

Proposal for the Temporary Release of Transmission Capacity Rights “Pro-Rata” Allocation Method for Retail Access Eligible Customers (AB 661 or SB 211)

- I. Issue:** Transmission Capacity Rights for Retail Access (AB 661 or SB 211) Eligible Customers.
- II. Method:** Native Load will voluntarily release a “pro-rata” share (as described below) of the Native Load’s existing transmission capacity rights for a specific time period.
- III. Details of Pro-Rata:**
 - A.** The Eligible Customer’s Scheduling Coordinator must submit an application for transmission service on behalf of the Eligible Customer, execute the service agreement, and file the agreement with the Federal Energy Regulatory Commission (FERC) prior the Public Utility Commission of Nevada (PUCN)’s approval of the Eligible Customer’s AB 661 application or an Eligible Customer leaving the system under SB 211.
 - B.** If either an AB 661 Customer or SB 211 Customer wants to use a pro rata allocation, the Eligible Customer should submit its request for pro-rata share with its transmission service application described above.
 - C.** The Native Load will designate the path(s) on which allocation of available transmission will be made available to Eligible Customers as shown in Item 7 under Sections V and VI below.
 - D.** Each Eligible Customer’s pro-rata allocation of transmission capacity rights will be a one-time allocation and will be made based on the Eligible Customer’s load at the time of the Native Load’s system peak in Summer 2001. An example calculation of an Eligible Customer’s pro-rata allocation for Nevada Power is shown in Section V, and in Section VI for Sierra Pacific Power.
 - E.** The pro-rata allocation will be temporarily released to the Eligible Customer’s Scheduling Coordinator, the Eligible Customer’s agent, for scheduling on its behalf after the Eligible Customer’s AB 661 application is approved by the PUCN or after all transmission agreements have been executed by Eligible SB 211 Customers. The release will be effective on the date that the Eligible Customer commences taking service from its new electric provider.

- F.** Neither the Eligible Customer nor its Scheduling Coordinator may assign/sell/transfer the Eligible Customer's transmission capacity rights to any other party.

- G.** All transmission rights released by the Native Load will be returned to the Native Load on October 1, 2004, or when a Regional Transmission Organization (RTO) assumes operational control of the Utility's transmission systems (whichever event occurs first). If sufficient transmission capacity is not available by October 1, 2004 or an RTO is not operational or is operational but does not have an effective congestion management scheme, then the pro rata allocation will continue until such time as one of these options is available to the Eligible Customer.

- H.** If an Eligible Customer is not using the pro-rata transmission rights (i.e., it commences taking bundled electric service from the Utility or does not meet the requirements of AB 661 or SB 211), then all pro rata transmission capacity rights immediately revert to Native Load.

- I.** Native Load will release transmission capacity rights for the receipt of power to the Utility's uncongested grid for the delivery of power by the Utility only to Eligible Customers who have requested such capacity rights from the Native Load in their application for transmission service.

- J.** The Native Load's maximum amount of transmission capacity rights to the uncongested grid that will be released is the aggregate pro-rata share actually requested by all Eligible Customers.

- K.** Since there is no transmission capacity rights to import into the uncongested grid for new transmission requests, the initial transmission service agreement between the SC and the Utility will reflect the pro rata allocation. In addition, the SC and its Eligible Customer must designate a resource internal to the uncongested grid for the portion of their requirements not covered by the import allocation.

- L.** After the Eligible Customer becomes a Retail Access transmission customer requesting Network Integration Transmission Service under the OATT, the Utility will then plan for this transmission customer's future load additions using its state's resource plan. The initial

amount of transmission capacity rights that this Retail Access transmission customer or its Scheduling Coordinator will be granted will be the pro-rata allocation of transmission capacity rights since there is no incremental.

IV. Regulatory/Customer Procedure:

- A. Meet with the PUCN Staff and BCP and notify the California CPUC of the proposal and circulate this proposal to all participants in the AB 661 rulemaking and to potential SB 211 participants.
- B. The pro-rata amount of import capacity for each Eligible Customer will be handled in a contractual agreement between the Eligible Customer and the Native Load.
- C. Any dispute regarding the pro rate procedure or amount between the Eligible Customer and the Utility must be submitted to the PUCN for resolution.
- D. File other proposed changes necessary to accommodate Retail Open Access to Company's Open Access Transmission Tariff (OATT) with Federal Energy Regulatory Commission (FERC).

V. Nevada Power Import Information:

	<u>MW</u>
1.) Current Import Capability into Las Vegas Valley (MW)	3,070
2.) Pre-Existing Contracts of 3 rd Parties	<u>82</u>
3.) Available Import Capability (Item 1 - Item 2)	2,988
4.) NPC's Peak System Load in Summer 2001 (July)	4,412
5.) Eligible Customer's Total Load at the time of NPC's System Peak load in Summer 2001	25
6.) Capacity Rights Available for Eligible Customer - ((Item 5/Item 4)*Item 3)	17
7.) Nevada Power will make capacity rights available at the Crystal 500 kV, Mead 230 kV and McCullough 230 kV Point of Receipts to be delivered to Nevada Power's uncongested grid. The percentage allocations for each point of receipt will be as follows – Crystal 19%, Mead 68% and McCullough 13%. For this example, the allocations for each point of receipt would be as follows – Crystal 3 MW, Mead 12 MW and McCullough 2 MW.	

VI. Sierra Pacific Import Information:

	<u>MW</u>
1.) Current Import Capability (MW)	575
2.) Pre-Existing Contracts of 3 rd Parties	<u>193</u>
3.) Available Import Capability (Item 1 - Item 2)	382
4.) SPPC's Peak System Load in Summer 2001 (August)	1,563
5.) Eligible Customer's Total Load at the time of SPPC's System Peak load in Summer 2001	125
6.) Capacity Rights Available for Eligible Customer - ((Item 5/Item 4)*Item 3)	31
7.) Sierra will make capacity rights available only at the Midpoint 345 kV Point of Receipt to be delivered via Sierra's Midpoint 345 kV line to Sierra's uncongested grid.	