

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

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

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Approval Date 04/24/19

#### **1. Purpose**

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

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

- 2.1 The application process begins when an applicant makes a request for membership to the SRSG. The written request shall include a nonrefundable \$5,000 application fee and \$2,500 certification fee.
- 2.2 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.
- 2.3 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**

- 3.1 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.
- 3.2 The New Member Subcommittee shall provide the results of this review to the OC along with a recommendation for denying or permitting the applicant to continue with the process.
- 3.3 The OC shall submit a recommendation to the EC for acceptance or non-acceptance of the applicant to the SRSG. All determinations must be made within 60 days of receiving the application.

- 3.4
- 3.5 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.
- 3.6 Once the EC notifies the Administrator and the New Member Subcommittee of its approval, the Administrator and subcommittee shall begin the certification process.

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

- 4.1 Written request received by the Administrator, accompanied by a non-refundable application fee of \$5,000 and a certification fee of \$2,500
- 4.2 Administrator shall calculate applicant's share of developmental fees as directed in section 10.2 and Exhibit C of the Participation Agreement
- 4.3 Applicant attends orientation conducted by Administrator
- 4.4 Applicant demonstrates appropriate creditworthiness consistent with standard commercial practices
- 4.5 New Member Subcommittee reviews all criteria from Section 9 of the Participation Agreement with applicant
- 4.6 All pending items are closed

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

- 5.1 New Member pays developmental fees per the Participation Agreement and section 4 above
- 5.2 SRSG Administrator verifies all payment obligations are met
- 5.3 SRSG Administrator verifies that the applicant has satisfied the collateral credit requirements in Section 8.2
- 5.4 SRSG Administrator verifies applicant has provided required data and has in place the required facilities to effectively transmit and receive data with the Reserve Sharing System (RSS)
- 5.5 SRSG Administrator verifies applicant has in place the required facilities to effectively transmit and receive data with the Reliability Coordinator
- 5.6 Entity shall be deemed a party and the SRSG Administrator shall provide notification to the EC and all parties
- 5.7 New Participant executes the SRSG Participation Agreement
- 5.8 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:

- 6.1 pay the \$2,500 certification fee
- 6.2 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 Peak Load plus Generation**

- 7.1 The maximum value of the new Participant's load plus generation will be used as follows for the remainder of the calendar year in which the Participant joined SRSG and until the Participant has contributed to the SRSG's subsequent year's peak:
  - 7.1.1 To calculate annual Administrative Costs as outlined in Section 10.1.2 of the Agreement.
  - 7.1.2 To allocate penalty funds as outlined in Section 11.3 of Agreement.

## **8. Credit Requirement**

- 8.1 Participants 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 financial risk from non-payment for the emergency assistance by the recipient, and from 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 Participants to fulfill their SRSG financial obligations while minimizing their cost, the amount of collateral needed shall be calculated as follows:

- 8.2.1 Collateral amount

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 Participant 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 SRSG would be exposed before the Administrator could take 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-. LOCs will be issued to each Participant based upon their allocated guaranty amount.

#### 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 Participants who have the ability to deliver reserves to the new Participant. Twenty-five percent (25%) of the total will be equally divided among the Participants who do not have the ability to deliver reserves to the new Participant.

### 8.3 Method for Dissolving Credit Support

A Participant may eliminate the requirement for credit support by establishing a timely payment history.

8.3.1 The entire amount of credit support may be retired with a two-year history of timely payment.

8.3.2 Sixty (60) days in advance of the LOC expiration, a Participant may request from the chair of the Executive Committee a reduction in required credit support.

8.3.3 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 the following:

8.3.3.1 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

- 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 applicant has 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                |

Coordinate with Participants to develop e-Tag templates and conduct e-Tag testing for energy assistance at common receipt and delivery points.

- Implement a disturbance reporting procedure. Any SRSG disturbance event in excess of 500 MW is a NERC and WECC reportable event. If Participants are involved in the disturbance either by losing generation or by delivering assistance, 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.srsg.org/reports>
- Submit list of resources and test dates as outlined in Operating Procedure No. 1.
- By December 15<sup>th</sup>, and each year thereafter, submit forecasted annual peak load and generation values for the subsequent year.

## Administrator

- Make readily available to the new Participant'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 forecasted Generation and Load values, and forecasted Most Severe Single Contingency (MSSC). This information must be entered 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 Actual Load, Generation, and MSSC. 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 real-time reserve values to the Reliability Coordinator. Implement the ability to receive and display SRSG total real-time spinning and contingency reserve values via the RSS.