



SEATTLE CITY COUNCIL

Economic Development, Technology, and City Light Committee

Agenda

Wednesday, March 22, 2023

9:30 AM

Council Chamber, City Hall
600 4th Avenue
Seattle, WA 98104

Sara Nelson, Chair
Debora Juarez, Vice-Chair
Lisa Herbold, Member
Kshama Sawant, Member
Dan Strauss, Member

Chair Info: 206-684-8809; Sara.Nelson@seattle.gov

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Light Committee
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Meeting Location:

Council Chamber, City Hall, 600 4th Avenue, Seattle, WA 98104

Committee Website:

<https://www.seattle.gov/council/committees/economic-development-technology-and-city-light>

This meeting also constitutes a meeting of the City Council, provided that the meeting shall be conducted as a committee meeting under the Council Rules and Procedures, and Council action shall be limited to committee business.

Members of the public may register for remote or in-person Public Comment to address the Council. Details on how to provide Public Comment are listed below:

Remote Public Comment - Register online to speak during the Public Comment period at the meeting at <http://www.seattle.gov/council/committees/public-comment>. Online registration to speak will begin two hours before the meeting start time, and registration will end at the conclusion of the Public Comment period during the meeting. Speakers must be registered in order to be recognized by the Chair.

In-Person Public Comment - Register to speak on the Public Comment sign-up sheet located inside Council Chambers at least 15 minutes prior to the meeting start time. Registration will end at the conclusion of the Public Comment period during the meeting. Speakers must be registered in order to be recognized by the Chair.

Submit written comments to Councilmember Nelson at Sara.Nelson@seattle.gov

Please Note: Times listed are estimated

A. Call To Order

B. Approval of the Agenda

C. Public Comment

D. Items of Business

1. Small Business Roundtable: Housing Providers

*Supporting
Documents:*

[Presentation](#)

[Small Landlord Stakeholder Final Report - CBA
SDCI-009-B-001](#)

Briefing and Discussion (40 minutes)

Presenters: MariLyn Yim, Jim Yearby, Rizwan Samad, Christopher Cutting, and Ayda Cader, Seattle small landlords

2. [CB 120532](#) **AN ORDINANCE** relating to the City Light Department; authorizing the Department to enter and participate in the Western Resource Adequacy Program, including the ability to execute additional agreements necessary or convenient to participate in the Western Resource Adequacy Program; and ratifying and confirming certain prior acts.

Attachments: [Attachment A - WRAPA \(Attachment A of WRAP Tariff\)](#)
[Attachment B - Complete WRAP Tariff, including WRAP Agreement](#)

Supporting Documents: [Summary and Fiscal Note](#)
[Central Staff Memo](#)
[Presentation](#)

Briefing, Discussion, and Possible Vote (30 minutes)

Presenters: Debra Smith, General Manager and CEO, Emeka Anyanwu, Siobhan Doherty, and Jeff Wolf, Seattle City Light; Rebecca Sexton, Western Power Pool; Eric McConaghy, Council Central Staff

E. Adjournment



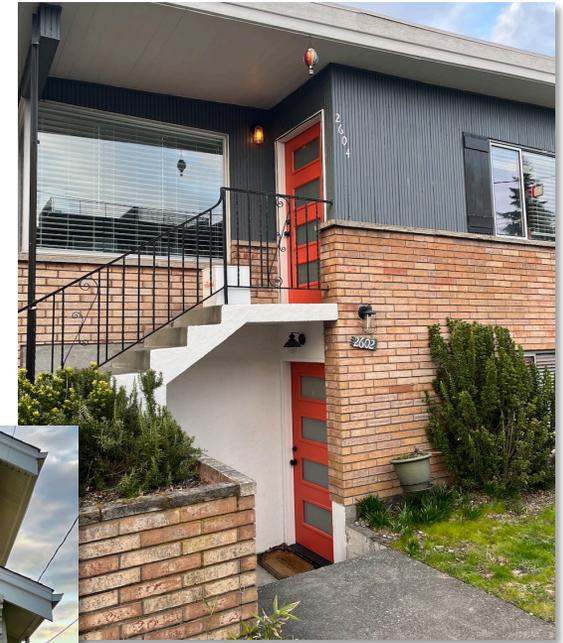
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Small Business Roundtable: Housing Providers

Small Landlord Roundtable

Seattle City Council
Economic Development Committee Meeting
3/22/23



What's Unique about Small Landlords

How do small housing providers (< 20 units) differ from larger landlords?

1. Provide diversity of housing stock

- Single-family houses, duplexes/triplexes, small apartment buildings, ADUs/DADUs, shared housing

2. Provide a substantial portion of below-market rate housing options

3. Favor tenant stability and have less frequent turnover

4. Fewer units across which to spread risk

- **Financial risk**

- Impacts to personal credit and financing, mortgage default, inability to maintain property
- [2018 survey](#): 59% of Seattle landlords reported total income (rental and non-rental) < \$75,000
- Intimidated by high-dollar regulatory penalties

- **Legal risk**

- Direct exposure to regulatory compliance, lease violations, property damage, lawsuits, evictions
- No “right to counsel” for low-income owners, nor for owners taken advantage of by bad actor tenants

- **Personal risk**

- Do not have buffer of corporate management/maintenance/legal staff
- Direct exposure when problems arise in landlord-tenant relationship (e.g., living in proximity, going on-site to address maintenance issues, serving notices)

What's Unique about Small Landlords, continued ...

How do small housing providers differ from large/corporate landlords?

5. Many live locally and have connection to community

- More directly involved in tenant selection and rent-setting
- Offer more flexible screening criteria (prior to First-in-Time)
- Contribute to local economy

6. May use rental housing as a means of affording their own primary home

- Rental income from duplex, ADU or shared housing can help individuals/families qualify for primary mortgage and build equity

7. May be “situational” or “circumstantial” landlords

- Rent out their property for a period of time due to job location change, marriage/divorce, aging in place, inheritance, etc.
- Options for local housing otherwise not available to renters

8. More likely to exit the residential rental market

- May sell or use property for other uses if regulations are too risky, unpredictable or onerous

Landlord-Tenant Law 1973-2016 – 43 years

1973 – WA Residential Landlord Tenant Act

1981 – Seattle Just Cause Eviction

1989 – WA Deposit Accounting

1990 – Seattle Tenant Relocation for Substantial Rehab or Demolition

1993 – Seattle Tenant Info Packet

1998 – Seattle 60 Day Notice Rent Increase

2004 – Seattle Third Party Utility Billing

2013-2016 – Seattle RRIO Implementation

... average of 2 new laws every 10 years

Explosion of New Laws 2017-2022 – 6 years

- 2017 – Seattle First In Time Law
- 2017 – Seattle Security Deposit Cap
- 2017 – Seattle Move-In Cost Installments
- 2017 – Seattle Criminal Records Ban
- 2017 – Seattle Tenant Packet/Voter Registration
- 2018 – Seattle Source of Income Law
- 2019 – Seattle DV Property Damage
- 2019 – Seattle Notice of Intent To Sell
- 2019 – WA Extend Pay or Vacate 14 days
- 2020 – Seattle Roommate Ordinance
- 2020 – Seattle Winter Eviction Ban
- 2020 – WA Holding Deposit Limit
- 2020 – WA Late Fee after 5 Days
- 2020-2022 – COVID Eviction Ban nearly 3 years
- 2020 – WA ERPP/Major Eviction Revisions
- 2020 – WA Fixed-Term Lease Revisions
- 2020 – COVID Nonpayment History Prohibited
- 2021 – Seattle Fixed-Term Lease Mandatory Renewal
- 2021 – Seattle School-Year Eviction Ban
- 2021 – Seattle & WA Tenant Right to Counsel
- 2021 – Seattle 10% Rent Increase Relocation Assistance
- 2021 – Seattle COVID Hardship Eviction Defense
- 2021 – Seattle 180 Days Rent Increase
- 2022 – Seattle Limit COVID Repayment Plans
- 2023 – Seattle Late Fee Cap/Notice Fee Prohibited?
(pending)

24+ laws in 6 years, and counting ...

RRIO Data (July 2018 - August 2022)

Significant loss of small rental properties in Seattle's registry in last 4 years

WHAT WE SEE WITH RRIO

Size Class	July 2018		May 2020		August 2022	
	Properties	Units	Properties	Units	Properties	Units
Single Unit	21174	21174	23853	23853	18740	18740
2 to 4 Units	5145	13529	5420	14156	4072	10678
5 to 20 Units	3239	30951	2824	27394	2536	24951
21 to 50 Units	877	27503	829	26069	805	25353
51 to 99 Units	286	20112	290	20482	307	21633
100 to 199 Units	155	21291	164	23108	169	23428
200+ Units	71	19869	87	25517	100	29110
TOTAL	30947	154429	33467	160579	26729	153893

Seattle Department of Construction & Inspections



14% net loss of rental properties

RRIO Unit & Property Counts from SDCI

	July 2018	August 2022		
Units by Size Class* Groupings	# of Units		Units Lost / Gained	
1 to 20 Units	65,654	54,369	-11,285	-17%
Share of units in all size classes	43%	35%		
21 to 200+ Units	88,775	99,524	10,749	12%
Share of units in all size classes	57%	65%		
Units by Size Class* Breakdown	# of Units		Units Lost / Gained	
Single Unit	21,174	18,740	-2,434	-11%
2 to 4 Units	13,529	10,678	-2,851	-21%
5 to 20 Units	30,951	24,951	-6,000	-19%
21 to 50 Units	27,503	25,353	-2,150	-8%
51 to 99 Units	20,112	21,633	1,521	8%
100 to 199 Units	21,291	23,428	2,137	10%
200+ Units	19,869	29,110	9,241	47%
Properties by Size Class*	# of Properties		Properties Lost / Gained	
1 to 20 Units	29,558	25,348	-4,210	-14%
21 to 200+ Units	1,389	1,381	-8	-1%

How this 4-year timespan of data was chosen:

- July 2018 is the earliest reliable RRIO data available for all sizes of properties (the program was rolled out in waves, beginning 2013, starting with larger properties).
- August 2022 is the most recent data snapshot provided by SDCI.
- RRIO data fluctuates daily and is available via the City's [Open Data Portal](#). As of 3/16/23, small landlord registrations continue trending down: single-unit = 18,690; 2 to 4 units = 10,643.

* RRIO Size Class is the number of rental units registered by an owner at a single property in a single registration. Smaller size classes include houses, condos, ADUs, DADUs, duplexes, apartments, and other unit types. Larger size classes are large apartment buildings.

RRIO Data (July 2018 - August 2022), continued ...

Significant loss of small rental properties in Seattle's registry in last 4 years

Added gain of units in large buildings (10,749) canceled out by loss of units in small buildings (11,285)

- Despite all the construction cranes and tall new buildings, Seattle is losing rental housing
- Seattle needs increases in all sizes of rental inventory, but has losses of “missing middle” rental registrations

Share of small rentals dropped from 43% of rental housing to just 35%

- 17% decrease in the kinds of units owned by smaller landlords (1-20 units)
- 11.5% decrease in single-unit rentals
- 21% decrease in 2- to 4-unit rentals
- Significant loss of family-size rentals (2+ bedrooms) and other diverse housing types

Share of large rental properties increased from 57% of the market to 65%

- 12% increase in units by large owners (21-200+ units)
- Vast majority are 1-bedroom or studios (not family-size)

Obstacles & Deterrents

What issues are contributing to the decrease in small rental providers?

Increasingly Complex & Layered Regulatory Environment

- City and state regulations = complex, out of sync, rapidly changing
- Cumulative effect = more than each individual regulation
- Significantly higher risks; greater legal/financial resources required

Lack of Analysis

- City doesn't adequately assess impacts of new regulations
- No accountability for whether new regulations achieve intended outcomes
- No mitigation of unintended and cumulative impacts

Lack of Information / Support

- Inadequate resources and information for small landlords
- No designated department/staff for small housing provider support or advocacy
- SDCI = compliance/enforcement (not staffed for "non-urgent" landlord questions)

Lack of Engagement / Outreach

- No framework for small landlords to provide input or feedback

Negative Rhetoric

- Some public officials and other stakeholders perpetuate negative, polarized stereotypes
- "Us vs Them" approach conveys that housing provider feedback is not wanted or valued

Fines & Penalties

- Potential penalties for violating rental housing market regulations are steep
- Example: first-time civil penalty for First-in-Time violation is \$11,000
- Even if rarely applied, threat of large penalties dissuades small providers

Court Access

- While most small landlords prefer to resolve issues outside of court, access to legal system is important backstop for unsafe/untenable tenancies
- Court proceedings for new regulations are drawn out, expensive and lack consistency or predictability

Lack of Public Safety Support

- In extreme cases, police support is needed to handle dangerous tenant situations
- Small landlords report having difficulty securing a public safety response
- Impacts on safety for landlords, other tenants and neighbors

Roundtable Discussion and Q&A

Roundtable Participants

- MariLyn Yim
- Jim Yearby
- Rizwan Samad
- Christopher Cutting
- Ayda Cader



Looking Forward

Key Take-Aways

- Seattle needs to retain existing housing and build more new housing but is losing affordable small rentals
- Small-scale rentals provide economic benefits & opportunities to renters, owners, and the community at large
- Current barriers, risks and policy approaches are untenable for a stable or thriving small-rental environment

Call to Action — Review & implement recommendations from the [Small Landlord Stakeholder Report](#) (December 2022)

Related Links

Key Resources — Seattle

- [2022 Small Landlord Stakeholder Group Report](#) – If you have time for one document, this is the one. A 21-page report completed in Fall 2022 with a wealth of constructive suggestions
- [City of Seattle 2022 ADU Annual Report](#), March 2023 — Seattle ADU rents average well below typical one-bedroom rent
- [City of Seattle 2020 RRIO Report](#), August 2021 — Seattle’s total rental registrations decreased by 14.4 percent from 2019 (loss of 4,858 registrations)
- [City of Seattle Sept 2020 Equitable Development Community Indicators Report](#) — On page 37-38, highlights Seattle’s lack of family-size rental housing
- [Important Findings from 2018 Seattle Rental Housing Survey](#), Seattle Grassroots Landlords, May 2021 — highlights negative impacts on rental housing and need for outreach and collaborative data
- [Seattle Small Landlords & the Legislative Tsunami: A Five-Year Recap](#), Seattle Grassroots Landlords, May 2021 — Seattle Council has continued to pass rapid regulatory changes without housing provider input

Key Resources — National

- [How have landlords responded to the pandemic and what are the implications of their behaviors?](#), Urban Institute “Opportunity in the Crisis” Panel, 10/1/21 — Emphasizes importance of preserving small landlord-owned housing, critical to affordability; outreach to mom-n-pops should happen early and often
- [Findings and Lessons from Two National Surveys of Landlords](#), Turner Center for Housing Innovation, UC Berkeley, 9/29/21 — Small-scale landlords reported more substantial losses; pandemic stress has increased likelihood of selling and jeopardized supply of naturally affordable rentals
- [Affordable Housing without Public Subsidies: Rent-Setting Practices in Small Rental Properties](#), Journal of the American Planning Association / UC Berkeley, Nathaniel Decker, September 2020 — Nearly half of small rental owners surveyed nationwide set rents below market, often substantially so; supporting small rental-properties could be means for municipalities to realize housing affordability goals.
- [Black and Hispanic landlords are facing great financial struggles because of the Covid-19 pandemic](#), Urban Institute, Goodman and Choi, 9/4/20 — Policies that harm small landlords have even deeper impacts for BIPOC landlords

Recent News Links

- [Newly Built Apartments Keep Getting Smaller](#), Rental Housing Journal, 2/16/23 — New apartment sizes in Seattle are smallest in U.S. (Seattle’s new “multi-family” developments don’t include “family sized” rental housing)
- [Seattle leads US in growth of high-income renters, report says](#), PSBJ, 2/12/23 — The number of high-income renters (those who earn at least \$150,000 a year) has increased nationwide but nowhere as fast as Seattle
- [Seattle sees steepest rent declines among major U.S. metros](#), Axios, 1/18/23 — Seattle saw the steepest monthly decline in rent among major metros in December, based on a [Zillow report](#)

Missed Opportunities

- [One Seattle Comprehensive Plan 2022 Planning Documents](#): Environmental Impact Statement (EIS) Scoping Report, Issue Briefs, and other project docs, November 2022 — No rental housing stakeholders/advocates or “missing middle” rental viability issues included.
- [City of Seattle Market Rate Housing Needs and Supply Analysis](#), April 2021 — Contains no mention of small rental housing providers, with none mentioned in the Jan 2020 Public Engagement Summary either. No reflection on how multitude of new regulations are impacting rental housing supply, diversity and affordability.
- [Disaster Gentrification in King County](#), Puget Sound Sage, May 2021 — only miniscule mention of small landlords; no recognition that rental income has traditionally been one option for small-scale property owners to avoid displacement and to build equity over time
- Boards & Commissions (e.g., Equitability Development Initiative Advisory Board, Seattle Planning Commission, Renters’ Rights Commission, and other city-sponsored groups do not have inclusion or consideration for small landlord advocacy

MEMORANDUM

To: Members of the Seattle City Council
From: Nathan Torgelson, Director
Date: December 15, 2022
Subject: Response to SLI SDCI-009-B-001: Small Landlord Stakeholder Group

SLI SDCI-009-B-001 directed the Seattle Department of Construction and Inspections (SDCI) to convene a staff and stakeholder group to advise the City on regulatory and rental market challenges for small landlords and their tenants. The group was asked to:

- Propose a definition of "small landlord"
- Estimate the population of small landlords with units in Seattle
- Make findings about how current regulations and market trends impact small landlords and their tenants and identify whether those impacts are disparate

Participants

The SLI directed that the stakeholder group should consist of: “no more than seven members plus a moderator, who is an SDCI supervisor, and must also include: (1) two SDCI employees who either administer regulations applicable to landlords or provide services to tenants; (2) at least one landlord that rents three or fewer units; and (2) at least one member of a tenant advocacy organization, such as the Tenants Union.”

With this guidance, SDCI invited the following organizations and their representatives to attend:

Organization	Role	Primary	Alternate
Stakeholders			
Seattle Grassroots Landlords	Small Landlord	Marilyn Yim	Angie Gerrald
Rental Housing Association	Small Landlord	Christopher Cutting	Sean Flynn
Housing Connector	Small Landlord (affordable housing)	Jim Yearby	
Be:Seattle	Tenant Advocacy	Kate Rubin	
Catholic Community Services	Tenant Advocacy	Jana Lissiak	
SDCI	Property Owner and Tenant Assistance	Stella Washington	
SDCI	Property Owner and Tenant Assistance	Maureen Roat	
Observers			
Council Central Staff		Asha Venkataraman	
Council Central Staff		Ketil Freeman	
Support and Resources			

SDCI		Geoff Tallent	
SDCI		Quinn Majeski	
SDCI		Dulcie O’Sullivan	
Seattle Office for Civil Rights (SOCR)		Mike Chin	

Meetings were open to the public and a handful of observers were frequently in attendance. There was no public comment period offered due to time constraints, but observers were invited to submit any written comments via email to SDCI staff. No such comments were received.

Structure and Timeline

The stakeholder group met six times from August to November. Meetings were conducted over WebEx. SDCI employed pre- and post-meeting surveys to help solicit feedback, make adjustments, and organize the agenda for upcoming meetings. The schedule and agendas for the stakeholder group’s meetings are outlined below.

Meeting #1, August 30th

- Welcome and introductions
- Technology overview
- Ground rules and expectations
- Background on Seattle’s rental housing laws, outreach, and enforcement
- RRIO data and trends

Meeting #2, September 13th

- Discussion on small landlord definition, characteristics, and thresholds
- Examination of small landlord definitions and policies in peer cities
- Initial issue mapping for administrative proposals

Meeting #3, September 27th

- Presentation and discussion on draft small landlord definition
- Deep dive on City roles, legislation, and budget processes
- Initial framework for organizing and presenting administrative proposals

Meeting #4, October 11th

- Presentation and discussion on draft administrative framework
- Additional discussion on specific administrative proposals
- Initial issue mapping and discussion about legislative proposals

Meeting #5, October 25th

- Additional discussion on administrative framework
- Office for Civil Rights presentation on Fair Chance Housing, enforcement practices, and data trends

- Continuations of discussion on legislative changes

Meeting #6, November 8th

- Presentation and discussion on draft legislative framework
- Continuation of discussion on legislative changes
- Presentation of findings from the draft rental market study

The stakeholder group had a wide range of interests, limited time, and many ideas to share and discuss. For those reasons, the group did not seek consensus recommendations on any topic. Rather, the concerns and ideas offered by stakeholders were explored, refined, and put into context. In many cases explicit disagreements were noted. The ideas offered in this report should not be viewed as consensus recommendations or endorsed by all participants in the stakeholder process.

Small Landlord Definition

In discussing possible definitions and thresholds of small landlords, the stakeholder group found it productive to first identify the characteristics common to most small landlords. These characteristics are outlined below:

Small landlords engage directly with their tenants and properties

- Tend to have a more personal relationship with tenants
- Many live locally or have a strong connection to the property and community
- Often perform their own repairs, maintenance, and rent collection
- Offer housing stock that is generally not provided by larger landlords, such as single-family homes and duplexes (OPCD's Housing Choices study, January 2020)

Small landlords have more risk exposure and fewer resources than large landlords and institutional property investors

- Financial risk: have fewer units across which to spread risk; loss of income can quickly result in financial hardship, negative impacts to personal credit and financing, and potential mortgage default; business and personal assets tend to be more blended compared to larger landlords; intimidated by risk of high-dollar regulatory penalties
- Legal risk: more directly involved and exposed to legal issues such as regulatory compliance, property damage, evictions, and lawsuits
- Personal risk: more direct exposure when problems arise in the landlord-tenant relationship. For example, living in proximity, going on site to address maintenance issues, or serving notices
- More likely to exit the residential rental market if regulations are too risky, unpredictable, or onerous

Small landlords are more directly involved in tenant selection and rent-setting

- May favor tenant stability over rent maximization
- May be less influenced by market analysis
- May have more flexible screening criteria

Small landlords have other jobs and/or demands on their time

- Many have another job which is their primary source of income
- Often dependent on third parties for property management, maintenance, and legal support
- May be less aware of current regulations, best practices, and resources due to limited resources and less frequent turnover.
- More likely to be “situation” or “circumstantial” landlords who rent a property due to job change, marriage/divorce, aging in place, inheritance, etc.
- Unlike large landlords, may use rental housing as a means of qualifying for their own primary home (e.g., could only afford to qualify for a housing loan if they bought a small duplex or house with ADU and use rental income to help pay mortgage)

Stakeholders also referenced results of the 2018 Rental Housing Study conducted by the University of Washington, which collected responses from approximately 4,300 landlords in Seattle. The study found that small landlords reported raising rents less frequently and significantly than larger landlords and tended to have more flexible screening criteria. 59% of landlord respondents reported earning less than \$75,000, while 8% reported total annual income above \$150,000. 12.7% said they use rental units as a primary source of income, 28% to support their retirement, and 33.5% as a supplementary source of income (the remainder provided multiple uses).

The stakeholder group agreed that City staff and elected officials should consider these characteristics and potential impacts when working with small landlords and weighing new rental housing regulations and policies.

Unit Threshold

The stakeholder group did not come to full agreement on firm thresholds between small, medium and large landlords. Many felt that a person who owned 10 or fewer units should be considered a small landlord – a threshold used by the Office of Planning and Community Development’s 2020 “Housing Choices” report, federal lender Freddie Mac, and research organizations like the Urban Institute¹²³. Others felt the number should be closer to 4 or fewer units, which was used in City’s winter eviction ordinance. The stakeholders also discussed an additional category of very small landlords, such as people who rent an ADU or rooms in their owner-occupied home. These landlords exhibit the characteristics above, but often to a greater degree due to the proximity to their tenants.

¹ “Housing Choices Report.” Seattle Office of Planning and Community Development, January 2020. <<https://www.seattle.gov/Documents/Departments/OPCD/OngoingInitiatives/HousingChoices/OPCDHousingChoicesPublicEngagementSummary.pdf>>

² “Spotlight on Underserved Markets: Single Family Rental — An Evolving Market.” Freddie Mac, 2018. <<https://mf.freddiemac.com/docs/single-family-rental-markets.pdf>>

³ “Black and Hispanic landlords are facing great financial struggles because of the Covid-19 pandemic.” Urban Institute, September 4, 2020. <<https://www.urban.org/urban-wire/black-and-hispanic-landlords-are-facing-great-financial-struggles-because-covid-19-pandemic-they-also-support-their-tenants-higher-rates>>

Some stakeholders also put forward an alternative consideration of defining “small rental properties” rather than “small landlords,” noting recent national analyses that have taken this approach⁴. While ownership can be complex when considering partnerships, family trusts, and/or ownership through LLCs, property size is easy to determine by number of units.

Under this concept, the city would tailor “small landlord” policies toward the building, without regard to the total number of units or properties owned. This would be easier to administer and would ensure all small landlords are included, though some small properties owned by larger landlords would also be included. The City does not have a good data on the characteristics of ownership, so it is unclear how many owners of multiple small properties would be included in this approach. Other stakeholders felt that this was overly broad and did not capture whether a property was owned by a small landlord.

Small Landlord Population

SDCI provided the stakeholders with information on the population of small landlords from two sources.

Rental Registrations – Property registrations under the Rental Registration and Inspection Ordinance (RRIO) contain information about the owners and number of units on each registered rental property. Identifying individual owners in the RRIO data and how many properties they own has proven unreliable because of the wide range of ownership (e.g. individuals, partnerships, LLCs) and variability in how owners self-reported their information. Unit counts are more reliable in RRIO and properties with fewer units can be considered an approximate surrogate for small landlords.

The table below shows RRIO registrations by property size over recent years. This data has significant limitations for estimating the total number of properties. RRIO includes short-term rentals, nearly all of which are in the small size classes. The RRIO system does not distinguish these properties so they could not be removed from the counts. RRIO also has an apparent problem with non-compliance, with an unknown, but potentially large drop in registrations during the pandemic.

Size Class	July 2018		May 2020		August 2022	
	Properties	Units	Properties	Units	Properties	Units
Single Unit	21174	21174	23853	23853	18740	18740
2 to 4 Units	5145	13529	5420	14156	4072	10678
5 to 20 Units	3239	30951	2824	27394	2536	24951
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51 to 99 Units	286	20112	290	20482	307	21633
100 to 199 Units	155	21291	164	23108	169	23428

⁴ “The Impact of the Pandemic on Landlords: Evidence from Two National Surveys.” Joint Center for Housing Studies Harvard University, Turner Center for Housing Innovation at UC Berkeley, September 2021. <<https://www.jchs.harvard.edu/research-areas/working-papers/impact-pandemic-landlords-evidence-two-national-surveys>>

200+ Units	71	19869	87	25517	100	29110
TOTAL	30947	154429	33467	160579	26729	153893

Rental Market Study – In response to CBA SDCI-007-C-001, SDCI and the Office of Planning and Community Development (OPCD) worked with a consultant, TrueRoll, on a rental market study. As part of that study, TrueRoll created a data set estimating the total number of rental households broken down into four categories:

- *“Mom and pop” landlords* – 10 or fewer units, individual ownership (not incorporated), across 3 or fewer parcels and 6 or fewer buildings
- *Small property managers* – 10 or fewer units, incorporated ownership, across 3 or fewer parcels and 6 or fewer buildings
- *Midsized property owners* – Between 11 and 49 units across 4 to 19 parcels
- *Large property owners* – More than 50 units and/or more than 20 separate parcels

TrueRoll’s data show the follow numbers each category of ownership in 2015 and 2021:

	2015		2021	
	Owners	Units	Owners	Units
Mom and pop	24,768	35,063	24,618	33,909
Small property manager	1,360	4,259	2,035	5,984
Midsized property manager	3,093	63,270	3,120	76,298
Larger property manager	333	57,307	344	77,945

The counts above should be viewed as representative, but not exact. The study data is derived from multiple data sources to identify and match ownership with rental properties. The total number of units in the study data for 2020 is 190,393. According to Census data, the number of renting households in 2020 was 186,406. The close agreement in unit counts gives some confidence that the TrueRoll ownership data is reasonably complete and representative

Administrative Issues and Proposals

	Proposal	Why	Context	Administrative	Budget
1	Put SDCI Renting in Seattle contact information on all landlord update emails	Not all communications include a clear point of contact at SDCI. This creates additional work and confusion for small landlords.	E-mails usually refer landlords to the website for self-service. Website has the phoneline contact information.	<ul style="list-style-type: none"> • Easy to implement • May increase calls and further impact response times 	Could create a budget impact if additional staff capacity is needed to field a resulting increase in calls.
2	Add or redeploy City staff in a non-regulatory role to answer landlord questions / coaching	<p>Small landlords often feel uncomfortable approaching staff in an enforcement role with questions about emergent situations for fear that asking for clarification could trigger an enforcement response.</p> <p>There is no identified ombudsman or support resource for small landlords.</p>	<ul style="list-style-type: none"> • Currently POTA team fields all complex landlord-tenant calls and complaints • Coaching is usually not urgent and gets lower priority in response time • SDCI team takes anonymous calls; outreach lead is in non-regulatory role 	<ul style="list-style-type: none"> • If no new staff, would create an upfront increase in workload (though coaching could reduce future compliance issues) • Separating the roles would make it more difficult to ensure consistent information 	New position(s) would need to be approved through City budget process.
3	Establish a small landlord stakeholder advisory committee or expand the Renters' Commission to include landlords as a "Renting in Seattle" Commission	Small landlords do not have a regular forum to provide input on City policy and decision-making either via commissions or on subject matter expert panels before committees & council.	<ul style="list-style-type: none"> • The Renters' Commission established by ordinance; changes would require legislation • Consideration of small versus all landlords; inclusion of property managers • Level of sponsorship: SDCI, Mayor's Office, Council 	<ul style="list-style-type: none"> • Organizing and facilitating meetings for a new group would require dedicated staff time 	New position(s) or contracted facilitation would need to be approved through City budget process

	Proposal	Why	Context	Administrative	Budget
4	Send an annual email to the RRIO list asking for voluntary updates	SDCI doesn't have information on why people are leaving the system. Having more contact would be helpful to provide that context.	<ul style="list-style-type: none"> • SDCI is currently on a two-year renewal cycle, in contact with customers every other year at a minimum 	<ul style="list-style-type: none"> • Might require a change to the RRIO IT system • SDCI internal IT capacity limited; updates are prioritized among many lines of business • Would create a near-term increase in workload 	<ul style="list-style-type: none"> • One time IT implementation costs and/or outreach and administrative staffing • Could be paid out of RRIO fees.
5	Provide a more clear way for landlords to report their properties as withdrawn from the rental market. Add a RRIO exit survey to all non-renewing property owners.	This would provide a method of collecting feedback on why property owners opt to remove units/properties from use as long-term rentals. Comments could be compiled in a representative annual recap for policymakers.	<ul style="list-style-type: none"> • RRIO IT system currently captures a change in status to “withdrawn” which does not capture more details. 	<ul style="list-style-type: none"> • Would require a change to the RRIO IT system • SDCI internal IT capacity limited; updates are prioritized among many lines of business • Need to answer who would receive and analyze this information 	One time IT implementation costs. Could be paid out of RRIO fees.
6	Publish regular RRIO registration data trends	Provides a snapshot of gains and losses in different sizes/types of rental housing inventory over time (monthly or quarterly).	<ul style="list-style-type: none"> • RRIO Program publishes annual report each spring with some data • RRIO IT system continuously overwrites data and does not capture data snapshots • RRIO data available on City open data portal 	<ul style="list-style-type: none"> • Would require staff time to retrieve, analyze, and post data on a regular schedule, or • Build automation into the IT system. SDCI internal IT capacity limited; updates are prioritized among many lines of business 	One time IT implementation costs. Could be paid out of RRIO fees.

	Proposal	Why	Context	Administrative	Budget
7	Provide hyperlinks to specific municipal code throughout the Renters' Handbook and Renting in Seattle website	"Plain language" explanations are not sufficient for legal clarity and often miss key context or exemptions. Direct links are necessary to keep track of complex and frequently changing regulations.	<ul style="list-style-type: none"> • These exist in some places on Renting in Seattle website, but not all • No links in online version of renter's handbook. 	<ul style="list-style-type: none"> • Possible with existing resources; largely a question of time and prioritization 	
8	Perform an impact evaluation of the First-in-Time law as specified in SMC 14.18.050	This evaluation was included in statute but has not been directly conducted. First-in-Time's impacts and effectiveness have not been fully assessed or evaluated.	<ul style="list-style-type: none"> • The City Auditor performed the 2018 rental housing study in lieu of an evaluation at that time because no baseline data was available for impact evaluation. It did not meet the intent of a post-implementation evaluation. 	<ul style="list-style-type: none"> • SOCR does not have the capacity or expertise in-house; better conducted as a consultant study 	A consultant study would need to be approved and funded through the City budget process.
9	Evaluate the impact of all new regulations passed in last 5 years	The pace of new regulations is having significant impacts on small housing providers. The City should assess and understand the range of impacts that this layering effect has had.	<ul style="list-style-type: none"> • Many new state and local regulations have gone into effect that increase risk for small landlords • Eviction process has changed significantly due to regulation, more contested evictions, cost and difficulty finding representation 	<ul style="list-style-type: none"> • Would require additional staffing and/or a consultant contract 	New position(s) or contract funding would need to be approved through City budget process.

	Proposal	Why	Context	Administrative	Budget
10	Evaluate the impacts of Seattle’s 2-year COVID eviction moratorium on rental housing supply and possible policy responses	The moratorium resulted in major non-payment, nuisance, property damage, and harassment. Its effects on small-scale rental housing inventory, costs, safety, and viability are not understood.	<ul style="list-style-type: none"> • The moratorium has ended but its long-term impacts are not fully understood • Clarity needed on goals and outcomes of the study 	<ul style="list-style-type: none"> • SDCI does not have the capacity or expertise in-house; better conducted as a consultant study 	A consultant study would need to be approved and funded through the City budget process.
11	Establish mentorship opportunities for new and aspiring small housing providers	<p>Many renters do not see a future in which they can own property themselves; the City could use this as a tool to encourage more moderate-income and BIPOC home ownership.</p> <p>Examples include subsidized RHA memberships and classes for rental owners at risk of displacement, or access to rental financing and peer small landlord support for marginalized communities.</p>	<ul style="list-style-type: none"> • Aligns with the City’s broader goals for advancing racial equity and combating displacement 	<ul style="list-style-type: none"> • SDCI does not have the capacity or expertise in-house; better done through a nonprofit contract 	New position(s) or contract funding would need to be approved through City budget process.
12	Provide free credit score coaching for tenants	Help support tenants develop their credit history to open up additional rental housing opportunities and economic benefits	<ul style="list-style-type: none"> • Overlaps with existing credit score resources (e.g. Federal Trade Commission) 	<ul style="list-style-type: none"> • Could potentially be integrated into existing tenant resource trainings • Additional City-led instruction would require more staff resources 	Budget impact if more staff capacity needed. Potentially delegate to OED or community resources, existing non-profits.

	Proposal	Why	Context	Administrative	Budget
13	Maintain a summary and timeline of legislative changes since 2015, updated as new legislation is adopted	Small landlords with few units and infrequent tenant turnover often face challenges keeping up with regulatory changes or getting up to speed when a vacancy occurs. An accessible reference summary would help address this issue.		<ul style="list-style-type: none"> • Possible with existing resources; largely a question of time and prioritization 	N/a
14	Include small rental property ownership in City planning and housing policy decisions	The impacts of policy and long-range planning efforts at the City rarely consider impacts to current or future small rental housing providers. Applying such a lens to these efforts would better illuminate impacts to small landlords and corresponding impacts to the housing market.			Unclear. Dependent on scope and scale of evaluation being implicated across departments (OPCD, Office of Housing, etc.)
15	Strengthen relationships with public and private researchers to encourage information-sharing on our local rental market	Information on Seattle’s rental housing market is incomplete. Better data could help inform administration and policymaking.	<ul style="list-style-type: none"> • Aligns with Rental Market Study consultant (TrueRoll) recommendation for better data • May be limits to free data sharing 	<ul style="list-style-type: none"> • Can be done with existing resources 	N/a

	Proposal	Why	Context	Administrative	Budget
16	Allow tenants to open their own Seattle Public Utilities accounts for water/sewer/garbage	<p>Tenants are not allowed to open accounts with SPU, which means landlords are responsible if a tenant doesn't pay their bills. These can add up to significant sums.</p> <p>There are practical issues with tenants not being able to directly access their account (e.g. change container size, report missed collection, etc.) On-time utility payments could help renters build credit</p>	<ul style="list-style-type: none"> • SPU's ability to collect utility payments is tied to lien authority, which is connected to the property. Tenant accounts may result in additional nonpayment and corresponding impacts to ratepayers 	<ul style="list-style-type: none"> • Would require changes to SPU's IT system, customer service, meters, and collections systems 	<ul style="list-style-type: none"> • Budget impacts uncertainty, but likely substantive

Legislative Issues and Proposals

Policy	Stakeholder Issues/Concerns	Potential Changes	Possible Tenant impacts
First in Time	<ul style="list-style-type: none"> • Benefits people who have better online access and schedule flexibility disadvantages blue collar, service industry, & domestic workers • Impacts small landlords' ability to be flexible for 'less perfect' tenants • Incentivizes landlords to raise their criteria because they cannot control who applies first • Small landlords are fearful of potentially high civil penalties 	<ul style="list-style-type: none"> • Conduct an evaluation of the policy's effectiveness • Allow for an exemption to first in time to support very specific tenant criteria (i.e. low-income) • Exempt small landlords 	Would allow conscious or unconscious bias to enter into landlords' decision making about prospective tenants.

Policy	Stakeholder Issues/Concerns	Potential Changes	Possible Tenant impacts
Roommate Law	<ul style="list-style-type: none"> • Limits ability for landlords to screen and prohibits exclusion of family based on screening • Allows tenants to add people with a very loose familial connection (much broader than the definition of family for landlords under Just Cause) • Tools for removing problem roommates are currently slow and sometimes ineffective: <ul style="list-style-type: none"> ○ The eviction process is limited (school year, winter restrictions) and takes a long time to work through ○ Overloading rental units can cause more wear and tear, utility usage, and impact to neighbors, but landlords are prohibited from increasing housing costs for any additional occupants • Impacts of problem roommates and overloading can extend to other tenants and neighbors • Small landlords want to have risk management business decision-making over who they are entering into an official landlord-tenant relationship with 	<ul style="list-style-type: none"> • Align definitions of family between roommate law and just cause • Allow exclusion of family members who do not meet landlords established screening criteria • Do not extend holdover rights to additions when the original tenant leaves • Allow for rent to be increased per additional roommate plus collect the deposit difference • Exempt small landlords 	<p>Taking on roommates is a way for renters to afford increasing rental costs</p> <p>Remaining tenants added under the law could be disrupted when principal tenant moves, passes away, etc.</p>

Policy	Stakeholder Issues/Concerns	Potential Changes	Possible Tenant impacts
Winter and School Year Eviction Restrictions	<ul style="list-style-type: none"> • Small landlords have few units to spread risk across. Going up to 10 months without payment can cause major financial harm (i.e. defaulting on their mortgage) • The winter eviction moratorium isn't means tested. If the intent is to prevent low-income people from becoming homeless, then the restriction should only apply to those who meet that criterion • The definition of those who are impacted by the school year eviction restrictions is extremely broad (staff who are unrelated to academic instruction) • Making these a defense against behavioral evictions prevents landlords from addressing problem before the escalate • Every eviction is contested now, and having only 2 months to seek an eviction with a 12-month court backlog effectively prevents any eviction action 	<ul style="list-style-type: none"> • Fund the small landlord mitigation fund to mitigate economic hardship due to eviction restrictions • Apply broader exemptions for criminal and behavioral issues • Apply a means test to the winter eviction moratorium • Narrow eligibility of school year eviction restrictions to focus on school age children and teachers • Exempt small landlords from the school year eviction restrictions; expand winter eviction exemption beyond 4 units and under 	Fewer tenants would be categorically exempt from eviction.
Renter's Handbook Distribution	<ul style="list-style-type: none"> • Some landlords and tenants would prefer to have an electronic copy of the handbook • Printing is not environmentally friendly • Physical copies could be made available at Seattle Public Libraries and Neighborhood Service Centers and on request 	No longer require physical copy of Renter's Handbook at move-in	Some tenants appreciate the handbook and keep it as a resource.

Policy	Stakeholder Issues/Concerns	Potential Changes	Possible Tenant impacts
Fair Chance Housing / Criminal Records Ban	<ul style="list-style-type: none"> • Criminal history can be a significant risk for small landlords and should be evaluated, particularly for owner-occupants • Concern about legal liability, potentially getting sued by other tenants/neighbors • Non-profit housing providers are exempt from this requirement, small landlords should be as well 	Exempt small landlords	Individuals with criminal history would have more difficult securing housing.
Right of First Refusal	<ul style="list-style-type: none"> • Most landlords want to renew tenants in good standing; turnover is expensive and unwieldy • Having an annual termination date provides an important, non-litigatory option for ending an unsustainable or unhealthy housing contract • There is notification, protection, and mitigation built into other statutes 	Exempt small landlords	<p>Tenants would not be guaranteed an opportunity to receive a new lease for their consideration.</p> <p>Just Cause protections would not apply to lessees at the point of lease termination.</p>

<p>Just Cause Eviction</p>	<ul style="list-style-type: none"> • Protection orders (harassing, stalking, threats of landlord, staff/contractors, and other tenants) along with other civil incidents don't meet the just cause standard for criminal activity; the law should not require that a situation escalate to criminal activity before intervening to keep people safe • Even for criminal activity, law enforcement staffing levels are low; response times for drug activity and behavioral health issues are significantly delayed • Habitual failure to pay rent and lease violations are too generous, and considering them separately from one another exacerbates the issue • Property owner's intent to sell should apply not just to single family homes, but townhomes, duplexes, triplexes and condos as well. Small landlords own these types of properties and should be allowed to sell their property if they no longer wish to rent. • When attempting to sell a property, the landlord should have a longer period than 30 days to attempt to sell the unit after the tenant vacates. Preparing a listing for market often requires repairs and sometimes involves substantial renovations and 	<ul style="list-style-type: none"> • Harassment, intimidation, and other civil incidents should qualify as a just cause; perhaps 3 such incidents in a 12-month period like lease violations • Lower and combine thresholds for habitual late rent and lease violations. Amend to allow for three instances of any lease violation (including late rent) over the last 12 months or a lifetime limit of five • Extend intent to sell just cause to townhomes, duplexes, triplexes and condos; extend the window to attempt to sell significantly (up to 1 year) • Aligning Seattle's code with state law would address some of these issues (harassment, other criminal activity) 	<p>Additional and expanded just causes would provide more avenues for tenants to be evicted.</p>
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Policy	Stakeholder Issues/Concerns	Potential Changes	Possible Tenant impacts
	<p>permits – all of which take more than 30 days.</p> <ul style="list-style-type: none"> • The tenant relocation license required for substantial rehabilitation takes 6 to 12 months, which can be a difficult timeline for small landlords 		
Right to Counsel	<ul style="list-style-type: none"> • This program means that every case is now contested, adding to the lengthy court backlog & costs of eviction • Complex regulatory environment creates a variety of potential technicalities that can get a case tossed out • Significant increase in litigation and time to reach a decision in the court system is resulting in more lost rental income • Delays extend to dangerous tenants or people abusing the system 	<ul style="list-style-type: none"> • Apply an evidence-based means test • Provide free legal counsel for small landlords in need of assistance as well 	Tenants with less means would be left without effective representation, making eviction more likely.

Policy	Stakeholder Issues/Concerns	Potential Changes	Possible Tenant impacts
<p>Economic Displacement Relocation Assistance (EDRA)</p>	<ul style="list-style-type: none"> • Significant financial cost of a legal activity (raising rent) is essentially rent control • Very different from other city relocation assistance: no maximum cap, landlord responsible for 100% of the payment. • 10 days is a very short time period for small landlords to come up with a significant cash payment. • The money is given to tenants before any potential appeal is decided. Even if an appeal is successful, it's a long time to forgo thousands of dollars. • 180 day rent increase notification plus 8 more months for tenant to apply for EDRA means tenants may receive payment when the lease would have been expiring anyway & they were already planning to move, i.e. they aren't moving due to the new rent & never would have paid it 	<ul style="list-style-type: none"> • Model after existing TRAO laws: capped payments and a 50-50 split between the City and property owner (or just the City) 	<p>Capping payments would reduce the amount of assistance to tenants.</p>
<p>Rent increase Notifications</p>	<ul style="list-style-type: none"> • 180 days is too long to predict property cost increases and market norms • Encourages housing providers to "guess high" and raise rents more than what they might with a shorter notice requirement • No consideration for size of rent increase; applies even to small changes 	<ul style="list-style-type: none"> • Allow for a shorter notification period (90 days) for smaller rent increases (e.g., less than 10% or under a fixed dollar threshold) • Allow for shorter notification period with evidence of repair/utility/tax costs leading to the increase 	<ul style="list-style-type: none"> • Tenants would receive less notice of upcoming rent increases • Rent increases might be smaller if landlords feel less pressure to "guess high" • Tenants might feel pressure not to report maintenance issues if it means their rent will go up

Policy	Stakeholder Issues/Concerns	Potential Changes	Possible Tenant impacts
Move in fee limits	<ul style="list-style-type: none"> • Higher deposits are a tool used to mitigate for riskier tenant applicants; capping deposits discourages landlords from taking on riskier tenants • 6 months is too long to force housing providers to stretch out security deposit payments; increases housing provider risk on the front end of a lease 	<ul style="list-style-type: none"> • Allow landlords to collect larger deposits in order to extend an offer of housing to someone who otherwise would not pass typical tenant screening (would require changes to first in time) • Reduce payment plans to 3 months 	A shorter payment plan period may be harder for some tenants to afford.

Additional Obstacles and Deterrents

In addition to specific administrative and regulatory issues, small landlord representatives on the stakeholder group expressed concern about the broader environment for small landlords in Seattle. The concerns that they expressed, which don't fall neatly into administrative or regulatory categorization, are documented below:

- **Increasingly Complex and Layered Regulatory Environment** – Small landlords find the City and state rental housing regulations are complex, overlapping, and rapidly changing. Information and resources about these changes are hard to keep up with. The cumulative effect of these laws is more than each individual regulation, and small landlords don't have the resources that corporate housing providers do to navigate them.
- **Lack of Analysis** – Little analysis has been conducted on any of the major rental housing regulations that the City has passed to determine if it is achieving its intended outcome, nor has the cumulative impact of those laws on rental housing supply been evaluated. The small landlords believe the City does not adequately assess the impacts of prospective legislation on the housing market when considering new regulations.
- **Lack of Information** – Small landlords find the resources and information for landlords are inadequate. There are no City department or staff whose role is dedicated to support small housing providers and help track issues of concern. SDCI has dual roles of assistance and enforcement. Non-urgent assistance calls to the Renting in Seattle hotline often take weeks to get a response.
- **Lack of Engagement and Input** - There is no regular forum for small landlords to provide feedback on legislation. In small landlords' experience, their input is not requested to inform legislation or policy. Small landlords' opportunity for input is mainly brief public testimony at Council meetings.
- **Negative Rhetoric** – Small landlords feel some public officials and other stakeholders involved in policymaking have created and perpetuate a very negative narrative of housing providers as greedy, dishonest, uncaring, and fundamentally to blame for Seattle's housing crises. This perpetuates an "Us vs. Them" mentality and sends a clear message that feedback from housing providers is not wanted or valued.
- **Fines and Penalties** – Potential penalties for violating rental housing market regulations can be steep. Even if they are rarely applied, the threat of large penalties can be enough to discourage small housing providers.
- **Court Access** – While most small landlords prefer to resolve issues outside of court, access to the legal system is an important backstop for dealing with unsafe or otherwise untenable tenancies. Small landlords are finding court proceedings for eviction and other legal action are drawn out, expensive, and lack consistency or predictability.
- **Crime and Law Enforcement Support** – In extreme cases, police support is needed to handle dangerous tenant situations. As is happening citywide, small landlords report having difficulty securing a police response for some criminal activity. These issues are having an impact on safety for landlords and other tenants.



