

December 18, 2017

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

**Re: California Independent System Operator Corporation
Docket No. ER18-____-000**

Filing of PSP Agreement with Placer County Water Agency

Dear Secretary Bose:

The California Independent System Operator Corporation (“CAISO”) submits for Commission filing and acceptance an executed Middle Fork-Ralston Physical Scheduling Plant Agreement (“Placer PSP Agreement”) with Placer County Water Agency (“Placer”), for which the CAISO requests an effective date of January 1, 2018.¹ The Placer PSP Agreement supersedes an existing and similar Physical Scheduling Plant Agreement (“PG&E PSP Agreement”) between the CAISO and Pacific Gas and Electric Company (“PG&E”) that concerns the same three Generating Units (collectively, “Middle Fork-Ralston Generating Units”) as the Placer PSP Agreement.

I. Background

Placer owns the Middle Fork-Ralston Generating Units. The PG&E PSP Agreement currently governs the treatment of those Generating Units as a single Physical Scheduling Plant (“PSP”) for purposes of providing regulation to the CAISO.² The Commission accepted the PG&E PSP Agreement for filing in

¹ The CAISO submits this filing pursuant to section 205 of the Federal Power Act, 16 U.S.C. § 824d, and Part 35 of the Commission’s regulations, 18 C.F.R. Part 35. Capitalized terms not otherwise defined herein have the meanings set forth in the CAISO tariff.

² The CAISO tariff defines a PSP as “[a] group of two or more related Generating Units, each of which is individually capable of producing Energy, but which either by physical necessity or operational design must be operated as if they were a single Generating Unit and any Generating Unit or Units containing related multiple generating components which meet one or more of” criteria specified in the tariff. CAISO tariff appendix A, definition of “Physical Scheduling Plant”.

Docket No. ER01-50.³

Effective December 31, 2017, PG&E's right to operate the Middle Fork-Ralston Generating Units, which are based on a power purchase contract described in the recitals to the Placer PSP Agreement, will expire on its own terms. Consequently, effective January 1, 2018, Placer will commence scheduling and operation of the Middle Fork-Ralston Generating Units as a single PSP for purposes of providing energy and ancillary services.

II. The Placer PSP Agreement

The CAISO and Placer entered into the Placer PSP Agreement to enable Placer to implement a PSP arrangement with regard to the Middle Fork-Ralston Generating Units similar to the current one for PG&E.⁴ The only differences between the PG&E PSP Agreement and the Placer PSP Agreement are:

- The Placer PSP Agreement replaces references to "ISO" with "CAISO," "PG&E" with "PCWA" (short for Placer County Water Agency), and "ISO Home Page" with "CAISO Website" throughout the agreement;
- The Placer PSP Agreement contains updated information in its introduction and recitals, including the recital that the PSP will be used to provide both energy and ancillary services, not just ancillary services as set forth in the PG&E PSP Agreement;
- The Placer PSP Agreement contains updated cross-references to the CAISO tariff and operating procedures;
- The Placer PSP Agreement includes language in article 1 (definitions and interpretations) and article 2 (acknowledgments of Placer and the CAISO) that aligns with such language in *pro forma* agreements under the CAISO tariff;
- Article 3 (term and termination) of the Placer PSP Agreement incorporates the corresponding sections 12 and 13 of the PG&E PSP Agreement;
- Unlike the corresponding section 1 of the PG&E PSP Agreement, section 4.1 of the Placer PSP Agreement requires the CAISO to make available to Placer all operating procedures that affect the PSP;

³ Commission Letter Order, Docket Nos. ER01-0090-000, *et al.*, at enclosure 2 (Nov. 17, 2000). The PG&E PSP Agreement is designated as Service Agreement No. 336 under the CAISO tariff.

⁴ The Placer PSP Agreement is designated as Service Agreement No. 4386 under the CAISO tariff.

