

**Open Access Transmission Tariff of
Southern Companies**

**Procedures for Reserving Transmission
Capacity for Future Load Growth,
Designating/Undesignating Network Resources,
and Arranging for Other Related Services**

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GLOSSARY OF TERMS

Load Growth Reservation Future Load Growth Reservation	Reservation of future transmission capacity by an entity that serves Network Load or Native Load Customers (as these terms are defined in the Tariff) in anticipation of meeting reasonably forecasted future load growth needs, as authorized by Order No. 888.
Network Customers	Eligible Customers that serve Network Load (as that term is defined in the Tariff) and the transmission-owning operating companies of Southern Company (<i>i.e.</i> , Southern Companies) that serve Native Load Customers (as that term is defined in the Tariff).
Network Resources	Any designated generating resource owned, purchased or leased by a Network Customer under the applicable portions of the Tariff. Network Resources do not include any resource, or any portion thereof, that is committed for sale to third parties or otherwise cannot be called upon to meet the Network Customer's load obligations on a non-interruptible basis.
Queue Date	The date upon which a completed request to reserve transmission capacity for future load growth or a completed request to designate a Network Resource is submitted on OASIS.
SIS	System Impact Study
Southern Companies	The four (4) transmission-owning operating companies of Southern Company: Alabama Power Company, Georgia Power Company, Gulf Power Company, and Mississippi Power Company,
SCS	Southern Company Services, Inc., acting on behalf of Southern Companies
Tariff	Southern Companies' Open Access Transmission Tariff

Procedures for Reserving Transmission Capacity for Future Load Growth and for Designating Network Resources

The procedures set forth below are intended to assist transmission customers in arranging for certain services under Part III of the Tariff. This document does not create and should not be deemed to create or impose duties or obligations on Southern Company or any of its affiliate, associate, and/or subsidiary companies beyond those imposed by existing valid laws, rules and regulations. Moreover, these procedures are not intended to and do not eliminate or in any way modify the rights, duties, and obligations of Southern Companies or their customers under the Tariff. Southern Companies and SCS will administer the Tariff and these procedures in a comparable manner among all Network Customers.

Background

In Order No. 888, the subsequent Orders on Rehearing and the *pro forma* tariff, FERC provided Network Customers with the ability to designate Network Resources and to reserve transmission capacity for future load growth that is reasonably forecasted within the planning horizons of those customers. Likewise, these authorities allow Transmission Providers (in this case, Southern Companies) to reserve transmission capacity and to designate resources for use in serving the future needs of Native Load Customers. They must, however, do so in the same manner as entities serving Network Loads under the Tariff (Section 28.2).

Order No. 888 and the Tariff treat the reservation of transmission capacity for future load growth as a separate activity from the designation of new Network Resources. Requests to reserve transmission capacity for future load growth must be submitted on OASIS by the customer, and that capacity must be available to other customers until the time that it is needed to serve future load growth:

The transmission provider may reserve in its calculation of ATC transmission capacity necessary to accommodate native load growth reasonably forecasted in its planning horizon. However, the transmission provider is obligated to provide transmission service to others under the Final Rule *pro forma* tariff out of capacity reserved for native load growth up to the time the capacity is actually needed for such future needs.

Order No. 888, FERC Stats. & Regs. ¶ 31,036 at p. 31,745 (1996). To date, FERC has provided very limited guidance on the procedures that should be used to implement this reservation right, but it has reiterated the rights of customers serving Network Customers and Native Load Customers:

WP&L's ability to make a load growth reservation is dependent totally upon its adherence to the requirements set forth in Order No. 888, e.g., whether the reservation is based upon reasonably forecasted loads in its current planning horizon and whether it posts the capacity reserved for load growth on its OASIS and makes it available for other customers in the meantime.

Wisconsin Public Power, Inc. vs. Wisconsin Public Service Corporation, 83 FERC ¶ 61,198 (1998).

Implementation

Southern Companies have implemented procedures whereby Network Customers can (i) reserve transmission capacity for future load growth and/or (ii) designate Network Resources. These procedures, which are consistent with Orders No. 888 and 890, and other FERC precedent, are as follows:

Reservation of Transmission Capacity for Future Load Growth – Internal to Control Area

- 1) Network Customers may request that transmission capacity be reserved in anticipation of load growth that is reasonably forecasted in their planning horizon.
- 2) Reservations must be supported by reasonably forecasted load growth projections and by a reasonable plan for developing and/or acquiring Network Resources to meet that load growth.
- 3) A Network Customer does not have to physically own or control Network Resources at the time that it makes a request to reserve transmission capacity for future network load growth. In other words, a Network Customer need not have proof of an executed contract to purchase or build capacity in order to request to reserve capacity to serve future load growth.
- 4) A request to reserve transmission capacity for future load growth must be submitted on OASIS and followed by a written application to the Manager of SCS Transmission Services.
- 5) The queue date for the load growth reservation will be the date and time that a completed request to reserve transmission capacity for future load growth is submitted on OASIS (“Queue Date”).
- 6) The request will remain posted on OASIS, but the reserved transmission capacity will be available for use by other customers until needed by the Network Customer.