Legislation Text

File #: CB 120532, **Version:** 1

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

AN ORDINANCE relating to the City Light Department; authorizing the Department to enter and participate in the Western Resource Adequacy Program, including the ability to execute additional agreements necessary or convenient to participate in the Western Resource Adequacy Program; and ratifying and confirming certain prior acts.

WHEREAS, the West faces a looming electric generation resource shortfall as fossil-fuel generation is retired and replaced by large amounts of intermittent renewable resources, such as wind and solar; and

WHEREAS, the potential for a resource shortfall is furthered by load growth in the data center and agricultural sectors and acceleration of electrification in the transportation and building sectors; and

WHEREAS, extreme weather events have increased in frequency and severity, contributing to the uncertainty about whether sufficient generation resources exist to meet the region's needs; and

WHEREAS, the City Light Department has an obligation to ensure its own resource adequacy - the ability to provide sufficient, qualified resources and supporting transmission for all of its anticipated customer and system peak loads - on a forward projection basis in order to enhance and secure electricity reliability in the region; and

WHEREAS, the Western Resource Adequacy Program (WRAP) is a voluntary, proactive, industry-initiated and -led effort developed by a diverse set of participants and managed by Northwest Power Pool and Western Power Pool Corporation to efficiently and collectively meet the growing resource adequacy challenges and enhance electricity reliability in the region; and

WHEREAS, the WRAP will be governed by a tariff approved by the Federal Energy Regulatory Commission

and will consists of two primary elements: (1) a forward showing program through which participants must demonstrate seven months in advance that they have sufficient qualified capacity resources and supporting transmission to serve their peak load and share of planning reserve margin and (2) a real-time operations program through which participants with excess capacity, based on near-term conditions, are requested to holdback capacity during critical periods for potential use by participants who lack sufficient resources to serve their load in real-time; and

WHEREAS, the Department must execute the WRAP Agreement (WRAPA) with the Western Power Pool Corporation to become a participant in the WRAP; and

WHEREAS, the WRAPA allows each participant to elect a binding season when the participant expects to fully adhere to tariff obligations. The Department believes WRAP participation will benefit its customers by pooling resources with other regional generators to protect participants and their customers from unanticipated shortfalls in electric power supply; and

WHEREAS, the Department currently intends to elect a binding season commencing in summer of 2028, but may elect an earlier binding season with two years notice to the WRAP; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The General Manager and Chief Executive Officer (General Manager) of the City Light Department (Department) is authorized to execute an agreement with the Northwest Power Pool Corporation (NWPP) doing business as Western Power Pool Corporation (WPP) to enter and participate in the Western Resource Adequacy Program (WRAP), substantially in the form of Attachment A to this ordinance (WRAP Agreement or WRAPA). The WRAPA is the participation agreement set forth as Attachment A of the WRAP Tariff (Tariff); the Tariff is attached to this ordinance as Attachment B. The Tariff sets forth the framework for a new, voluntary, electric power resource adequacy planning and compliance program.

Section 2. The Department is authorized to participate in the WRAP in accordance with the WRAP Agreement to the extent and for as long as the General Manager believes participation falls within the range of

prudent utility practices for the Department.

Section 3. The General Manager, or General Manager’s designee, is further authorized to execute, for and on behalf of The City of Seattle, additional agreements necessary or convenient for the purpose of participating in the WRAP, including the ability to enter and make amendments and extensions of additional agreements associated with the WRAP participation, provided that such agreements, amendments, and extensions will not cause the Department to exceed its then current budget authority.

Section 4. Any action consistent with this ordinance taken after its passage but prior to its effective date is ratified and confirmed.

Section 5. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the _____ day of _____, 2023, and signed by me in open session in authentication of its passage this _____ day of _____, 2023.

President _____ of the City Council

Approved / returned unsigned / vetoed this _____ day of _____, 2023.

Bruce A. Harrell, Mayor

Filed by me this _____ day of _____, 2023.

Elizabeth M. Adkisson, Interim City Clerk

(Seal)

Attachments:

Attachment A - WRAPA (Attachment A of WRAP Tariff)

Attachment B - Complete WRAP Tariff, including WRAP Agreement

ATTACHMENT A

Western Resource Adequacy Program Agreement

This Western Resource Adequacy Program Agreement (“Agreement”) dated as of _____ (“Effective Date”) is entered into by and between Western Power Pool Corporation (“WPP”) and _____ (“Participant”). WPP and Participant are each sometimes referred to in the Agreement as a “Party” and collectively as the “Parties.”

In consideration of the mutual promises contained herein, and other good and valuable consideration, the receipt of which is hereby acknowledged, the Parties agree as follows:

1. The Parties agree that this agreement shall be governed by the rates, terms, and conditions of the Western Resource Adequacy Program Tariff (“Tariff”) and all such rates, terms, and conditions contained therein are expressly incorporated by reference herein. All capitalized terms that are not otherwise defined herein shall have the meanings ascribed by the Tariff.
2. Participant wishes to participate in the Western Resource Adequacy Program (“WRAP”) administered by WPP under the Tariff.
3. Participant certifies that it satisfies all of the following qualifications:
 - 3.1 Participant is a Load Responsible Entity as that term is defined in the Tariff.
 - 3.2 Participant commits to complying with all applicable terms and conditions of WRAP participation as set forth in the Tariff and Business Practice Manuals adopted thereunder, including all Forward Showing Program and Operations Program requirements.
4. Participant will register all resources and supply contracts and shall disclose any other obligations associated with those resources and supply contracts.
5. Participant represents and warrants that it is authorized by all relevant laws and regulations governing its business to enter into this Agreement and assume all rights and obligations thereunder.
6. It is understood that, in accordance with the Tariff, WPP, as authorized by its independent Board of Directors, may amend the terms and conditions of this Agreement or the Tariff by notifying the Participant in writing and making the appropriate filing with FERC, subject to any limitations on WPP’s authority to amend the Tariff as set forth therein.
7. Participant agrees to pay its share of all costs associated with the WRAP, as calculated pursuant to Schedule 1 of the Tariff. The manner and timing of such payment shall be as specified in Schedule 1 of the Tariff.
8. WPP agrees to provide all services as set forth in the Tariff.

9. Term and termination. This Agreement shall commence upon the Effective Date and shall continue in effect until terminated either by WPP by vote of its Board of Directors or by Participant's withdrawal as set forth herein. WPP and Participant agree that participation in the WRAP is voluntary, subject to the terms and conditions of this Agreement and the Tariff. The date upon which a Participant's withdrawal is effective and its participation in the program terminates is referred to as the "Withdrawal Date."

9.1 Normal Withdrawal: In general, Participant may withdraw from this Agreement by providing written notice to WPP no less than twenty-four months prior to commencement of the next binding Forward Showing Program period. Once notice has been properly given, Participant remains in a "Withdrawal Period" until the Withdrawal Date.

9.1.1 During Participant's Withdrawal Period, Participant remains subject to all requirements and obligations imposed by the Tariff and this Agreement, including but not limited to all obligations imposed in the Forward Showing Program and Operations Program and obligation to pay Participant's share of all costs associated with the WRAP.

9.1.2 All financial obligations incurred prior to and during the Withdrawal Period are preserved until satisfied.

9.1.3 During the Withdrawal Period, Participant is not eligible to vote on any actions affecting the WRAP that extend beyond the Withdrawal Period.

9.2 Expedited Withdrawal: Participant may withdraw from this agreement with less than the required twenty-four month notice as set forth below. Participant shall negotiate with WPP regarding the timing of the Expedited Withdrawal.

9.2.1 Extenuating Circumstances: The following such events and circumstances shall constitute "extenuating circumstances" justifying a withdrawal on less than twenty-four months. Participant invoking an extenuating circumstance shall negotiate with WPP regarding potential ways to minimize the impact of the expedited withdrawal on all other Participants and WPP. Such extenuating circumstances and any mitigation plan to minimize the impact of the expedited withdrawal must be reviewed and approved by the Board of Directors prior to termination of Participant's WRAP obligations. Regardless of the extenuating circumstance, all financial obligations incurred prior to the Withdrawal Date remain in effect until satisfied.

9.2.1.1 A governmental authority takes an action that substantially impairs Participant's ability to continue to

participate in the WRAP to the same extent as previously; provided, however, that Participant shall be obligated to negotiate with WPP regarding potential ways to address the impact of the regulatory action without requiring a full withdrawal of Participant from the WRAP if possible.

9.2.1.2 Continued participation in the WRAP conflicts with applicable governing statutes or other applicable legal authorities or orders.

9.2.1.3 Participant voted against a RAPC determination and disagreed with a Board of Directors decision to release composite or aggregated data under Section 10.2.1 of the Tariff, provided that such right to expedited withdrawal is exercised promptly after the first time that the Board of Directors determines that the form and format of composite or aggregated data sufficiently protects against the release of confidential or commercially sensitive Participant data. Failure to exercise this right promptly upon the first occurrence of the Board of Directors voting on a specific form and format of composite or aggregated data shall constitute a waiver of the right to expedited withdrawal for any future disclosures of composite or aggregated data in the same or substantially similar form and format.

9.2.1.4 FERC or a court of competent jurisdiction requires the public disclosure of a Participant's confidential or commercially sensitive information, as further described in Section 10.5 of the Tariff; provided however that such right to expedited withdrawal shall be exercised promptly upon the exhaustion of all legal or administrative remedies aimed at preventing the release.

9.2.2 Exit Fee: If the impact of Participant's withdrawal on WRAP operations can be calculated with a high degree of confidence and mitigated by the payment of an "exit fee" to be calculated by WPP, an expedited withdrawal will be permitted. Such exit fee shall include (but not be limited to): (i) any unpaid WRAP fees or charges; (ii) Participant's share of all WRAP administrative costs incurred up to the next Forward Showing Program period; (iii) any costs, expenses, or liabilities incurred by WPP and/or the Program Operator directly resulting from Participant's withdrawal; and (iv) any costs necessary to hold other participants harmless from the voluntary expedited withdrawal. The exit fee may be waived to the extent that it would violate any federal, state, or local statute, regulation, or ordinance or exceed the statutory authority of a federal

agency. The exit fee shall be paid in full prior to the Withdrawal Date.

9.2.3 Amendments to Section 3.4 of the Tariff: In the event that amendments to Section 3.4 of the Tariff are approved by the RAPC and Board of Directors, a Participant that voted against such a change may withdraw with less than the required twenty-four month notice, provided that the Participant satisfy all obligations in the Forward Showing Program and Operations Program and satisfy all other financial obligations incurred prior to the date that the amendments to Section 3.4 of the Tariff are made effective by FERC.

9.2.4 Expulsion: The Board of Directors, in its sole discretion, may terminate Participant's participation in the WRAP and may terminate this Agreement with Participant for cause, including but not limited to material violation of any WPP rules or governing documents or nonpayment of obligations. Prior to exercising such right to terminate, the Board of Directors shall provide notice to Participant of the reasons for such contemplated termination and a reasonable opportunity to cure any deficiencies. Such Board of Directors termination shall be after an affirmative vote consistent with the Board of Directors standard voting procedures. Such termination shall not relieve the Participant of any financial obligations incurred prior to the termination date, and WPP may take all legal actions available to recover any financial obligations from Participant.

10. No Waiver of Non-FERC-Jurisdictional Status. If Participant is not subject to the jurisdiction of FERC as a public utility under the Federal Power Act, Participant shall not be required to take any action or participate in any filing or appeal that would confer FERC jurisdiction over Participant that does not otherwise exist. Participant acknowledges that FERC has jurisdiction over the WRAP, including Participant's activities in the WRAP.

[SIGNATURE BLOCKS]

**WESTERN RESOURCE ADEQUACY PROGRAM
TARIFF
OF
NORTHWEST POWER POOL
D/B/A
WESTERN POWER POOL**

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PART I GENERAL PROVISIONS

1. Definitions

Unless the context otherwise specifies or requires, capitalized terms used in this Tariff shall have the respective meanings assigned herein for all purposes of this Tariff (such definitions to be equally applicable to both the singular and the plural forms of the terms defined). Unless otherwise specified, all references herein to Parts, Sections, Schedules, or Attachments, are to Parts, Sections, Schedules, or Attachments of this Tariff.

Applicable Price Index: A published index of wholesale electric prices, or Locational Marginal Prices duly calculated and posted by a FERC-regulated market operator, in either case as designated under Part III of this Tariff for use in connection with an identified Subregion.

Administration Charge or WRAP Administration Charge: The charge established under Schedule 1 of this Tariff for recovery of the costs of the WRAP.

Advance Assessment: Analyses and calculations of Participant load, resource, and other information performed in advance of each Binding Season as set forth in Part II of this Tariff.

Available Transfer Capability (“ATC”): Transfer capability remaining in the physical transmission network for further commercial activity over and above already committed uses.

Balancing Authority: The responsible entity that integrates resource plans ahead of time, maintains demand and resource balance within a Balancing Authority Area, and supports interconnection frequency in real time.

Balancing Authority Area: The collection of generation, transmission, and loads within the metered boundaries of the Balancing Authority. The Balancing Authority maintains load-resource balance within this area.

Base Charge: A component of the WRAP Administration Charge as established under Schedule 1 of this Tariff.

Base Costs: Base Costs shall have the meaning provided in Schedule 1 of this Tariff.

Base Services Cost Centers: The cost centers comprising the Base Charge as defined in Schedule 1 of this Tariff.

Base Services Percentage: Base Services Percentage shall have the meaning provided in Schedule 1 of this Tariff.

Binding Season: The Summer Season or the Winter Season.

Board of Directors or Board: The Board of Directors of the Northwest Power Pool d/b/a Western Power Pool.

Business Day: Any Day that is a Monday through Friday, excluding any holiday established by United States federal authorities.

Business Practice Manuals: The manuals compiling further details, guidance, and information that are appropriate or beneficial to the implementation of the rules, requirements, and procedures established by this Tariff. Business Practice Manuals do not include such internal rules or procedures as the Western Power Pool may adopt for its operation and administration, including but not limited to any corporate by-laws of the Western Power Pool, or for any services or functions provided by the Western Power Pool other than those established by this Tariff.

CAISO: The California Independent System Operator Corporation, a California nonprofit public benefit corporation.

Capacity Benefit Margin: An amount of transmission transfer capability permitted under open access transmission rules to be reserved by load serving entities to ensure access to generation from interconnected systems to meet generation reliability requirements.

Capacity Critical Hours (“CCH”): Those hours during which the net regional capacity need for the WRAP Region is expected to be above the 95th percentile, based on historic and synthesized data for the WRAP Region’s gross load, variable energy resource performance, and interchange.

Capacity Deficiency: A shortfall in a Participant’s Portfolio QCC relative to that Participant’s FS Capacity Requirement, as further defined in Part II of this Tariff.

Cash Working Capital Fund: Cash Working Capital Fund shall have the meaning provided in Schedule 1 of this Tariff.

Cash Working Capital Support Charge: A charge assessed to Participants under Schedule 1 of this Tariff to fund the Cash Working Capital Fund.

Cash Working Capital Support Charge Rate: Cash Working Capital Support Charge Rate shall have the meaning provided in Schedule 1 of this Tariff.

Cost of New Entry (“CONE”): The estimated cost of new entry of a new peaking natural gas-fired generation facility, as determined under, and used in, Part II of this Tariff.

CONE Factor: A factor employed in the calculation of Deficiency Charges under Part II of this Tariff, to reflect whether, and the extent to which, the WRAP Region as a whole is expected to have a capacity deficiency during the period for which the Deficiency Charge is being calculated.

Committee of State Representatives (“COSR”): Committee of State Representatives, as established in Part I of this Tariff.

Contingency Reserve: As more fully described in the NERC WECC reliability standards, a quantity of reserves, consisting of generation, load, interchange, or other resources, that are deployable within ten minutes, equal to the greater of (i) the MW quantity of the loss of the most severe contingency and (ii) the megawatt quantity equal to the sum of 3% of hourly integrated load plus 3% of hourly integrated generation.

Cumulative Delivery Failure Period: Any period of five consecutive years, ending with and including the most recent Energy Delivery Failure as of the time of determination of a possible Delivery Failure Charge.

Day: A calendar day.

Day-Ahead Price: A price for wholesale electric transactions designated as a day-ahead price in an Applicable Price Index.

Default Allocation Assessment: A charge assessed on non-defaulting Participants to recover the costs associated with a default by a Participant, as set forth in Part I of this Tariff.

Deficiency Charge: A charge assessed for a Capacity Deficiency or Transmission Deficiency, as set forth in Part II of this Tariff.

Delivery Failure Charge: A charge assessed for a Participant's failure to deliver a required Energy Deployment, as set forth in Part III of this Tariff.

Delivery Failure Charge Rate: A rate employed in the determination of a Delivery Failure Charge as more fully set forth in Part III of this Tariff.

Delivery Failure Factor: A factor used in the determination of a Delivery Failure Charge to recognize the relative severity or impact of an Energy Delivery Failure, as set forth in Part III of this Tariff.

Demand Response: A resource with a demonstrated capability to provide a reduction in demand or otherwise control load in accordance with the requirements established under Part II of this Tariff.

Demonstrated FS Transmission: A Participant's demonstration in its Forward Showing Submittal that it has secured firm transmission service rights of the type and quantity sufficient to provide reasonable assurance, as of the time of the Forward Showing Submittal, of delivery of capacity from the Qualifying Resources and the resources associated with the power purchase agreements in the Participant's Portfolio QCC.

Dual Benefit Cost Centers: Dual Benefit Cost Centers shall have the meaning provided in Schedule 1 of this Tariff.

Effective Load Carrying Capability ("ELCC"): A methodology employed to determine the Qualified Capacity Contribution of certain types of Qualifying Resources, as more fully set forth in Part II of this Tariff.

Energy Declined Settlement Price: A pricing component used as part of the calculation of settlements for Holdback Requirements and Energy Deployments under Part III of this Tariff.

Energy Delivery Failure: A failure by a Participant to provide an Energy Deployment assigned to such Participant under Part III of this Tariff.

Energy Deployment: A delivery of energy that a Participant is required to provide during an Operating Day, as set forth in Part III of this Tariff.

Energy Storage Resource: A resource, not including a Storage Hydro Qualifying Resource, designed to capture energy produced at one time for use at a later time.

Excused Transition Deficit: A Participant's inability during the Transition Period to demonstrate full satisfaction of the Participant's FS Capacity Requirement, which, under certain conditions and limitations prescribed by Part II of this Tariff, permits a reduction in the otherwise applicable Deficiency Charge.

Federal Power Marketing Administration: A United States federal agency that operates electric systems and sells the output of federally owned and operated hydroelectric dams located in the United States.

FERC: The Federal Energy Regulatory Commission.

Forced Outage Factor: The factor resulting from dividing the number of hours a generating unit or set of generating units is not synchronized to the grid system, not in reserve shutdown state and considered to be out of service for unplanned outages—or a startup failure, by the number of total hours in the period multiplied by 100% or a Program Administrator calculated equivalent forced outage factor that reflects the likelihood and extent to which a resource will be unavailable from time to time due to factors outside management control.

Forward Showing Program: The program and requirements as set forth in Part II of this Tariff.

Forward Showing Submittal ("FS Submittal"): The submissions a Participant is required to submit in advance of each Binding Season to demonstrate its satisfaction of the FS Capacity Requirement and FS Transmission Requirement, as set forth in Part II of this Tariff.

Forward Showing Year: A period consisting of a Summer Season and the immediately succeeding Winter Season.

FS Capacity Requirement: The minimum quantity of capacity a Participant is required to demonstrate for a Binding Season, as set forth in Part II of this Tariff.

FS Deadline: The deadline for Participants' submissions of their FS Submittals for a Binding Season, as established under Part II of this Tariff.

FS Planning Reserve Margin ("FSPRM"): An increment of resource adequacy supply needed to meet conditions of high demand in excess of the applicable peak load forecast and other conditions such as higher resource outages, or lower availability of resources, expressed as a percentage of the applicable peak load forecast, as determined in accordance with Part II of this Tariff.

FS Transmission Requirement: The minimum quantity of transmission service rights a Participant is required to demonstrate for a Binding Season, as set forth in Part II of this Tariff.

High-Priced Day: The most recent day in the CAISO in which prices in the day-ahead market were at least \$200/MWh.

Holdback Requirement: A MW quantity, as determined on a Preschedule Day, that a Participant is required to be capable of converting into an Energy Deployment on a given hour of the succeeding Operating Day, as more fully set forth in Part III of this Tariff.

ICE Index: A wholesale electric price index prepared and published by the Intercontinental Exchange.

Incremental Cash Working Capital Support Charge: Incremental Cash Working Capital Support Charge shall have the meaning provided in Schedule 1 of this Tariff.

Independent Evaluator: An independent entity engaged to provide an independent assessment of the performance of the WRAP and any potential beneficial design modifications, as set forth in Part I of this Tariff.

Installed Capacity: Nameplate capacity adjusted for conditions at the site of installation.

International Power Marketing Entity: An entity that (i) owns, controls, purchases and/or sells resource adequacy supply and is responsible under the WRAP program for meeting LRE obligations associated with one or more loads physically located outside the United States.

Legacy Agreement: A power supply agreement entered into prior to October 1, 2021.

Load Charge: A component of the WRAP Administration Charge as established under Schedule 1 of this Tariff.

Load Charge Rate: Load Charge Rate shall have the meaning provided in Schedule 1 of this Tariff.

Load Services Costs: Load Services Costs shall have the meaning provided in Schedule 1 of this Tariff.

Load Services Cost Centers: Load Services Cost Centers shall have the meaning provided in Schedule 1 of this Tariff.

Load Services Percentage: Load Services Percentage shall have the meaning provided in Schedule 1 of this Tariff.

Load Responsible Entity (“LRE”): An LRE is an entity that (i) owns, controls, purchases and/or sells resource adequacy supply, or is a Federal Power Marketing Administration or an International Power Marketing Entity, and (ii) has full authority and capability, either through statute, rule, contract, or otherwise, to:

- (a) submit capacity and system load data to the WRAP Program Operator at all hours;
- (b) submit Interchange Schedules within the WRAP Region that are prepared in accordance with all NERC and WECC requirements, including providing E-Tags

- for all applicable energy delivery transactions pursuant to WECC practices and as required by the rules of the WRAP Operations Program;
- (c) procure and reserve transmission service rights in support of the requirements of the WRAP Forward Showing Program and Operations Program; and
 - (d) track and bilaterally settle holdback and delivery transactions.

Subject to the above-mentioned criteria, an LRE may be a load serving entity, may act as an agent of a load serving entity or multiple load serving entities, or may otherwise be responsible for meeting LRE obligations under the WRAP.

Locational Marginal Price: The cost of delivering an additional unit of energy to a given node, as calculated under a FERC-regulated wholesale electric tariff.

Loss of Load Expectation (“LOLE”): An expression of the frequency with which a single event of failure, due to resource inadequacy, to serve firm load would be expected (based on accepted reliability planning analysis methods) to result from a given FS Planning Reserve Margin.

Make Whole Adjustment: A component used as part of the calculation of settlements for Holdback Requirements and Energy Deployments under Part III of this Tariff.

Maximum Base Charge: The maximum amount prescribed in Schedule 1 of the Tariff that the Base Charge cannot exceed.

Maximum Load Charge Rate: The maximum rate prescribed in Schedule 1 of the Tariff that the Load Charge Rate cannot exceed.

Median Monthly P50 Peak Loads: Median Monthly P50 Peak Loads has the meaning prescribed by Schedule 1 of this Tariff.

Month: A calendar month.

Monthly Capacity Deficiency: A Participant’s Capacity Deficiency for a given Month.

Monthly Deficiency: An identification under Part II of this Tariff whether, and the extent to which, a Participant’s need for capacity or transmission for a given Month is greater than the capacity or transmission, respectively, the Participant can demonstrate for such Month.

Monthly FS Capacity Requirement: FS Capacity Requirement determined as to a Month.

Monthly FSPRM: The FS Planning Reserve Margin applicable to a given Month of a given Binding Season, as determined in accordance with Part II of this Tariff.

Monthly Transmission Deficiency: A Participant’s Transmission Deficiency for a given Month.

Monthly Transmission Demonstrated: A Participant’s Demonstrated FS Transmission for a given Month.

Monthly Transmission Exceptions: Exceptions from the FS Transmission Requirement approved under Part II of this Tariff for a Participant for a given Month.

Multi-Day-Ahead Assessment: A period of days preceding each Operating Day, and ending on the Preschedule Day, during which Sharing Calculations are successively performed based in each case on Operating Day conditions expected at the time of calculation.

North American Electric Reliability Corporation (“NERC”): A not-for-profit international regulatory authority that serves as the designated electric reliability organization for the continental United States, Canada, and a portion of Mexico.

Net Contract QCC: The QCC, which may be a positive or negative value, calculated, in sum and on net, for a Participant’s power purchase agreements and power sale agreements, in accordance with Part II of this Tariff.

Non-Binding Season: As to a Participant, a Binding Season that occurs during the Transition Period prior to the first Binding Season for which the Participant has elected to be subject to Parts II and III of this Tariff.

Non-Binding Participant: For any Binding Season, a Participant that has made an election by which such Binding Season is a Non-Binding Season for that Participant.

Open Access Transmission Tariff: A governing document on file with FERC establishing the rates, terms, and conditions of open access transmission service, or equivalent tariff of a transmission service provider that is not required to file its transmission service tariff with FERC.

Operating Day: A current Day of actual electric service from resources to load, for which Sharing Events are determined and Energy Deployments may be required, as set forth in Part III of this Tariff.

P50 Peak Load Forecast: A peak load forecast prepared on a basis, such that the actual peak load is statistically expected to be as likely to be above the forecast as it is to be below the forecast.

Participant: A Load Responsible Entity that is a signatory to the WRAPA.

Portfolio QCC: As to a Participant, the sum of the Resource QCC provided by all of a Participant’s Qualifying Resources plus the Net Contract QCC of such Participant.

Preschedule Day: The applicable scheduling Day for a given Operating Day as defined in scheduling calendar established by WECC.

Program Administrator: The Western Power Pool, in its role as the entity responsible for administering the WRAP.

Program Operator: A third party that has contracted with the Program Administrator to provide technical, analytical, and implementation support to the Program Administrator for the WRAP.

Program Review Committee (“PRC”): The stakeholder sector committee as established in Section 4.2 of this Tariff.

Pure Capacity: A MW quantity of capacity without any assigned forced outage rate employed in ELCC determinations under Part II of this Tariff.

Qualifying Capacity Contribution (“QCC”): The MW quantity of capacity provided by a resource, contract, or portfolio which qualifies to help satisfy a Participant’s FS Capacity Requirement, as determined in accordance with Part II of this Tariff.

Qualifying Resource: A generation or load resource that meets the qualification and accreditation requirements established by and under Part II of this Tariff.

Real-Time Price: A price for wholesale electric transactions designated as a real-time price in an Applicable Price Index.

Resource Adequacy Participant Committee (“RAPC”): The committee comprised of representatives from each Participant as established in Part I of this Tariff.

Resource QCC: The QCC provided by a Qualifying Resource, as determined in accordance with Part II of this Tariff.

Run-of-River Qualifying Resource (“ROR”): A hydro-electric power project that does not have the capability to store a sufficient volume of water to support continuous generation at the project’s stated maximum capacity for a period of one hour. Resource does not meet the definition of a Storage Hydro Qualifying Resource.

Safety Margin: An additional factor allocated among Participants with positive sharing calculations when warranted by certain conditions as prescribed by Part III of this Tariff.

Senior Official Attestation: A signed statement of a senior official of a Participant attesting that it has reviewed such Participant’s information submission required under this Tariff, that the statements therein are true, correct and complete to the best of such official’s knowledge and belief following due inquiry appropriate to the reliability and resource adequacy matters addressed therein, and containing such further statements as required by this Tariff or the applicable Business Practice Manual for the information submission at issue.

Sharing Calculation: A calculation used in the Operations Program under Part III of this Tariff to identify any hour in which any Participant is forecast to have a capacity deficit.

Sharing Event: An hour or hours of an Operating Day for which one or more Participants has a negative Sharing Calculation result, as determined in accordance with Part III of this Tariff.

Sharing Requirement: A requirement applicable to a Participant with a positive Sharing Calculation result for a given hour or hours of an Operating Day to potentially provide an Energy Deployment to a Participant with a negative Sharing Calculation result for those same hours, as determined in accordance with Part II of this Tariff.

Storage Hydro Qualifying Resource: A hydro-electric power project with an impoundment or reservoir located immediately upstream of the powerhouse intake structures that can store a sufficient volume of water to support continuous generation at the project's stated maximum capacity for a period of one hour or longer.

Subregion: An area definition approved by the Board of Directors and identified in the Business Practice Manuals, that is wholly contained within the WRAP Region, which is separated from one or more other Subregions by transmission constraints on capacity imports or on capacity exports that result, or are expected to result, in differing FSPRM determinations for that Subregion relative to such other Subregion.

Summer Season: A period of time that commences on June 1 of a Year and terminates on September 15 of the same Year.

System Sale: A power sale in which the generation is sourced, at the seller's discretion, from a group of two or more identified Qualifying Resources.

Transition Period: The Binding Seasons within the time period from June 1, 2025, through March 15, 2028, plus the time period required to implement the requirements and procedures of Part II of this Tariff applicable to such Binding Seasons.

Transmission Deficiency: A shortfall in a Participant's demonstration of secured transmission service rights, after accounting for any approved transmission exceptions, relative to that Participant's FS Transmission Requirement, as further defined in Part II of this Tariff.

Unforced Capacity: The percentage of Installed Capacity available after a unit's forced outage rate is taken into account.

Variable Energy Resource ("VER"): An electric generation resource powered by a renewable energy source that cannot be stored by the facility owner or operator and that has variability that is beyond the control of the facility owner or operator, including but not limited to a solar or wind resource.

VER Zone: A geographic area delineated in accordance with Section 16.2.5.2 of this Tariff for a given type of VER, where each VER of that type located in such area is anticipated to be comparably affected by meteorological or other expected conditions in such area to a degree that warrants distinct calculation of ELCC allocations for such VERs of that type in such area.

Western Electricity Coordinating Council ("WECC"): A non-profit corporation that has been approved by FERC as the regional entity for the western interconnection and that also has NERC delegated authority to create, monitor, and enforce reliability standards.

Western Resource Adequacy Program Agreement ("WRAPA"): The participation agreement for the Western Resource Adequacy Program, as set forth as Attachment A to this Tariff, or as set forth for an individual Participant in a non-conforming version of such participation agreement accepted by FERC.

Western Resource Adequacy Program (“WRAP”): The Western Resource Adequacy Program, as established under this Tariff.

Western Power Pool (“WPP”): Northwest Power Pool, d/b/a Western Power Pool, which serves as Program Administrator for the WRAP under this Tariff and holds exclusive rights under section 205 of the Federal Power Act to file amendments to this Tariff.

Winter Season: A period of time that commences on November 1 of a Year and terminates on March 15 of the immediately following Year.

WRAP Cost Assignment Matrix: The matrix set forth in Schedule 1 of this Tariff to identify which WRAP costs are assessed to the Base Charge and the Load Charge components of the WRAP Administration Charge.

WRAP Region: The area comprising, collectively, (i) the duly recognized and established load service areas of all loads in the United States that all Participants are responsible for serving, (ii) the duly recognized and established load service areas of all loads in the United States that all load serving entities, on whose behalf a Participant acts in accordance with this Tariff, are responsible for serving, and (iii) the applicable location(s) on the United States side of the United States international border that form the basis for an International Power Marketing Entity’s participation under the WRAP, in all cases excluding, for any Binding Season, any loads permitted by this Tariff to be excluded from Participants’ Forward Showing Submittal for such Binding Season.

Year: A calendar year.

2. Role of Western Power Pool

- 2.1 WPP, acting under the direction of its Board of Directors, shall administer the WRAP as Program Administrator. Except as specified in Section 3 of this Tariff, WPP, as authorized by its Board of Directors, shall have the sole authority to submit to FERC amendments to the rates, terms, and conditions set forth in this Tariff under section 205 of the Federal Power Act, 16 U.S.C. § 824d. Nothing contained herein shall be construed as affecting in any way the right of any Participant or any other entity to apply to FERC for amendments to the rates, terms, and conditions contained herein under section 206 of the Federal Power Act, 16 U.S.C. § 824e, or any other applicable provision of that Act.
 - 2.1.1 WPP president and staff shall support the Board of Directors in overseeing all aspects of the WRAP, including oversight and management of the Program Operator(s) in accordance with any Program Operator agreement(s) entered into by WPP under Section 2.2 of this Tariff.
 - 2.1.2 WPP and its staff shall provide all legal, regulatory, and accounting support for the WRAP, including support for making filings with FERC as authorized by the Board of Directors.
 - 2.1.3 WPP staff shall provide all logistical support necessary to facilitate implementation of the WRAP and specifically all logistical needs of the Board of Directors and reasonable logistical assistance to facilitate meetings and activities of the RAPC, PRC, and all subordinate organizational groups.
- 2.2 As Program Administrator, WPP shall undertake all actions as necessary to implement and administer the WRAP, including but not limited to engaging one or more Program Operator(s) to perform technical operations of the WRAP including both the Forward Showing Program and Operations Program. Except as otherwise provided herein, WPP may contract for certain activities required by this Tariff to be provided by one or more Program Operator(s) subject to oversight by the Board of Directors, provided, however, that the Program Operator shall operate solely as a contractor under the oversight of WPP, and WPP shall remain the sole point of compliance with this Tariff. WPP shall have the sole authority to enter into contracts for such engagements and is responsible for providing support and compensation for such Program Operator(s) pursuant to any contract(s).
 - 2.2.1 WPP will contract with Program Operator(s) to assist WPP with providing reasonable technical support and expertise to all WRAP organizational groups as governed by the Program Operator's contract with WPP.

3. Role of the Board of Directors and Limitations on Board Authority

- 3.1 Authority: Ultimate authority over all aspects of the WRAP as established under this Tariff shall be vested in the independent Board of Directors. Each member of the Board of Directors shall at all times exhibit financial independence from all Participants and classes of Participants, as further provided in the WPP Bylaws and policies. As set forth in Section 2.1 of this Tariff, the Board of Directors shall have the exclusive authority to approve and direct WPP to file amendments to this Tariff with FERC under section 205 of the Federal Power Act, 16 U.S.C. § 824d, subject to the limitations and prohibitions imposed under Section 3.4 of this Tariff. The Board of Directors shall also have the exclusive authority to approve the Business Practice Manuals and any amendments to the Business Practice Manuals, subject to the terms, conditions, and limitations imposed under this Tariff.
- 3.2 The Board of Directors generally shall meet in open session for all matters related to the WRAP; however, the Board of Directors may meet in closed session as the chair deems necessary to safeguard the confidentiality of sensitive information, including but not limited to discussing matters related to personnel, litigation, or proprietary, confidential, or security sensitive information. The Board of Directors shall not take action on any proposed amendment to this Tariff or the Business Practice Manuals in closed session. During open session, the chair of the Board of Directors will reasonably accommodate stakeholder requests to address the Board within the discretion of the chair.
- 3.3 The Board of Directors shall only consider amendments to this Tariff or the Business Practice Manuals after such amendments are first acted upon by the RAPC, subject to the following additional conditions:
 - 3.3.1 In the event that the RAPC has voted to reject or has not voted to support a proposed amendment to this Tariff or the Business Practice Manuals, any stakeholder may appeal such decision to the Board of Directors, and the Board of Directors shall consider the appeal.
 - 3.3.2 In the event that the RAPC has voted to reject or has not voted to support a proposed amendment to this Tariff or the Business Practice Manuals and a stakeholder has not appealed such decision, the Board of Directors may, on its own motion or motion of any member of the Board of Directors, consider the proposed amendment.
 - 3.3.3 In the event that the COSR as a body opposes or appeals a RAPC decision to the Board of Directors regarding an amendment to this Tariff or the Business Practice Manuals, the process set forth in Section 4.3.3 of this Tariff shall apply prior to the Board of Directors' consideration of the RAPC decision.
 - 3.3.4 In the event that the Board of Directors wishes to initiate an amendment to this Tariff or the Business Practice Manuals that has not undergone PRC

and RAPC review, the Board of Directors shall first submit such proposed amendment to the PRC for review under the processes set forth in Sections 4.1 and 4.2 of this Tariff.

3.3.5 Expedited Review Process: In the event that the RAPC determines that an expedited review process is necessitated by an exigent circumstance as set forth in Section 4.1.3.1.1 of this Tariff, the Board of Directors shall review the RAPC's recommended Tariff or Business Practice Manual amendment expeditiously and invite comment from the PRC, COSR, and stakeholders concurrently with its consideration of the RAPC proposal.

3.4 WPP is specifically prohibited from amending this Tariff to:

3.4.1 Alter, usurp, control, or otherwise materially modify the Participants' existing functional control and responsibility over their generation and transmission assets, including but not limited to planning and operation of such assets, Open Access Transmission Tariff administration, interfering with Balancing Authority duties and responsibilities, or imposing a must-offer requirement on any specific generation resources.

3.4.2 Administer Open Access Transmission Tariff service, engage in Balancing Authority operations, impose transmission planning requirements, or assume any transmission planning responsibilities with regard to any of the Participant's transmission assets.

3.4.3 Form any type of organized market, including but not limited to a capacity market, a regional transmission organization, a real-time market, or any other type of FERC-approved regional construct, unless such action is also approved by the RAPC under its voting procedures set forth in Section 4.1.6 of this Tariff.

3.4.4 Impose any requirements on Participants beyond the assessment of financial charges as specified in this Tariff or suspension or termination of participation for failure to meet any WRAP requirements.

3.4.5 Amend in any way this Section 3 of this Tariff without the approval of the RAPC under its voting procedures set forth in Section 4.1.6 of this Tariff.

3.4.6 Amend the RAPC voting thresholds set forth in Section 4.1.6 of this Tariff.

3.5 Subject to the limitations and prohibitions imposed under Section 3.4 of this Tariff, if the Board of Directors votes to file at FERC to expand the WRAP to include market optimization or transmission planning services, WPP will initiate a formal process with COSR and other stakeholders to conduct a full review of governance structures and procedures, including the role of states. If COSR does not support any revised governance structure that emerges from such WPP review process, the WPP will file, along with any WPP governance proposal to FERC, an alternative

governance structure on behalf of the COSR so long as such COSR alternative governance structure is supported by 75% of the COSR.

4. Organizational Groups for the WRAP

4.1 Resource Adequacy Participants Committee

4.1.1 Authority and Purpose: The RAPC shall be the highest level of authority for representation by Participants in the WRAP governance structure and shall represent the interests of Participants directly to the Board of Directors.

4.1.2 Composition: The RAPC shall be composed of one representative from each Participant. Such representative shall be a senior management official with binding decision-making authority on behalf of the Participant, or a designated representative of a Participant's senior management official. A designated representative shall be required to have binding decision-making authority on behalf of the Participant and shall have all voting rights delegated from the senior management official. Participant shall appoint a designated representative no less than one Business Day in advance of a meeting for that designated representative to be eligible to vote during the meeting.

4.1.3 Functions: The RAPC:

4.1.3.1 Shall consider and recommend that the Board of Directors approve or reject all proposed amendments to this Tariff or Business Practice Manuals prior to the Board of Directors considering such amendments, including any amendments reviewed and referred by the PRC.

4.1.3.1.1 Exigent Circumstances: When the RAPC determines that an amendment to the Tariff or the Business Practice Manuals requires expedited Board of Directors review due to exigent circumstances, it may propose such amendment directly to the Board of Directors without awaiting review by other committees and stakeholders. Exigent circumstances include: (i) a FERC-mandated amendment to this Tariff or the Business Practice Manuals; (ii) an amendment to this Tariff or the Business Practice Manuals to address an immediate reliability impact; or (iii) an amendment to this Tariff or the Business Practice Manuals that the RAPC has determined has significant impacts to utility service.

4.1.3.2 Shall consider and vote to recommend that the Board of Directors approve or reject any proposed amendments to this Tariff or the Business Practice Manuals.

4.1.3.3 May provide input to the Board of Directors on any proposed WPP rules that apply both to the WRAP and other WPP services.

- 4.1.3.4 May evaluate and provide input to the Board of Directors on the WRAP administration budget and budget allocation to Participants, including amendments to the WRAP Administration Charge as calculated in accordance with Schedule 1 of this Tariff.
- 4.1.3.5 Shall form and organize all of the organizational groups under its responsibilities.
- 4.1.3.6 May take other actions reasonably related to its role as the senior-level Participant advisory committee to the Board of Directors regarding WRAP matters.
- 4.1.4 Leadership: The RAPC shall select from among its members a chair and vice chair.
- 4.1.5 Meetings:
 - 4.1.5.1 Meetings of the RAPC will generally be open to all stakeholders. WPP shall provide advanced written notice of the date, time, place, and purpose of each RAPC meeting. All RAPC decisional items shall be placed on the open meeting agenda and allotted adequate time for public comment and deliberation.
 - 4.1.5.1.1 The RAPC may meet in closed session as the RAPC chair deems necessary; provided, however, that the RAPC shall allow the designated COSR support staff member as specified in Section 4.3 of this Tariff to attend any closed meeting. The RAPC shall not take action on any proposed amendment to this Tariff or the Business Practice Manuals in closed session.
 - 4.1.5.2 The quorum for a meeting of the RAPC or any organizational group organized under it shall be one-half of the representatives thereof, but not less than three representatives, provided that a lesser number may serve as a quorum for the sole purpose of voting to adjourn the meeting to a later time.
- 4.1.6 Voting:
 - 4.1.6.1 Each RAPC representative shall have one vote.
 - 4.1.6.2 Voting in the RAPC shall utilize a “House and Senate” model.
 - 4.1.6.2.1 Each Participant’s “House” vote shall represent the proportion of the Participant’s Median Monthly P50 Peak Load, as described in Section 2 of Schedule 1 of this Tariff, compared to the sum of all Participants’ Median Monthly P50 Peak Loads. A Participant may choose to divide its

House vote but is responsible for announcing such at the time of voting.

4.1.6.2.2 Each Participant shall receive a single, non-weighted “Senate” vote.

4.1.6.2.3 For an action to be approved by the RAPC, it must pass both “House” and “Senate” votes as follows. For purposes of voting, the percentages identified below specify the percentage threshold of the entire RAPC (whether in attendance or not) that is needed for passage of an action.

4.1.6.2.3.1 Actions to amend any of the limitations on Board authority set forth in Section 3.4 of this Tariff require an 80% affirmative approval by both the House and the Senate vote tallies to be approved.

4.1.6.2.3.2 Actions brought before the RAPC that have been approved by the PRC require a 67% affirmative approval by both the House and Senate vote tallies to be approved.

4.1.6.2.3.3 All other actions not specified in this Section 4.1.6.2.3 require a 75% affirmative approval by both the House and Senate vote tallies to be approved.

4.1.6.2.4 If at any time a single Participant’s P50 load for voting purposes would result in that Participant possessing a veto over any votes taken under Section 4.1.5.2.3, such Participant’s House vote shall be capped at 1% below the amount that would convey such a veto, such that no single Participant will possess a veto over any action taken under Section 4.1.6.2.3.

4.2 Program Review Committee

4.2.1 Authority and Purpose: The PRC is a sector-representative group comprised in accordance with Section 4.2.2 of this Tariff. The PRC is responsible for receiving, considering, and proposing amendments to this Tariff and the Business Practice Manuals. The PRC shall serve as a clearinghouse of all recommended amendments to this Tariff or the Business Practice Manuals, except for those designated by the RAPC as involving an exigent circumstance under Section 4.1.3.1.1 of this Tariff, amendments to Schedule 1 of this Tariff and cost allocation for the WRAP, and amendments to the WRAPA set forth as Attachment A of this Tariff. The PRC shall serve in an advisory capacity to the RAPC and, when applicable, the Board of Directors.

- 4.2.1.1 The PRC shall present all proposals received to the RAPC, along with the PRC's recommendation and summaries of all comments and feedback received.
- 4.2.1.2 The PRC's decisions are advisory-only and are not binding on the RAPC, the Board of Directors, or WPP.
- 4.2.2 Composition: The PRC shall be composed of up to twenty representatives from the following ten sectors: four representatives of RAPC Participant investor-owned utilities; four representatives of RAPC Participant publicly-owned (consumer or municipal) utilities; two representatives of RAPC Participant retail competition load serving entities; two representatives from RAPC Participant Federal Power Marketing Administrations; two representatives of independent power producers; two representatives of public interest organizations; one representative of retail consumer advocacy groups; one representative of industrial customer advocacy groups; one representative of load serving entities with loads in the WRAP that are represented by other LREs and are not otherwise eligible for any other sector; a representative from the COSR. Expectations for sectors to consider regional, operational, geographic, demographic, and other forms of diversity in selecting their sector representatives are set forth in more detail in the PRC charter, which shall be posted and maintained on the WRAP website or other appropriate public location.
- 4.2.3 The PRC shall establish a process and criteria for receiving and reviewing proposed amendments to this Tariff and the Business Practice Manuals. Such review will include procedures for stakeholder comment.
- 4.2.4 Meetings: The PRC shall meet primarily in open session; provided that the PRC may schedule closed meetings if it determines that doing so would be beneficial to safeguard the confidentiality of sensitive information. The PRC shall not take action on any proposed amendment to this Tariff or the Business Practice Manuals in closed session.
- 4.2.5 Voting: The PRC shall endeavor to operate by consensus. When voting is necessary, voting shall consist of one sector one vote, with an affirmative vote of six sectors (as specified in Section 4.2.2 of this Tariff) constituting approval of an action before the PRC.
 - 4.2.5.1 For sectors with four seats, three sector representatives must agree with the action for the sector to be considered an affirmative vote for the action.
 - 4.2.5.2 For sectors with two seats, both sector representatives must agree with the action for the sector to be considered an affirmative vote for the action.

4.2.6 Participants and other entities shall participate in no more than one PRC sector. If a Participant or other entity is eligible to participate in more than one sector, such Participant or other entity shall declare in which sector it will participate.

4.3 Committee of State Representatives

4.3.1. Composition: The COSR is a committee composed of one representative from each state or provincial jurisdiction (either public utility commission or state/provincial energy office) that regulates at least one Participant.