- Section 4.4 of the Placer PSP Agreement specifies that the point of delivery will be to the CAISO controlled grid, not just to the ISO as set forth in the corresponding section 4 of the PG&E PSP Agreement;
- Section 4.6 of the Placer PSP Agreement specifies that all terminal voltages of the Middle Fork-Ralston Generating Units must comply with the voltage and VAR requirements of the CAISO tariff, not just the VAR requirements as set forth in the corresponding section 6 of PG&E PSP Agreement;
- Section 4.7 of the Placer PSP Agreement specifies that Placer must install, maintain, and operate a Remote Intelligent Gateway system before providing non-spinning reserve, spinning reserve, and regulation services, not just before providing regulation service as specified in the corresponding section 7 of the PG&E PSP Agreement;
- Section 4.8 of the Placer PSP Agreement includes Placer-specific updates to the communications provisions of the agreement and specifies that Placer will communicate concerns pertaining to CAISO dispatches that risk damage to equipment, harm to operating personnel, or risk public health and safety;
- Unlike the corresponding section 10 of the PG&E PSP Agreement, section 4.10 of the Placer PSP Agreement requires Placer to notify the CAISO of operating restrictions that arise from equipment outages and/or limitations on the PSP.
- The Placer PSP Agreement omits outdated language in section 11 of the PG&E PSP Agreement regarding a test case period for scheduling and operating the PSP;
- Article 5 (miscellaneous) of the Placer PSP Agreement contains standard terms and conditions to align with those in *pro forma* agreements under the CAISO tariff;
- Section 5.8 of the Placer PSP Agreement identifies the date of the Participating Generator Agreement (“PGA”) between the CAISO and Placer, as opposed to the comparable date between the CAISO and PG&E set forth in the corresponding section 14 of the PG&E PSP Agreement; and
- Section 5.12 of the Placer PSP Agreement adds the provision that nothing in the agreement will alter Placer’s obligations under the Scheduling

Coordinator Agreement.⁵

These differences between the Placer PSP Agreement and the PG&E PSP Agreement constitute a just and reasonable means to accommodate the similar but not identical PSP arrangement upon which the CAISO and Placer have reached agreement.

III. Effective Date

Pursuant to Section 35.3 of the Commission's regulations,⁶ the CAISO respectfully requests that the Commission allow the Placer PSP Agreement to become effective upon the date set forth in the agreement, *i.e.*, January 1, 2018. Section 35.3(a)(2) requires that service agreements such as the Placer PSP Agreement be filed with the Commission not more than 30 days after service has commenced.⁷

IV. Attachments

In addition to this transmittal letter, this filing includes the following attachments:

Attachment A	Executed Placer PSP Agreement
Attachment B	Red-lined document comparing provisions of Placer PSP Agreement with provisions of PG&E PSP Agreement

⁵ Attachment B to this filing contains a document that compares the provisions of the Placer PSP Agreement with the provisions of the PG&E PSP Agreement in red-line format.

⁶ 18 C.F.R. § 35.3.

⁷ Following Commission acceptance of the Placer PSP Agreement effective January 1, 2018 as requested, the CAISO will submit a filing to cancel the PG&E PSP Agreement effective January 1.

V. Communications and Service

Pursuant to Rule 203(3) of the Commission's Rules of Practice and Procedure,⁸ the CAISO requests that all correspondence, pleadings, and other communications concerning this filing be served upon the following:

John C. Anders
Assistant General Counsel
California Independent System
Operator Corporation
250 Outcropping Way
Folsom, CA 95630
Tel: (916) 608-7287
Fax: (916) 608-7222
janders@caiso.com

Bradley R. Miliauskas
Alston & Bird LLP
The Atlantic Building
950 F Street, NW
Washington, DC 20004
Tel: (202) 239-3405
Fax: (202) 654-4875
bradley.miliauskas@alston.com

The CAISO has served this filing on Placer and on all parties on the service list for Docket No. ER01-50, the proceeding in which the Commission accepted the PG&E PSP Agreement for filing.

VI. Conclusion

The Commission requests that the Commission accept this filing and accept the Placer PSP Agreement effective January 1, 2018, as requested. If there are any questions concerning this filing, please contact the undersigned.

Respectfully submitted,

By: /s/ John C. Anders

John C. Anders
Assistant General Counsel
California Independent System
Operator Corporation

*Attorney for the California
Independent System Operator
Corporation*

⁸ 18 C.F.R. § 385.203(b).

Attachment A

**Service Agreement No. 4386
California Independent System Operator Corporation
Middle Fork-Ralston Physical Scheduling Plant Agreement
With Placer County Water Agency
(Placer PSP Agreement)**



Middle Fork-Ralston Physical Scheduling Plant Agreement

This Middle Fork-Ralston Physical Scheduling Plant Agreement (Agreement) is effective as of December 14th, 2017, and is entered into by and between:

- (1) **Placer County Water Agency**, a municipality organized and existing under the laws of the State/Commonwealth of California having a registered or principal executive office at **144 Ferguson Road, Auburn, California 95604** (the "PCWA")

and

- (2) **California Independent System Operator Corporation**, a California nonprofit public benefit corporation having a principal executive office located at such place in the State of California as the CAISO Governing Board may from time to time designate (the "CAISO") initially 250 Outcropping Way, Folsom, California 95630 ("CAISO")

The PCWA and the CAISO are hereinafter referred to as the "Parties".

