained facility. If the Contractor has a flowgate that is a monitored element(s) with no contingent element, a five percent (5%) threshold is used to indicate a significant impact. If the Contractor has a flowgate that is a combination of a monitored element and a contingent element(s), a three percent (3%) threshold is used to indicate a significant impact.

In order to produce credible constrained facility AFCs, the Contractor must consider the effects of system conditions and transmission service that has been sold by other transmission providers. The Contractor has committed to honor the constrained facility limits of neighboring transmission providers to the extent these transmission providers honor their own constrained facilities. The Contractor has also agreed to exchange near-term planning information, reservations and schedules with other transmission providers in order that their power flow models contain details for both their system and the Contractor. This will allow the Contractor and other transmission providers to consider the effects of parallel flows as they sell transmission service.

The Transmission Provider and the other transmission providers have also agreed to periodically exchange constrained facility AFC. Each transmission provider, including the Transmission Provider, will have the most detail for its own system. Consequently, it is in the best position to calculate its constrained facility AFC and to exchange this information for use by other transmission providers. The other transmission providers use the exchanged constrained facility AFC along with their own calculated AFC to sell Transmission Service. This guarantees all transmission providers are using the same constrained facility AFC as they sell transmission service (the transmission provider with responsibility for a constrained facility will always calculate its AFC).

Mathematical Algorithm to calculate Firm and Non-Firm AFC (and ATC)

Firm AFC

Firm AFC refers to the capability available on a constraint facility for selling additional Firm Transmission Service after reducing its rating for serving native load, Network Integration Transmission Service (from designated resources), firm transactions, and margins.

The Contractor uses the following formula to determine firm AFC in the planning horizon and study horizon:

$$\text{Firm AFC} = \text{Rating} - \text{TRM} - \text{CBM} - (\text{Base Flow})_{\text{FIRM}} - \text{EC}$$

where,

Rating is Flowgate Rating and is the amount of electric power that can flow across the Flowgate under specified system conditions without exceeding the capability of the facilities.

Transmission Reliability Margin (TRM) is the amount of transmission transfer capability necessary to provide reasonable assurance that the interconnected transmission network will be secure given uncertainty in system conditions and the need for operating flexibility.

Capacity Benefit Margin (CBM) is a reliability margin that reflects the amount of firm transmission transfer capability preserved by the transmission provider for Load-Serving Entities (LSEs), whose loads are located on that transmission provider's system, to enable access by the LSEs to generation from interconnected systems to meet generation reliability requirements.

Base Flow is flows from solved power flow case which is built using Firm transmission reservations.

EC is sum of Impacts from Firm Transmission Service reservations that are not modeled in power flow case.

Transmission Customer must adhere to the timing requirements in Attachment J of this Tariff when requesting Transmission Service. For evaluating daily Firm Transmission Service from day 2 through 8, the Contractor uses the most limiting Hourly firm AFC value for the corresponding day.

Non-Firm AFC

Non-firm AFC refers to the capability available on a constraint facility for selling additional Non-Firm Transmission Service after reducing its rating for serving native load, Network Integration Transmission Service (from designated and non designated resources), firm transactions, non-firm transactions, and margins. Non-firm AFC is computed in the planning horizon using the same power flow solution as used for firm AFC.

The Transmission Provider uses the following formula to determine non-firm AFC in the planning horizon and study horizon:

$$\begin{aligned} & (\text{Non-Firm AFC})_{\text{PLANNING/STUDY HORIZON}} \\ & = \text{Rating} - (\text{A Coefficient} * \text{TRM}) - (\text{Base Flow})_{\text{FIRM}} - \text{EC} \end{aligned}$$

where,

“A” coefficient determines the amount of TRM to be used in non-firm AFC calculation during the planning and study horizons. Its value ranges from 1 to 0 and is applied as multiplier to the TRM value.

Base Flow is flows from solved power flow case which is built using firm transmission reservations

EC is sum of Impacts from firm transmission reservations that are not modeled in power flow case plus sum of impacts from non-firm transmission reservations. Non-firm AFC is computed differently in the operating horizon than in the planning horizon. Before 5:00 pm (EST), the operating horizon use schedules for the current day and use reservations for the next day. After 5:00 pm (EST), the operating horizon exclusively use schedules for the remaining of the current day and entire next day. While using schedules in operating horizon, the Contractor’s Control Area Net Scheduled Interchange (NSI) is determined based on a constrained economic dispatch and schedules.

The Contractor uses the following formula to determine non-firm AFC in the operating horizon:

$$\begin{aligned} & \text{(Non-Firm AFC)}_{\text{OPERATING HORIZON USING SCHEDULES}} \\ & = \text{Rating} - (\text{B Coefficient} * \text{TRM}) - (\text{Base Flow})_{\text{SCHEDULES}} \end{aligned}$$

where,

“B” coefficient determines the amount of TRM to be used in non-firm AFC calculation during the operating horizon. Its value ranges from 1 to 0 and is applied as multiplier to the TRM value.

Base Flow is flows from solved power flow case which is built using schedules and the values from constrained economic dispatch

$$\begin{aligned} & \text{(Non-Firm AFC) OPERATING HORIZON USING RESERVATIONS} \\ & = \text{Rating} - (\text{B Coefficient} * \text{TRM}) - (\text{Base Flow})_{\text{FIRM}} - \text{EC} \end{aligned}$$

where,

Base Flow is flows from solved power flow case which is built using Firm transmission reservations

EC is sum of Impacts from firm transmission reservations that are not modeled in power flow case plus sum of Impacts from non-firm transmission reservations

Existing Transmission Commitment (ETC)

The Existing Transmission Commitment (“ETC”) is equal to the sum of Base Flow and EC. The transmission usage corresponding to native load and non-OATT customers is modeled in Base Flows. The impacts of Point-To-Point transmission service requests are included in EC. The rollover rights are modeled as corresponding transmission service requests in either the Base Flows or EC unless the original transmission service requests expire within 60 days from the date of AFC calculation. The Contractor ensures that non-firm capacity is released appropriately by replacing the Transmission Service requests with the corresponding schedules in real-time calculation as described in the previous section.

Firm and non-firm ATC

ATC is a measure of the transfer capability remaining in the physical transmission network for further commercial activity over and above the committed uses.

To determine ATC, the Contractor utilizes AFCs on flowgates. The Contractor uses the following formula to convert firm/non-firm AFCs to firm/non-firm ATCs on a transmission path:

$$ATC_{(Path)} = AFC_{(Most\ Limiting\ Flowgate\ for\ Path)} / Response\ Factor_{(Path\ on\ Limiting\ Flowgate)}$$

where,

ATC is either firm or non-firm ATC on a transmission path for different horizons defined in Table 1

AFC is either firm or non-firm AFC of most limiting flowgate for transmission path for respective horizon

Response Factor is the percent of a transaction on a transmission path that appears on most limiting flowgate. All flowgates for which the Transmission Provider is responsible for, have a Response Factor equal to 1

Input data and assumptions used in AFC calculations

Power flow seasonal base models are developed from most recent Transmission Provider power flow models. The models are updated at least quarterly. The models provide a start point before other modeling information is taken into account (Load Forecast, outage, area interchange, and merit order dispatch).

Load Forecast information is obtained from recent NERC SDX (System Data Exchange) file. It is applied to Midwest ISO and first tier control areas by scaling the load in power flow base model.

Transmission and Generation outage information is obtained from recent NERC SDX file. Outages are applied to Transmission Provider and first tier control areas. For areas of the model beyond Transmission Provider and first tiers, outages may be applied to the extent they are available to Transmission Provider through SDX.

Generation dispatch order information is used to dispatch the power flow case. This information is derived from Transmission Provider market historical dispatch information for Transmission Provider generation. To the extent it is provided, generation dispatch order information will also be used to dispatch external generation that is deemed to have impact to Midwest ISO AFC calculation.

Schedule information is used to develop area interchange values in scheduling horizon. It is obtained from Midwest ISO scheduling system.

Transmission Service reservation is used to develop area interchange values beyond scheduling horizon. It is obtained from the Transmission Provider and neighboring transmission providers' OASIS. While modeling external reservations, filtering rules apply to those reservations that are for the same transmission path but appear on more than one OASIS to avoid double counting of those reservations as well as removing reservations that are known to not have confirmed service on all segments of the transmission path.

Flowgate Data is created from the Transmission Provider's Master Flowgate List (MFL) and is updated with MFL.

Flowgate rating is developed by the Transmission Provider through joint seasonal assessments performed by the Transmission provider in conjunction with each of the planning and operating functions of neighbouring transmission providers. These assessments use agreed upon seasonal models. The maximum flowgate rating will assume an optimal operating condition. The TRM will include a component to compensate for the difference between actual and optimum conditions. Ratings, developed for each of the operating and planning timeframes are sent to the contractor on an hourly basis.

TRM Methodology

Transmission Reliability Margin (TRM) is the amount of transmission transfer capability necessary to provide reasonable assurance that the interconnected transmission network will be secure given uncertainty in system conditions and the need for operating flexibility. This is done

by evaluating three different components of TRM: uncertainty, reserve sharing, and the interdependence of the Transmission Provider's systems with neighbouring systems. The following components are included in the Transmission Provider's TRM:

Uncertainty Component

Uncertainty is derived from two factors. The first is the uncertainty in generation dispatch while the second is the uncertainty in native network load. To account for these two uncertainties, the transmission provider will develop maximum ratings by ignoring these two uncertainties. A TRM component will then be developed to account for the pessimistic seasonal value of these uncertainties. The Transmission Provider will then develop an uncertainty component using the difference of these two values. The Transmission Provider may periodically review the uncertainty component to optimize the actual rating.

Reserve Sharing Component

The reserve sharing component on a flowgate is determined by calculating the largest change on the flowgate given an outage with the replacement power being delivered by the contingency reserve pools. The following are the inputs for this calculation:

Base Case: Most current Transmission Provider seasonal model is used as the base case. Load Forecast, system topology, distribution factors, and loop flow information in the base are used for TRM calculations.

List of flowgates: This is consistent with current Transmission Provider Master Flowgate List.

List of reserve sharing events: 1) All generating units 300 MW or larger within the Transmission Provider Region and suspect generating units outside of it; 2) Generating units with less than 300 MW of maximum output at the request of the transmission-owning members (i.e. a generator located near or on a Flowgate); and 3) Selected transmission outages whose

severity significantly affects vast portions of the transmission system (such as DC bipole outages).

Participation factors of the entities in the contingency reserve pool: This is provided by Midwest Contingency Reserve Sharing Group (CRSG).

Use of TRM

TRM is decremented from flowgate ratings when calculating both firm and non-firm AFCs and thus is not generally available for selling transmission service. Sale of the reserve sharing component of TRM on a recallable firm basis will be allowed in the operating horizon to avoid curtailing firm load as demonstrated by declaring a NERC Energy Emergency Alert (EEA) 2 event. The TRM will be recalled when needed for reserve sharing.

CBM Methodology

The definition of Capacity Benefit Margin (CBM) is the amount of firm transmission transfer capability preserved by a transmission provider for Load Serving Entities (LSEs) whose loads are located on that transmission provider's transmission system, to enable access by the LSEs to generation from interconnected systems to meet firm load obligations during a capacity emergency.

The Transmission Provider does not utilize CBM and it is set to zero on all flowgates.

(2)

ATTACHMENT D

Methodology for Completing a System Impact Study

Upon receipt of a Completed Application, the Contractor or Transmission Provider, as applicable, will determine whether ATC will be available to accommodate the Transmission Service requested in such Application. The Contractor and the Transmission Provider will apply the criteria and practices described in Attachment C to determine ATC. If sufficient ATC will exist to support the transaction described in the Eligible Customer's Application, as supplemented with necessary details such as the sources and sinks of the power to be scheduled under the request, the Contractor or Transmission Provider, as applicable, will so inform the Eligible Customer. If the Contractor or Transmission Provider determines that existing ATC is insufficient to provide the requested service, the Contractor or Transmission Provider, as applicable, will notify the Eligible Customer. Upon a request by the Eligible Customer, the Transmission Provider will tender a System Impact Study Agreement ("Study Agreement") to the Eligible Customer for a System Impact Study.

Upon receipt of a completed Study Agreement, the Transmission Provider will perform a System Impact Study to determine whether the request for transmission service can be accommodated through construction of Direct Assignment Facilities or Network Upgrades or through redispatch, if available.

If the studies predict that a constraint will occur in the system of a utility other than the Transmission Provider, the Transmission Provider will so inform the Eligible Customer requesting service. The Transmission Provider and Eligible Customer will need to work with the appropriate third parties to determine if the limitation is valid and to determine the facility additions or redispatch that may be required by third parties to support the transfer. The Eligible Customer requesting service shall have the option to reduce the request to a level that can be sustained without experiencing the constraint.

ATTACHMENT D-1

Form Of System Impact Study Agreement

THIS AGREEMENT is made and entered into this ____ day of _____, 20__ by and between _____, [corporate description of Eligible Customer] existing under the laws of _____, sometimes hereinafter referred to as “Eligible Customer,” and Manitoba Hydro, a Crown Corporation incorporated pursuant to The Manitoba Hydro Act, R.S.M. 1987, c.H190. Eligible Customer and Manitoba Hydro each may be referred to as a “Party,” or collectively as the “Parties.”

RECITALS

WHEREAS, Eligible Customer has submitted a Completed Application (the “Application”) for Firm Point-To-Point Transmission Service pursuant to Section 17.2 of the Manitoba Hydro Open Access Transmission Tariff (the “Tariff”) or for Network Integration Transmission Service pursuant to Section 29.2 of the Tariff;

WHEREAS, Eligible Customer has received notice from Manitoba Hydro that a System Impact Study is necessary to accommodate the service requested in the Application; and

WHEREAS, Eligible Customer has requested that Manitoba Hydro prepare a System Impact Study to assess the adequacy of the Transmission System and any other affected systems to accommodate the Application.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein, it is agreed:

ARTICLE 1

DEFINITIONS

The terms used in this Agreement with initial capitalization shall have the meanings specified in

the Tariff.

ARTICLE 2

TERMINATION

- 2.1 Effective Date.** This Agreement shall become effective on the date on which this Agreement is made and entered into by the Parties.
- 2.2 Term.** This Agreement shall become effective as provided in Section 2.1 and shall continue in full force and effect until (i) the Parties agree to mutually terminate this Agreement, (ii) _____ months after the date of this Agreement; or (iii) earlier termination as provided for under this Agreement.
- 2.3 Termination for Breach.** Either Party may terminate this Agreement upon _____ days notice to the other Party of a breach by the other Party of this Agreement provided that such breach remains uncured during such ____ day period and further, provided that such terminating Party complies with any and all applicable laws, rules and regulations relating to such termination.
- 2.4 Liability on Termination.** Eligible Customer shall remain liable to Manitoba Hydro for costs of the System Impact Study already incurred, costs of the System Impact Study that cannot be reasonably avoided and for the costs of terminating the System Impact Study.

ARTICLE 3

STUDY

- 3.1 Study.** Manitoba Hydro shall perform a System Impact Study in accordance with the applicable provisions of the Tariff. Manitoba Hydro shall rely on existing transmission planning studies as provided in Section 19 or 32 of the Tariff. All terms and conditions of the Tariff are incorporated herein by reference.

3.2 Scope. The scope of the System Impact Study shall be as set forth in the Tariff and shall be subject to the data and other information provided in the Application and any additional information, assumptions or procedures set forth in Exhibit A of this Agreement. Eligible Customer shall review the data and information that it has provided to Manitoba Hydro and provide updated data and information upon request of Manitoba Hydro. Manitoba Hydro will advise Eligible Customer of additional information as may be reasonably deemed necessary by Manitoba Hydro to complete the System Impact Study. Such additional information shall be obtained only if required by Good Utility Practice and shall be subject to the consent of Eligible Customer, not to be unreasonably withheld, conditional or delayed.

3.3 Report. The final report of the System Impact Study shall provide the following information:

3.3.1 Any system constraints due to thermal overload, voltage limit violations, or instability or inadequately damped response to system disturbances resulting from the service requested by the Application.

3.3.2 A preliminary estimate of the scope of any Direct Assignment Facilities or Network Upgrades required to accommodate the Application.

Together with a copy of the final report, the related work papers shall be made available to the Eligible Customer.

3.4 Coordination. Manitoba Hydro will coordinate the System Impact Study with all affected transmission owner(s) and/or their respective Regional Transmission Organizations. If the required study coordination effort increases the expected study scope, study cost or delays the expected completion date, Manitoba Hydro will inform the Eligible Customer. Eligible Customer acknowledges and agrees that Manitoba Hydro will provide all Confidential Information and/or study data that is reasonably needed by transmission owners participating in the System Impact Study to any affected RTO's, and to other parties as may be required by the Tariff or applicable federal, provincial, or local law, rule or regulation.

3.5 Estimated Time. The estimated time for completion of the System Impact Study is ___days. Manitoba Hydro shall use due diligence to complete the System Impact Study within the estimated time.

3.6 Representative. Eligible Customer shall appoint and make available to Manitoba Hydro a designated and authorized representative through which Manitoba Hydro can coordinate work pertaining to the System Impact Study.

ARTICLE 4

COSTS AND PAYMENT

4.1 Estimated Cost. The estimated cost for performance of the System Impact Study is \$_____. The estimated cost is Manitoba Hydro's good faith estimate of its costs to perform the System Impact Study. The estimated cost does not include _____.

4.2 Reimbursement. Eligible Customer shall reimburse Manitoba Hydro in full for performing the System Impact Study. This reimbursement shall include payment for all actual costs of the System Impact Study plus Goods and Services Tax. As provided in the Tariff, Eligible Customer shall not be charged for existing transmission planning studies, but will be responsible for charges associated with modifications to the existing transmission planning studies that are reasonable necessary to evaluate the impact of the Application.

4.3 Deposit and Payment. The Eligible Customer shall submit with this Impact Study Agreement a refundable deposit in the amount of \$_____ (the "Deposit"). The Deposit will be applied toward the costs of the System Impact Study to be reimbursed by the Eligible Customer pursuant to Paragraph 4.2 of this Agreement. Manitoba Hydro

shall refund to the Eligible Customer any portion of the Deposit that exceeds the amount of the costs to be reimbursed pursuant to Paragraph 4.2, and shall invoice the Eligible Customer, from time to time, for the amount(s) by which costs to be reimbursed pursuant to Paragraph 4.2 exceed the amount of the Deposit and any prepayments. The Eligible Customer shall pay any such invoice within _____ days of receipt.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

Manitoba Hydro

[Insert name of Eligible Customer]

By: _____

By: _____

Name (typed or printed): _____

Name (typed or printed): _____

Title: _____

Title: _____

EXHIBIT A
to
System Impact Study Agreement

The System Impact Study will be based upon the following information, assumptions and procedures, in addition to the information provided in the Completed Application:

ATTACHMENT D-1(G)

FORM OF GROUP SYSTEM IMPACT STUDY AGREEMENT

THIS AGREEMENT is made and entered into this ____ day of _____, 20__ by and between _____, [corporate description of Eligible Customer] existing under the laws of the Province of _____, sometimes hereinafter referred to as "Eligible Customer," and Manitoba Hydro, a corporation incorporated pursuant to the provisions of *The Manitoba Hydro Act*, C.C.S.M. c.H190. Eligible Customer and Manitoba Hydro each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, Eligible Customer has submitted a Completed Application for (Firm Point-to-Point or Network Integration) Transmission Service ("Transmission Service Request") to Manitoba Hydro pursuant to the terms and conditions of the Manitoba Hydro Open Access Transmission Tariff for _____ MW of transmission capacity, with the following specifications:

AND WHEREAS Eligible Customer has received notice from Manitoba Hydro that a System Impact Study is necessary to determine if the Transmission Service Request can be accommodated;

AND WHEREAS, Eligible Customer has requested that Manitoba Hydro prepare a Group System Impact Study in lieu of an individual System Impact Study to assess the impact of its Transmission Service Request, and other Transmission Service Requests that are part of the Group Study, on the reliability of the Transmission System, and of any other affected systems;

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein, it is agreed as follows:

- 1.0 The terms used in this Agreement shall have the meanings specified in the Manitoba Hydro Open Access Transmission Tariff.
- 2.0 Manitoba Hydro shall perform or cause to be performed a Group System Impact Study and prepare a Group System Impact Study Report in accordance with the Manitoba Hydro Open Access Transmission Tariff.
- 3.0 Manitoba Hydro estimates that it will be able to complete the Group System Impact Study Report on or before _____.
- 4.0 The estimated cost for performance of the Group System Impact Study is \$_____. The estimated cost is Manitoba Hydro's good faith estimate of its costs to perform the Group System Impact Study. The estimated cost does not include _____.

