

## **SRSG Operating Procedure No. 12**

### **Membership Application, Confirmation, and Transfer of Ownership**

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#### **1. Purpose**

The purpose of this Operating Procedure No. 12 is to establish the application, certification and acceptance processes by which new members may join the SRSG. Final authority in all membership cases rests with the Executive Committee (EC).

#### **2. Application Process**

The application process begins when an applicant makes a request for membership to the SRSG. The request shall include a nonrefundable \$5,000 application fee and \$2,500 certification fee.

Upon receiving notification of a request for membership the EC shall coordinate with the Operating Committee (OC) to appoint at least three (3) members and the SRSG Administrator to serve on the New Member Subcommittee.

In the event the applicant's resource(s) resides within an existing member's Balancing Authority, then at least one of the New Member Subcommittee members shall be from that host Balancing Authority. In the event the applicant is a Balancing Authority adjacent to an existing member, then at least one member of the New Member Subcommittee shall be from an adjacent Balancing Authority.

#### **3. Determining Eligibility**

The New Member Subcommittee, shall review the applicant's request, other data as requested, and if appropriate, review the applicant's physical operations site, to determine whether the applicant meets the criteria set forth in Sections 9.1 – 9.5 of the Participation Agreement.

The New Member Subcommittee shall provide the results of this review to the OC, and EC along with a recommendation for denying or permitting the applicant to continue with the process.

The New Member Subcommittee shall complete its review of the application, the applicant's data and physical site, and make all determinations, within 60 days of receiving the application:

Once the EC notifies the New Member Subcommittee of its approval, the subcommittee shall begin the certification process.

After receiving EC approval, the applicant must respond within 60 days to the EC with its intention to both continue the certification process, and to sign the SRSG Participation Agreement.

#### **4. Certification Components**

- Written request received by the Administrator, accompanied by a non-refundable application fee of \$5,000 and a certification fee of \$2,500
- Administrator calculates applicant's share of developmental fees as directed in section 10.2 and Exhibit C of the Participation Agreement
- Applicant attends orientation conducted by Administrator
- Applicant demonstrates appropriate creditworthiness consistent with standard commercial practices
- New Member Subcommittee reviews all criteria from Section 9 of the Participation Agreement with applicant
- All pending items are closed
- New Member Subcommittee submits the results of the review with a formal recommendation to the OC
- The OC submits a recommendation to the EC for acceptance or non-acceptance of the applicant to the SRSG
- EC determines applicant's eligibility to become a party to the agreement and notifies the SRSG Administrator

#### **5. Final Acceptance**

- New Member pays developmental fees per the Participation Agreement and section 4 above
- SRSG Administrator verifies all payment obligations are met

- SRSG Administrator verifies New Member has provided required data and has in place the required facilities to effectively transmit and receive data with the Administrator Site System
- SRSG Administrator verifies New Member has in place the required facilities to effectively transmit and receive data with the Reliability Coordinator as required in Operating Procedure No. 2
- Entity shall be deemed a party and the SRSG Administrator shall provide notification to the EC and all parties
- New Member executes the SRSG Participation Agreement
- Administrator files updated Exhibits A and B to the Participation Agreement with the FERC

## **6. Transfer of Ownership**

A transfer of ownership from an existing member to a new member will require the new member to:

- pay the \$2,500 certification fee
- agree in writing to assume all obligations of the existing member and be bound by the Participation Agreement (see section 20 of the Participation Agreement)

## **7. New Member Coincident Peak Firm Commitment**

The net output value of the new member's generators, reduced by any delivery/receipt reserve limitations as determined by the Administrator, will be used as their Firm Commitment value for the calculation of the annual Administrative Costs as outlined in Section 10.1.2 of the Agreement. As outlined in Section 11.3 of Agreement, this value will also be used for the allocation of Penalty Funds. This value will be used for the remainder of the calendar year in which they joined and until they have participated in the subsequent year's coincident peak.

## **8. Credit Requirement**

8.1 Members of the SRSG are obligated to immediately deliver contingency reserves as determined by the RSS to other members when a disturbance is declared.

8.1.1 Supplying members face two kinds of financial risk:

- 1) non-payment for the emergency assistance by the recipient
- 2) non-payment of penalty funds

8.1.2 Non-supplying members are at risk for not receiving their portion of the penalty funds.

## 8.2 Amount of Collateral required

To allow new members to fulfill their SRSG financial obligations to other members while minimizing their cost, the amount of collateral needed shall be calculated as per 8.2.1.

### 8.2.1 Calculation

Anticipated Contingency Reserve Quota  
x Penalty Amount  
x Protection Period  
= Combined Total Collateral

Anticipated Contingency Reserve Quota Based on the amount of generation resources the applicant has available and the amount of reserves the group can provide to the applicant, the Administrator will estimate the anticipated operating contingency reserve quota.