4.3.2 Leadership: The COSR shall determine its leadership, including a chair and vice chair. The chair or vice chair will be requested to attend all open sessions of the RAPC to provide input and advice.

4.3.2.1 The COSR shall designate a COSR support staff member to attend and audit closed meetings of the RAPC under a non-disclosure agreement.

4.3.3 Authority:

4.3.3.1 If the COSR determines that a proposal approved by the RAPC is substantially different from the proposal submitted to the RAPC by the PRC, the COSR may engage in additional public review and comment before the RAPC decision is presented to the Board of Directors; provided that this additional public review and comment does not unreasonably delay presentation to the Board of Directors.

4.3.3.2 If the COSR as a body opposes or appeals a RAPC decision to the Board of Directors, the Board of Directors will not consider the RAPC's decision until the RAPC engages with the COSR to discuss, in at least two public discussions, to attempt to reach a mutually agreeable solution.

4.3.3.2.1 If the appeal relates to an amendment that the RAPC designated as involving an exigent circumstance under Section 4.1.3.1.1 of this Tariff, COSR can require no more than one public discussion, provided that such additional discussion does not unreasonably hinder the timeline for Board of Directors consideration of the proposed amendment.

4.3.4 Voting, Meetings, and Quorum: The COSR may develop its own rules governing voting, meetings, and quorum for action. COSR shall be responsible for its own costs.

5. Independent Evaluator

- 5.1 WPP shall engage an Independent Evaluator to provide an independent assessment of the performance of the WRAP and any potential beneficial design modifications. The Independent Evaluator shall report directly to the Board of Directors.
- 5.2 The Independent Evaluator shall conduct an annual review of the WRAP, including but not limited to analyzing prior year program performance, accounting and settlement, and program design.
- 5.3 The Independent Evaluator shall prepare an annual report of its findings, and any recommended modifications to WRAP design, and present its findings to the WRAP committees and the Board of Directors, subject to any necessary confidentiality considerations. Any data included in the Independent Evaluator's report shall be reported on an aggregated basis as applicable to preserve confidentiality. The Independent Evaluator's annual reports shall be available to the public, except to the extent they contain information designated as confidential under this Tariff, or information designated as confidential by the Independent Evaluator.
- 5.4 The Independent Evaluator shall not:
 - 5.4.1 Evaluate individual Participants.
 - 5.4.2 Possess any decision-making authority regarding the WRAP or design modifications.
 - 5.4.3 Evaluate WPP's day-to-day operations of the WRAP (except as part of review of prior year program performance).

6. WPP Invoicing and Settlement

- 6.1 WPP shall be responsible for issuing invoices to, and collecting from, Participants all charges under Schedule 1 of this Tariff for recovery of all WPP costs associated with administering the WRAP.
- 6.2 WPP shall be responsible for invoicing, collecting, and (as applicable) distributing revenues from Deficiency Charges under Part II of this Tariff and Delivery Failure Charges under Part III of this Tariff.
- 6.3 Participants are not required to provide credit assurances to WPP to cover charges under Schedule 1 of this Tariff, Deficiency Charges under Part II of this Tariff, or Delivery Failure Charge under Part III of this Tariff.
- 6.4 Participants shall make full payment of all invoices rendered by WPP for which payment is required to WPP within thirty calendar days following the receipt of the WPP invoice, notwithstanding any disputed amount, but any such payment shall not be deemed a waiver of any right with respect to such dispute. Any Participant that fails to make full and timely payment to WPP of amounts owed upon expiration of the cure period specified in Section 6.4.1 of this Tariff will be in default.
 - 6.4.1 If a Participant fails to make timely payment as required by Section 6.4, WPP shall so notify such Participant. The notified Participant may remedy such asserted breach by paying all amounts due, along with interest on such amounts calculated in accordance with the methodology specified for interest on refunds in FERC's regulations at 18 C.F.R. § 35.19a(a)(2)(iii); provided, however, that any such payment may be subject to a reservation of rights, if any, to refer such matter to dispute resolution procedures under Section 9 of this Tariff. If the Participant has not remedied such asserted breach by 5:00 p.m. Pacific Prevailing Time on the second Business Day following WPP's issuance of a written notice of breach, then the Participant shall be in default.
 - 6.4.2 In the event of a Participant's default under Section 6.4.1 of this Tariff, WPP in its discretion may pursue collection through such actions, legal or otherwise, as it reasonably deems appropriate, including but not limited to the prosecution of legal actions and assertion of claims in the state and federal courts as well as under the United States Bankruptcy Code. After deducting any costs associated with pursuing such claims, any amounts recovered by WPP with respect to defaults for which there was a Default Allocation Assessment shall be distributed to the Participants who have paid their Default Allocation Assessment in proportion to the Default Allocation Assessment paid by each Participant, as calculated pursuant to Section 6.4.3 of this Tariff. In addition to any amounts in default, the defaulting Participant shall be liable to WPP for all reasonable costs incurred in enforcing the defaulting Participant's obligations.

6.4.3 In the event of a Participant's default with respect to an invoice issued by WPP for charges under Schedule 1 of this Tariff, in order to ensure that WPP remains revenue neutral, the Board of Directors may assess against, and collect from, the Participants not in default a Default Allocation Assessment to recover the costs associated with the default. Such assessment shall in no way relieve the defaulting Participant of its obligations.

6.4.3.1 The Default Allocation Assessment shall be equal to:

$$(20\% \times (1/N) + (80\% \times (\text{Participant Median Monthly P50 Peak Load} / \text{Sum Participants Median Monthly P50 Peak Load})))$$

where:

N = the total number of Participants, calculated as of the date WPP declares a Participant in default.

Participant Median Monthly P50 Peak Load = for each Participant included in factor "N" above, the Participant's Median Monthly P50 Peak Load as determined in Section 2 of Schedule 1 of this Tariff, recalculated on the day the WPP declares a Participant in default.

All Participants Median Monthly P50 Peak Load = the sum of the Participant Median Monthly P50 Peak Load values for all Participants included in factor "N" above.

7. Credit Requirements and Settlement for Holdback and Delivered Energy

7.1 Credit and Settlement for Holdback and Delivered Energy: Settlement of holdback and delivered energy shall be completed bilaterally between Participants, subject to the following:

7.1.1 Neither WPP nor the Program Operator(s) shall take title to energy or be party to any settlement of holdback or delivered energy.

7.1.2 Participants shall establish credit with each other through one of the following mechanisms. Neither WPP nor the Program Operator(s) shall be involved in the calculation of credit or credit limits.

7.1.2.1 Establish credit directly with each Participant: Participants may establish credit directly with other Participants from whom they may receive delivered energy.

7.1.2.1.1 Such credit should be established in advance of the applicable season.

7.1.2.1.2 The amount of such credit and any credit limit shall be at the discretion of each Participant.

7.1.2.2 WPP shall conduct a competitive solicitation process to identify a third-party service provider to serve as central credit organization and clearing house for credit and settlement. Once such central credit organization is selected, Participants that have not already directly established credit with all other Participants under Section 7.2.2.1 of this Tariff shall establish credit with the central credit organization.

7.1.2.2.1 WPP will provide the central credit organization any Operations Program related information necessary for them to perform their obligations as set forth in the agreement between WPP and the central credit organization.

7.1.2.2.2 All costs associated with the central credit organization service shall be borne by Participants as established in the agreement between WPP and the central credit organization and either billed directly on a transactional basis or else recovered under Schedule 1 of this Tariff.

7.1.2.3 The obligation to arrange sufficient credit shall at all times be on the deficient Participant (i.e., a Participant with a negative sharing calculation in the Operations Program). If a deficient Participant has not made good faith and commercially reasonable efforts to

obtain sufficient credit with a delivering Participant, such delivering Participant shall so notify WPP and shall be excused from any obligation to deliver to such deficient Participant. Nothing in this Section 7 requires a Participant to violate its written risk or credit policy.

8. Force Majeure, Limitation of Liability, and Indemnification

- 8.1 Force Majeure: An event of Force Majeure means any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, pandemic, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation, or restriction imposed by governmental military or lawfully established civilian authorities, or any other cause beyond a party's control. A Force Majeure event does not include an act of negligence or intentional wrongdoing. Neither WPP nor the Participant will be considered in default as to any obligation under this Tariff if prevented from fulfilling the obligation due to an event of Force Majeure. However, a Party whose performance under this Tariff is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Tariff. Notwithstanding the foregoing, the physical inability to perform because of an event of Force Majeure shall not relieve the party of any financial obligations incurred under this Tariff or as a result of the Force Majeure event, unless, and to the extent, such financial obligation is waived or excused under provisions of Part II or Part III of this Tariff expressly providing for such waiver or excuse.
- 8.2 Limitation of Liability:
- 8.2.1 Neither WPP nor the Program Operator shall be liable, whether based on contract, indemnification, warranty, tort, strict liability or otherwise, to any Participant, other entity owning a Qualifying Resource, third party, or other person for any damages whatsoever, including, without limitation, direct, incidental, consequential, punitive, special, exemplary, or indirect damages arising or resulting from any act or omission in any way associated with service provided under this Tariff or any agreement hereunder, including, but not limited to, any act or omission that results in an interruption, deficiency or imperfection of service, except to the extent that the damages are direct damages that arise or result from the gross negligence or intentional misconduct of WPP or Program Operator, in which case WPP shall only be liable for direct damages.
- 8.2.2 Neither WPP nor the Program Operator shall be liable for damages arising out of services provided under this Tariff or any agreement entered into hereunder, including, but not limited to, any act or omission that results in an interruption, deficiency, or imperfection of service, occurring as a result of conditions or circumstances beyond the control of WPP, or resulting from electric system design common to the domestic electric utility industry or electric system operation practices or conditions common to the domestic electric utility industry.
- 8.2.3 To the extent that a Participant or other person has a claim against WPP, the amount of any judgment or arbitration award on such claim entered in favor of such entity shall be limited to the value of WPP's assets. No party may seek to enforce any claims under this Tariff or any Agreements entered into

hereunder against the directors, managers, members, shareholders, officers, employees, or agents of WPP, or against the Program Operator, who shall have no personal liability for obligations of WPP by reason of their status as directors, managers, members, shareholders, officers, employees, or agents of WPP or by virtue of their status as Program Operator.

8.2.4 To the extent that WPP is required to pay any money damages or compensation or pay amounts due to its indemnification of any other party as it relates to any services provided, acts, or omissions under this Tariff or any agreement entered into hereunder, WPP shall be allowed to recover any such amounts under Schedule 1 of this Tariff as part of the WRAP Administration Charge. Notwithstanding the foregoing, WPP shall be prohibited from recovering under this Tariff any costs associated with any damages, compensation, or indemnification costs that arise: (i) with regard to any acts or omissions that occur outside of this Tariff and any agreements entered into hereunder, or (ii) if a court of competent jurisdiction determines that the damages are direct damages that arise or result from the gross negligence or intentional misconduct of WPP or the Program Operator.

8.2.5 A Participant's liability to another Participant under this Tariff for failure to comply with obligations under this Tariff shall be limited to any charges or payments calculated pursuant to this Tariff; provided, however, that nothing in this Section 8.2.5 shall limit or is intended to foreclose any Participant's liability that may arise under any bilateral agreements between Participants.

8.3 Indemnification: The Participants shall at all times indemnify, defend, and save WPP (and any of its Program Operator(s), agents, consultants, directors, officers, or employees) harmless from any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties arising out of or resulting from the performance of activities under this Tariff by WPP, any Program Operator(s), or agents, consultants, directors, officers, or employees of WPP, except in cases of gross negligence or intentional wrongdoing by WPP or the Program Operator. WPP shall credit any proceeds from insurance or otherwise recovered from third parties to Participants who have paid to indemnify WPP under this Section 8.3.

8.4 Actions upon Unavailability of Program Operator(s): In the event that the Program Operator(s) become(s) unwilling, unable, or otherwise unavailable to perform contractual duties necessary for WPP to discharge its obligations under this Tariff and WPP's agreement(s) with the Program Operator(s), WPP shall engage with Participants as soon as practicable to determine what actions to take, including but not limited to filing with FERC a request to waive one or more provisions of this Tariff up to and including immediate suspension of all rights and obligations under this Tariff until a replacement Program Operator(s) can assume all relevant Program Operator functions.

9. Dispute Resolution Procedures

- 9.1 Internal Dispute Resolution Procedures: Any dispute between a Participant and WPP under the Tariff (excluding amendments to the Tariff or to any agreement entered into under the Tariff, which shall be presented directly to the FERC for resolution) shall be referred to a designated senior representative of WPP and a senior representative of the Participant for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute within thirty days (or such other period as the parties may agree upon) by mutual agreement, such dispute shall then be referred to the chief executive officer or comparable executive of each party for resolution. In the event that the executives are unable to resolve the dispute within thirty days (or such other period as the parties may agree upon), such dispute may be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below.
- 9.2 External Arbitration Procedures: Any arbitration initiated under the Tariff shall be conducted before a single neutral arbitrator appointed by the parties to the dispute. If the parties fail to agree upon a single arbitrator within ten days of the referral of the dispute to arbitration, each party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association and any applicable FERC regulations.
- 9.3 Arbitration Decisions: Unless otherwise agreed by the parties, the arbitrator(s) shall render a decision within ninety days of appointment and shall notify the parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of the Tariff and/or any agreement entered into under the Tariff and shall have no power to modify or change any of the above in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act and/or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with the FERC if it affects jurisdictional rates, terms and conditions of service or facilities.
- 9.4 Costs: Each party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (i) the cost of the arbitrator chosen by the party to sit on the three-member panel and one half of the

cost of the third arbitrator chosen; or (ii) one half the cost of the single arbitrator jointly chosen by the Parties.

- 9.5 Rights Under the Federal Power Act: Nothing in this section shall restrict the rights of any person to file a complaint with the FERC under relevant provisions of the Federal Power Act or of WPP to file amendments to this Tariff under the relevant provisions of the Federal Power Act.

10. Treatment of Confidential and Commercially Sensitive Information of Participants

10.1 Terms: For purposes of this Section 10 only, the term “WPP” shall also include, as applicable, any directors, officers, employees, agents, or consultants of WPP, the Independent Evaluator established under Section 5 of this Tariff, and any central credit organization established under Section 7 of this Tariff. WPP shall be bound by the rights, obligations, and conditions set forth in this Section 10. For purposes of this Section 10, the term “Disclosing Entity” shall include any Participant that discloses information to WPP that the Disclosing Entity deems and identifies as confidential or commercially sensitive. WPP’s collection and handling of non-Participant data shall be governed by separate non-disclosure agreements with such non-Participants.

10.2 Treatment of Confidential or Commercially Sensitive Information: WPP shall maintain the confidentiality of all of the documents, data, and information provided to it by any Participant that such disclosing Participant deems and specifically identifies as confidential or commercially sensitive; provided, however, that WPP need not keep confidential: (i) information that is publicly available or otherwise in the public domain; or (ii) information that is required to be disclosed under this Tariff or any applicable legal or regulatory requirement (subject to the procedures set forth in Section 10.4 of this Tariff).

10.2.1 WPP staff may develop and release publicly composite or aggregated data based upon Participant confidential or commercially sensitive information, provided that such composite or aggregated data cannot be used to identify or attribute a disclosing Participant’s confidential or commercially sensitive data. Such release of composite or aggregated data shall be governed by the following process.

10.2.1.1 Prior to the initial release of such composite or aggregated data, WPP staff shall present the form and format of such data to each Participant whose confidential information or data will be used to create the composite or aggregated data. If any such Participant objects to the form and format as revealing or allowing for attribution of confidential or commercially sensitive Participant-specific data, WPP staff shall determine whether to modify the form and format or to retain the proposed form and format for release. If WPP staff elects to retain the proposed form and format, the Participant shall have the right to appeal to the RAPC and WPP staff shall be prohibited from releasing the composite or aggregated data in the proposed form and format until the Participant’s appeal rights as specified in this Section 10.2.1 are exhausted.

10.2.1.2 If a Participant appeals a WPP staff decision regarding the form and format of composite or aggregated data to the

RAPC, the RAPC shall consider whether the form and format reveals or allows for attribution of confidential or commercially sensitive Participant-specific data. If the RAPC determines that the proposed form and format is sufficient to protect against the release of confidential or commercially sensitive Participant-specific data, WPP staff is authorized to release the composite or aggregated data in the proposed form and format unless the Participant timely appeals the RAPC decision to the Board of Directors.

10.2.1.3 If a Participant appeals a RAPC decision regarding the form and format of composite or aggregated data to the Board of Directors, the Board of Directors shall consider whether the form and format is sufficient to protect against the release or attribution of confidential or commercially sensitive Participant-specific data. If the Board of Directors determines that the proposed form and format is sufficient to protect against the release of confidential or commercially sensitive Participant-specific data, WPP staff is authorized to release the composite or aggregated data in the proposed form and format.

10.2.1.4 Once a proposed form and format of composite or aggregated data is approved by the WPP staff and is not appealed or appeals are unsuccessful, such form and format may be used for all future disclosures of composite or aggregate information and no Participant may dispute such release. If WPP staff proposes to alter the form and format, including but not limited to changing the granularity of data, WPP staff shall be required to follow the process set forth in this Section 10.2.1 and Participants shall have the right to appeal such changes in form and format as set forth herein. Notwithstanding the foregoing, if the composition of Participants in the WRAP changes in such a way that the form and format of composite or aggregated data is no longer sufficient to protect against disclosure or attribution of confidential or commercially sensitive Participant-specific data, an aggrieved Participant shall have a one-time right to raise the issue promptly with WPP Staff for presentation to and review by the Board of Directors, and the Board of Directors in its sole discretion shall decide whether the change in composition results in the form and format of the composite or aggregated data becoming insufficient to protect against the release or attribution of confidential or commercially sensitive Participant-specific data; provided, however, that if an aggrieved Participant does not raise its concerns with the Board of Directors promptly following the

change in composition, such Participant shall have waived its right to contest the release of such composite or aggregated data.

10.2.2 Notwithstanding anything to the contrary in this Section 10.2, if the RAPC unanimously votes to disclose publicly any particular category of Participant-specific data, such data shall no longer be deemed confidential regardless of any such designation by a disclosing Participant, and this election shall be binding on any current and future Participants until such time as the RAPC votes unanimously to prohibit public release of such category of data. A list of the categories of Participant-specific data that the RAPC unanimously votes to make public shall be included in the Business Practice Manuals.

10.3 Access to Confidential or Commercially Sensitive Information: Except as otherwise provided in Section 10.2 of this Tariff, no Participant, entity owning a Qualifying Resource, or any third party shall have the right hereunder to receive from WPP or to otherwise obtain access to any documents, data or other information that has been identified as or deemed to be confidential or commercially sensitive under Section 10.2 of this Tariff by a disclosing Participant. The provisions of this Section 10.3 do not apply to WPP (including any Independent Evaluator, member of the Board of Directors, or any WPP officer, employee, agent, or consultant that requires access to confidential or commercially sensitive information); provided that access to Participant-specific confidential or commercially sensitive information shall be solely for the purpose of performing the duties or functions under this Tariff or otherwise advising or assisting WPP. WPP shall develop internal policies and controls governing the handling and protection of confidential or commercially sensitive Participant-specific data by members of the Board of Directors, officers, employees, agents, consultants, or any Independent Evaluator.

10.4 Exceptions: Notwithstanding anything in this Section 10 to the contrary:

10.4.1 If WPP is required by applicable laws or regulations, or in the course of administrative or judicial proceedings, to disclose information that is otherwise required to be maintained in confidence pursuant to this Section 10, WPP may disclose such information; provided, however, that as soon as practicable after WPP learns of the disclosure requirement and prior to making such disclosure, WPP shall notify any affected disclosing Participant of the requirement and the terms thereof. Any such disclosing Participant may, at its sole discretion and own cost, direct any challenge to or defense against the disclosure requirement and WPP shall cooperate with such disclosing Participant to take all reasonable available steps to oppose or otherwise minimize the disclosure of the information permitted by applicable legal and regulatory requirements. WPP shall further cooperate with such disclosing Participant to the extent reasonably practicable to obtain proprietary or confidential treatment of confidential or commercially

sensitive information by the person to whom such information is disclosed prior to any such compelled disclosure.

- 10.4.2 WPP may disclose confidential or commercially sensitive information, without notice to any affected disclosing Participant(s), in the event that FERC, during the course of an investigation or otherwise, requests information that is confidential or commercially sensitive. In providing the information to FERC, WPP shall take action, consistent with 18 C.F.R. §§ 1b.20 and/or 388.112, to request that the information be treated by FERC as confidential and non-public and, if appropriate, as Critical Energy Infrastructure Information and that the information be withheld from public disclosure. WPP shall provide the requested information to FERC within the time provided for in the request for information. WPP shall notify any affected disclosing Participant(s) within a reasonable time after WPP is notified by FERC that a request for disclosure of, or decision to disclose, the confidential or commercially sensitive information has been received, at which time WPP and any affected disclosing Participant may respond before such information would be made public.
- 10.5 Notwithstanding any efforts undertaken pursuant to Section 10.4 to prevent or limit the release of a Participant's confidential or commercially sensitive information, in the event that FERC or a court of competent jurisdiction orders or otherwise permits the public release of a Participant's confidential or commercially sensitive information, the affected Participant shall have a one-time right to elect to terminate its participation in the WRAP under the expedited termination provisions set out in Section 11.2 of the WRAPA.
- 10.6 WPP shall handle any information identified or deemed to be Controlled Unclassified Information/Critical Energy Infrastructure Information in accordance with FERC's regulations set forth at 18 C.F.R. § 388.113 and any applicable FERC policies or other regulations, including but not limited to restricting access to such information on a password-protected portion of WPP's website or similar precautions.
- 10.7 Nothing in this Section 10 is intended to limit a Participant's ability to disclose or release publicly its own confidential or commercially sensitive information or data, or to limit a Participant's ability to authorize WPP's disclosure of such material to a specified recipient.

11. Timing

11.1 In the event that any deadline specified in this Tariff shall fall on a day that is not a Business Day, the deadline shall be extended to the next Business Day.

12. Application and Registration

- 12.1 Any entity wishing to participate in the WRAP must submit an application and registration in accordance with the Business Practices Manuals and must execute the WRAPA as set forth in Attachment A of this Tariff, or a non-conforming version of such participation agreement that is approved by FERC for an individual Participant. Such application and registration must be submitted in accordance with the timelines set forth in the Business Practices Manuals in advance of the next Binding Season.
- 12.2 Each Participant must register all of its resources and loads, regardless of whether such resources will be used to satisfy the WRAP requirements and regardless of whether certain loads will be subject to the requirements of the WRAP. Participants may modify their registration of resources and loads in accordance with the timing procedures set forth in the Business Practices Manuals.
- 12.3 In the event that more than one Participant attempts to register the same resource or load, the following procedure will be used to assign the resource or load to a Participant:
 - 12.3.1 If a Participant attempts to register a load or resource that has already been registered by a different Participant, the resource or load will remain registered by the original Participant registering the resource or load until such time as both Participants mutually inform WPP that a change to the registration is required.
 - 12.3.2 If two or more Participants attempt to register the same resource or load during the same registration window, WPP shall request that the Participants determine among themselves the appropriate registration of the resource or load before that resource or load is included in the WRAP.

PART II FORWARD SHOWING PROGRAM

13. Overview

- 13.1 In the Forward Showing Program, as set forth in this Part II of the Tariff, and as further detailed in the Business Practice Manuals, each Participant shall, in advance of each Binding Season, show as to such Binding Season: (i) the total capacity, referred to and defined herein as the FS Capacity Requirement, required by the provisions of this Tariff for such Binding Season for reliable service to the loads for which such Participant is responsible; (ii) the demonstration of capacity, referred to and defined herein as the Qualifying Capacity Contribution, or QCC, provided by the Qualifying Resources the Participant provides or procures to meet its FS Capacity Requirement; and (iii) at least the minimum level of firm transmission service, referred to and defined herein as the FS Transmission Requirement, needed for reliable delivery of the QCC of the Participant's Qualifying Resources from such resources to the loads for which the Participant is responsible.
- 13.2 As also set forth in this Part II of the Tariff, and as further detailed in the Business Practice Manuals: (i) WPP shall, in advance of each Binding Season, review the Forward Showing Submittals of each Participant for such Binding Season; (ii) WPP shall identify to the Participant any deficiencies in the Participant's Portfolio QCC (whether as to contracts or directly owned or controlled resources) relative to the FS Capacity Requirement, and any deficiencies in the identified firm transmission service relative to the FS Transmission Requirement, within sixty days of the Forward Showing Submittal deadline; (iii) the Participant shall have an opportunity to cure such deficiencies, within sixty days of notification of deficiency; and (iv) if the Participant fails to cure all such deficiencies on or before the deadlines prescribed herein, the Participant shall be assessed a Forward Showing Deficiency Charge.

14. Forward Showing Program Process and Timeline

- 14.1 The Forward Showing Program has two Binding Seasons, defined as the Summer Season and the Winter Season. The Summer Season is the period beginning on June 1 of each Year and ending on September 15 of that same Year. The Winter Season is the period beginning on November 1 of each Year and ending on March 15 of the succeeding Year. This Tariff does not establish resource or showing obligations outside the periods defined by the Summer Season and Winter Season.
- 14.2 Each Participant shall submit its Forward Showing Submittals for each Month of each Binding Season, with all required supporting materials and information as detailed in the Business Practice Manuals, on or before the FS Deadline for the Binding Season. The FS Deadline for each Binding Season shall be seven months before the start of such Binding Season.

14.2.1 Forward Showing Submittal:

14.2.1.1 Absent the exception in Section 14.2.1.2, each Participant shall submit a separate Forward Showing Submittal for loads for which it is responsible if transmission constraints between areas where its loads are located, including, without limitation, when Participant is responsible for loads in more than one Subregion, prevent application, in the manner more fully described in the Business Practice Manuals, of Resource QCC or Net Contract QCC from one load area to the FS Capacity Requirement of another load area.

14.2.1.2 Notwithstanding Section 14.2.1.1, a Participant responsible for loads in two Subregions may submit for a given Month a single Forward Showing Submittal for such loads, and may employ for determination of its FS Capacity Requirement for such Month the lower of the two FSPRM values determined for the Subregions where its loads are located, if the Participant demonstrates in such Forward Showing Submittal, in accordance with the procedures and requirements set forth in the Business Practice Manuals, transmission service rights, which such Participant will make available during all hours of such Month for purposes of regional diversity sharing under the WRAP, of the type required by the FS Transmission Requirement, in a quantity, in addition to that required by the FS Transmission Requirement, equal to the difference in the two FSPRM values multiplied by the Participant's P50 Peak Load Forecast for such Month, with the a point of delivery in the Subregion with the higher FSPRM value and the point of receipt in the Subregion with the lower FSPRM value. Each such offer shall identify the MW quantity, Month of service, point of receipt, and point of delivery of such transmission service rights, and such other information as specified in the Business Practice Manuals, and shall

verify that the offered rights are NERC Priority 6 or NERC Priority 7 firm point-to-point transmission service. No Participant is obligated to offer any such transmission service rights, but any offer so made and not withdrawn before the deadline specified in the Business Practice Manuals shall be considered a binding offer of the identified transmission service rights which may not be withdrawn before the end of the last Day of the Month for which such transmission service is offered.

14.2.2 Each Participant's Forward Showing Submittal shall include a Senior Official Attestation.

14.3 The FSPRM values used in the Forward Showing Submittals for a Binding Season shall be those values approved by the Board of Directors as the culmination of an Advance Assessment process. No later than twelve months before the FS Deadline for each Binding Season, WPP will determine and post the recommended FSPRM for each Subregion for each Month of such Binding Season. Participants shall provide their load, resource and other information reasonably required to perform the analyses and calculations required for the Advance Assessment, in accordance with the Advance Assessment information submission details and schedule specified in the Business Practice Manuals. No later than nine months before the FS Deadline for such Binding Season, the Board of Directors shall take its final action regarding approval of the FSPRM values for each Month of such Binding Season.

14.3.1 In connection with an Advance Assessment process, or otherwise in connection with consideration of a change to the Business Practice Manuals, the Board of Directors may determine that designation of Subregions would encourage the relief, in whole or part, of transmission constraints on the transfer of capacity within the WRAP Region (whether through development or commitment of transmission, of Qualifying Resources, or by other means) to the benefit of the WRAP Region and the advancement of the objectives of the WRAP. Each such Subregion shall be identified in the Business Practice Manuals.

14.3.2 Any Participant may choose to offer in the Advance Assessment process transmission service rights owned or controlled by such Participant for firm delivery of capacity from one Subregion to another Subregion, for use by other Participants under the terms of Part III of this Tariff during any or all identified Months of the applicable Binding Season. Each such offer shall identify the MW quantity, Month of service, point of receipt, and point of delivery of such transmission service rights, and such other information as specified in the Business Practice Manuals, and shall verify that the offered rights are NERC Priority 6 or NERC Priority 7 firm point-to-point transmission service. No Participant is obligated to offer any such transmission service rights in the Advance Assessment process, but any offer so made and not withdrawn before the deadline during the Advance

Assessment process specified in the Business Practice Manuals shall be considered a binding offer of the identified transmission service rights which may not be withdrawn before the end of the last Day of the Month for which such transmission service is offered. WPP shall take account of such offered transmission service rights, along with other transmission deliverability reasonably anticipated to be available for use by Participants for WRAP purposes during the applicable Binding Season in its determination of the recommended FSPRM values for each Month of the applicable Binding Season for the WRAP Region and for each affected Subregion.

- 14.4 No later than sixty Days after the FS Deadline for a Binding Season, WPP will (i) provide the values of the Participant's FS Capacity Requirement and FS Transmission Requirement for each Month of the Binding Season; (ii) affirm that the Portfolio QCC of such Participant for each Month of the Binding Season equals or exceeds the FS Capacity Requirement of such Month for such Participant or notify such Participants of any deficiencies in the Forward Showing Submittal that result in a failure to demonstrate satisfaction of the FS Capacity Requirement; and (iii) affirm that the Demonstrated FS Transmission plus approved Monthly Transmission Exceptions of such Participant for each Month of the Binding Season equals or exceeds the FS Transmission Requirement of such Month for such Participant or notify such Participants of any deficiencies in the Forward Showing Submittal that result in a failure to demonstrate satisfaction of the FS Transmission Requirement.
- 14.5 Within 120 Days after the FS Deadline, the Participant shall (i) submit revisions to its Forward Showing Submittal, including, without limitation, additions or revisions to the Participant's Resource QCC, Net Contract QCC, or Demonstrated FS Transmission; (ii) in order to fully cure all identified deficiencies and demonstrate that such Participant's Portfolio QCC for each Month of the Binding Season equals or exceeds its FS Capacity Requirement; and (iii) fully provide Demonstrated FS Transmission for each Month of the Binding Season equals or exceeds its FS Transmission Requirement for the same Month of the Binding Season where WPP identified deficiencies.
- 14.5.1 Any Participant that fails to cure identified deficiencies in its Forward Showing Submittal within the period prescribed above shall be assessed an FS Deficiency Charge.

15. Transition Period

- 15.1 A Participant may elect a Binding Season during the Transition Period as the first Binding Season for which it will assume the obligations of demonstrating capacity and making surplus capacity available to other Participants and will receive the benefits of reliance upon other Participants' surplus capacity. As to such Participant, any Binding Season during the Transition Period occurring before the first Binding Season elected by such Participant shall be a Non-Binding Season. As to its elected Non-Binding Seasons, the Participant:
- 15.1.1 Shall not be subject to Capacity Deficiency Charges, Transmission Deficiency Charges, Holdback Requirements, Energy Deployment obligations, or Delivery Failure Charges;
 - 15.1.2 Shall submit Forward Showing Submittals but shall not be required to cure deficiencies;
 - 15.1.3 Shall not have a mandatory Holdback Requirement as a result of the Sharing Calculation;
 - 15.1.4 May receive Holdback capacity offered voluntarily by other Participants in accordance with Part III of this Tariff; and
 - 15.1.5 Shall have all rights and be subject to all obligations under Part I of this Tariff and the Participant's WRAPA, including, without limitation, voting rights, committee participation, and the obligation to pay the WRAP Administration Charge.
- 15.2 Any Participant that executes a WRAPA prior to January 1, 2023, shall provide any election of Non-Binding Seasons during the Transition Period no later than January 1, 2023. Any Participant that executes a WRAPA on or after January 1, 2023, shall provide any election of Non-Binding Seasons at the time of execution of its WRAPA. Such elections shall be in writing and in the form and manner provided in the Business Practice Manuals. A Participant that does not elect Non-Binding Seasons on or before the deadlines prescribed herein shall have no Non-Binding Seasons during the Transition Period.
- 15.3 No later than two years before the start of the first Binding Season elected by a Participant, the Participant may give written notification that unanticipated circumstances prevent it from participating in such Binding Season in a manner that will satisfy the requirements of Parts II and III of this Tariff. This deferral right shall continue for each Binding Season during the Transition Period that becomes the Participant's first Binding Season as a result of an election of such deferral right for a prior Binding Season. A Participant that fails to provide such notification will be subject to Parts II and III of this Tariff for the Binding Season then established as its first Binding Season during the Transition Period and for each Binding Season thereafter.

15.4 Within two years prior to the start of the first Binding Season of the WRAP, a Participant who has elected to participate in the first Binding Season may request a vote of all Participants who have elected to participate in the first Binding Season to delay implementation of the first Binding Season for up to two Seasons. Delayed implementation of the first Binding Season shall be approved if 75% of the Participants who elected to participate in the first Binding Season vote in favor of such delay, with approval requiring a vote of 75% of both the House and Senate vote tallies (as described in Sections 4.1.6.2.1 and 4.1.6.2.2 of this Tariff) of all Participants who elected to participate in the first Binding Season.

15.4.1 The deferral vote may only occur for the first Binding Season of the WRAP. If the Participants who elected to participate in the first Binding Season of the WRAP vote to delay implementation of the first Binding Season, all compliance charges for the Forward Showing Program and Operations Program are automatically deferred; except that the Participants may vote to delay implementation only of the Operations Program portion of the first Binding Season and retain the binding Forward Showing Program portion of the first Binding Season.

16. Components of the Forward Showing

16.1 FS Capacity Requirement. The FS Capacity Requirement shall be determined for each Participant on a monthly basis by applying the applicable Monthly FSPRM for a Month to such Participant's peak load forecast for that Month. The Participant's peak load forecast for a given Month of a Binding Season will be the P50 Peak Load Forecast for the Binding Season multiplied by a shaping factor based on the historic relationship, for such Participant, of the seasonal peak for the Winter Season or Summer Season, as applicable, and the monthly peaks for the Months in such season, as more fully described in the Business Practice Manuals.

16.1.1 P50 Peak Load Forecast. The P50 Peak Load Forecast is a peak load forecast prepared on a basis, such that the actual peak load is statistically expected to be as likely to be above the forecast as it is to be below the forecast. The Business Practice Manuals shall specify an approved load forecasting methodology for use by all Participants for their WRAP-required load forecasts which shall include (i) a base monthly peak derived from a recent historic period that recognizes additions and removals of load during the historic period, (ii) adjustments for known additions and removals of load during the forecast window; and (iii) a specified load growth factor.

16.1.2 FS Planning Reserve Margin

16.1.2.1 The FSPRM is an increment of resource adequacy supply needed to meet conditions of high demand in excess of the applicable peak load forecast and other conditions such as higher resource outages, expressed as a percentage of the applicable peak load forecast. The FSPRM shall be determined based on probabilistic analysis, taking account of uncertainties in generation and load, as the margin above peak load that provides an expectation of no more than a single event-day of loss of load in ten years (sometimes referred to herein as the "1-in-10 LOLE" or 0.1 annual LOLE). The FSPRM shall be determined in a manner that accounts for the governing principles of QCC value determinations set forth in Section 16.2.5 of this Tariff and shall employ the applicable peak load for the applicable Binding Season and Months. Additional details, assumptions, methodologies, and procedures for determination of the FSPRM shall be as set forth in the Business Practice Manuals.

16.1.2.2 WPP shall calculate in the Advance Assessment process the recommended Monthly FSPRM for each Month of each Binding Season, for approval by the Board of Directors as set forth in this Part II.

16.1.2.3 The FSPRM shall employ (i) a simulated resource stack using capacity accreditation principles consistent with those used for WRAP QCC determinations; (ii) an adjustment in the total WRAP-required QCC value as needed to meet a 1-in-10 LOLE, and (iii) while maintaining the 1-in-10 LOLE in (ii), include a monthly reduction of capacity to ensure that each Month has at least 0.01 annual LOLE. The FSPRM for a Month shall be the simulated QCC as adjusted to meet the 1-in-10 LOLE minus the P50 Peak Load Forecast for the Month, divided by the P50 Peak Load Forecast for the Month.

16.1.2.4 The FSPRM shall include an approximation of Contingency Reserves as set forth in the Business Practice Manuals.

16.1.3 Contingency Reserves Adjustment. A Participant's FS Capacity Requirement will be adjusted as set forth in the Business Practice Manuals to account for changes in Contingency Reserve requirements resulting from energy contract purchases and contract sales.

16.1.4 A Participant responsible for loads located in a Subregion for which an FSPRM value has been determined that is higher than the FSPRM value determined for a different Subregion may, in lieu of demonstrating a MW increment of Portfolio QCC otherwise required to satisfy such Participant's FS Capacity Requirement for a given Month, demonstrate in its Forward Showing Submittal, in accordance with the procedures and requirements set forth in the Business Practice Manuals, transmission service rights, which such Participant will make available during all hours of such Month for purposes of regional diversity sharing under the WRAP, of the type required by the FS Transmission Requirement, in a quantity, in addition to that required by the FS Transmission Requirement, that is no greater than the difference in the two FSPRM values multiplied by the Participant's P50 Peak Load Forecast, with the point of delivery in the Subregion with the higher FSPRM value and the point of receipt in the Subregion with the lower FSPRM value. The MW quantity of the additional transmission so demonstrated shall reduce for such Month, by the same MW quantity, the Portfolio QCC the Participant would otherwise be required to demonstrate to satisfy its FS Capacity Requirement for such Month. Each such offer shall identify the MW quantity, Month of service, point of receipt, and point of delivery of such transmission service rights, and such other information as specified in the Business Practice Manuals, and shall verify that the offered rights are NERC Priority 6 or NERC Priority 7 firm point-to-point transmission service. No Participant is obligated to offer any such transmission service rights, but any offer so made and not withdrawn before the deadline specified in the Business Practice Manuals shall be considered a binding offer of the identified

transmission service rights which may not be withdrawn before the end of the last Day of the Month for which such transmission service is offered.

16.2 Qualified Capacity Contribution

- 16.2.1 For each Participant and each Binding Season, the Forward Showing shall show and support the Portfolio QCC, which shall be the sum of the QCC of the Participant's Qualifying Resources ("Resource QCC"), the QCC of its contracted capacity ("Net Contract QCC"), and any transfers of capacity already accredited by another Participant ("Total RA Transfer," which could be positive or negative). The Portfolio QCC effective for a Binding Season shall be the value determined by WPP.
- 16.2.2 A resource will not be assigned a Resource QCC or counted toward Portfolio QCC unless it is a Qualifying Resource. Qualifying Resources are those that, before they are included in a Forward Showing Submittal, are first registered with WPP. A Participant seeking registration of a resource must submit a request for registration providing the resource information described in the Business Practice Manuals.
- 16.2.3 The minimum resource size for registration of a resource is 1 MW, provided, however, that Participants with responsibility for individual resources of less than 1 MW may aggregate them to meet the 1 MW minimum requirement, under the conditions and limitations specified in the Business Practice Manuals.
- 16.2.4 A Participant may include in its Forward Showing Submittal a request for an exception from its FS Capacity Requirement for an insufficiency of its Portfolio QCC solely due to (i) a catastrophic failure of one or more Qualifying Resources due to an event of Force Majeure as defined by Section 8.1 of this Tariff that (ii) the Participant is unable to replace on commercially reasonable terms prior to the FS Deadline as a result of the timing and magnitude of such catastrophic failure and its consequences. As more fully set forth in the Business Practice Manuals, such exception request shall be supported by a Senior Official Attestation. The exception request must include complete information on the nature, causes and consequences of the catastrophic failure, and must describe the Participant's specific, concrete efforts prior to the FS Deadline to secure replacement Qualifying Resources for the applicable Binding Season. WPP will consider the exception criteria established by this section, the information provided in the exception request, the completeness of the exception request, and other relevant data and information, in determining whether to grant or deny an FS Capacity Requirement exception request. WPP shall provide such determination no later than sixty days after submission of such Participant's FS Submittal containing such FS Capacity Requirement exception request. A Participant granted an exception hereunder must complete a monthly exception check report

demonstrating that either the circumstances necessitating the exception have not changed; or that Qualifying Resources have become available, and the Participant has acquired them and no longer requires the exception. Failure to timely submit a required monthly report will result in assessment of a Deficiency Charge, unless the deficiency is cured within seven days of notice of non-compliance. A Participant denied an exception request hereunder may appeal such denial to the Board of Directors in accordance with the procedures and deadlines set forth in the Business Practice Manuals. In such event, the requested exception shall be denied or permitted as, when and to the extent permitted by the Board, in accordance with the procedures and timing set forth in the Business Practice Manuals. WPP shall give notice of any exception granted hereunder in the time and manner provided by the Business Practice Manuals.

16.2.5 QCC: WPP shall determine QCC values for the resource types specified below in accordance with the governing principles specified below for each resource type, and consistent with further details specified for each resource type in the Business Practice Manuals.

16.2.5.1 For resources that use conventional thermal fuels, including but not limited to, coal, natural gas, nuclear, and biofuel, WPP will determine QCC based on an Unforced Capacity methodology that employs resource-specific capability testing and capability requirements to determine an Installed Capacity value, and a forced outage calculation methodology based on historic performance during Capacity Critical Hours over a specified multi-year period (excluding outages properly reported as “outside management control”), or based on class-average forced outage data, as specified in the Business Practice Manuals, if there is insufficient data on historic performance.

16.2.5.2 For resources that are Variable Energy Resources, including, but not limited to, wind and solar resources, WPP will determine QCC based on an ELCC methodology, that accounts for synergistic portfolio effects within and among VER types at different resource penetration levels that influence the extent to which the WRAP Region can rely on those VER categories to meet overall capacity needs.

16.2.5.2.1 For such purpose, a separate ELCC value will be calculated in the aggregate for all VER resources of a given type in an identified VER Zone, to be delineated in the Business Practice Manuals based on factors such as geography, performance, meteorological considerations, and penetration.

16.2.5.2.2 As more fully described in the Business Practice Manuals, the zonal aggregate VER-resource-type value will be calculated by (i) conducting a benchmark LOLE study that includes all resource types except the VER resource type being studied, employing a model and assumptions consistent with those used to calculate FSPRM, and adding, or subtracting, the same MW quantity of Pure Capacity to every hour of the applicable Binding Season until, respectively, an initial LOLE value above 0.1 day per year becomes 0.1 day per year, or an initial LOLE value below 0.1 day per year becomes 0.1 day per year; (ii) conducting an LOLE study that includes all resource types including the VER resource type being studied, employing a model and assumptions consistent with those used to calculate FSPRM, and adding, or subtracting, the same MW quantity of Pure Capacity to every hour of the applicable Binding Season until, respectively, an initial LOLE value above 0.1 day per year becomes 0.1 day per year, or an initial LOLE value below 0.1 day per year becomes 0.1 day per year; and (iii) subtracting the Pure Capacity value determined under subpart (ii) from the Pure Capacity value determined under subpart (i) (for which calculation a Pure Capacity value subtracted from each hour in either subpart (i) or subpart (ii) will be assigned a negative value; (iv) repeating steps (i) through (iii) for each year of the study period employing historic, or as necessary, synthesized, data; and (v) basing the aggregate value of the studied VER resource type for the studied VER Zone on the results of the calculation in step (iii) for the years studied, which may include differential weighting of the years studied as appropriate to improve the quality and predictive capacity of the final result.

16.2.5.2.3 The aggregate capacity calculated for each VER resource type in each VER Zone will then be allocated to VERs of that type in that VER Zone based on each such resource's average historical performance if at least three years of historical performance or three years of synthesized forecast data during the WRAP Region's CCH is available at the time of such allocation. If three years historical performance or synthesized forecast data

is not then available, the average ELCC from the VER Zone will be assigned.

- 16.2.5.3 For resources that are Energy Storage Resources, WPP will determine QCC based on an ELCC methodology comparable to that used for VERs. The ELCC methodology will model Energy Storage Resources at the level of their usable capacity that can be sustained for a minimum duration of four hours. An Energy Storage Resource need not have a nameplate rating that assumes a minimum of four hours in order to receive a QCC determination, but the QCC in that case will be scaled to reflect the capability that can be sustained for four hours, as more fully described in the Business Practice Manuals.
- 16.2.5.4 For Demand Response capacity resources, WPP will determine QCC by multiplying the load reduction in MWs by the number of hours the resource can demonstrate load reduction capability divided by five. To be a Qualifying Resource, a Demand Response capacity resource also must satisfy certain testing requirements; must be controllable and dispatchable by the Participant or by the host utility; and must not already be used as a load modifier in the Participant's load forecast, as further specified in the Business Practice Manuals.
- 16.2.5.5 For Storage Hydro Qualifying Resources, the Participant will calculate a QCC based on a methodology detailed in the Business Practice Manuals that: (i) considers each resource's actual generation output, residual generating capability, water in storage, reservoir levels, and flow or project constraints over the previous ten-year historical period; (ii) determines the project's QCC by assessing the historical generation during CCHs on any given day and ability to increase generation during CCHs on the same day, subject to useable water in storage, inflows/outflows, and expected project operating parameters/constraints and limitations; (iii) incorporates forced outage rates; and (iv) determines QCC as average contribution to the CCH for each Winter Season and Summer Season over the previous ten years. If ten years of historic data is not available for the Storage Hydro Qualifying Resource, the Participant may alternatively employ data on the same metrics from a demonstrably comparable facility or apply another method that provides reasonable confidence in the reliability of the predicted values, as more fully set forth in the Business Practice Manuals. The Participant's QCC calculation shall be subject to review and validation by WPP. In connection with such review, the Participant shall provide WPP with the following information necessary to calculate a QCC for

Storage Hydro Qualifying Resources: (i.a) historic reservoir elevation levels; (ii.a) historic plant generation; (iii.a) elevation versus capacity curves; (iv.a) any minimum or maximum reservoir level constraints; (v.a) forced outage rates; (vi.a) volume of water versus reservoir elevation storage tables; and (vii.a) turbine discharge versus generation efficiency curve.

16.2.5.6 For Run of River Qualifying Resources, WPP will determine QCC based on the monthly average performance of such resource during Capacity Critical Hours, as further specified in the Business Practice Manuals

16.2.5.7 For resources that (i) are not within the meaning of any of Sections 16.2.5.1 through 16.2.5.5, and that (ii) either (a) are not dispatchable; or (b) require the purchaser of energy from the resource to take energy as available from such resource, including but not limited to a qualifying facility as defined under the Public Utility Regulatory Policies Act of 1978, WPP will determine QCC based on the monthly average performance of such resource during Capacity Critical Hours, as further specified in the Business Practice Manuals.

