

SCHEDULE OC

OPTIONAL CONSERVATION SERVICE

APPLICABILITY

On a trial basis for one year from the effective date, service under this schedule is available as an option to any service where:

- 1) the total monthly metered demand exceeds 1 MW and where the demand designated as curtailable exceeds five hundred (500) kW, or;
- 2) the customer has a 500 kW generator or greater and the demand designated as curtailable exceeds five hundred (500) kW.

The customer must sign an Optional Conservation Service Agreement to be eligible. Service hereunder is restricted to a cumulative total curtailment load not to exceed 200 MW and is only available to customers who have operating standby generation with load transfer capabilities or can reduce load upon a specific request from the Utility. The Utility may call for voluntary curtailment when the Utility determines there is an economic or reliability related need for the capacity and energy under this tariff. In no case will this tariff be applicable during periods of mandatory curtailment or outage. Service provided under this schedule is provided in addition to service provided under otherwise applicable schedules. This schedule is not available to customers concurrently making use of any existing interruptible, stand-by or curtailment tariffs. The Utility may negotiate curtailment terms and conditions with a customer that can provide a load curtailment of over ten (10) MW.

TERRITORY

Entire Nevada Service Area, as specified.

RATES

The monthly billings by the Utility for electric service under any other electric service schedule shall be calculated and reduced by the credits as described below.

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Douglas R. Ponn
Vice President

SCHEDULE OC

OPTIONAL CONSERVATION SERVICE
(Continued)

Curtailment Billing Credit

The billing credit will be calculated as follows:

1. The Utility shall determine the amount of verified curtailed demand in each hour of the billing period where a curtailment was requested by the Utility and agreed to by the customer. The Utility and the customer may agree to determine the curtailed demand on a metered basis using a designated meter. Where dedicated metering is not feasible, the curtailed demand will be verified by reviewing existing interval metering data. The verification, will include a review of the previous similar 10 day load profiles to determine the estimated curtailed demand. The 10 day contribution to the average loads must include uninterrupted, non-holiday days and either weekday or weekend days, depending on the curtailment period to be estimated.
2. The verified curtailed demand in each hour shall be multiplied by 50% of market price as determined by the Mead/Marketplace on peak index (Mead) for two business days prior to the day the Utility issues the notice to curtail. Market Price information will be available from the Wall Street Journal. If the curtailed load is 10 MW or greater, then the market price will be multiplied by 75%. This amount shall be the "Market Credit".
3. Under certain circumstances the Utility may contact the customer with less than two days notice to request a curtailment at a negotiated market price. The circumstances would include, but not be limited to low reserve margins, system needs, ability to share in savings, or for circumstances that meet the definition of "Electric System Emergency" as defined and adopted by the Public Utilities Commission of Nevada. Under no circumstances can the provisions of this tariff be utilized to subvert state and federal environmental requirements. The Utility will have discretion as to which customer(s) on this schedule are requested to curtail load. The customer is under no obligation to curtail in these instances when contacted by the Utility, but may confirm their intent to curtail at the time of the notification. The customer must maintain, a minimum of 80% of the CCL reduction for the entire time period to receive the billing credit.

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SCHEDULE OC

OPTIONAL CONSERVATION SERVICE
(Continued)

RATES (Continued)

Curtailment Billing Credit (Continued)

4. The Utility shall calculate the amount of displaced demand and energy revenues ("Displaced Revenues") due to the curtailment. The displaced energy revenues shall be calculated by multiplying the verified curtailed demand in each hour by the appropriate energy rates in the customer's otherwise applicable rate schedule. The displaced demand revenue, if any, will be calculated as the difference, if positive, in demand revenue based on the actual metered demand plus the verified curtailed demand, and the demand revenue based on the actual metered demand for the billing month. The demand revenue will be calculated using the appropriate demand rates in the customer's otherwise applicable rate schedule.
5. The curtailment billing credit shall be equal to the Market Credit less the Displaced Revenues.
6. The Utility will not be obligated to compensate the customer during mandatory curtailment or outage periods. These periods include system outages, disturbances where Utility automatic protective equipment devices operate, and other similar events. Under these conditions, no billing credit is available.

SPECIAL CONDITIONS

1. Contract Curtailable Load

- A. The Contract Curtailable Load ("CCL") is the portion of the customer's load that can be reduced, curtailed, or served by the customer's generation within the specified time period following the Utility's notice for curtailment. The CCL shall be defined within the service agreement and shall not be less than 500 kW. Load designated as curtailable or that can be transferred to the customer's generator, cannot exceed the customer's minimum normal operating load.