- 5.0 The scope of the Group System Impact Study (“Group Study”) shall be as set forth in the Manitoba Hydro Open Access Transmission Tariff subject to the assumptions set forth in Exhibit A of this Agreement as determined by Manitoba Hydro in consultation with the Eligible Customers participating in the Group Study.
- 6.0 The Study shall be based on the technical information provided by the Eligible Customer in Exhibit B to this Agreement. Manitoba Hydro reserves the right to request additional technical information from Eligible Customer as may become necessary during the course of the Group System Impact Study. If the technical information provided in Exhibit B to any of the Group Study Agreements is modified, incomplete, or inaccurate, the time to complete the Group System Impact Study may be extended and/or the results may be inaccurate.
- 7.0 The Group System Impact Study Report (“Group Study Report”) shall provide the following information:
- (i) Identification of any system constraints due to thermal overload or voltage limit violations resulting from the Transmission Service Request.
 - (ii) Identification of any instability or inadequately damped response to system disturbances resulting from the Transmission Service Request.
 - (iii) A preliminary identification of the scope of any Direct Assignment Facilities and/or Network Upgrades required to accommodate the Transmission Service Request.
- 8.0 All Eligible Customers participating in a Group Study shall share equally in the costs of performing a Group System Impact Study. Eligible Customer shall make an initial payment of its portion of the estimated cost for performance of the Group Study and preparation of the Group Study Report in the amount of \$_____ at the time of delivering the executed Agreement to Manitoba Hydro. Manitoba Hydro shall charge and Eligible Customer shall pay for an equal portion of all actual costs of the Group Study and Group Study Report (including the provision of supporting documentation) in excess of the deposit paid by Eligible Customer (at the time of submitting its Transmission Service Request) after completion of the Group Study Report. Such payment shall be due and payable within 30 days of the Eligible Customer being invoiced. If after completion of the Group Study Report, the deposit paid by Eligible Customer exceeds the actual costs of the Group Study and preparation of the Group Study Report, Manitoba Hydro shall refund the excess amount to the Eligible Customer within 30 days or, at the direction of the Eligible Customer, apply the excess amount towards the costs of a Facilities Study.
- 9.0 This Agreement is subject to the provisions of the Manitoba Hydro Open Access Transmission Tariff and the provisions of said Tariff are incorporated by reference herein.
- 10.0 This Agreement shall be governed and interpreted in accordance with the laws of

the Province of Manitoba.

- 11.0 This Agreement shall not be assigned without the prior written consent of the other Party.
- 12.0 Any amendments to this Agreement shall be in writing and signed by the Parties.
- 13.0 This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and terminates and supersedes all prior oral and written representations. There are no representations, conditions, warranties or agreements, express or implied, with respect to or collateral to this Agreement other than those contained or expressly incorporated herein.
- 14.0 Manitoba Hydro is an independent contractor. This Agreement shall not create the relationship of employer and employee, principal and agent, partnership or joint venture between Manitoba Hydro and Eligible Customer or between Eligible Customer and any officers, employees or agents of Manitoba Hydro.
- 15.0 Eligible Customer acknowledges that Manitoba Hydro is relying upon information provided by the Eligible Customer and other parties in the preparation of the Group Study and Group Study Report.
- 16.0 Manitoba Hydro makes no representations or warranties with respect to the accuracy, completeness, reliability or suitability of the Group Study and Group Study Report. Eligible Customer assumes any and all risk and responsibility for use of, and reliance on, the Group Study and Group Study Report. Eligible Customer disclaims and waives any rights or remedies that it might otherwise have against Manitoba Hydro in contract, tort, equity or other legal cause of action for faults, errors, defects, inaccuracies, omissions, suitability or reliability of the Group Study and Group Study Report.
- 17.0 Eligible Customer agrees to indemnify and hold harmless Manitoba Hydro and its successors and assigns from and against all actions, causes of action, claims, damages, costs, liability, debts, demands, damage to property or persons, including damages, costs and losses suffered by Manitoba Hydro and claims brought against Manitoba Hydro by any third party whatsoever, in respect of, or arising directly or indirectly out of this Agreement.
- 18.0 All products of, or resulting from, the performance of the Group Study and preparation of the Group Study Report by Manitoba Hydro in the course of performing this Agreement, including but not limited to, all information, drawings, Reports, records, documents, research notes, data, photographs, maps, materials, drafts, working drafts, documents or tangible assets and any intellectual property therein, including patent, trademark, copyrights, design and trade secrets (hereinafter collectively referred to as "Service Product") shall become the exclusive property of Manitoba Hydro immediately upon creation or assembly, notwithstanding the fact that all or a portion of the data provided by Eligible Customer may be incorporated within the Service Product. The Eligible Customer shall have no right to copy, modify, amend, alter, sell, lend or dispense of any such Service Products in any manner for any reason.

- 19.0 The Eligible Customer shall have no right to use the Service Products except for the purpose of determining whether the Eligible Customer shall proceed with having Manitoba Hydro perform a Facilities Study either individually or as part of a Group Study.
- 20.0 Neither Party shall be considered in default as to any obligation under this Agreement if prevented from fulfilling the obligation due to an event of Force Majeure. However, a Party whose performance under this Agreement is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Agreement. Neither Party shall be relieved of liability for failure of performance to the extent that such failure is due to a remediable cause which it fails to remove or remedy within a reasonable period of time.
- 20.1 In this Agreement, an event of "Force Majeure" means any act of God, labour disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's reasonable control which cause could not have been avoided by the exercise of Good Utility Practice. A Force Majeure event does not include an act of negligence or intentional wrongdoing or economic hardship or insolvency.
- 20.2 If there is a Force Majeure event that has affected a Party's ability to perform its obligations under this Agreement the Party shall forthwith (and in any event no later than the end of the next business day after it first becomes aware that an occurrence constitutes a Force Majeure event) notify the other Party in writing of the reasons why it believes the occurrence constitutes a Force Majeure event, identifying the nature of the event, its expected duration, and the particulars of the obligations affected by the event, and furnish to the other Party reports with respect to the Force Majeure event at such intervals as the other Party may reasonably request during the continuance of the Force Majeure event.
- 20.3 If there is a Force Majeure event affecting a Party's ability to perform its obligations under this Agreement, the Party shall be prompt and diligent in removing, if practicable, the cause of such inability to perform, but nothing in this Agreement shall be construed as permitting a Party to continue to fail to perform after said cause has been removed. Notwithstanding the foregoing, a Party shall not be obligated to agree to any settlement of a strike or labour dispute which, in that Party's sole opinion, may be inadvisable or detrimental.
- 21.0 This Agreement shall become effective upon execution and shall continue in full force and effect until the earlier of: (i) the Parties mutual agreement to terminate this Agreement; (ii) termination for breach pursuant to Section 22.0 of this Agreement; or (iii) completion of the Parties' obligations hereunder. Notwithstanding the foregoing, Sections 14.0 through and including 19.0 shall survive termination of this Agreement.
- 22.0 Either Party may terminate this Agreement upon ___ days notice to the other

Party of a breach by the other Party of this Agreement provided that such breach remains uncured during such _____ day period and further, provided that such terminating Party complies with any and all applicable laws, rules and regulations relating to such termination.

23.0 Eligible Customer shall remain liable to Manitoba Hydro for costs of the Group Study already incurred, costs of the Group Study that cannot be reasonably avoided and for the costs of terminating the Group Study.

24.0 This Agreement may be executed in any number of counterparts, including counterparts signed by facsimile, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. A photocopied and/or facsimile copy of this Agreement bearing a signature of each Party, in a single document or as counterparts thereof as provided for herein, shall be deemed an original executed version of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

Manitoba Hydro

[Insert name of Eligible Customer]

By: _____
Name (typed or printed): _____
Title: _____

By: _____
Name (typed or printed): _____
Title: _____

EXHIBIT A
to
GROUP SYSTEM IMPACT STUDY AGREEMENT

EXHIBIT B
TO
GROUP SYSTEM IMPACT STUDY AGREEMENT

ATTACHMENT D-2

Form of Facilities Study Agreement

THIS AGREEMENT is made and entered into this ____ day of _____, 20__ by and between _____, [corporate description of Eligible Customer] existing under the laws of _____, sometimes hereinafter referred to as “Eligible Customer,” and Manitoba Hydro, a Crown Corporation incorporated pursuant to The Manitoba Hydro Act, R.S.M. 1987, c.H190. Eligible Customer and Manitoba Hydro each may be referred to as a “Party,” or collectively as the “Parties.”

RECITALS

WHEREAS, Eligible Customer has submitted a Completed Application (the “Application”) for Firm Point-To-Point Transmission Service pursuant to Section 17.2 of the Manitoba Hydro Open Access Transmission Tariff (the “Tariff”) or for Network Integration Transmission Service pursuant to Section 29.2 of the Tariff;

WHEREAS, the System Impact Study by Manitoba Hydro indicated that additions or upgrades to the Transmission System are needed to supply the service requested in the Application; and

WHEREAS, Eligible Customer has requested that Manitoba Hydro prepare a Facilities Study to review alternatives and detail the facilities identified in the System Impact Study as needed to reliably satisfy the Eligible Customer’s request for service;

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein, it is agreed:

ARTICLE 1

DEFINITIONS

The terms used in this Agreement with initial capitalization shall have the meanings specified in the Tariff.

ARTICLE 2

TERM AND TERMINATION

- 2.1 Effective Date.** This Agreement shall become effective on the date on which this Agreement is made and entered into by the Parties.
- 2.2 Term.** This Agreement shall become effective as provided in Section 2.1 and shall continue in full force and effect until (i) the Parties agree to mutually terminate this Agreement, (ii) _____ months after the date of this Agreement; or (iii) earlier termination as provided for under this Agreement.
- 2.3 Termination for Breach.** Either Party may terminate this Agreement upon _____ days notice to the other Party of a breach by the other Party of this Agreement provided that such breach remains uncured during such ____ day period and further, provided that such terminating Party complies with any and all applicable laws, rules and regulations relating to such termination.
- 2.4 Liability on Termination.** Eligible Customer shall remain liable to Manitoba Hydro for costs of the Facilities Study already incurred, costs of the Facilities Study that cannot be reasonably avoided and for the costs of terminating the Facilities Study.

ARTICLE 3

STUDY

- 3.1 Study.** Manitoba Hydro shall perform a Facilities Study in accordance with the applicable provisions of the Tariff. All terms and conditions of the Tariff are incorporated herein by reference.

- 3.2 Scope.** The scope of the Facilities Study shall be as set forth in the Tariff and shall be subject to the data and other information provided in the Application. The data and other information provided in connection with the System Impact Study Agreement, any additional information, assumptions or procedures set forth in Exhibit A of this Agreement, the results of the System Impact Study attached as Exhibit B of this Agreement, and any additional information provided pursuant to this Agreement. Eligible Customer shall review the data and information that it has provided to Manitoba Hydro and provide updated data and information upon request of Manitoba Hydro. Manitoba Hydro will advise Eligible Customer of additional information as may be reasonably deemed necessary by Manitoba Hydro to complete the Facilities Study. Such additional information shall be obtained only if required by Good Utility Practice and shall be subject to the consent of Eligible Customer, not to be unreasonably withheld, conditional or delayed.
- 3.3 Coordination.** Manitoba Hydro will coordinate the Facilities Study with all affected transmission owner(s) and/or their respective Regional Transmission Organizations. If the required study coordination effort increases the expected study scope, study cost or delays the expected completion date, Manitoba Hydro will inform the Eligible Customer. Eligible Customer acknowledges and agrees that Manitoba Hydro will provide all Confidential Information and/or study data that is reasonably needed by transmission owners participating in the Facilities Study to any affected RTO's, and to other parties as may be required by the Tariff or applicable federal, provincial or local law, rule or regulation.
- 3.4 Estimated Time.** The estimated time for completion of the Facilities Study is ___days. Manitoba Hydro shall use due diligence to complete the Facilities Study within the estimated time.

- 3.5 Representative.** Eligible Customer shall appoint and make available to Manitoba Hydro a designated and authorized representative through which Manitoba Hydro can coordinate work pertaining to the Facilities Study.

ARTICLE 4

COSTS AND PAYMENTS

- 4.1 Estimated Cost.** The estimated cost for performance of the Facilities Study is \$_____ plus Goods and Services Tax. The estimated cost is Manitoba Hydro's good faith estimate of its costs to perform the Facilities Study. The estimated cost does not include _____. Eligible Customer acknowledges that the estimate may be revised as provided in Section 19.5 of the Tariff. Eligible Customer shall reimburse Manitoba Hydro in full for performing the Facilities Study plus Goods and Services Tax. These reimbursements shall include payment for all actual costs of the Facilities Study.

- 4.2 Deposit and Payment.** The Eligible Customer shall submit with this Facilities Study Agreement a refundable deposit in the amount of \$_____ (the "Deposit"). The Deposit will be applied toward the costs of the Facilities Study to be reimbursed by the Eligible Customer pursuant to Paragraph 4.1 of this Agreement. Manitoba Hydro shall refund to the Eligible Customer any portion of the Deposit that exceeds the amount of the costs to be reimbursed pursuant to Paragraph 4.1, and shall invoice the Eligible Customer, from time to time, for the amount(s) by which costs to be reimbursed pursuant to Paragraph 4.1 exceed the amount of the Deposit and any prepayments. The Eligible Customer shall pay any such invoice within _____ days of receipt.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

Manitoba Hydro

[Insert name of Eligible Customer]

By: _____

By: _____

Name (typed or printed): _____

Name (typed or printed): _____

Title: _____

Title: _____

EXHIBIT A
to
Facilities Study Agreement

The Facilities Study will be based upon the following additional information, assumptions and simulated reliability test procedures:

ATTACHMENT D-2(G)

FORM OF GROUP FACILITIES STUDY AGREEMENT

THIS AGREEMENT is made and entered into this ____ day of _____, 20__ by and between _____, [corporate description of Eligible Customer] existing under the laws of the Province of _____, sometimes hereinafter referred to as "Eligible Customer," and Manitoba Hydro, a corporation incorporated pursuant to the provisions of *The Manitoba Hydro Act*, C.C.S.M. c.H190. Eligible Customer and Manitoba Hydro each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, Eligible Customer has submitted a Completed Application for (Firm Point-to-Point or Network Integration) Transmission Service ("Transmission Service Request") to Manitoba Hydro pursuant to the terms and conditions of the Manitoba Hydro Open Access Transmission Tariff for ____ MW of transmission capacity with the following specifications:

AND WHEREAS the Group System Impact Study provided by Manitoba Hydro indicated that additions or upgrades to the Transmission System are needed to accommodate the Transmission Service Request;

AND WHEREAS, the Eligible Customer has requested that Manitoba Hydro prepare a Group Facilities Study, in lieu of an individual Facilities Study, to determine the facilities necessary to accommodate the Transmission Service Request, and to address any reliability problems identified in the Group System Impact Study;

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein, it is agreed as follows:

- 1.0 The terms used in this Agreement with initial capitalization shall have the meanings specified in the Manitoba Hydro Open Access Transmission Tariff.
- 2.0 Manitoba Hydro shall perform or cause to be performed a Group Facilities Study ("Study") and prepare a Group Facilities Study Report in accordance with the Manitoba Hydro Open Access Transmission Tariff, subject to the assumptions set forth in Exhibit A of this Agreement .
- 2.1 The scope of the Group Facilities Study shall be as set forth in the Tariff and shall be subject to the data and other information provided in the Transmission

Service Request, the data and other information provided in connection with the System Impact Study Agreement, any additional information, assumptions or procedures set forth in Exhibit A of this Agreement, the results of the System Impact Study attached as Exhibit B of this Agreement, and any additional information provided pursuant to this Agreement. Eligible Customer shall review the data and information that it has provided to Manitoba Hydro and provide updated data and information upon request of Manitoba Hydro. Manitoba Hydro will advise Eligible Customer of additional information as may be reasonably deemed necessary by Manitoba Hydro to complete the Group Facilities Study. Such additional information shall be obtained only if required by Good Utility Practice and shall be subject to the consent of Eligible Customer, not to be unreasonably withheld, conditional or delayed.

- 2.2 Manitoba Hydro shall coordinate the Facilities Study with all affected transmission owner(s) and/or their respective Regional Transmission Organizations. If the required study coordination effort increases the expected study scope, study cost or delays the expected completion date, Manitoba Hydro will inform the Eligible Customer. Eligible Customer acknowledges and agrees that Manitoba Hydro will provide all Confidential Information and/or study data that is reasonably needed by transmission owners participating in the Group Facilities Study (“Group Study”) to any affected RTOs, and to other parties as may be required by the Tariff or applicable federal, provincial or local law, rule or regulation.
- 2.3 Manitoba Hydro estimates that the Group Facilities Study Report (“Group Study Report”) will be complete on or before _____.
- 2.4 The estimated cost for performance of the Group Facilities Study is \$_____. The estimated cost is Manitoba Hydro’s good faith estimate of its costs to perform the Facilities Study. The estimated cost does not include: _____.
- 3.0 The Group Study shall be based on the results of the Group System Impact Study performed for the Transmission Service Request. Manitoba Hydro reserves the right to request additional technical information from the Eligible Customer as may become necessary during the course of the Group Study. If technical information provided by the Eligible Customer or other Eligible Customers participating in the Group Study is modified, incomplete, or inaccurate, the time to complete the Group Study may be extended and/or the results may be inaccurate.
- 4.0 The final Group Study Report shall provide the following information for each Eligible Customer participating in the Group Study:
- (i) Identification of the Direct Assignment Facilities and Network Upgrades;

- (ii) A non-binding good faith estimate of the total cost and each Eligible Customer's allocation of said total cost to install the Direct Facilities and/or Network Upgrades;
- (iii) A good faith estimate of the schedule to complete the installation of the Direct Assignment Facilities and/or Network Upgrades and provide the requested Transmission Service.

5.0 All Eligible Customers participating in a Group Study shall share equally in the Group Study cost. Eligible Customer shall make an initial payment of its portion of the estimated cost for performance of the Group Study and preparation of the Group Study Report in the amount of \$_____ at the time of delivering the executed Agreement to Manitoba Hydro. Manitoba Hydro shall charge and Eligible Customer shall pay its allocated share of all actual costs of the Group Study and Study Report after completion of the Group Study Report. Such payment shall be due and payable within 30 days of the Eligible Customer being invoiced.

If after completion of the Group Study Report, the deposit paid by the Eligible Customer exceeds the actual costs of the Group Study and preparation of the Group Study Report, Manitoba Hydro shall refund the excess amount to the Eligible Customer within 30 days or, at the direction of the Eligible Customer, apply the excess amount towards the costs to be paid by the Eligible Customer pursuant to a Facilities Construction Agreement.

- 6.0 This Agreement is subject to the provisions of the Manitoba Hydro Open Access Transmission Tariff and the provisions of said Tariff are incorporated by reference herein.
- 7.0 This Agreement shall be governed and interpreted in accordance with the laws of the Province of Manitoba.
- 8.0 This Agreement shall not be assigned without the prior written consent of the other Party.
- 9.0 Any amendments to this Agreement shall be in writing and signed by the Parties.
- 10.0 This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and terminates and supersedes all prior oral and written representations. There are no representations, conditions, warranties or agreements, express or implied, with respect to or collateral to this Agreement other than those contained or expressly incorporated herein.
- 11.0 Manitoba Hydro is an independent contractor. This Agreement shall not create

the relationship of employer and employee, principal and agent, partnership or joint venture between Manitoba Hydro and the Eligible Customer or between the Eligible Customer and any officers, employees or agents of Manitoba Hydro.

- 12.0 Eligible Customer acknowledges that Manitoba Hydro is relying upon information provided by the Eligible Customer and other parties in the preparation of the Group Study and Group Study Report.
- 13.0 Manitoba Hydro makes no representations or warranties with respect to the accuracy, completeness, reliability or suitability of the Group Study and Group Study Report. Eligible Customer assumes any and all risk and responsibility for use of, and reliance on, the Group Study and Group Study Report. Eligible Customer disclaims and waives any rights or remedies that it might otherwise have against Manitoba Hydro in contract, tort, equity or other legal cause of action for faults, errors, defects, inaccuracies, omissions, suitability or reliability of the Group Study and Group Study Report.
- 14.0 Eligible Customer agrees to indemnify and hold harmless Manitoba Hydro and its successors and assigns from and against all actions, causes of action, claims, damages, costs, liability, debts, demands, damage to property or persons, including damages, costs and losses suffered by Manitoba Hydro and claims brought against Manitoba Hydro by any third party whatsoever, in respect of, or arising directly or indirectly out of this Agreement.
- 15.0 All products of, or resulting from, the performance of the Group Study and preparation of the Group Study Report by Manitoba Hydro in the course of performing this Agreement, including but not limited to, all information, drawings, Reports, records, documents, research notes, data, photographs, maps, materials, drafts, working drafts, documents or tangible assets and any intellectual property therein, including patent, trademark, copyrights, design and trade secrets (hereinafter collectively referred to as "Service Product") shall become the exclusive property of Manitoba Hydro immediately upon creation or assembly, notwithstanding the fact that all or a portion of the data provided by the Eligible Customer may be incorporated within the Service Product. The Eligible Customer shall have no right to copy, modify, amend, alter, sell, lend or dispense of any such Service Products in any manner for any reason.
- 16.0 The Eligible Customer shall have no right to use the Service Products except for the purpose of determining whether the Eligible Customer shall proceed with having Manitoba Hydro construct the necessary facilities and/or upgrades to provide the requested Transmission Service pursuant to a Facilities Construction Agreement or for the purpose of fulfilling the Eligible Customer's obligations pursuant to a Facilities Construction Agreement.
- 17.0 Neither Party shall be considered in default as to any obligation under this

Agreement if prevented from fulfilling the obligation due to an event of Force Majeure. However, a Party whose performance under this Agreement is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Agreement. Neither Party shall be relieved of liability for failure of performance to the extent that such failure is due to a remediable cause which it fails to remove or remedy within a reasonable period of time.