RECITALS

- A. PCWA is owner and operator of Middle Fork Powerhouse Units #1 and #2 (Middle Fork) and Ralston Powerhouse (Ralston).
- B. Effective December 31, 2017 Pacific Gas and Electric Company's ("PG&E's") right to operate Middle Fork-Ralston based on the Placer County Water Agency Middle Fork Power Purchase Contract dated April 30, 1963 will expire on its own terms. Effective January 1, 2018 PCWA will commence scheduling and operation of Middle Fork-Ralston Generating Units as a single Physical Scheduling Plant (PSP), as PG&E has performed since October 21, 2000.
- C. Middle Fork-Ralston consists of three Generating Units.¹ Middle Fork Generating Units 1 and 2 discharge water into a small forebay that also serves as the water intake point for the Ralston Generating Unit. The three Generating Units are operated in tandem via an automated control system called the Coordinated Control System (CCS). The CCS supervises all three generating unit governors in coordination. With the governors of all three units operating in coordination, the total MW output from the three Generating Units can then be ramped up or down in coordination to follow a single CAISO

¹ Capitalized terms used in this Agreement shall have the meaning set forth in the CAISO Tariff, Appendix A, Master Definitions Supplement, unless otherwise defined in this Agreement.



EMS Automatic Generation Control (“AGC”) signal. At the same time, the CCS will maintain the forebay water level within a normal operating range. The CCS allows dispatch of the three Generating Units through a single CAISO EMS control point for dispatch of Energy and Ancillary Services. A 230 kV transmission line (Middle Fork – Gold Hill 230kV line) connects Middle Fork Powerhouse to Ralston Powerhouse, where it interconnects the three units making up the Middle Fork-Ralston PSP to the CAISO-Controlled Grid. From the CAISO interconnection point at Ralston, the 230 kV transmission line then extends southwest to Gold Hill Substation in Folsom, CA.

- D. Based on the foregoing, the Parties wish to continue to schedule and operate the Middle Fork and Ralston Generating Units as a single Physical Scheduling Plant.
- E. The Middle Fork-Ralston PSP is intended to focus on the use of a single Physical Scheduling Plant for providing Energy and Ancillary Services. The Middle Fork-Ralston PSP is subject to the following conditions: 1) the Generating Units that make up the single PSP are located within the same CAISO Pricing Node within the CAISO Balancing Authority Area; 2) netting of facility auxiliary Load will be conducted pursuant to Section 10.1.3 of the CAISO Tariff; 3) PCWA will provide the CAISO with the ability to control the Middle Fork-Ralston PSP while on AGC; and 4) telemetry and visibility of the individual Generating Units that make up the PSP will be provided to the CAISO EMS.
- F. The Parties wish to enter into this Agreement to: 1) establish the terms and conditions for the operation of Middle Fork-Ralston as a single PSP in compliance with the CAISO Tariff, and 2) provide for the reliable operation, metering, scheduling and settlement of Middle Fork-Ralston as a single PSP.

NOW THEREFORE, in consideration of the mutual covenants set forth herein, the Parties agree as follows:

ARTICLE 1. DEFINITIONS AND INTERPRETATION

- 1.1 Master Definitions Supplement.** Unless defined in this Agreement, all capitalized terms and expressions used in this Agreement shall have the same meaning as those contained in the Master Definitions Supplement to the CAISO Tariff.
- 1.2 Rules of Interpretation.** The following rules of interpretation and conventions shall apply to this Agreement
 - a) if there is any inconsistency between this Agreement and the CAISO Tariff, the CAISO Tariff will prevail to the extent of the



- inconsistency, except as expressly provided otherwise in this Agreement;
- b) the singular shall include the plural and vice versa;
 - c) the masculine shall include the feminine and neutral and vice versa;
 - d) “includes” or “including” shall mean “including without limitation”;
 - e) references to a Section, Article or Schedule shall mean a Section, Article or a Schedule of this Agreement, as the case may be, unless the context otherwise requires;
 - f) a reference to a given agreement or instrument shall be a reference to that agreement or instrument as modified, amended, supplemented or restated through the date as of which such reference is made;
 - g) unless the context otherwise requires, references to any law shall be deemed references to such law as it may be amended, replaced or restated from time to time;
 - h) unless the context otherwise requires, any reference to a “person” includes any individual, partnership, firm, company, corporation, joint venture, trust, association, organization or other entity, in each case whether or not having separate legal personality;
 - i) unless the context otherwise requires, any reference to a Party includes a reference to its permitted successors and assigns;
 - j) any reference to a day, week, month or year is to a calendar day, week, month or year; and
 - k) the captions and headings in this Agreement are inserted solely to facilitate reference and shall have no bearing upon the interpretation of any of the terms and conditions of this Agreement.