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OPTIONAL CONSERVATION SERVICE
(Continued)

SPECIAL CONDITIONS (Continued)

2. Requirements for Service and Service Restrictions

Application for service hereunder will be accepted based upon evidence of a customer's ability to curtail at a reliable level for the requested duration and size of the curtailment or other characteristics can provide the most benefit to the operations of the system during the period of curtailment.

3. Contract For Service Required

An Optional Conservation Service Agreement between the Utility and the customer shall be executed consistent with the Form of Service Agreement contained in this tariff. The term of the agreement will not be greater than twelve months with a thirty-day notice period for termination by either the Utility or the customer. The term shall not exceed the duration of this experimental tariff.

4. Commencement of Service

Service shall commence with the first full billing period following the date of successful installation of the necessary metering, control, and other equipment following the effective date of the service agreement.

5. Scheduling of Curtailment

A. The Utility may call for voluntary curtailment when the Utility determines there is an economic need for the capacity and energy under this tariff. The customer may, at its discretion and upon notification from the Utility, reduce its load being supplied by the Utility, by at least the CCL amount and maintain 80% or more of the reduction for the length of the requested curtailment. The Utility will determine the need and the amount for the curtailment.

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OPTIONAL CONSERVATION SERVICE
(Continued)

SPECIAL CONDITIONS (Continued)

5. Scheduling of Curtailment (Continued)

B. To effectuate the scheduling of a curtailment, the Utility will contact the customer by 10:00 am, via an agreed upon medium two (2) days before the requested curtailment is to occur. To receive the billing credit, the customer must confirm intent to curtail on a first-come-first-served basis up to the amount of curtailment requested by the utility by 2:00 p.m. on the date of notification by the Utility by an agreed upon medium. The customer is under no obligation to schedule a curtailment when contacted by the Utility.

C. If after the Utility requests and the customer confirms curtailment of an agreed upon load for a specific curtailment period, events occur during that specific curtailment period such that the customer has its electrical supply from the Utility interrupted, either in whole or in part, due to circumstances including system outages, disturbances where Utility automatic protective equipment devices operate, or other similar events, the Utility remains obligated to pay the customer for the agreed upon load curtailment. The Utility's obligation to pay is contingent upon verification that the customer had indeed made reasonable arrangements to meet its obligation to curtail for that specific period.

6. Meter Reading

Meter readings shall not be combined for billing except where multiple metering points are provided at the Utility's convenience.

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OPTIONAL CONSERVATION SERVICE
(Continued)

SPECIAL CONDITIONS (Continued)

7. Implementation Costs and Ownership and Control of Facilities

- A. Modifications of Utility owned equipment: The Utility will pay all costs for additional facilities necessary for the Utility to monitor and measure curtailed load, including but not limited to additional metering equipment, and communication related devices. This also includes equipment necessary to transmit and receive information regarding the status of curtailable loads and/or provide the customer with notification via telephonic messages or other methods. All such facilities will be designed, installed, and maintained by the Utility in accordance with Utility specifications. All such facilities will be owned by the Utility. These facilities will be solely under the control and operation of the Utility.
- B. Modifications of customer owned equipment: The customer will pay all costs for additional facilities necessary for the customer to fulfill his obligation. This also includes modifications to existing customer owned equipment. All such facilities will be designed, installed and maintained by the customer in accordance with applicable standards and Utility specifications. All such facilities will be owned and maintained by the customer.

8. Penalty for Failure to Interrupt, Curtail, or Utilize Generation

- A. A customer who has committed to a daily curtailment shall be deemed to have failed to maintain the CCL reduction when the demand in each 15 minute interval during any requested curtailment period has not been reduced by at least 80% of the CCL.
- B. Failure to maintain at least 80% of the CCL reduction for the entire time period is automatic forfeiture of the billing credit for that curtailment period.
- C. Failure to maintain at least 80% of the CCL reduction for the entire time period, may result in the immediate termination of the optional curtailment service for that customer at the Utility's discretion.

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NEVADA POWER COMPANY
P.O. Box 230
Las Vegas, NV 89151
Tariff No. 1-B
cancels
Tariff No. 1-A (withdrawn)

Cancelling Original

PUCN Sheet No. 36-J
PUCN Sheet No. _____

SCHEDULE OC

OPTIONAL CONSERVATION SERVICE
(Continued)

SPECIAL CONDITIONS (Continued)

9. Utility Access

The customer shall allow the Utility, its agents, employees and contractors, access to install, repair, inspect or remove Utility-owned equipment on the customer's premises. The customer shall provide reasonable protection for Utility equipment to ensure continuous and accurate operation. Upon termination of services under this schedule, the customer shall allow Utility up to ninety (90) days for access and removal of Utility-owned equipment on the customer's premises.