- 17.1 In this Agreement, an event of "Force Majeure" means any act of God, labour disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's reasonable control which cause could not have been avoided by the exercise of Good Utility Practice. A Force Majeure event does not include an act of negligence or intentional wrongdoing or economic hardship or insolvency.
- 17.2 If there is a Force Majeure event that has affected a Party's ability to perform its obligation under this Agreement the Party shall forthwith (and in any event no later than the end of the next business day after it first becomes aware that an occurrence constitutes a Force Majeure event) notify the other Party in writing of the reasons why it believes the occurrence constitutes a Force Majeure event, identifying the nature of the event, its expected duration, and the particulars of the obligations affected by the event, and furnish to the other Party reports with respect to the Force Majeure event at such intervals as the other Party may reasonably request during the continuance of the Force Majeure event.
- 17.3 If there is a Force Majeure event affecting a Party's ability to perform its obligations under this Agreement, the Party shall be prompt and diligent in removing, if practicable, the cause of such inability to perform, but nothing in this Agreement shall be construed as permitting a Party to continue to fail to perform after said cause has been removed. Notwithstanding the foregoing, a Party shall not be obligated to agree to any settlement of a strike or labour dispute which, in that Party's sole opinion, may be inadvisable or detrimental.
- 18.0 This Agreement shall become effective upon execution and shall continue in full force and effect until the earlier of: (i) the Parties mutual agreement to terminate this Agreement; or (ii) termination for breach as provided in Section 18.1 of this Agreement; or (iii) completion of the Parties' obligations hereunder. Notwithstanding the foregoing, Sections 11.0 through and including 16.0 shall survive termination of this Agreement.
- 18.1 Either Party may terminate this Agreement upon ___ days notice to the other Party of a breach by the other Party of this Agreement provided that such breach remains uncured during such _____ day period and further provided that such

terminating Party complies with any and all applicable laws, rules and regulations relating to such termination.

18.2 Eligible Customer shall remain liable to Manitoba Hydro for costs of the Group Facilities Study already incurred, costs of the Group Facilities Study that cannot be avoided and for the costs of terminating the Group Facilities Study.

19.0 This Agreement may be executed in any number of counterparts, including counterparts signed by facsimile, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. A photocopied and/or facsimile copy of this Agreement bearing a signature of each Party, in a single document or as counterparts thereof as provided for herein, shall be deemed an original executed version of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

Manitoba Hydro

[Insert name of Eligible Customer]

By: _____
Name (typed or printed): _____
Title: _____

By: _____
Name (typed or printed): _____
Title: _____

Exhibit A
to
Group Facilities Study Agreement For _____ (name of Eligible
Customer)

The Group Facilities Study will be based on the following assumptions:

Exhibit B
System Impact Study

ATTACHMENT E

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ATTACHMENT F

**Service Agreement for
Network Integration Transmission Service**

- 1.0 This Service Agreement, dated as of _____, is entered into, by and between Manitoba Hydro (the "Transmission Provider"), and _____ (the "Network Customer").
- 2.0 The Network Customer has been determined by the Transmission Provider to have a Completed Application for Network Integration Transmission Service under the Tariff.
- 3.0 The Network Customer has provided to the Transmission Provider an Application deposit in the amount of \$_____, in accordance with the provisions of Section 29.2 of the Tariff.
- 4.0 Service under this agreement shall commence on the later of: (1) the requested Service Commencement Date; or (2) the date on which construction of all interconnection equipment, any Direct Assignment Facilities and/or Network Upgrades are completed; or (3) the date on which a Network Operating Agreement is executed and all requirements of said Agreement have been completed. Service under this agreement shall terminate on _____.
- 5.0 The Transmission Provider agrees to provide and the Network Customer agrees to take and pay for Network Integration Transmission Service in accordance with the provisions of Part III of the Tariff and this Service Agreement.

6.0 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:

Network Customer:

7.0 No failure by the Transmission Provider or the Network Customer at any time or from time to time to enforce or require a strict observance of any of the provisions of this Service Agreement shall constitute a waiver of the provision or affect or impair such provisions or the right of the Transmission Provider or the Transmission Customer at any time to enforce such provisions or to avail itself of any remedy it may have.

8.0 The Tariff, the attached Specifications for Network Integration Transmission Service, and the Network Operating Agreement between the Transmission Provider and the Network Customer are incorporated herein and made a part hereof.

9.0 Applicable taxes shall be added to all charges set forth in the Tariff.

10.0 This Service Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors and assigns, but shall not be assigned by either Party without the written consent of the other Party.

5.0 Detailed description of each Network Resource, including any operating restrictions:

a) Network Customer Owned Generation:

Resource	Capacity	Capacity Designated as Network Resource
_____	_____	
_____	_____	

b) Generation Purchased by Network Customer:

Resource	Capacity	Capacity Designated as Network Resource
_____	_____	
_____	_____	

c) Total Network Resources:

6.0 Detailed description of the Transmission Customer’s anticipated use of Transmission Provider’s interfaces:

7.0 Description of any transmission system owned or controlled by the Transmission Customer:

8.0 Name(s) of any Intervening Transmission Providers:

9.0 Calculation of Load Ratio Share:

$$\frac{\text{Network Customer's Monthly Network Load}}{\text{Transmission Provider's Monthly Transmission System Load}} =$$

10.0 The Network Customer agrees to take the following Ancillary Services from the Transmission Provider:

		Source
1.	Scheduling, System Control and Dispatch	Yes
2.	Reactive Supply and Voltage Control	Yes
3.	Regulation and Frequency Response	_____*
4.	Energy Imbalance	_____*
5.	Spinning Reserve	_____*
6.	Supplemental Reserve	_____*

* If "No", indicate source of this service

11.0 Description of required Direct Assignment Facilities:

12.0 In addition to the Monthly Demand Charge for Transmission Service (Load Ratio Share x (1/12) Annual Transmission Revenue Requirement) and charges for Ancillary Services

as set forth in the Tariff, the Network Customer will be subject to the following charges:

12.1 System Impact and/or Facilities Study Charge(s):

12.2 Direct Assignment Facilities Charges:

12.3 Redispatch Charges:

12.4 Network Upgrade Charges:

13.0 Credit for Network Customer Owned Transmission Facilities (per s.30.9 of Tariff):

ATTACHMENT G

Network Operating Agreement

I N D E X

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SCHEDULE B: INFORMATION REQUIREMENTS

NETWORK OPERATING AGREEMENT

THIS NETWORK OPERATING AGREEMENT, made and entered into this day of _____, _____, by and between (hereinafter referred to as “Network Customer”), a (legal/corporate description of Network Customer), and Manitoba Hydro (hereinafter referred to as “Transmission Provider”). Network Customer and Transmission Provider may be hereinafter referred to individually as “Party” and collectively as “Parties” where appropriate.

In consideration of the mutual covenants and agreements herein contained, the Parties hereto covenant and agree as follows:

ARTICLE I PURPOSE

- 1.1 This Agreement defines the terms and conditions under which the Network Customer shall operate its facilities, the interconnections between the Parties and associated responsibilities, the operational procedures to be utilized by the Parties, and any other technical or operational requirements needed for implementation of Network Integration Transmission Service under the Transmission Provider’s Transmission Tariff (the “Tariff”).

ARTICLE II DEFINITIONS

- 2.1 Unless specified otherwise, the capitalized terms shall be defined in accordance with the

definitions contained in Part I of the Tariff.

- 2.2 **Interconnection Equipment:** The equipment specified by the Parties as Interconnection Equipment in the Interconnection Agreement between the Parties.
- 2.3 **MRO:** The Midwest Reliability Organization.
- 2.4 **NERC:** The North American Electric Reliability Corporation.
- 2.5 **Control Area Operator:** A Control Area Operator is a party that operates a NERC-recognized Control Area as defined in the Tariff and is responsible for meeting all policies, procedures and guidelines established by NERC and any applicable Regional Reliability Council(s).

ARTICLE III RELIABILITY STANDARDS

- 3.1 **Adherence to Reliability Standards:** The Network Customer shall plan, construct, operate and maintain its facilities and system in accordance with Good Utility Practice, which shall include, but not be limited to, all applicable standards, rules, procedures or guidelines of NERC and the MRO as they may be modified from time to time, except to the extent modified by Manitoba law.
- 3.2 **Reliability Reporting:** The Network Customer shall be responsible for providing to the Transmission Provider in a timely manner all information required by NERC and the MRO.

**ARTICLE IV
CONTROL AREA RESPONSIBILITY**

- 4.1 **Control Area Requirements:** Pursuant to section 35.2 of the Tariff, the Network Customer shall: (1) operate as a Control Area Operator under applicable guidelines of NERC and the MRO, or (2) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with the Transmission Provider; or (3) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with another Control Area Operator which can satisfy those requirements in a manner that is consistent with Good Utility Practice and which satisfies NERC and MRO requirements.

**ARTICLE V
NETWORK RESOURCES**

- 5.1 **Reserves:** The Network Customer shall maintain or provide for generating capacity planning and operating reserves consistent with MAPP Reliability Council guidelines. If the Network Customer's designated Network Resources are judged not to meet the accreditation guidelines or the Network Customer's generating capacity reserves are inadequate to meet the MAPP Reliability Council guidelines, the Customer shall pay any and all applicable charges or penalties imposed on the Transmission Provider.

**ARTICLE VI
REDISPATCH PROCEDURES**

- 6.1 **Right to Redispatch Network Resources:** If the Transmission Provider determines or is advised by a NERC Reliability Coordinator that redispatching Network Resources (including reductions in off-system purchases and sales) to relieve an existing or

potential transmission constraint is the most effective way to ensure the reliable operation of the Transmission System, the Transmission Provider shall have the right to direct redispatch of the Transmission Provider's and the Network Customers' Network Resources on a least-cost basis, without regard to the ownership of such Network Resources. The Network Customer shall respond immediately to directions to redispatch from the Transmission Provider. Redispatch shall be implemented consistent with the Transmission Provider's contractual obligations and its practices and procedures for its own Network Resources in effect from time to time.

- 6.2 **Reliability Redispatch Cost:** Pursuant to s.33.3 of the Tariff, the Transmission Provider and the Network Customer shall each bear a proportionate share of the total redispatch cost based on their respective Load Ratio Shares, unless specified otherwise in a policy developed by the Network Operating Committee. The total redispatch cost shall be the greater of (i) verifiable opportunity costs or; (ii) current verifiable start up, shut down incremental and decremental costs of changing the generation output of the applicable Network Resources.
- 6.3 **Cost Data:** The Network Customer shall submit to the Transmission Provider the (i) verifiable opportunity costs and (ii) current verifiable start up, shut down, incremental and decremental cost data for its Network Resources, which estimate the cost to the Network Customer of changing the generation output of each of its Network Resources. This cost data along with similar data for the Transmission Provider shall be used as the basis for determining least-cost redispatch. The Transmission Provider shall keep this data confidential, except where disclosure is required by Canadian law. If the Network Customer experiences changes to its costs, the Network Customer shall submit those changes to the Transmission Provider.
- 6.4 **Audits:** The Network Customer may audit, at its own expense, particular redispatch events (such as the cause or necessity of the redispatch) during normal business hours following reasonable notice to the Transmission Provider. If an audit conducted

pursuant to this section reveals that the Transmission Provider's Network Resources have been redispatched in preference to lower cost alternatives for reasons other than an emergency, the cost of the audit shall be borne by the Transmission Provider. In addition to the right to audit redispatch events, both the Transmission Provider and the Network Customer may request an audit of the other Party's redispatch cost data. Any audit of redispatch cost data shall be performed by an independent agent at the requesting Party's cost. Such independent agent shall be a nationally recognized accounting firm and shall be required to keep all cost data confidential to the extent permitted by Canadian law.

ARTICLE VII

FACILITY CONNECTION AND OPERATING REQUIREMENTS

- 7.1 **Interconnection Equipment:** The Network Customer's Interconnection Equipment shall meet all standards of Good Utility Practice and the Transmission Provider's Transmission System Interconnection Requirements as in effect from time to time. Interconnection Equipment shall be installed, maintained and repaired at the Network Customer's expense, with the exception of cost-shared facilities as determined by the Network Operating Committee.
- 7.2 **Load Shedding Equipment:** The Network Customer shall, at its own expense, provide, operate and maintain in service high-speed load shedding equipment as specified by the Transmission Provider. The Parties shall test and inspect their load shedding scheme in accordance with procedures and schedules determined by the Network Operating Committee. A Party may request a test of the other Party's load shedding scheme with reasonable notice.
- 7.3 **Connection Requirements:** The Network Customer shall comply with the Transmission Provider's Transmission System Interconnection Requirements as

published and as in effect from time to time for new and existing generation facilities, transmission facilities and electricity end-user facilities.

- 7.4 **New Generators:** The Network Customer shall not connect any new or re-rated generators after execution of this Agreement except pursuant to the Transmission Provider's Open Access Interconnection Tariff. Any generating facilities owned by third parties that are connected after the date of execution of this Agreement shall comply with the Transmission System Interconnection Requirements established by the Transmission Provider as in effect from time to time. If any generating facilities referred to in this section incorporate a synchronous generator, the Network Customer shall furnish, install and maintain equipment necessary to establish and maintain synchronism with the Transmission Provider's transmission system.
- 7.5 **Switching:** The Network Customer shall comply with all of the guidelines and operating instructions issued by the Transmission Provider and shall not conduct any switching on Critical Facilities (as defined by the Network Operating Committee) or other activity likely to affect the Transmission Provider's System without first contacting and receiving the consent of the Transmission Provider.
- 7.6 **Power and Energy Flow:** The Parties recognize the interconnected nature of the Transmission Provider's transmission system and that operating and technical problems may arise in the control of the frequency and in the flow of real and reactive power over the Parties interconnected transmission systems. The Network Operating Committee shall adopt operating rules and procedures as necessary to ensure that as far as practicable, the delivery and receipt of real and reactive power and energy hereunder shall be accomplished in a manner that causes the least interference with such interconnected systems. The Network Operating Committee shall also, from time to time as necessary, determine methods to ensure the maximum delivery of power and energy at the delivery points and at such additional or alternate delivery points as may be established by the Parties.
- 7.7 **Regulating Reserve:** The Network Customer shall meet its Load Ratio Share of

Regulating Reserve carried by the Transmission Provider (in accordance with NERC or MRO requirements) by either:

- a) purchasing Regulation and Frequency Response Service from the Transmission Provider pursuant to Schedule 3 of the Tariff; or
- b) contributing or arranging for a third party to contribute generating resources to meet the Regulating Reserve requirement.

7.8 **Self Supply and Third Party Supply:** A Network Customer who does not purchase Regulation and Frequency Response Service from the Transmission Provider shall either operate its generating resources or ensure that the supplier of such service operates its generating resources so as to comply with all NERC and MRO requirements.

7.9 **System Operations:** If at any point in time, in the Transmission Provider's sole judgment, the Network Customer is operating its equipment in a manner that would adversely impact the quality of service to the Transmission Provider's customers, reliability or safe operation of the Transmission Provider's transmission system, the Transmission Provider may discontinue Network Integration Transmission Service without notice if necessary, until such time as the condition has been corrected.

7.10 **Emergencies:** If, in the Transmission Provider's sole judgment, an emergency exists or significant adverse impact is imminent, Transmission Service to the Network Customer may be discontinued without notice. The Transmission Provider has the right to direct the Network Customer to take whatever actions the Transmission Provider deems necessary in response to an emergency including, but not limited to: running generation at maximum or minimum capability, voltage reduction, load shedding, transferring load between delivery points, public appeals for load reduction, implementation of interruptible load programs and bringing stand-by and idle generation into service.

7.11 **Curtailment Procedures (s.33.1 of Tariff):** The Transmission Provider reserves the

right to Curtail Transmission Service to the Network Customer, in whole or in part, when the Transmission Provider determines that a transmission constraint exists on the Transmission System or on systems directly and indirectly interconnected with the Transmission System. Such Curtailments shall be made pursuant to sections 33.4 and 33.5 of the Tariff and all operating guidelines of the Transmission Provider. In the event of a failure to respond to Curtailment directions or procedures or follow operating guidelines, the Network Customer shall indemnify the Transmission Provider for any costs, penalties or damages arising from such failure to respond as directed or follow operating guidelines.

- 7.12 **Load Shedding Procedures:** The Parties shall implement load shedding programs to maintain the reliability and integrity of the Transmission System. Load shedding shall include: (1) automatic load shedding relay or (2) manual load shedding. The Transmission Provider shall implement load shedding to maintain the relative sizes of load served, unless otherwise required by circumstances beyond the control of the Transmission Provider or the Network Customer. Automatic load shedding devices shall operate without notice. When manual load shedding is necessary, the Transmission Provider shall notify the Network Customer's operators or schedulers of the required action and the Network Customer shall comply within the time specified by the Transmission Provider. In the event that the Network Customer fails to respond to the Transmission Provider's directions to shed load, the Network Customer shall indemnify the Transmission Provider for all costs, penalties or damages arising from such failure to respond as directed.
- 7.13 **Reliability:** Insofar as practicable, the Network Customer shall protect, operate and maintain its system consistent with Good Utility Practice so as to avoid or minimize the likelihood of disturbances which might cause impairment of services on other systems.

ARTICLE VIII

MAINTENANCE AND REPAIR OF FACILITIES

8.1 **Submission of Schedules:** The Network Operating Committee shall establish procedures to coordinate the maintenance schedules of the generating resources and transmission and substation facilities, to the greatest extent practical, to ensure sufficient transmission resources are available to maintain system reliability and reliability of service. Prior to the effective date of this Agreement and thereafter by December 1st of each year, the Network Customer shall provide to the Transmission Provider the maintenance schedules and planned outages of each Critical Facility (as defined by the Network Operating Committee) for the next year and update the information at least thirty (30) days in advance of the date specified for the forecasted maintenance outage. Such information shall include, but not be limited to the expected time that the Critical Facility will be separated from the system and the time at which the Critical Facility is available for:

- a) synchronizing/parallel operation;
- b) loading; and
- c) if applicable, to be put on automatic generation control.

8.2 **Scheduled Maintenance:** The Network Customer shall obtain:

- (a) Concurrence from the Transmission Provider, at least forty-eight (48) hours before beginning any scheduled maintenance of its Critical Facilities; and
- (b) Clearance from the Transmission Provider when the Network Customer is ready to begin maintenance on a Critical Facility.

8.3 **Unscheduled Outages:** The Network Customer shall immediately notify the Transmission Provider at the time when any unscheduled or forced outages occur and again when such unscheduled or forced outages end. The Network Customer shall notify and coordinate with the Transmission Provider prior to placing a Critical Facility back in service.

- 8.4 **Failure to Maintain:** If the Transmission Provider in its reasonable judgment determines that the Network Customer's Interconnection Equipment is, in any substantial respect, being maintained otherwise than in accordance with Good Utility Practice or the provisions of this Agreement, the Transmission Provider may so notify the Network Customer in writing. Within thirty (30) days of the date of notification, the Network Customer shall conform its maintenance practices to the requirements of Good Utility Practice and of this Agreement. In the event that the Network Customer fails to bring its maintenance practices into conformance with said requirements within that thirty (30) day period, the Transmission Provider may immediately de-energize the interconnection between the Network Customer and the Transmission Provider until the Network Customer has conformed its maintenance practices as provided herein or seek any other remedy available at law.

ARTICLE IX MODIFICATIONS TO FACILITIES

- 9.1 **Notice of Modifications:** The Network Customer shall give the Transmission Provider adequate written notice of any modification or replacement of the Network Customer's Interconnection Equipment. All additions, modifications or replacements must meet the requirements of this Agreement and all standards of Good Utility Practice. If the Network Customer makes changes without notice to the Transmission Provider, and if the Transmission Provider has reasonable cause to believe that the changes may create dangerous conditions, the Transmission Provider may immediately and without notice de-energize the interconnection between the Network Customer and the Transmission Provider. Such de-energizing shall take place in accordance with procedures, if any, developed by the Network Operating Committee.
- 9.2 **Changing Requirements:** The Network Customer at its expense, shall change the

Network Customer's Interconnection Equipment as may be reasonably required by the Transmission Provider or as may otherwise be required to conform to Good Utility Practice to meet changing requirements of the Transmission Provider's system.