16.2.6 Net Contract QCC: WPP shall determine Net Contract QCC for the agreement types specified below in accordance with the governing principles specified below for each agreement type, and consistent with further details specified for each agreement type in the Business Practice Manuals. Net Contract QCC may be either positive or negative, to take account of, for example, a Participant's agreements for the sale of capacity to any other party.

16.2.6.1 Absent one of the exceptions described and limited below, capacity supply agreements qualifying for a Net Contract QCC in the WRAP must be resource specific, and therefore must include, among other requirements, an identified source, an assurance that the capacity is not used for another entity's resource adequacy requirements, an assurance that the seller will not fail to deliver in order to meet other supply obligations, and affirmation of NERC priority 6 or 7 firm point-to-point transmission service rights or network integration transmission service rights from the identified resource to the point of delivery/load. The specific resources identified in a capacity supply agreement qualifying for Net Contract QCC shall meet the same Resource QCC accreditation requirements for the given resource type, as specified in Section 16.2.5.

16.2.6.2 A system sales contract can qualify for a Net Contract QCC value, provided that if the seller is not a Participant, the system

capacity that is the subject of the agreement must be deemed surplus to the seller's estimated needs, there must be an assurance that the seller will not fail to deliver in order to meet other commercial obligations, and there must be NERC priority 6 or 7 firm point-to-point transmission service rights or network integration transmission service rights from the identified resource) to the point of delivery/load. Surplus status may be demonstrated by a Senior Official Attestation with pertinent supporting details for such surplus status, including written assent of the non-Participant Seller, secured by the purchasing Participant. Such attestation is not required if the seller is a Participant, because the information needed to verify surplus status is already available.

16.2.6.3 A supply agreement entered into prior to October 1, 2021 ("Legacy Agreement") can qualify for a Net Contract QCC value; provided that where a legacy agreement does not identify the source, it must be possible for WPP to presume a source or sources for the contract, including with the written assent of the supplier under such Legacy Agreement, conveyed in the form and manner set forth in the Business Practice Manuals. A Legacy Agreement for which such resource determination cannot be reasonably made will not be counted as adding to the Portfolio QCC.

16.2.7 Total RA Transfer: A Participant may agree with another Participant on a transfer of a portion of their FS Capacity Requirement ("RA Transfer"), provided that the details and duration of such transfer are reported to WPP for validation in accordance with procedures and information requirements specified in the Business Practice Manuals. Where such transfers have been duly reported and validated, an RA Transfer will be added to the purchasing Participant's Portfolio QCC and subtracted from the selling Participant's Portfolio QCC.

16.2.8 Planned Outages: Participants shall include in their Forward Showing Submittal for a Binding Season information on all Qualifying Resources that are currently out of service with a scheduled return date that falls during the Binding Season. Capacity associated with such resources must be deducted from Participants' Portfolio QCC as specified in the Business Practice Manuals to ensure no credit is granted for such resources during the planned outage. The aggregate of any additional outages that are planned to occur during the Binding Season but have not yet begun at the time of submission must be within the Participant's remaining surplus (or replaced with other supply). Participants may provide information on all Qualifying Resources that are planned to be out of service but if such data cannot be supplied with reasonable specificity, a Participant may provide a Senior Official Attestation at the time of the submission of its FS

Submittal that it expects the sum of planned outages to be equal to or less than the surplus stated in its FS Submittal throughout the Binding Season.

16.2.8.1 If a Qualifying Resource is planned to return to service within the first five days of a Binding Season, WPP may approve a qualified acceptance of the FS Submittal, provided the deficiency is less than 500 MW.

16.2.8.2 A planned outage shall not justify a waiver of or exception to a Participant's holdback or energy delivery obligations under Part III of this Tariff. Participants will be expected to procure the necessary capacity or energy to meet the Operations Program requirements, regardless of planned outage schedules or FS Submittal acceptance.

16.3 FS Transmission Requirement

16.3.1 As part of its Forward Showing Submittal for a Binding Season, each Participant must demonstrate, as specified in the Business Practice Manuals, that it has secured firm transmission service rights, including under supply arrangements with a third party that holds or has committed transmission service rights, sufficient to deliver a MW quantity equal to at least 75% of the MW quantity of its FS Capacity Requirement. To the extent a Participant holds transmission service rights with a point of receipt at a Qualifying Resource, or in connection with an RA Transfer to such Participant, any such rights from such point in a MW quantity, respectively, in excess of the QCC of such Qualifying Resource, or in excess of the value of such RA Transfer, shall not contribute toward satisfaction of such Participant's FS Transmission Requirement. The FS Transmission Requirement must be met with NERC Priority 6 or NERC Priority 7 firm point-to-point transmission service or network integration transmission service, from such Participant's Qualifying Resource(s) or from the delivery points for the resources identified for its Net Contract QCC or for its RA Transfer to such Participant's load. Notwithstanding the foregoing, authorized use of Capacity Benefit Margin will satisfy the FS Transmission Requirement. Demonstration of the FS Transmission Requirement shall not, in and of itself, relieve any Participant of responsibility for a Delivery Failure Charge as determined under Section 20.7 if such Participant's failure to obtain or maintain firm transmission service of the type and quantity expected by the Operations Program, as described in Section 20.6 of this Tariff, caused or contributed to an Energy Delivery Failure.

16.3.2 A Participant may include in its Forward Showing Submittal a request for an exception from a limited part of its FS Transmission Requirement, provided the exception request meets the terms, conditions, and limitations of one or more of the following four exception categories:

16.3.2.1 Enduring Constraints. Participant is unable to demonstrate sufficient NERC Priority 6 or NERC Priority 7 firm point-to-point or network integration transmission service rights on any single segment of a source to sink path for a Qualifying Resource; and Participant demonstrates that no ATC for such transmission service rights is available (either from the transmission service provider or through a secondary market) at the FS Deadline on the applicable segment for the Month(s) needed (for a duration of one year or less) at the applicable Open Access Transmission Tariff rate or less; and Participant submits a Senior Official Attestation that Participant has taken commercially reasonable efforts to procure firm transmission service rights, and that Participant has posted Firm Transmission Requirements on a relevant bulletin board prior to the FS Deadline. In the event such transmission service rights are only available for a duration of more than one year (whether from the transmission service provider or through a secondary market) at the FS Deadline on the applicable segment for the Month(s) needed at the applicable Open Access Transmission Tariff rate or less, a Participant is not required to obtain such service in order to qualify for the Enduring Constraints exception hereunder. Notwithstanding the foregoing, if such Participant declines to obtain such available service and is granted the exception hereunder, such Participant shall not qualify for an exception hereunder for the same path (or across the same constraint) for the same season of the subsequent year if the Participant again declines to obtain such transmission service rights that are available for a duration of more than one year. In addition to the foregoing, Participant must further demonstrate that there was remaining available transmission transfer capability (i.e., non-firm ATC after the fact) for all CCHs in the same season of the most recent year for which CCHs have been calculated; or, if the path was constrained in at least one CCH of the CCHs in the same season of the most recent year for which CCHs have been calculated, Participant in that case must demonstrate either that it is constructing or contracting for a new local resource for at least the amount of the exception requested, or that it is pursuing long-term firm transmission service rights by entering the long-term queue and taking all appropriate steps to obtain at least the amount of the exception requested.

16.3.2.2 Future Firm ATC Expected. Participant demonstrates that ATC for NERC Priority 6 or NERC Priority 7 firm point-to-point or network integration transmission service rights is not posted or available prior to the FS Deadline (for a duration of one year or less) at the applicable Open Access Transmission Tariff rate or less, and that the transmission service provider has, after the FS Deadline, released additional ATC for such transmission service

rights in every one of the CCHs of the most recent year for which CCHs have been calculated on the applicable path. In the event ATC for such transmission service rights is only posted or available prior to the FS Deadline for a duration of more than one year (whether from the transmission service provider or through a secondary market) on the applicable segment for the Month(s) needed at the applicable Open Access Transmission Tariff rate or less, a Participant is not required to obtain such service in order to qualify for the Future Firm ATC Expected exception hereunder. Notwithstanding the foregoing, if such Participant declines to obtain such available service and is granted the exception hereunder, such Participant shall not qualify for an exception hereunder for the same path (or across the same constraint) for the same season of the subsequent year if the Participant again declines to obtain such transmission service rights that are available for a duration of more than one year. The Participant must also demonstrate that the exception request meets volume and duration limitations specified in the Business Practice Manuals.

16.3.2.3 Transmission Outages and Derates. Participant demonstrates that an applicable segment of its existing transmission service rights from its source to sink path for its Qualifying Resource is expected to be derated or out-of-service and the ATC for NERC Priority 6 or NERC Priority 7 firm point-to-point or network integration transmission service rights is not otherwise available, and that the exception request meets volume and duration limitations specified in the Business Practice Manuals.

16.3.2.4 Counterflow of a Qualifying Resource. Participant demonstrates that either: (i) Participant's use of firm transmission service in connection with the delivery of capacity from Participant's Qualifying Resource (or from the resource associated with its Net Contract QCC) to Participant's load (or other qualifying delivery point permitted by the WRAP) or (ii) a second Participant's use of firm transmission service in connection with the delivery of capacity from the second Participant's Qualifying Resource (or from the resource associated with its Net Contract QCC) to the second Participant's load (or other qualifying delivery point permitted by the WRAP) provides a direct and proportional counterflow transmission that supports the first Participant's delivery of capacity from the first Participant's Qualifying Resource (or from the resource associated with its Net Contract QCC) to the first Participant's load (or other qualifying delivery point permitted by the WRAP) Qualifying Resource to their load. If the exception is requested under subpart (ii) of this subsection, the Participant requesting the exception shall include a written

acknowledgement from the second Participant that it is aware of such exception request.

As more fully set forth in the Business Practice Manuals, such exceptions may be subject to overall WRAP limits, and shall be supported by a Senior Official Attestation. WPP will consider the exception category terms, conditions and limitations set forth above, and may consider the completeness of the exception request, information from transmission service providers, OASIS data, and data readily available to WPP from other reliable and validated sources concerning the duration, timing, firmness and quantity of available transmission service or equivalent options (including transmission construction), in determining whether to grant or deny a transmission exception request. WPP shall provide such determination no later than sixty days after submission of such Participant's FS Submittal containing such transmission exception request. A Participant denied an exception request hereunder may appeal such denial to the Board of Directors in accordance with the procedures and deadlines set forth in the Business Practice Manuals. In such event, the requested exception shall be denied or permitted as, when and to the extent permitted by the Board, in accordance with the procedures and timing set forth in the Business Practice Manuals. WPP shall give notice of any exception granted hereunder in the time and manner provided by the Business Practice Manuals.

A Participant granted a transmission exception under either Section 16.3.2.1 or Section 16.3.2.2 must complete a monthly transmission exception check report demonstrating that either (i) the circumstances necessitating the exception have not changed; (ii) transmission has become available and the Participant has acquired it; or (iii) the Participant has acquired a different resource, and associated transmission service rights, and no longer requires the exception. Failure to timely submit a required monthly report will result in assessment of a Deficiency Charge, unless the deficiency is cured within seven days of notice of non-compliance.

- 16.3.3 To the extent a Participant does not demonstrate satisfaction of its FS Transmission Requirement by the FS Deadline, the Participant may correct any such deficiency on or before the end of the cure period prescribed by Section 14.5 of this Tariff to avoid a Deficiency Charge.
- 16.3.4. Any deficiency of transmission service rights ultimately determined by WPP will be treated, for purposes of Deficiency Charge determinations, as in conjunction with, and not additive to, any deficiencies of QCC determined pursuant to Section 16.2.

17. Forward Showing Deficiency Charge

- 17.1 If a Participant fails during the cure period to demonstrate that it has resolved any identified deficiencies in either or both of its FS Capacity Requirement and its FS Transmission Requirement, the Participant will be assessed a Deficiency Charge for each Month for which a deficiency is identified in accordance with this section. In such case, the deficiency for which the Participant will be assessed a Deficiency Charge will be calculated in accordance with the following:

Participant's Monthly Capacity Deficiency = Maximum of (Monthly FS Capacity Requirement – Monthly Portfolio QCC, 0)

Participant's Monthly Transmission Deficiency (MW) = Maximum of ((75% × Monthly FS Capacity Requirement) – (Monthly Transmission Demonstrated + Approved Monthly Transmission Exemptions), 0)

Where Monthly Transmission Demonstrated is the amount of transmission service rights submitted by a Participant per the requirements in Section 16.3 and validated by WPP for each month.

Monthly Deficiency (MW) = Maximum of (Monthly Capacity Deficiency, Monthly Transmission Deficiency)

- 17.2 A Participant's Deficiency Charges shall be calculated as set forth in this Section 17.2, subject to the Transition Period rules in Section 17.3, and shall take account of multiple Monthly Deficiencies within a Forward Showing for a single Binding Season, and multiple Deficiencies across a Forward Showing Year, consisting of a Summer Season and the immediately succeeding Winter Season, in accordance with the following:

- 17.2.1 The Monthly Deficiency with the highest MW value in a Forward Showing for a Summer Season shall be assessed a Deficiency Charge equal to:

Max Summer Deficiency (MW) × Annual CONE (\$/kW-year) × 1000 × Summer Season Annual CONE Factor

- 17.2.2 Any other Monthly Deficiency in the Participant's Forward Showing for the same Summer Season shall be assessed a Deficiency Charge equal to:

Additional Summer Deficiency (MW) × (Annual CONE (\$/kW-year)/12) × 1000 × 200%

- 17.2.3 Any Monthly Deficiency in the Forward Showing for the immediately succeeding Winter Season with a higher MW value than the highest MW value of the Monthly Deficiency in the Summer Season shall be assessed a Deficiency Charge on the incremental MW value above the Summer Season equal to:

Maximum of (Max Winter Deficiency – Max Summer Deficiency, 0) (MW) × Annual CONE (\$/kW-year) × 1000 × Winter Season Annual CONE Factor

and in such case where there is a Monthly Deficiency in the Winter Season with a higher MW value than the highest MW value of any Monthly Deficiency in the Summer Season, the Monthly Deficiency with the highest MW value in the Summer Season shall be assessed an additional Deficiency Charge calculated in accordance with Section 17.2.2.

- 17.2.4 Any other Monthly Deficiency in the Participant’s Forward Showing Submittal for the same Winter Season shall be assessed a Deficiency Charge equal to:

Additional Winter Capacity Deficiency × (Annual CONE/12) × 1000 × 200%

- 17.2.5 For purposes of the above, CONE is the estimated cost of new entry of a new peaking natural gas-fired generation facility. The CONE estimate shall be based on publicly available information relevant to the estimated annual capital and fixed operating costs of a hypothetical natural gas-fired peaking facility. The CONE estimate shall not consider the anticipated net revenue from the sale of capacity, energy, or ancillary services from the hypothetical facility, nor shall it consider variable operating costs necessary for generating energy.

- 17.2.6 WPP shall review the CONE estimate annually for a possible update. Any proposed changes in the CONE estimate shall be subject to review through the stakeholder process for program rule changes.

- 17.2.7 The Summer Season Annual CONE Factor shall vary based on the ratio (“Summer % Deficit”) of the Aggregate Capacity Deficiency for the WRAP as a whole for that Summer Season, divided by the P50 Peak Load Forecast for the Summer Season, as follows:

If the Summer % Deficit is less than 1%, the Summer Season Annual CONE Factor = 125%

If the Summer % Deficit is greater than 1% but less than 2%, the Summer Season Annual CONE Factor = 150%

If the Summer % Deficit is greater than 2% but less than 3%, the Summer Season Annual CONE Factor = 175%

If the Summer % Deficit is greater than 3%, the Summer Season Annual CONE Factor = 200%

17.2.8 The Winter Season Annual CONE Factor shall vary based on the ratio (“Winter % Deficit”) of the Aggregate Capacity Deficiency for the WRAP as a whole for that Winter Season, divided by the P50 Peak Load Forecast for the Winter Season, as follows:

If the Winter % Deficit is less than 1%, the Winter Season Annual CONE Factor = 125%

If the Winter % Deficit is greater than 1% but less than 2%, the Winter Season Annual CONE Factor = 150%

If the Winter % Deficit is greater than 2% but less than 3%, the Winter Season Annual CONE Factor = 175%

If the Winter % Deficit is greater than 3%, the Winter Season Annual CONE Factor = 200%

17.2.9 Notwithstanding Sections 17.2.7 and 17.2.8, if there is either a Summer % Deficit or a Winter % Deficit in a Forward Showing Year, then for the immediately following Forward Showing Year, both the Summer Season Annual CONE Factor and the Winter Season Annual CONE Factor shall be 200%.

17.2.10. Subject to the Transition Period rules in Section 17.3, revenues from the payment of Deficiency Charges as to a Binding Season shall be allocated among those Participants with no Deficiency Charges for that Binding Season, pro rata based on each Participant’s share of all such Participants’ Median Monthly P50 Peak Loads for such Binding Season.

17.3 During the Transition Period, Deficiency Charges otherwise calculated under Section 17.2 shall be reduced as, when, and to the extent, and subject to the conditions, provided in Section 17.3.2; and revenue allocations otherwise calculated under Section 17.2 shall be adjusted as, when, and to the extent, and subject to the conditions, provided in Section 17.3.4.

17.3.1. During the Transition Period, a Participant with a Monthly Capacity Deficiency can pay a reduced Deficiency Charge for so much of such Monthly Capacity Deficiency as was due to an Excused Transition Deficit. To obtain an Excused Transition Deficit for a Binding Season, the Participant must provide a Senior Official Attestation attesting that the Participant has made commercially reasonable efforts to secure Qualifying Resources in the quantity needed to satisfy the Participant’s FS Capacity Requirement for the Binding Season, but is unable to obtain Qualifying Resources in the quantity required for the Binding Season because the supply of such resources on a timely basis and on commercially reasonable terms is at that time inadequate. Excused Transition Deficits are not

resource specific, relate to a MW quantity of the Participant's FS Capacity Requirement, and are limited for each Participant as to a Binding Season during the Transition Period to a maximum permissible MW quantity equal to a percentage value times the FSPRM applicable to such Participant for all Forward Showing Submittals submitted by such Participant for such Binding Season. For purposes of such calculation, the percentage value is 75% for each of the 2025 Summer Season and 2025-2026 Winter Season, 50% for each of the 2026 Summer Season and 2026-2027 Winter Season, and 25% for each of the 2027 Summer Season and 2027-2028 Winter Season.

- 17.3.2 A Participant will pay a reduced Deficiency Charge as to the portion of its Monthly Capacity Deficiency for which it obtained an Excused Transition Deficit. The Deficiency Charge otherwise applicable to such Participant under Section 17.2 shall be reduced by a percentage value equal to 75% for each of the 2025 Summer Season and 2025-2026 Winter Season, 50% for each of the 2026 Summer Season and 2026-2027 Winter Season, and 25% for each of the 2027 Summer Season and 2027-2028 Winter Season. The Participant will be assessed a Deficiency Charge calculated under Section 17.2, without reduction or adjustment, for any of its Monthly Capacity Deficiency that is in excess of the amount of such deficiency for which it obtained an Excused Transition Deficit.
- 17.3.3 Whether or not a Participant obtains an Excused Transition Deficit as to a Binding Season, the Participant may reduce a Monthly Capacity Deficiency otherwise calculated under Section 17.1 for a Binding Season during the Transition Period to the extent such deficiency is due to the Participant's inability to obtain assent from the supplier under a Legacy Agreement to the accreditation required for such Legacy Agreement under Part II of this Tariff and the Business Practice Manuals. To obtain such relief, the Participant must provide a Senior Official Attestation attesting that the Participant made commercially reasonable efforts to execute the required accreditation form with the supplier under the Legacy Agreement, but the supplier was unable or unwilling to counter sign the accreditation form. The reduction in Monthly Capacity Deficiency permitted by this Section 17.3.3 as to any Participant for all Forward Showing Submittals submitted by such Participant for any Binding Season during the Transition Period shall not exceed a MW quantity equal to 25% times the FSPRM applicable for such Participant for such Binding Season. To the extent a Participant reduces a Monthly Capacity Deficiency under this subsection, the percentage of the Participant's FSPRM corresponding to the reduction hereunder shall reduce the maximum permissible percentage of FSPRM reduction allowed under Section 17.3.1 for Excused Transition Deficits for the same Binding Season.
- 17.3.4 A Participant that, as a result of application of this Section 17.3, pays no Deficiency Charge as to a Binding Season, shall not be deemed a "Participant[] with no Deficiency Charges" for purposes of Section

17.2.10, and shall not receive an allocation of revenues from the payment of Deficiency Charges as to such Binding Season.

PART III OPERATIONS PROGRAM

18. Operations Program Overview

- 18.1 The Operations Program facilitates access to collective capacity made available through regional load and resource diversity of all Participants under the terms of this Part III.
- 18.2 The Operations Program evaluates forecasted system conditions across the seven-day period (“Multi-Day-Ahead Assessment”) preceding the Operating Day, commencing at the outset of the assessment period with an initial Sharing Calculation and initial identification of potential Sharing Events for the Operating Day. The assessment is refined as forecasted conditions for the Operating Day are revised and established on the Preschedule Day, a Holdback Requirement for any Sharing Events is then identified. To the extent a Sharing Event continues to be identified for the Operating Day, Holdback Requirements shall be converted into Energy Deployments on the Operating Day.
- 18.3 The Operations Program prescribes pricing designed to incent Participants to resolve any forecast Operating Day deficiencies before the Operating Day, including through transactions outside the Operations Program, and to fully compensate Participants that provide support through the Operations Program to Participants with Operating Day deficiencies.

19. Operations Program Timeline and Supporting Information

- 19.1 The Multi-Day Ahead Assessment is conducted for the seven rolling days before each Operating Day. WPP shall prepare and post a forecast for the Operating Day on the first day of the Multi-Day-Ahead Assessment, revise the forecast each day thereafter, including on the Preschedule Day, and then revise the forecast hourly into the Operating Day during any Sharing Event.
- 19.2 The Operations Program, during any Binding Season, shall rely on and employ (among other data) the following information from the Forward Showings for such Binding Season: (i) the P50 Peak Load Forecast for each Participant; (ii) the Monthly FSPRMs for each Participant during such Binding Season; (iii) expected performance by Qualifying Resource type and any RA Transfers; (iv) expected forced outage rates by resource type; (v) expected Contingency Reserves; and (vi) firm transmission service rights made available for purposes of regional diversity sharing under the WRAP, as demonstrated by Participants in their Forward Showing Submittals, as permitted under Part II of this Tariff, which shall be assumed to be available for all hours of each Month for which such firm transmission service rights were made available.
- 19.3 To facilitate WPP's conduct of the Multi-Day-Ahead Assessment, each Participant shall provide the Program Operator information relevant to the Participant's expected demand and supply conditions on each Operating Day, of the type, in the manner, and with the frequency, specified in the Business Practice Manuals.
- 19.4 Each Participant in any Subregion identified in the Business Practice Manuals as not containing a central transmission hub permitting energy deliveries to that hub from any point within such Subregion, shall, in addition to providing the information required by Section 19.3, identify, on or before the deadline during the Preschedule Day specified in the Business Practice Manuals, for each Hour of the Operating Day each point to which it can deliver energy, each point at which it can take receipt of energy, the quantity it can deliver or receive at each such point, and a numeric factor intended to prioritize use of transmission made available by Participants with positive Sharing Calculations and needed by Participants with negative Sharing Calculations for each such hour, employing for such purpose the numeric factor developed by WPP with input from the stakeholder committees identified for such input in the Business Practice Manuals. A Participant with a positive Sharing Calculation for an hour must provide a total quantity for all identified points at which it can deliver that is no less than the amount of its positive Sharing Calculation for such hour (adjusted as necessary for any RA Transfer in accordance with Section 20.1.2). A Participant with a negative Sharing Calculation for an hour must provide a total quantity for all identified points at which it can take receipt that is no less than the amount of its negative Sharing Calculation for such hour (adjusted as necessary for any RA Transfer in accordance with Section 20.1.2). Participants shall provide this same information for each Operating Day on an expected or preliminary basis on each day of the Multi-Day-Ahead Assessment

following, and based on, the expected Holdback Requirement estimates provided on each such day for the Operating Day.

- 19.5 Any Participant may, at its sole election, in addition to the information and priorities provided pursuant to Section 18.4, offer on the Preschedule Day additional holdback capacity, or additional transmission service rights, including intermediate or wheeling transmission service, for use by other Participants under Part III of this Tariff. Any such offer shall include for such offered holdback or transmission service rights the same type of point of receipt, point of delivery, quantity, and numeric factor information required by Section 19.4 as well as any associated or resulting limit on such Participant's offered holdback.

20. Components of the Operations Program

20.1 Sharing Requirement

20.1.1 WPP shall implement, as more fully described in the Business Practice Manuals, with respect to each Forward Showing Submittal accepted by WPP for a Participant under Part II of this Tariff, or with respect to each Subregion in which the Participant is responsible for load regardless of whether the Participant submitted a single Forward Showing Submittal encompassing its loads in both Subregions, the following Sharing Calculation to identify any hour in which any Participant is forecast to have a capacity deficit (known as a “Sharing Event”). This calculation takes into account changes in a Participant’s resource availability, resource performance, forecast load, and Contingency Reserves relative to the Forward Showing, plus an Uncertainty Factor. The Sharing Requirement is equal to:

$$[\mathbf{P50 + FSPRM - Regional Diversity Transmission - \Delta Forced Outages + \Delta RoR Performance + \Delta VER Performance}] - [\mathbf{Load Forecast + \Delta CR + Uncertainty Factor}]$$

Where:

P50 refers to the Participant’s Monthly P50 Peak Load for that Binding Season’s month;

FSPRM refers to the MW quantity of the FSPRM percentage applied to the Participant P50 Peak Load Forecast for that Participant for that Binding Season;

Regional Diversity Transmission refers to the MW quantity of additional transmission service rights made available for purposes of regional diversity sharing under the WRAP, as demonstrated by the Participant in its Forward Showing Submittal in lieu of demonstrating an equal MW quantity of Portfolio QCC, as permitted under Part II of this Tariff; provided that when separate Sharing Calculations are performed for each of two Subregions in which a Participant is responsible for load, the Regional Diversity Transmission shall be equal to the lower of (i) the additional firm transmission service rights (above that required for the FS Transmission Requirement) demonstrated in the Participant’s Forward Showing Submittal and (ii) the additional firm transmission service rights (above that required for the FS Transmission Requirement) demonstrated in the Participant’s Forward Showing Submittal minus any transfer made from the Subregion with the lower PRM to the Subregion with the higher FS PRM to address all or part of a negative Sharing Calculation result in the Subregion with the higher FSPRM.

Δ Forced Outages refers, for the subject hour, to: (i) any change in forced outages of any of the thermal resources included in the Participant's Portfolio QCC, relative to the forced outages assumed in the Forward Showing Submittal by application of the Forced Outage Factor; (ii) any change in forced outages of any of the Storage Hydro Qualifying Resources relative to the forced outages assumed in the calculation of the Participant's Resource QCC as more fully described in the Business Practice Manuals; and (iii) any impacts of transmission conditions on previously acquired firm transmission service rights that result in capacity reductions up to the level of the Resource QCC of the associated Qualifying Resource;

ΔRoR Performance refers to any change, for the subject hour, in expected performance of any of the run-of-river resources in the Participant's Portfolio QCC relative to the QCC of that Qualifying Resource;

ΔVER Performance refers to any change, for the subject hour, in expected performance of the VER Resources in the Participant's Portfolio QCC relative to the QCC of that Qualifying Resource;

Load Forecast refers to the forecast of expected load for the subject hour for the loads for which the Participant is responsible;

ΔCR refers to any change in Contingency Reserves for the subject hour, relative to that assumed in the Participant's Forward Showing Submittal; and

Uncertainty Factor refers to a factor determined by WPP, as more fully set forth in the Business Practice Manuals, to account for the potential variance between forecasts of load, solar resources, wind resources, and run-of-river resources, and the Operating Day conditions of such load and resources based on historic data.

- 20.1.2 In addition to the foregoing, the Sharing Calculation for a Participant that is a purchaser of an RA Transfer shall be performed in two passes, with and without such purchase. If the result of assuming in the first pass that the Participant had not purchased the RA Transfer is that the Participant has a negative Sharing Calculation, then the Participant that sold the RA Transfer must agree, for the time period addressed by the Sharing Calculation, to an energy delivery to the Participant that purchased the RA Transfer, in an amount equal to the lesser of: (i) the MW quantity needed to result in a net zero Sharing Calculation for the Participant that purchased the RA Transfer; and (ii) the MW amount of the RA Transfer. If the result of recognizing the Participant's purchase of the RA Transfer in the second pass is that the Participant has a positive Sharing Calculation, then the Participant that sold the RA Transfer must assume a share of the purchasing Participant's resulting obligation to the Operations Program in an amount equal to the

MW quantity of the RA Transfer, minus the MW quantity of the delivery made by the seller of the RA Transfer to the purchaser of the RA Transfer as a result of the first pass.

20.1.3 The Sharing Calculation of any Participant that was found to have a Monthly Capacity Deficiency under Sections 16.1 and 16.2, for which such Participant paid an FS Deficiency Charge, including any Deficiency Charge reduced by application of Section 17.3 during the Transition Period, shall be reduced by the MW quantity of such Monthly Deficiency. During the Transition Period, a Participant that had a Deficiency Charge as to a Binding Season reduced by application of Section 17.3 shall receive a lesser priority to Holdback and Energy Deployments during such Binding Season relative to Participants that, as to the same Binding Season, had no Monthly Capacity Deficiency under Sections 16.1 and 16.2, or had a Monthly Capacity Deficiency under those sections but obtained no reduction in the Deficiency Charge under Section 17.3. Such priority shall apply only in the event that during a Sharing Event, there is insufficient Holdback available to satisfy the deficits of all Participants with a negative Sharing Calculation, or in the event that there is insufficient Energy Deployment available to satisfy the deficit positions of all Participants that confirmed a need for Energy Deployment. In either such event, the Holdback, or Energy Deployment, available to Participants that had their Deficiency Charges reduced by Section 17.3 shall be limited to that available after satisfying the deficit positions of Participants that did not had no Monthly Capacity Deficiency under Sections 16.1 and 16.2, or had a Monthly Capacity Deficiency under those sections but obtained no reduction in their Deficiency Charge under Section 17.3.

20.2 Holdback Requirement

20.2.1 To the extent that: (i) WPP's application of the Sharing Calculation identifies on the Pre-Schedule Day a Sharing Event for any hour(s) of the Operating Day; and (ii) the Participant(s) found to be deficient for such hour(s) by the Sharing Calculation confirms to the WPP, in accordance with notification and confirmation procedures set forth in the Business Practice Manuals, such Participant's need for capacity for such hour(s), then WPP shall determine the Participants having a Holdback Requirement for such hour(s) and the quantity of the Holdback Requirement for each such Participant in accordance with the following Holdback Calculation:

$$\text{Participant Holdback Requirement} = \text{Participant Sharing Ratio} \times \text{Total Program Sharing Requirement}$$

where:

Participant Sharing Ratio = [the positive Sharing Requirement, if any, calculated for such Participant] / Σ positive Sharing Requirements of all Participants having a positive Sharing Requirement for such hour]

Total Program Sharing Requirement = $\text{abs}(\Sigma \text{ negative Sharing Requirements of all Participants having a negative Sharing Requirement for such hour})$

Holdback Requirements shall be expressed as whole MWs for each hour for which they are estimated or established and shall not be specific to any Qualifying Resource.

20.2.2 Absent a Holdback Requirement Transfer as described below, a Participant's Holdback Requirement for any hour of an Operating Day shall not exceed the level first set by WPP on the Preschedule Day for that Participant for that hour. Prior to establishing the Holdback Requirement for an hour of an Operating Day, WPP, during the Multi-Day-Ahead Assessment, will estimate, and provide to affected Participants, an expected Holdback Requirement for such hour of the Operating Day. As expected, conditions change over the Multi-Day-Ahead Assessment, WPP may adjust its estimate of the expected Holdback Requirement for such hour, applying the same considerations and principles set forth in Section 20.3.1 for a release of a Holdback Requirement, as well as the same process and considerations for early release of Holdback Requirement set forth in Section 20.3.1.1. When WPP notifies affected Participants of such reduction, the Holdback Requirement established on the Preschedule Day shall not exceed the reduced level previously estimated by WPP for such hour.

20.2.3 Any Participant may agree with any other Participant for the first Participant to transfer to the second Participant some or all of the Holdback Requirement established for the first Participant for any hour on any Operating Day. Any such Holdback Requirement Transfer shall be a bilateral arrangement settled outside the Operations Program, provided, however, that both Participants must timely notify WPP, by the time and in the manner described in the Business Practice Manuals, of such Holdback Requirement Transfer. Any necessary transmission arrangements and any transaction settlements shall be the sole responsibility of the Participants that are the parties to such bilateral arrangement.

20.3 Release of Holdback Requirement

20.3.1 As detailed in the Business Practice Manuals, WPP will review Holdback Requirements for each hour of an Operating Day following the establishment during the Preschedule Day of any Holdback Requirement for that hour. To the extent the WPP determines any Holdback Requirements can be reduced, it shall release all or a portion of Participants'

Holdback Requirements. WPP will permit a release of Holdback Requirements to the extent WPP has not applied a Safety Margin for such hour and (i) WPP's continued Sharing Calculations determine that no Participant has a negative Sharing Requirement for such hour; and (ii) WPP determines there is a low probability of a Sharing Event for the hour; or (iii) WPP grants a Participant's request for extenuating circumstances of all or any portion of that Participant's Holdback Requirement for the hour.

20.3.1.1 In advance of the process described in Section 20.3.1 WPP may, on its own or in response to a Participant request, set a ceiling on the Holdback Requirement based on application of the same considerations set forth in Section 20.3.1 for a release of a Holdback Requirement.

20.3.2 Upon release of all or any portion of a Holdback Requirement, the quantity of Holdback Requirement so released shall no longer be subject to an Energy Deployment requirement under the Operations Program for the subject hour.

20.3.3 No Holdback Requirement transfer for any hour shall be permitted if notice of such bilateral transaction is not fully reported to WPP, in the form required by the Business Practice Manuals, by 120 minutes before the start of such hour.

20.4 Energy Deployment

20.4.1 Participants shall provide energy during an hour, in support of any Participants with a negative Sharing Requirement and a confirmed need for energy under the Operations Program for such hour, in accordance with WPP's calculation of the Energy Deployment for such hour.

20.4.1.1 For any hour, as to any Subregion identified in the Business Practice Manuals as containing a central transmission hub permitting energy deliveries to that hub from any point within such Subregion, the total Energy Deployment required of all Participants that are subject to Energy Deployment shall equal the sum, in MWh for that hour, of the energy confirmed as being needed in that hour by Participants in such Subregion with negative Sharing Requirements in such hour, to the extent that can be supported by the Program. The Energy Deployment required from a Participant in such Subregion in such hour shall be that Participant's pro rata share of the total Energy Deployment for such Subregion, based on the ratio of that Participant's final Holdback Requirements for such hour to the sum of all final Holdback Requirements for that hour. Energy Deployments required hereunder shall be delivered to the central transmission hub in such Subregion, or to an alternate delivery point mutually agreed by the parties to a specific Energy

Deployment, provided both parties to the transaction report such alternative delivery arrangements to WPP in the form and manner described in the Business Practice Manuals.

20.4.1.2 For any hour, as to any Subregion identified in the Business Practice Manuals as not containing a central transmission hub permitting energy deliveries to that hub from any point within such Subregion, WPP shall conduct an optimization calculation that prioritizes use of transmission service voluntarily offered by a Participant pursuant to Section 19.3.1 and additional holdback capacity and transmission service voluntarily offered pursuant to Section 19.5, and that employs the receipt point and delivery point information, quantities, and numeric factors provided pursuant to Section 18.4 as well as any associated or resulting limit on such Participant's offered holdback, to match and allocate provision of Energy Deployment and receipt of Energy Deployment within the following categories: (i) holdback and transmission service rights offered pursuant to Section 19.5; (ii) transmission service offered pursuant to Section 19.3.1, paired with any holdback offered pursuant to Section 19.5 that is not fully used by category (i); (iii) Holdback Requirement under Section 20.2 matched pursuant to the information provided pursuant to Section 19.4 on a nearest neighbor cluster basis, allocated pro rata among Participants within such cluster; (iv) Holdback Requirement under Section 20.2 matched pursuant to the information provided pursuant to Section 19.4 and allocated among Participants within the same Subregion to the extent not matched and allocated under category (iii); and (v) Holdback Requirement under Section 20.2 from Participants in another Subregion, paired with any transmission service offered pursuant to Section 19.3.1 that is not fully used by category (ii).

20.4.2 The Energy Deployment a Participant may receive for any hour shall be no greater than the negative Sharing Requirement calculated for such Participant for such hour. Such Participant shall confirm, by no later than 120 minutes before the start of such hour, the quantity of Energy Deployment for which it requires delivery for such hour, through the procedures outlined in the Business Practice Manuals. Any Participant that does not confirm required Energy Deployment deliveries for such hour by such deadline will be deemed to waive all deliveries of Energy Deployment under the Operations Program for such hour. See Section 21.2 Settlement Price Calculation below for payment obligations.

20.4.3 The Energy Deployment a Participant can be required to supply for an hour shall not exceed the final Holdback Requirement calculated for such Participant on Pre-Schedule Day, including any duly reported exchange of Holdback Requirement, as of 120 minutes before the start of such hour. Any Participant for which WPP calculated during the Preschedule Day a

negative Sharing Requirement for the hour in question shall have zero Holdback Requirement and shall not have any Energy Deployment obligation for that hour.

20.4.4 WPP shall advise each Participant with a required Energy Deployment for an hour of the required MWh quantity and delivery point of such Energy Deployment by no later than ninety minutes before the start of such hour.

20.4.5 Participants may engage in voluntary, bilateral transfers of Energy Deployment obligations for an hour, provided that the Participants assume sole responsibility for any required transmission arrangements and settlement of such bilateral transfer. All such bilateral transfers must be reported to WPP no later than the third Business Day of the Month following the Month in which the transfer occurs.

20.5 Safety Margin

20.5.1 WPP may establish on the Preschedule Day a Safety Margin for the WRAP Region or any identified Subregion thereof for any hour of an Operating Day when warranted by such circumstances as potential large resource trips, heavy transmission outage conditions, significant environmental conditions, or other similar regional or subregional conditions, as more fully set forth in the Business Practice Manuals.

20.5.2 Any Safety Margin so determined for an hour shall be allocated pro rata among Participants with a positive Sharing Requirement, based on their relative shares of the sum of all positive Sharing Requirements for such hour, provided, however, that the Safety Margin allocated to a Participant may not result in a Holdback Requirement for such Participant greater than such Participant's Sharing Requirement. A Participant allocated holdback for a Safety Margin hereunder does not receive compensation under this Tariff for such allocation of holdback.

20.5.3 WPP shall notify all Participants of application of a Safety Margin for any hour, including in such notice the total timeframe, the MW amount, and the rationale for such Safety Margin.

20.6 Operations Program Transmission Service Requirements

Participant shall have in place, prior to the Operating Day, transmission service satisfying NERC priority 6 or 7 for each hour of such Operating Day for which a Sharing Event has been established, in a quantity sufficient for deliveries from the Qualifying Resources relied upon in such Participant's Forward Showing Submittal to demonstrate satisfaction of such Participant's FS Capacity Requirement (or from replacement Qualifying Resources) to serve such Participant's loads during such hours. In the event a Participant has an Energy Delivery Failure, the review associated with the possible assessment of a Delivery Failure Charge on such Participant shall, as further described in the Business Practice Manuals, include

whether a failure to secure sufficient NERC priority 6 or priority 7 firm transmission service rights caused or contributed to such Energy Delivery Failure. For such purpose, the Participant will have been expected to have complied with the transmission service requirement stated in this subsection.

20.7 Failure to Deliver Energy Deployments

20.7.1 A Participant assigned a required Energy Deployment pursuant to Section 20.4.4 of this Tariff for any hour that fails to deliver the specified energy during such hour, and that does not obtain a waiver of its Energy Deployment obligation, shall be assessed a Delivery Failure Charge.

20.7.2 A Participant shall be deemed to have an Energy Delivery Failure if Participant fails to deliver the Energy Deployment quantity established under Section 20.4.1, absent grant of a waiver pursuant to Section 20.7.3 of this Tariff.

20.7.3 A Participant anticipating an Energy Delivery Failure should provide WPP notice of such expected Energy Delivery Failure as soon as practicable after becoming aware of the anticipated failure. Whether anticipated or not, a Participant may request a waiver of an Energy Deployment obligation after an Energy Delivery Failure has occurred. The WPP shall review all such waiver requests and shall determine whether the Participant's justification for the Energy Delivery Failure is valid and warrants waiver of its Energy Deployment obligation. The WPP also shall consider whether the Participant knew in advance, or reasonably should have known in advance, of an Energy Delivery Failure, and what efforts the Participant took to notify the WPP in advance of such Energy Delivery Failure. The procedures for addressing such waiver requests, including a non-exclusive list of valid justifications for an Energy Delivery Failure shall be set forth in the Business Practice Manuals. A Participant denied a waiver request hereunder may appeal such denial to the Board of Directors in accordance with the procedures and deadlines set forth in the Business Practice Manuals. In such event, the requested waiver shall be denied or permitted as, when and to the extent permitted by the Board, in accordance with the procedures and timing set forth in the Business Practice Manuals. WPP shall report on the disposition of each waiver request received.

20.7.4 The Delivery Failure Charge for each hour shall be the Charge Rate applicable for such hour times the MWhs of energy that were required to be, but were not, delivered pursuant to an Energy Deployment during such hour. The Charge Rate shall be the higher of the Day-Ahead price or Real-Time price provided by the Day-Ahead Applicable Price Index and Real-Time Applicable Price Index as specified in the Business Practice Manuals for the Subregion applicable to the location of the delivering entity, applicable to the day and hour of the energy delivery, respectively, for the hour, times a Delivery Failure Factor, as follows:

- 20.7.4.1 If the deficit is fully covered by other Participants through the Operations Program, in each instance of failure, the Delivery Failure Factor shall be five for the first non-waived Energy Delivery Failure in a Cumulative Delivery Failure Period; ten times for the second non-waived Energy Delivery Failure in a Cumulative Delivery Failure Period; and twenty times for the third and subsequent non-waived Energy Delivery Failures in a Cumulative Delivery Failure Period. For purposes of applying the Delivery Failure Factors under this Section 20.7.4 or the review referenced in Section 20.7.5, multiple Energy Delivery Failures occurring in one day shall be treated as a single instance of failure.
- 20.7.4.2 If the deficit is not fully covered by other Participants through the Operations Program, the Delivery Failure Factor is twenty-five times for the first non-waived Energy Delivery Failure in a Cumulative Delivery Failure Period; and fifty times for the second and subsequent non-waived Energy Delivery Failures (regardless of whether the prior instance(s) of delivery failure were fully covered by other Participants) in a Cumulative Delivery Failure Period.
- 20.7.4.3 Revenues from Delivery Failure Charges assessed in cases where the deficit was fully satisfied by other Participants will be used to reduce WPP costs that are recovered under Schedule 1, WRAP Administration Charge. Revenues from Delivery Failure Charges assessed in cases where the deficit was not fully met by other Participants will be collected by the WPP and provided to the Participant that had an unserved deficit.
- 20.7.4.4 Notwithstanding anything to the contrary in this Section 20.7.4, the Delivery Failure Charges assessed on a Participant, regardless of application of the Delivery Failure Factor, shall not exceed, over the course of a Summer Season and the immediately succeeding Winter Season, the dollar amount that, as more fully detailed in the Business Practice Manuals, would have been assessed cumulatively under Section 17 as Deficiency Charges if the Participant had one or more Forward Showing Capacity Deficiencies over the course of such Summer Season and Winter Season in the same MW amounts as the highest MW amount of Delivery Failure experienced by such Participant in each Month of such Summer Season and Winter Season. The maximum dollar amount described herein shall be calculated on an ongoing basis during such Summer Season and Winter Season, and increased or reduced accordingly, without awaiting the end of the combined period of such Summer Season and Winter Season.

20.7.5 In addition to assessment of the Delivery Failure Charge, a third or subsequent instance of non-waived delivery failure, when all such delivery failures are fully covered by other Participants, or a second or subsequent instance of non-waived delivery failure when such instance is not fully covered by other Participants, will subject the Participant to review for expulsion from the WRAP.

20.8 Voluntary Response to Increased Deficiencies Identified After Pre-Schedule Day

20.8.1 A Participant that identifies an unmet need for energy for any hour of an Operating Day that is in excess of assistance provided or to be provided by Holdback Requirements or Energy Deployments established hereunder may, in accordance with procedures specified in the Business Practice Manuals, notify WPP of the need for such assistance. WPP will establish a portal or other procedure, as specified in the Business Practice Manuals, to facilitate provision of assistance, on a voluntary, bilateral basis, by other Participants to the Participant that identified the unmet need. Compensation, terms, and conditions of any resulting bilateral transactions will be determined by the affected parties outside of this Tariff. While Participant response to any such notification is voluntary, Participants are encouraged to provide assistance to other Participants in the circumstances described in this subsection, in consideration of the mutual support each Participant has agreed to provide to each other Participant by its agreement to participate in the WRAP, including this Operations Program. Voluntary provision of assistance by one Participant to another Participant hereunder shall follow priority tiers during the Transition Period based on the status or condition of the Participant seeking assistance, with the first priority afforded to Participants during a Binding Season (as to such Participant) that had no Monthly Capacity Deficiency for the applicable Month, or that paid a Deficiency Charge that was not reduced under the Transition Period provisions of Part II of this Tariff; the second priority afforded to Participants during a Binding Season (as to such Participant) that obtained relief from a Monthly Capacity Deficiency and Deficiency Charges for the applicable Month under the Transition Period provisions of Part II of this Tariff; and the third priority afforded to Participants during a Non-Binding Season (as to such Participant).

21. Operations Program Settlements

21.1 Nature of Operation Program Settlements

21.1.1 Operations Program settlements are bilateral transactions; they are not purchases from or sales to a central market.

21.1.2 Operations Program transactions use existing transaction systems and processes.

21.1.3 The WPP will calculate and post settlement quantities and prices based on the Energy Deployment and Holdback Requirement, in accordance with procedures specified in the Business Practice Manuals for provision of transaction information by and among Participants and WPP, but WPP has no role in the transaction itself. WPP is not a settlement entity.

21.1.4 Settlement Prices calculated under Section 21.2 shall recognize pricing differences among Subregions. Where the seller and buyer are located in the same Subregion, the Applicable Price Index shall be the price index specified for that Subregion in the Business Practice Manuals. Where the seller and buyer are located in different Subregions, the following components of the settlement price calculation in Section 21.2 will be calculated using the Applicable Price Index for the Subregion that provides the higher index price: (i) Possible Block Sale Revenue; (ii) Total Settlement Price; (iii) Energy Declined Settlement Price; and (iv) Realtime Value of Unheld Energy. If a third participant is involved by providing transmission service rights between Subregions, the Participant that provided holdback or Energy Deployment shall receive the settlement price of the Subregion from which the holdback or Energy Deployment was sourced, and the Participant that provided Subregion to Subregion transmission service rights pursuant to Section 19.3.1 shall receive the difference between each Subregion's Total Settlement Price, or zero, whichever is greater.