Penalty Amount The dollar amount of the penalty as indicated in Section 3.4 of Operating Procedure No. 4.

Protection Period 7 days. The period of risk to which the membership would be exposed before the Administrator could take immediate action.

Collateral The total credit protection needed. Collateral shall take the form of Letters of Credit (LOC) from a bank with a credit rating of A3 or A-.

### 8.2.2 Allocation of guaranty amount.

The combined total of the letters of credit will be distributed proportionately based on the amount of risk to which each member is exposed. Seventy-five percent (75%) of the total will be equally divided among members who have the ability to deliver reserves to the applicant. Twenty-five percent (25%) of the total will be equally divided among the members who do not have the ability to deliver reserves to the applicant.

### 8.3 Method for Dissolving Credit Support

A member may eliminate the requirement for credit support by establishing a timely payment history. The entire amount of credit support may be retired with a two-year history of timely payment. Sixty (60) days in advance of the LOC expiration, Member may request from the chair of the Executive Committee that their credit support be reduced. Beginning on the first anniversary of active membership, the required credit support will be reduced by fifty percent of the original amount each year provided the member represents and warrants that it is not bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge threatened against it which would result in it being or becoming bankrupt; and there is not pending or to its knowledge, threatened against it any legal proceedings that could materially adversely affect its ability to perform its obligations under the Agreement.

# Attachment A

## Application Checklist

### Applicant

- Receive authorization to access the WECC WON for the purpose of RSS data exchange if connectivity has not previously been granted.
- Provide a mailing address and official's title for Exhibit A of the Participation Agreement.
- Provide a billing address for Exhibit B of the Participation Agreement. This address will be used for all SRSG related billing invoices and invoices for deliveries of emergency assistance.
- Designate a representative and alternate for both the Executive and Operating Committees. Include with this designation the email address, phone and fax numbers for these individuals. One person may serve on more than one committee.
- Provide telephone contact information for the Dispatching Center, primary computer support personnel, and communication link support personnel.
- Submit a list of all points of receipt and delivery where you have scheduling rights that are to be included in the RSS. Include the maximum megawatt capacity for each. The capacities will be adjustable. Example:

	Receipt Capacity	Delivery Capacity
Palo Verde	25	5
San Juan	0	20

- For each point at which the applicant desires to provide or receive assistance, provide a letter from the Balancing Authority operating the delivery point acknowledging applicant's ability to receive and deliver assistance.
- Implement a disturbance reporting procedure. Any SRSG disturbance event in excess of 337 MW is a NERC and WECC reportable event. If you were involved in the disturbance either by losing capacity or by delivering assistance to another member, a disturbance report must be submitted to the SRSG Administrator as outlined in Operating Procedure No. 2 Section 11. The form is available on the SRSG website at <http://www.srsq.org/report.asp>.

- Submit Resource Qualification Forms A, B and C as outlined in Operating Procedure No. 1.
- By December 15<sup>th</sup>, and each year thereafter, submit a forecasted annual peak firm commitment value for the subsequent year.

### **Administrator**

- Make readily available to the new member's dispatch desk current and complete copies of the SRSG Participation Agreement, all associated Operating Procedures, including Emergency Assistance Manual Matrices.
- Revise or add new member's name and facility information to the RSS.
- Design and implement a procedure to calculate a Forecasted Firm Commitment value from 1) Thermal generation, 2) Forecasted Firm Commitment value from Hydro generation, and 3) forecasted Largest Single Hazard. The Firm Commitment value will include the forecasted native load value +/- the algebraic sum of all prescheduled firm purchases and sales. This includes loss schedules. This information must be calculated for every hour of the following day and available for input into the RSS prior to 1500 MST of the preceding day.
- Calculate an hourly integrated value of the total amount of spinning and non-spinning reserves carried each hour as outlined in Operating Procedure No. 3. This information must be available for input into the RSS within 30 minutes after the end of each scheduling hour.
- Implement a method of calculating an Actual Firm Commitment value from thermal and hydro generation, and the actual largest single hazard. This Actual Firm Commitment value will include the actual native load value +/- the algebraic sum of all actual firm sales and purchases. These values may be entered into the RSS hourly, but must be entered no later than 0300 MST the following day.
- Establish a means and method to initiate an emergency assistance delivery schedule into your EMS with a ramp duration equal to zero in accordance with Section 2.5 of Operating Procedure No. 5.
- Establish a means to calculate and transmit via ICCP real-time reserve values to the Reliability Coordinator. Values should be updated every 4 to 30 seconds. Implement the ability to receive and display SRSG total real-time spinning and contingency reserve values via ICCP from the Reliability Coordinator.