



TITLE: Electric System Procurement Directive:
Purchase or Sale of Electric Energy, Electric Generation Capacity, Electric
Transmission Capacity and Transmission Services – Short-Term and Long-Term
Transactions

EFFECTIVE DATE: April 1, 2013

POLICY STATEMENT: It is the policy of JEA to use the most cost effective method to purchase and sell capacity and energy. The markets for buying and selling wholesale electricity, thermal energy, transmission services, electric generation capacity, electric transmission service capacity, their associated ancillary services, reselling transmission service capacity retained from transmission service providers through the open transmission markets are sufficiently different from the markets for other supplies and services required by JEA, that special procurement directives are needed to supplement those presented in the JEA Purchasing Code. Specifically, supplemental procurement directives are needed to allow JEA staff to make the immediate commitments, timely commitments that competing in these markets require. This procurement directive provides JEA's staff the flexibility to competitively participate in the electric markets. While this procurement directive is in force or effect, if any article, part or section of the JEA Purchasing Code or of any other JEA resolution or policy statement conflicts with this procurement directive, this procurement directive will supersede the JEA Purchasing code, but only to the extent of the conflict.

This Procurement Directive replaces the following procurement directives:

TITLE: Electric Energy, Electric Generation Capacity, and Electric Transmission Capacity and Transmission Services Procurement Directive
Purchase or sale of electric Energy, electric generating Capacity, electric Transmission Service Capacity and their associated ancillary services, or resale of Transmission Service Capacity retained from other Transmission Service Providers -Long Term Transactions

EFFECTIVE DATE: April 1, 2011

TITLE: Electric Systems Procurement Directive
Purchase or sale of electric energy or generating capacity or third party transmission short term transactions (starts and stops within current and next fiscal year)

EFFECTIVE DATE: April 1, 2011

ASSIGNMENT OF RESPONSIBILITY: Purchase or sale of electric energy, electric generating capacity, electric transmission service capacity and their associated ancillary services, or resale of

transmission service capacity retained from transmission service providers in the open transmission markets or third party transmission are activities exempted from the JEA Purchasing Code as specified in Section 2-602(1), Exemptions. The Managing Director/CEO has designated Mike Brost, VP/GM Electric Systems, as the Procurement Officer responsible for procurement actions related to all Capacity and Energy transactions related to this Procurement Directive. Electric Systems Planning shall perform any required analyses.

DEFINITIONS:

Capacity: The level of ability for an electric generating resource to produce energy or for the electric transmission system to deliver energy. Capacity is subject to interruption or curtailment due to system disturbance events directly or in-directly affecting the operation of that established capacity.

Energy: A transaction that represents energy supply and may not have Firm Capacity, i.e. the capacity for the energy may not be Firm Capacity and would thus not qualify towards meeting planning reserve obligations.

Expanded Purchases and Sales Transactions: Transactions that were transacted that will flow after the next business day.

Firm Capacity: Firm Capacity would qualify towards meeting planning reserve obligations. Firm Capacity that is not Non-Firm.

Hourly Purchases and Sales Transactions: Transactions that were transacted during the current operating day for energy that will flow for one or more hours of the current day.

Long Term Transactions: Any wholesale electric capacity, electric energy, or transmission service contracts with a term exceeding one year, and generally occurring beyond the current and next fiscal year.

Next Day Purchases and Sales Transactions: Transactions that were transacted during the current operating day for energy that will flow thru the next business day.

Non-Firm Capacity: Capacity that is further subject to interruptions for the corporate benefit of other entities.

Open Access Transmission Tariffs (OATT): A tariff that sets forth the specific terms and conditions of Transmission Service. Usually, but not necessarily, these Tariffs are reviewed and approved by FERC.

Open Access Same-Time Information System (OASIS): A computer based system that facilitates requests for and approvals of Transmission Services provided by a Transmission Service Provider.

Open Transmission Market: An open market for acquiring various Transmission Services from Transmission Service Providers or Transmission Service Retailers via an OATT offering or publically advertised market offering.

Transactions: The financial arrangement of the transfer of capacity and/or energy from one party to another including all third party transmission services. This may also include the physical flow of electricity from one party to another.

Transmission Services: Transmission capacity and ancillary services necessary to transport electrical capacity and energy from the generating resource to the load third party transmission services are the transmission services that are outside of the JEA transmission system. Transmission Services associated with the JEA Transmission system is contained in another purchasing directive.

Transmission Services: All required services necessary to facilitate transmitting energy from a point of receipt (usually a generating resource) to a point of delivery (usually a load serving entity's system).

Transmission Service Provider: Any transmission owner that makes available transmission capacity in the Open Transmission Market.

Transmission Service Retailers: Any entity with retained Transmission Service rights that make those services available via resale offerings as conducted under the original Transmission Service Provider's Tariff.

