

Preamble - Proposed Defender Mitigation Task Force

The Defender Mitigation Task Force ("Task Force") was proposed at the October 24-25, 2012 NAESB OASIS Subcommittee ("NAESB OS") meeting. Attached (Attachment A) is the draft scope/framework presented to the NAESB OS. The proposed Task Force as originally presented was intended to *generally* address the following issue and objective:

Defender has committed to a transmission reservation to enable delivery of a committed power transaction. After Preemption & Competition, the Defender's transmission reservation capacity is insufficient to complete delivery of the power. The Defender is now in a situation where it can no longer engage in the power transaction because it has insufficient transmission capacity and must absorb the cost for the transmission capacity. The proposed objective for the Task Force was to develop a mechanism for the Defender to readjust its transmission reservation by releasing some or potentially all of the unusable capacity back to the TSP.

The NAESB OS further agreed that, after additional refinement of the proposed Task Force's draft scope/framework document (Attachment A) and development of a timeline/schedule, it would determine at the upcoming NAESB OS if there was consensus to go forward with the Task Force as described in the document.

Draft – Rev 2 - Proposed Defender Mitigation Task Force

Task Force Timeline

Start Date: Nov 9, 2012 (Upon approval from NAESB OS at Nov 8, 2012 meeting)

End Date: Jan 15-17, 2013 (NAESB OS Jan 2013 Face to Face meeting)

Committee Meeting Venue/Schedule

Webex/Conference Calls in between NAESB OS meetings

Meet roughly every 2 weeks (4 Webex/Conference Calls)

Task Force Progress Reports

Task Force reports out to NAESB OS meetings (conference calls/Face to Face) on issues/progress

Final Proposal (Motions/Draft Standard) to be presented January 15-17

Defender Task Force Goal

Develop a recommendation to the NAESB OS for a mechanism or mechanisms for providing relief to the Defender that (a) incorporates the general intent of Motion 32 (provided below), (b) takes into account the following list of considerations, and (c) any additional considerations determined to be relevant by the Task Force during the course of its discussions.

It is the intention of the Task Force to limit its scope to the goal described in the preceding paragraph. However, to the extent there is (a) resolution of issues in the NAESB Preemption Competition Parking Lot, (b) approved motions added and (c) outcomes from other NAESB OS work efforts (e.g. Defender Task Force) that result in the

Task Force concluding it is appropriate to take such matters into account; the Task Force will act accordingly.

Motion 32

In the event a Confirmed reservation is preempted by a challenger with or without ROFR for only a portion of their reserved capacity, in addition to any option to exercise ROFR where applicable, the Transmission Provider shall provide the defenders with the option to reduce the remaining capacity available on the preempted reservation to any value less than the capacity remaining after preemption (as included in motion 20).

Considerations:

1. Existing NAESB Business Practices impacts, if any.
2. NAESB Parking Lot issues/resolutions and associated motions
3. Balancing of core business needs of Defenders vs. the intent of Preemption & Competition
4. Balancing impacts on (sales) to transmission service provider vs. Defender transaction impacts while maximizing use of the transmission system.
 - a. Balancing of overall transactional certainty for Defender vs. certainty of Confirmed Transmission Reservations for the TSP
5. What discretion can remain with the individual TSPs?
 - a. For example: determining how much of the Defender's remaining capacity can be reduced?
6. Impacts to TSP in posting ATC
 - a. The Recall of firm Transmission shall include the Defenders right to levelization (WEQ 001 – 18.1.1 and Appendix 001-D)
 - b. Should the Short Term Preemption & Competition process for non-firm conditional TSRs include the practice of Defender levelization (WEQ 001-18.1.2.1 – 18.1.2.2)?
7. Mitigation of Gaming Opportunities
8. Will methods like "Sandbox" or others continue to be feasible?
9. Are there any related timing issues associated with processing requests and reservations prior to the conditional reservation deadline?
10. Implementation Questions/Options For Example:
 - a. Over what duration (within the Defender's reservation start/stop time) could/should the Defender's remaining capacity be eligible for reduction?
 - b. TSP determines eligibility/amount?
 - i. Could the TSP set a prescribed threshold (e.g. 30% or more) for the original TSR that must be lost through bumping or an unsuccessful outcome in a ROFR process before the Defender is eligible to adjust Defender's remaining transmission capacity right.
 - ii. Could the TSP also set a prescribed amount (e.g. 100% or some lower %) of the Defender's remaining transmission capacity right that is eligible to be reduced.
 - c. Defender determines eligibility/amount?
 - i. Could the Defender determine feasibility of continuation of the power transaction with Defender's remaining transmission capacity right.
 - ii. Could the Defender determine MW (e.g 0% to 100%) amount of the adjustment to the Defender's remaining transmission capacity right