21.2 Settlement Price Calculation. Settlement prices shall be calculated in accordance with the following, as more fully set forth in the Business Practice Manuals.

21.2.1 A Participant assigned a Holdback Requirement on a Preschedule Day for any hour of an Operating Day shall be paid the Holdback Settlement Price times the MW quantity of the Holdback Requirement. A Participant that provides energy to another Participant pursuant to an Energy Deployment shall be paid the Energy Declined Settlement Price, defined in Section 21.2.4, times the MWhs of energy provided to such other Participant, and its total payments shall be reduced by the Energy Declined Settlement Price times the MWhs of energy that would have been provided under a Holdback Requirement but were declined by the other Participant. A Participant

assigned a Holdback Requirement also shall be paid, when applicable, a Make Whole Adjustment, as provided below in Section 21.2.5.

- 21.2.2 A Participant that had a negative Sharing Requirement for any hour of an Operating Day, which was incorporated in the calculation of Holdback Requirements of any Participants for such hour, determined as of the Preschedule Day, shall pay the Holdback Settlement Price times the MW quantity of such negative Sharing Requirement. In addition, any Participant that had a negative Sharing Requirement that was incorporated in the calculation of a Holdback Requirement shall contribute to the payment of the Make Whole Adjustment based on its negative Sharing Calculation. A Participant that declines energy that would have been provided under a Holdback Requirement shall be credited the Energy Declined Settlement Price times the MWs of energy declined by such Participant.
- 21.2.3 The Holdback Settlement Price shall equal the Total Settlement Price minus the Energy Declined Settlement Price.
- 21.2.4 The Energy Declined Settlement Price shall equal the lesser of (i) 0.80 times the Total Settlement Price, or (ii) the Applicable Real-Time Index Price for the hour.
- 21.2.5 The Make Whole Adjustment is applied in the event that the settlement revenue and the estimated value of the non-dispatched energy is less than the estimated revenues the selling entity would have received had such entity not been subject to a Holdback Requirement and had sold a day-ahead block of energy with a MW value equal to the maximum amount of Holdback Requirement for the hours in the block, and is determined as follows:

$$\begin{aligned} \text{Make Whole Adjustment (when applicable)} = & \\ & \text{Possible Block Sale Revenue} \\ & - \text{Final Settlement Revenue} \\ & - \text{Realtime Value of Declined Energy} \\ & - \text{Realtime Value of Unheld Energy} \end{aligned}$$

Where:

$$\text{Realtime Value of Declined Energy} = \text{Energy Declined} \times \text{Energy Declined Settlement price}$$

provided that Declined Energy is only applicable to those hours where there was a positive Holdback Requirement.

$$\text{Realtime Value of Unheld Energy} = (\text{Maximum Holdback MW in Block} - \text{Holdback MW Requested}) \times \text{Applicable Index Price}$$

21.2.6 The Total Settlement Price used in the above calculations shall be determined in accordance with the following formula:

Total Settlement Price = Maximum of (Minimum of (Hourly Shaping Factor × Day Ahead Applicable Index Price × 110%, 2000 \$/MWh), 0)

where:

Hourly Shaping Factor is based on the most recent High-Priced Day for the relevant season, defined as a day in which at least one hour has a system marginal energy cost (“SMEC”) greater than \$200/MWh, and shall be calculated as follows:

$1 + \{[\text{CAISO Hourly Day Ahead SMEC} - \text{CAISO Average Day Ahead SMEC (on- or off-peak hours)}] / [\text{CAISO Average Day Ahead SMEC (on- or off-peak hours)}]\}$

Day-Ahead Applicable Index Price is the day-ahead heavy load/light load ICE Index price that is specified in the Business Practice Manuals for the Subregion applicable to the location of the delivering entity, applicable to the day and hour of the energy delivery. If donated transmission was used to facilitate holdback, the Applicable Index Price shall be the higher of the two subregional day-ahead index prices for that portion of the holdback.

Real-Time Applicable Index Price is the real-time index price that is specified in the Business Practice Manuals for the Subregion applicable to the location of the delivering entity, applicable to the day and hour of the energy delivery.

SCHEDULE 1

WESTERN RESOURCE ADEQUACY PROGRAM ADMINISTRATIVE COST RECOVERY CHARGE

The Western Power Pool's Costs of administering and operating the Western Resource Adequacy Program including, without limitation, all costs incurred or obligated by WPP as Program Administrator, all costs paid or payable by WPP to the Program Operator or other service providers, all costs of the Board of Directors in directing, supervising, or overseeing the WRAP, and the costs of maintaining a reasonable reserve as provided in Section 1 of this Schedule 1, shall be recovered from Participants pursuant to the charges set forth in this Schedule 1.

Section 1. WRAP Costs

1. As used herein, Costs shall mean WPP's costs, expenses, disbursements and other amounts incurred (whether paid or accrued) or obligated of administering and operating the WRAP as described above, including, without limitation, operating expenses, general and administrative expenses, costs of outside services, taxes, fees, capital costs, depreciation expense, interest expense, working capital expense, any costs of funds or other financing costs, and the costs of a reasonable reserve as provided herein.
2. The Costs included in a WRAP Administration Charge assessed for a Month shall be the Costs determined as being incurred for that Month, including, without limitation, for each Month, one-twelfth of any annual charge(s).
3. The Costs included in the WRAP Administration Charge for a reasonable reserve shall be those designed to establish over the first twelve months that this WRAP Administration charge is in effect an amount equal to 6% of the expected Costs, exclusive of such reserve, for one year; and to maintain such reserve thereafter at an amount equal to 6% of the expected Costs, exclusive of such reserve for the then-current year. WPP shall record on its income statement deferred regulatory expense, and WPP's balance sheet will reflect as a cumulative deferred regulatory liability, revenues collected under this Schedule 1 that are in excess of the Costs exclusive of such reserve and taking account of and including any accrued tax expense effects of this regulatory liability. The deferred regulatory liability will be reduced when after-tax WPP revenues collected under this Schedule 1 during any Month are less than the Costs exclusive of such reserve. Within thirty days after the end of each Year, to the extent WPP determines that the deferred regulatory liability exceeds 6% of WPP's revenues that were collected under this Schedule 1 during such Year, such excess amounts in the deferred regulatory liability shall be refunded evenly over the applicable billing determinant volumes in the remainder of the subsequent Year through credits to charges to then-current customers under this Schedule 1.

Section 2. WRAP Administration Charge

Each Participant shall be assessed each Month a WRAP Administration Charge equal to the sum of the Base Charge and the Load Charge,

where:

The Base Charge for each Participant equals the Base Costs divided by the number of Participants being assessed the Base Charge for the Month for which the WRAP Administration Charge is being calculated;

The Load Charge for each Participant equals the Load Charge Rate of the Load Services Costs divided by the sum of the Median Monthly P50 Peak Loads of the Participants being assessed the Load Charge for the Month for which the WRAP Administration Charge is being calculated, times that Participant's Median Monthly P50 Peak Load;

And where:

Base Costs means the Costs for the Month of the Base Services Cost Centers shown in the WRAP Cost Assignment Matrix, plus the Base Services Percentage times the Costs for that Month of the Dual Benefit Cost Centers shown below in Section 4: WRAP Cost Assignment Matrix;

Load Services Costs means the Costs for the Month of the Load Services Cost Centers shown in the WRAP Cost Assignment Matrix, plus the Load Services Percentage times the Costs for that Month of the Dual Benefit Cost Centers shown in the WRAP Cost Assignment Matrix; and

Median Monthly P50 Peak Loads means, for each Participant, the median of the Monthly P50 Peak Loads used in the FS Capacity Requirement of such Participant for two Binding Seasons corresponding to the two FS Submittal most recently validated by WPP.

If before or during a Binding Season, a Participant has need to update their Monthly P50 Peak Load for allowable reasons, those updated Monthly P50 Peak Loads will be replaced and the Median Monthly P50 Peak Load value recalculated upon validation of the change in participating load.

A Participant joining the Program will supply data such that WPP can validate Monthly P50 Peak Loads for the first two Binding Seasons for which the Participant will submit an FS Submittal for use in calculating Load Services Costs until these FS Submittals are submitted and reviewed in the normal timeframe.

Section 3. Maximum Charge Rates

- 3.1 Notwithstanding anything to the contrary in this Schedule 1, the sum of the Base Charges for all Months in a Year shall not exceed the Annual Maximum Base Charge of \$59,000/Year, and the sum of the Load Charge Rates for all Months in a Year shall not exceed the Annual Maximum Load Charge Rate of \$199/MW. WPP shall, to the extent reasonably practicable, provide two-months' notice prior to WPP's filing at FERC of an application to change the Maximum Base Charge or the Maximum Load Charge Rate, provided that nothing herein shall limit the Board of Director's authority and discretion to seek at FERC a change in the maximum rates in the time and manner the Board determines in the best interests of the Western Resource Adequacy Program. For purposes of clarity, these specified maximum rates on the Base Charge and the Load Charge do not limit the level of the Cash Working Capital Support Charge established under Section 5 of this Schedule 1, nor do they limit the amount of the default Allocation assessment provided under Part I of this Tariff.
- 3.2 To facilitate Participant planning, the WPP shall prepare, and provide to the RAPC, good faith, non-binding estimates of: (i) reasonably anticipated WRAP budgets for three Years beyond the most recently approved WRAP budget, including sensitivity analyses for reasonably identified major contingencies; (ii) reasonably anticipated numbers of Participants and MWs of Winter and Summer P50 Loads for each such Year; and (iii) reasonably anticipated highest monthly Base Charges and Load Charge Rates for each such Year. All assumptions and estimates in such forecasts and analyses shall be in WPP's sole discretion, which may be informed by RAPC discussion of such topics.

Section 4. WRAP Cost Assignment Matrix

	BASE COSTS	LOAD COSTS	DUAL BENEFIT
Program Administration (non-participant)		100%	
Program Administration (Participant engagement, RAPC facilitation)	100%		
WRAP portion of WPP BOD costs			50%/50%
Program Operations Staffing and Overhead		100%	
Program Operations Technology		100%	
Legal Services		100%	
Independent Evaluator		100%	

Section 5. Cash Working Capital Support Charge

- 5.1 In addition to the WRAP Administration Charge, each Participant shall be assessed a Cash Working Capital Support Charge, to support WPP's maintenance of sufficient funds on hand to make payments required for the operation and administration of the WRAP on a timely basis. Cash Working Capital Support Charges shall be designed to maintain a Cash Working Capital Fund that, at its maximum level over a twelve-month cycle, equals approximately nine-twelfths of the expected annual payment due from the WPP to the Program Operator for its Program Operator services.
- 5.2 A Participant shall pay a Cash Working Capital Support Charge no later than thirty days after that Participant executes a WRAPA. The Cash Working Capital Support Charge due following WRAPA execution equals the Cash Working Capital Support Charge Rate, calculated as the Cash Working Capital Fund at its required maximum twelve-month cycle level divided by the sum of the Median Monthly P50 Peak Loads of all Participants, times that Participant's Median Monthly P50 Peak Load.
- 5.3 To the extent the Cash Working Capital Fund is adequately funded at the time a new Participant executes a WRAPA, the revenue from such Participant's payment of the Cash Working Capital Support Charge shall be distributed to all Participants that previously have paid a Cash Working Capital Support Charge, pro rata based on the Median Monthly P50 Peak Loads of all Participants that have previously paid such charge.
- 5.4 To the extent, and at such time, WPP determines that an incremental addition to the Cash Working Capital Fund is needed due to such causes as, for example, an expected increase in the annual payment to the Program Operator, each Participant shall be assessed an Incremental Cash Working Capital Support Charge equal to the desired incremental addition, divided by the sum of the Median Monthly P50 Peak Loads of all Participants being assessed the Incremental Cash Working Capital Support Charge for the Month for which the Incremental Cash Working Capital Support Charge is being calculated, times that Participant's Median Monthly P50 Peak Load.

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact:	CBO Contact:
Seattle City Light	Jeffrey Wolf	Greg Shiring

** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to the City Light Department; authorizing the Department to enter and participate in the Western Resource Adequacy Program, including the ability to execute additional agreements necessary or convenient to participating in the Western Resource Adequacy Program; and ratifying and confirming certain prior acts.

Summary and Background of the Legislation:

The integrated regional power system is in transition. Studies, including a recent North American Electric Reliability Corporation (“NERC”) Long-Term Reliability Assessment, have observed unprecedented change in the electricity grid, causing concern about future resource adequacy. Customers are using more energy while the industry is retiring fossil fuel emitting generating plants. As generation of electricity from variable renewable resources grows, concern exists whether there will always be consistent capacity to meet customer demand.

This legislation seeks authority for City Light to participate in the Western Resource Adequacy Program (“WRAP”). Resource adequacy is a regulatory construct that ensures there will be sufficient resources available to serve electric demand under all but the most extreme conditions. This resource adequacy program provides benefits of enhanced coordination and increased visibility and transparency across the regional power system. It seeks to enhance and increase reliability for the system through the development of a risk pool.

The WRAP is a voluntary, proactive, industry-initiated and led effort developed by a diverse set of participants. The WRAP was developed with significant engagement by stakeholders including entities expected to participate in the program, as well as non-participant industry leaders from a variety of sectors including state regulators. City Light is and has been an active participant in the development of this program.

The Program design has two components, a Forward Showing Program (FS Program) and an Operational Program (Ops Program). The FS Program establishes regional metrics for the regional WRAP footprint and ensures the footprint has enough demonstrated capacity, well in advance of required performance, to meet established reliability metrics. The Ops Program creates a framework to provide participants with pre-arranged access to capacity resources in the Program footprint during times when a participant is experiencing an extreme event.

The Program seeks to achieve a balance between planning in a reasonably conservative manner but also to provide flexibility to protect customers from unreasonable costs.

The WRAP is currently in a “non-binding” phase beginning with the Winter 2022/2023 Season. The soonest participants can elect to enter the binding phase of the program is Summer 2025; however, participants can elect to remain in the non-binding phase for up to three years. The non-binding transition period allows the WRAP time to develop regional metrics and insight into regional resource constraints while giving participants time to understand how their resources perform against these metrics and time to procure any required resources. By Summer 2028 all participants must fully adhere to the Federal Energy Regulatory Commission (“FERC”) approved tariff provisions, and participation becomes binding for those who have elected to join. Additionally, any entity can withdraw from the program by providing a two-year notice. This two-year window is intended to provide sufficient time for the program to take the impact of a participant’s withdrawal into account and make any adjustments required to maintain reliability standards.

Based on current information, City Light intends to elect the latest binding season (Summer 2028) possible when executing the Western Resource Adequacy Program Agreement (“WRAPA”). This allows sufficient time for City Light to collect information on how WRAP is working, assess the resource adequacy of our portfolio, and exercise the opportunity to withdraw if we decide not to continue moving forward.

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? Yes No

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? Yes No

Does the legislation have other financial impacts to The City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?

Any funds paid for City Light’s participation in this Program will come from existing appropriations to City Light’s Power Management Division. For years 2023 through 2027, the cost of the Program will be limited to administrative costs, which are not anticipated to require additional appropriation. Beginning in 2028, the WRAP obligations will become binding on City Light. Binding participation includes program charges for failing to meet its obligations under the program. City Light may terminate its participation in this Program upon two-year’s notice.

Are there financial costs or other impacts of *not* implementing the legislation?

Yes, in terms of lost opportunity for City Light to participate in this Program designed to assess regional adequacy and provide City Light with access to additional energy sources

should the need arise because of an extreme event. Additionally, by not participating at this early stage, City Light loses the ability to help shape the program from the beginning.

4. OTHER IMPLICATIONS

- a. Does this legislation affect any departments besides the originating department?**
No.
- b. Is a public hearing required for this legislation?**
No.
- c. Is publication of notice with The Daily Journal of Commerce and/or The Seattle Times required for this legislation?**
No
- d. Does this legislation affect a piece of property?**
No.
- e. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities? What is the Language Access plan for any communications to the public?**

No, this ordinance seeks authority for City Light to participate in the WRAP which will help City Light better and more reliably meet the energy needs of its customers. It does not alter or reallocate budget from how City Light offers services to vulnerable or historically disadvantaged communities.

- f. Climate Change Implications**
 - 1. Emissions: Is this legislation likely to increase or decrease carbon emissions in a material way?**

This legislation will likely result in a decrease in carbon emissions. A goal of the WRAP is to use fewer resources overall by finding savings opportunities and pooling resources. The Program is part of an overall approach designed to meet customer needs for reliability and affordability while also advancing City Light's goals for sustainability and environmental stewardship.

By covering a large geographic footprint, the program is designed to capitalize on the benefits of regional diversity for renewable intermittent resources - including wind in the north intermountain west, hydro in the Pacific northwest, and solar in the desert southwest - and on differences in demand profiles across the region.

2. Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle’s resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.

This legislation may increase Seattle’s resiliency to climate change. With coordination and visibility across participants, the WRAP provides a more accurate, regional picture of energy resource needs and supply. It addresses resource adequacy and assures reliability through collaboration, taking advantage of operating efficiencies, geographic diversity, and sharing of pooled resources.

g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program’s desired goal(s)?

This legislation is consistent with City Light’s commitment to energy efficiency, resource adequacy, and reliability. The WRAP is the first program of its kind and will assist City Light in addressing concerns about future capacity needed to serve its customers at a time when the regional power grid is in transition and subject to fluctuations caused by increased demand, variable energy generation, and extreme weather caused by climate change.

March 15, 2023

MEMORANDUM

To: Economic Development, Technology, and City Light Committee
From: Eric McConaghy, Analyst
Subject: Council Bill 120532 – City Light Western Resource Adequacy Program Authorization

On March 22, 2023, the Economic Development, Technology, and City Light Committee (Committee) will discuss and possibly vote on Council Bill (CB) 120532 that would authorize City Light to execute an agreement to join the Western Resource Adequacy Program (WRAP). WRAP is a new, voluntary, resource adequacy planning and compliance program in the western US with multiple, participating utilities and organized by the non-profit Western Power Pool Corporation (WPP).

City Light provided the Committee with a first look at the WRAP as part of a briefing on energy markets in the western United States on January 11, 2023¹. City Light sent the Committee a background memo on January 4 in advance of the Committee meeting (Attachment 1). In the memo, City Light describes the WRAP as being “developed to address the increasing challenges faced by utilities in the western region of the United States to ensure that there will be sufficient resources available to serve electricity demand from our customers under all but the most extreme conditions.”

Specifically, CB 120532 would:

- Authorize the City Light General Manager and Chief Executive Officer (General Manager) to execute the WRAP Agreement (WRAPA) to participate in the WRAP as long as the General Manager believes participation is prudent;
- Authorize the General Manager, or the General Manager’s designee, to execute additional agreements necessary or convenient for participating in the WRAP;
- Authorize the General Manager, or the General Manager’s designee, to enter and make amendments and extensions of additional agreements associated with the WRAP participation, limited by City Light’s current budget authority; and
- Ratify and confirm prior actions taken consistent with the ordinance after its passage but before its effective date.

This memorandum provides relevant background information and highlights certain aspects of the WRAP.

¹ [Presentation and discussion available online](#). Go to the 1:12:11 time position in the video recording.

Background

In context of WRAP, “resource adequacy” is the ability of an electricity system to meet demand under a broad range of conditions, subject to an acceptable standard of reliability, and the associated planning to ensure that sufficient power resources are available when and where needed to serve load, meet reserve requirements, and support reliable grid operations. “Demand” is measured in kilowatts or megawatts delivered at a particular instant. “Load” simply means energy use. The “grid” includes electricity substations, transformers, and power lines that connect electricity producers (like City Light’s hydropower generators) and consumers (like you, an elementary school, or a local pizzeria).

The two main working aspects of WRAP are the Forward Showing Program and the Operations Program. WRAP participants, known as “load responsible entities” (LREs), must comply with both programs.

To comply with the Forward Showing Program, City Light, like all other participants, would be required to demonstrate that the utility has sufficient capacity resources (generation or demand response²) and supporting transmission along the electric grid to serve their peak load and share of the planning reserve margin. The planning reserve margin is the amount of capacity calculated to be necessary to address conditions of high demand in excess of the forecasted peak load for particular time periods.

To comply with the Operations Program, City Light and all other WRAP participants with excess capacity, based on near-term conditions, would “holdback” (not sell) capacity during critical periods for potential use by participants who lack sufficient resources to serve their load in real-time. Any exchanges of this capacity would be bilateral between the participants, not purchases from or sales to a central market.

The WRAP does not support a market for such capacity.³ Similarly, City Light does not expect participation in WRAP to produce revenue that would offset some or all the fees the utility would pay to WPP to administer and operate the program. City Light proposes participating in WRAP not to increase revenue but to gain the benefit of better planning and increased electricity reliability for City Light’s customers as well as customers of other LREs throughout the region.

The Forward Showing Program and the Operations Program are fully described in the WRAP Tariff (Attachment 2) along with other provisions such as governance and costs to participants. A tariff under federal regulations is a compilation of all effective rate schedules of a particular company or utility. “Rate schedule” means the rates, charges, and provisions under which

² Demand response is a consumer’s voluntary curtailing of power usage during times of high demand.

³ The Tariff forbids any type of market unless such action is also approved by an 80 percent affirmative vote of the Resource Adequacy Participants Committee (RAPC). The RAPC under the Tariff is composed of one representative per participating load responsible entity. The formation of a market would also require FERC approval.

service is supplied to the designated class of customers. The Federal Energy Regulatory Commission (FERC) must consider and approve such tariffs. On February 10, 2023, FERC issued approval of the WRAP Tariff.⁴

City Light has also communicated to WPP and other WRAP participants that the utility intends to remain in non-binding status of WRAP until 2028. City Light explained in the January 4 memorandum that choosing the latest allowed time to switch to WRAP binding status, 2028, would allow City Light “sufficient time...to collect information on how WRAP is working, assess the resource adequacy of...(City Light’s) portfolio, and exercise the opportunity to withdraw if (City Light decides)...not to continue moving forward.

In the non-binding status, City Light would not be subject to financial charges for failing to meet its resource obligations under the tariff. City Light would still submit Forward Showing Program data, pay its share of WRAP administrative costs, and will have the right to vote in stakeholder committees in the non-binding status. City Light estimates the fees to WPP annually for WRAP would be about \$294,000.

Next Steps

If the Committee votes on a recommendation on CB 120532 on March 22, then Council could take final action as soon as March 28, 2023. If the Council passes the ordinance before the end of March, then City Light intends to begin participation under the WRAP by March 31. This action would rely on the “ratify and confirm” provision of the ordinance as the effective date of the ordinance under this scenario would be in April 2023.

Attachments:

1. City Light Memorandum to Committee, dated January 4, 2023
2. Western Resource Adequacy Program Tariff

cc: Esther Handy, Director
Aly Pennucci, Deputy Director
Brian Goodnight, Lead Analyst

⁴ [FERC approves Western Resource Adequacy Program for regional capacity sharing | Utility Dive](#)

JANUARY 4, 2023

TO

CM Sara Nelson, Chairperson, Economic Development, Technology & City Light Committee

FROM

Debra Smith, General Manager

SUBJECT

Update Briefing – Western Resource Adequacy Program (WRAP)

This memo provides a summary of City Light’s participation in the development of the Western Resource Adequacy Program (WRAP). The WRAP was developed to address the increasing challenges faced by utilities in the western region of the United States to ensure that there will be sufficient resources available to serve electricity demand from our customers under all but the most extreme conditions. City Light intends to request Council legislative action on this item in early 2023. Next week’s briefing at the Economic Development, Technology and City Light Committee will include some discussion of this effort as well and will provide an opportunity for Council to get some information about the program.

BACKGROUND

The Western Interconnection, which is the electric grid serving utilities in the Western United States, including City Light, faces a looming electric generation resource shortfall. Several studies¹ conducted over the past few years have concluded that the Western Interconnection will soon face a resource shortfall, including a potential deficit of thousands of megawatts (“MWs”) by the mid-2020s, if nothing is done to address this on a regional basis. This potential shortfall is being driven by the retirement of fossil-fuel generation, mostly from coal, with replacement by large amounts of intermittent renewable resources, such as wind and solar. This is further exasperated by load growth in the data center and agricultural sectors, and acceleration of electrification in the transportation and building sectors. Additionally, drought conditions persist in a region with considerable reliance on hydroelectric generation, and extreme weather events have increased in frequency and severity, both of which contribute to uncertainty about whether there are adequate generation resources to meet our needs.

The WRAP is a regional coordination effort being developed to help meet this challenge and enhance electricity reliability in the region through the creation of a regional resource adequacy program. Resource adequacy is a regulatory construct that ensures there will be sufficient resources available to

¹ These studies have been conducted by Bonneville, the Pacific Northwest Utilities Conference Committee, the Northwest Power and Conservation Council, consulting firm Energy & Environmental Economics, NERC, and WECC.

serve electric demand under all but the most extreme conditions. The WRAP is a voluntary, proactive, industry-initiated and led effort developed by a diverse set of Participants.²

Currently, each utility in the Western Interconnection plans for its own resource needs with little regional coordination or standardization, and little visibility into the resource needs, capacity surpluses, and resource planning of other utilities in the region. The result is disjointed planning, over or under-procurement of capacity by individual utilities and a lack of transparency into regional needs. The WRAP seeks to change this by coordinating across the region on the availability of resources to meet the needs of the region.

The WRAP was developed with significant engagement by stakeholders including entities expected to participate in the program, as well as non-participant industry leaders from a variety of sectors including state regulators. The Northwest Power Pool (NWPP) d/b/a Western Power Pool (“WPP”)³ has undertaken the lead role in the program’s development effort. City Light is a long-time member of the WPP and has participated in many of its service offerings. We are active participants in the development of this program.

In 2019, numerous entities, including investor-owned and public power utilities, as well as the Bonneville Power Administration (“Bonneville”), came together to launch an effort to understand the capacity problem in the region and identify potential solutions. WPP was asked to lead and facilitate the effort, which quickly grew to include twenty-six participating entities, and a resource capacity footprint that spans from the Pacific Northwest to the Desert Southwest and eastward across the Rocky Mountains.

PROGRAM PROVISIONS

The WRAP is a planning and compliance framework, which will be governed by a tariff approved by the Federal Energy and Regulatory Commission (FERC). Utility service providers and other load responsible entities can choose to join the program by executing the Western Resource Adequacy Program Agreement (“WRAPA”). Once a Participant executes the WRAPA, it gains access to the program’s benefits, including mechanisms to evaluate forecasted regional resource availability and share in surplus resources of fellow members on a prioritized basis. On a more immediate basis, participation means the utility becomes part of program implementation and decision making during the transitional period ahead. Once the WRAP becomes a fully operational program, participants become obligated to comply with the binding aspects of the program, with potential financial charges for failing to meet program requirements.

² Please refer to Attachment 1 for a map of the WRAP footprint and Attachment 2 for a list of entities that have participated in the development of WRAP.

³ WPP is a non-profit, mutual-benefit corporation and Internal Revenue Code section 501(c)(6) tax-exempt organization based in Portland, Oregon. It was formed in 1941 by six investor-owned utilities operating in the Pacific Northwest. Over time, the membership grew to include both investor-owned and public power utilities, federal power marketing administrations, and Canadian entities.

The WRAP is currently in a “non-binding” phase beginning with the Winter 2022/2023 Season. The soonest Participants can elect to enter the binding phase of the program is Summer 2025; however, Participants can elect to remain in the non-binding phase for up to three years. The non-binding transition period gives Participants time to procure any required resources while allowing the WRAP time to develop regional metrics and insight into regional resource constraints. By Summer 2028 all Participants must fully adhere to the FERC approved tariff provisions, and participation becomes binding for those who have elected to join.

Additionally, any entity can withdraw from the program by providing a two-year notice. This two-year window is intended to provide sufficient time for the program to take the impact of a Participant’s withdrawal into account and make any adjustments required to maintain reliability standards. During the two-year period, the Participant remains obligated to comply with all requirements and obligations of the WRAP and to pay all financial obligations incurred prior to the effective date of the withdrawal⁴.

PROGRAM DESIGN AND PARTICIPATION

The WRAP was designed based on an examination of existing resource adequacy programs in other regions, identification of best practices, and tailoring those best practices to the unique needs and existing market structures in the Western United States. The WRAP has two distinct aspects: (1) a Forward Showing Program⁵ through which WPP forecasts Participants’ peak load and Participants must demonstrate that they have sufficient qualified capacity resources (and supporting transmission) to serve their peak load and share of the planning reserve margin; and (2) an Operations Program through which Participants with excess capacity, based on near-term conditions, are requested to “holdback” capacity during critical periods for potential use by Participants who lack sufficient resources to serve their load in real-time.

The WRAP’s tariff allows each Participant to elect which Season during the Transition Period will be its first Binding Season. Participants in non-binding status, will not be subject to financial charges for failing to meet its resource obligations under the tariff. A Participant in non-binding status will still submit Forward Showing data, pay its share of WRAP administrative costs and will have the right to vote in stakeholder committees (including in the Resource Adequacy Participant Committee (“RAPC”).

FEDERAL APPROVAL AND PROGRAM ADMINISTRATION

For the WRAP to be effective, FERC must approve the tariff. WPP filed the tariff with FERC on August 31, 2022. WPP expects the tariff to be effective February 7, 2023.

Once the tariff has FERC approval, WPP will serve as the “Program Administrator” for the WRAP, responsible for ensuring that all tariff requirements are fulfilled. The tariff authorizes WPP to engage one or more “Program Operators” with existing technical expertise to assist WPP in meeting the tariff

⁴ The WRAP tariff also has provisions for expedited exit in a period shorter than the standard 2-year notice, however this is subject to certain conditions and requires approval by the WPP’s independent Board of Directors

⁵ Each Participant must submit a Forward Showing Submittal seven months before the start of each Binding Season.

requirements and to leverage industry experience to perform the functions necessary to operate the WRAP. WPP has engaged Southwest Power Pool, Inc. to serve as the Program Operator.

CURRENT STATUS AND TIMELINE FOR COUNCIL ACTION



- December 2022:** City Light has executed a Work Order and non-binding MOU
 - The Work Order with WPP was executed under City Light’s existing authority for the next phase of work to be completed under the WRAP. The execution of the Work Order commits City Light to continue to fund a proportionate share of the WRAP effort and maintains the momentum of over three years of regional collaboration. The required program fees have already been included in our budget, and City Light requires no new authority to enter into this agreement.
 - City Light will also execute a non-binding memorandum of understanding that indicates its intent to be a participant in the WRAP beginning no later than Summer 2028.
- January - February 2023:** City Light engages Council to seek approval to execute the WRAPA
 - City Light intends to provide briefings, materials, and information on the anticipated participation during the months preceding the request for Council approval.
- Early February 2023:** FERC will have completed its tariff review process
 - It will either be a clean approval or WPP could receive a deficiency letter. If there is approval, the tariff will become effective. If WPP receives a deficiency letter, they would need to make changes and resubmit the tariff to FERC.
- February-March 2023:** City Light will execute a WRAPA following Council approval to participate in the program, starting with the non-binding program
 - City Light may withdraw from the program to avoid participation in the binding program starting in June 2025. Withdrawal requires 2-year advance notice.

- Based on current information, City Light intends to elect the latest binding season (Summer 2028) possible when executing the WRAPA. This allows sufficient time for City Light to collect information on how WRAP is working, assess the resource adequacy of our portfolio, and exercise the opportunity to withdraw if we decide not to continue moving forward.
- **June 2028:** City Light's first full binding season for Summer 2028

cc: EDTCL Committee Members
Eric McConaghy, City Council Central Staff
Dan Nolte, Mayor's Office
Steven Ellis, CM Sara Nelson's Office

ATTACHMENT 1 – WRAP FOOTPRINT



ATTACHMENT 2 – PARTICIPANTS IN DEVELOPING WRAP

Arizona Public Service
Avangrid
Avista
Black Hills
Basin Electric
Bonneville Power Administration
Calpine
Chelan PUD
Clatskanie PUD
Douglas PUD
Eugene Water & Electric Board
Grant PUD
Idaho Power
NorthWestern Energy
NV Energy
PacifiCorp
Portland General Electric
Powerex
Puget Sound Energy
Salt River Project
Seattle City Light
Shell
Snohomish PUD
Tacoma Power
The Energy Authority
Turlock Irrigation District

WESTERN RESOURCE ADEQUACY PROGRAM
TARIFF
OF
NORTHWEST POWER POOL
D/B/A
WESTERN POWER POOL

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PART I GENERAL PROVISIONS

1. Definitions

Unless the context otherwise specifies or requires, capitalized terms used in this Tariff shall have the respective meanings assigned herein for all purposes of this Tariff (such definitions to be equally applicable to both the singular and the plural forms of the terms defined). Unless otherwise specified, all references herein to Parts, Sections, Schedules, or Attachments, are to Parts, Sections, Schedules, or Attachments of this Tariff.

Applicable Price Index: A published index of wholesale electric prices, or Locational Marginal Prices duly calculated and posted by a FERC-regulated market operator, in either case as designated under Part III of this Tariff for use in connection with an identified Subregion.

Administration Charge or WRAP Administration Charge: The charge established under Schedule 1 of this Tariff for recovery of the costs of the WRAP.

Advance Assessment: Analyses and calculations of Participant load, resource, and other information performed in advance of each Binding Season as set forth in Part II of this Tariff.

Available Transfer Capability (“ATC”): Transfer capability remaining in the physical transmission network for further commercial activity over and above already committed uses.

Balancing Authority: The responsible entity that integrates resource plans ahead of time, maintains demand and resource balance within a Balancing Authority Area, and supports interconnection frequency in real time.

Balancing Authority Area: The collection of generation, transmission, and loads within the metered boundaries of the Balancing Authority. The Balancing Authority maintains load-resource balance within this area.

Base Charge: A component of the WRAP Administration Charge as established under Schedule 1 of this Tariff.

Base Costs: Base Costs shall have the meaning provided in Schedule 1 of this Tariff.

Base Services Cost Centers: The cost centers comprising the Base Charge as defined in Schedule 1 of this Tariff.

Base Services Percentage: Base Services Percentage shall have the meaning provided in Schedule 1 of this Tariff.

Binding Season: The Summer Season or the Winter Season.

Board of Directors or Board: The Board of Directors of the Northwest Power Pool d/b/a Western Power Pool.

Business Day: Any Day that is a Monday through Friday, excluding any holiday established by United States federal authorities.

Business Practice Manuals: The manuals compiling further details, guidance, and information that are appropriate or beneficial to the implementation of the rules, requirements, and procedures established by this Tariff. Business Practice Manuals do not include such internal rules or procedures as the Western Power Pool may adopt for its operation and administration, including but not limited to any corporate by-laws of the Western Power Pool, or for any services or functions provided by the Western Power Pool other than those established by this Tariff.

CAISO: The California Independent System Operator Corporation, a California nonprofit public benefit corporation.

Capacity Benefit Margin: An amount of transmission transfer capability permitted under open access transmission rules to be reserved by load serving entities to ensure access to generation from interconnected systems to meet generation reliability requirements.

Capacity Critical Hours (“CCH”): Those hours during which the net regional capacity need for the WRAP Region is expected to be above the 95th percentile, based on historic and synthesized data for the WRAP Region’s gross load, variable energy resource performance, and interchange.

Capacity Deficiency: A shortfall in a Participant’s Portfolio QCC relative to that Participant’s FS Capacity Requirement, as further defined in Part II of this Tariff.

Cash Working Capital Fund: Cash Working Capital Fund shall have the meaning provided in Schedule 1 of this Tariff.

Cash Working Capital Support Charge: A charge assessed to Participants under Schedule 1 of this Tariff to fund the Cash Working Capital Fund.

Cash Working Capital Support Charge Rate: Cash Working Capital Support Charge Rate shall have the meaning provided in Schedule 1 of this Tariff.

Cost of New Entry (“CONE”): The estimated cost of new entry of a new peaking natural gas-fired generation facility, as determined under, and used in, Part II of this Tariff.

CONE Factor: A factor employed in the calculation of Deficiency Charges under Part II of this Tariff, to reflect whether, and the extent to which, the WRAP Region as a whole is expected to have a capacity deficiency during the period for which the Deficiency Charge is being calculated.

Committee of State Representatives (“COSR”): Committee of State Representatives, as established in Part I of this Tariff.

Contingency Reserve: As more fully described in the NERC WECC reliability standards, a quantity of reserves, consisting of generation, load, interchange, or other resources, that are deployable within ten minutes, equal to the greater of (i) the MW quantity of the loss of the most severe contingency and (ii) the megawatt quantity equal to the sum of 3% of hourly integrated load plus 3% of hourly integrated generation.

Cumulative Delivery Failure Period: Any period of five consecutive years, ending with and including the most recent Energy Delivery Failure as of the time of determination of a possible Delivery Failure Charge.

Day: A calendar day.

Day-Ahead Price: A price for wholesale electric transactions designated as a day-ahead price in an Applicable Price Index.

Default Allocation Assessment: A charge assessed on non-defaulting Participants to recover the costs associated with a default by a Participant, as set forth in Part I of this Tariff.

Deficiency Charge: A charge assessed for a Capacity Deficiency or Transmission Deficiency, as set forth in Part II of this Tariff.

Delivery Failure Charge: A charge assessed for a Participant's failure to deliver a required Energy Deployment, as set forth in Part III of this Tariff.

Delivery Failure Charge Rate: A rate employed in the determination of a Delivery Failure Charge as more fully set forth in Part III of this Tariff.

Delivery Failure Factor: A factor used in the determination of a Delivery Failure Charge to recognize the relative severity or impact of an Energy Delivery Failure, as set forth in Part III of this Tariff.

Demand Response: A resource with a demonstrated capability to provide a reduction in demand or otherwise control load in accordance with the requirements established under Part II of this Tariff.

Demonstrated FS Transmission: A Participant's demonstration in its Forward Showing Submittal that it has secured firm transmission service rights of the type and quantity sufficient to provide reasonable assurance, as of the time of the Forward Showing Submittal, of delivery of capacity from the Qualifying Resources and the resources associated with the power purchase agreements in the Participant's Portfolio QCC.

Dual Benefit Cost Centers: Dual Benefit Cost Centers shall have the meaning provided in Schedule 1 of this Tariff.

Effective Load Carrying Capability ("ELCC"): A methodology employed to determine the Qualified Capacity Contribution of certain types of Qualifying Resources, as more fully set forth in Part II of this Tariff.

Energy Declined Settlement Price: A pricing component used as part of the calculation of settlements for Holdback Requirements and Energy Deployments under Part III of this Tariff.

Energy Delivery Failure: A failure by a Participant to provide an Energy Deployment assigned to such Participant under Part III of this Tariff.

Energy Deployment: A delivery of energy that a Participant is required to provide during an Operating Day, as set forth in Part III of this Tariff.

Energy Storage Resource: A resource, not including a Storage Hydro Qualifying Resource, designed to capture energy produced at one time for use at a later time.

Excused Transition Deficit: A Participant's inability during the Transition Period to demonstrate full satisfaction of the Participant's FS Capacity Requirement, which, under certain conditions and limitations prescribed by Part II of this Tariff, permits a reduction in the otherwise applicable Deficiency Charge.

Federal Power Marketing Administration: A United States federal agency that operates electric systems and sells the output of federally owned and operated hydroelectric dams located in the United States.

FERC: The Federal Energy Regulatory Commission.

Forced Outage Factor: The factor resulting from dividing the number of hours a generating unit or set of generating units is not synchronized to the grid system, not in reserve shutdown state and considered to be out of service for unplanned outages—or a startup failure, by the number of total hours in the period multiplied by 100% or a Program Administrator calculated equivalent forced outage factor that reflects the likelihood and extent to which a resource will be unavailable from time to time due to factors outside management control.

Forward Showing Program: The program and requirements as set forth in Part II of this Tariff.

Forward Showing Submittal ("FS Submittal"): The submissions a Participant is required to submit in advance of each Binding Season to demonstrate its satisfaction of the FS Capacity Requirement and FS Transmission Requirement, as set forth in Part II of this Tariff.

Forward Showing Year: A period consisting of a Summer Season and the immediately succeeding Winter Season.

FS Capacity Requirement: The minimum quantity of capacity a Participant is required to demonstrate for a Binding Season, as set forth in Part II of this Tariff.

FS Deadline: The deadline for Participants' submissions of their FS Submittals for a Binding Season, as established under Part II of this Tariff.

FS Planning Reserve Margin ("FSPRM"): An increment of resource adequacy supply needed to meet conditions of high demand in excess of the applicable peak load forecast and other conditions such as higher resource outages, or lower availability of resources, expressed as a percentage of the applicable peak load forecast, as determined in accordance with Part II of this Tariff.

FS Transmission Requirement: The minimum quantity of transmission service rights a Participant is required to demonstrate for a Binding Season, as set forth in Part II of this Tariff.

High-Priced Day: The most recent day in the CAISO in which prices in the day-ahead market were at least \$200/MWh.

Holdback Requirement: A MW quantity, as determined on a Preschedule Day, that a Participant is required to be capable of converting into an Energy Deployment on a given hour of the succeeding Operating Day, as more fully set forth in Part III of this Tariff.

ICE Index: A wholesale electric price index prepared and published by the Intercontinental Exchange.

Incremental Cash Working Capital Support Charge: Incremental Cash Working Capital Support Charge shall have the meaning provided in Schedule 1 of this Tariff.

Independent Evaluator: An independent entity engaged to provide an independent assessment of the performance of the WRAP and any potential beneficial design modifications, as set forth in Part I of this Tariff.

Installed Capacity: Nameplate capacity adjusted for conditions at the site of installation.

International Power Marketing Entity: An entity that (i) owns, controls, purchases and/or sells resource adequacy supply and is responsible under the WRAP program for meeting LRE obligations associated with one or more loads physically located outside the United States.

Legacy Agreement: A power supply agreement entered into prior to October 1, 2021.

Load Charge: A component of the WRAP Administration Charge as established under Schedule 1 of this Tariff.

Load Charge Rate: Load Charge Rate shall have the meaning provided in Schedule 1 of this Tariff.

Load Services Costs: Load Services Costs shall have the meaning provided in Schedule 1 of this Tariff.

Load Services Cost Centers: Load Services Cost Centers shall have the meaning provided in Schedule 1 of this Tariff.

Load Services Percentage: Load Services Percentage shall have the meaning provided in Schedule 1 of this Tariff.

Load Responsible Entity (“LRE”): An LRE is an entity that (i) owns, controls, purchases and/or sells resource adequacy supply, or is a Federal Power Marketing Administration or an International Power Marketing Entity, and (ii) has full authority and capability, either through statute, rule, contract, or otherwise, to:

- (a) submit capacity and system load data to the WRAP Program Operator at all hours;
- (b) submit Interchange Schedules within the WRAP Region that are prepared in accordance with all NERC and WECC requirements, including providing E-Tags

- for all applicable energy delivery transactions pursuant to WECC practices and as required by the rules of the WRAP Operations Program;
- (c) procure and reserve transmission service rights in support of the requirements of the WRAP Forward Showing Program and Operations Program; and
 - (d) track and bilaterally settle holdback and delivery transactions.

Subject to the above-mentioned criteria, an LRE may be a load serving entity, may act as an agent of a load serving entity or multiple load serving entities, or may otherwise be responsible for meeting LRE obligations under the WRAP.

Locational Marginal Price: The cost of delivering an additional unit of energy to a given node, as calculated under a FERC-regulated wholesale electric tariff.

Loss of Load Expectation (“LOLE”): An expression of the frequency with which a single event of failure, due to resource inadequacy, to serve firm load would be expected (based on accepted reliability planning analysis methods) to result from a given FS Planning Reserve Margin.

Make Whole Adjustment: A component used as part of the calculation of settlements for Holdback Requirements and Energy Deployments under Part III of this Tariff.

Maximum Base Charge: The maximum amount prescribed in Schedule 1 of the Tariff that the Base Charge cannot exceed.

Maximum Load Charge Rate: The maximum rate prescribed in Schedule 1 of the Tariff that the Load Charge Rate cannot exceed.

Median Monthly P50 Peak Loads: Median Monthly P50 Peak Loads has the meaning prescribed by Schedule 1 of this Tariff.

Month: A calendar month.

Monthly Capacity Deficiency: A Participant’s Capacity Deficiency for a given Month.

Monthly Deficiency: An identification under Part II of this Tariff whether, and the extent to which, a Participant’s need for capacity or transmission for a given Month is greater than the capacity or transmission, respectively, the Participant can demonstrate for such Month.

Monthly FS Capacity Requirement: FS Capacity Requirement determined as to a Month.

Monthly FSPRM: The FS Planning Reserve Margin applicable to a given Month of a given Binding Season, as determined in accordance with Part II of this Tariff.

Monthly Transmission Deficiency: A Participant’s Transmission Deficiency for a given Month.

Monthly Transmission Demonstrated: A Participant’s Demonstrated FS Transmission for a given Month.

Monthly Transmission Exceptions: Exceptions from the FS Transmission Requirement approved under Part II of this Tariff for a Participant for a given Month.

Multi-Day-Ahead Assessment: A period of days preceding each Operating Day, and ending on the Preschedule Day, during which Sharing Calculations are successively performed based in each case on Operating Day conditions expected at the time of calculation.

North American Electric Reliability Corporation (“NERC”): A not-for-profit international regulatory authority that serves as the designated electric reliability organization for the continental United States, Canada, and a portion of Mexico.

Net Contract QCC: The QCC, which may be a positive or negative value, calculated, in sum and on net, for a Participant’s power purchase agreements and power sale agreements, in accordance with Part II of this Tariff.

Non-Binding Season: As to a Participant, a Binding Season that occurs during the Transition Period prior to the first Binding Season for which the Participant has elected to be subject to Parts II and III of this Tariff.

Non-Binding Participant: For any Binding Season, a Participant that has made an election by which such Binding Season is a Non-Binding Season for that Participant.

Open Access Transmission Tariff: A governing document on file with FERC establishing the rates, terms, and conditions of open access transmission service, or equivalent tariff of a transmission service provider that is not required to file its transmission service tariff with FERC.

Operating Day: A current Day of actual electric service from resources to load, for which Sharing Events are determined and Energy Deployments may be required, as set forth in Part III of this Tariff.

P50 Peak Load Forecast: A peak load forecast prepared on a basis, such that the actual peak load is statistically expected to be as likely to be above the forecast as it is to be below the forecast.

Participant: A Load Responsible Entity that is a signatory to the WRAPA.

Portfolio QCC: As to a Participant, the sum of the Resource QCC provided by all of a Participant’s Qualifying Resources plus the Net Contract QCC of such Participant.

Preschedule Day: The applicable scheduling Day for a given Operating Day as defined in scheduling calendar established by WECC.

Program Administrator: The Western Power Pool, in its role as the entity responsible for administering the WRAP.

Program Operator: A third party that has contracted with the Program Administrator to provide technical, analytical, and implementation support to the Program Administrator for the WRAP.

Program Review Committee (“PRC”): The stakeholder sector committee as established in Section 4.2 of this Tariff.

Pure Capacity: A MW quantity of capacity without any assigned forced outage rate employed in ELCC determinations under Part II of this Tariff.

Qualifying Capacity Contribution (“QCC”): The MW quantity of capacity provided by a resource, contract, or portfolio which qualifies to help satisfy a Participant’s FS Capacity Requirement, as determined in accordance with Part II of this Tariff.

