

SCHEDULE 30

EMERGENCY DEMAND RESPONSE INITIATIVE

I. GENERAL

Schedule 30 provides for the commitment and dispatch of interruptible demand, behind-the-meter generation and other demand resources that are capable of helping meet the energy balance during NERC Energy Emergency Alert 2 (“EEA2”), Alert 3 (“EEA3”), or any other types of Emergency events. Schedule 30 provides procedures for the Transmission Provider to be able to dispatch such resources (“Emergency Demand Response” or “EDR”) during Emergency events. References, within Schedule 30, to Emergency events include both Transmission System and capacity Emergencies. Such procedures provide for reductions in Load and/or increased behind-the-meter generation (*i.e.*, “demand reduction”) to be compensated under the conditions specified below (*i.e.*, “EDR Initiative”). These EDR procedures: (i) enhance the Transmission Provider’s ability to utilize demand response during Emergency events; (ii) enable the Transmission Provider to establish curtailment priorities; (iii) reflect varying costs of EDR options; and (iv) allow the Transmission Provider to evaluate and dispatch EDR Offers in merit order by location and by priority status.

II. EMERGENCY DEMAND RESPONSE PARTICIPATION

A Market Participant within the Transmission Provider Region may become an EDR Participant by complying with these Schedule 30 requirements if it: (i) has the ability to cause a reduction in demand in response to receiving an EDR Dispatch Instruction from the Transmission Provider either because the Market Participant is the operator of a facility capable of reducing demand, or the Market Participant is a Load Serving Entity (“LSE”) or ARC with a

contract that entitles the Market Participant to reduce Load at such facility; or (ii) has the ability to cause an increase in output from a behind-the-meter-generation resource to enable a net demand reduction, in response to receiving an EDR Dispatch Instruction from the Transmission Provider. Only a Market Participant is allowed to register to become an EDR Participant on behalf of an asset owner and be an eligible EDR Participant by submitting EDR Offers to the Transmission Provider to reduce demand during an Emergency event.

EDR Participants must be able to receive an EDR Dispatch Instruction from the Transmission Provider via XML. EDR Participants must utilize metering equipment that meets the requirements, including, but not limited to, the ability to provide integrated hourly kWh values on a Commercial Price Node (“CPNode”) basis. EDR Participants may provide hourly kWh values for non-interval Metered demand reductions (*e.g.*, direct Load control) using the alternative Measurements and Verification procedures provided in Attachment TT.

Measurement of demand reductions shall be made on an EDR resource basis, aggregated across assets that define the EDR resource, to enable the EDR Participant’s demand reduction to be identified with an LMP; EDR Offers can set the Real-Time Ex Post LMP.

If the behind-the-meter-generation resource designated by an EDR Participant historically is operated during non-Emergency conditions, the Energy that can be offered under the EDR Initiative is the increase in output from a behind-the-meter-generation resource to enable a net Demand reduction, in response to receiving an EDR Dispatch Instruction from the Transmission Provider. Determination of such output shall be based on the EDR Offer and the amount of load reduction provided, consistent with Section VII below or Attachment TT. If a Demand reduction is subject to a contractual agreement with an LSE, then the operator of the

facility will be entitled to submit an EDR Offer for the specified Demand reduction to the Transmission Provider only if, and to the extent that, an EDR Offer is consistent with the terms and conditions of the contract with such LSE and the operator of the facility is a Market Participant.

EDR Participants shall be required to identify in their EDR Offers if the Demand reduction can be variable or alternatively provide a specific level of Demand reduction. Upon receipt of an EDR Dispatch Instruction, an EDR Participant shall either: 1) curtail to the firm service level specified in their EDR Offer; or 2) provide a specific level of Demand reduction as specified in their EDR Offer. EDR Participants electing the first option shall be required to identify an expected peak Load in their EDR Offer, updated daily as required to reflect the amount of Demand reduction achievable.

EDR Participants are responsible for maintaining Demand reduction information, including the amount in MWh of reduced Demand during all types of Emergency events whenever the EDR Participant receives an EDR Dispatch Instruction from the Transmission Provider.

III. EMERGENCY DEMAND RESPONSE REGISTRATION

Prior to participating in the EDR Initiative, a Market Participant must complete the EDR registration form as specified in the BPM for Market Registration and submit it to the Transmission Provider. An EDR Participant and its associated Load asset or behind-the-meter generation asset must be defined in the EDR registration form. EDR Participants that are ARCs must meet all the ARC-specific requirements in Section 38.6.

At the time of EDR registration, an EDR Participant shall provide complete details regarding any limitations on the EDR Participant's ability to reduce Demand, including, but not limited to: (i) information regarding the total number of times that the EDR Participant is able to reduce Demand during the year; (ii) the number of times that the EDR Participant has already reduced Demand during the current year; and (iii) any and all restrictions (including, but not limited to, contractual restrictions) that may preclude the EDR Participant from reducing Demand in the future. These limitations provided at the time of registration but not included in the EDR Offer will have no impact on the Transmission Provider's decision to commit the EDR. It is the responsibility of the EDR Participant to ensure the limitations that exist outside of the parameters outlined in the EDR Offer are not violated.