ARTICLE 2. ACKNOWLEDGEMENTS OF PCWA AND CAISO

- 2.1 CAISO Responsibility.** The Parties acknowledge that the CAISO is responsible for the efficient use and reliable operation of the CAISO Controlled Grid consistent with achievement of planning and Operating Reserve criteria no less stringent than those established by the Western Electricity Coordinating Council and the North American Electric Reliability Corporation and further acknowledges that the CAISO may not be able to



satisfy fully these responsibilities if PCWA fails to fully comply with all of its obligations under this Agreement.

- 2.2 Reliability Standard Compliance.** The Parties acknowledge that they are each responsible for compliance with the Reliability Standards consistent with their registered functions.

ARTICLE 3. TERM AND TERMINATION

- 3.1 Effective Date and Term.** This Agreement shall be effective as of the date set forth above, subject to submission of the Agreement to, and its approval by, the Federal Energy Regulatory Commission ("FERC"). If the Agreement is approved by FERC, it shall remain effective until terminated pursuant to section 3.2 of this Agreement.
- 3.2** Either Party may terminate this Agreement upon thirty (30) days advance written notice to the other Party. With respect to any notice of termination given pursuant to this Section, the CAISO must file a timely notice of termination with FERC. This Agreement shall terminate upon acceptance by FERC of such a notice of termination. If this Agreement is terminated then:

- 3.2.1** PCWA shall discontinue scheduling Middle Fork-Ralston as a single PSP;
- 3.2.2** such termination shall not affect rights and obligations for payment of money for services provided or obligations incurred prior to termination; and
- 3.2.3** PCWA shall have the right to schedule, bid, and receive payment for the Generating Units in the configuration that existed prior to this Agreement or any other similar predecessor agreement, including the PG&E Middle Fork-Ralston PSP Agreement, with the CAISO in accordance with the CAISO Tariff and CAISO standards applicable at the time of such scheduling, bidding, and payment.

ARTICLE 4. TERMS AND CONDITIONS

- 4.1** PCWA shall comply with all provisions of the CAISO Tariff and CAISO Operating Procedures and standards that are applicable to the operation of the Middle Fork-Ralston PSP, as such provisions may be amended from time to time. The CAISO may post such procedures and standards on the CAISO Website, and will make any and all Operating Procedures available to PCWA that affect the Middle Fork-Ralston PSP.
- 4.2** Generation from Middle Fork-Ralston shall be calculated on the basis of a

- single PSP Meter Point for PSP Generation. PCWA shall provide the CAISO Meter Point data for all of the individual Generating Units comprising the Middle Fork-Ralston PSP, provided that PCWA may provide Meter Data for the Middle Fork Generating Units as a single Meter Point.
- 4.3** PCWA shall not net Load, except for facility auxiliary Load, within the Middle Fork-Ralston single PSP configuration. Netting of Load with Generation shall only be permitted for Generating Unit auxiliary Load equipment as provided in Section 10.1.3 of the CAISO Tariff.
- 4.4** For all Generating Units comprising the Middle Fork-Ralston PSP, the point of delivery to the CAISO Controlled Grid shall be the metering points at Middle Fork and at Ralston.
- 4.5** There shall be no distribution loss factors applied to the Generation from the Generating Units comprising the Middle Fork-Ralston PSP.
- 4.6** All terminal voltages of the Generating Units comprising the Middle Fork-Ralston PSP shall comply with the terminal voltage requirements stated in CAISO Transmission Operating Procedure, Operating Procedure No. 3320, "Voltage and VAR Control" and with the voltage and VAR requirements of the CAISO Tariff.
- 4.7** Before providing Non-Spinning Reserve, Spinning Reserve, and Regulation services from Middle Fork-Ralston, PCWA shall install, maintain, and operate a Remote Intelligent Gateway ("RIG") system for CAISO communication and control of all of those units. The CAISO and PCWA shall implement and test the AGC interface function between the RIG and the Middle Fork-Ralston automation system as a single PSP as soon as practicable, but in any event prior to PCWA's eligibility to provide Regulation from Middle Fork-Ralston. Voice communication for emergency direct control of Middle Fork-Ralston shall be part of the test procedure. Telemetry and visibility of the individual Generating Units comprising the Middle Fork- Ralston PSP shall be provided to the CAISO EMS.
- 4.8** Normal communication between the CAISO and the Middle Fork-Ralston operator shall be through the Scheduling Coordinator Agent/Dispatch Center for Middle Fork-Ralston. The CAISO, via emergency voice communication, shall have the right to dispatch the Generating Units comprising the Middle Fork-Ralston PSP individually to ensure the safety and reliability of the CAISO Controlled Grid. In performing that dispatch, the CAISO shall not knowingly issue an operating order regarding the individual Middle Fork-Ralston PSP units that results in damage to equipment, harm to operating personnel, or risk to public health and safety, nor shall PCWA be required to comply

with such dispatch. PCWA shall communicate all concerns pertaining to such dispatch to CAISO Operations personnel issuing the dispatch.

