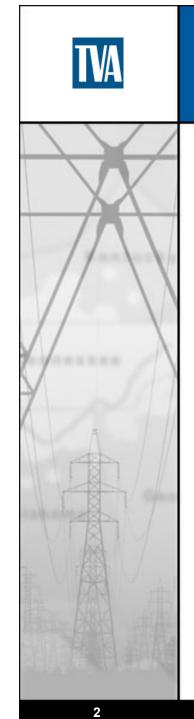


Transmission Service Guidelines – Planned Changes for 2008 Edition

Sixth Annual Transmission Customer and Power Marketer's Meeting

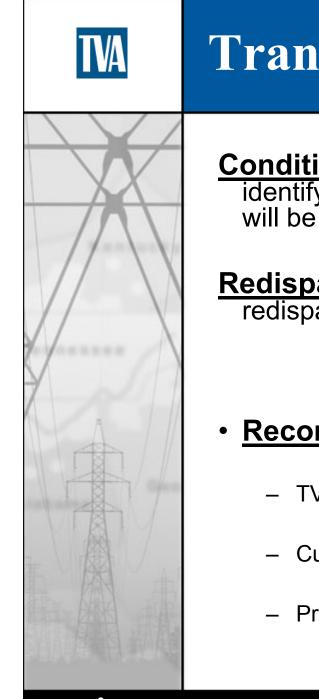
Pat O'Connor, Manager, Transmission Regulation and Contracts April 9, 2008

TVA Transmission



Planned Changes - Order 890 and Other

- Transmission Service Reform Conditional Firm and Redispatch
- Transmission Pricing Reforms CBM, Imbalance Charges and Assignment Rights
- Changes to Certain Non-Rate Terms and Conditions –Rollover rights
- Other Procedural Changes



Transmission Service Reform

<u>Conditional Firm Service</u> - Transmission Provider (TP) to identify defined system conditions and/or hours which service will be conditional

<u>Redispatch Service</u> - TP to evaluate feasibility of redispatching of own resources

<u>Recommended Changes</u>

- TVA will offer "Conditional" firm service
- Current Guidelines provide for redispatch service no change
- Proposed language would ensure reliable operations



Transmission Pricing Reforms

<u>Capacity Benefit Margin (CBM)</u> – Should be removed from P-T-P rate and charged to network and native loads

<u>Recommended Changes</u>

- TVA will remove cost of CBM from P-T-P rate

<u>Imbalance</u> - Difference between energy scheduled and delivered or generated

- <u>Recommended Changes</u>
 - TVA will adopt FERC's three-tiered pricing structure all financial settlements



Transmission Pricing Reforms (con't)

Capacity Reassignment Rights - Customer may sell all or part of its transmission capacity rights at "market" rates

<u>Recommended Changes</u>

- TVA will remove price limits on re-sales for trial period
- Reseller will be responsible for original financial commitment to TVA
- Assignee must be an "eligible customer"

Non-Rate Terms and Conditions

Rollover Rights - right to renew or "rollover" contracts that have a minimum term of five years

<u>Recommended Changes</u>

- TVA will implement 5-year limit
- TVA's policy limiting rollover rights based on system needs is retained

<u>Pre-confirmed Priority</u> - Pre-Confirmed requests will receive priority over earlier-submitted requests that are not Pre-Confirmed (of equal or shorter duration)

<u>Recommended Changes</u>

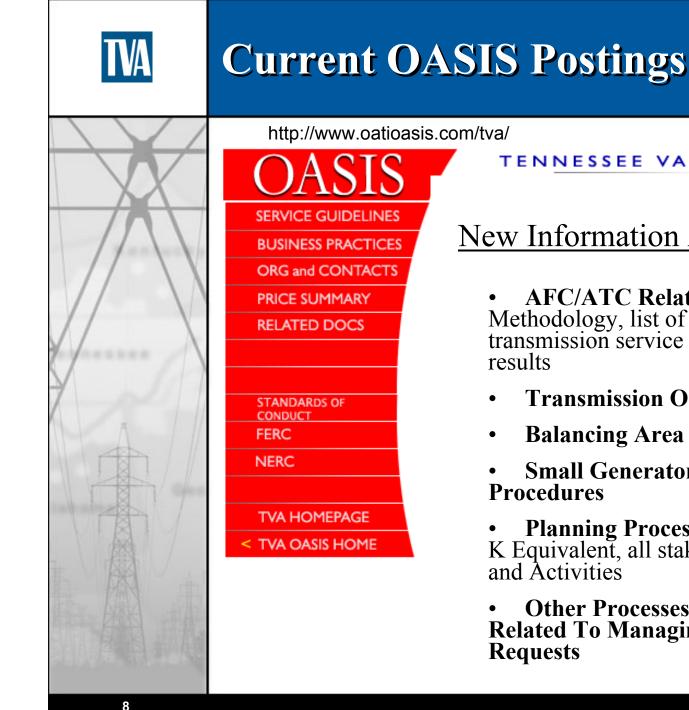
- TVA will adopt pre-confirmed priority policy

TA



Other Procedural Changes

- Allow requests for hourly service to be submitted at 8:00 AM rather than 10:00 AM
- Provide for handling of next day firm requests on weekends
- Month deposit no longer required for study of L-T-F requests – advance deposit to cover study costs will be required – trial basis
- Other minor revisions to clarify ambiguities/conform to industry practice
 - No changes to existing TVA policy



TENNESSEE VALLEY AUTHORITY

New Information Available on OASIS

- **AFC/ATC Related Information –** AFC Methodology, list of honored flow gates, transmission service study criteria and study
- **Transmission Outage Information**
- **Balancing Area Load Forecast/Actual**
- **Small Generator Interconnection**
- **Planning Process Documents** Attachment K Equivalent, all stakeholder Group Documents
- **Other Processes And Methodologies Related To Managing Transmission Service**