Qualifying Resource: A generation or load resource that meets the qualification and accreditation requirements established by and under Part II of this Tariff.

Real-Time Price: A price for wholesale electric transactions designated as a real-time price in an Applicable Price Index.

Resource Adequacy Participant Committee (“RAPC”): The committee comprised of representatives from each Participant as established in Part I of this Tariff.

Resource QCC: The QCC provided by a Qualifying Resource, as determined in accordance with Part II of this Tariff.

Run-of-River Qualifying Resource (“ROR”): A hydro-electric power project that does not have the capability to store a sufficient volume of water to support continuous generation at the project’s stated maximum capacity for a period of one hour. Resource does not meet the definition of a Storage Hydro Qualifying Resource.

Safety Margin: An additional factor allocated among Participants with positive sharing calculations when warranted by certain conditions as prescribed by Part III of this Tariff.

Senior Official Attestation: A signed statement of a senior official of a Participant attesting that it has reviewed such Participant’s information submission required under this Tariff, that the statements therein are true, correct and complete to the best of such official’s knowledge and belief following due inquiry appropriate to the reliability and resource adequacy matters addressed therein, and containing such further statements as required by this Tariff or the applicable Business Practice Manual for the information submission at issue.

Sharing Calculation: A calculation used in the Operations Program under Part III of this Tariff to identify any hour in which any Participant is forecast to have a capacity deficit.

Sharing Event: An hour or hours of an Operating Day for which one or more Participants has a negative Sharing Calculation result, as determined in accordance with Part III of this Tariff.

Sharing Requirement: A requirement applicable to a Participant with a positive Sharing Calculation result for a given hour or hours of an Operating Day to potentially provide an Energy Deployment to a Participant with a negative Sharing Calculation result for those same hours, as determined in accordance with Part II of this Tariff.

Storage Hydro Qualifying Resource: A hydro-electric power project with an impoundment or reservoir located immediately upstream of the powerhouse intake structures that can store a sufficient volume of water to support continuous generation at the project's stated maximum capacity for a period of one hour or longer.

Subregion: An area definition approved by the Board of Directors and identified in the Business Practice Manuals, that is wholly contained within the WRAP Region, which is separated from one or more other Subregions by transmission constraints on capacity imports or on capacity exports that result, or are expected to result, in differing FSPRM determinations for that Subregion relative to such other Subregion.

Summer Season: A period of time that commences on June 1 of a Year and terminates on September 15 of the same Year.

System Sale: A power sale in which the generation is sourced, at the seller's discretion, from a group of two or more identified Qualifying Resources.

Transition Period: The Binding Seasons within the time period from June 1, 2025, through March 15, 2028, plus the time period required to implement the requirements and procedures of Part II of this Tariff applicable to such Binding Seasons.

Transmission Deficiency: A shortfall in a Participant's demonstration of secured transmission service rights, after accounting for any approved transmission exceptions, relative to that Participant's FS Transmission Requirement, as further defined in Part II of this Tariff.

Unforced Capacity: The percentage of Installed Capacity available after a unit's forced outage rate is taken into account.

Variable Energy Resource ("VER"): An electric generation resource powered by a renewable energy source that cannot be stored by the facility owner or operator and that has variability that is beyond the control of the facility owner or operator, including but not limited to a solar or wind resource.

VER Zone: A geographic area delineated in accordance with Section 16.2.5.2 of this Tariff for a given type of VER, where each VER of that type located in such area is anticipated to be comparably affected by meteorological or other expected conditions in such area to a degree that warrants distinct calculation of ELCC allocations for such VERs of that type in such area.

Western Electricity Coordinating Council ("WECC"): A non-profit corporation that has been approved by FERC as the regional entity for the western interconnection and that also has NERC delegated authority to create, monitor, and enforce reliability standards.

Western Resource Adequacy Program Agreement ("WRAPA"): The participation agreement for the Western Resource Adequacy Program, as set forth as Attachment A to this Tariff, or as set forth for an individual Participant in a non-conforming version of such participation agreement accepted by FERC.

Western Resource Adequacy Program (“WRAP”): The Western Resource Adequacy Program, as established under this Tariff.

Western Power Pool (“WPP”): Northwest Power Pool, d/b/a Western Power Pool, which serves as Program Administrator for the WRAP under this Tariff and holds exclusive rights under section 205 of the Federal Power Act to file amendments to this Tariff.

Winter Season: A period of time that commences on November 1 of a Year and terminates on March 15 of the immediately following Year.

WRAP Cost Assignment Matrix: The matrix set forth in Schedule 1 of this Tariff to identify which WRAP costs are assessed to the Base Charge and the Load Charge components of the WRAP Administration Charge.

WRAP Region: The area comprising, collectively, (i) the duly recognized and established load service areas of all loads in the United States that all Participants are responsible for serving, (ii) the duly recognized and established load service areas of all loads in the United States that all load serving entities, on whose behalf a Participant acts in accordance with this Tariff, are responsible for serving, and (iii) the applicable location(s) on the United States side of the United States international border that form the basis for an International Power Marketing Entity’s participation under the WRAP, in all cases excluding, for any Binding Season, any loads permitted by this Tariff to be excluded from Participants’ Forward Showing Submittal for such Binding Season.

Year: A calendar year.

2. Role of Western Power Pool

- 2.1 WPP, acting under the direction of its Board of Directors, shall administer the WRAP as Program Administrator. Except as specified in Section 3 of this Tariff, WPP, as authorized by its Board of Directors, shall have the sole authority to submit to FERC amendments to the rates, terms, and conditions set forth in this Tariff under section 205 of the Federal Power Act, 16 U.S.C. § 824d. Nothing contained herein shall be construed as affecting in any way the right of any Participant or any other entity to apply to FERC for amendments to the rates, terms, and conditions contained herein under section 206 of the Federal Power Act, 16 U.S.C. § 824e, or any other applicable provision of that Act.
- 2.1.1 WPP president and staff shall support the Board of Directors in overseeing all aspects of the WRAP, including oversight and management of the Program Operator(s) in accordance with any Program Operator agreement(s) entered into by WPP under Section 2.2 of this Tariff.
- 2.1.2 WPP and its staff shall provide all legal, regulatory, and accounting support for the WRAP, including support for making filings with FERC as authorized by the Board of Directors.
- 2.1.3 WPP staff shall provide all logistical support necessary to facilitate implementation of the WRAP and specifically all logistical needs of the Board of Directors and reasonable logistical assistance to facilitate meetings and activities of the RAPC, PRC, and all subordinate organizational groups.
- 2.2 As Program Administrator, WPP shall undertake all actions as necessary to implement and administer the WRAP, including but not limited to engaging one or more Program Operator(s) to perform technical operations of the WRAP including both the Forward Showing Program and Operations Program. Except as otherwise provided herein, WPP may contract for certain activities required by this Tariff to be provided by one or more Program Operator(s) subject to oversight by the Board of Directors, provided, however, that the Program Operator shall operate solely as a contractor under the oversight of WPP, and WPP shall remain the sole point of compliance with this Tariff. WPP shall have the sole authority to enter into contracts for such engagements and is responsible for providing support and compensation for such Program Operator(s) pursuant to any contract(s).
- 2.2.1 WPP will contract with Program Operator(s) to assist WPP with providing reasonable technical support and expertise to all WRAP organizational groups as governed by the Program Operator's contract with WPP.

3. Role of the Board of Directors and Limitations on Board Authority

- 3.1 Authority: Ultimate authority over all aspects of the WRAP as established under this Tariff shall be vested in the independent Board of Directors. Each member of the Board of Directors shall at all times exhibit financial independence from all Participants and classes of Participants, as further provided in the WPP Bylaws and policies. As set forth in Section 2.1 of this Tariff, the Board of Directors shall have the exclusive authority to approve and direct WPP to file amendments to this Tariff with FERC under section 205 of the Federal Power Act, 16 U.S.C. § 824d, subject to the limitations and prohibitions imposed under Section 3.4 of this Tariff. The Board of Directors shall also have the exclusive authority to approve the Business Practice Manuals and any amendments to the Business Practice Manuals, subject to the terms, conditions, and limitations imposed under this Tariff.
- 3.2 The Board of Directors generally shall meet in open session for all matters related to the WRAP; however, the Board of Directors may meet in closed session as the chair deems necessary to safeguard the confidentiality of sensitive information, including but not limited to discussing matters related to personnel, litigation, or proprietary, confidential, or security sensitive information. The Board of Directors shall not take action on any proposed amendment to this Tariff or the Business Practice Manuals in closed session. During open session, the chair of the Board of Directors will reasonably accommodate stakeholder requests to address the Board within the discretion of the chair.
- 3.3 The Board of Directors shall only consider amendments to this Tariff or the Business Practice Manuals after such amendments are first acted upon by the RAPC, subject to the following additional conditions:
 - 3.3.1 In the event that the RAPC has voted to reject or has not voted to support a proposed amendment to this Tariff or the Business Practice Manuals, any stakeholder may appeal such decision to the Board of Directors, and the Board of Directors shall consider the appeal.
 - 3.3.2 In the event that the RAPC has voted to reject or has not voted to support a proposed amendment to this Tariff or the Business Practice Manuals and a stakeholder has not appealed such decision, the Board of Directors may, on its own motion or motion of any member of the Board of Directors, consider the proposed amendment.
 - 3.3.3 In the event that the COSR as a body opposes or appeals a RAPC decision to the Board of Directors regarding an amendment to this Tariff or the Business Practice Manuals, the process set forth in Section 4.3.3 of this Tariff shall apply prior to the Board of Directors' consideration of the RAPC decision.
 - 3.3.4 In the event that the Board of Directors wishes to initiate an amendment to this Tariff or the Business Practice Manuals that has not undergone PRC

and RAPC review, the Board of Directors shall first submit such proposed amendment to the PRC for review under the processes set forth in Sections 4.1 and 4.2 of this Tariff.

- 3.3.5 Expedited Review Process: In the event that the RAPC determines that an expedited review process is necessitated by an exigent circumstance as set forth in Section 4.1.3.1.1 of this Tariff, the Board of Directors shall review the RAPC's recommended Tariff or Business Practice Manual amendment expeditiously and invite comment from the PRC, COSR, and stakeholders concurrently with its consideration of the RAPC proposal.
- 3.4 WPP is specifically prohibited from amending this Tariff to:
 - 3.4.1 Alter, usurp, control, or otherwise materially modify the Participants' existing functional control and responsibility over their generation and transmission assets, including but not limited to planning and operation of such assets, Open Access Transmission Tariff administration, interfering with Balancing Authority duties and responsibilities, or imposing a must-offer requirement on any specific generation resources.
 - 3.4.2 Administer Open Access Transmission Tariff service, engage in Balancing Authority operations, impose transmission planning requirements, or assume any transmission planning responsibilities with regard to any of the Participant's transmission assets.
 - 3.4.3 Form any type of organized market, including but not limited to a capacity market, a regional transmission organization, a real-time market, or any other type of FERC-approved regional construct, unless such action is also approved by the RAPC under its voting procedures set forth in Section 4.1.6 of this Tariff.
 - 3.4.4 Impose any requirements on Participants beyond the assessment of financial charges as specified in this Tariff or suspension or termination of participation for failure to meet any WRAP requirements.
 - 3.4.5 Amend in any way this Section 3 of this Tariff without the approval of the RAPC under its voting procedures set forth in Section 4.1.6 of this Tariff.
 - 3.4.6 Amend the RAPC voting thresholds set forth in Section 4.1.6 of this Tariff.
- 3.5 Subject to the limitations and prohibitions imposed under Section 3.4 of this Tariff, if the Board of Directors votes to file at FERC to expand the WRAP to include market optimization or transmission planning services, WPP will initiate a formal process with COSR and other stakeholders to conduct a full review of governance structures and procedures, including the role of states. If COSR does not support any revised governance structure that emerges from such WPP review process, the WPP will file, along with any WPP governance proposal to FERC, an alternative

governance structure on behalf of the COSR so long as such COSR alternative governance structure is supported by 75% of the COSR.

4. Organizational Groups for the WRAP

4.1 Resource Adequacy Participants Committee

4.1.1 Authority and Purpose: The RAPC shall be the highest level of authority for representation by Participants in the WRAP governance structure and shall represent the interests of Participants directly to the Board of Directors.

4.1.2 Composition: The RAPC shall be composed of one representative from each Participant. Such representative shall be a senior management official with binding decision-making authority on behalf of the Participant, or a designated representative of a Participant's senior management official. A designated representative shall be required to have binding decision-making authority on behalf of the Participant and shall have all voting rights delegated from the senior management official. Participant shall appoint a designated representative no less than one Business Day in advance of a meeting for that designated representative to be eligible to vote during the meeting.

4.1.3 Functions: The RAPC:

4.1.3.1 Shall consider and recommend that the Board of Directors approve or reject all proposed amendments to this Tariff or Business Practice Manuals prior to the Board of Directors considering such amendments, including any amendments reviewed and referred by the PRC.

4.1.3.1.1 Exigent Circumstances: When the RAPC determines that an amendment to the Tariff or the Business Practice Manuals requires expedited Board of Directors review due to exigent circumstances, it may propose such amendment directly to the Board of Directors without awaiting review by other committees and stakeholders. Exigent circumstances include: (i) a FERC-mandated amendment to this Tariff or the Business Practice Manuals; (ii) an amendment to this Tariff or the Business Practice Manuals to address an immediate reliability impact; or (iii) an amendment to this Tariff or the Business Practice Manuals that the RAPC has determined has significant impacts to utility service.

4.1.3.2 Shall consider and vote to recommend that the Board of Directors approve or reject any proposed amendments to this Tariff or the Business Practice Manuals.

4.1.3.3 May provide input to the Board of Directors on any proposed WPP rules that apply both to the WRAP and other WPP services.

- 4.1.3.4 May evaluate and provide input to the Board of Directors on the WRAP administration budget and budget allocation to Participants, including amendments to the WRAP Administration Charge as calculated in accordance with Schedule 1 of this Tariff.
- 4.1.3.5 Shall form and organize all of the organizational groups under its responsibilities.
- 4.1.3.6 May take other actions reasonably related to its role as the senior-level Participant advisory committee to the Board of Directors regarding WRAP matters.
- 4.1.4 Leadership: The RAPC shall select from among its members a chair and vice chair.
- 4.1.5 Meetings:
 - 4.1.5.1 Meetings of the RAPC will generally be open to all stakeholders. WPP shall provide advanced written notice of the date, time, place, and purpose of each RAPC meeting. All RAPC decisional items shall be placed on the open meeting agenda and allotted adequate time for public comment and deliberation.
 - 4.1.5.1.1 The RAPC may meet in closed session as the RAPC chair deems necessary; provided, however, that the RAPC shall allow the designated COSR support staff member as specified in Section 4.3 of this Tariff to attend any closed meeting. The RAPC shall not take action on any proposed amendment to this Tariff or the Business Practice Manuals in closed session.
 - 4.1.5.2 The quorum for a meeting of the RAPC or any organizational group organized under it shall be one-half of the representatives thereof, but not less than three representatives, provided that a lesser number may serve as a quorum for the sole purpose of voting to adjourn the meeting to a later time.
- 4.1.6 Voting:
 - 4.1.6.1 Each RAPC representative shall have one vote.
 - 4.1.6.2 Voting in the RAPC shall utilize a “House and Senate” model.
 - 4.1.6.2.1 Each Participant’s “House” vote shall represent the proportion of the Participant’s Median Monthly P50 Peak Load, as described in Section 2 of Schedule 1 of this Tariff, compared to the sum of all Participants’ Median Monthly P50 Peak Loads. A Participant may choose to divide its

House vote but is responsible for announcing such at the time of voting.

4.1.6.2.2 Each Participant shall receive a single, non-weighted “Senate” vote.

4.1.6.2.3 For an action to be approved by the RAPC, it must pass both “House” and “Senate” votes as follows. For purposes of voting, the percentages identified below specify the percentage threshold of the entire RAPC (whether in attendance or not) that is needed for passage of an action.

4.1.6.2.3.1 Actions to amend any of the limitations on Board authority set forth in Section 3.4 of this Tariff require an 80% affirmative approval by both the House and the Senate vote tallies to be approved.

4.1.6.2.3.2 Actions brought before the RAPC that have been approved by the PRC require a 67% affirmative approval by both the House and Senate vote tallies to be approved.

4.1.6.2.3.3 All other actions not specified in this Section 4.1.6.2.3 require a 75% affirmative approval by both the House and Senate vote tallies to be approved.

4.1.6.2.4 If at any time a single Participant’s P50 load for voting purposes would result in that Participant possessing a veto over any votes taken under Section 4.1.5.2.3, such Participant’s House vote shall be capped at 1% below the amount that would convey such a veto, such that no single Participant will possess a veto over any action taken under Section 4.1.6.2.3.

4.2 Program Review Committee

4.2.1 Authority and Purpose: The PRC is a sector-representative group comprised in accordance with Section 4.2.2 of this Tariff. The PRC is responsible for receiving, considering, and proposing amendments to this Tariff and the Business Practice Manuals. The PRC shall serve as a clearinghouse of all recommended amendments to this Tariff or the Business Practice Manuals, except for those designated by the RAPC as involving an exigent circumstance under Section 4.1.3.1.1 of this Tariff, amendments to Schedule 1 of this Tariff and cost allocation for the WRAP, and amendments to the WRAPA set forth as Attachment A of this Tariff. The PRC shall serve in an advisory capacity to the RAPC and, when applicable, the Board of Directors.

- 4.2.1.1 The PRC shall present all proposals received to the RAPC, along with the PRC's recommendation and summaries of all comments and feedback received.
- 4.2.1.2 The PRC's decisions are advisory-only and are not binding on the RAPC, the Board of Directors, or WPP.
- 4.2.2 Composition: The PRC shall be composed of up to twenty representatives from the following ten sectors: four representatives of RAPC Participant investor-owned utilities; four representatives of RAPC Participant publicly-owned (consumer or municipal) utilities; two representatives of RAPC Participant retail competition load serving entities; two representatives from RAPC Participant Federal Power Marketing Administrations; two representatives of independent power producers; two representatives of public interest organizations; one representative of retail consumer advocacy groups; one representative of industrial customer advocacy groups; one representative of load serving entities with loads in the WRAP that are represented by other LREs and are not otherwise eligible for any other sector; a representative from the COSR. Expectations for sectors to consider regional, operational, geographic, demographic, and other forms of diversity in selecting their sector representatives are set forth in more detail in the PRC charter, which shall be posted and maintained on the WRAP website or other appropriate public location.
- 4.2.3 The PRC shall establish a process and criteria for receiving and reviewing proposed amendments to this Tariff and the Business Practice Manuals. Such review will include procedures for stakeholder comment.
- 4.2.4 Meetings: The PRC shall meet primarily in open session; provided that the PRC may schedule closed meetings if it determines that doing so would be beneficial to safeguard the confidentiality of sensitive information. The PRC shall not take action on any proposed amendment to this Tariff or the Business Practice Manuals in closed session.
- 4.2.5 Voting: The PRC shall endeavor to operate by consensus. When voting is necessary, voting shall consist of one sector one vote, with an affirmative vote of six sectors (as specified in Section 4.2.2 of this Tariff) constituting approval of an action before the PRC.
 - 4.2.5.1 For sectors with four seats, three sector representatives must agree with the action for the sector to be considered an affirmative vote for the action.
 - 4.2.5.2 For sectors with two seats, both sector representatives must agree with the action for the sector to be considered an affirmative vote for the action.

4.2.6 Participants and other entities shall participate in no more than one PRC sector. If a Participant or other entity is eligible to participate in more than one sector, such Participant or other entity shall declare in which sector it will participate.

4.3 Committee of State Representatives

4.3.1. Composition: The COSR is a committee composed of one representative from each state or provincial jurisdiction (either public utility commission or state/provincial energy office) that regulates at least one Participant.

4.3.2 Leadership: The COSR shall determine its leadership, including a chair and vice chair. The chair or vice chair will be requested to attend all open sessions of the RAPC to provide input and advice.

4.3.2.1 The COSR shall designate a COSR support staff member to attend and audit closed meetings of the RAPC under a non-disclosure agreement.

4.3.3 Authority:

4.3.3.1 If the COSR determines that a proposal approved by the RAPC is substantially different from the proposal submitted to the RAPC by the PRC, the COSR may engage in additional public review and comment before the RAPC decision is presented to the Board of Directors; provided that this additional public review and comment does not unreasonably delay presentation to the Board of Directors.

4.3.3.2 If the COSR as a body opposes or appeals a RAPC decision to the Board of Directors, the Board of Directors will not consider the RAPC's decision until the RAPC engages with the COSR to discuss, in at least two public discussions, to attempt to reach a mutually agreeable solution.

4.3.3.2.1 If the appeal relates to an amendment that the RAPC designated as involving an exigent circumstance under Section 4.1.3.1.1 of this Tariff, COSR can require no more than one public discussion, provided that such additional discussion does not unreasonably hinder the timeline for Board of Directors consideration of the proposed amendment.

4.3.4 Voting, Meetings, and Quorum: The COSR may develop its own rules governing voting, meetings, and quorum for action. COSR shall be responsible for its own costs.

5. Independent Evaluator

- 5.1 WPP shall engage an Independent Evaluator to provide an independent assessment of the performance of the WRAP and any potential beneficial design modifications. The Independent Evaluator shall report directly to the Board of Directors.
- 5.2 The Independent Evaluator shall conduct an annual review of the WRAP, including but not limited to analyzing prior year program performance, accounting and settlement, and program design.
- 5.3 The Independent Evaluator shall prepare an annual report of its findings, and any recommended modifications to WRAP design, and present its findings to the WRAP committees and the Board of Directors, subject to any necessary confidentiality considerations. Any data included in the Independent Evaluator's report shall be reported on an aggregated basis as applicable to preserve confidentiality. The Independent Evaluator's annual reports shall be available to the public, except to the extent they contain information designated as confidential under this Tariff, or information designated as confidential by the Independent Evaluator.
- 5.4 The Independent Evaluator shall not:
 - 5.4.1 Evaluate individual Participants.
 - 5.4.2 Possess any decision-making authority regarding the WRAP or design modifications.
 - 5.4.3 Evaluate WPP's day-to-day operations of the WRAP (except as part of review of prior year program performance).

6. WPP Invoicing and Settlement

- 6.1 WPP shall be responsible for issuing invoices to, and collecting from, Participants all charges under Schedule 1 of this Tariff for recovery of all WPP costs associated with administering the WRAP.
- 6.2 WPP shall be responsible for invoicing, collecting, and (as applicable) distributing revenues from Deficiency Charges under Part II of this Tariff and Delivery Failure Charges under Part III of this Tariff.
- 6.3 Participants are not required to provide credit assurances to WPP to cover charges under Schedule 1 of this Tariff, Deficiency Charges under Part II of this Tariff, or Delivery Failure Charge under Part III of this Tariff.
- 6.4 Participants shall make full payment of all invoices rendered by WPP for which payment is required to WPP within thirty calendar days following the receipt of the WPP invoice, notwithstanding any disputed amount, but any such payment shall not be deemed a waiver of any right with respect to such dispute. Any Participant that fails to make full and timely payment to WPP of amounts owed upon expiration of the cure period specified in Section 6.4.1 of this Tariff will be in default.
 - 6.4.1 If a Participant fails to make timely payment as required by Section 6.4, WPP shall so notify such Participant. The notified Participant may remedy such asserted breach by paying all amounts due, along with interest on such amounts calculated in accordance with the methodology specified for interest on refunds in FERC's regulations at 18 C.F.R. § 35.19a(a)(2)(iii); provided, however, that any such payment may be subject to a reservation of rights, if any, to refer such matter to dispute resolution procedures under Section 9 of this Tariff. If the Participant has not remedied such asserted breach by 5:00 p.m. Pacific Prevailing Time on the second Business Day following WPP's issuance of a written notice of breach, then the Participant shall be in default.
 - 6.4.2 In the event of a Participant's default under Section 6.4.1 of this Tariff, WPP in its discretion may pursue collection through such actions, legal or otherwise, as it reasonably deems appropriate, including but not limited to the prosecution of legal actions and assertion of claims in the state and federal courts as well as under the United States Bankruptcy Code. After deducting any costs associated with pursuing such claims, any amounts recovered by WPP with respect to defaults for which there was a Default Allocation Assessment shall be distributed to the Participants who have paid their Default Allocation Assessment in proportion to the Default Allocation Assessment paid by each Participant, as calculated pursuant to Section 6.4.3 of this Tariff. In addition to any amounts in default, the defaulting Participant shall be liable to WPP for all reasonable costs incurred in enforcing the defaulting Participant's obligations.

6.4.3 In the event of a Participant's default with respect to an invoice issued by WPP for charges under Schedule 1 of this Tariff, in order to ensure that WPP remains revenue neutral, the Board of Directors may assess against, and collect from, the Participants not in default a Default Allocation Assessment to recover the costs associated with the default. Such assessment shall in no way relieve the defaulting Participant of its obligations.

6.4.3.1 The Default Allocation Assessment shall be equal to:

$$(20\% \times (1/N) + (80\% \times (\text{Participant Median Monthly P50 Peak Load} / \text{Sum Participants Median Monthly P50 Peak Load})))$$

where:

N = the total number of Participants, calculated as of the date WPP declares a Participant in default.

Participant Median Monthly P50 Peak Load = for each Participant included in factor "N" above, the Participant's Median Monthly P50 Peak Load as determined in Section 2 of Schedule 1 of this Tariff, recalculated on the day the WPP declares a Participant in default.

All Participants Median Monthly P50 Peak Load = the sum of the Participant Median Monthly P50 Peak Load values for all Participants included in factor "N" above.

7. Credit Requirements and Settlement for Holdback and Delivered Energy

7.1 Credit and Settlement for Holdback and Delivered Energy: Settlement of holdback and delivered energy shall be completed bilaterally between Participants, subject to the following:

7.1.1 Neither WPP nor the Program Operator(s) shall take title to energy or be party to any settlement of holdback or delivered energy.

7.1.2 Participants shall establish credit with each other through one of the following mechanisms. Neither WPP nor the Program Operator(s) shall be involved in the calculation of credit or credit limits.

7.1.2.1 Establish credit directly with each Participant: Participants may establish credit directly with other Participants from whom they may receive delivered energy.

7.1.2.1.1 Such credit should be established in advance of the applicable season.

7.1.2.1.2 The amount of such credit and any credit limit shall be at the discretion of each Participant.

7.1.2.2 WPP shall conduct a competitive solicitation process to identify a third-party service provider to serve as central credit organization and clearing house for credit and settlement. Once such central credit organization is selected, Participants that have not already directly established credit with all other Participants under Section 7.2.2.1 of this Tariff shall establish credit with the central credit organization.

7.1.2.2.1 WPP will provide the central credit organization any Operations Program related information necessary for them to perform their obligations as set forth in the agreement between WPP and the central credit organization.

7.1.2.2.2 All costs associated with the central credit organization service shall be borne by Participants as established in the agreement between WPP and the central credit organization and either billed directly on a transactional basis or else recovered under Schedule 1 of this Tariff.

7.1.2.3 The obligation to arrange sufficient credit shall at all times be on the deficient Participant (i.e., a Participant with a negative sharing calculation in the Operations Program). If a deficient Participant has not made good faith and commercially reasonable efforts to

obtain sufficient credit with a delivering Participant, such delivering Participant shall so notify WPP and shall be excused from any obligation to deliver to such deficient Participant. Nothing in this Section 7 requires a Participant to violate its written risk or credit policy.

8. Force Majeure, Limitation of Liability, and Indemnification

- 8.1 Force Majeure: An event of Force Majeure means any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, pandemic, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation, or restriction imposed by governmental military or lawfully established civilian authorities, or any other cause beyond a party's control. A Force Majeure event does not include an act of negligence or intentional wrongdoing. Neither WPP nor the Participant will be considered in default as to any obligation under this Tariff if prevented from fulfilling the obligation due to an event of Force Majeure. However, a Party whose performance under this Tariff is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Tariff. Notwithstanding the foregoing, the physical inability to perform because of an event of Force Majeure shall not relieve the party of any financial obligations incurred under this Tariff or as a result of the Force Majeure event, unless, and to the extent, such financial obligation is waived or excused under provisions of Part II or Part III of this Tariff expressly providing for such waiver or excuse.
- 8.2 Limitation of Liability:
- 8.2.1 Neither WPP nor the Program Operator shall be liable, whether based on contract, indemnification, warranty, tort, strict liability or otherwise, to any Participant, other entity owning a Qualifying Resource, third party, or other person for any damages whatsoever, including, without limitation, direct, incidental, consequential, punitive, special, exemplary, or indirect damages arising or resulting from any act or omission in any way associated with service provided under this Tariff or any agreement hereunder, including, but not limited to, any act or omission that results in an interruption, deficiency or imperfection of service, except to the extent that the damages are direct damages that arise or result from the gross negligence or intentional misconduct of WPP or Program Operator, in which case WPP shall only be liable for direct damages.
- 8.2.2 Neither WPP nor the Program Operator shall be liable for damages arising out of services provided under this Tariff or any agreement entered into hereunder, including, but not limited to, any act or omission that results in an interruption, deficiency, or imperfection of service, occurring as a result of conditions or circumstances beyond the control of WPP, or resulting from electric system design common to the domestic electric utility industry or electric system operation practices or conditions common to the domestic electric utility industry.
- 8.2.3 To the extent that a Participant or other person has a claim against WPP, the amount of any judgment or arbitration award on such claim entered in favor of such entity shall be limited to the value of WPP's assets. No party may seek to enforce any claims under this Tariff or any Agreements entered into

hereunder against the directors, managers, members, shareholders, officers, employees, or agents of WPP, or against the Program Operator, who shall have no personal liability for obligations of WPP by reason of their status as directors, managers, members, shareholders, officers, employees, or agents of WPP or by virtue of their status as Program Operator.

- 8.2.4 To the extent that WPP is required to pay any money damages or compensation or pay amounts due to its indemnification of any other party as it relates to any services provided, acts, or omissions under this Tariff or any agreement entered into hereunder, WPP shall be allowed to recover any such amounts under Schedule 1 of this Tariff as part of the WRAP Administration Charge. Notwithstanding the foregoing, WPP shall be prohibited from recovering under this Tariff any costs associated with any damages, compensation, or indemnification costs that arise: (i) with regard to any acts or omissions that occur outside of this Tariff and any agreements entered into hereunder, or (ii) if a court of competent jurisdiction determines that the damages are direct damages that arise or result from the gross negligence or intentional misconduct of WPP or the Program Operator.
- 8.2.5 A Participant's liability to another Participant under this Tariff for failure to comply with obligations under this Tariff shall be limited to any charges or payments calculated pursuant to this Tariff; provided, however, that nothing in this Section 8.2.5 shall limit or is intended to foreclose any Participant's liability that may arise under any bilateral agreements between Participants.
- 8.3 Indemnification: The Participants shall at all times indemnify, defend, and save WPP (and any of its Program Operator(s), agents, consultants, directors, officers, or employees) harmless from any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties arising out of or resulting from the performance of activities under this Tariff by WPP, any Program Operator(s), or agents, consultants, directors, officers, or employees of WPP, except in cases of gross negligence or intentional wrongdoing by WPP or the Program Operator. WPP shall credit any proceeds from insurance or otherwise recovered from third parties to Participants who have paid to indemnify WPP under this Section 8.3.
- 8.4 Actions upon Unavailability of Program Operator(s): In the event that the Program Operator(s) become(s) unwilling, unable, or otherwise unavailable to perform contractual duties necessary for WPP to discharge its obligations under this Tariff and WPP's agreement(s) with the Program Operator(s), WPP shall engage with Participants as soon as practicable to determine what actions to take, including but not limited to filing with FERC a request to waive one or more provisions of this Tariff up to and including immediate suspension of all rights and obligations under this Tariff until a replacement Program Operator(s) can assume all relevant Program Operator functions.

9. Dispute Resolution Procedures

- 9.1 Internal Dispute Resolution Procedures: Any dispute between a Participant and WPP under the Tariff (excluding amendments to the Tariff or to any agreement entered into under the Tariff, which shall be presented directly to the FERC for resolution) shall be referred to a designated senior representative of WPP and a senior representative of the Participant for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute within thirty days (or such other period as the parties may agree upon) by mutual agreement, such dispute shall then be referred to the chief executive officer or comparable executive of each party for resolution. In the event that the executives are unable to resolve the dispute within thirty days (or such other period as the parties may agree upon), such dispute may be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below.
- 9.2 External Arbitration Procedures: Any arbitration initiated under the Tariff shall be conducted before a single neutral arbitrator appointed by the parties to the dispute. If the parties fail to agree upon a single arbitrator within ten days of the referral of the dispute to arbitration, each party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association and any applicable FERC regulations.
- 9.3 Arbitration Decisions: Unless otherwise agreed by the parties, the arbitrator(s) shall render a decision within ninety days of appointment and shall notify the parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of the Tariff and/or any agreement entered into under the Tariff and shall have no power to modify or change any of the above in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act and/or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with the FERC if it affects jurisdictional rates, terms and conditions of service or facilities.
- 9.4 Costs: Each party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (i) the cost of the arbitrator chosen by the party to sit on the three-member panel and one half of the

cost of the third arbitrator chosen; or (ii) one half the cost of the single arbitrator jointly chosen by the Parties.

- 9.5 Rights Under the Federal Power Act: Nothing in this section shall restrict the rights of any person to file a complaint with the FERC under relevant provisions of the Federal Power Act or of WPP to file amendments to this Tariff under the relevant provisions of the Federal Power Act.

10. Treatment of Confidential and Commercially Sensitive Information of Participants

- 10.1 Terms: For purposes of this Section 10 only, the term “WPP” shall also include, as applicable, any directors, officers, employees, agents, or consultants of WPP, the Independent Evaluator established under Section 5 of this Tariff, and any central credit organization established under Section 7 of this Tariff. WPP shall be bound by the rights, obligations, and conditions set forth in this Section 10. For purposes of this Section 10, the term “Disclosing Entity” shall include any Participant that discloses information to WPP that the Disclosing Entity deems and identifies as confidential or commercially sensitive. WPP’s collection and handling of non-Participant data shall be governed by separate non-disclosure agreements with such non-Participants.
- 10.2 Treatment of Confidential or Commercially Sensitive Information: WPP shall maintain the confidentiality of all of the documents, data, and information provided to it by any Participant that such disclosing Participant deems and specifically identifies as confidential or commercially sensitive; provided, however, that WPP need not keep confidential: (i) information that is publicly available or otherwise in the public domain; or (ii) information that is required to be disclosed under this Tariff or any applicable legal or regulatory requirement (subject to the procedures set forth in Section 10.4 of this Tariff).
- 10.2.1 WPP staff may develop and release publicly composite or aggregated data based upon Participant confidential or commercially sensitive information, provided that such composite or aggregated data cannot be used to identify or attribute a disclosing Participant’s confidential or commercially sensitive data. Such release of composite or aggregated data shall be governed by the following process.
- 10.2.1.1 Prior to the initial release of such composite or aggregated data, WPP staff shall present the form and format of such data to each Participant whose confidential information or data will be used to create the composite or aggregated data. If any such Participant objects to the form and format as revealing or allowing for attribution of confidential or commercially sensitive Participant-specific data, WPP staff shall determine whether to modify the form and format or to retain the proposed form and format for release. If WPP staff elects to retain the proposed form and format, the Participant shall have the right to appeal to the RAPC and WPP staff shall be prohibited from releasing the composite or aggregated data in the proposed form and format until the Participant’s appeal rights as specified in this Section 10.2.1 are exhausted.
- 10.2.1.2 If a Participant appeals a WPP staff decision regarding the form and format of composite or aggregated data to the

RAPC, the RAPC shall consider whether the form and format reveals or allows for attribution of confidential or commercially sensitive Participant-specific data. If the RAPC determines that the proposed form and format is sufficient to protect against the release of confidential or commercially sensitive Participant-specific data, WPP staff is authorized to release the composite or aggregated data in the proposed form and format unless the Participant timely appeals the RAPC decision to the Board of Directors.

10.2.1.3 If a Participant appeals a RAPC decision regarding the form and format of composite or aggregated data to the Board of Directors, the Board of Directors shall consider whether the form and format is sufficient to protect against the release or attribution of confidential or commercially sensitive Participant-specific data. If the Board of Directors determines that the proposed form and format is sufficient to protect against the release of confidential or commercially sensitive Participant-specific data, WPP staff is authorized to release the composite or aggregated data in the proposed form and format.

10.2.1.4 Once a proposed form and format of composite or aggregated data is approved by the WPP staff and is not appealed or appeals are unsuccessful, such form and format may be used for all future disclosures of composite or aggregate information and no Participant may dispute such release. If WPP staff proposes to alter the form and format, including but not limited to changing the granularity of data, WPP staff shall be required to follow the process set forth in this Section 10.2.1 and Participants shall have the right to appeal such changes in form and format as set forth herein. Notwithstanding the foregoing, if the composition of Participants in the WRAP changes in such a way that the form and format of composite or aggregated data is no longer sufficient to protect against disclosure or attribution of confidential or commercially sensitive Participant-specific data, an aggrieved Participant shall have a one-time right to raise the issue promptly with WPP Staff for presentation to and review by the Board of Directors, and the Board of Directors in its sole discretion shall decide whether the change in composition results in the form and format of the composite or aggregated data becoming insufficient to protect against the release or attribution of confidential or commercially sensitive Participant-specific data; provided, however, that if an aggrieved Participant does not raise its concerns with the Board of Directors promptly following the

change in composition, such Participant shall have waived its right to contest the release of such composite or aggregated data.

10.2.2 Notwithstanding anything to the contrary in this Section 10.2, if the RAPC unanimously votes to disclose publicly any particular category of Participant-specific data, such data shall no longer be deemed confidential regardless of any such designation by a disclosing Participant, and this election shall be binding on any current and future Participants until such time as the RAPC votes unanimously to prohibit public release of such category of data. A list of the categories of Participant-specific data that the RAPC unanimously votes to make public shall be included in the Business Practice Manuals.

10.3 Access to Confidential or Commercially Sensitive Information: Except as otherwise provided in Section 10.2 of this Tariff, no Participant, entity owning a Qualifying Resource, or any third party shall have the right hereunder to receive from WPP or to otherwise obtain access to any documents, data or other information that has been identified as or deemed to be confidential or commercially sensitive under Section 10.2 of this Tariff by a disclosing Participant. The provisions of this Section 10.3 do not apply to WPP (including any Independent Evaluator, member of the Board of Directors, or any WPP officer, employee, agent, or consultant that requires access to confidential or commercially sensitive information); provided that access to Participant-specific confidential or commercially sensitive information shall be solely for the purpose of performing the duties or functions under this Tariff or otherwise advising or assisting WPP. WPP shall develop internal policies and controls governing the handling and protection of confidential or commercially sensitive Participant-specific data by members of the Board of Directors, officers, employees, agents, consultants, or any Independent Evaluator.

10.4 Exceptions: Notwithstanding anything in this Section 10 to the contrary:

10.4.1 If WPP is required by applicable laws or regulations, or in the course of administrative or judicial proceedings, to disclose information that is otherwise required to be maintained in confidence pursuant to this Section 10, WPP may disclose such information; provided, however, that as soon as practicable after WPP learns of the disclosure requirement and prior to making such disclosure, WPP shall notify any affected disclosing Participant of the requirement and the terms thereof. Any such disclosing Participant may, at its sole discretion and own cost, direct any challenge to or defense against the disclosure requirement and WPP shall cooperate with such disclosing Participant to take all reasonable available steps to oppose or otherwise minimize the disclosure of the information permitted by applicable legal and regulatory requirements. WPP shall further cooperate with such disclosing Participant to the extent reasonably practicable to obtain proprietary or confidential treatment of confidential or commercially

sensitive information by the person to whom such information is disclosed prior to any such compelled disclosure.

- 10.4.2 WPP may disclose confidential or commercially sensitive information, without notice to any affected disclosing Participant(s), in the event that FERC, during the course of an investigation or otherwise, requests information that is confidential or commercially sensitive. In providing the information to FERC, WPP shall take action, consistent with 18 C.F.R. §§ 1b.20 and/or 388.112, to request that the information be treated by FERC as confidential and non-public and, if appropriate, as Critical Energy Infrastructure Information and that the information be withheld from public disclosure. WPP shall provide the requested information to FERC within the time provided for in the request for information. WPP shall notify any affected disclosing Participant(s) within a reasonable time after WPP is notified by FERC that a request for disclosure of, or decision to disclose, the confidential or commercially sensitive information has been received, at which time WPP and any affected disclosing Participant may respond before such information would be made public.
- 10.5 Notwithstanding any efforts undertaken pursuant to Section 10.4 to prevent or limit the release of a Participant's confidential or commercially sensitive information, in the event that FERC or a court of competent jurisdiction orders or otherwise permits the public release of a Participant's confidential or commercially sensitive information, the affected Participant shall have a one-time right to elect to terminate its participation in the WRAP under the expedited termination provisions set out in Section 11.2 of the WRAPA.
- 10.6 WPP shall handle any information identified or deemed to be Controlled Unclassified Information/Critical Energy Infrastructure Information in accordance with FERC's regulations set forth at 18 C.F.R. § 388.113 and any applicable FERC policies or other regulations, including but not limited to restricting access to such information on a password-protected portion of WPP's website or similar precautions.
- 10.7 Nothing in this Section 10 is intended to limit a Participant's ability to disclose or release publicly its own confidential or commercially sensitive information or data, or to limit a Participant's ability to authorize WPP's disclosure of such material to a specified recipient.

11. Timing

11.1 In the event that any deadline specified in this Tariff shall fall on a day that is not a Business Day, the deadline shall be extended to the next Business Day.

12. Application and Registration

- 12.1 Any entity wishing to participate in the WRAP must submit an application and registration in accordance with the Business Practices Manuals and must execute the WRAPA as set forth in Attachment A of this Tariff, or a non-conforming version of such participation agreement that is approved by FERC for an individual Participant. Such application and registration must be submitted in accordance with the timelines set forth in the Business Practices Manuals in advance of the next Binding Season.
- 12.2 Each Participant must register all of its resources and loads, regardless of whether such resources will be used to satisfy the WRAP requirements and regardless of whether certain loads will be subject to the requirements of the WRAP. Participants may modify their registration of resources and loads in accordance with the timing procedures set forth in the Business Practices Manuals.
- 12.3 In the event that more than one Participant attempts to register the same resource or load, the following procedure will be used to assign the resource or load to a Participant:
 - 12.3.1 If a Participant attempts to register a load or resource that has already been registered by a different Participant, the resource or load will remain registered by the original Participant registering the resource or load until such time as both Participants mutually inform WPP that a change to the registration is required.
 - 12.3.2 If two or more Participants attempt to register the same resource or load during the same registration window, WPP shall request that the Participants determine among themselves the appropriate registration of the resource or load before that resource or load is included in the WRAP.

PART II FORWARD SHOWING PROGRAM

13. Overview

- 13.1 In the Forward Showing Program, as set forth in this Part II of the Tariff, and as further detailed in the Business Practice Manuals, each Participant shall, in advance of each Binding Season, show as to such Binding Season: (i) the total capacity, referred to and defined herein as the FS Capacity Requirement, required by the provisions of this Tariff for such Binding Season for reliable service to the loads for which such Participant is responsible; (ii) the demonstration of capacity, referred to and defined herein as the Qualifying Capacity Contribution, or QCC, provided by the Qualifying Resources the Participant provides or procures to meet its FS Capacity Requirement; and (iii) at least the minimum level of firm transmission service, referred to and defined herein as the FS Transmission Requirement, needed for reliable delivery of the QCC of the Participant's Qualifying Resources from such resources to the loads for which the Participant is responsible.
- 13.2 As also set forth in this Part II of the Tariff, and as further detailed in the Business Practice Manuals: (i) WPP shall, in advance of each Binding Season, review the Forward Showing Submittals of each Participant for such Binding Season; (ii) WPP shall identify to the Participant any deficiencies in the Participant's Portfolio QCC (whether as to contracts or directly owned or controlled resources) relative to the FS Capacity Requirement, and any deficiencies in the identified firm transmission service relative to the FS Transmission Requirement, within sixty days of the Forward Showing Submittal deadline; (iii) the Participant shall have an opportunity to cure such deficiencies, within sixty days of notification of deficiency; and (iv) if the Participant fails to cure all such deficiencies on or before the deadlines prescribed herein, the Participant shall be assessed a Forward Showing Deficiency Charge.

14. Forward Showing Program Process and Timeline

- 14.1 The Forward Showing Program has two Binding Seasons, defined as the Summer Season and the Winter Season. The Summer Season is the period beginning on June 1 of each Year and ending on September 15 of that same Year. The Winter Season is the period beginning on November 1 of each Year and ending on March 15 of the succeeding Year. This Tariff does not establish resource or showing obligations outside the periods defined by the Summer Season and Winter Season.
- 14.2 Each Participant shall submit its Forward Showing Submittals for each Month of each Binding Season, with all required supporting materials and information as detailed in the Business Practice Manuals, on or before the FS Deadline for the Binding Season. The FS Deadline for each Binding Season shall be seven months before the start of such Binding Season.

14.2.1 Forward Showing Submittal:

14.2.1.1 Absent the exception in Section 14.2.1.2, each Participant shall submit a separate Forward Showing Submittal for loads for which it is responsible if transmission constraints between areas where its loads are located, including, without limitation, when Participant is responsible for loads in more than one Subregion, prevent application, in the manner more fully described in the Business Practice Manuals, of Resource QCC or Net Contract QCC from one load area to the FS Capacity Requirement of another load area.

14.2.1.2 Notwithstanding Section 14.2.1.1, a Participant responsible for loads in two Subregions may submit for a given Month a single Forward Showing Submittal for such loads, and may employ for determination of its FS Capacity Requirement for such Month the lower of the two FSPRM values determined for the Subregions where its loads are located, if the Participant demonstrates in such Forward Showing Submittal, in accordance with the procedures and requirements set forth in the Business Practice Manuals, transmission service rights, which such Participant will make available during all hours of such Month for purposes of regional diversity sharing under the WRAP, of the type required by the FS Transmission Requirement, in a quantity, in addition to that required by the FS Transmission Requirement, equal to the difference in the two FSPRM values multiplied by the Participant's P50 Peak Load Forecast for such Month, with the a point of delivery in the Subregion with the higher FSPRM value and the point of receipt in the Subregion with the lower FSPRM value. Each such offer shall identify the MW quantity, Month of service, point of receipt, and point of delivery of such transmission service rights, and such other information as specified in the Business Practice Manuals, and shall

verify that the offered rights are NERC Priority 6 or NERC Priority 7 firm point-to-point transmission service. No Participant is obligated to offer any such transmission service rights, but any offer so made and not withdrawn before the deadline specified in the Business Practice Manuals shall be considered a binding offer of the identified transmission service rights which may not be withdrawn before the end of the last Day of the Month for which such transmission service is offered.