- 4.9** Bidding, scheduling and CAISO Settlements shall be based on the single PSP designation of Middle Fork-Ralston.
- 4.10** For purposes of Outage coordination, Middle Fork-Ralston PSP scheduled Outages shall be requested and processed for each individual Generating Unit that comprises the PSP. PCWA shall notify the CAISO of capacity or ramp rate reductions and/or operating restrictions that arise from equipment outages and/or limitations on the Middle Fork-Ralston PSP. PCWA shall notify the CAISO of any capacity or ramp rate reductions if the float control on Ralston is unavailable.

ARTICLE 5. MISCELLANEOUS

- 5.1 Operating and Maintenance Costs.** PCWA shall be responsible for all its costs incurred for the purpose of meeting its obligations under this Agreement.
- 5.2 Dispute Resolution.** The Parties shall make reasonable efforts to settle all disputes arising out of or in connection with this Agreement. In the event any dispute is not settled, the Parties shall adhere to the CAISO ADR Procedures set forth in Section 13 of the CAISO Tariff, which is incorporated by reference, except that any reference in Section 13 of the CAISO Tariff to Market Participants shall be read as a reference to the Participating Generator and references to the CAISO Tariff shall be read as references to this Agreement.
- 5.3 Representation and Warranties.** Each Party represents and warrants that the execution, delivery and performance of this Agreement by it has been duly authorized by all necessary corporate and/or governmental actions, to the extent authorized by law.
- 5.4 Liability.** The provisions of Section 14 of the CAISO Tariff will apply to liability arising under this Agreement, except that all references in Section 14 of the CAISO Tariff to Market Participants shall be read as references to PCWA and references to the CAISO Tariff shall be read as references to this agreement
- 5.5 Uncontrollable Forces.** Section 14.1 of the CAISO Tariff shall be incorporated by reference into this Agreement except that all references in Section 14.1 of the CAISO Tariff to Market Participants shall be read as a reference to PCWA and references to the CAISO Tariff shall be read as references to this Agreement.
- 5.6 Assignments.** Either Party may assign or transfer any or all of its rights



and/or obligations under this Agreement with the other Party's prior written consent in accordance with Section 22.2 of the CAISO Tariff. Such consent shall not be unreasonably withheld. Any such transfer or assignment shall be conditioned upon the successor in interest accepting the rights and/or obligations under this Agreement as if said successor in interest was an original Party to this Agreement.

- 5.7 Waivers.** Any waiver at any time by either Party of its rights with respect to any default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not constitute or be deemed a waiver with respect to any subsequent default or other matter arising in connection with this Agreement. Any delay, short of the statutory period of limitations, in asserting or enforcing any right under this Agreement shall not constitute or be deemed a waiver of such right.
- 5.8 Notices.** Any notice, demand or request which may be given to or made upon either Party regarding this Agreement shall be made in accordance with Section 20 of the CAISO Tariff and shall be provided to the representative of the other Party identified in Schedule 3 of the Participating Generator Agreement ("PGA") between PCWA and the CAISO dated August 7, 2012, as amended.
- 5.9 Governing Law and Forum.** This Agreement shall be deemed to be a contract made under, and for all purposes shall be governed by and construed in accordance with, the laws of the State of California, except its conflict of law provisions. The Parties irrevocably consent that any legal action or proceeding arising under or relating to this Agreement to which the CAISO ADR Procedures do not apply, shall be brought in any of the following forums, as appropriate: any court of the State of California, any federal court of the United States of America located in the State of California, or, where subject to its jurisdiction, before the Federal Energy Regulatory Commission.
- 5.10 Consistency with Federal Laws and Regulations.** This Agreement shall incorporate by reference Section 22.9 of the CAISO Tariff as if the references to the CAISO Tariff were referring to this Agreement.
- 5.11 Severability.** If any term, covenant, or condition of this Agreement or the application or effect of any such term, covenant, or condition is held invalid as to any person, entity, or circumstance, or is determined to be unjust, unreasonable, unlawful, imprudent, or otherwise not in the public interest by any court or government agency of competent jurisdiction, then such term, covenant, or condition shall remain in force and effect to the maximum extent permitted by law, and all other terms, covenants, and conditions of this Agreement and their application shall not be affected thereby, but shall remain in force and effect and the Parties shall be relieved of their obligations only to the extent necessary to eliminate such regulatory or other determination unless a court or governmental agency of competent jurisdiction holds that



such provisions are not separable from all other provisions of this Agreement.