- 9.3 **De-energization:** In the event that de-energization of the interconnection is required by the provisions of this Agreement, the Transmission Provider will only de-energize the interconnection at the affected delivery points.

ARTICLE X METERING AND RECORDS

- 10.1 **Revenue Metering:** Unless otherwise agreed, the Network Customer shall be responsible for installing and maintaining compatible metering and communications equipment to accurately account for the capacity and energy being transmitted pursuant to the Network Integration Transmission Service Agreement between the Parties. Meters shall be installed (including verification and sealing), maintained, repaired and replaced in accordance with the provisions of the Electricity and Gas Inspection Act (R.S.C. 1985, c.E-4) as amended from time to time and any regulations thereunder and any policies developed by the Network Operating Committee.
- 10.2 **Revenue and Operational Metering:** Metering equipment shall consist of meters approved for revenue metering by Industry Canada potential and current transformers and such other devices or equipment as shall be necessary to give the instantaneous values of kilowatts and kilovars, and an automatic record of kilowatt-hours for each clock hour. When there is a possibility of flows of electricity in either direction, metering equipment shall be installed to provide metering data for each direction of flow. The specific types of metering equipment, timing devices, locations of meters, the details of the metering arrangement and the records to be kept shall be as specified by the

Transmission Provider in Schedule A hereto.

10.3 **Revenue Meter Readings:** The Network Customer shall read the meters required under this Agreement on the last day of each month, except as may be mutually agreed by the Parties, and shall furnish to the Transmission Provider all meter readings and other information required for operators and for billing purposes by the end of the first working day of each month. Such information shall remain available to the Transmission Provider for three (3) years. This section shall be implemented in accordance with meter reading and accounting procedures adopted by the Network Operating Committee.

10.4 **Testing:** (a) Each Party shall, at its expense, test its metering components associated with this Agreement as provided by the Electricity and Gas Inspection Act and perform a functional field test of the metering installation at least once every year. If requested to do so, each Party shall make additional tests or inspections of such installations, the expenses of which shall be paid by such other requesting Party unless such additional tests or inspections show the measurements of such installations to be registering outside the prescribed limit of error. Each Party shall give reasonable notice of the time when any such test or inspection is to be made to the other Party who may have representatives present at such test or inspection. Any component of such installations found to be defective or inaccurate shall be adjusted, repaired or replaced to provide accurate metering.

(a) If a meter is found to be not functioning accurately, the energy being transmitted shall be determined as provided for in the Electricity and Gas Inspection Act.

(b) Meter testing performed pursuant to this section shall be requested and conducted pursuant to the policies and procedures of the Network Operating Committee.

- 10.5 **Audits:** For the purpose of checking the records of the metering equipment, the Transmission Provider shall have the right to install check-metering equipment at the metering points. Metering equipment so installed by the Transmission Provider shall be owned and maintained by the Transmission Provider. Upon termination of the Network Integration Transmission Service Agreement under the Tariff, the Transmission Provider shall remove its meters from the premises of the Network Customer. Authorized representatives of both Parties shall have access at all reasonable business hours to the premises where any meters required by this Agreement are located and to the records made by the meters.

ARTICLE XI COMMUNICATIONS

- 11.1 **Communication Link:** The Network Customer shall, at its own expense, install and maintain a voice communication link to the Transmission Provider for scheduling.
- 11.2 **Telemetry Equipment:** A Network Customer contributing to Regulation and Frequency Response requirements and/or Operating Reserve requirements or securing such requirements from a third party shall, at its own expense, install and maintain telemetry equipment communicating between the generating resource and the Transmission Provider.

ARTICLE XII NETWORK OPERATING COMMITTEE

- 12.1 **Establishment:** A Network Operating Committee shall be established pursuant to s.35.3 of the Tariff to coordinate operating criteria for the Parties' respective responsibilities under this Agreement. The Network Customer and Transmission

Provider shall each be entitled to one representative on the Committee and each Party may appoint an alternate member. Prompt notice in writing of appointments, removals and replacements shall be given by the Parties to each other.

12.2 **Costs:** The Parties shall each pay the expenses of their respective members on the Network Operating Committee.

12.3 **Meetings and Decisions:** The Network Operating Committee shall meet at least semi-annually. Decisions of the Network Operating Committee shall be unanimous.

12.4 **Effect of Decisions:** All procedures, policies and decisions of the Network Operating Committee shall be in writing and signed by each Party's representative on the Network Operating Committee and shall form part of this Agreement, but shall not be inconsistent with and shall not serve to contradict any terms and conditions of this Agreement in force prior to such procedures, policies or decisions.

12.5 **Responsibilities:** The Network Operating Committee shall be responsible for:

- (a) developing procedures for the implementation of the operating and technical requirements of this Agreement, including the following: scheduling procedures; compliance with NERC and applicable operating guidelines and planning standards; issuance of operating procedures and operating instructions;
- (b) reviewing Network Resources, Network Loads and Ancillary Services performance on an annual basis to assess the operation of the transmission network and existing arrangements;
- (c) the identification of Critical Facilities as referred to herein;
- (d) rating of facilities;
- (e) any other matters necessary for implementation, administration or operation of this Agreement.

ARTICLE XIII
INFORMATION REQUIREMENTS

- 13.1 **Network Operations:** The Network Customer shall, upon request, provide the Transmission Provider with such reports and information concerning its network operation as are reasonably necessary to enable the Transmission Provider to operate its transmission system adequately and meet all NERC, MRO and other contractual or legal requirements imposed on the Transmission Provider. This information shall include but not be limited to: forecasts and actual schedules for generating unit operation, interchange, losses, load, real-time data and any information listed in Schedule B hereto.
- 13.2 **Load and Resource Forecasts:** Pursuant to section 13.6 of the Tariff, the Network Customer shall provide the Transmission Provider with annual updates, by April 1st of each year, of Network Load and Network Resource forecasts (current and ten-year projection) consistent with those included in its Application for Network Integration Transmission Service. Such forecasts shall be in a format as specified by the Transmission Provider. The Network Customer shall also provide the Transmission Provider with timely written notice of material changes in any other information provided in its Application relating to the Network Customer's Network Load, Network Resources, its transmission system or other aspects of its facilities or operations affecting the Transmission Provider's ability to provide reliable service.
- 13.3 **Forecast Updates:** Five days before the end of the month, the Network Customer shall update the forecast for the following month specifying purchase, generation, maximum demand, total monthly energy and reserves, as required by section 5.1 hereof, from the Transmission Provider or a third party.

- 13.4 **Resource Characteristics:** The Network Customer shall provide generating resource characteristics to the Transmission Provider as requested to implement redispatch and constraint and reserve management.
- 13.5 **Resource Availability:** By such dates of each year as specified by the Transmission Provider the Network Customer shall supply the Transmission Provider with a Network Resource availability forecast (including all planned resource outages with off-line and on-line dates) for the following year. The Network Customer shall inform the Transmission Provider of any changes to the Network Resource availability forecast in a timely manner.

- 13.6 **Audits:** The Network Customer shall have the right, during normal business hours and upon reasonable notice, to examine the accounting and other records of the Transmission Provider relating to the Network Customer's transactions under the Tariff for the previous five years and shall have the right to make reasonable audits and copies of such records. Such examinations shall be at the expense of the Network Customer and may be conducted no more than once per year.

ARTICLE XIV DEFAULT

- 14.1 **Termination of Service:** The Network Customer's failure to meet any of the terms and conditions of this Agreement shall be deemed to be a default. Except as provided in sections 8.4 and 9.1 hereof, upon 30 days notice of such default, the Transmission Provider shall be entitled to terminate Network Integration Transmission Service to the Network Customer unless such default is remedied to the satisfaction of the Transmission Provider.
- 14.2 **Indemnity:** The Network Customer shall indemnify, defend and save harmless the Transmission Provider from any and all damages, losses, claims, demands, suits, recoveries, costs (including court costs and legal fees) expenses and all other obligations by or to third parties arising directly or indirectly out of the Network Customer's failure to meet any of its obligations under this Agreement.

ARTICLE XV LEGAL

- 15.1 **Amendments:** This Agreement may be amended upon mutual agreement of the

Parties. Such amendments shall be reduced to writing and executed by the signatories of both Parties, with the exception of amendments pursuant to Section 12.4 hereof which may be signed by the representatives of the Network Operating Committee.

- 15.2 **Severability:** In the event any of the terms, covenants or conditions of this Agreement, or any amendment hereto, or the application of any such terms, covenants or conditions shall be held invalid as to any Party or circumstance by any court having jurisdiction thereof, all other terms, covenants and conditions of this Agreement or any amendment hereto and their application shall not be affected thereby and shall remain in full force and effect.
- 15.3 **No Partnership:** Notwithstanding any provisions of this Agreement to the contrary, the Parties do not intend to create hereby a joint venture, partnership, association, or other entity for the conduct of any business for profit.
- 15.4 **Waivers:** Any waiver at any time by either Party of its rights with respect to a default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not be deemed a waiver with respect to any other or subsequent default or matter.
- 15.5 **Tariff Governs:** In the event of any irreconcilable difference between the Network Integration Transmission Service provisions of the Tariff and this Agreement, the Tariff shall govern.
- 15.6 **Term:** The term of this Agreement shall be concurrent with the Network Integration Transmission Service Agreement between the parties.

IN WITNESS WHEREOF the duly authorized representatives of the Network Customer and the Transmission Provider have executed this Agreement as of the date first above written.

NETWORK CUSTOMER

By: _____

Name:

Title:

TRANSMISSION PROVIDER

By:

Name:

Title:

SCHEDULE A

METERING REQUIREMENTS

SCHEDULE B

INFORMATION REQUIREMENTS

The Network Customer shall provide the Transmission Provider with the following information if requested by the Transmission Provider.

1. real-time metering of non-Network Load service from the Network Customer's system;
2. the Network Customer's aggregated real-time load, updated every 4 seconds;
3. real-time voltage from a bus at or near the point(s) of interconnection;
4. real-time value of Critical Facility phase shifter tap positions and Critical Facility on-load tap positions;
5. real-time status and/or alarming of relay status, communication channels, or other similar schemes required for input into operating decisions regarding reliable operations;
6. real-time status of switching devices and real-time electrical flows (MW, MW, amps) on interconnection point(s) and Critical Facilities.

ATTACHMENT H

Reserved

ATTACHMENT I

Reserved

ATTACHMENT J-1								
Scheduling/Response Times								
1	2	3	4	5	6	7	8	9
TRANSMISSION		TRANSMISSION REQUESTS ¹			ENERGY SCHEDULING			
Service Type	Term	No Later Than	No Earlier Than	Transmission Provider Response to Application	Determine Capacity Available	Customer Response (Confirmation) ²	Day-ahead No Later Than	Real-time Changes No Later Than
Firm	Long-term, 1 year or more	60 days prior	N/A	24 hours	30 days	15 days ³	1500 hrs day prior	30 minutes prior to start of the operating hour
Firm	Monthly	14 days prior or less if practicable	17 months prior	1 hour	7 days	7 days	1500 hrs day prior	30 minutes prior to start of the operating hour
Firm	Weekly	7 days prior or less if practicable	60 days prior	1 hour	2 Business Days	48 hours	1500 hrs day prior	30 minutes prior to start of the operating hour
Firm	Daily	1300 hrs day prior	14 days prior	10 minutes	4 business hours/1400 hrs day prior	2 hours ⁴	1500 hrs day prior	30 minutes prior to start of the operating hour
Non-Firm	Monthly	2 days prior	60 days prior	1 hour	12 hours	24 hours	1500 hrs day prior	30 minutes prior to start of the operating hour
Non-Firm	Weekly	30 hrs prior	14 days prior	1 hour	4 hour	24 hours	1500 hrs day prior	30 minutes prior to start of the operating hour
Non-Firm	Daily	1300 hrs day prior	3 days prior	1 hour	30 minutes	2 hours	1500 hrs day prior	30 minutes prior to start of the operating hour
Non-Firm	Hourly	intra-hour	1300 hrs day prior	10 minutes	15 minutes	30 minutes	1500 hrs day prior	30 minutes prior to start of the operating hour

¹ The Transmission Provider, in its discretion exercised on a non-discriminatory basis, may waive any of these requirements.

² For transactions not covered by an umbrella service agreement, the customer response must be execution of a service agreement. For transactions under an umbrella service agreement, the above times are the deadlines by which time the customer must notify The Transmission Provider of its acceptance of the offer to provide transmission.

³ During Rollover Request competition, the Rollover Request customer shall have three (3) business days to confirm a matching request.

⁴ Firm Daily for a single day that is submitted more than 24 hours in advance of the start time has a 24 hour customer confirmation time.

ATTACHMENT J-2

PROCEDURES FOR ADDRESSING PARALLEL FLOWS

The Transmission Provider identifies parallel flows on neighbouring systems and accounts for parallel flows on the Transmission System by utilizing two procedures. The first procedure identifies and accounts for parallel flows due to load serving obligations within the Transmission System and within neighbouring systems. The second identifies and accounts for parallel flows due to Transmission Service.

Parallel Flows due to load serving obligations

The Transmission Provider will work with transmission providers in neighbouring systems to develop powerflow models for all time frames that Transmission Service is offered. These powerflows will identify maximum coincidental load serving obligations within both the Transmission System and neighbouring systems. These models are then used as base cases for all System Impact Studies.

Parallel flow impacts on external systems due to load serving obligations within the Transmission System are negligible. They do not impact the Transmission Provider's posted AFC or AFC posted on neighbouring transmission providers system. For this reason they are netted out and not accounted for in the calculation of AFC.

Parallel Flows due to Transmission Service

The Transmission Provider is a party to a Seams Operating Agreement (SOA) with the Midwest ISO. The SOA employs the Congestion Management Process (CMP) to identify and account for parallel flows within neighbouring systems. The Transmission Provider will receive an allocation based on historical Transmission Service on all flowgates on all flowgates that are subject

to parallel flows caused by Transmission Service.

All first tier transmission systems within North Dakota and Minnesota are parties to the CMP. Therefore Transmission Service, where the POD is the Manitoba USA border, will account for and manage parallel flows using a common process. Transmission Service, where the POD is the Manitoba Saskatchewan border or the Manitoba Ontario border, does not normally generate parallel flows.

Attachment K
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ATTACHMENT L-1

CREDITWORTHINESS PROCEDURES

I. Policy

It is the policy of Transmission Provider that (a) prior to an entity becoming a Transmission Customer (the “Applicant”) and (b) during the provision of service under the OATT by Transmission Provider to a Transmission Customer, the Applicant or the Transmission Customer, as the case may be, must, among the other requirements of the OATT, demonstrate its ability to meet Transmission Provider’s creditworthiness requirements.

The purpose of the Creditworthiness Procedures is to set forth Transmission Provider’s credit policy, procedures and requirements for Applicants seeking to become Transmission Customers and for Transmission Customers receiving service pursuant to the OATT which policy, procedures and requirements are designed to protect Transmission Provider from undue exposure to losses that could arise from Transmission Customer defaults.

This document describes Transmission Provider’s requirements for:

1. the establishment of credit by Applicants and the maintenance of credit by Transmission Customers;
2. the amount, if any, of Unsecured Credit which will be made available to the Transmission Customer;
3. the form(s) of Performance Assurance which will be deemed to acceptable in the event that the Applicant does not satisfy Transmission Provider’s financial requirement for unsecured credit or in the event that the Transmission Customer requests service the value of which will exceed the amount of the Transmission Customer’s Unsecured Credit Limit; and
4. procedures for providing Transmission Customers with reasonable notice and written explanation of changes made by Transmission Provider to the Unsecured Credit Limit or the requirement for Performance Assurance.

Transmission Provider shall administer and implement the terms of the Creditworthiness Procedures; provided however, that Transmission Provider may, from time to time, delegate the authority to administer and implement certain of the provisions of the Creditworthiness Procedures to the Midwest Independent Transmission System Operator, Inc.

This policy applies to all Applicants and Transmission Customers.

II. Definitions and Interpretation

The following capitalized terms used in this Creditworthiness Procedures shall have the following meanings (all capitalized terms used in this document and not otherwise defined shall have the meanings given to them in the OATT):

“Affiliates” shall mean, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with such Person. For purposes of this definition:

- (i) “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of any Person whether through the ownership of voting securities or by contract or otherwise; and
- (ii) “Person” means an individual, partnership, limited liability company, corporation, trust, estate, unincorporated association, nominee, joint venture, or other entity.

“Applicant” shall have the meaning given in Section I.

“Business Day” shall mean Monday through Friday, excluding Canadian banking holidays (such banking holidays shall be as recognized by the Canadian Payments Association or any successor agency) and US banking holidays (such banking holidays shall be as recognized by the Federal Reserve Board or any successor agency).

“Credit and Security Agreement” shall mean the agreement between the Transmission Customer and Transmission Provider in the form attached hereto as Schedule 1.

“Credit Application” shall have the meaning given in Section II A.

“Creditworthiness Procedures” shall mean Transmission Provider’s policies, procedures and requirements from time to time relating to Applicants and Transmission Customers establishing and maintaining credit as set out in the within document.

“Credit Support Provider” shall mean a Person approved by Transmission Provider who provides Performance Assurance on behalf of an Applicant or Transmission Provider.

“DBRS” shall mean DBRS Limited.

“Fitch” shall mean Fitch Ratings Ltd.

“Guarantee Agreement” shall mean a guarantee provided to Transmission Provider by a Credit Support Provider with an Investment Grade Rating as Performance Assurance in a form acceptable to Transmission Provider acting with commercially reasonable discretion.

“Investment Grade Credit Rating” shall mean with respect to any entity, a rating of BBB- or above from S&P or Baa3 or above from Moody’s or BBB(low) or above from DBRS, then assigned to its unsecured, senior long-term debt obligations in each case with a “stable” outlook.

“Letter(s) of Credit” shall mean one or more irrevocable, transferable, standby letters of credit, issued by a commercial bank, as defined in either the Federal Deposit Insurance Act (United States) or the Bank Act (Canada), or successor legislation, operating from an office in either the United States or Canada whose credit rating is, at such time, at least “A-” by S&P or “A3” by Moody’s or A(low) by DBRS, or an equivalent rating by any successor rating agency thereof (if any) in a form satisfactory to Transmission Provider acting with commercially reasonable discretion.

“Moody’s” shall mean Moody’s Investors Service.

“OATT” shall mean Transmission Provider’s Open Access Transmission Tariff in effect from time to time.

“Performance Assurance” shall mean collateral in the form of cash, Letter(s) of Credit, or Guarantee Agreement or other security reasonably acceptable to Transmission Provider.

“S&P” shall mean Standard and Poor’s, a Division of The McGraw-Hill Companies, Inc.

“Total Credit Limit” shall have the meaning set forth in Section IV.A.2(ii).

“Total Potential Exposure” shall mean the amount determined by the Applicant to be an estimate of the total dollar value of the services on a monthly basis which the Applicant expects to utilize as a Transmission Customer as set out in the Credit Application.

“Unsecured Credit Limit” shall mean the amount of credit, if any, which Transmission Provider will allow the Applicant (or Transmission Customer) without the necessity of the Applicant (or Transmission Provider) providing Performance Assurance.

III. Credit Requirements Overview

Applicants will be subject to a financial review in accordance with Transmission Provider’s standards for determination of creditworthiness as set out herein.

Prior to becoming a Transmission Customer of Transmission Provider, each Applicant shall: (i) submit a Credit Application to Transmission Provider and agree to be subject to a credit evaluation by Transmission Provider that shall include, without limitation, a review of financial statements, rating agency reports and other pertinent indicators of credit strength; (ii) execute and deliver a Credit and Security Agreement; (iii) establish a credit limit with Transmission Provider in accordance with the terms hereof for services to be provided under the OATT; and (iv) provide whatever Performance

Assurance which may be required by Transmission Provider.

IV. Implementation

A. Credit Evaluation

Each Applicant shall submit a completed credit application in the form of Attachment L-2 of the OATT (the "Credit Application") and all required supplemental information. Transmission Provider shall evaluate the Applicants creditworthiness based upon the information contained in its Credit Application and in accordance with the terms hereof and establish an Unsecured Credit Limit, if applicable, for each Applicant. In addition, Transmission Provider shall perform follow-up credit evaluations on at least an annual basis.

In the event that a Guarantee Agreement is being utilized to establish credit for an Applicant, the Credit Support Provider shall consent to being evaluated by Transmission Provider and the unsecured credit granted to such an Applicant, if any, shall be based upon the financial strength of the Credit Support Provider.

1. Initial Credit Evaluation

Upon receiving the Credit Application and supplemental information, Transmission Provider shall conduct a financial review to evaluate the Applicant's financial viability and to determine an appropriate Unsecured Credit Limit. In performing the initial credit evaluation of an Applicant, Transmission Provider shall consider:

- a. rating agency reports from S&P, Moody's, Fitch or DBRS;
- b. financial statements and related information provided with the Credit Application;
- c. one (1) bank reference and two (2) trade references;
- d. Total Potential Exposure; and
- e. pending or threatened litigation, arbitrations, investigations, proceedings, commitments, contingencies, liabilities, prior bankruptcy declarations or petitions by or against the Applicant, its predecessors, subsidiaries or Affiliates, or any material defalcations or fraud involving the Applicant, its predecessors, subsidiaries or Affiliates.

