

The Process for the Sharing or Transferring of Unused Allocations

Reciprocal Entities shall use the following process for the sharing or transferring of unused Allocations between each other.

This process includes the following general principles in the treatment of unused Allocations

1. A desire to fully utilize the Reciprocal Entities Allocations such that in real-time, an unused Allocation by either Party is caused by a lack of commercial need for the Allocation by both Parties and not by restrictions on the use of the Allocation.
2. For short-term requests (less than one year) where the lack of an Allocation could otherwise result in the denial of transmission service requests, there should be a mechanism to share or acquire a remaining Allocation on a non-permanent basis for the duration of the short-term transmission service requests. The short-term Allocation transfers would revert back to the Party with the original Allocation after the short term request expires.
3. For long-term requests (one year or longer) where the lack of an Allocation could otherwise cause the construction of new facilities, there should be a mechanism to acquire a remaining Allocation such that new facilities are built only because they are needed by the system to support the transaction and not because of the Allocation split between Reciprocal Entities. Long-term Allocation transfers would apply to the original time period of the request including any roll-over rights that are granted for such requests.
4. Due to limitations on the frequency of transferring updated Allocation values and AFC's between the Reciprocal Entities, the Parties will utilize buffers to reduce the risk of overselling the same service, and to set aside a portion of the unused Allocation for the owner of the unused Allocation to accommodate any request that they may receive. The buffer will be reduced on a flowgate based upon factors such as the rating of the flowgate and operational experience, with the goal to maximize the use of the unused Allocation. The rationale for reducing the buffer is that potentially significant amounts of transmission service (up to many times the buffer amount) may be denied otherwise by the non-owner of the unused Allocation.

Provisions for Sharing or Transferring of Unused Allocations:

1. Based upon the proposed infrastructure for Allocation calculations, Daily Allocations are available for 7 days into the future and Monthly Allocations are available up to 18 months into the future. Sharing and transferring of unused Allocations will be

limited to the granularity of the Allocation.

2. The Reciprocal Entities will share or transfer their unused Firm Allocations during the time periods up until day ahead with the goal to fully utilize the Allocations.

3. This sharing or transfer will be posted automatically for short-term transmission service requests, and manually for long-term (one year or greater) transmission service requests. The Party that has been requested to transfer unused Allocations to the other Party for a long-term request shall respond within a timely manner of receipt of the transfer request to ensure processing of requests within time durations specified within the respective requesting Parties tariff.

4. The Parties will post information available to the other Party on all requests granted that shared or acquired the other Party's Allocation on a daily basis for review.

5. Sharing an Unused Allocation During the First 7 Days

5.1 The Reciprocal Entities will communicate their Firm Allocations available to share during the first 7 days up until day ahead with the goal to fully utilize the Allocations once in real-time through an automated posting process.

5.2 This sharing of the unused Allocation during the first 7 days will occur such that an unused Allocation that has not already been committed for use by either Network or point-to-point service or for market service will be made available to the other party for their use to accommodate Firm transmission service requests submitted on OASIS.

5.3 Other Firm uses of the transmission system involving generation to load deliveries, which are not evaluated via the request evaluation process, will be handled via off-line processes. The core principles to be applied in such cases include:

- a. A sharing of Allocation can occur.
- b. The sharing shall be done on a comparable basis for the market and non-market entities.
- c. The sharing is not related to projected market flow absent new DNRs or transmission service submitted on OASIS.
- d. The details of the process will include such items as which DNRs are covered, time-lines for designations and comparable evaluation of DNRs. If the details of this process can not be agreed upon, there shall be no sharing of the unused Allocations during the first 7 days.

5.4 A buffer will limit the amount of Allocation that can be shared for short-term requests during request evaluation processing of the Allocation sharing process. The owner of the unused Allocation is not restricted by the buffer. The buffer is defined as a percentage of the last updated unused Allocation, provided that the buffer shall not be allowed to be less than a certain MW value. For example, a 25% or 20 MW buffer would mean that the requesting entity can use the other party's unused Allocation while making sure that the other entity's unused Allocation does not become smaller than 25% of the reported unused amount or 20 MW. The specific provisions of the buffer shall be mutually agreed to by the Parties prior to implementing a sharing of unused Allocation. The buffer will not be used in processing of Allocation sharing for longer term requests. For processing of longer term requests, the owner of the unused Allocation will share the remaining unused Allocation to the extent they do not need the unused Allocation for pending transmission service requests.

5.5 For the sharing of unused Allocations in the first 7 days, the Allocations are not changed and should congestion occur the NERC IDC obligations for the giving Reciprocal Entity will be in accordance with its original Allocation. The receiving Reciprocal Entity will not be required to retract or annul any service previously granted due to the sharing of Allocations.

6. Acquiring an Unused Allocation Beyond the First 7 Days

6.1 When a Party does not have sufficient Allocation on a flowgate to approve a Firm point-to-point or network service request made on OASIS and evaluated via the request evaluation process and the other Party has a remaining Allocation, the deficient Party will be able to acquire an Allocation from the Party with the remaining Allocation provided this Allocation has not already been committed for other appropriate uses, as agreed to by the Parties, and that sufficient AFC remains on the flowgate, or will be created, to accommodate the request. Such cases will be handled via the request evaluation processes.

6.2 Other Firm uses of the transmission system involving generation to load deliveries, which are not evaluated via the request evaluation process, will be handled via off-line processes. The core principles to be applied in such cases include:

6.2

- a. A transfer of Allocation can occur.
- b. The transfer shall be done on a comparable basis for the market and non-market entities.
- c. The transfer is not related to projected market flow absent new DNRs or transmission service submitted on OASIS.

d. The details of the process will include such items as which DNRs are covered, time-lines for designations and comparable evaluation of DNRs. If the details of this process can not be agreed upon, there shall be no transfer of the Allocation for the time period beyond the first 7 days.

6.3 A buffer will limit the amount of Allocation that can be acquired for these requests during request evaluation processing of the Allocation transfer process. The owner of the unused Allocation is not restricted by the buffer. The buffer is defined as a percentage of the last updated unused Allocation, provided that the buffer shall not be allowed to be less than a certain MW value. For example, a 25% or 20 MW buffer would mean that the requesting entity can use the other party's unused Allocation while making sure that the other entity's unused Allocation does not become smaller than 25% of the reported unused amount or 20 MW. The specifics of the buffer shall be mutually agreed to by the Parties prior to implementing a transferring of unused Allocation. The buffer will not be used in the processing of longer term Allocation sharing requests. For processing of longer term requests, the owner of the unused Allocation will transfer the remaining unused Allocation to the extent they do not need the unused Allocation for pending transmission service requests.

6.4 The determination of whether the remaining Allocation has already been committed will be established based on OASIS queue time. All requests received prior to the queue time will be considered prior commitments to the remaining Allocation, while such requests are in a pending state (e.g. study status) or confirmed state. Requests received after the queue time will be ignored when determining whether remaining capacity has already been committed.

6.5 In the event that prior-queued requests are still in a pending state (i.e. not yet confirmed), the Party requesting a transfer of unused Allocations may await the resolution of any prior-queued requests in the other Party's OASIS queue before relinquishing its ability to request an Allocation transfer.

6.6 For the transfer of unused Allocations, the Parties' Allocations will be changed to reflect the Allocation transfer at the time the Allocation transfer request is processed. To the extent the request is not ultimately confirmed, the Allocation will revert back to the original Party with the remaining Allocation. For yearly requests, the transfer of the Allocation applies to the original time period of the request including any roll-overs that are granted.