- 5.12 CAISO Tariff.** Nothing contained in this Agreement shall alter PCWA's obligations under the CAISO Tariff, the Scheduling Coordinator Agreement, or the PGA.
- 5.13 Merger.** This Agreement constitutes the complete and final agreement of the Parties with respect to the subject matter hereof and supersedes all prior agreements, whether written or oral, with respect to such subject matter. Any amendments to this Agreement shall be in writing and duly executed by both Parties.
- 5.14 Amendments.** This Agreement may be amended from time to time by the mutual agreement of the Parties in writing. Amendments that require FERC approval shall not take effect until FERC has accepted such amendments for filing and made them effective. Nothing contained herein shall be construed as affecting in any way the right of the CAISO to unilaterally make application to FERC for a change in the rates, terms and conditions of this Agreement under Section 205 of the FPA and pursuant to FERC's rules and regulations promulgated thereunder, and the Participating Generator shall have the right to make a unilateral filing with FERC to modify this Agreement pursuant to Section 206 or any other applicable provision of the FPA and FERC's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of FERC under Sections 205 or 206 of the FPA and FERC's rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein
- 5.15 Counterparts.** This Agreement may be executed in one or more counterparts at different times, each of which shall be regarded as an original and all of which, taken together, shall constitute one and the same Agreement.



IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed on behalf of each by and through their authorized representatives as of the date first above written.

California Independent System Operator Corporation

By: DocuSigned by:
Eric Schmitt
0971A84CB55B4B8...

Name: Eric Schmitt

Title: VP, Operations

Date: 12/13/2017

Placer County Water Agency

By: DocuSigned by:
Einar Maisch
E54688E4028A46F...

Name: Einar Maisch

Title: General Manager

Date: 12/14/2017

Attachment B

**Red-lined document comparing provisions of
Placer PSP Agreement with provisions of
PG&E PSP Agreement**

Middle Fork-Ralston Physical Scheduling Plant Agreement

~~This Middle Fork-Ralston Physical Scheduling Plant Agreement (Agreement) is effective as of _____, 2000, and is entered into by and between the California Independent System Operator Corporation (ISO) and Pacific Gas and Electric Company (PG&E) (hereinafter referred to collectively as the Parties).~~

This Middle Fork-Ralston Physical Scheduling Plant Agreement (Agreement) is effective as of _____, 2017, and is entered into by and between:

(1) Placer County Water Agency, a municipality organized and existing under the laws of the State/Commonwealth of California having a registered or principal executive office at 144 Ferguson Road, Auburn, California 95604 (the "PCWA")

and

(2) California Independent System Operator Corporation, a California nonprofit public benefit corporation having a principal executive office located at such place in the State of California as the CAISO Governing Board may from time to time designate (the "CAISO") initially 250 Outcropping Way, Folsom, California 95630 ("CAISO")

The PCWA and the CAISO are hereinafter referred to as the "Parties".

RECITALS

- A. ~~PG&E is a California corporation that has the right to operate~~PCWA is owner and operator of Middle Fork Powerhouse Units #1 and #2 (Middle Fork) and Ralston Powerhouse (Ralston). _
- B. Effective December 31, 2017 Pacific Gas and Electric Company's ("PG&E's E's") right to operate Middle Fork-Ralston is based on the Placer County Water Agency Middle Fork Power Purchase Contract dated April 30, 1963. will expire on its own terms. Effective January 1, 2018 PCWA will commence scheduling and operation of Middle Fork-Ralston Generating Units as a single Physical Scheduling Plant (PSP), as PG&E has performed since October 21, 2000.
- B. ~~The ISO is a not-for-profit public benefit corporation incorporated under the laws of the State of California.~~
- C. Middle Fork-Ralston consists of three Generating Units.¹~~The two~~¹ Middle

¹ Capitalized terms used in this Agreement shall have the meaning set forth in the CAISO Tariff, Appendix A, Master Definitions Supplement, unless otherwise defined in this Agreement.