2. Unsecured Credit Limit and Total Credit Limit

(i) Unsecured Credit Limit

Based upon and subject to Transmission Provider's initial credit evaluation of the Applicant, Transmission Provider shall establish an Unsecured Credit Limit for the Applicant and shall advise the Applicant in writing of the amount of the Unsecured Credit Limit.

(ii) Total Credit Limit

An Applicant's (or Transmission Customer's) total credit limit is determined by the sum of its Unsecured Credit Limit and any Performance Assurance provided by the Applicant (or Transmission Customer) (the "Total Credit Limit"). Should an Applicant's Total Potential Exposure exceed its Total Credit Limit, prior to the Applicant receiving services pursuant to the OATT, the Applicant shall provide Performance Assurance in an amount sufficient to increase the Applicant's Total Credit Limit such that after providing such Performance Assurance, the Applicant's Total Potential Exposure will not exceed its Total Credit Limit.

3. Credit and Security Agreement

Prior to taking service pursuant to OATT, a Transmission Customer shall execute and deliver a Credit and Security Agreement to Transmission Provider.

4. Monitoring of Activity Relative to Total Credit Limit and Requirement to Provide Performance Assurance

Should a Transmission Customer's Total Potential Exposure on any day exceed its Total Credit Limit, Transmission Provider, or its agent, shall promptly notify the Transmission Customer in writing of the requirement to (a) pay invoiced amounts to reduce the Transmission Customer's Total Potential Exposure and/or (b) provide Performance Assurance in an amount sufficient to increase the Transmission Customer's Total Credit Limit such that after making such payments and/or providing such Performance Assurance, the Transmission Customer's Total Potential Exposure will not exceed its Total Credit Limit. The Transmission Customer shall have two (2) Business Days from receipt of written notice from Transmission Provider or its agent to reduce its Total Potential Exposure below its Total Credit Limit.

B. Credit Monitoring

For the purpose of determining whether a Transmission Customer is able to meet its ongoing obligations pursuant to the OATT and in order to determine whether any adjustments will be required to the Unsecured Credit Limit and Performance Assurance, Transmission Provider may undertake reasonable credit monitoring procedures. If requested by a Transmission Provider, the Transmission Customer shall deliver (unless such financial statements are available on "EDGAR" or "SEDAR" or on such the Transmission Customer's internet website) (i) within 120 calendar days following the end of each fiscal year, a copy of such Transmission Customer's annual report containing audited consolidated financial statements for such fiscal year and (ii) within 60 calendar days after the end of each of its first three fiscal quarters of each fiscal year, a copy of such Transmission Customer's quarterly report containing unaudited consolidated financial statements for such fiscal quarter. In all cases the statements shall be for the most recent accounting period and prepared in accordance with generally accepted accounting principles or such other principles then in effect, provided, however, that should any such statements not be available on a timely basis due to a delay in preparation or

certification, such Transmission Customer shall diligently pursue the preparation, certification and delivery of the statements.

Transmission Customers shall be required pursuant to the Credit and Security Agreement to inform Transmission Provider in writing of any material change in their financial status within ten (10) Business Days of its occurrence. Transmission Provider shall review reported material changes in terms of their impact on a Transmission Customer's financial capacity. Depending on the nature of these material changes, Transmission Provider may, in its unfettered discretion, reassess, and, if determined necessary, reduce the Unsecured Credit Limit. In the event that Transmission Provider determines that the Unsecured Credit Limit is to be reduced, Transmission Provider shall provide the Transmission Customer with written notice stating the amount of the revised Unsecured Credit Limit and the date that the revised Unsecured Credit Limit shall take effect which date shall be at least ten (10) Business Days from the date of the notice.

ATTACHMENT L-2
APPLICATION FOR CREDITWORTHINESS APPROVAL

In order to obtain creditworthiness approval under Section 11 of the Manitoba Hydro Open Access Transmission Tariff, the Eligible Customer must complete this form and mail to the address below:

TO: Blaine Poff
Transmission Services Department
Transmission System Operations Division
Manitoba Hydro
P.O. Box 815
820 Taylor Avenue
Winnipeg, Manitoba
Canada
R3C 2P4

SECTION I:

a) **APPLICANT:**

Customer Name:

Address:

City, State/Province, Zip/Postal Code:

Voice Number:

Facsimile Number:

b) CONTACT PERSON:

Customer Name:

Address:

City, State/Province, Zip/Postal Code:

Voice Number:

Facsimile Number:

By submitting this Application, the Applicant represents that it is an Eligible Customer under the Manitoba Hydro Open Access Transmission Tariff. Applicant also represents that the purpose of this Application is not to assist an Eligible Customer to avoid the reciprocity and comparable service provision as set forth in Section 6 of the Manitoba Hydro Open Access Transmission Tariff.

By this Application, Applicant confirms that it is not operating under any bankruptcy or insolvency laws, is not subject to debt reduction or reorganization procedures under state or provincial or Canadian or United States federal laws, and that Applicant has no collection lawsuits or judgements outstanding which could affect its ability to remain solvent.

In order to complete the Transmission Provider's evaluation of the Applicant's creditworthiness as permitted by Section 11 of the Transmission Tariff, Applicant shall provide concurrently with the submission of this Application the following information:

1. A list of all corporate affiliates, parent companies, and subsidiaries;
2. Current financial statements, the most recent annual reports of shareholders or members, most recent 10-K report, or other filings with regulatory agencies which discuss Applicant's financial status;
3. A bank reference and two trade references.

This Application is not considered complete until the foregoing information is received by the

Transmission Provider.

SECTION II: TO BE COMPLETED BY TRANSMISSION PROVIDER

RECEIVED AT MANITOBA HYDRO

Date: _____

By: _____

Name: _____

Title: _____

By: _____

Name: Blaine Poff

Title: Manager, Transmission Services Department

SECTION III: TO BE COMPLETED BY APPLICANT

Applicant Declaration:

I declare that I have read the Manitoba Hydro Open Access Transmission Tariff (Tariff) and that I accept all its terms and conditions.

Applicant's Representative's Signature

Date

ATTACHMENT M

LOSSES

As stated in Sections 15.7 and 28.5, the Transmission Provider is not obligated to replace Real Power Losses. The Transmission Customer shall be responsible for paying for losses as described herein or replacing the losses on a real time basis. Losses over the Manitoba Hydro Transmission System are administered using a system average pricing method in which the Transmission Customer is charged the average cost of losses for the Transmission Provider's Transmission System. This method takes the total cost of the Transmission Provider's Transmission System losses divided by the Transmission Provider's Transmission System load and does not discriminate between generators or load based on their locations or their contribution to the Transmission Provider's system losses. The Transmission Provider will calculate the average losses for the Transmission Provider's Transmission System on a yearly basis.

For the purpose of calculating the losses described herein, the Transmission Owner shall develop power flow base cases with sufficient detail to represent the transmission systems of the Transmission Provider and the Midwest ISO and surrounding networks. Power flow base cases shall be developed annually for load levels of 50%, 75% and 100% for the winter and summer seasons to recognize changes in the transmission system configuration, load level and Firm Point-to-Point Transmission Service on the Transmission Provider's Transmission System. Transformer taps and switched shunts should be held fixed and the phase angle regulators should be modeled as they would be in transmission reliability studies. Other modeling adjustments should be incorporated as appropriate. The calculated losses of the six base cases shall be averaged to determine the system average losses.

ATTACHMENT N

Reserved

ATTACHMENT O
REVENUE REQUIREMENT AND RATE FORMULAE

All in Canadian Dollars, Fiscal Year 2006 data:

Zonal Facilities Charge

Gross Transmission Investment:	\$1,677,707,282
Net Transmission Investment, Rate Base:	\$ 1,050,335,938
Net Transmission Revenue Requirement:	\$ 190,751,826
Billing Determinant:	3,492 MW

Calculated Tariff Rate:

Annual Cost:	\$ 54,625/MW/yr
Network and Point to Point Rate:	\$ 4,552/MW of Reserved Capacity per month

	<u>Peak Rate</u>	<u>Off-Peak Rate</u>
Weekly Point to Point Rate:	\$ 1,050.49/MW	\$ 1,050.49/MW
Daily Point to Point Rate:	\$ 210.10/MW	\$ 149.66/MW
Hourly Point to Point Rate:	\$ 13.13/MWh	\$ 6.24/MWh

Details of Revenue Requirement Calculation:

Operating Expenses	\$ 56,005,114
Depreciation Expenses	54,406,413
Allocated Capital Tax	5,409,464
Return on Investment (Interest Expense + Reserve)	88,949,729
Less:	
Miscellaneous Transmission Revenue	14,018,893
Net Transmission Revenue Requirement:	\$190,751,826

System-Wide Rate

An average annual rate will be calculated by the Contractor according to the following formula: $(1-2) \div 3$, where: 1 is the sum of the Gross Revenue Requirements of the MISO Transmission Owners (as detailed in the MISO Tariff Attachment O) and the Transmission Provider (as stated above); 2 is the

sum of the Revenue Credits for the MISO Transmission Owners (as detailed in Attachment O of the MISO Tariff) and for the Transmission Provider (as stated above); 3 is the sum of the Divisors for the MISO Transmission Owners (as detailed in Attachment O of the MISO Tariff) and for the Transmission Provider (as stated above).

On Peak:	Annual Rate	Average Annual Rate
	Monthly Rate	Average Annual Rate divided by 12
	Weekly Rate	Average Annual Rate divided by 52
	Daily Rate	Average Annual Rate divided by 260
	Hourly Rate	Average Annual Rate divided by 4160
Off Peak:	Daily Rate	Average Annual Rate divided by 365
	Hourly Rate	Average Annual Rate divided by 8760

ATTACHMENT P

Reserved

ATTACHMENT Q

Curtailment Procedures

North American Electric Reliability Council Transmission Loading Relief (“TLR”) Procedure (NERC – March 18, 1998) and any amendments thereto are hereby incorporated and made a part of this Tariff. See www.nerc.com for the current version of NERC TLR Procedures.

Appendix 9C1 Transmission Loading Relief Procedure – Eastern Interconnection

Version 2b, Draft 1 (markup)

Appendix Subsections

- A. General Requirements
- B. Transmission Loading Relief (TLR) Levels
- C. Interchange Transaction Curtailment Order
- D. Transaction Management and Curtailment Process
- E. Principles for Mitigating Constraints On and Off the Contract Path
- F. Transaction Contribution Factor Calculation
- G. Transaction Curtailment Formula
- H. NERC Transmission Loading Relief Procedure Event Log

Terms

Transaction Reallocation (or Reallocation). The total or partial curtailment of TRANSACTIONS during TLR Level 3a or 5a to allow TRANSACTIONS using higher priority TRANSMISSION SERVICE to be implemented.

Curtailment Threshold. The minimum TRANSFER DISTRIBUTION FACTOR which, if exceeded, will subject an INTERCHANGE TRANSACTION to curtailment to relieve a transmission facility CONSTRAINT.

Introduction

The NERC Transmission Loading Relief (TLR) Procedure is an EASTERN INTERCONNECTION-wide procedure to allow the SECURITY COORDINATORS to:

1. Respect TRANSMISSION SERVICE reservation priorities, and
2. Mitigate potential or actual OPERATING SECURITY LIMIT violations.

Transmission Provider Obligations

NERC recognizes that TRANSMISSION PROVIDERS are subject to obligations under FERC-approved tariffs or other agreements, and nothing in these procedures shall be interpreted as changing those obligations. This Appendix uses the term “transmission reservation” to mean transmission arranged under the FERC pro forma tariff as well as under other transmission agreements.

Relationship between TLR Procedure and FERC pro forma Tariff

The TLR Procedure has been incorporated into the transmission tariff of many TRANSMISSION PROVIDERS, and is on file with the Federal Energy Regulatory Commission. The TLR Procedure follows the curtailment provisions of the pro forma tariff with regards to Non-firm and Firm Point-to-Point Transmission Service, and Network Integration Transmission Service.

For Operating Committee
Approval on Interim Basis

March 28–29, 2001.

Major changes:

1. Added references for Reallocation.
2. Considerations for handling Transactions using Firm Point-to-Point Transmission Service

We have left several markups and text boxes in place to show the major revisions.

Notes in mauve boxes refer to changes in handling Firm Transactions.

The Curtailment Threshold is currently set at 5%. The Security Subcommittee is developing a variable threshold criteria.

Introduction

TLR Procedure curtails Transactions. The pro forma tariff’s curtailment provision addresses the curtailment of the *transmission service* over the CONSTRAINED FACILITIES, not curtailment of the generation product being sold via that service. The tariff does not consider the effect of the curtailment on the load-serving entity; instead, it considers the obligations of the TRANSMISSION PROVIDER(S) in providing or curtailing the Transmission Service. The NERC TLR Procedure translates the curtailment of the Transmission Service into a curtailment of the actual MW flow over the constraint.

Considerations for Firm Point-to-Point Transmission Service.

Transactions using Firm Point-to-Point Transmission Service are afforded the highest priority. Therefore, in many situations, the TLR Procedure will allow these Transactions to start during the implementation of a TLR 2, 3a, 3b, and 4. Please refer to **Sections B.2. through B.5.** and the “**Interchange Transaction Curtailments During TLR Level 3b Reference Document**” for details.

Need some explanation here, and add subhead for discussion of Firm Transactions.

Redispatch considerations. Regarding the curtailment of transmission use by Firm Point-to-Point Transmission Service, the TLR Procedure follows the Federal Energy Regulatory Commission’s pro forma tariff that TRANSMISSION PROVIDERS are not obligated to redispatch their own resources to maintain TRANSACTIONS using Firm Point-to-Point Transmission Service before they are curtailed on a pro-rata basis with transmission use for Network Integration Transmission Service and Native Load.

Curtailment of Service to Network and Native Load customers. The TLR Procedure includes the Transaction Contribution Factor (TCF), which calculates the portion of the CONSTRAINED FACILITY’S loading due to Firm Point-to-Point Transmission Service. This is one part of the calculation that the Transmission Provider must perform to ensure that this curtailment is comparable and non-discriminatory with the Transmission Provider’s curtailment of Network Integration Transmission Service and Transmission Service for Native Load. (See **Section F, “Transaction Contribution Factor Calculation”**)

Changes in this column for clarification.

Changes in this column for considerations for Firm Point-to-Point Transmission Service.

Introduction

Summary of TLR Levels

TLR Level	Security Coordinator Action	Comments	
1	Notify SECURITY COORDINATORS of potential OPERATING SECURITY LIMIT violations		System Secure
2	Hold INTERCHANGE TRANSACTIONS at current levels to prevent OPERATING SECURITY LIMIT violations	Of those transactions at or above the CURTAILMENT THRESHOLD, only those under existing Transmission Service reservations will be allowed to continue, and only to the level existing at the time of the hold. Transactions using Firm Point-to-Point Transmission Service are not held. See Section B.1.	
3a	Reallocation Transactions using Non-firm Point-to-Point Transmission Service are curtailed to allow Transactions using higher priority Point-to-Point Transmission Service	Curtailed follows Transmission Service priorities. Higher priority transactions are enabled to start by the REALLOCATION process. See Section B.3.	
3b	Curtail Transactions using Non-firm Point-to-Point Transmission Service to mitigate Operating Security Limit Violation	Curtailed follows Transmission Service priorities. There are special considerations for handling Transactions using Firm Point-to-Point Transmission Service. See Section B.4.	Security Limit Violation
4	Reconfigure transmission system to allow Transactions using Firm Point-to-Point Transmission Service to continue	There may or may not be an OPERATING SECURITY LIMIT violation. There are special considerations for handling Transactions using Firm Point-to-Point Transmission Service. See Section B.5.	System Secure
5a	Reallocation Transactions using Firm Point-to-Point Transmission Service are curtailed (pro rata) to allow new Transactions using Firm Point-to-Point Transmission Service to begin (pro rata).	Attempts to accommodate all Transactions using Firm Point-to-Point Transmission Service, though at a reduced ("pro rata") level. Pro forma tariff also requires curtailment / REALLOCATION on pro rata basis with Network Integration Transmission Service and Native Load. See Section B.6.	
5b	Curtail Transactions using Firm Point-to-Point Transmission Service to mitigate Operating Security Limit Violation	Pro forma tariff requires curtailment on pro rata basis with Network Integration Transmission Service and Native Load. See Section B.7.	
6	Emergency Action	Could include demand-side management, redispatch, voltage reductions, interruptible and firm load shedding. See Section B.8.	Security Limit Violation
0	TLR Concluded	Restore transactions. See Section B.9.	System Secure

Unless explained otherwise, "curtailment" refers to those INTERCHANGE TRANSACTIONS whose DISTRIBUTION FACTOR on the CONSTRAINED FACILITY exceeds the CURTAILMENT THRESHOLD.

Posting TLR Events

When the Security Coordinator initiates the TLR Procedure, he will notify all other Security Coordinators via the SCIS. Furthermore, the Interchange Distribution Calculator will automatically post the TLR Level on the NERC TLR Status web page.

Introduction

Notification – TLR Level 1

This Level is an alert to inform the marketplace and other Security Coordinators that curtailments are likely to occur. The Security Coordinator should announce a TLR 0 once the Notification level is no longer necessary.

Hold – TLR Level 2

If an OPERATING SECURITY LIMIT violation is imminent, the SECURITY COORDINATOR shall direct his CONTROL AREAS to maintain INTERCHANGE TRANSACTIONS such that, of those transactions that are at or above the CURTAILMENT THRESHOLD, only those under existing Transmission Service reservations will be allowed to continue, and only to the level existing at the time of the hold. During TLR Level 2, the SECURITY COORDINATOR will allow existing INTERCHANGE TRANSACTIONS to increase, or new INTERCHANGE TRANSACTIONS to begin, if they help mitigate the CONSTRAINT. TRANSACTIONS using Firm Point-to-Point Transmission Service will be allowed to start.

Treatment of Firm Transactions

TLR Level 2 is a transient state, which requires a quick decision to proceed to higher TLR Levels (3 and above) to allow INTERCHANGE TRANSACTIONS to be implemented according to their transmission reservation priority. The time for being in TLR Level 2 should be no more than 30 minutes, with the understanding that there may be circumstances where this time may be exceeded. If the time in TLR Level 2 exceeds 30 minutes, the Security Coordinator must document this action on the TLR Log. When faced with a new INTERCHANGE TRANSACTION using higher priority Point-to-Point Transmission Service, the SECURITY COORDINATOR **must immediately proceed to TLR Level 3a** to curtail those INTERCHANGE TRANSACTIONS using lower priority Point-to-Point Transmission Service. He must give preference to those INTERCHANGE TRANSACTIONS using Firm Point-to-Point Transmission Service, followed by those using higher priority Nonfirm Point-to-Point Transmission Service. The SECURITY COORDINATORS shall monitor and coordinate the timing of the curtailment and reallocation process.

Curtailing – TLR Levels 3a, 3b, 5a, 5b

Curtailments are required for two reasons:

1. To allow an INTERCHANGE TRANSACTION using a higher priority Transmission Service to begin when it would otherwise cause an OPERATING SECURITY LIMIT Violation (called “Reallocation” – TLR Level 3a, and 5a), and
2. To mitigate an imminent or existing OPERATING SECURITY LIMIT Violation (TLR Level 3b and 5b).¹

Should curtailment become necessary by using TLR 3b or 5b to mitigate a potential or actual OPERATING SECURITY LIMIT violation, INTERCHANGE TRANSACTIONS whose Transfer Distribution Factors (TDF) across the specific CONSTRAINED FACILITY are at or above the CURTAILMENT THRESHOLD shall be curtailed whenever practicable on a proportional basis and according to these Procedures as explained in **Section G, “Transaction Curtailment Formula.”** The order of INTERCHANGE TRANSACTION curtailment is explained in **Section C., “Interchange Transaction Curtailment Order.”** Some TRANSACTIONS

Removed “all.” Some Firm Transactions will be allowed to start.

Treatment of Firm Transactions

¹ This includes mitigation of contingency overloads.

Introduction

using Firm Point-to-Point Transmission Service will be allowed to start during TLR 3b. See **Section B, “Transmission Loading Relief (TLR) Levels,” and “Interchange Transaction Curtailments During TLR Level 3b Reference Document,”** for details.

These curtailments will remain in effect until such time as the CONSTRAINT has been mitigated, allowing the INTERCHANGE TRANSACTIONS to be restored.