- 7) Any alteration in a customer's plan to meet its load growth expectation that would affect the future load growth reservation (e.g., modification of capacity amount, modification of start date) should be communicated via the OASIS reservation and in writing to the Manager of SCS Transmission Services.

Throughout the foregoing process, SCS intends to rely upon the representations of the transmission customer submitting the request that the above-described requirements have been satisfied. While assuming no duty or obligation to verify such compliance, SCS does, however, reserve the right to seek further information from the transmission customer pertaining to matters addressed herein.

Reservation of Transmission Capacity for Future Load Growth – Interface

- 1) Network Customers may request to reserve interface capacity for future load growth by following the same procedures used in requesting to reserve transmission capacity for future load growth. See items (1) through (7) above.
- 2) Once a completed request to reserve interface capacity is received, SCS will initiate a study to determine whether the request can be accommodated. See Study Procedures set forth below.
- 3) If the study indicates that the request for an interface capacity reservation cannot be accommodated without the construction of upgrades to the transmission system, the Network Customer may choose either (i) for its request to be denied or (ii) to designate a Network Resource associated with that request in accordance with the Tariff procedures in order to facilitate the necessary system improvements to accommodate the request.
- 4) In accordance with Section 30.8 of the Tariff, a Network Customer's use of the Transmission Provider's interface capacity may not exceed its load.
- 5) Interface capacity reservations should be released immediately upon a Network Customer's determination that the capacity will not be needed.

The Transmission Provider will, on a monthly basis, release future load growth reservations on an interface one month before the start of the reservation period if a Network Resource has not been designated to use the load growth reservation by that time. By way of example:

If transmission capacity is reserved on an interface for the June 1 - September 30 time period, the Network Customer must designate an associated Network Resource by May 1 or the reservation for the month of June will be released and made available to other customers.

The Network Customer must designate a Network Resource by June 1 or the reservation for the month of July will be released. The same procedure will be followed on a monthly basis for the remainder of the reservation period.

Designation of New Network Resources

Network Customers must request to designate new Network Resources in accordance with the terms of the Tariff (Section 30). This designation request should be submitted on OASIS and in writing (via e-mail) to the Manager of SCS Transmission Services. To do so the Network Customer should submit a reservation request for network transmission service on OASIS (Type = Network, Class = Firm, Increment = Daily, Weekly, Monthly, or Yearly) for the amount of transmission capacity required to deliver the output of the Network Resource. The Network Customer must then submit the designation application form (posted on Southern Companies' OASIS [TSR page](#)) prior to the service request being "ACCEPTED" on OASIS.

- 1) The designation request described above includes a demonstration that the Network Customer owns or has committed to purchase generation pursuant to an executed contract. In the alternative, the Network Customer may establish that execution of a contract is contingent upon the availability of transmission service under the Tariff. Providing this information will satisfy the Network Customer's obligation under Section 30.7 of the Tariff. The designation request as noted on the attached designation application form includes an attestation that the Network Resource being designated satisfies the conditions noted in section 30.2 of the Tariff.
- 2) A request to designate new Network Resources will be assigned a Queue Date that corresponds with the date and time a complete request is received in accordance with (1) above. If the designation corresponds to an existing future load growth reservation, the designation Queue Date is the Queue Date of the future load growth reservation.
- 3) The designation request will be evaluated, and the status of the designation request will be posted on OASIS at the time the evaluation results are available provided the designation application form has been properly submitted with the attestation that the resource meets the conditions noted in section 30.2 of the Tariff.
- 4) SCS Transmission will rely on the Network Customers' attestation provided in the designation application to qualify the resource to be designated under section 30.2, however SCS Transmission reserves the right to seek further information from transmission customers concerning any of the foregoing or other related items.

Informational Requirements

Consistent with Section 31.6 of the Tariff and Section 7.0 of the Network Operating Agreement, Network Customers must submit written annual updates of their Network Load forecast and Network Resource forecast to the Manager of SCS Transmission Services by September 1 of each year. The annual updates for network resources should include the projected summer peak output of each generating facility.

These annual updates should also state that the Network Customer has reviewed its load growth forecast to ensure its reasonableness and has reviewed its OASIS reservations to ensure that those reservations continue to be reasonable with respect to the Network Customer's future needs. The update must also include an attestation that all of the Network Customer's designated resources meet the conditions noted in section 30.2 of the Tariff.

In addition to these annual informational requirements, if any material changes arise with respect to the Network Load, Network Resources, or any other aspect of the Network Customer's facilities or operations that could affect Southern Companies' ability to provide reliable service, Network Customers are obligated to notify the Manager of SCS Transmission Services of such changes in writing (Section 31.6). SCS Transmission will make a determination as to what action is appropriate with regard to the annual updates and any notification of changes in a Network Customer's facilities or operations.