Fork Generating Units 1 and 2 discharge water into ~~the Middle Fork Interbay,~~ which a small forebay that also serves as the forebay water intake point for the Ralston. ~~Ralston is equipped with float control. As Middle Fork increases or decreases its level of generation, Ralston follows based on water level changes in the Middle Fork Interbay. Ralston follows all changes in Middle Fork generation when Ralston is placed under float control. The Middle Fork~~ Generating Unit. The three Generating Units are equipped with ~~operated in tandem via an automated control system called the Coordinated Control System (CCS). The CCS supervises all three generating unit governors in coordination. With the governors of all three units operating in coordination, the total MW output from the three Generating Units can then be ramped up or down in coordination to follow a single CAISO EMS Automatic Generation Control ("AGC). When the Middle Fork Generating Units are on AGC and Ralston is on float, the ISO's EMS signals to Middle Fork result in more than the Middle Fork Generating Units' movement. The total movement of all"~~ signal. At the same time, the CCS will maintain the forebay water level within a normal operating range. The CCS allows dispatch of the three Generating Units should be reflected in the amount of AGC. Middle Fork-Ralston is interconnected to the ISO-Controlled Grid by ~~through~~ a single CAISO EMS control point for dispatch of Energy and Ancillary Services. A 230 kV transmission line that extends from ~~(Middle Fork to Ralston and on~~ Gold Hill 230kV line) connects Middle Fork Powerhouse to Ralston Powerhouse, where it interconnects the three units making up the Middle Fork-Ralston PSP to the CAISO-Controlled Grid. From the CAISO interconnection point at Ralston, the 230 kV transmission line then extends southwest to Gold Hill Substation in Folsom, CA.

- D. Based on the foregoing, the Parties wish to continue to schedule and operate ~~the Middle Fork-Ralston~~ Fork and Ralston Generating Units as a single Physical Scheduling Plant (PSP) ~~under a test case for a one-year period, at the conclusion of which, the ISO will establish the terms and conditions under which Middle Fork-Ralston will be permitted to continue to schedule and operate as a single PSP, except as otherwise provided herein.~~
- E The Middle Fork-Ralston PSP ~~test case~~ is intended to focus on the use of a single ~~PSP~~ Physical Scheduling Plant for providing Energy and Ancillary Services. ~~This test case~~ The Middle Fork-Ralston PSP is subject to the following conditions: 1) the Generating Units that make up the single PSP are located within the same ~~ISO Demand zone and do not cross Inter-Zonal or Intra-Zonal Interfaces~~ CAISO Pricing Node within the ~~ISO Control~~ CAISO Balancing Authority Area; 2) netting of facility auxiliary Load will be conducted pursuant to ~~Sections 2.2.4.3 and 2.3.5~~ Section 10.1.3 of the ~~ISO Metering Protocol~~ CAISO Tariff; 3) ~~PG&EPCWA~~ will provide the ~~ISO~~ CAISO with the ability to control the ~~Middle Fork~~ Fork-Ralston ¹ Capitalized terms used in this Agreement shall have the meaning set forth in the ISO Tariff, Appendix A, Master Definitions Supplement, unless otherwise defined in this Agreement.

Ralston PSP while on Regulation AGC; and 4) telemetry and visibility of the individual Generating Units that make up the PSP will be provided to the ISO CAISO EMS.

- F. The Parties wish to enter into this Agreement to: 1) establish the terms and conditions for the operation of Middle Fork-Ralston as a single PSP in compliance with the ISO CAISO Tariff, and 2) provide for the reliable operation, metering, scheduling and settlement of Middle Fork-Ralston as a single PSP.

NOW THEREFORE, in consideration of the mutual covenants set forth herein, the Parties agree as follows:

ARTICLE 1. DEFINITIONS AND INTERPRETATION

1.1 Master Definitions Supplement. Unless defined in this Agreement, all capitalized terms and expressions used in this Agreement shall have the same meaning as those contained in the Master Definitions Supplement to the CAISO Tariff.

1.2 Rules of Interpretation. The following rules of interpretation and conventions shall apply to this Agreement

- a) if there is any inconsistency between this Agreement and the CAISO Tariff, the CAISO Tariff will prevail to the extent of the inconsistency, except as expressly provided otherwise in this Agreement;
- b) the singular shall include the plural and vice versa;
- c) the masculine shall include the feminine and neutral and vice versa;
- d) “includes” or “including” shall mean “including without limitation”;
- e) references to a Section, Article or Schedule shall mean a Section, Article or a Schedule of this Agreement, as the case may be, unless the context otherwise requires;
- f) a reference to a given agreement or instrument shall be a reference to that agreement or instrument as modified, amended, supplemented or restated through the date as of which such reference is made;
- g) unless the context otherwise requires, references to any law shall be deemed references to such law as it may be amended, replaced or restated from time to time;

- h) unless the context otherwise requires, any reference to a “person” includes any individual, partnership, firm, company, corporation, joint venture, trust, association, organization or other entity, in each case whether or not having separate legal personality;
- i) unless the context otherwise requires, any reference to a Party includes a reference to its permitted successors and assigns;
- j) any reference to a day, week, month or year is to a calendar day, week, month or year; and
- k) the captions and headings in this Agreement are inserted solely to facilitate reference and shall have no bearing upon the interpretation of any of the terms and conditions of this Agreement.