Reconfiguration – TLR Level 4

Before the SECURITY COORDINATOR orders curtailment of INTERCHANGE TRANSACTIONS using Firm Point-to-Point TRANSMISSION SERVICE (TLR Level 5a or 5b), he will request the TRANSMISSION PROVIDERS in his SECURITY AREA to attempt to reconfigure their transmission systems to allow the INTERCHANGE TRANSACTIONS to continue. Transmission reconfiguration may be implemented as long as it does not jeopardize the operating security of the INTERCONNECTION. Transactions using Non-firm Point-to-Point Transmission Service will be curtailed or held from starting. Some Transactions using Firm Point-to-Point Transmission Service will be allowed to start. See **Section B, “Transmission Loading Relief (TLR) Levels,” and Section F, “Transaction Contribution Factor Calculation”** for details.

Treatment of Firm Transactions

Emergency Procedures – TLR Level 6

If the SECURITY COORDINATOR is unable to mitigate the CONSTRAINT through the use of TLR Levels 3, 4, or 5, then he has the authority to immediately direct the CONTROL AREAS to take actions such as redispatch generation, reconfigure transmission, or reduce load to mitigate the critical condition until INTERCHANGE TRANSACTIONS can be reduced utilizing the TLR **Interchange Transaction Curtailment Order**, or other methods, to return the system to a reliable state. All CONTROL AREAS shall comply with all requests from their SECURITY COORDINATOR. However, the CONTROL AREA operator should immediately notify his SECURITY COORDINATOR if the SECURITY COORDINATOR’S request is unclear or would seem to cause an operating problem.

Return to Normal Operations – TLR Level 0

The SECURITY COORDINATOR that is experiencing the CONSTRAINT within its SECURITY AREA shall notify all SECURITY COORDINATORS via the SCIS when the adverse conditions are mitigated and the system is in a “normal” state.

Considerations for Constraints On and Off the Contract Path

Interchange Transaction Priority ON the Contract Path

If the CONSTRAINED FACILITY is on the contract path, the curtailment priority will be equal to the TRANSMISSION SERVICE priority of the link on which the CONSTRAINED FACILITY is located. [Section E., “Principles for Mitigating Constraints On and Off the Contract Path”]

Interchange Transaction Priority OFF the Contract Path

If the CONSTRAINED FACILITY is not on the contract path of the INTERCHANGE TRANSACTION, the curtailment priority will be equal to the *lowest* Transmission Service priority of the links on the contract path. (This means that an INTERCHANGE TRANSACTION using Firm Point-to-Point Transmission Service on all contract path links is considered a “firm” INTERCHANGE

Introduction

TRANSACTION even if the CONSTRAINED FACILITY is off the contract path.)

Redispatch and Other Congestion Management Options

Some TRANSMISSION PROVIDERS offer redispatch or other congestion management options that allow a Transmission Customer to mitigate the effect of its INTERCHANGE TRANSACTION on the CONSTRAINED FACILITY. If the Transmission Customer elects to use such an option, the SECURITY COORDINATOR must treat the INTERCHANGE TRANSACTION accordingly in the curtailment scheme. (Note: “Local” congestion management procedures require approval by NERC if they are to be used in lieu of the TLR Procedure prescription. See Policy 9.C. Requirement 3.2.1.1.)

A. General Requirements

1. **Initiation only by Security Coordinator.** The NERC Transmission Loading Relief Procedure may be initiated only by a SECURITY COORDINATOR at 1) the SECURITY COORDINATOR’S own request, or 2) upon the request of a Transmission Provider or CONTROL AREA.
2. **Mitigating transmission constraints.** The TLR Procedure may be used to mitigate potential or actual OPERATING SECURITY LIMIT violations on any transmission facility modeled in the INTERCHANGE DISTRIBUTION CALCULATOR. [See also Section 6.1, “Interchange Transactions not in the IDC.”]
 - 2.1. **Requesting relief on tie facilities.** Any TRANSMISSION PROVIDER or CONTROL AREA who operates the tie facility may request relief from his SECURITY COORDINATOR.
 - 2.1.1. **INTERCHANGE TRANSACTION priority on tie facilities.** The priority of the INTERCHANGE TRANSACTION(S) to be curtailed is determined by the Transmission Service reserved on the limiting Transmission Provider’s system who requested the relief.
3. **Order of TLR Levels and taking emergency action.** The SECURITY COORDINATOR may not necessarily follow the TLR Levels in their numerical order (See Section B, “TLR Levels”). Furthermore, if a SECURITY COORDINATOR deems that a transmission loading condition could jeopardize bulk system reliability, the SECURITY COORDINATOR has the authority to enter TLR Level 6 directly, and immediately direct the CONTROL AREAS to take such actions as redispatch generation, or reconfigure transmission, or reduce load to mitigate the critical condition until INTERCHANGE TRANSACTIONS can be reduced utilizing the TLR Transaction Curtailment Procedures, or other methods, to return the system to a secure state.
4. **Notification of TLR Procedure implementation.** The SECURITY COORDINATOR initiating the use of the TLR Procedure must notify other SECURITY COORDINATORS and TRANSMISSION PROVIDERS, and must post the initiation and progress of the TLR event on the NERC TLR Status web page.
 - 4.1. **Notifying other Security Coordinators.** The SECURITY COORDINATOR initiating the TLR Procedure shall inform all other SECURITY COORDINATORS via the Security Coordinator Information System (SCIS) that the TLR Procedure has been implemented.
 - 4.1.1. **Actions expected.** The SECURITY COORDINATOR initiating the TLR Procedure shall indicate the actions expected to be taken by other SECURITY COORDINATORS. [See also: Policy 3B and 3D for

A. General Requirements

CONTROL AREA Requirements during curtailments.]

- 4.2. **Notifying TRANSMISSION PROVIDERS and CONTROL AREAS.** SECURITY COORDINATORS must keep the TRANSMISSION PROVIDERS and CONTROL AREAS in his SECURITY AREA informed when entering and leaving any TLR level.
- 4.3. **Notifying Control Areas.** The SECURITY COORDINATOR for the SINK CONTROL AREA is responsible for directing that CONTROL AREA to curtail the INTERCHANGE TRANSACTIONS as specified by the SECURITY COORDINATOR implementing the TLR Procedure. [See **Policy 3.D. for Control Area curtailment notification details.**]
 - 4.3.1. **Notification order.** Within a Transmission Service priority level, the SINK CONTROL AREAS whose INTERCHANGE TRANSACTIONS have the largest impact on the CONSTRAINED FACILITIES shall be notified first if practicable.
- 4.4. **Updates.** At least once each hour, or when conditions change, the SECURITY COORDINATOR implementing the TLR Procedure shall update all other SECURITY COORDINATORS (via the SCIS), as well as the affected TRANSMISSION PROVIDERS and CONTROL AREAS.
5. **Obligations.** All SECURITY COORDINATORS must comply with the request of the SECURITY COORDINATOR who initiated the TLR Procedure, unless the initiating SECURITY COORDINATOR agrees otherwise.
 - 5.1. **Use of TLR Procedure with “local” procedures.** A SECURITY COORDINATOR may implement a local transmission loading relief or congestion management procedure simultaneously with an INTERCONNECTION-wide procedure. However, he is obligated to follow the curtailments as directed by the INTERCONNECTION-wide procedure. If the SECURITY COORDINATOR desires to use a local procedure as a substitute for curtailments as directed by the INTERCONNECTION-wide procedure, he may do so only if such use is approved by the NERC Security Coordinator Subcommittee and Operating Committee.²
6. **Consideration of Interchange Transactions.** The administration of the TLR Procedure is guided by information obtained from the Interchange Distribution Calculator (IDC).

² Examples would be 1) a local procedure that curtails INTERCHANGE TRANSACTIONS in a different order or ratio than the INTERCONNECTION-wide procedure, or 2) a local redispatch procedure.

A. General Requirements

- 6.1. **Interchange Transactions not in the IDC.** SECURITY COORDINATORS shall also treat known INTERCHANGE TRANSACTIONS that may not appear in the IDC in accordance with the procedures in this document.
- 6.2. **Transmission elements not in IDC.** When a SECURITY COORDINATOR is faced with an overload on a transmission element that is not modeled in the IDC, the SECURITY COORDINATOR shall use the best information available to curtail INTERCHANGE TRANSACTIONS in order to operate the system in a reliable manner. The SECURITY COORDINATOR shall use his best efforts to ensure that INTERCHANGE TRANSACTIONS with a TRANSFER DISTRIBUTION FACTOR of less than the CURTAILMENT THRESHOLD on the transmission element not modeled in the IDC are not curtailed.
- 6.3. **Questionable IDC results.** Any SECURITY COORDINATOR (or TRANSMISSION PROVIDER through his SECURITY COORDINATOR) who believes the curtailment list from the IDC for a particular TLR event is incorrect shall use his best efforts to perform those adjustments necessary to bring the curtailment list into conformance with the principles of this Procedure. Causes of questionable IDC results may include:
 - Missing INTERCHANGE TRANSACTIONS that are known to contribute to the CONSTRAINT.
 - Significant change in transmission system topology
 - TDF matrix error.Impacts of questionable IDC results *may* include:
 - Curtailment that would have no effect on, or aggravate the constraint.
 - Curtailment that would initiate a constraint elsewhere. If other SECURITY COORDINATORS are involved in the TLR event, there must be an agreement among those SECURITY COORDINATORS on the adjustments to the curtailment list.
- 6.4. **Curtailment that would cause a constraint elsewhere.** If the SECURITY COORDINATOR is aware that an INTERCHANGE TRANSACTION curtailment directed by the IDC would cause a constraint to occur elsewhere, after consulting with other SECURITY COORDINATORS, he may exempt that INTERCHANGE TRANSACTION from curtailment.
- 6.5. **Redispatch options.** The SECURITY COORDINATOR shall ensure that INTERCHANGE TRANSACTIONS that are linked to redispatch options are protected from curtailment in

A. General Requirements

accordance with the redispatch provisions. [See also: **Policy 9C. Req. 3.2.1.1 on use of local procedures.**]

- 6.6. **Reallocation.** During a TLR Level 3A, TRANSACTIONS of higher priority that meet the Approved-tag Submission Deadline for Reallocation will be considered for REALLOCATION (see “**Interchange Transaction Reallocation Reference Document.**”) During a TLR Level 5A, TRANSACTIONS using Firm Transmission Service will be considered for REALLOCATION if they have met the same tag submission deadlines.
7. **IDC updates.** Any INTERCHANGE TRANSACTION adjustments or curtailments that result from using this Procedure must be entered into the IDC as explained in Policy 9.C. Requirement 1.1.
8. **Logging.** The SECURITY COORDINATOR shall complete the NERC Transmission Loading Relief Procedure Log (**Section I**) whenever he invokes TLR Level 2 or above, and send a copy of the log via e-mail to the NERC staff within two business days of the TLR event. The staff will post these logs on the NERC web site upon receipt.
9. **TLR Event Review.** The SECURITY COORDINATOR shall provide information regarding the TLR event to the NERC Market Interface Committee and Security Subcommittee in accordance with TLR review processes established by NERC as required. The Market Interface Committee may conduct reviews of certain TLR events based on the size and number of INTERCHANGE TRANSACTIONS that are affected, the frequency that the TLR Procedure is called for a particular CONSTRAINED FACILITY, or other factors. The Security Subcommittee will conduct reviews to ensure proper implementation and for “lessons learned.”

This report log is being automated and this section will be revised.

B. Transmission Loading Relief (TLR) Levels

Introduction

This section describes the various levels of the TLR Procedure. The description of each level begins with the circumstances that define the TLR Level, followed by the procedures to be followed.

The decision that a SECURITY COORDINATOR makes in selecting a particular TLR Level often depends on the transmission loading condition and whether the INTERCHANGE TRANSACTION is using Non-firm Point-to-Point Transmission Service or Firm Point-to-Point Transmission Service. There are further considerations that depend on whether the Constrained Facility is on or off the contract path. (**Section E., “Principles for Mitigating Constraints On and Off the Contract Path”**) It is important to note, as explained in the Introduction, that an INTERCHANGE TRANSACTION using Firm Point-to-Point Transmission Service on all contract path links is considered a “firm” INTERCHANGE TRANSACTION even if the CONSTRAINED FACILITY is off the contract path.

TLR Levels

1. Level 1 – Notify Security Coordinators of potential Operating Security Limit Violations.

1.1. Circumstances:

- The transmission system is secure.
- The SECURITY COORDINATOR foresees a transmission or generation contingency or other operating problem within his SECURITY AREA that could cause one or more transmission facilities to approach or exceed their OPERATING SECURITY LIMIT.
 - 1.2. Notification procedures.** The SECURITY COORDINATOR shall notify all SECURITY COORDINATORS via the Security Coordinator Information System as soon as the condition is foreseen. All affected SECURITY COORDINATORS shall check to ensure that INTERCHANGE TRANSACTIONS are posted in the INTERCHANGE DISTRIBUTION CALCULATOR.

2. Level 2 – Hold transfers at present level to prevent Operating Security Limit Violations

2.1. Circumstances for entering this level:

- The transmission system is secure,
- One or more transmission facilities are expected to approach, or are approaching, or are at their OPERATING SECURITY LIMIT.
 - 2.2. Holding procedures.** The SECURITY COORDINATOR may hold the implementation of any additional INTERCHANGE TRANSACTIONS that are at or above the CURTAILMENT THRESHOLD. However, the SECURITY COORDINATOR should allow additional INTERCHANGE TRANSACTIONS that flow across the CONSTRAINED FACILITY if their flow reduces the loading on the

Treatment of Firm Transactions.

B. Transmission Loading Relief (TLR) Levels

Constrained Facility or has a Transfer Distribution Factor less than the CURTAILMENT THRESHOLD. All INTERCHANGE TRANSACTIONS using Firm Point-to-Point Transmission Service will be allowed to start.

2.2.1. TLR Level 2 is a transient state, which requires a quick decision to proceed to higher TLR Levels (3 and above) to allow INTERCHANGE TRANSACTIONS to be implemented according to their transmission reservation priority. The time for being in TLR Level 2 should be no more than 30 minutes, with the understanding that there may be circumstances where this time may be exceeded. If the time in TLR Level 2 exceeds 30 minutes, the Security Coordinator must document this action on the TLR Log.

3. Level 3a – Reallocation of Transmission Service by curtailing INTERCHANGE TRANSACTIONS using Non-firm Point-to-Point Transmission Service to allow INTERCHANGE TRANSACTIONS using higher priority Transmission Service.

3.1. Circumstances for entering this level:

- The transmission system is secure
- One or more transmission facilities are expected to approach, or are approaching, or are at their OPERATING SECURITY LIMIT
- TRANSACTIONS using Non-firm Point-to-Point Transmission Service are flowing that are at or above the CURTAILMENT THRESHOLD on those facilities.
- The Transmission Provider has previously approved a higher priority Point-to-Point Transmission Service reservation over which a Transmission Customer wishes to begin an INTERCHANGE TRANSACTION. (See Section 3.2 below)

3.2. **Reallocation procedures to allow INTERCHANGE TRANSACTIONS using higher priority Point-to-Point Transmission Service to start.** The SECURITY COORDINATOR with the constraint shall give preference to those INTERCHANGE TRANSACTIONS using Firm Point-to-Point Transmission Service, followed by those using higher priority Nonfirm Point-to-Point Transmission Service as specified in Section C. **“Interchange Transaction Curtailment Order.”** INTERCHANGE TRANSACTIONS that have been held or curtailed as prescribed in this Section shall be reallocated (reloaded) according to their Transmission Service priorities when operating conditions permit. The specifications for performing this Reallocation, as well as the Tagging requirements, are found in the

B. Transmission Loading Relief (TLR) Levels

“Interchange Transaction Reallocation During TLR Level 3a and 5a Reference Document.”

- 3.2.1. INTERCHANGE TRANSACTIONS using higher priority Non-firm or Firm Transmission Service will displace INTERCHANGE TRANSACTIONS with lower priority Transmission Service.
- 3.2.2. INTERCHANGE TRANSACTIONS using Non-firm Transmission Service will not be curtailed to allow the start or increase of another INTERCHANGE TRANSACTION having the same priority Non-firm Transmission Service.
- 3.2.3. If there are insufficient INTERCHANGE TRANSACTIONS using Non-firm Point-to-Point Transmission Service that can be curtailed to allow for INTERCHANGE TRANSACTIONS using Firm Point-to-Point Transmission Service to begin, the Security Coordinator will proceed to TLR Level 5a. (See **Section 6, “TLR Level 5a,”** and **“Interchange Transaction Curtailments During TLR Level 3b Reference Document”** for Reallocation of Interchange Transactions using Firm Point-to-Point Transmission Service)
- 3.2.4. Reloading of curtailed INTERCHANGE TRANSACTIONS will precede starting of new or increased INTERCHANGE TRANSACTIONS.
 - 3.2.4.1. Interchange Transactions whose tags were submitted to the Tag Authority prior to the TLR Level 2 or Level 3a being called, but were subsequently held from starting, are considered to have been curtailed and thus would be reloaded the same time as the curtailed INTERCHANGE TRANSACTIONS.
- 3.2.5. Transmission capability available for reloading or starting will be filled by eligible TRANSACTIONS on a pro-rata basis.
- 3.2.6. Transactions whose tags meet the Approved-tag Submission Deadline for Reallocation (see **“Interchange Transaction Reallocation During TLR Level 3a and 5a Reference Document”**) will be considered for reallocation for the upcoming hour. Tags submitted after this deadline will be considered for reallocation the following hour.

4. Level 3b – Curtail INTERCHANGE TRANSACTIONS using Non-Firm Transmission Service Arrangements to mitigate an OPERATING SECURITY LIMIT Violation

4.1. Circumstances for entering this level:

New Section.

B. Transmission Loading Relief (TLR) Levels

- One or more transmission facilities are operating above their OPERATING SECURITY LIMIT, or
- Such operation is imminent and it is expected that facilities will exceed their security limit unless corrective action is taken, or
- One or more Transmission Facilities *will* exceed their OPERATING SECURITY LIMIT upon the removal from service of a generating unit or another transmission facility
- TRANSACTIONS using Non-firm Point-to-Point Transmission Service are flowing that are at or above the Curtailment Threshold on those facilities.

4.2. **Holding new INTERCHANGE TRANSACTIONS.** The Security Coordinator shall hold all new INTERCHANGE TRANSACTIONS using Non-firm Point-to-Point Transmission Service that are at or above the CURTAILMENT THRESHOLD during the period of the OPERATING SECURITY LIMIT Violation. INTERCHANGE TRANSACTIONS using Firm Point-to-Point Transmission Service will be allowed to start if they are submitted to the IDC within specific time limits as explained in **“Interchange Transaction Curtailments During TLR Level 3b Reference Document.”**

4.3. **Curtailment procedures to mitigate an OPERATING SECURITY LIMIT.** The SECURITY COORDINATOR shall curtail INTERCHANGE TRANSACTIONS using Non-firm Point-to-Point Transmission Service that are at or above the CURTAILMENT THRESHOLD as specified in Section C. **“Interchange Transaction Curtailment Order.”**

5. Level 4 – Reconfigure Transmission

5.1. Circumstances for entering this level:

- One or more Transmission Facilities are above their OPERATING SECURITY LIMIT, or
- Such operation is imminent and it is expected that facilities will exceed their security limit unless corrective action is taken

5.2. **Holding new INTERCHANGE TRANSACTIONS.** The SECURITY COORDINATOR shall hold all new INTERCHANGE TRANSACTIONS using Non-firm Point-to-Point Transmission Service that are at or above the Curtailment Threshold during the period of the OPERATING SECURITY LIMIT Violation. INTERCHANGE TRANSACTIONS using Firm Point-to-Point Transmission Service will be allowed to start if they are submitted to the IDC by 00:25 or the time at which the TLR Level 4 is called, whichever is later.

5.3. **Reconfiguration procedures.** Following the curtailment of

Treatment of Firm Transactions.

Not necessarily true. The SC may go right to TLR 4. The IDC will order all NF to be curtailed.



B. Transmission Loading Relief (TLR) Levels

all INTERCHANGE TRANSACTIONS using Non-firm Point-to-Point Transmission Service that are at or above the CURTAILMENT THRESHOLD in Level 3b that impact the CONSTRAINED FACILITIES, if an OPERATING SECURITY LIMIT violation is imminent or occurring, the SECURITY COORDINATOR(S) shall request that the affected TRANSMISSION PROVIDERS reconfigure transmission on their system, or arrange for reconfiguration on other transmission systems, to mitigate the constraint. Specific details are explained in **Section E., “Principles for Mitigating Constraints On and Off the Contract Path”**

6. Level 5a – Reallocation of Transmission Service by curtailing INTERCHANGE TRANSACTIONS using Firm Point-to-Point Transmission Service on a pro rata basis to allow additional INTERCHANGE TRANSACTIONS using Firm Point-to-Point Transmission Service.

6.1. Circumstances:

- The transmission system is secure
- One or more transmission facilities are at their OPERATING SECURITY LIMIT
- All INTERCHANGE TRANSACTIONS using Non-firm Point-to-Point Transmission Service that are at or above the CURTAILMENT THRESHOLD have been curtailed.
- The TRANSMISSION PROVIDER has been requested to begin an INTERCHANGE TRANSACTION using previously arranged Firm Transmission Service that would result in an OPERATING SECURITY LIMIT Violation.
- No further transmission reconfiguration is possible or effective.