14.2.2 Each Participant's Forward Showing Submittal shall include a Senior Official Attestation.

14.3 The FSPRM values used in the Forward Showing Submittals for a Binding Season shall be those values approved by the Board of Directors as the culmination of an Advance Assessment process. No later than twelve months before the FS Deadline for each Binding Season, WPP will determine and post the recommended FSPRM for each Subregion for each Month of such Binding Season. Participants shall provide their load, resource and other information reasonably required to perform the analyses and calculations required for the Advance Assessment, in accordance with the Advance Assessment information submission details and schedule specified in the Business Practice Manuals. No later than nine months before the FS Deadline for such Binding Season, the Board of Directors shall take its final action regarding approval of the FSPRM values for each Month of such Binding Season.

14.3.1 In connection with an Advance Assessment process, or otherwise in connection with consideration of a change to the Business Practice Manuals, the Board of Directors may determine that designation of Subregions would encourage the relief, in whole or part, of transmission constraints on the transfer of capacity within the WRAP Region (whether through development or commitment of transmission, of Qualifying Resources, or by other means) to the benefit of the WRAP Region and the advancement of the objectives of the WRAP. Each such Subregion shall be identified in the Business Practice Manuals.

14.3.2 Any Participant may choose to offer in the Advance Assessment process transmission service rights owned or controlled by such Participant for firm delivery of capacity from one Subregion to another Subregion, for use by other Participants under the terms of Part III of this Tariff during any or all identified Months of the applicable Binding Season. Each such offer shall identify the MW quantity, Month of service, point of receipt, and point of delivery of such transmission service rights, and such other information as specified in the Business Practice Manuals, and shall verify that the offered rights are NERC Priority 6 or NERC Priority 7 firm point-to-point transmission service. No Participant is obligated to offer any such transmission service rights in the Advance Assessment process, but any offer so made and not withdrawn before the deadline during the Advance

Assessment process specified in the Business Practice Manuals shall be considered a binding offer of the identified transmission service rights which may not be withdrawn before the end of the last Day of the Month for which such transmission service is offered. WPP shall take account of such offered transmission service rights, along with other transmission deliverability reasonably anticipated to be available for use by Participants for WRAP purposes during the applicable Binding Season in its determination of the recommended FSPRM values for each Month of the applicable Binding Season for the WRAP Region and for each affected Subregion.

- 14.4 No later than sixty Days after the FS Deadline for a Binding Season, WPP will (i) provide the values of the Participant's FS Capacity Requirement and FS Transmission Requirement for each Month of the Binding Season; (ii) affirm that the Portfolio QCC of such Participant for each Month of the Binding Season equals or exceeds the FS Capacity Requirement of such Month for such Participant or notify such Participants of any deficiencies in the Forward Showing Submittal that result in a failure to demonstrate satisfaction of the FS Capacity Requirement; and (iii) affirm that the Demonstrated FS Transmission plus approved Monthly Transmission Exceptions of such Participant for each Month of the Binding Season equals or exceeds the FS Transmission Requirement of such Month for such Participant or notify such Participants of any deficiencies in the Forward Showing Submittal that result in a failure to demonstrate satisfaction of the FS Transmission Requirement.
- 14.5 Within 120 Days after the FS Deadline, the Participant shall (i) submit revisions to its Forward Showing Submittal, including, without limitation, additions or revisions to the Participant's Resource QCC, Net Contract QCC, or Demonstrated FS Transmission; (ii) in order to fully cure all identified deficiencies and demonstrate that such Participant's Portfolio QCC for each Month of the Binding Season equals or exceeds its FS Capacity Requirement; and (iii) fully provide Demonstrated FS Transmission for each Month of the Binding Season equals or exceeds its FS Transmission Requirement for the same Month of the Binding Season where WPP identified deficiencies.
- 14.5.1 Any Participant that fails to cure identified deficiencies in its Forward Showing Submittal within the period prescribed above shall be assessed an FS Deficiency Charge.

15. Transition Period

- 15.1 A Participant may elect a Binding Season during the Transition Period as the first Binding Season for which it will assume the obligations of demonstrating capacity and making surplus capacity available to other Participants and will receive the benefits of reliance upon other Participants' surplus capacity. As to such Participant, any Binding Season during the Transition Period occurring before the first Binding Season elected by such Participant shall be a Non-Binding Season. As to its elected Non-Binding Seasons, the Participant:
- 15.1.1 Shall not be subject to Capacity Deficiency Charges, Transmission Deficiency Charges, Holdback Requirements, Energy Deployment obligations, or Delivery Failure Charges;
 - 15.1.2 Shall submit Forward Showing Submittals but shall not be required to cure deficiencies;
 - 15.1.3 Shall not have a mandatory Holdback Requirement as a result of the Sharing Calculation;
 - 15.1.4 May receive Holdback capacity offered voluntarily by other Participants in accordance with Part III of this Tariff; and
 - 15.1.5 Shall have all rights and be subject to all obligations under Part I of this Tariff and the Participant's WRAPA, including, without limitation, voting rights, committee participation, and the obligation to pay the WRAP Administration Charge.
- 15.2 Any Participant that executes a WRAPA prior to January 1, 2023, shall provide any election of Non-Binding Seasons during the Transition Period no later than January 1, 2023. Any Participant that executes a WRAPA on or after January 1, 2023, shall provide any election of Non-Binding Seasons at the time of execution of its WRAPA. Such elections shall be in writing and in the form and manner provided in the Business Practice Manuals. A Participant that does not elect Non-Binding Seasons on or before the deadlines prescribed herein shall have no Non-Binding Seasons during the Transition Period.
- 15.3 No later than two years before the start of the first Binding Season elected by a Participant, the Participant may give written notification that unanticipated circumstances prevent it from participating in such Binding Season in a manner that will satisfy the requirements of Parts II and III of this Tariff. This deferral right shall continue for each Binding Season during the Transition Period that becomes the Participant's first Binding Season as a result of an election of such deferral right for a prior Binding Season. A Participant that fails to provide such notification will be subject to Parts II and III of this Tariff for the Binding Season then established as its first Binding Season during the Transition Period and for each Binding Season thereafter.

15.4 Within two years prior to the start of the first Binding Season of the WRAP, a Participant who has elected to participate in the first Binding Season may request a vote of all Participants who have elected to participate in the first Binding Season to delay implementation of the first Binding Season for up to two Seasons. Delayed implementation of the first Binding Season shall be approved if 75% of the Participants who elected to participate in the first Binding Season vote in favor of such delay, with approval requiring a vote of 75% of both the House and Senate vote tallies (as described in Sections 4.1.6.2.1 and 4.1.6.2.2 of this Tariff) of all Participants who elected to participate in the first Binding Season.

15.4.1 The deferral vote may only occur for the first Binding Season of the WRAP. If the Participants who elected to participate in the first Binding Season of the WRAP vote to delay implementation of the first Binding Season, all compliance charges for the Forward Showing Program and Operations Program are automatically deferred; except that the Participants may vote to delay implementation only of the Operations Program portion of the first Binding Season and retain the binding Forward Showing Program portion of the first Binding Season.

16. Components of the Forward Showing

16.1 FS Capacity Requirement. The FS Capacity Requirement shall be determined for each Participant on a monthly basis by applying the applicable Monthly FSPRM for a Month to such Participant's peak load forecast for that Month. The Participant's peak load forecast for a given Month of a Binding Season will be the P50 Peak Load Forecast for the Binding Season multiplied by a shaping factor based on the historic relationship, for such Participant, of the seasonal peak for the Winter Season or Summer Season, as applicable, and the monthly peaks for the Months in such season, as more fully described in the Business Practice Manuals.

16.1.1 P50 Peak Load Forecast. The P50 Peak Load Forecast is a peak load forecast prepared on a basis, such that the actual peak load is statistically expected to be as likely to be above the forecast as it is to be below the forecast. The Business Practice Manuals shall specify an approved load forecasting methodology for use by all Participants for their WRAP-required load forecasts which shall include (i) a base monthly peak derived from a recent historic period that recognizes additions and removals of load during the historic period, (ii) adjustments for known additions and removals of load during the forecast window; and (iii) a specified load growth factor.

16.1.2 FS Planning Reserve Margin

16.1.2.1 The FSPRM is an increment of resource adequacy supply needed to meet conditions of high demand in excess of the applicable peak load forecast and other conditions such as higher resource outages, expressed as a percentage of the applicable peak load forecast. The FSPRM shall be determined based on probabilistic analysis, taking account of uncertainties in generation and load, as the margin above peak load that provides an expectation of no more than a single event-day of loss of load in ten years (sometimes referred to herein as the "1-in-10 LOLE" or 0.1 annual LOLE). The FSPRM shall be determined in a manner that accounts for the governing principles of QCC value determinations set forth in Section 16.2.5 of this Tariff and shall employ the applicable peak load for the applicable Binding Season and Months. Additional details, assumptions, methodologies, and procedures for determination of the FSPRM shall be as set forth in the Business Practice Manuals.

16.1.2.2 WPP shall calculate in the Advance Assessment process the recommended Monthly FSPRM for each Month of each Binding Season, for approval by the Board of Directors as set forth in this Part II.

16.1.2.3 The FSPRM shall employ (i) a simulated resource stack using capacity accreditation principles consistent with those used for WRAP QCC determinations; (ii) an adjustment in the total WRAP-required QCC value as needed to meet a 1-in-10 LOLE, and (iii) while maintaining the 1-in-10 LOLE in (ii), include a monthly reduction of capacity to ensure that each Month has at least 0.01 annual LOLE. The FSPRM for a Month shall be the simulated QCC as adjusted to meet the 1-in-10 LOLE minus the P50 Peak Load Forecast for the Month, divided by the P50 Peak Load Forecast for the Month.

16.1.2.4 The FSPRM shall include an approximation of Contingency Reserves as set forth in the Business Practice Manuals.

16.1.3 Contingency Reserves Adjustment. A Participant's FS Capacity Requirement will be adjusted as set forth in the Business Practice Manuals to account for changes in Contingency Reserve requirements resulting from energy contract purchases and contract sales.

16.1.4 A Participant responsible for loads located in a Subregion for which an FSPRM value has been determined that is higher than the FSPRM value determined for a different Subregion may, in lieu of demonstrating a MW increment of Portfolio QCC otherwise required to satisfy such Participant's FS Capacity Requirement for a given Month, demonstrate in its Forward Showing Submittal, in accordance with the procedures and requirements set forth in the Business Practice Manuals, transmission service rights, which such Participant will make available during all hours of such Month for purposes of regional diversity sharing under the WRAP, of the type required by the FS Transmission Requirement, in a quantity, in addition to that required by the FS Transmission Requirement, that is no greater than the difference in the two FSPRM values multiplied by the Participant's P50 Peak Load Forecast, with the point of delivery in the Subregion with the higher FSPRM value and the point of receipt in the Subregion with the lower FSPRM value. The MW quantity of the additional transmission so demonstrated shall reduce for such Month, by the same MW quantity, the Portfolio QCC the Participant would otherwise be required to demonstrate to satisfy its FS Capacity Requirement for such Month. Each such offer shall identify the MW quantity, Month of service, point of receipt, and point of delivery of such transmission service rights, and such other information as specified in the Business Practice Manuals, and shall verify that the offered rights are NERC Priority 6 or NERC Priority 7 firm point-to-point transmission service. No Participant is obligated to offer any such transmission service rights, but any offer so made and not withdrawn before the deadline specified in the Business Practice Manuals shall be considered a binding offer of the identified

transmission service rights which may not be withdrawn before the end of the last Day of the Month for which such transmission service is offered.

16.2 Qualified Capacity Contribution

- 16.2.1 For each Participant and each Binding Season, the Forward Showing shall show and support the Portfolio QCC, which shall be the sum of the QCC of the Participant's Qualifying Resources ("Resource QCC"), the QCC of its contracted capacity ("Net Contract QCC"), and any transfers of capacity already accredited by another Participant ("Total RA Transfer," which could be positive or negative). The Portfolio QCC effective for a Binding Season shall be the value determined by WPP.
- 16.2.2 A resource will not be assigned a Resource QCC or counted toward Portfolio QCC unless it is a Qualifying Resource. Qualifying Resources are those that, before they are included in a Forward Showing Submittal, are first registered with WPP. A Participant seeking registration of a resource must submit a request for registration providing the resource information described in the Business Practice Manuals.
- 16.2.3 The minimum resource size for registration of a resource is 1 MW, provided, however, that Participants with responsibility for individual resources of less than 1 MW may aggregate them to meet the 1 MW minimum requirement, under the conditions and limitations specified in the Business Practice Manuals.
- 16.2.4 A Participant may include in its Forward Showing Submittal a request for an exception from its FS Capacity Requirement for an insufficiency of its Portfolio QCC solely due to (i) a catastrophic failure of one or more Qualifying Resources due to an event of Force Majeure as defined by Section 8.1 of this Tariff that (ii) the Participant is unable to replace on commercially reasonable terms prior to the FS Deadline as a result of the timing and magnitude of such catastrophic failure and its consequences. As more fully set forth in the Business Practice Manuals, such exception request shall be supported by a Senior Official Attestation. The exception request must include complete information on the nature, causes and consequences of the catastrophic failure, and must describe the Participant's specific, concrete efforts prior to the FS Deadline to secure replacement Qualifying Resources for the applicable Binding Season. WPP will consider the exception criteria established by this section, the information provided in the exception request, the completeness of the exception request, and other relevant data and information, in determining whether to grant or deny an FS Capacity Requirement exception request. WPP shall provide such determination no later than sixty days after submission of such Participant's FS Submittal containing such FS Capacity Requirement exception request. A Participant granted an exception hereunder must complete a monthly exception check report

demonstrating that either the circumstances necessitating the exception have not changed; or that Qualifying Resources have become available, and the Participant has acquired them and no longer requires the exception. Failure to timely submit a required monthly report will result in assessment of a Deficiency Charge, unless the deficiency is cured within seven days of notice of non-compliance. A Participant denied an exception request hereunder may appeal such denial to the Board of Directors in accordance with the procedures and deadlines set forth in the Business Practice Manuals. In such event, the requested exception shall be denied or permitted as, when and to the extent permitted by the Board, in accordance with the procedures and timing set forth in the Business Practice Manuals. WPP shall give notice of any exception granted hereunder in the time and manner provided by the Business Practice Manuals.

16.2.5 QCC: WPP shall determine QCC values for the resource types specified below in accordance with the governing principles specified below for each resource type, and consistent with further details specified for each resource type in the Business Practice Manuals.

16.2.5.1 For resources that use conventional thermal fuels, including but not limited to, coal, natural gas, nuclear, and biofuel, WPP will determine QCC based on an Unforced Capacity methodology that employs resource-specific capability testing and capability requirements to determine an Installed Capacity value, and a forced outage calculation methodology based on historic performance during Capacity Critical Hours over a specified multi-year period (excluding outages properly reported as “outside management control”), or based on class-average forced outage data, as specified in the Business Practice Manuals, if there is insufficient data on historic performance.

16.2.5.2 For resources that are Variable Energy Resources, including, but not limited to, wind and solar resources, WPP will determine QCC based on an ELCC methodology, that accounts for synergistic portfolio effects within and among VER types at different resource penetration levels that influence the extent to which the WRAP Region can rely on those VER categories to meet overall capacity needs.

16.2.5.2.1 For such purpose, a separate ELCC value will be calculated in the aggregate for all VER resources of a given type in an identified VER Zone, to be delineated in the Business Practice Manuals based on factors such as geography, performance, meteorological considerations, and penetration.

16.2.5.2.2 As more fully described in the Business Practice Manuals, the zonal aggregate VER-resource-type value will be calculated by (i) conducting a benchmark LOLE study that includes all resource types except the VER resource type being studied, employing a model and assumptions consistent with those used to calculate FSPRM, and adding, or subtracting, the same MW quantity of Pure Capacity to every hour of the applicable Binding Season until, respectively, an initial LOLE value above 0.1 day per year becomes 0.1 day per year, or an initial LOLE value below 0.1 day per year becomes 0.1 day per year; (ii) conducting an LOLE study that includes all resource types including the VER resource type being studied, employing a model and assumptions consistent with those used to calculate FSPRM, and adding, or subtracting, the same MW quantity of Pure Capacity to every hour of the applicable Binding Season until, respectively, an initial LOLE value above 0.1 day per year becomes 0.1 day per year, or an initial LOLE value below 0.1 day per year becomes 0.1 day per year; and (iii) subtracting the Pure Capacity value determined under subpart (ii) from the Pure Capacity value determined under subpart (i) (for which calculation a Pure Capacity value subtracted from each hour in either subpart (i) or subpart (ii) will be assigned a negative value; (iv) repeating steps (i) through (iii) for each year of the study period employing historic, or as necessary, synthesized, data; and (v) basing the aggregate value of the studied VER resource type for the studied VER Zone on the results of the calculation in step (iii) for the years studied, which may include differential weighting of the years studied as appropriate to improve the quality and predictive capacity of the final result.

16.2.5.2.3 The aggregate capacity calculated for each VER resource type in each VER Zone will then be allocated to VERs of that type in that VER Zone based on each such resource's average historical performance if at least three years of historical performance or three years of synthesized forecast data during the WRAP Region's CCH is available at the time of such allocation. If three years historical performance or synthesized forecast data

is not then available, the average ELCC from the VER Zone will be assigned.

- 16.2.5.3 For resources that are Energy Storage Resources, WPP will determine QCC based on an ELCC methodology comparable to that used for VERs. The ELCC methodology will model Energy Storage Resources at the level of their usable capacity that can be sustained for a minimum duration of four hours. An Energy Storage Resource need not have a nameplate rating that assumes a minimum of four hours in order to receive a QCC determination, but the QCC in that case will be scaled to reflect the capability that can be sustained for four hours, as more fully described in the Business Practice Manuals.
- 16.2.5.4 For Demand Response capacity resources, WPP will determine QCC by multiplying the load reduction in MWs by the number of hours the resource can demonstrate load reduction capability divided by five. To be a Qualifying Resource, a Demand Response capacity resource also must satisfy certain testing requirements; must be controllable and dispatchable by the Participant or by the host utility; and must not already be used as a load modifier in the Participant's load forecast, as further specified in the Business Practice Manuals.
- 16.2.5.5 For Storage Hydro Qualifying Resources, the Participant will calculate a QCC based on a methodology detailed in the Business Practice Manuals that: (i) considers each resource's actual generation output, residual generating capability, water in storage, reservoir levels, and flow or project constraints over the previous ten-year historical period; (ii) determines the project's QCC by assessing the historical generation during CCHs on any given day and ability to increase generation during CCHs on the same day, subject to useable water in storage, inflows/outflows, and expected project operating parameters/constraints and limitations; (iii) incorporates forced outage rates; and (iv) determines QCC as average contribution to the CCH for each Winter Season and Summer Season over the previous ten years. If ten years of historic data is not available for the Storage Hydro Qualifying Resource, the Participant may alternatively employ data on the same metrics from a demonstrably comparable facility or apply another method that provides reasonable confidence in the reliability of the predicted values, as more fully set forth in the Business Practice Manuals. The Participant's QCC calculation shall be subject to review and validation by WPP. In connection with such review, the Participant shall provide WPP with the following information necessary to calculate a QCC for

Storage Hydro Qualifying Resources: (i.a) historic reservoir elevation levels; (ii.a) historic plant generation; (iii.a) elevation versus capacity curves; (iv.a) any minimum or maximum reservoir level constraints; (v.a) forced outage rates; (vi.a) volume of water versus reservoir elevation storage tables; and (vii.a) turbine discharge versus generation efficiency curve.

16.2.5.6 For Run of River Qualifying Resources, WPP will determine QCC based on the monthly average performance of such resource during Capacity Critical Hours, as further specified in the Business Practice Manuals

16.2.5.7 For resources that (i) are not within the meaning of any of Sections 16.2.5.1 through 16.2.5.5, and that (ii) either (a) are not dispatchable; or (b) require the purchaser of energy from the resource to take energy as available from such resource, including but not limited to a qualifying facility as defined under the Public Utility Regulatory Policies Act of 1978, WPP will determine QCC based on the monthly average performance of such resource during Capacity Critical Hours, as further specified in the Business Practice Manuals.

16.2.6 Net Contract QCC: WPP shall determine Net Contract QCC for the agreement types specified below in accordance with the governing principles specified below for each agreement type, and consistent with further details specified for each agreement type in the Business Practice Manuals. Net Contract QCC may be either positive or negative, to take account of, for example, a Participant's agreements for the sale of capacity to any other party.

16.2.6.1 Absent one of the exceptions described and limited below, capacity supply agreements qualifying for a Net Contract QCC in the WRAP must be resource specific, and therefore must include, among other requirements, an identified source, an assurance that the capacity is not used for another entity's resource adequacy requirements, an assurance that the seller will not fail to deliver in order to meet other supply obligations, and affirmation of NERC priority 6 or 7 firm point-to-point transmission service rights or network integration transmission service rights from the identified resource to the point of delivery/load. The specific resources identified in a capacity supply agreement qualifying for Net Contract QCC shall meet the same Resource QCC accreditation requirements for the given resource type, as specified in Section 16.2.5.

16.2.6.2 A system sales contract can qualify for a Net Contract QCC value, provided that if the seller is not a Participant, the system

capacity that is the subject of the agreement must be deemed surplus to the seller's estimated needs, there must be an assurance that the seller will not fail to deliver in order to meet other commercial obligations, and there must be NERC priority 6 or 7 firm point-to-point transmission service rights or network integration transmission service rights from the identified resource) to the point of delivery/load. Surplus status may be demonstrated by a Senior Official Attestation with pertinent supporting details for such surplus status, including written assent of the non-Participant Seller, secured by the purchasing Participant. Such attestation is not required if the seller is a Participant, because the information needed to verify surplus status is already available.

16.2.6.3 A supply agreement entered into prior to October 1, 2021 ("Legacy Agreement") can qualify for a Net Contract QCC value; provided that where a legacy agreement does not identify the source, it must be possible for WPP to presume a source or sources for the contract, including with the written assent of the supplier under such Legacy Agreement, conveyed in the form and manner set forth in the Business Practice Manuals. A Legacy Agreement for which such resource determination cannot be reasonably made will not be counted as adding to the Portfolio QCC.

16.2.7 Total RA Transfer: A Participant may agree with another Participant on a transfer of a portion of their FS Capacity Requirement ("RA Transfer"), provided that the details and duration of such transfer are reported to WPP for validation in accordance with procedures and information requirements specified in the Business Practice Manuals. Where such transfers have been duly reported and validated, an RA Transfer will be added to the purchasing Participant's Portfolio QCC and subtracted from the selling Participant's Portfolio QCC.

16.2.8 Planned Outages: Participants shall include in their Forward Showing Submittal for a Binding Season information on all Qualifying Resources that are currently out of service with a scheduled return date that falls during the Binding Season. Capacity associated with such resources must be deducted from Participants' Portfolio QCC as specified in the Business Practice Manuals to ensure no credit is granted for such resources during the planned outage. The aggregate of any additional outages that are planned to occur during the Binding Season but have not yet begun at the time of submission must be within the Participant's remaining surplus (or replaced with other supply). Participants may provide information on all Qualifying Resources that are planned to be out of service but if such data cannot be supplied with reasonable specificity, a Participant may provide a Senior Official Attestation at the time of the submission of its FS

Submittal that it expects the sum of planned outages to be equal to or less than the surplus stated in its FS Submittal throughout the Binding Season.

16.2.8.1 If a Qualifying Resource is planned to return to service within the first five days of a Binding Season, WPP may approve a qualified acceptance of the FS Submittal, provided the deficiency is less than 500 MW.

16.2.8.2 A planned outage shall not justify a waiver of or exception to a Participant's holdback or energy delivery obligations under Part III of this Tariff. Participants will be expected to procure the necessary capacity or energy to meet the Operations Program requirements, regardless of planned outage schedules or FS Submittal acceptance.

16.3 FS Transmission Requirement

16.3.1 As part of its Forward Showing Submittal for a Binding Season, each Participant must demonstrate, as specified in the Business Practice Manuals, that it has secured firm transmission service rights, including under supply arrangements with a third party that holds or has committed transmission service rights, sufficient to deliver a MW quantity equal to at least 75% of the MW quantity of its FS Capacity Requirement. To the extent a Participant holds transmission service rights with a point of receipt at a Qualifying Resource, or in connection with an RA Transfer to such Participant, any such rights from such point in a MW quantity, respectively, in excess of the QCC of such Qualifying Resource, or in excess of the value of such RA Transfer, shall not contribute toward satisfaction of such Participant's FS Transmission Requirement. The FS Transmission Requirement must be met with NERC Priority 6 or NERC Priority 7 firm point-to-point transmission service or network integration transmission service, from such Participant's Qualifying Resource(s) or from the delivery points for the resources identified for its Net Contract QCC or for its RA Transfer to such Participant's load. Notwithstanding the foregoing, authorized use of Capacity Benefit Margin will satisfy the FS Transmission Requirement. Demonstration of the FS Transmission Requirement shall not, in and of itself, relieve any Participant of responsibility for a Delivery Failure Charge as determined under Section 20.7 if such Participant's failure to obtain or maintain firm transmission service of the type and quantity expected by the Operations Program, as described in Section 20.6 of this Tariff, caused or contributed to an Energy Delivery Failure.

16.3.2 A Participant may include in its Forward Showing Submittal a request for an exception from a limited part of its FS Transmission Requirement, provided the exception request meets the terms, conditions, and limitations of one or more of the following four exception categories:

16.3.2.1 Enduring Constraints. Participant is unable to demonstrate sufficient NERC Priority 6 or NERC Priority 7 firm point-to-point or network integration transmission service rights on any single segment of a source to sink path for a Qualifying Resource; and Participant demonstrates that no ATC for such transmission service rights is available (either from the transmission service provider or through a secondary market) at the FS Deadline on the applicable segment for the Month(s) needed (for a duration of one year or less) at the applicable Open Access Transmission Tariff rate or less; and Participant submits a Senior Official Attestation that Participant has taken commercially reasonable efforts to procure firm transmission service rights, and that Participant has posted Firm Transmission Requirements on a relevant bulletin board prior to the FS Deadline. In the event such transmission service rights are only available for a duration of more than one year (whether from the transmission service provider or through a secondary market) at the FS Deadline on the applicable segment for the Month(s) needed at the applicable Open Access Transmission Tariff rate or less, a Participant is not required to obtain such service in order to qualify for the Enduring Constraints exception hereunder. Notwithstanding the foregoing, if such Participant declines to obtain such available service and is granted the exception hereunder, such Participant shall not qualify for an exception hereunder for the same path (or across the same constraint) for the same season of the subsequent year if the Participant again declines to obtain such transmission service rights that are available for a duration of more than one year. In addition to the foregoing, Participant must further demonstrate that there was remaining available transmission transfer capability (i.e., non-firm ATC after the fact) for all CCHs in the same season of the most recent year for which CCHs have been calculated; or, if the path was constrained in at least one CCH of the CCHs in the same season of the most recent year for which CCHs have been calculated, Participant in that case must demonstrate either that it is constructing or contracting for a new local resource for at least the amount of the exception requested, or that it is pursuing long-term firm transmission service rights by entering the long-term queue and taking all appropriate steps to obtain at least the amount of the exception requested.

16.3.2.2 Future Firm ATC Expected. Participant demonstrates that ATC for NERC Priority 6 or NERC Priority 7 firm point-to-point or network integration transmission service rights is not posted or available prior to the FS Deadline (for a duration of one year or less) at the applicable Open Access Transmission Tariff rate or less, and that the transmission service provider has, after the FS Deadline, released additional ATC for such transmission service

rights in every one of the CCHs of the most recent year for which CCHs have been calculated on the applicable path. In the event ATC for such transmission service rights is only posted or available prior to the FS Deadline for a duration of more than one year (whether from the transmission service provider or through a secondary market) on the applicable segment for the Month(s) needed at the applicable Open Access Transmission Tariff rate or less, a Participant is not required to obtain such service in order to qualify for the Future Firm ATC Expected exception hereunder. Notwithstanding the foregoing, if such Participant declines to obtain such available service and is granted the exception hereunder, such Participant shall not qualify for an exception hereunder for the same path (or across the same constraint) for the same season of the subsequent year if the Participant again declines to obtain such transmission service rights that are available for a duration of more than one year. The Participant must also demonstrate that the exception request meets volume and duration limitations specified in the Business Practice Manuals.

16.3.2.3 Transmission Outages and Derates. Participant demonstrates that an applicable segment of its existing transmission service rights from its source to sink path for its Qualifying Resource is expected to be derated or out-of-service and the ATC for NERC Priority 6 or NERC Priority 7 firm point-to-point or network integration transmission service rights is not otherwise available, and that the exception request meets volume and duration limitations specified in the Business Practice Manuals.

16.3.2.4 Counterflow of a Qualifying Resource. Participant demonstrates that either: (i) Participant's use of firm transmission service in connection with the delivery of capacity from Participant's Qualifying Resource (or from the resource associated with its Net Contract QCC) to Participant's load (or other qualifying delivery point permitted by the WRAP) or (ii) a second Participant's use of firm transmission service in connection with the delivery of capacity from the second Participant's Qualifying Resource (or from the resource associated with its Net Contract QCC) to the second Participant's load (or other qualifying delivery point permitted by the WRAP) provides a direct and proportional counterflow transmission that supports the first Participant's delivery of capacity from the first Participant's Qualifying Resource (or from the resource associated with its Net Contract QCC) to the first Participant's load (or other qualifying delivery point permitted by the WRAP) Qualifying Resource to their load. If the exception is requested under subpart (ii) of this subsection, the Participant requesting the exception shall include a written

acknowledgement from the second Participant that it is aware of such exception request.

As more fully set forth in the Business Practice Manuals, such exceptions may be subject to overall WRAP limits, and shall be supported by a Senior Official Attestation. WPP will consider the exception category terms, conditions and limitations set forth above, and may consider the completeness of the exception request, information from transmission service providers, OASIS data, and data readily available to WPP from other reliable and validated sources concerning the duration, timing, firmness and quantity of available transmission service or equivalent options (including transmission construction), in determining whether to grant or deny a transmission exception request. WPP shall provide such determination no later than sixty days after submission of such Participant's FS Submittal containing such transmission exception request. A Participant denied an exception request hereunder may appeal such denial to the Board of Directors in accordance with the procedures and deadlines set forth in the Business Practice Manuals. In such event, the requested exception shall be denied or permitted as, when and to the extent permitted by the Board, in accordance with the procedures and timing set forth in the Business Practice Manuals. WPP shall give notice of any exception granted hereunder in the time and manner provided by the Business Practice Manuals.

A Participant granted a transmission exception under either Section 16.3.2.1 or Section 16.3.2.2 must complete a monthly transmission exception check report demonstrating that either (i) the circumstances necessitating the exception have not changed; (ii) transmission has become available and the Participant has acquired it; or (iii) the Participant has acquired a different resource, and associated transmission service rights, and no longer requires the exception. Failure to timely submit a required monthly report will result in assessment of a Deficiency Charge, unless the deficiency is cured within seven days of notice of non-compliance.

- 16.3.3 To the extent a Participant does not demonstrate satisfaction of its FS Transmission Requirement by the FS Deadline, the Participant may correct any such deficiency on or before the end of the cure period prescribed by Section 14.5 of this Tariff to avoid a Deficiency Charge.
- 16.3.4. Any deficiency of transmission service rights ultimately determined by WPP will be treated, for purposes of Deficiency Charge determinations, as in conjunction with, and not additive to, any deficiencies of QCC determined pursuant to Section 16.2.

17. Forward Showing Deficiency Charge

- 17.1 If a Participant fails during the cure period to demonstrate that it has resolved any identified deficiencies in either or both of its FS Capacity Requirement and its FS Transmission Requirement, the Participant will be assessed a Deficiency Charge for each Month for which a deficiency is identified in accordance with this section. In such case, the deficiency for which the Participant will be assessed a Deficiency Charge will be calculated in accordance with the following:

Participant's Monthly Capacity Deficiency = Maximum of (Monthly FS Capacity Requirement – Monthly Portfolio QCC, 0)

Participant's Monthly Transmission Deficiency (MW) = Maximum of ((75% × Monthly FS Capacity Requirement) – (Monthly Transmission Demonstrated + Approved Monthly Transmission Exemptions), 0)

Where Monthly Transmission Demonstrated is the amount of transmission service rights submitted by a Participant per the requirements in Section 16.3 and validated by WPP for each month.

Monthly Deficiency (MW) = Maximum of (Monthly Capacity Deficiency, Monthly Transmission Deficiency)

- 17.2 A Participant's Deficiency Charges shall be calculated as set forth in this Section 17.2, subject to the Transition Period rules in Section 17.3, and shall take account of multiple Monthly Deficiencies within a Forward Showing for a single Binding Season, and multiple Deficiencies across a Forward Showing Year, consisting of a Summer Season and the immediately succeeding Winter Season, in accordance with the following:

- 17.2.1 The Monthly Deficiency with the highest MW value in a Forward Showing for a Summer Season shall be assessed a Deficiency Charge equal to:

Max Summer Deficiency (MW) × Annual CONE (\$/kW-year) × 1000 × Summer Season Annual CONE Factor

- 17.2.2 Any other Monthly Deficiency in the Participant's Forward Showing for the same Summer Season shall be assessed a Deficiency Charge equal to:

Additional Summer Deficiency (MW) × (Annual CONE (\$/kW-year)/12) × 1000 × 200%

- 17.2.3 Any Monthly Deficiency in the Forward Showing for the immediately succeeding Winter Season with a higher MW value than the highest MW value of the Monthly Deficiency in the Summer Season shall be assessed a Deficiency Charge on the incremental MW value above the Summer Season equal to:

Maximum of (Max Winter Deficiency – Max Summer Deficiency, 0) (MW) × Annual CONE (\$/kW-year) × 1000 × Winter Season Annual CONE Factor

and in such case where there is a Monthly Deficiency in the Winter Season with a higher MW value than the highest MW value of any Monthly Deficiency in the Summer Season, the Monthly Deficiency with the highest MW value in the Summer Season shall be assessed an additional Deficiency Charge calculated in accordance with Section 17.2.2.

- 17.2.4 Any other Monthly Deficiency in the Participant’s Forward Showing Submittal for the same Winter Season shall be assessed a Deficiency Charge equal to:

Additional Winter Capacity Deficiency × (Annual CONE/12) × 1000 × 200%

- 17.2.5 For purposes of the above, CONE is the estimated cost of new entry of a new peaking natural gas-fired generation facility. The CONE estimate shall be based on publicly available information relevant to the estimated annual capital and fixed operating costs of a hypothetical natural gas-fired peaking facility. The CONE estimate shall not consider the anticipated net revenue from the sale of capacity, energy, or ancillary services from the hypothetical facility, nor shall it consider variable operating costs necessary for generating energy.

- 17.2.6 WPP shall review the CONE estimate annually for a possible update. Any proposed changes in the CONE estimate shall be subject to review through the stakeholder process for program rule changes.

- 17.2.7 The Summer Season Annual CONE Factor shall vary based on the ratio (“Summer % Deficit”) of the Aggregate Capacity Deficiency for the WRAP as a whole for that Summer Season, divided by the P50 Peak Load Forecast for the Summer Season, as follows:

If the Summer % Deficit is less than 1%, the Summer Season Annual CONE Factor = 125%

If the Summer % Deficit is greater than 1% but less than 2%, the Summer Season Annual CONE Factor = 150%

If the Summer % Deficit is greater than 2% but less than 3%, the Summer Season Annual CONE Factor = 175%

If the Summer % Deficit is greater than 3%, the Summer Season Annual CONE Factor = 200%

17.2.8 The Winter Season Annual CONE Factor shall vary based on the ratio (“Winter % Deficit”) of the Aggregate Capacity Deficiency for the WRAP as a whole for that Winter Season, divided by the P50 Peak Load Forecast for the Winter Season, as follows:

If the Winter % Deficit is less than 1%, the Winter Season Annual CONE Factor = 125%

If the Winter % Deficit is greater than 1% but less than 2%, the Winter Season Annual CONE Factor = 150%

If the Winter % Deficit is greater than 2% but less than 3%, the Winter Season Annual CONE Factor = 175%

If the Winter % Deficit is greater than 3%, the Winter Season Annual CONE Factor = 200%

17.2.9 Notwithstanding Sections 17.2.7 and 17.2.8, if there is either a Summer % Deficit or a Winter % Deficit in a Forward Showing Year, then for the immediately following Forward Showing Year, both the Summer Season Annual CONE Factor and the Winter Season Annual CONE Factor shall be 200%.

17.2.10. Subject to the Transition Period rules in Section 17.3, revenues from the payment of Deficiency Charges as to a Binding Season shall be allocated among those Participants with no Deficiency Charges for that Binding Season, pro rata based on each Participant’s share of all such Participants’ Median Monthly P50 Peak Loads for such Binding Season.

17.3 During the Transition Period, Deficiency Charges otherwise calculated under Section 17.2 shall be reduced as, when, and to the extent, and subject to the conditions, provided in Section 17.3.2; and revenue allocations otherwise calculated under Section 17.2 shall be adjusted as, when, and to the extent, and subject to the conditions, provided in Section 17.3.4.

17.3.1. During the Transition Period, a Participant with a Monthly Capacity Deficiency can pay a reduced Deficiency Charge for so much of such Monthly Capacity Deficiency as was due to an Excused Transition Deficit. To obtain an Excused Transition Deficit for a Binding Season, the Participant must provide a Senior Official Attestation attesting that the Participant has made commercially reasonable efforts to secure Qualifying Resources in the quantity needed to satisfy the Participant’s FS Capacity Requirement for the Binding Season, but is unable to obtain Qualifying Resources in the quantity required for the Binding Season because the supply of such resources on a timely basis and on commercially reasonable terms is at that time inadequate. Excused Transition Deficits are not

resource specific, relate to a MW quantity of the Participant's FS Capacity Requirement, and are limited for each Participant as to a Binding Season during the Transition Period to a maximum permissible MW quantity equal to a percentage value times the FSPRM applicable to such Participant for all Forward Showing Submittals submitted by such Participant for such Binding Season. For purposes of such calculation, the percentage value is 75% for each of the 2025 Summer Season and 2025-2026 Winter Season, 50% for each of the 2026 Summer Season and 2026-2027 Winter Season, and 25% for each of the 2027 Summer Season and 2027-2028 Winter Season.

- 17.3.2 A Participant will pay a reduced Deficiency Charge as to the portion of its Monthly Capacity Deficiency for which it obtained an Excused Transition Deficit. The Deficiency Charge otherwise applicable to such Participant under Section 17.2 shall be reduced by a percentage value equal to 75% for each of the 2025 Summer Season and 2025-2026 Winter Season, 50% for each of the 2026 Summer Season and 2026-2027 Winter Season, and 25% for each of the 2027 Summer Season and 2027-2028 Winter Season. The Participant will be assessed a Deficiency Charge calculated under Section 17.2, without reduction or adjustment, for any of its Monthly Capacity Deficiency that is in excess of the amount of such deficiency for which it obtained an Excused Transition Deficit.
- 17.3.3 Whether or not a Participant obtains an Excused Transition Deficit as to a Binding Season, the Participant may reduce a Monthly Capacity Deficiency otherwise calculated under Section 17.1 for a Binding Season during the Transition Period to the extent such deficiency is due to the Participant's inability to obtain assent from the supplier under a Legacy Agreement to the accreditation required for such Legacy Agreement under Part II of this Tariff and the Business Practice Manuals. To obtain such relief, the Participant must provide a Senior Official Attestation attesting that the Participant made commercially reasonable efforts to execute the required accreditation form with the supplier under the Legacy Agreement, but the supplier was unable or unwilling to counter sign the accreditation form. The reduction in Monthly Capacity Deficiency permitted by this Section 17.3.3 as to any Participant for all Forward Showing Submittals submitted by such Participant for any Binding Season during the Transition Period shall not exceed a MW quantity equal to 25% times the FSPRM applicable for such Participant for such Binding Season. To the extent a Participant reduces a Monthly Capacity Deficiency under this subsection, the percentage of the Participant's FSPRM corresponding to the reduction hereunder shall reduce the maximum permissible percentage of FSPRM reduction allowed under Section 17.3.1 for Excused Transition Deficits for the same Binding Season.
- 17.3.4 A Participant that, as a result of application of this Section 17.3, pays no Deficiency Charge as to a Binding Season, shall not be deemed a "Participant[] with no Deficiency Charges" for purposes of Section

17.2.10, and shall not receive an allocation of revenues from the payment of Deficiency Charges as to such Binding Season.

PART III OPERATIONS PROGRAM

18. Operations Program Overview

- 18.1 The Operations Program facilitates access to collective capacity made available through regional load and resource diversity of all Participants under the terms of this Part III.
- 18.2 The Operations Program evaluates forecasted system conditions across the seven-day period (“Multi-Day-Ahead Assessment”) preceding the Operating Day, commencing at the outset of the assessment period with an initial Sharing Calculation and initial identification of potential Sharing Events for the Operating Day. The assessment is refined as forecasted conditions for the Operating Day are revised and established on the Preschedule Day, a Holdback Requirement for any Sharing Events is then identified. To the extent a Sharing Event continues to be identified for the Operating Day, Holdback Requirements shall be converted into Energy Deployments on the Operating Day.
- 18.3 The Operations Program prescribes pricing designed to incent Participants to resolve any forecast Operating Day deficiencies before the Operating Day, including through transactions outside the Operations Program, and to fully compensate Participants that provide support through the Operations Program to Participants with Operating Day deficiencies.

19. Operations Program Timeline and Supporting Information

- 19.1 The Multi-Day Ahead Assessment is conducted for the seven rolling days before each Operating Day. WPP shall prepare and post a forecast for the Operating Day on the first day of the Multi-Day-Ahead Assessment, revise the forecast each day thereafter, including on the Preschedule Day, and then revise the forecast hourly into the Operating Day during any Sharing Event.
- 19.2 The Operations Program, during any Binding Season, shall rely on and employ (among other data) the following information from the Forward Showings for such Binding Season: (i) the P50 Peak Load Forecast for each Participant; (ii) the Monthly FSPRMs for each Participant during such Binding Season; (iii) expected performance by Qualifying Resource type and any RA Transfers; (iv) expected forced outage rates by resource type; (v) expected Contingency Reserves; and (vi) firm transmission service rights made available for purposes of regional diversity sharing under the WRAP, as demonstrated by Participants in their Forward Showing Submittals, as permitted under Part II of this Tariff, which shall be assumed to be available for all hours of each Month for which such firm transmission service rights were made available.
- 19.3 To facilitate WPP's conduct of the Multi-Day-Ahead Assessment, each Participant shall provide the Program Operator information relevant to the Participant's expected demand and supply conditions on each Operating Day, of the type, in the manner, and with the frequency, specified in the Business Practice Manuals.
- 19.4 Each Participant in any Subregion identified in the Business Practice Manuals as not containing a central transmission hub permitting energy deliveries to that hub from any point within such Subregion, shall, in addition to providing the information required by Section 19.3, identify, on or before the deadline during the Preschedule Day specified in the Business Practice Manuals, for each Hour of the Operating Day each point to which it can deliver energy, each point at which it can take receipt of energy, the quantity it can deliver or receive at each such point, and a numeric factor intended to prioritize use of transmission made available by Participants with positive Sharing Calculations and needed by Participants with negative Sharing Calculations for each such hour, employing for such purpose the numeric factor developed by WPP with input from the stakeholder committees identified for such input in the Business Practice Manuals. A Participant with a positive Sharing Calculation for an hour must provide a total quantity for all identified points at which it can deliver that is no less than the amount of its positive Sharing Calculation for such hour (adjusted as necessary for any RA Transfer in accordance with Section 20.1.2). A Participant with a negative Sharing Calculation for an hour must provide a total quantity for all identified points at which it can take receipt that is no less than the amount of its negative Sharing Calculation for such hour (adjusted as necessary for any RA Transfer in accordance with Section 20.1.2). Participants shall provide this same information for each Operating Day on an expected or preliminary basis on each day of the Multi-Day-Ahead Assessment

following, and based on, the expected Holdback Requirement estimates provided on each such day for the Operating Day.

- 19.5 Any Participant may, at its sole election, in addition to the information and priorities provided pursuant to Section 18.4, offer on the Preschedule Day additional holdback capacity, or additional transmission service rights, including intermediate or wheeling transmission service, for use by other Participants under Part III of this Tariff. Any such offer shall include for such offered holdback or transmission service rights the same type of point of receipt, point of delivery, quantity, and numeric factor information required by Section 19.4 as well as any associated or resulting limit on such Participant's offered holdback.

20. Components of the Operations Program

20.1 Sharing Requirement

20.1.1 WPP shall implement, as more fully described in the Business Practice Manuals, with respect to each Forward Showing Submittal accepted by WPP for a Participant under Part II of this Tariff, or with respect to each Subregion in which the Participant is responsible for load regardless of whether the Participant submitted a single Forward Showing Submittal encompassing its loads in both Subregions, the following Sharing Calculation to identify any hour in which any Participant is forecast to have a capacity deficit (known as a “Sharing Event”). This calculation takes into account changes in a Participant’s resource availability, resource performance, forecast load, and Contingency Reserves relative to the Forward Showing, plus an Uncertainty Factor. The Sharing Requirement is equal to:

$$[\mathbf{P50 + FSPRM - Regional Diversity Transmission - \Delta Forced Outages + \Delta RoR Performance + \Delta VER Performance}] - [\mathbf{Load Forecast + \Delta CR + Uncertainty Factor}]$$

Where:

P50 refers to the Participant’s Monthly P50 Peak Load for that Binding Season’s month;

FSPRM refers to the MW quantity of the FSPRM percentage applied to the Participant P50 Peak Load Forecast for that Participant for that Binding Season;

Regional Diversity Transmission refers to the MW quantity of additional transmission service rights made available for purposes of regional diversity sharing under the WRAP, as demonstrated by the Participant in its Forward Showing Submittal in lieu of demonstrating an equal MW quantity of Portfolio QCC, as permitted under Part II of this Tariff; provided that when separate Sharing Calculations are performed for each of two Subregions in which a Participant is responsible for load, the Regional Diversity Transmission shall be equal to the lower of (i) the additional firm transmission service rights (above that required for the FS Transmission Requirement) demonstrated in the Participant’s Forward Showing Submittal and (ii) the additional firm transmission service rights (above that required for the FS Transmission Requirement) demonstrated in the Participant’s Forward Showing Submittal minus any transfer made from the Subregion with the lower PRM to the Subregion with the higher FS PRM to address all or part of a negative Sharing Calculation result in the Subregion with the higher FSPRM.

Δ Forced Outages refers, for the subject hour, to: (i) any change in forced outages of any of the thermal resources included in the Participant's Portfolio QCC, relative to the forced outages assumed in the Forward Showing Submittal by application of the Forced Outage Factor; (ii) any change in forced outages of any of the Storage Hydro Qualifying Resources relative to the forced outages assumed in the calculation of the Participant's Resource QCC as more fully described in the Business Practice Manuals; and (iii) any impacts of transmission conditions on previously acquired firm transmission service rights that result in capacity reductions up to the level of the Resource QCC of the associated Qualifying Resource;

ΔRoR Performance refers to any change, for the subject hour, in expected performance of any of the run-of-river resources in the Participant's Portfolio QCC relative to the QCC of that Qualifying Resource;

ΔVER Performance refers to any change, for the subject hour, in expected performance of the VER Resources in the Participant's Portfolio QCC relative to the QCC of that Qualifying Resource;

Load Forecast refers to the forecast of expected load for the subject hour for the loads for which the Participant is responsible;

ΔCR refers to any change in Contingency Reserves for the subject hour, relative to that assumed in the Participant's Forward Showing Submittal; and

Uncertainty Factor refers to a factor determined by WPP, as more fully set forth in the Business Practice Manuals, to account for the potential variance between forecasts of load, solar resources, wind resources, and run-of-river resources, and the Operating Day conditions of such load and resources based on historic data.