Study Procedures

Once a Network Customer submits a completed application in accordance with Section 29.2 of the Tariff to reserve interface capacity for future load growth or to designate a new Network Resource, the Tariff time-line in Tariff Section 32 will apply. The total elapsed time to complete the Section 32 Study procedures can be estimated as follows:

<u>Activity</u>	<u>Time per Activity</u>	<u>Total Elapsed Time</u>
1) Determine Need for SIS	30 Days	30 Days
2) Customer Executes SIS Agreement	15 Days	45 Days
3) Perform SIS	60 Days*	105 Days
4) Determine Need for Facilities Study	30 Days	135 Days
5) Customer Executes Facilities Study Agreement	15 Days	150 Days
6) Perform Facilities Study	60 Days*	210 Days

* If necessary, SCS Transmission will notify the customer of any delays in completing the study, the reasons for such delay, and an estimated completion date.

Scheduling Requirements for Generation Resources

Firm Network Resources designated by Network Customers must meet the specifications outlined in the Section 30 of the Tariff. Any generator interconnected to the transmission system subsequent to Order No. 888 must have a valid reservation for transmission service on Southern Companies' OASIS before energy can be scheduled and delivered from that source. A list of all long term designated resources for all network customers is posted on OASIS per FERC Order No. 890.

To further ensure Network Resources are being used in accordance with the Tariff, all tags submitted from firm designated Network Resources to serve network load must indicate that the transmission service product is firm from source to sink and that the generation product is firm¹. Any such tags using firm network transmission that fail to meet this requirement will be denied or curtailed and the Network Customer will be requested to either correct the tag or terminate/undesignate the resource.

Network Customers should also keep in mind the operating limitations for network resources noted in Section 30.4 of the Tariff. Failure to adhere to these requirements may result in unreserved use penalties defined in the Tariff and further described in the General Business Practices document posted on OASIS.

Unless firm transmission service has been procured by an entity (or multiple entities) within the Southern Balancing Authority Area for a designated Network Resource on a long term basis (thereby integrating that source in the planning base cases), then a tag must be submitted for all energy delivered from that Network Resource. All tags must conform to all applicable requirements outlined in the then-current NERC and NAESB Policies and/or Standards.

Network Customers may request Non-Firm Secondary Network Service from a resource other than a Network Resource by submitting a transmission request on OASIS

¹ In accordance with Section 29.2(viii) of the Tariff, a resource can be designated as a Network Resource, and therefore the generation product considered firm, if it satisfies the following conditions:

- 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
- The Network Resources do not include any resources, or any portion thereof, that are committed for sale to non-designated third party load 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.

as required by the Tariff and Order No. 888 (Section 28.4). If the request is accepted, the Network Customer must also submit an appropriate tag in accordance with all applicable then-current NERC and NAESB Policies and/or Standards.

All Point-to-Point transactions from any resources require OASIS transmission reservations and tags that adhere to all applicable then-current NERC and NAESB Policies and/or Standards.

Procedures for Terminating/Undesignating Network Resources

Section 30.1 of the Tariff states: “Network Resources shall include all generation owned, purchased or leased by the Network Customer designated to serve Network Load under the Tariff. Network Resources may not include resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer’s Network Load on a non-interruptible basis.” A Network Customer is not required to terminate/undesignate capacity from a Network Resource to request and purchase point-to-point (PTP) transmission service from that Network Resource. However, capacity must be terminated either temporarily or indefinitely through OASIS before any firm energy sales can be made from such a resource in order to comply with section 30.1 and 30.2 of the Tariff. Requirements governing the temporary or permanent termination of Network Resource Capacity are stated in Section 30.3 (Termination of Network Resources) of the Tariff.

Requests to terminate capacity to facilitate firm energy sales must be submitted as soon as reasonably practical **but not later than the firm scheduling deadline for the period of Termination noted in Section 13.8 of the Tariff (10:00 am Central Prevailing Time)**. The following procedures pertain to terminating resources and the procurement of point-to-point transmission service from designated Network Resources located within the Southern Balancing Authority Area:

1. All PTP requests from designated Network Resources within the Southern Balancing Authority Area will be evaluated and processed under the assumption that the designated capacity will be terminated by the firm scheduling deadline specified in Section 13.8 of the Tariff and prior to any firm sales originating from the resource.
2. To terminate capacity either temporarily or indefinitely, the Transmission Customer must do so on OASIS via a ***Network Resource Termination Request*** found on the Customer Menu.
3. For PTP requests of any duration from a resource that is not fully designated, PTP service may be requested and scheduled for the remaining capacity without the need to terminate the Network Resource portion of that resource. In the event that a PTP request is submitted for a MW amount greater than the terminated capacity of the resource, additional capacity from the resource

must be terminated prior to fully utilizing the firm PTP transmission to support a firm energy sale from that resource.

4. Two different entities may not designate the same firm capacity as a Network Resource during the same time period.