

SRSG Operating Procedure No. 5

Activation of Reserves for SRSG Assistance

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1. Purpose

The purpose of this Operating Procedure No.5 is to establish the process by which a Party shall activate its reserves for itself or for another Party requesting Assistance following a qualified loss.

2. Qualified Loss

2.1 A qualified loss is a Balancing Contingency Event as defined by NERC. It includes the total or partial loss of a resource by one or more Parties which affects a Party's ACE. This may also include:

2.1.1 A sudden restoration of a load being used as a resource (e.g., interruptible).

2.1.2 A failure of a unit to start.

2.2 A qualifying loss of wind generation shall include losses:

2.2.1 due to high wind speed cutout.

2.2.2 due to temperature extremes outside of the wind generation manufacturer's standard operating temperature range.

2.2.3 shall have occurred as a result of sudden equipment failure.

2.3 A qualifying loss of a Solar Resource shall have occurred as a result of a sudden equipment failure.

3. Obligations

3.1 Each Party shall be required to complete the activation of its reserves within ten (10) minutes from the time of the Disturbance notification.

3.2 The Party experiencing a Disturbance shall immediately activate its own Contingency Reserves.

3.3 The system disturbance message shall be initiated via the Party's site system for all events, even if the Party is not in need of assistance from other Parties. In cases where assistance is required, the Party experiencing the Disturbance shall initiate a system disturbance message within 5 minutes of the event.

- 3.4 A late disturbance is defined as: failure to report a disturbance within 5 minutes of an event in which assistance is requested; it will result in a \$1,000 penalty to the party submitting the late disturbance, even if the group recovers per DCS requirements.
- 3.5 To the extent the activation of a Party's Contingency Reserve Requirement does not cover the amount of MW loss as a result of the Disturbance, a Party may request a quantity of Assistance to not to exceed:
- 3.5.1 Actual resource MW lost
- 3.5.2 Plus station load for resource
- 3.5.3 Plus an amount equal to the Contingency Reserve carried on the resource lost.
- 3.5.4 Minus the Party's Contingency Reserve Requirement
- 3.6 The Administrator Site System will receive and process the system disturbance message. Should this processing require an activation of reserves then each Party will receive a message from the Administrator Site System. This message will include the following:
- Owner/Operating Agent
 - Facility Lost
 - Event Date and Time
- 3.7 Each Party activating reserves in response to a disturbance will enter a schedule into their EMS with a start ramp duration equal to zero (0). The schedule will include the following information
- Ramp Start Time (Ramp Start Time = Event Time)
 - Start Ramp Duration (equal to zero)
- 3.8 Schedules shall be documented with tags, as described in Attachment A and shall include the following:
- Assistance Provider
 - Delivery Point(s) of Assistance
 - Assistance Recipient
- 3.9 A Party's obligation to provide assistance shall be for a maximum of sixty (60) minutes from the Event Time.
- 3.9.1 The ramp time associated with the termination of Assistance will be ten (10) minutes in duration and will begin at such time as to integrate the full Assistance request for sixty (60) minutes.
- 3.9.2 If the requesting Party wishes to terminate the receipt of Assistance prior to sixty (60) minutes, it will be the requesting Party's responsibility to contact all Assistance providers and coordinate and confirm the integrated values of Assistance. Mutual agreement

between the two Parties is required to terminate the delivery of the Assistance.

- 3.10 Exception for Test Energy – A party who loses a unit generating test energy prior to its commercial operation date may claim that loss but is limited by their current hourly reserve requirement.
- 3.11 In the event that a Disturbance exceeds 300 MW, all SRSG members, regardless of whether they are providing Assistance or not, shall ensure that their respective Area Control Errors 10 minutes after the Disturbance are equal to greater than their respective Area Control Errors just prior to the time that the Disturbance occurred.

4. Allocation of Reserves

Reserves shall be allocated by the Administrator Site System in a manner which uses the optimum combination of available assistance and transmission. The resulting solution will be the most likely to enable a successful recovery required by Disturbance Control Standards.

5. Settlements

- 5.1 Assistance – Due to unavoidable tagging application rounding errors of integrated energy assistance for events crossing an hour, parties shall use the amount on the tag, as indicated in WIT, for settlements that do not exceed 1 MW difference from the total scheduled amount of the event per entity, with the exception of when this involves a transmission limitation. Differences that exceed 1 MW will be subject to dispute resolution procedures.
- 5.2 Transmission – Cost associated with the transmission utilized for the receipt or delivery of Assistance shall be the responsibility of the Party reserving such transmission.
- 5.3 Capacity – There shall be no capacity (demand) charge associated with the supply or receipt of Assistance.
- 5.4 Energy – Payment for Energy delivered as Assistance may be made as a monetary payment or as an exchange of energy. The Party receiving Assistance shall pay the Assistance provider(s) for the Energy received at a rate of one hundred percent (100%) of the Assistance provider's cost incurred. The terms of each form of payment are:
 - 5.4.1 The Assistance provider's cost incurred includes:
 - 5.4.1.1 The fuel cost of the generating resource used to supply the Assistance, plus
 - 5.4.1.2 The operation and maintenance cost incurred by the generating resource in order to supply the Assistance, if applicable, plus

- 5.4.1.3 The start-up cost of the generating resource that was brought online to supply the Assistance, if applicable.
- 5.4.1.4 The applicable peak or off-peak Palo Verde market closing price for that hour may be used as a proxy for the above

5.4.2 The output of the generating resource that was diverted from supplying an interruptible load or interruptible sale to provide Assistance.

5.4.3 Any minimum run-time associated with a unit placed on-line to support the supply of Assistance which may exceed the period in which the Assistance was provided shall be the responsibility of the Assistance provider.

5.4.4 Payment by Return of Energy

The provider and receiver of Assistance may mutually agree to the Return of Energy as a method of payment. Payment by the Return of Energy method requires that the receiver of Assistance deliver to the Assistance provider a mutually agreed upon quantity of energy to compensate the provider for the Assistance provided.

5.4.4.1 Scheduling the Return of Energy

5.4.4.1.1 The Return of Energy transaction must be scheduled within thirty (30) days from the end of the month in which the Assistance was provided

5.4.4.1.2 If the Return of Energy does not occur within the time period defined above, the payment method will revert back to the monetary method outlined in section 5.4.1 of this procedure.

5.4.4.1.3 Unless otherwise agreed to by the Parties, all Return of Energy transactions shall be prescheduled, subject to mutual agreement by the Party's pre-schedulers.

5.4.4.2 Energy Return Periods

Unless mutually agreed to by the Parties, all Assistance energy delivered during peak hours shall be returned with an equal amount of energy during peak hours. Assistance energy delivered during off peak hours shall be returned with an equal amount of energy during off peak hours.

5.5 All billing and payments associated with this Operating Procedure shall be in accordance with Section 13 of the Agreement.