An EDR Participant that intends to use a behind-the-meter generation resource for the purpose of reducing demand during an Emergency event shall confirm to the Transmission Provider in writing that: (1) it holds all necessary permits (including, but not limited to, environmental permits) applicable to the operation of the behind-the-meter generation resource; (2) it possesses rights to operate the behind-the-meter generation resource that are equivalent to ownership of such unit; and (3) the behind-the-meter generation resource is not a designated Network Resource. Unless notified otherwise, the Transmission Provider shall deem such representation applies each time the behind-the-meter generation resource is used to reduce demand during an Emergency event and that the behind-the-meter generation resource is being operated in compliance with all applicable permits, including any emissions, run-time limits or other operational constraints that may be imposed by such permits. The EDR Participant shall be solely liable for identification of and compliance with all such applicable permits.

The Transmission Provider shall notify the Market Participant when it has met all required qualifications to become an eligible EDR Participant and that the Market Participant is eligible to submit EDR Offers.

IV EDR OFFER

An EDR Participant seeking to reduce Demand during an Emergency event and receive compensation under this Schedule 30 must submit an EDR Offer to reduce Load to the Transmission Provider no later than 1030 EPT on the day prior to the next Operating Day and will be in effect for the next Operating Day. If an EDR Participant is unable to reduce Demand in accordance with an EDR Offer due to exigent circumstances, then the EDR Participant shall promptly notify the Transmission Provider in accordance with the procedures in the Business Practices Manuals. Such notification must be made prior to the issuance of EDR Dispatch Instructions.

The EDR Offer shall specify: (i) the minimum and maximum amount of the offered Demand reduction (in minimum increments of 0.1 MWh) or; specify the firm service level to which the EDR Participant will curtail Demand and specify the EDR Participant's expected peak Load; (ii) the applicable minimum and maximum number of contiguous Hours for which the Demand reduction must be committed for such curtailments; (iii) shutdown costs associated with a demand reduction, including direct labor and equipment costs and/or opportunity costs; (iv) the number of Hours of advance notice from the Transmission Provider that the EDR Participant requires to reduce Demand; (v) the daily availability of the Demand reduction; (vi) an hourly curtailment offer for such Demand reduction specified in dollars per MWh, not to exceed \$3,500/MWh. The hourly curtailment offer is a single dollar per MWh value that is applicable to

every Hour of the day. Any EDR Offer shall remain valid until it is modified or revoked by the EDR Participant. EDR Offers must be made for a minimum period of one (1) Operating Day and may not be modified after 1030 EPT on the day prior to the next Operating Day. EDR Offers must be consistent with any applicable contractual agreements with an LSE.

V. ISSUANCE OF EMERGENCY DEMAND RESPONSE DISPATCH INSTRUCTIONS

The Transmission Provider may issue EDR Dispatch Instructions to EDR Participants, based upon factors, including, but not limited to, consideration of: (i) terms and conditions of the EDR Offer; (ii) anticipated need for Demand reduction during Emergency events; (iii) availability of other EDR Demand reductions; (iv) the location of the Demand reduction; and (v) anticipated future Emergency conditions. EDR Dispatch Instructions shall detail: (i) the commencement of such Demand reductions; (ii) the amount of Demand reduction that the EDR Participant shall reduce, including a schedule for modified Demand reductions, if appropriate; and (iii) the duration for such Demand reductions. The Transmission Provider may also issue updates to EDR Dispatch Instructions if changing system conditions warrant such action. Any updates to EDR Dispatch Instructions will be consistent with the EDR Offer. The Transmission Provider's Emergency operating procedures documentation shall provide further detailed information on EDR Dispatch Instructions during Emergency events.

EDR Participants shall be entitled to receive compensation for reducing Demand only to the extent that the EDR Participants comply with the Transmission Provider's EDR Dispatch Instructions. EDR Participants shall not be entitled to compensation for Demand reductions in excess of the EDR Dispatch Instruction amounts (*i.e.*, if Demand was reduced by more than that

requested by the Transmission Provider in an EDR Dispatch Instruction), provided that EDR Participants shall be entitled to proportionate compensation if they reduced Demand by a proper fraction of the EDR Dispatch Instruction. If an EDR Participant reduces Demand by more than the EDR Dispatch Instruction during an Emergency event, the EDR Participant will not be allocated Real-Time Revenue Sufficiency Guarantee Charges for deviations in Load, pursuant to Section 40.3.3.2. To the extent that an EDR Demand reduction would have occurred during the EDR Dispatch Instruction time period absent the Transmission Provider issuing an EDR Dispatch Instruction to the EDR Participant, then the EDR Participant will not be entitled to compensation for such Demand reduction.