PROCEDURE:

Enabling Agreements: JEA has established Interchange Contracts and/or Enabling Agreements with The Energy Authority (TEA) for capacity and energy purchases and sales; with other Florida utilities for emergency purchases and sales and associated third party transmission service. Enabling Agreements set out the framework for how capacity, energy and/or third party transmission is purchased and sold between JEA and other companies. Enabling Agreements are executed prior to any business being conducted with TEA, other utilities or any third party transmission provider. Enabling Agreements set out the framework for how business is conducted including, but not limited to, terms and conditions, billing policies, payment policies, and service schedules. The Enabling Agreements are negotiated and developed by the assigned manager. The Office of General Counsel approves the agreements as to form. The Managing Director/CEO executes the agreements.

Transactions: After the Enabling Agreements are executed, JEA is able to enter into purchase and sale transactions with TEA and other utilities.

Electric Capacity, Electric Energy, Electric Transmission and Third Party Transmission

A) Long Term Purchases and Sales of Electric Generating Capacity and Energy:

Based on JEA's contract with TEA, JEA is not required to use TEA for its marketing for periods greater than one year. JEA may optionally engage TEA for this service. Electric Systems Planning will evaluate all offers to buy JEA Capacity and Energy for long term transactions, and will prepare proposals to sell JEA Capacity and Energy for long term transactions.

B) Short Term Purchases and Sales of Electric Energy (one year or less):

Based on JEA's contract with TEA, JEA is required to use TEA for its marketing for periods

less than or equal to one year. Based on the terms and conditions of the contract, TEA engages in energy purchase transactions that are less than JEA's avoided cost and engages in sale energy transactions that are greater than JEA's incremental cost. TEA's goal is to maximize TEA member margins. Hourly and Next Day Purchases and Sales Transactions that are transacted by TEA do not require JEA approval. Expanded Purchase and Sale Transactions require JEA approval. Any third party transmission purchases associated with these transactions will be pursuant to published tariffs of the transmission provider.

TEA works with Bulk Power Operations for current and next month transactions. TEA works with Fuels Management Services for transactions outside the current and next month.

C) Purchases and Sales of Emergency Energy

Based on Public Service Commission Order, all Florida Utilities are required to make available generating capacity to a Florida utility that experiences a unit loss and cannot meet their firm load obligations. To qualify for emergency energy the deficient utility must curtail all its non-firm sales and curtail/interrupt demand side management. Any third-party transmission purchases associated with these transactions will be pursuant to published tariffs of the transmission provider.

APPROVAL

1. Approval of Hourly and Next Day Energy Transactions: Pre-approved pursuant to TEA contract.
2. All enabling agreements will be negotiated by the designated appointed Procurement Officer, with assistance from the applicable appointed manager and executed by the Managing Director/CEO or their designee.
3. Approval of Capacity Transactions: Appointed Manager as authorized in Table of Authorized Individuals:
<http://internalweb/elecsys/fuel/Individuals%20Authorized%20to%20Commit%20JEA%20to%20Transactio>
4. Approval of Expanded Energy Transactions: Assigned personnel as authorized in the Table of Authorized Individuals:
<http://internalweb/elecsys/fuel/Individuals%20Authorized%20to%20Commit%20JEA%20to%20Transactio>
5. Approval of Emergency Transactions: Assigned Operating Personnel.

CONFIDENTIALITY AGREEMENTS

The Managing Director/CEO, or the **Vice President/General Manager** Electric System or the Chief Financial Officer can enter into binding confidentiality agreements, consistent with provisions of the Florida Public Records Law, provided the Office of General Counsel has approved such agreement as to form.

DOCUMENTATION

The Procurement Officer will maintain original contract documents and all other documentation related to procurement of electric energy or generating capacity or transmission-short term transactions, documentation related to long term transactions for the purchase or sale of electric energy, electric generating capacity, or electric transmission service capacity and the associated ancillary services.

EXECUTION OF DOCUMENTS

All documents to be executed on behalf of JEA pursuant to this Procurement Directive may be executed by the Managing Director/CEO, or the designated Procurement Officer or their designee. The designee shall be in conformance with the table for Individuals Authorized to commit JEA to transactions with The Energy Authority, located at:

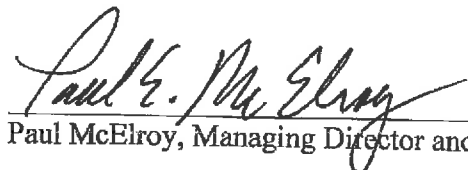
<http://internalweb/elecsys/fuel/Individuals%20Authorized%20to%20Commit%20JEA%20to%20Transaction>

APPOINTMENT

I hereby designate Mike Brost, VP/GM Electric Systems as the Procurement Officer for all JEA procurement actions of the following type:

Purchase or Sale of:

1. Electric Energy;
2. Electric Generating Capacity;
3. Electric Transmission Service Capacity;
4. Transmission Transactions and Their Associated Ancillary Services;
5. Resale of Transmission Service Capacity Retained from Other Transmission Service Providers.



Paul McElroy, Managing Director and CEO

4/3/13 _____
Date