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OPTIONAL CONSERVATION SERVICE
(Continued)

FORM OF SERVICE AGREEMENT
OPTIONAL CONSERVATION SERVICE

This agreement for electric service ("Agreement") under the Optional Conservation Service tariff is entered into on this _____ day of _____, 200_, by and between _____, a Nevada corporation ("Utility") and _____, a _____ corporation ("Customer"), hereinafter referred to as the Parties. This Agreement is in addition to, and does not supercede any existing service agreement between the Utility and the customer.

1. The Utility offers an Optional Conservation Service tariff ("Tariff") to customers and has that Tariff on file and approved by the Public Utilities Commission of Nevada ("PUCN"). The Customer is eligible for participation and has been accepted by the Utility for service under the Tariff, and as such, is bound by the provisions of the tariff.
2. This Agreement concerns the Customer's electric service under Account No. _____ located at _____ in _____, Nevada. The Contract Curtailable Load as it is defined in the Tariff shall be designated for the purposes of this Agreement to be _____ kW.
3. Customer shall insure that its facilities used to perform under this Agreement comply with all applicable safety and power quality standards of the National Electric Code, Underwriters Laboratories, and the Institute of Electrical and Electronic Engineers (IEEE), the applicable Utility interconnection standards for standby generation in the event Customer is utilizing standby generation, and the Tariff.

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OPTIONAL CONSERVATION SERVICE
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FORM OF SERVICE AGREEMENT
OPTIONAL CONSERVATION SERVICE
(Continued)

4. Customer shall provide notice to the Utility of any change or proposed change in the configuration of its facilities which may affect its or the ability of the Utility to perform under the terms of this Agreement.
5. Utility assumes no liability whatsoever for personal injury, bodily injury or property damage claimed by any person or party, including but not limited to employees of the customer in any capacity, or working on behalf of the customer whether it be customer's employee, agent, representative or any other personnel, resulting from or arising out of (1) the engineering, design, construction, maintenance, repair, operation, removal or retirement of the Customer's facilities or (2) the making of replacements, additions, or betterments to the Customer's facilities. Customer shall indemnify the Utility against any and all liability or loss arising out of any such claim.
6. The term of this Agreement, and Utility's acceptance of Customer's service under the Tariff, will be effective from the execution date of this Agreement and will continue thereafter until either the discontinuance of the applicability of the Tariff or until termination of this Agreement in accordance with the following. At any time the Customer's facilities fail to remain in compliance with the requirements contained in the tariff or paragraph three of this Agreement, the Utility may immediately terminate this Agreement. Either party may terminate this Agreement, revoking the customer's eligibility under the Tariff upon 30 day written notice. The Utility's electric service tariffs may be amended by the PUCN at any time, and Customer agrees to abide by the terms of the then currently applicable tariff, or to terminate this Agreement.

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FORM OF SERVICE AGREEMENT
OPTIONAL CONSERVATION SERVICE
(Continued)

7. Notification medium for curtailment will be via _____. The customer representative listed below has the authority to commit its company to the curtailment. Points of contact for notification shall be:

For the Utility:

For the customer:

Title: _____

Title: _____

Telephone No.: 702-_____

Telephone No.: 702-_____

e-mail address: _____

e-mail address: _____

Fax No. _____

Fax No. _____

8. Except as provided in paragraph five each party agrees to defend and indemnify the other, including its officers, agents, and employees, against third party claims for all liability, (including personal injury and death), penalties, costs, demands, losses, damages, expenses, causes of action claims or judgements (including attorney fees) of every kind and nature resulting from the breach of its obligations under this Agreement or from its negligent acts, willful misconduct, or omissions.

9. This Agreement and tariff represent the entire understanding of the parties and any modification shall not be effective unless in writing signed by both parties.

10. This Agreement shall be deemed to have been entered into and shall be interpreted in accordance with the laws of the State of Nevada, and, in the event of any litigation, venue shall be in a court of competent jurisdiction in Clark County, Nevada.

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(Continued)

FORM OF SERVICE AGREEMENT
OPTIONAL CONSERVATION SERVICE

(Continued)

11. This Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the respective parties, and the parties agree that no assignment shall be effective without prior written consent of the non-assigning party. Consent will not be unreasonably withheld.

12. The points of contact for the Parties shall be:

For the Utility:

For the Customer:

Title: _____

Title: _____

Telephone No.: 702- _____

Telephone No.: 702- _____

13. This Agreement shall be governed by and construed in accordance with the laws of the State of Nevada.

UTILITY

CUSTOMER

Signature

Signature

Date

Date

Title

Title

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