- 20.1.2 In addition to the foregoing, the Sharing Calculation for a Participant that is a purchaser of an RA Transfer shall be performed in two passes, with and without such purchase. If the result of assuming in the first pass that the Participant had not purchased the RA Transfer is that the Participant has a negative Sharing Calculation, then the Participant that sold the RA Transfer must agree, for the time period addressed by the Sharing Calculation, to an energy delivery to the Participant that purchased the RA Transfer, in an amount equal to the lesser of: (i) the MW quantity needed to result in a net zero Sharing Calculation for the Participant that purchased the RA Transfer; and (ii) the MW amount of the RA Transfer. If the result of recognizing the Participant's purchase of the RA Transfer in the second pass is that the Participant has a positive Sharing Calculation, then the Participant that sold the RA Transfer must assume a share of the purchasing Participant's resulting obligation to the Operations Program in an amount equal to the

MW quantity of the RA Transfer, minus the MW quantity of the delivery made by the seller of the RA Transfer to the purchaser of the RA Transfer as a result of the first pass.

20.1.3 The Sharing Calculation of any Participant that was found to have a Monthly Capacity Deficiency under Sections 16.1 and 16.2, for which such Participant paid an FS Deficiency Charge, including any Deficiency Charge reduced by application of Section 17.3 during the Transition Period, shall be reduced by the MW quantity of such Monthly Deficiency. During the Transition Period, a Participant that had a Deficiency Charge as to a Binding Season reduced by application of Section 17.3 shall receive a lesser priority to Holdback and Energy Deployments during such Binding Season relative to Participants that, as to the same Binding Season, had no Monthly Capacity Deficiency under Sections 16.1 and 16.2, or had a Monthly Capacity Deficiency under those sections but obtained no reduction in the Deficiency Charge under Section 17.3. Such priority shall apply only in the event that during a Sharing Event, there is insufficient Holdback available to satisfy the deficits of all Participants with a negative Sharing Calculation, or in the event that there is insufficient Energy Deployment available to satisfy the deficit positions of all Participants that confirmed a need for Energy Deployment. In either such event, the Holdback, or Energy Deployment, available to Participants that had their Deficiency Charges reduced by Section 17.3 shall be limited to that available after satisfying the deficit positions of Participants that did not had no Monthly Capacity Deficiency under Sections 16.1 and 16.2, or had a Monthly Capacity Deficiency under those sections but obtained no reduction in their Deficiency Charge under Section 17.3.

20.2 Holdback Requirement

20.2.1 To the extent that: (i) WPP's application of the Sharing Calculation identifies on the Pre-Schedule Day a Sharing Event for any hour(s) of the Operating Day; and (ii) the Participant(s) found to be deficient for such hour(s) by the Sharing Calculation confirms to the WPP, in accordance with notification and confirmation procedures set forth in the Business Practice Manuals, such Participant's need for capacity for such hour(s), then WPP shall determine the Participants having a Holdback Requirement for such hour(s) and the quantity of the Holdback Requirement for each such Participant in accordance with the following Holdback Calculation:

$$\text{Participant Holdback Requirement} = \text{Participant Sharing Ratio} \times \text{Total Program Sharing Requirement}$$

where:

Participant Sharing Ratio = [the positive Sharing Requirement, if any, calculated for such Participant] / Σ positive Sharing Requirements of all Participants having a positive Sharing Requirement for such hour]

Total Program Sharing Requirement = $\text{abs}(\Sigma \text{ negative Sharing Requirements of all Participants having a negative Sharing Requirement for such hour})$

Holdback Requirements shall be expressed as whole MWs for each hour for which they are estimated or established and shall not be specific to any Qualifying Resource.

20.2.2 Absent a Holdback Requirement Transfer as described below, a Participant's Holdback Requirement for any hour of an Operating Day shall not exceed the level first set by WPP on the Preschedule Day for that Participant for that hour. Prior to establishing the Holdback Requirement for an hour of an Operating Day, WPP, during the Multi-Day-Ahead Assessment, will estimate, and provide to affected Participants, an expected Holdback Requirement for such hour of the Operating Day. As expected, conditions change over the Multi-Day-Ahead Assessment, WPP may adjust its estimate of the expected Holdback Requirement for such hour, applying the same considerations and principles set forth in Section 20.3.1 for a release of a Holdback Requirement, as well as the same process and considerations for early release of Holdback Requirement set forth in Section 20.3.1.1. When WPP notifies affected Participants of such reduction, the Holdback Requirement established on the Preschedule Day shall not exceed the reduced level previously estimated by WPP for such hour.

20.2.3 Any Participant may agree with any other Participant for the first Participant to transfer to the second Participant some or all of the Holdback Requirement established for the first Participant for any hour on any Operating Day. Any such Holdback Requirement Transfer shall be a bilateral arrangement settled outside the Operations Program, provided, however, that both Participants must timely notify WPP, by the time and in the manner described in the Business Practice Manuals, of such Holdback Requirement Transfer. Any necessary transmission arrangements and any transaction settlements shall be the sole responsibility of the Participants that are the parties to such bilateral arrangement.

20.3 Release of Holdback Requirement

20.3.1 As detailed in the Business Practice Manuals, WPP will review Holdback Requirements for each hour of an Operating Day following the establishment during the Preschedule Day of any Holdback Requirement for that hour. To the extent the WPP determines any Holdback Requirements can be reduced, it shall release all or a portion of Participants'

Holdback Requirements. WPP will permit a release of Holdback Requirements to the extent WPP has not applied a Safety Margin for such hour and (i) WPP's continued Sharing Calculations determine that no Participant has a negative Sharing Requirement for such hour; and (ii) WPP determines there is a low probability of a Sharing Event for the hour; or (iii) WPP grants a Participant's request for extenuating circumstances of all or any portion of that Participant's Holdback Requirement for the hour.

20.3.1.1 In advance of the process described in Section 20.3.1 WPP may, on its own or in response to a Participant request, set a ceiling on the Holdback Requirement based on application of the same considerations set forth in Section 20.3.1 for a release of a Holdback Requirement.

20.3.2 Upon release of all or any portion of a Holdback Requirement, the quantity of Holdback Requirement so released shall no longer be subject to an Energy Deployment requirement under the Operations Program for the subject hour.

20.3.3 No Holdback Requirement transfer for any hour shall be permitted if notice of such bilateral transaction is not fully reported to WPP, in the form required by the Business Practice Manuals, by 120 minutes before the start of such hour.

20.4 Energy Deployment

20.4.1 Participants shall provide energy during an hour, in support of any Participants with a negative Sharing Requirement and a confirmed need for energy under the Operations Program for such hour, in accordance with WPP's calculation of the Energy Deployment for such hour.

20.4.1.1 For any hour, as to any Subregion identified in the Business Practice Manuals as containing a central transmission hub permitting energy deliveries to that hub from any point within such Subregion, the total Energy Deployment required of all Participants that are subject to Energy Deployment shall equal the sum, in MWh for that hour, of the energy confirmed as being needed in that hour by Participants in such Subregion with negative Sharing Requirements in such hour, to the extent that can be supported by the Program. The Energy Deployment required from a Participant in such Subregion in such hour shall be that Participant's pro rata share of the total Energy Deployment for such Subregion, based on the ratio of that Participant's final Holdback Requirements for such hour to the sum of all final Holdback Requirements for that hour. Energy Deployments required hereunder shall be delivered to the central transmission hub in such Subregion, or to an alternate delivery point mutually agreed by the parties to a specific Energy

Deployment, provided both parties to the transaction report such alternative delivery arrangements to WPP in the form and manner described in the Business Practice Manuals.

20.4.1.2 For any hour, as to any Subregion identified in the Business Practice Manuals as not containing a central transmission hub permitting energy deliveries to that hub from any point within such Subregion, WPP shall conduct an optimization calculation that prioritizes use of transmission service voluntarily offered by a Participant pursuant to Section 19.3.1 and additional holdback capacity and transmission service voluntarily offered pursuant to Section 19.5, and that employs the receipt point and delivery point information, quantities, and numeric factors provided pursuant to Section 18.4 as well as any associated or resulting limit on such Participant's offered holdback, to match and allocate provision of Energy Deployment and receipt of Energy Deployment within the following categories: (i) holdback and transmission service rights offered pursuant to Section 19.5; (ii) transmission service offered pursuant to Section 19.3.1, paired with any holdback offered pursuant to Section 19.5 that is not fully used by category (i); (iii) Holdback Requirement under Section 20.2 matched pursuant to the information provided pursuant to Section 19.4 on a nearest neighbor cluster basis, allocated pro rata among Participants within such cluster; (iv) Holdback Requirement under Section 20.2 matched pursuant to the information provided pursuant to Section 19.4 and allocated among Participants within the same Subregion to the extent not matched and allocated under category (iii); and (v) Holdback Requirement under Section 20.2 from Participants in another Subregion, paired with any transmission service offered pursuant to Section 19.3.1 that is not fully used by category (ii).

20.4.2 The Energy Deployment a Participant may receive for any hour shall be no greater than the negative Sharing Requirement calculated for such Participant for such hour. Such Participant shall confirm, by no later than 120 minutes before the start of such hour, the quantity of Energy Deployment for which it requires delivery for such hour, through the procedures outlined in the Business Practice Manuals. Any Participant that does not confirm required Energy Deployment deliveries for such hour by such deadline will be deemed to waive all deliveries of Energy Deployment under the Operations Program for such hour. See Section 21.2 Settlement Price Calculation below for payment obligations.

20.4.3 The Energy Deployment a Participant can be required to supply for an hour shall not exceed the final Holdback Requirement calculated for such Participant on Pre-Schedule Day, including any duly reported exchange of Holdback Requirement, as of 120 minutes before the start of such hour. Any Participant for which WPP calculated during the Preschedule Day a

negative Sharing Requirement for the hour in question shall have zero Holdback Requirement and shall not have any Energy Deployment obligation for that hour.

20.4.4 WPP shall advise each Participant with a required Energy Deployment for an hour of the required MWh quantity and delivery point of such Energy Deployment by no later than ninety minutes before the start of such hour.

20.4.5 Participants may engage in voluntary, bilateral transfers of Energy Deployment obligations for an hour, provided that the Participants assume sole responsibility for any required transmission arrangements and settlement of such bilateral transfer. All such bilateral transfers must be reported to WPP no later than the third Business Day of the Month following the Month in which the transfer occurs.

20.5 Safety Margin

20.5.1 WPP may establish on the Preschedule Day a Safety Margin for the WRAP Region or any identified Subregion thereof for any hour of an Operating Day when warranted by such circumstances as potential large resource trips, heavy transmission outage conditions, significant environmental conditions, or other similar regional or subregional conditions, as more fully set forth in the Business Practice Manuals.

20.5.2 Any Safety Margin so determined for an hour shall be allocated pro rata among Participants with a positive Sharing Requirement, based on their relative shares of the sum of all positive Sharing Requirements for such hour, provided, however, that the Safety Margin allocated to a Participant may not result in a Holdback Requirement for such Participant greater than such Participant's Sharing Requirement. A Participant allocated holdback for a Safety Margin hereunder does not receive compensation under this Tariff for such allocation of holdback.

20.5.3 WPP shall notify all Participants of application of a Safety Margin for any hour, including in such notice the total timeframe, the MW amount, and the rationale for such Safety Margin.

20.6 Operations Program Transmission Service Requirements

Participant shall have in place, prior to the Operating Day, transmission service satisfying NERC priority 6 or 7 for each hour of such Operating Day for which a Sharing Event has been established, in a quantity sufficient for deliveries from the Qualifying Resources relied upon in such Participant's Forward Showing Submittal to demonstrate satisfaction of such Participant's FS Capacity Requirement (or from replacement Qualifying Resources) to serve such Participant's loads during such hours. In the event a Participant has an Energy Delivery Failure, the review associated with the possible assessment of a Delivery Failure Charge on such Participant shall, as further described in the Business Practice Manuals, include

whether a failure to secure sufficient NERC priority 6 or priority 7 firm transmission service rights caused or contributed to such Energy Delivery Failure. For such purpose, the Participant will have been expected to have complied with the transmission service requirement stated in this subsection.

20.7 Failure to Deliver Energy Deployments

20.7.1 A Participant assigned a required Energy Deployment pursuant to Section 20.4.4 of this Tariff for any hour that fails to deliver the specified energy during such hour, and that does not obtain a waiver of its Energy Deployment obligation, shall be assessed a Delivery Failure Charge.

20.7.2 A Participant shall be deemed to have an Energy Delivery Failure if Participant fails to deliver the Energy Deployment quantity established under Section 20.4.1, absent grant of a waiver pursuant to Section 20.7.3 of this Tariff.

20.7.3 A Participant anticipating an Energy Delivery Failure should provide WPP notice of such expected Energy Delivery Failure as soon as practicable after becoming aware of the anticipated failure. Whether anticipated or not, a Participant may request a waiver of an Energy Deployment obligation after an Energy Delivery Failure has occurred. The WPP shall review all such waiver requests and shall determine whether the Participant's justification for the Energy Delivery Failure is valid and warrants waiver of its Energy Deployment obligation. The WPP also shall consider whether the Participant knew in advance, or reasonably should have known in advance, of an Energy Delivery Failure, and what efforts the Participant took to notify the WPP in advance of such Energy Delivery Failure. The procedures for addressing such waiver requests, including a non-exclusive list of valid justifications for an Energy Delivery Failure shall be set forth in the Business Practice Manuals. A Participant denied a waiver request hereunder may appeal such denial to the Board of Directors in accordance with the procedures and deadlines set forth in the Business Practice Manuals. In such event, the requested waiver shall be denied or permitted as, when and to the extent permitted by the Board, in accordance with the procedures and timing set forth in the Business Practice Manuals. WPP shall report on the disposition of each waiver request received.

20.7.4 The Delivery Failure Charge for each hour shall be the Charge Rate applicable for such hour times the MWhs of energy that were required to be, but were not, delivered pursuant to an Energy Deployment during such hour. The Charge Rate shall be the higher of the Day-Ahead price or Real-Time price provided by the Day-Ahead Applicable Price Index and Real-Time Applicable Price Index as specified in the Business Practice Manuals for the Subregion applicable to the location of the delivering entity, applicable to the day and hour of the energy delivery, respectively, for the hour, times a Delivery Failure Factor, as follows:

- 20.7.4.1 If the deficit is fully covered by other Participants through the Operations Program, in each instance of failure, the Delivery Failure Factor shall be five for the first non-waived Energy Delivery Failure in a Cumulative Delivery Failure Period; ten times for the second non-waived Energy Delivery Failure in a Cumulative Delivery Failure Period; and twenty times for the third and subsequent non-waived Energy Delivery Failures in a Cumulative Delivery Failure Period. For purposes of applying the Delivery Failure Factors under this Section 20.7.4 or the review referenced in Section 20.7.5, multiple Energy Delivery Failures occurring in one day shall be treated as a single instance of failure.
- 20.7.4.2 If the deficit is not fully covered by other Participants through the Operations Program, the Delivery Failure Factor is twenty-five times for the first non-waived Energy Delivery Failure in a Cumulative Delivery Failure Period; and fifty times for the second and subsequent non-waived Energy Delivery Failures (regardless of whether the prior instance(s) of delivery failure were fully covered by other Participants) in a Cumulative Delivery Failure Period.
- 20.7.4.3 Revenues from Delivery Failure Charges assessed in cases where the deficit was fully satisfied by other Participants will be used to reduce WPP costs that are recovered under Schedule 1, WRAP Administration Charge. Revenues from Delivery Failure Charges assessed in cases where the deficit was not fully met by other Participants will be collected by the WPP and provided to the Participant that had an unserved deficit.
- 20.7.4.4 Notwithstanding anything to the contrary in this Section 20.7.4, the Delivery Failure Charges assessed on a Participant, regardless of application of the Delivery Failure Factor, shall not exceed, over the course of a Summer Season and the immediately succeeding Winter Season, the dollar amount that, as more fully detailed in the Business Practice Manuals, would have been assessed cumulatively under Section 17 as Deficiency Charges if the Participant had one or more Forward Showing Capacity Deficiencies over the course of such Summer Season and Winter Season in the same MW amounts as the highest MW amount of Delivery Failure experienced by such Participant in each Month of such Summer Season and Winter Season. The maximum dollar amount described herein shall be calculated on an ongoing basis during such Summer Season and Winter Season, and increased or reduced accordingly, without awaiting the end of the combined period of such Summer Season and Winter Season.

20.7.5 In addition to assessment of the Delivery Failure Charge, a third or subsequent instance of non-waived delivery failure, when all such delivery failures are fully covered by other Participants, or a second or subsequent instance of non-waived delivery failure when such instance is not fully covered by other Participants, will subject the Participant to review for expulsion from the WRAP.

20.8 Voluntary Response to Increased Deficiencies Identified After Pre-Schedule Day

20.8.1 A Participant that identifies an unmet need for energy for any hour of an Operating Day that is in excess of assistance provided or to be provided by Holdback Requirements or Energy Deployments established hereunder may, in accordance with procedures specified in the Business Practice Manuals, notify WPP of the need for such assistance. WPP will establish a portal or other procedure, as specified in the Business Practice Manuals, to facilitate provision of assistance, on a voluntary, bilateral basis, by other Participants to the Participant that identified the unmet need. Compensation, terms, and conditions of any resulting bilateral transactions will be determined by the affected parties outside of this Tariff. While Participant response to any such notification is voluntary, Participants are encouraged to provide assistance to other Participants in the circumstances described in this subsection, in consideration of the mutual support each Participant has agreed to provide to each other Participant by its agreement to participate in the WRAP, including this Operations Program. Voluntary provision of assistance by one Participant to another Participant hereunder shall follow priority tiers during the Transition Period based on the status or condition of the Participant seeking assistance, with the first priority afforded to Participants during a Binding Season (as to such Participant) that had no Monthly Capacity Deficiency for the applicable Month, or that paid a Deficiency Charge that was not reduced under the Transition Period provisions of Part II of this Tariff; the second priority afforded to Participants during a Binding Season (as to such Participant) that obtained relief from a Monthly Capacity Deficiency and Deficiency Charges for the applicable Month under the Transition Period provisions of Part II of this Tariff; and the third priority afforded to Participants during a Non-Binding Season (as to such Participant).

21. Operations Program Settlements

21.1 Nature of Operation Program Settlements

21.1.1 Operations Program settlements are bilateral transactions; they are not purchases from or sales to a central market.

21.1.2 Operations Program transactions use existing transaction systems and processes.

21.1.3 The WPP will calculate and post settlement quantities and prices based on the Energy Deployment and Holdback Requirement, in accordance with procedures specified in the Business Practice Manuals for provision of transaction information by and among Participants and WPP, but WPP has no role in the transaction itself. WPP is not a settlement entity.

21.1.4 Settlement Prices calculated under Section 21.2 shall recognize pricing differences among Subregions. Where the seller and buyer are located in the same Subregion, the Applicable Price Index shall be the price index specified for that Subregion in the Business Practice Manuals. Where the seller and buyer are located in different Subregions, the following components of the settlement price calculation in Section 21.2 will be calculated using the Applicable Price Index for the Subregion that provides the higher index price: (i) Possible Block Sale Revenue; (ii) Total Settlement Price; (iii) Energy Declined Settlement Price; and (iv) Realtime Value of Unheld Energy. If a third participant is involved by providing transmission service rights between Subregions, the Participant that provided holdback or Energy Deployment shall receive the settlement price of the Subregion from which the holdback or Energy Deployment was sourced, and the Participant that provided Subregion to Subregion transmission service rights pursuant to Section 19.3.1 shall receive the difference between each Subregion's Total Settlement Price, or zero, whichever is greater.

21.2 Settlement Price Calculation. Settlement prices shall be calculated in accordance with the following, as more fully set forth in the Business Practice Manuals.

21.2.1 A Participant assigned a Holdback Requirement on a Preschedule Day for any hour of an Operating Day shall be paid the Holdback Settlement Price times the MW quantity of the Holdback Requirement. A Participant that provides energy to another Participant pursuant to an Energy Deployment shall be paid the Energy Declined Settlement Price, defined in Section 21.2.4, times the MWhs of energy provided to such other Participant, and its total payments shall be reduced by the Energy Declined Settlement Price times the MWhs of energy that would have been provided under a Holdback Requirement but were declined by the other Participant. A Participant

assigned a Holdback Requirement also shall be paid, when applicable, a Make Whole Adjustment, as provided below in Section 21.2.5.

- 21.2.2 A Participant that had a negative Sharing Requirement for any hour of an Operating Day, which was incorporated in the calculation of Holdback Requirements of any Participants for such hour, determined as of the Preschedule Day, shall pay the Holdback Settlement Price times the MW quantity of such negative Sharing Requirement. In addition, any Participant that had a negative Sharing Requirement that was incorporated in the calculation of a Holdback Requirement shall contribute to the payment of the Make Whole Adjustment based on its negative Sharing Calculation. A Participant that declines energy that would have been provided under a Holdback Requirement shall be credited the Energy Declined Settlement Price times the MWs of energy declined by such Participant.
- 21.2.3 The Holdback Settlement Price shall equal the Total Settlement Price minus the Energy Declined Settlement Price.
- 21.2.4 The Energy Declined Settlement Price shall equal the lesser of (i) 0.80 times the Total Settlement Price, or (ii) the Applicable Real-Time Index Price for the hour.
- 21.2.5 The Make Whole Adjustment is applied in the event that the settlement revenue and the estimated value of the non-dispatched energy is less than the estimated revenues the selling entity would have received had such entity not been subject to a Holdback Requirement and had sold a day-ahead block of energy with a MW value equal to the maximum amount of Holdback Requirement for the hours in the block, and is determined as follows:

$$\begin{aligned} \text{Make Whole Adjustment (when applicable)} = & \\ & \text{Possible Block Sale Revenue} \\ & - \text{Final Settlement Revenue} \\ & - \text{Realtime Value of Declined Energy} \\ & - \text{Realtime Value of Unheld Energy} \end{aligned}$$

Where:

$$\text{Realtime Value of Declined Energy} = \text{Energy Declined} \times \text{Energy Declined Settlement price}$$

provided that Declined Energy is only applicable to those hours where there was a positive Holdback Requirement.

$$\text{Realtime Value of Unheld Energy} = (\text{Maximum Holdback MW in Block} - \text{Holdback MW Requested}) \times \text{Applicable Index Price}$$

21.2.6 The Total Settlement Price used in the above calculations shall be determined in accordance with the following formula:

Total Settlement Price = Maximum of (Minimum of (Hourly Shaping Factor × Day Ahead Applicable Index Price × 110%, 2000 \$/MWh), 0)

where:

Hourly Shaping Factor is based on the most recent High-Priced Day for the relevant season, defined as a day in which at least one hour has a system marginal energy cost (“SMEC”) greater than \$200/MWh, and shall be calculated as follows:

$1 + \{[\text{CAISO Hourly Day Ahead SMEC} - \text{CAISO Average Day Ahead SMEC (on- or off-peak hours)}] / [\text{CAISO Average Day Ahead SMEC (on- or off-peak hours)}]\}$

Day-Ahead Applicable Index Price is the day-ahead heavy load/light load ICE Index price that is specified in the Business Practice Manuals for the Subregion applicable to the location of the delivering entity, applicable to the day and hour of the energy delivery. If donated transmission was used to facilitate holdback, the Applicable Index Price shall be the higher of the two subregional day-ahead index prices for that portion of the holdback.

Real-Time Applicable Index Price is the real-time index price that is specified in the Business Practice Manuals for the Subregion applicable to the location of the delivering entity, applicable to the day and hour of the energy delivery.

SCHEDULE 1

WESTERN RESOURCE ADEQUACY PROGRAM ADMINISTRATIVE COST RECOVERY CHARGE

The Western Power Pool's Costs of administering and operating the Western Resource Adequacy Program including, without limitation, all costs incurred or obligated by WPP as Program Administrator, all costs paid or payable by WPP to the Program Operator or other service providers, all costs of the Board of Directors in directing, supervising, or overseeing the WRAP, and the costs of maintaining a reasonable reserve as provided in Section 1 of this Schedule 1, shall be recovered from Participants pursuant to the charges set forth in this Schedule 1.

Section 1. WRAP Costs

1. As used herein, Costs shall mean WPP's costs, expenses, disbursements and other amounts incurred (whether paid or accrued) or obligated of administering and operating the WRAP as described above, including, without limitation, operating expenses, general and administrative expenses, costs of outside services, taxes, fees, capital costs, depreciation expense, interest expense, working capital expense, any costs of funds or other financing costs, and the costs of a reasonable reserve as provided herein.
2. The Costs included in a WRAP Administration Charge assessed for a Month shall be the Costs determined as being incurred for that Month, including, without limitation, for each Month, one-twelfth of any annual charge(s).
3. The Costs included in the WRAP Administration Charge for a reasonable reserve shall be those designed to establish over the first twelve months that this WRAP Administration charge is in effect an amount equal to 6% of the expected Costs, exclusive of such reserve, for one year; and to maintain such reserve thereafter at an amount equal to 6% of the expected Costs, exclusive of such reserve for the then-current year. WPP shall record on its income statement deferred regulatory expense, and WPP's balance sheet will reflect as a cumulative deferred regulatory liability, revenues collected under this Schedule 1 that are in excess of the Costs exclusive of such reserve and taking account of and including any accrued tax expense effects of this regulatory liability. The deferred regulatory liability will be reduced when after-tax WPP revenues collected under this Schedule 1 during any Month are less than the Costs exclusive of such reserve. Within thirty days after the end of each Year, to the extent WPP determines that the deferred regulatory liability exceeds 6% of WPP's revenues that were collected under this Schedule 1 during such Year, such excess amounts in the deferred regulatory liability shall be refunded evenly over the applicable billing determinant volumes in the remainder of the subsequent Year through credits to charges to then-current customers under this Schedule 1.

Section 2. WRAP Administration Charge

Each Participant shall be assessed each Month a WRAP Administration Charge equal to the sum of the Base Charge and the Load Charge,

where:

The Base Charge for each Participant equals the Base Costs divided by the number of Participants being assessed the Base Charge for the Month for which the WRAP Administration Charge is being calculated;

The Load Charge for each Participant equals the Load Charge Rate of the Load Services Costs divided by the sum of the Median Monthly P50 Peak Loads of the Participants being assessed the Load Charge for the Month for which the WRAP Administration Charge is being calculated, times that Participant's Median Monthly P50 Peak Load;

And where:

Base Costs means the Costs for the Month of the Base Services Cost Centers shown in the WRAP Cost Assignment Matrix, plus the Base Services Percentage times the Costs for that Month of the Dual Benefit Cost Centers shown below in Section 4: WRAP Cost Assignment Matrix;

Load Services Costs means the Costs for the Month of the Load Services Cost Centers shown in the WRAP Cost Assignment Matrix, plus the Load Services Percentage times the Costs for that Month of the Dual Benefit Cost Centers shown in the WRAP Cost Assignment Matrix; and

Median Monthly P50 Peak Loads means, for each Participant, the median of the Monthly P50 Peak Loads used in the FS Capacity Requirement of such Participant for two Binding Seasons corresponding to the two FS Submittal most recently validated by WPP.

If before or during a Binding Season, a Participant has need to update their Monthly P50 Peak Load for allowable reasons, those updated Monthly P50 Peak Loads will be replaced and the Median Monthly P50 Peak Load value recalculated upon validation of the change in participating load.

A Participant joining the Program will supply data such that WPP can validate Monthly P50 Peak Loads for the first two Binding Seasons for which the Participant will submit an FS Submittal for use in calculating Load Services Costs until these FS Submittals are submitted and reviewed in the normal timeframe.

Section 3. Maximum Charge Rates

- 3.1 Notwithstanding anything to the contrary in this Schedule 1, the sum of the Base Charges for all Months in a Year shall not exceed the Annual Maximum Base Charge of \$59,000/Year, and the sum of the Load Charge Rates for all Months in a Year shall not exceed the Annual Maximum Load Charge Rate of \$199/MW. WPP shall, to the extent reasonably practicable, provide two-months' notice prior to WPP's filing at FERC of an application to change the Maximum Base Charge or the Maximum Load Charge Rate, provided that nothing herein shall limit the Board of Director's authority and discretion to seek at FERC a change in the maximum rates in the time and manner the Board determines in the best interests of the Western Resource Adequacy Program. For purposes of clarity, these specified maximum rates on the Base Charge and the Load Charge do not limit the level of the Cash Working Capital Support Charge established under Section 5 of this Schedule 1, nor do they limit the amount of the default Allocation assessment provided under Part I of this Tariff.
- 3.2 To facilitate Participant planning, the WPP shall prepare, and provide to the RAPC, good faith, non-binding estimates of: (i) reasonably anticipated WRAP budgets for three Years beyond the most recently approved WRAP budget, including sensitivity analyses for reasonably identified major contingencies; (ii) reasonably anticipated numbers of Participants and MWs of Winter and Summer P50 Loads for each such Year; and (iii) reasonably anticipated highest monthly Base Charges and Load Charge Rates for each such Year. All assumptions and estimates in such forecasts and analyses shall be in WPP's sole discretion, which may be informed by RAPC discussion of such topics.

Section 4. WRAP Cost Assignment Matrix

	BASE COSTS	LOAD COSTS	DUAL BENEFIT
Program Administration (non-participant)		100%	
Program Administration (Participant engagement, RAPC facilitation)	100%		
WRAP portion of WPP BOD costs			50%/50%
Program Operations Staffing and Overhead		100%	
Program Operations Technology		100%	
Legal Services		100%	
Independent Evaluator		100%	

Section 5. Cash Working Capital Support Charge

- 5.1 In addition to the WRAP Administration Charge, each Participant shall be assessed a Cash Working Capital Support Charge, to support WPP's maintenance of sufficient funds on hand to make payments required for the operation and administration of the WRAP on a timely basis. Cash Working Capital Support Charges shall be designed to maintain a Cash Working Capital Fund that, at its maximum level over a twelve-month cycle, equals approximately nine-twelfths of the expected annual payment due from the WPP to the Program Operator for its Program Operator services.
- 5.2 A Participant shall pay a Cash Working Capital Support Charge no later than thirty days after that Participant executes a WRAPA. The Cash Working Capital Support Charge due following WRAPA execution equals the Cash Working Capital Support Charge Rate, calculated as the Cash Working Capital Fund at its required maximum twelve-month cycle level divided by the sum of the Median Monthly P50 Peak Loads of all Participants, times that Participant's Median Monthly P50 Peak Load.
- 5.3 To the extent the Cash Working Capital Fund is adequately funded at the time a new Participant executes a WRAPA, the revenue from such Participant's payment of the Cash Working Capital Support Charge shall be distributed to all Participants that previously have paid a Cash Working Capital Support Charge, pro rata based on the Median Monthly P50 Peak Loads of all Participants that have previously paid such charge.
- 5.4 To the extent, and at such time, WPP determines that an incremental addition to the Cash Working Capital Fund is needed due to such causes as, for example, an expected increase in the annual payment to the Program Operator, each Participant shall be assessed an Incremental Cash Working Capital Support Charge equal to the desired incremental addition, divided by the sum of the Median Monthly P50 Peak Loads of all Participants being assessed the Incremental Cash Working Capital Support Charge for the Month for which the Incremental Cash Working Capital Support Charge is being calculated, times that Participant's Median Monthly P50 Peak Load.

Western Resource Adequacy Program Ordinance

Economic Development Technology & City Light Committee Briefing

Seattle City Council

March 22, 2023

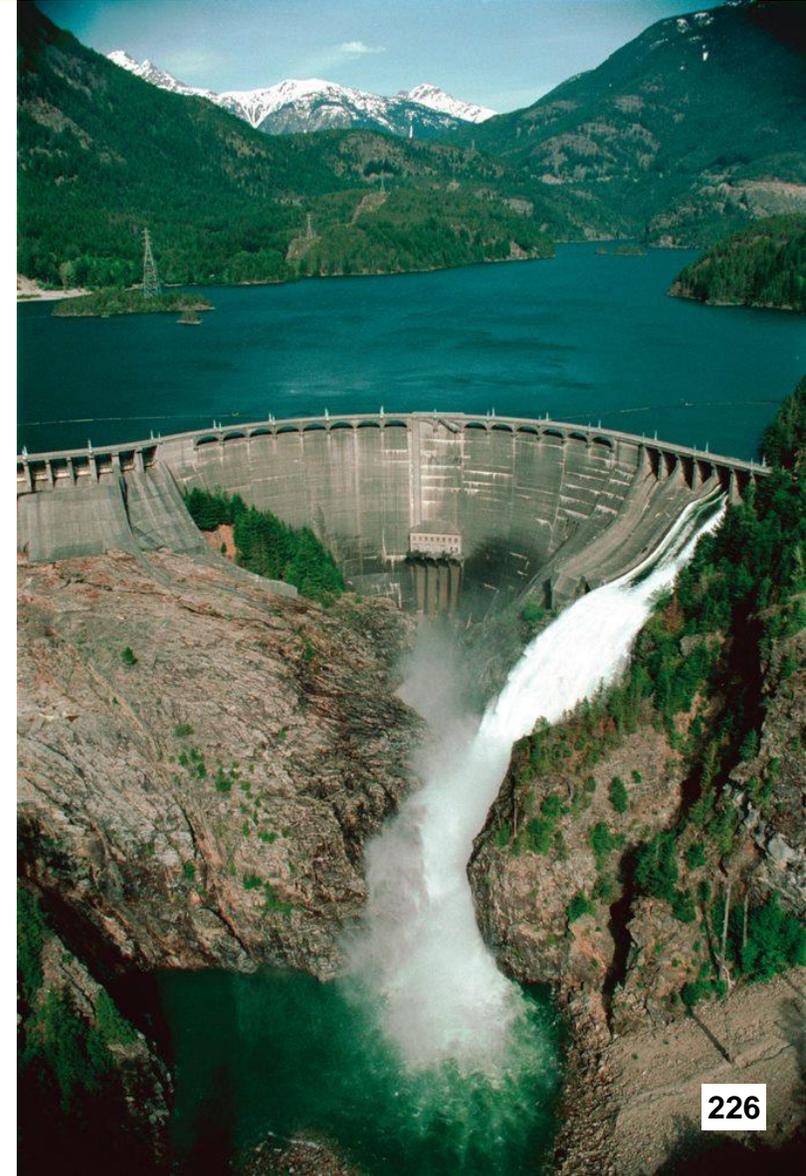
What is Resource Adequacy?

Having enough resources to provide electric service under a range of conditions or scenarios with a sufficient degree of reliability.



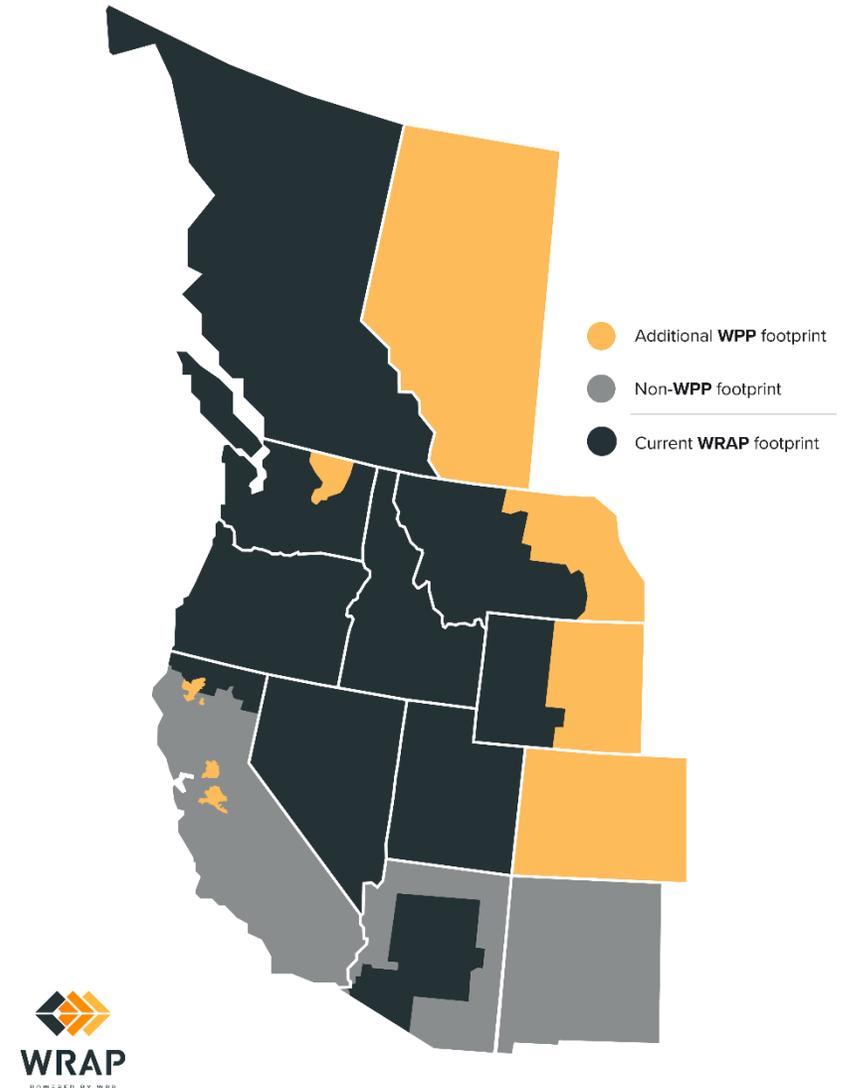
Why Now? Resource Adequacy & Reliability Challenges

- Recent studies demonstrate resource shortfall by mid-2020s across western U.S.
- Driven by multiple factors:
 - New regulations to decarbonize the power sector;
 - Replacement of fossil generation with intermittent renewables;
 - Load growth: Data center & agricultural sectors; acceleration of transportation and building electrification; and
 - Drought conditions and extreme weather events.



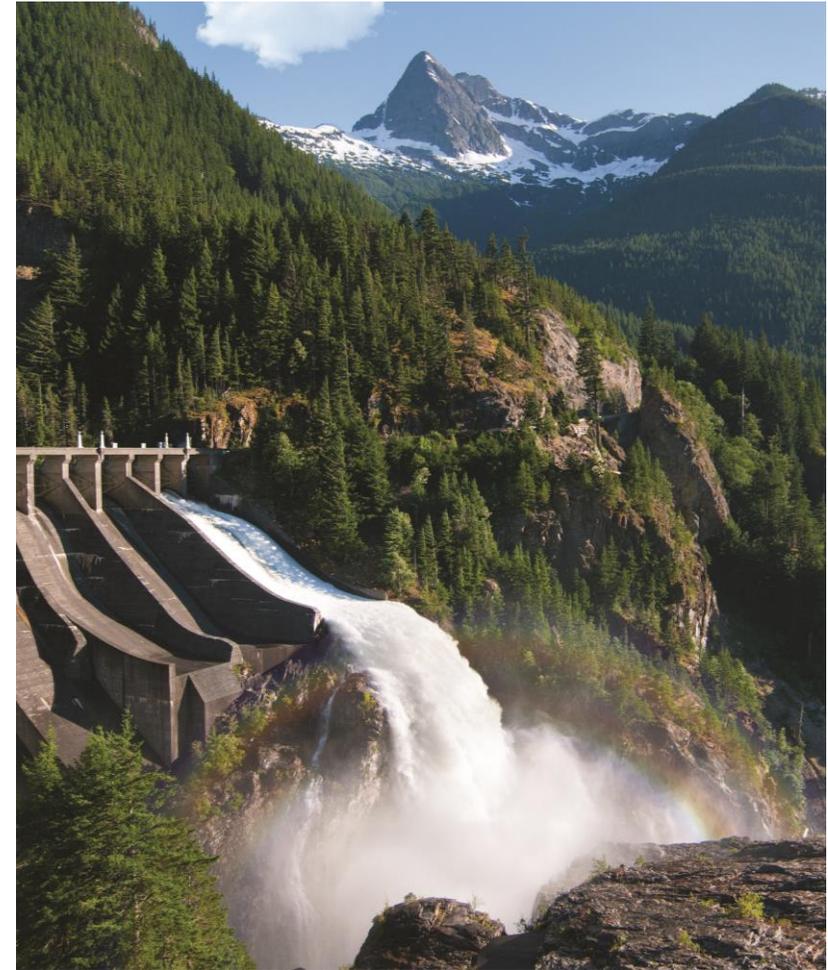
What is the Western Resource Adequacy Program?

- First regional reliability planning and compliance program in the history of the West.
- A region-wide approach for assessing and addressing resource adequacy.
- With coordination and visibility across participants, the WRAP paints a more accurate, regional picture of resource needs and supply.
- Ensures reliability through collaboration, taking advantage of operating efficiencies, diversity, and sharing pooled resources.



Value Proposition

- Enhances grid reliability as the west decarbonizes the resource mix.
- Leverages diversity of resources, loads and transmission across a broad footprint.
- Efficiently inform resource selection for the region driving investment savings for members and their customers.
- Ensure capacity is available to support transportation/building electrification & agricultural/industrial decarbonization.



Program Elements

- Forward Showing
 - Participants demonstrate they have secured their share of capacity for upcoming season
 - 7 months in advance of binding season
 - Regional reliability metric – 1 event-day in 10 years
- Operational Program
 - Evaluates real time operational situation relative to Forward Showing assumptions
 - Members with surplus assist participants with deficits in the hours of highest need

**Determine
Program
Capacity
Requirement**



**Determine
Resource
Capacity
Contribution**



**Compliance
Review of
Portfolio**

WRAP Participants

- Arizona Public Service
- Avista
- Bonneville Power Administration
- Calpine
- Chelan County PUD
- Clatskanie PUD
- Eugene Water & Electric Board
- Grant PUD
- Idaho Power
- Northwestern Energy
- NVEnergy
- PacifiCorp
- Portland General Electric
- Powerex
- Puget Sound Energy
- Salt River Project
- Shell Energy
- Tacoma Power
- The Energy Authority

WRAP Current Status & Timeline

- City Light plans to request City Council approval this Spring to join WRAP



What Does the Ordinance Do?

- Authorizes the City Light General Manager to execute an agreement with the Northwest Power Pool doing business as the Western Power Pool Corporation to enter and participate in the WRAP.
- Authorizes City Light to participate in the WRAP as long as the GM believes it is within range of prudent utility practices.
- Authorizes GM to execute additional agreements & amendments associated with WRAP participation (not to exceed current budget authority).
- Any action consistent with this ordinance taken after its passage but prior to its effective date is ratified & confirmed.

Questions?



THANK YOU



Seattle City Light



seattle.gov/city-light    

Mission, Vision & Values

Mission

Seattle City Light provides our customers with affordable, reliable and environmentally responsible energy services.

Vision

Create a shared energy future by partnering with our customers to meet their energy needs in whatever way they choose.

Values



Customers First



Environmental Stewardship



Equitable Community Connections



Operational and Financial Excellence



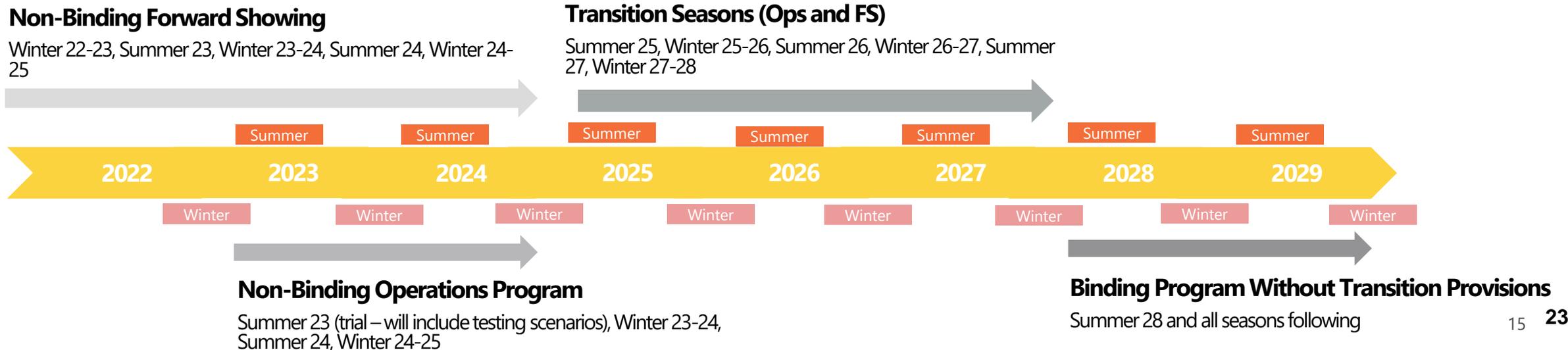
Safe and Engaged Employees

Appendix



Transition to a Binding Program

- A thoughtful, deliberate transition from a non-binding to a binding program is important to maintain participation, remain viable, and ensure value to the region
 - The region greatly benefits from keeping the footprint moving forward together. The program should make reasonable efforts to accommodate any entity that desires to be part of the program
 - The program needs to ensure transition provisions generally maintain the principle of all parties providing a fair share of the region’s capacity need. The program does not have the ability or intent to backstop capacity for participants unable to procure it in the market
 - Communication and coordination around the transition plan and impacts is vital.



Administration and Operation

- Program Administrator - Western Power Pool
 - Responsible for ensuring that all tariff requirements are fulfilled.
 - Non-profit, mutual-benefit corporation and Internal Revenue Code section 501(c)(6) tax-exempt organization based in Portland, Oregon.
 - Formed in 1941 by six investor-owned utilities operating in the Pacific Northwest.
 - Membership grew to include both investor-owned and public power utilities, federal power marketing administrations, and Canadian entities.
- Program Operator - Southwest Power Pool
 - Existing technical expertise, leverage industry experience to perform the functions necessary to operate the WRAP.
 - Forward showing and operations program functions, modeling and system analytics, real-time operations, continual technical improvement and IT systems work.
 - Non-profit corporation that operates regional transmission organization for central United States – responsible for ensuring reliability.



WRAP Governance

- Tariff approved by the Federal Energy Regulatory Commission (FERC)
 - Outlines program rules of participation
 - Tariff approved on February 10, 2023
- Independent Board of Directors
 - Selected by Nominating Committee
 - Nominating committee comprised of 14 members representing 12 different sectors of the energy industry (utilities, independent power producers, load serving entities, public interest groups, customer advocacy groups and state regulators)
 - Criteria for candidates included electric industry, regulatory, general management, Western electric system, or organized market experience; geographic diversity so no region was over-represented; diversity of perspectives including professional background, gender, ethnicity, and life experience; and strong collaboration skills

WRAP Board Members

- **Michelle Bertolino**, Former Executive Utility Director at Roseville Electric Utility
- **Doug Howe**, Consultant for the Western Public Utility Commission Joint Action Framework on Climate Change
- **Andrew Ott**, former CEO of PJM
- **Susan Ackerman**, Former Chief Energy Officer at Eugene Water and Electric Board
- **Bill Drummond**, WPP Board Chairperson