VI. MEASUREMENT AND VERIFICATION PROCEDURES

Unless an alternate approach is agreed upon by the Transmission Provider and an EDR Participant and such alternate approach is documented in Attachment TT of the Tariff, measurement and verification for EDR Participants with hourly interval Metered data will be based upon actual hourly use in the Hour immediately preceding notification to the EDR Participant of the EDR Dispatch Instruction by the Transmission Provider. If Emergency events occur during sequential days, the relevant data will be based upon the actual hourly usage prior to the first of the sequential Emergency event days.

Except as may otherwise be agreed to, EDR Participants must provide the Transmission Provider with meter information for the Hour prior to notification of the EDR Dispatch Instruction, as well as every Hour during the Demand reduction, except under the following circumstances. When on-site generation is deployed exclusively to support the Demand reduction, the EDR Participant may provide qualified meter data from the on-site generation for

each Hour of the Emergency event day. Provision of hourly meter data from the on-site generation will be deemed a certification by the EDR Participant that the on-site generation was not used for any purpose other than to support the Demand reduction during the Emergency event day.

An EDR Participant that achieves Demand reduction through the use of direct load control procedures must provide the Transmission Provider with proposed Measurement and Verification procedures. These procedures must be consistent with Attachment TT in the Tariff and include: (1) a description of the direct Load control system, including communication technology, type of Load(s) which are controlled, proposed control scheme (e.g. cycling or complete Load shed), number of participants, geographic location of participants and other relevant information; (2) a description of Load research data that is used in the analysis; (3) a description of the formulae used to produce the estimate, including all assumptions; and (4) a description of all source information for variables used in the analysis, such as a schedule of Demand reductions according to the time of day and weather conditions (e.g., temperature and humidity index). The Transmission Provider may request additional information from such EDR Participant and/or request appropriate revisions to the proposed Measurement and Verification procedures.

EDR Participants must provide the meter data and/or the results of the direct Load control Measurement and Verification procedures, as specified in the Business Practices Manuals, to the Transmission Provider within fifty-three (53) Calendar Days after the Demand reduction, in order to be eligible to receive compensation.

VII. COMPENSATION

EDR Participants that reduce Demand in response to an EDR Dispatch Instruction from the Transmission Provider shall receive the higher of the applicable Hourly Real-Time Ex Post LMP revenue for the associated CPNode of the EDR Participant or the EDR cost recovery during the period of actual Demand reductions. EDR cost recovery is the sum of (i) the shutdown cost and (ii) the lesser of (a) the amount of hourly verifiable Demand reduction or (b) the hourly Dispatch Instruction for each Hour multiplied by the hourly curtailment offer during the period of actual Demand reductions.

EDR Participants must submit documentation of Demand reductions made in response to EDR Dispatch Instructions to enable the EDR Participant to verify in writing under oath to the Transmission Provider that the Demand reductions actually occurred during an Emergency event. EDR Participants must verify in writing to the Transmission Provider that the amount of Demand reductions were made in direct response to the Transmission Provider's EDR Dispatch Instruction and that the Demand reductions otherwise would not have been made.

EDR Participants that receive EDR Dispatch Instructions in response to submitted EDR offers but do not reduce Demand in response to an EDR Dispatch Instruction from the Transmission Provider to the levels specified in the EDR Dispatch Instruction, and adjusted for the Demand Reduction Tolerance, shall not be guaranteed cost recovery for such failure to make Demand reductions. The Demand Reduction Tolerance is equal to (i) the EDR Dispatch Instruction MWhs multiplied by ninety-five percent (95%). EDR Participants that reduce Demand in response to an EDR Dispatch Instruction between the levels specified in the EDR Dispatch Instruction and the Demand Reduction Tolerance will be guaranteed cost recovery for

provision of Demand reductions. In addition, such EDR Participants failing to reduce Demand shall be charged an amount equal to the Demand Reduction Shortfall multiplied by the Hourly Real-Time Ex Post LMP of the associated Load CPNode. The Demand Reduction Shortfall is calculated as: (i) the Demand Reduction Tolerance minus the actual Demand reduction; or (ii) zero (0), whichever is greater.

Any reductions in Demand by an EDR Participant shall be subject to verification and potential investigation by the Transmission Provider and the Federal Energy Regulatory Commission to confirm the validity of all EDR Participant assertions.

VIII. PAYMENTS

The sum of the EDR Initiative payments made in an Hour in excess of market revenues shall be funded through an assessment of debits on Market Participants on a *pro rata* basis, based on the Metered Load Ratio Share in the local Balancing Authority Area(s) where the Emergency event occurred that served Load during the EDR Dispatch Instruction period in that same Hour. Any credits that result from EDR Participant(s) failure to reduce Demand as described in Section V shall be allocated in the same *pro rata* basis as costs are allocated in Section VI.