6.2. Reallocation procedures to allow new INTERCHANGE TRANSACTIONS using Firm Point-to-Point Transmission Service to start. Reallocation of INTERCHANGE TRANSACTIONS using Firm Point-to-Point Transmission Service is a three-step process as follows:

6.2.1. Step 1 – Identify available redispatch options.

The SECURITY COORDINATOR shall assist the Transmission Provider(s) in identifying those known redispatch options that are available to the Transmission Customer that will mitigate the loading on the CONSTRAINED FACILITIES. If such redispatch options are deemed insufficient to mitigate loading on the CONSTRAINED FACILITIES, the SECURITY COORDINATOR shall proceed to implement these options while proceeding to Steps 2 and 3 below.

B. Transmission Loading Relief (TLR) Levels

6.2.2. **Step 2 – Calculate** percent of the overload on the CONSTRAINED FACILITY due to Interchange Transactions using Firm Point-to-Point Transmission Service that are at or above the CURTAILMENT THRESHOLD. This is the MW that can be curtailed using the TLR Procedure, and this value shall be communicated to the Transmission Provider with the constraint. This is described in **Section F, “Transaction Contribution Factor Calculation.”** The Security Coordinator shall assist the Transmission Provider to calculate the percent of the overload on the CONSTRAINED FACILITIES caused by the TRANSMISSION PROVIDER’S Network Integration Transmission Service and Native Load as required by the TRANSMISSION PROVIDER’S filed tariff.

6.2.3. **Step 3 – Curtail Interchange Transactions using Firm Transmission Service.** The SECURITY COORDINATOR shall curtail or reallocate on a pro-rata basis (based on the MW level of the MW total to all such INTERCHANGE TRANSACTIONS), those INTERCHANGE TRANSACTIONS as calculated in **Section 7.2.2** over the CONSTRAINED FACILITIES. (See also “**Interchange Transaction Reallocation During TLR 3a and 5a Reference Document.**” The SECURITY COORDINATOR shall assist the Transmission Provider in curtailing Transmission Service to Network Integration Transmission Service customers and Native Load if such curtailments are required by the Transmission Provider’s tariff. Available redispatch options will continue to be implemented.

7. **Level 5b – Curtail INTERCHANGE TRANSACTIONS using Firm Point-to-Point Transmission Service to mitigate an OPERATING SECURITY LIMIT Violation.**

7.1. Circumstances:

- One or more Transmission Facilities are operating above their OPERATING SECURITY LIMIT, or
- Such operation is imminent, or
- One or more Transmission Facilities *will* exceed their OPERATING SECURITY LIMIT upon the removal from service of a generating unit or another transmission facility.
- All INTERCHANGE TRANSACTIONS using Non-firm Point-to-Point Transmission Service that are at or above the CURTAILMENT THRESHOLD have been curtailed.

B. Transmission Loading Relief (TLR) Levels

- No further transmission reconfiguration is possible or effective.
 - 7.2. Curtailment of INTERCHANGE TRANSACTIONS using Firm Point-to-Point Transmission Service is a three-step process as follows:
 - 7.2.1. **Step 1 – Identify available redispatch options.**

The SECURITY COORDINATOR shall assist the Transmission Provider(s) in identifying those known redispatch options that are available to the Transmission Customer that will mitigate the loading on the CONSTRAINED FACILITIES. If such redispatch options are deemed insufficient to mitigate loading on the CONSTRAINED FACILITIES, the SECURITY COORDINATOR shall proceed to implement these options while proceeding to Steps 2 and 3 below.
 - 7.2.2. **Step 2 – Calculate** of the overload on the CONSTRAINED FACILITY due to Interchange Transactions using Firm Point-to-Point Transmission Service that are at or above the CURTAILMENT THRESHOLD. This is the MW that can be curtailed using the TLR Procedure, and this value shall be communicated to the Transmission Provider with the constraint. This is described in **Section G, “Transaction Contribution Factor Calculation.”** If required by the TRANSMISSION PROVIDERS’ tariffs, the Security Coordinator shall assist the Transmission Provider calculate the percentage of the overload on the CONSTRAINED FACILITIES caused by the Transmission Provider’s Network Integration Transmission Service and Native Load.
 - 7.2.3. **Step 3 – Curtailment of Interchange Transactions using Firm Transmission Service.**

At this point, the SECURITY COORDINATOR shall begin the process of curtailing INTERCHANGE TRANSACTIONS as calculated in **Section 7.2.2** over the CONSTRAINED FACILITIES using Firm Point-to-Point Transmission Service until the OPERATING SECURITY LIMIT violation has been mitigated. The SECURITY COORDINATOR shall assist the Transmission Provider in curtailing Transmission Service to Network Integration Transmission Service customers and Native Load if such curtailments are required by the TRANSMISSION PROVIDERS’ tariff. Available redispatch options will continue to be implemented.

B. Transmission Loading Relief (TLR) Levels

8. Level 6 – Emergency Procedures

8.1. Circumstances:

- One or more Transmission Facilities are above their OPERATING SECURITY LIMIT.
- One or more Transmission Facilities *will* exceed their OPERATING SECURITY LIMIT upon the removal from service of a generating unit or another transmission facility.

8.2. Implementing emergency procedures. If the transmission loading condition is deemed critical to bulk system reliability by a SECURITY COORDINATOR, the SECURITY COORDINATOR has the authority to immediately direct the CONTROL AREAS in his SECURITY AREA to redispatch generation, or reconfigure transmission, or reduce load to mitigate the critical condition until INTERCHANGE TRANSACTIONS can be reduced utilizing the TLR Procedures or other procedures to return the system to a secure state. All CONTROL AREAS shall comply with all requests from their SECURITY COORDINATOR.

9. Level 0 – TLR concluded

9.1. Interchange TRANSACTION restoration and notification procedures. The SECURITY COORDINATOR initiating the TLR Procedure shall notify all SECURITY COORDINATORS within the INTERCONNECTION via the SCIS when the OPERATING SECURITY LIMIT violations are mitigated and the system is in a “normal” state, allowing INTERCHANGE TRANSACTIONS to be reestablished at his discretion. Those with the highest transmission priorities shall be reestablished first if possible.

C. Interchange Transaction Curtailment Order

Curtailment of Interchange Transactions Using Non-firm Transmission Service

The SECURITY COORDINATOR will direct the curtailment of INTERCHANGE TRANSACTIONS using Non-firm TRANSMISSION SERVICE that are at or above the CURTAILMENT THRESHOLD for the following TLR Levels:

1. **TLR Level 3a.** Enable INTERCHANGE TRANSACTIONS using a higher Transmission reservation priority to be implemented, or
2. **TLR Level 3b.** Mitigate an OPERATING SECURITY LIMIT violation.

The INTERCHANGE TRANSACTION curtailment priority is determined by its TRANSMISSION SERVICE reservation over the constrained facility(ies) as shown in the box on the right: The curtailment priority for INTERCHANGE TRANSACTIONS that do not have a Transmission Service reservation over the constrained facility(ies) is the lowest priority of the individual reserved transmission segments.

Curtailment of Interchange Transactions Using Firm Transmission Service

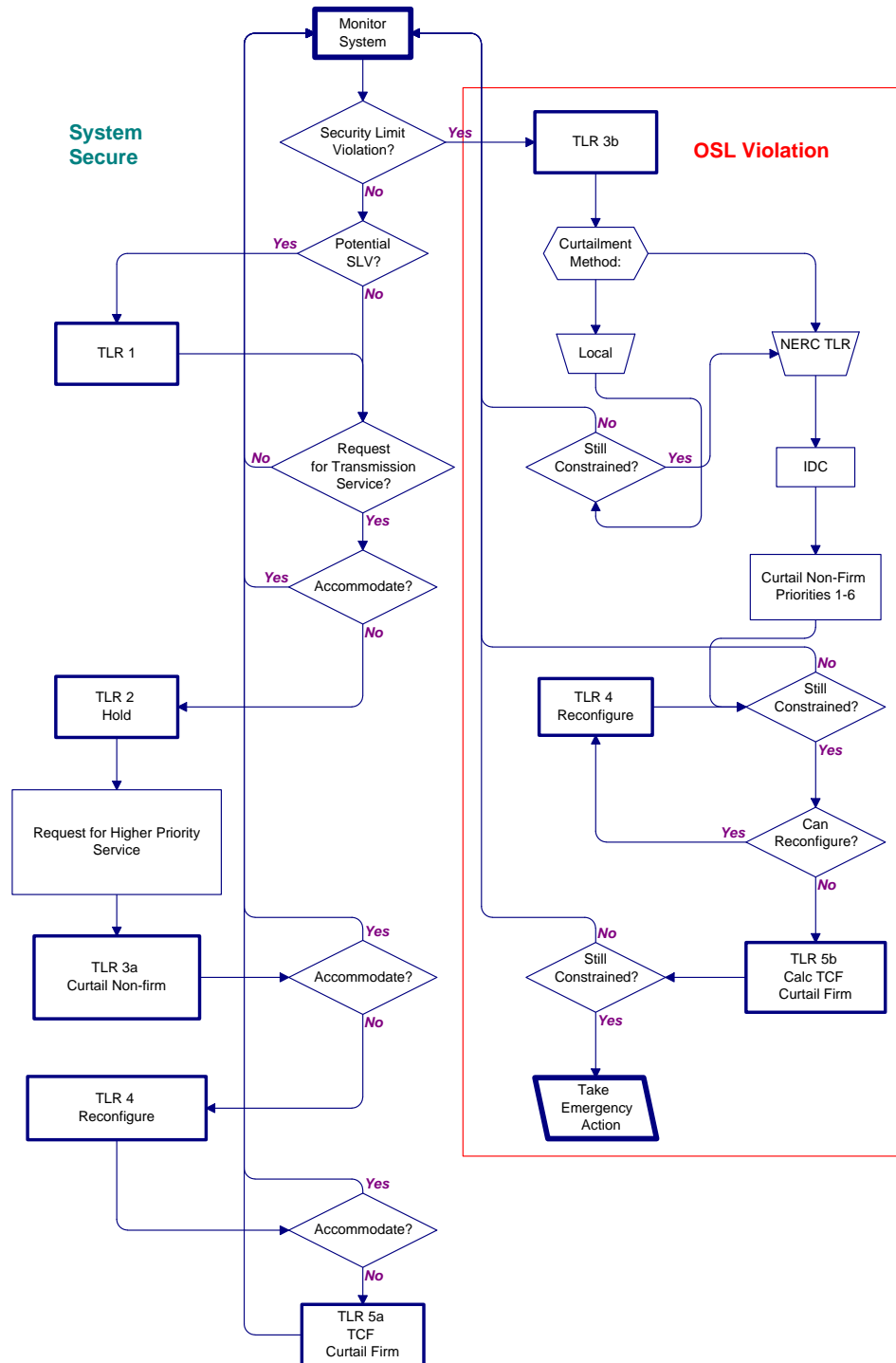
The SECURITY COORDINATOR will direct the curtailment of INTERCHANGE TRANSACTIONS using Firm TRANSMISSION SERVICE that are at or above the CURTAILMENT THRESHOLD for the following TLR Levels:

1. **TLR Level 5a.** Enable additional INTERCHANGE TRANSACTIONS using Firm Point-to-Point Transmission Service to be implemented after all INTERCHANGE TRANSACTIONS using Non-firm Point-to-Point Service have been curtailed, or
2. **TLR Level 5b.** Mitigate an OPERATING SECURITY LIMIT violation that remains after all INTERCHANGE TRANSACTIONS using Non-firm Transmission Service has been curtailed under TLR Level 3b, and following attempts to reconfigure transmission under TLR Level 4.

Transmission Service Priorities	
Priority 0.	Next-hour Market Service – NX*
Priority 1.	Service over secondary receipt and delivery points – NS
Priority 2.	Hourly Service – NH
Priority 3.	Daily Service – ND
Priority 4.	Weekly Service – NW
Priority 5.	Monthly Service – NM
Priority 6.	Network Integration Transmission Service from sources not designated as network resources – NN
Priority 7.	Firm Point-to-Point Transmission Service and Network Integration Transmission Service from Designated Resources – F
*NX is Pending FERC Approval	

D. Transaction Management and Curtailment Process

This flowchart depicts an overview of the Transaction Management and Curtailment process. Detailed decisions are not shown.



E. Principles for Mitigating Constraints On and Off the Contract Path

Introduction

Reserving transmission service for an INTERCHANGE TRANSACTION along a “contract path” may not reflect the actual distribution of the power flows over the transmission network from generation source to load sink.

INTERCHANGE TRANSACTIONS arranged over a contract path may, therefore, overload transmission elements on other electrically parallel paths. The SECURITY COORDINATORS must agree on how the NERC Transmission Loading Relief Procedure will handle these INTERCHANGE TRANSACTIONS to, first, ensure the operational security of the INTERCONNECTION and, second, respect the obligations of the TRANSMISSION PROVIDERS’ tariffs.

The curtailment priority of an INTERCHANGE TRANSACTION depends on whether the CONSTRAINED FACILITY is on or off the contract path, and, if on the contract path, the Transmission Service of the link with the CONSTRAINED FACILITY.

The SECURITY COORDINATOR must also consider 1) the tariff obligations of the Transmission Provider with the CONSTRAINED FACILITY, 2) the Transmission Customer’s redispatch or other congestion management arrangements, and 3) arrangements among the TRANSMISSION PROVIDERS for handling certain CONSTRAINTS. Refer to examples beginning on page A9C1-~~263254~~.

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Field Code Changed

Principles for Constraints ON the Contract Path

Principle 1. If the transmission link with the CONSTRAINED FACILITY is Non-firm Point-to-Point Transmission Service, the entire INTERCHANGE TRANSACTION is considered non-firm, even if other links in the contract path are firm. When the CONSTRAINED FACILITY is on the contract path, the INTERCHANGE TRANSACTION takes on the transmission service priority of the Transmission Service link with the CONSTRAINED FACILITY regardless of the Transmission Service priority on the other links along the contract path.

Discussion. The TRANSMISSION PROVIDER simply has to call its SECURITY COORDINATOR, request the TLR Procedure be initiated, and allow the curtailments of all INTERCHANGE TRANSACTIONS that are at or above the CURTAILMENT THRESHOLD to progress until the relief is realized. Firm Point-to-Point Transmission Service links elsewhere in the contract path do not obligate TRANSMISSION PROVIDERS providing Non-firm Point-to-Point Transmission Service to treat the transaction as firm. For curtailment purposes, the INTERCHANGE TRANSACTION’S priority will be the priority

E. Principles for Mitigating Constraints On and Off the Contract Path

of the TRANSMISSION SERVICE link with the CONSTRAINED FACILITY. (See Principle #2 below.)

Principle 2. If the transmission link with the CONSTRAINED FACILITY is Firm Point-to-Point Transmission Service, the entire INTERCHANGE TRANSACTION is considered firm, even if other links in the contract path are non-firm.

Discussion. The curtailment priority of an INTERCHANGE TRANSACTION on a contract path link is not affected by the transmission service priorities arranged with other links on the contract path. If the CONSTRAINED FACILITY is on a Firm Point-to-Point Transmission Service contract path link, then the curtailment priority of the INTERCHANGE TRANSACTION is considered firm regardless of the transmission service arrangements elsewhere on the contract path. If the TRANSMISSION PROVIDER provides its services under the FERC pro forma tariff, it may also be obligated to offer its Transmission Customer alternate receipt and delivery points, thus allowing the Customer to curtail its Transmission Service over the CONSTRAINED FACILITIES.

For Constraints OFF the Contract Path

Principle 3. If *any* of the transmission links on the contract path are Non-firm Point-to-Point Transmission Service, the INTERCHANGE TRANSACTION is considered non-firm by the system with the CONSTRAINED FACILITY that is not on the contract path, and takes on the *lowest* transmission service priority of all TRANSMISSION SERVICE links along the contract path.

Discussion. An INTERCHANGE TRANSACTION arranged over a contract path where one or more individual links consist of Non-firm Point-to-Point Transmission Service is considered to be a non-firm INTERCHANGE TRANSACTION for CONSTRAINED FACILITIES off the contract path. Sufficient INTERCHANGE TRANSACTIONS that are at or above the CURTAILMENT THRESHOLD will be curtailed before any INTERCHANGE TRANSACTIONS using Firm Point-to-Point Transmission Service are curtailed. The priority level for curtailment purposes will be the *lowest* level of transmission service arranged for on the contract path.

Principle 4. If *all* of the transmission links on the contract path with the CONSTRAINED FACILITY are Firm Point-to-Point Transmission Service, then the INTERCHANGE TRANSACTION is considered firm and will *not* be curtailed to relieve a CONSTRAINT off the contract path until all non-firm INTERCHANGE TRANSACTIONS that are at or above the CURTAILMENT THRESHOLD have been curtailed.

Discussion. If the entire contract path is Firm Point-to-Point Transmission Service, then the TLR procedure will treat the INTERCHANGE TRANSACTION as firm even for CONSTRAINTS off the contract path and will not curtail that INTERCHANGE TRANSACTION until all non-firm INTERCHANGE TRANSACTIONS that are at or above the CURTAILMENT THRESHOLD have been curtailed. However, TRANSMISSION PROVIDERS off the contract path are not obligated to reconfigure their transmission system or provide other congestion management procedures unless special arrangements are in place. Because the INTERCHANGE TRANSACTION is considered firm “everywhere,” the SECURITY COORDINATOR may attempt to arrange for TRANSMISSION PROVIDERS or CONTROL AREAS to reconfigure transmission or provide other congestion management options, even if they are off the contract path, to try to avoid curtailing the INTERCHANGE TRANSACTION that is using the Firm Point-to-Point Transmission Service.

Examples

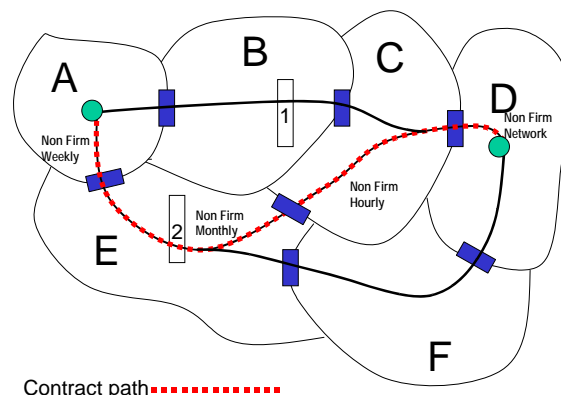
This section explains, by example, the obligations of the TRANSMISSION PROVIDERS on and off the contract path when calling for Transmission Loading Relief. (References to Principles refer to **Section E, “Principles for Mitigating Constraints On and Off the Contract Path,”** on the preceding pages.) When Reallocating or curtailing INTERCHANGE TRANSACTIONS using Firm Point-to-Point Transmission Service under TLR Level 5a or 5b, the TRANSMISSION PROVIDER may be obligated to perform comparable curtailments of its TRANSMISSION SERVICE to Network Integration and Native Load customers. See **Section F, “Transaction Contribution Factor Calculation”**.

Scenario:

- INTERCHANGE TRANSACTION arranged from system A to system D, and assumed to be at or above the CURTAILMENT THRESHOLD
- Contract path is A-E-C-D (except as noted)
- Locations 1 and 2 denote CONSTRAINTS

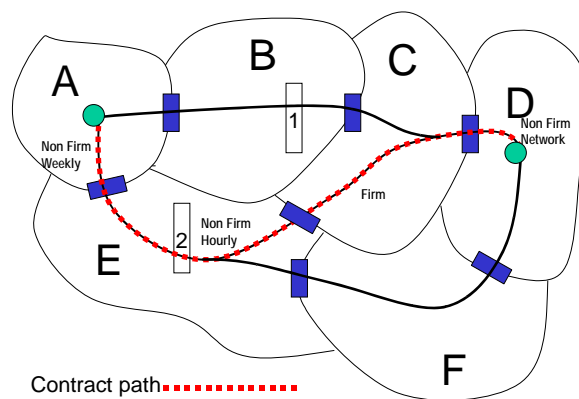
Case 1: E is a non-firm Monthly path, C is non-firm Hourly; E has CONSTRAINT at #2.

- E may call SECURITY COORDINATOR for TLR Procedure to relieve overload at CONSTRAINT #2.
- INTERCHANGE TRANSACTION A-D may be curtailed by TLR action **as though it was being served by Non-firm Monthly Point-to-Point Transmission Service**, even though it was using Non-firm Hourly Point-to-Point TRANSMISSION SERVICE from C. That is, it takes on the priority of the link with the CONSTRAINED FACILITY along the contract path. (Principle 1)



Case 2: E is a non-firm hourly path, C is firm; E has CONSTRAINT at #2.

- Although C is providing Firm Service, the CONSTRAINT is not on C’s system, therefore E is not obligated to treat the Interchange Transaction as though it was being served by Firm Point-to-Point Transmission Service.
- E may call SECURITY COORDINATOR for TLR Procedure to relieve overload at CONSTRAINT #2.
- INTERCHANGE TRANSACTION A-D may be curtailed by TLR action as though it was being served by Non-firm Hourly Point-to-Point Transmission Service, even though it was using firm service from C. That is, when the constraint is on the contract path, the Interchange Transaction takes on the priority of the

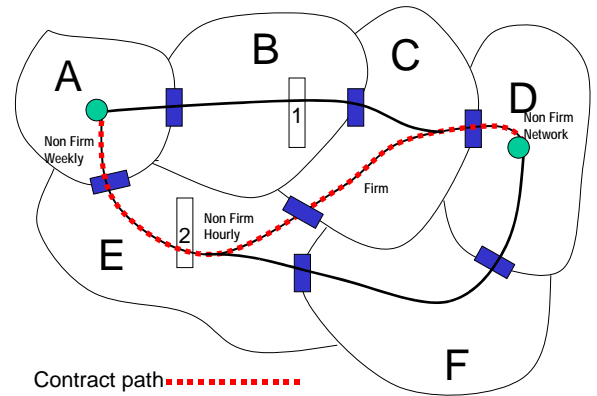


E. Principles for Mitigating Constraints On and Off the Contract Path

link with the CONSTRAINED FACILITY. (Principle 1)

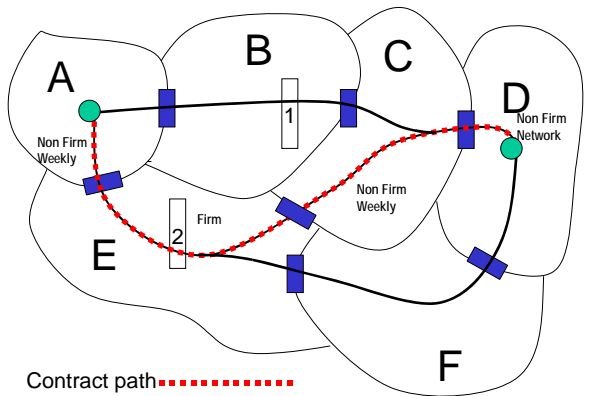
Case 3: E is a non-firm hourly path, C is firm, B has CONSTRAINT at #1.

- B may call SECURITY COORDINATOR for TLR Procedure to relieve overload at CONSTRAINT #1.
- INTERCHANGE TRANSACTION A-D may be curtailed by TLR action as though it was being served by Non-firm Hourly Transmission Service, even if it was using firm Transmission Service elsewhere on the path. When the constraint is off the contract path, the Interchange Transaction takes on the lowest priority reserved on the contract path. (Principle 3)



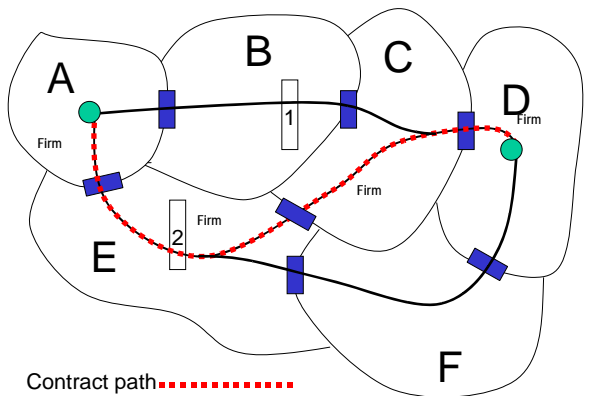
Case 4: E is a firm path; A, D, and C are Non-firm; E has CONSTRAINT at #2.

- Interchange Transaction A – D is considered Firm priority for curtailment purposes.
- E may then call SECURITY COORDINATOR for TLR, which would curtail all INTERCHANGE TRANSACTIONS using Non-firm Point-to-Point Transmission Service first.
- E is obligated to try to reconfigure transmission to mitigate CONSTRAINT #2 in E before E may curtail the INTERCHANGE TRANSACTION as ordered by the TLR. (Principle 2)



Case 5: The entire path (A-E-C-D) is firm; E has CONSTRAINT at #2.

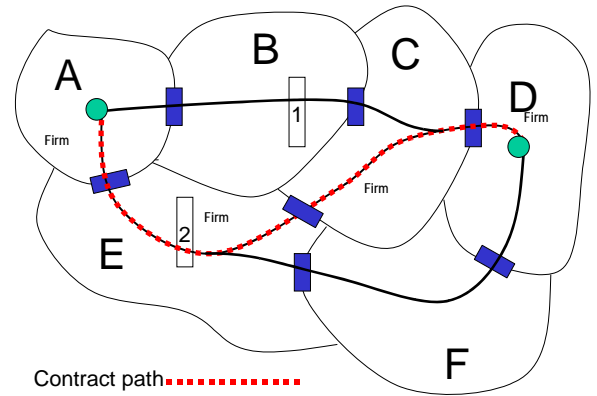
- INTERCHANGE TRANSACTION A – D is considered Firm priority for curtailment purposes.
- E may call SECURITY COORDINATOR for TLR, which would curtail all INTERCHANGE TRANSACTIONS using Non-firm Point-to-Point Transmission Service first.
- E is obligated to curtail INTERCHANGE TRANSACTIONS using Non-firm Point-to-Point Transmission Service, and then reconfigure transmission on its system, or, if there is an agreement in place, arrange for reconfiguration or other congestion management options on another system, to mitigate CONSTRAINT #2 in E before the firm A-D transaction is curtailed. (Principle 2)
- A, C, D, may be requested by E to try to reconfigure transmission to mitigate CONSTRAINT #2 in E at E's expense. (Principle 2)



E. Principles for Mitigating Constraints On and Off the Contract Path

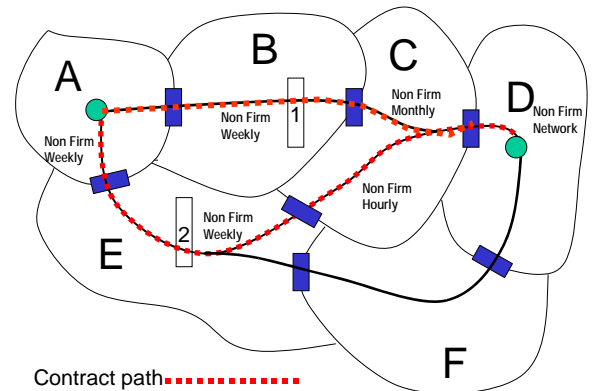
Case 6: The entire path (A-E-C-D) is firm; B has CONSTRAINT at #1.

- INTERCHANGE TRANSACTION A – D is considered Firm priority for curtailment purposes.
- B may call SECURITY COORDINATOR for TLR Procedure for all *non-firm* INTERCHANGE TRANSACTIONS that contribute to the overload at CONSTRAINT #1.
- Following the curtailment of all non-firm INTERCHANGE TRANSACTIONS, the SECURITY COORDINATOR(s) will determine which CONTROL AREA(S) will reconfigure their transmission, if possible, to mitigate constraint #1. (Principle 4)
- A-D transaction may be curtailed as a result. However, the A-D transaction is treated as a firm INTERCHANGE TRANSACTION and will be curtailed only after non-firm INTERCHANGE TRANSACTIONS. (Note: This means that the firm contract path is respected by all parties, including those not on the contract path.) (Principle 4)



Case 7: Two A-to-D transactions using A-B-C-D and A-E-C-D; A and B are non-firm; B has CONSTRAINT at #1

- B is not obligated to reconfigure transmission to mitigate CONSTRAINT at #1. (Principle 1)
- B may call for TLR Procedure to relieve overload at CONSTRAINT #1.
- If both A – D Interchange Transactions have the same TDF across Constraint #1, then they both are subject to curtailment. However, INTERCHANGE TRANSACTION A – D using the A-B-C-D path is assigned a higher priority (priority NW on B), and would not be curtailed until after the Interchange Transaction using the path A-E-C-D (priority NH on the contract path as observed by B who is off the contract path).



F. Transaction Contribution Factor Calculation

[See also “Parallel Flow Calculation Procedure Reference Document”]

Introduction

This section is intended to explain how to calculate the flows over the CONSTRAINED FACILITY due to TRANSACTIONS using Firm Point-to-Point Transmission Service. The “Parallel Flow Calculation Procedure Reference Document” explains how to calculate the effects of Network Integration Transmission Service and Native Load on CONSTRAINED FACILITIES.

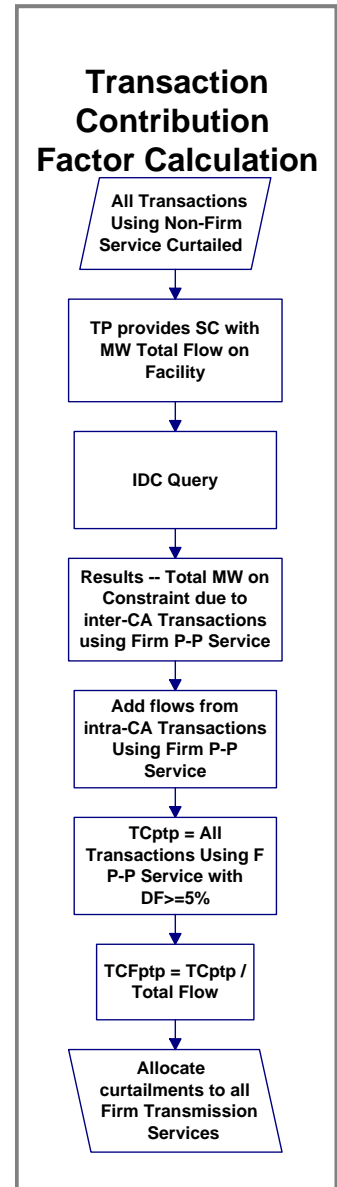
There are two situations that may require the curtailment of INTERCHANGE TRANSACTIONS using Firm Point-to-Point Transmission Service. In both situations, all INTERCHANGE TRANSACTIONS using Non-firm Point-to-Point Transmission Service that are at or above the CURTAILMENT THRESHOLD have been curtailed:

1. An INTERCHANGE TRANSACTION with Firm Point-to-Point Transmission Service is scheduled to start, but doing so would cause an OPERATING SECURITY LIMIT Violation, and there are no INTERCHANGE TRANSACTIONS using Non-firm Point-to-Point Transmission Service that can be curtailed to mitigate this potential overload. TLR Level 5a is declared to allow additional Interchange Transactions using Firm Point-to-Point Transmission Service to begin on a pro rata basis, with corresponding pro rata curtailments of other Interchange Transactions using Firm Point-to-Point Transmission Service.
2. In the second case, an OPERATING SECURITY LIMIT Violation already exists, and all INTERCHANGE TRANSACTIONS using Non-firm Point-to-Point Transmission Service have been curtailed. TLR Level 5b is declared to curtail the necessary Interchange Transactions using Firm Point-to-Point Transmission Service to mitigate the Operating Security Limit.

In both cases, the Transmission Provider may be obligated to perform comparable curtailments of its TRANSMISSION SERVICE to Network Integration and Native Load customers. Therefore, the Transmission Provider needs to consider what percent of the overload on the CONSTRAINED FACILITY is due to each of these types of Transmission Services.

Calculating Flows Due to Firm Point-to-Point Transmission Service

When entering TLR Level 5a or 5b, the Transmission Provider first provides the SECURITY COORDINATOR with the total MW flow on the CONSTRAINED FACILITY. The SECURITY COORDINATOR then interrogates the Interchange Distribution Calculator to determine the total MW flow over the CONSTRAINED FACILITY from INTERCHANGE TRANSACTIONS



F. Transaction Contribution Factor Calculation

(*inter*-CONTROL AREA) using Firm Point-to-Point Transmission Service. Next, the Transmission Provider adds the MW flow over the CONSTRAINED FACILITY from *intra*-CONTROL AREA TRANSACTIONS on its system using Firm Point-to-Point Transmission Service. The sum of these two values is the Transaction Contribution due to Firm Point-to-Point Transmission Service, or TC_{ptp} , that have a Distribution Factor greater than the CURTAILMENT THRESHOLD.

Calculating the Transaction Contribution Factor for Firm Point-to-Point Transmission Service

Dividing the Transaction Contribution due to Firm Point-to-Point Transmission Service by the total flow over the CONSTRAINED FACILITY yields the Transaction Contribution Factor for Firm Point-to-Point Transmission Service, or TCF_{ptp} .

Calculating the Curtailment Ratios for all Firm Transmission Services

After considering the TC_{ptp} , the remaining flows over the CONSTRAINED FACILITY must therefore be due to *inter*- and *intra*-CONTROL AREA generation-to-load flows using Firm Network Integration Transmission Service and Native Load Service, including parallel flows from other CONTROL AREAS, parallel flows due to *intra*-CONTROL AREA TRANSACTIONS using Firm Point-to-Point Transmission service on adjacent systems, as well as those INTERCHANGE TRANSACTIONS below the CURTAILMENT THRESHOLD Distribution Factor threshold that were not curtailed, plus other flows from unknown sources. The example that follows illustrates these various component flows over the CONSTRAINED FACILITY.

It is up to the Transmission Provider to allocate the curtailment of these remaining flows among its Transmission Customers, which will include adjustments to its TCF_{ptp} factor, according to its transmission tariff or Regional procedures. Refer to the example [on page 268](#)~~on page 259~~ and to the “**Parallel Flow Calculation Procedure Reference Document.**”

F. Transaction Contribution Factor Calculation

Example

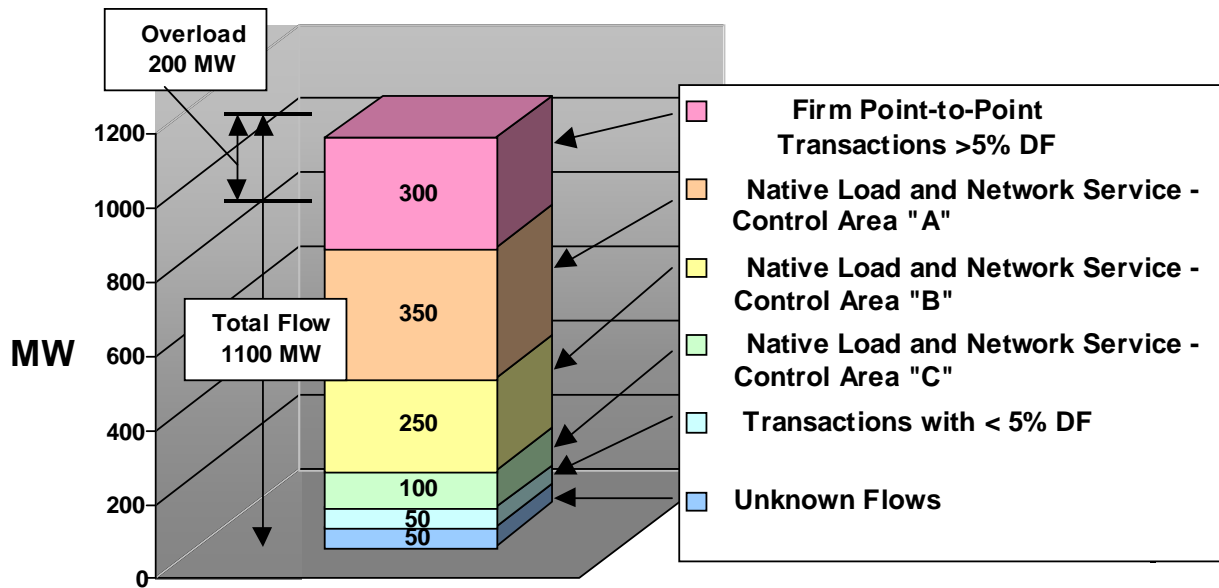
- Facility XYZ has an OPERATING SECURITY LIMIT of 900 MW.
- Its current metered flow is 1,100 MW, or 200 MW over the OPERATING SECURITY LIMIT.
- All non-firm transactions eligible for curtailment have been curtailed.

Remaining flows over the CONSTRAINED FACILITY are:

- 700 MW due to parallel flows from Firm Network Integration Transmission and Native Load Service in Control Areas A, B, and C.
- 50 MW due to Interchange Transactions using non-Firm Transmission Service with a distribution factor below the CURTAILMENT THRESHOLD.
- 50 MW due to unknown reasons.

The IDC shows that the contribution from the Firm and remaining Non-Firm Transactions contributing to the loading on this CONSTRAINED FACILITY for hour ending 1600 (starting at 1500 hours) is 300 MW.

Illustrative Loading on Facility



G. Transaction Curtailment Formula

Example

This example is based on the premise that a transaction should be curtailed in proportion to its TDF on the CONSTRAINTS. Its effect on the interface is a combination of its size in MW and its effect based on its distribution factor.

Column	Description
1. Initial Transaction	INTERCHANGE TRANSACTION before the TLR Procedure is implemented.
2. Distribution Factor	Proportional effect of the Transaction over the constrained interface due to the physical arrangement and impedance of the transmission system.
3. Impact on the Interface	Result of multiplying the Transaction MW by the distribution factor. This yields the MW that flow through the constrained interface from the Transaction. Performing this calculation for each Transaction yields the total flow through the constrained interface from all the INTERCHANGE TRANSACTIONS. In this case, 760 MW.
4. Impact Weighting Factor	“Normalization” of the total of the Distribution Factors in Column 2. Calculated by dividing the Distribution Factor for each Transaction by the total of the Distribution Factors.
5. Weighted Maximum Interface Reduction	Multiplying the Impact on the Interface from each Transaction by its Impact Weighting Factor yields a new proportion that is a combination of the MW Impact on the Interface and the Distribution Factor.
6. Interface Reduction	Multiplying the amount we need to reduce the flow over the constrained interface (280 MW) by the normalization of the Weighted Maximum Interface Reduction yields the actual MW reduction that each Transaction must <i>contribute</i> to achieve the total reduction.
7. Transaction Reduction	Now we have to divide by the Distribution Factor to see how much the Transaction must be reduced to yield the result we calculated in Column 7. Note that the reductions for the first two INTERCHANGE TRANSACTIONS (A-D (1) and A-D (2) are in proportion to their size since their distribution factors are equal.
8. New Transaction Amount	Subtracting the Transaction Reduction from the Initial Transaction yields the New Transaction Amount.
9. Adjusted Impact on Interface	A check to ensure the new constrained interface MW flow has been reduced to the target amount.

Appendix 9C □ Transmission Loading Relief Procedure

D. Transaction Contribution Factor Calculation

Allocation based on Weighted Impact									
	1	2	3	4	5	6	7	8	9
Transaction ID	Initial Transaction	Distribution Factor	(1)*(2) Impact On Interface	(2)/(2TOT) Impact weighting factor	(3)*(4) Weighted Max Interface Reduction	(5)*(Relief Requested) / (5 Tot) Interface Reduction	(6)/(2) Transaction Reduction	(1)-(7) New Transaction Amount	(8)*(2) Adjusted Impact On Interface
Example 1									
A-D(1)	800	0.6	480	0.34	164.57	209.73	349.54	450.46	270.27
A-D(2)	200	0.6	120	0.34	41.14	52.43	87.39	112.61	67.57
B-D	800	0.15	120	0.09	10.29	13.11	87.39	712.61	106.89
C-D	100	0.2	20	0.11	2.29	2.91	14.56	85.44	17.09
E-B	100	0.05	5	0.03	0.14	0.18	3.64	96.36	4.82
F-B	100	0.15	15	0.09	1.29	1.64	10.92	89.08	13.36
	2100	1.75	760		219.71	280.00	553.45	1546.55	480.00
Example 2									
A-D(1)	1000	0.6	600	0.52	313.04	262.16	436.93	563.07	337.84
B-D	800	0.15	120	0.13	15.65	13.11	87.39	712.61	106.89
C-D	100	0.2	20	0.17	3.48	2.91	14.56	85.44	17.09
E-B	100	0.05	5	0.04	0.22	0.18	3.64	96.36	4.82
F-B	100	0.15	15	0.13	1.96	1.64	10.92	89.08	13.36
	2100	1.15	760		334.35	280.00	553.45	1546.55	480.00
Example 3									
A-D(1A)	200	0.6	120	0.17	20.28	52.43	87.39	112.61	67.57
A-D(1B)	200	0.6	120	0.17	20.28	52.43	87.39	112.61	67.57
A-D(1C)	200	0.6	120	0.17	20.28	52.43	87.39	112.61	67.57
A-D(1D)	200	0.6	120	0.17	20.28	52.43	87.39	112.61	67.57
A-D(2)	200	0.6	120	0.17	20.28	52.43	87.39	112.61	67.57
B-D	800	0.15	120	0.04	5.07	13.11	87.39	712.61	106.89
C-D	100	0.2	20	0.06	1.13	2.91	14.56	85.44	17.09
E-B	100	0.05	5	0.01	0.07	0.18	3.64	96.36	4.82
F-B	100	0.15	15	0.04	0.63	1.64	10.92	89.08	13.36
	2100	3.55	760		108.31	280.00	553.45	1546.55	480.00