ARTICLE 2. ACKNOWLEDGEMENTS OF PCWA AND CAISO

2.1 CAISO Responsibility. The Parties acknowledge that the CAISO is responsible for the efficient use and reliable operation of the CAISO Controlled Grid consistent with achievement of planning and Operating Reserve criteria no less stringent than those established by the Western Electricity Coordinating Council and the North American Electric Reliability Corporation and further acknowledges that the CAISO may not be able to satisfy fully these responsibilities if PCWA fails to fully comply with all of its obligations under this Agreement.

2.2 Reliability Standard Compliance. The Parties acknowledge that they are each responsible for compliance with the Reliability Standards consistent with their registered functions.

ARTICLE 3. TERM AND TERMINATION

3.1 Effective Date and Term. This Agreement shall be effective as of the date set forth above, subject to submission of the Agreement to, and its approval by, the Federal Energy Regulatory Commission (“FERC”). If the Agreement is approved by FERC, it shall remain effective until terminated pursuant to section 3.2 of this Agreement.

3.2 Either Party may terminate this Agreement upon thirty (30) days advance written notice to the other Party. With respect to any notice of termination given pursuant to this Section, the CAISO must file a timely notice of termination with FERC. This Agreement shall terminate upon acceptance by FERC of such a notice of termination. If this Agreement is terminated then:

3.2.1 PCWA shall discontinue scheduling Middle Fork-Ralston as a

single PSP;

3.2.2 such termination shall not affect rights and obligations for payment of money for services provided or obligations incurred prior to termination; and

3.2.3 PCWA shall have the right to schedule, bid, and receive payment for the Generating Units in the configuration that existed prior to this Agreement or any other similar predecessor agreement, including the PG&E Middle Fork-Ralston PSP Agreement, with the CAISO in accordance with the CAISO Tariff and CAISO standards applicable at the time of such scheduling, bidding, and payment.

ARTICLE 4. TERMS AND CONDITIONS

- 4.1 ~~1.~~PG&EPCWA shall comply with all provisions of the ~~ISO~~CAISO Tariff and ~~ISO~~CAISO Operating Procedures and standards that are applicable to the operation of the Middle Fork-Ralston PSP, as such provisions may be amended from time to time. The ~~ISO~~CAISO may post such procedures and standards on the ~~ISO Home Page~~CAISO Website, and will make any and all Operating Procedures available to PCWA that affect the Middle Fork-Ralston PSP.
- 4.2 ~~2.~~—Generation from Middle Fork-Ralston shall be calculated on the basis of a single PSP Meter Point for PSP Generation. ~~PG&E~~ PCWA shall provide the ~~ISO~~CAISO Meter Point data for all of the individual Generating Units comprising the Middle Fork-Ralston PSP, provided that ~~PG&E~~PCWA may provide Meter Data for the Middle Fork Generating Units as a single Meter Point.
- 4.3 ~~3.~~—~~PG&E~~PCWA shall not net Load, except for facility auxiliary Load, within the Middle Fork-Ralston single PSP configuration. Netting of Load with Generation shall only be permitted for Generating Unit auxiliary Load equipment as provided in ~~Sections 2.2.4.3 and 2.3.5~~Section 10.1.3 of the ~~ISO-Metering Protocol~~CAISO Tariff.
- 4.4 ~~4.~~—For all Generating Units comprising the Middle Fork-Ralston PSP, the point of delivery to the ~~ISO~~CAISO Controlled Grid shall be the metering points at Middle Fork and at Ralston.
- 4.5 ~~5.~~—There shall be no distribution loss factors applied to the Generation from the Generating Units comprising the Middle Fork-Ralston PSP.
- 4.6 ~~6.~~—All terminal voltages of the Generating Units comprising the Middle ~~Fork-Ralston~~Fork- Ralston PSP shall comply with the terminal voltage

requirements stated in ISOCAISO Transmission Operating Procedure ~~T-105,~~ Operating Procedure No. 3320, "Voltage and VAR Control" and with the voltage and VAR requirements" and with the VAR requirements of the ISOCAISO Tariff.

- 4.7 ~~7.~~—Before providing Non-Spinning Reserve, Spinning Reserve, and Regulation services from Middle Fork-Ralston, PG&EPCWA shall install, maintain, and operate a Remote Intelligent Gateway (“RIG”) system for ISOCAISO communication and control of all of those units. The ISOCAISO and PG&EPCWA shall implement and test the AGC interface function between the RIG and the Middle Fork-Ralston automation system as a single PSP as soon as practicable, but in any event prior to PG&E'sPCWA's eligibility to provide Regulation from Middle Fork-Ralston. Voice communication for emergency direct control of Middle Fork-Ralston shall be part of the test procedure. Telemetry and visibility of the individual Generating Units comprising the Middle ~~Fork-Ralston~~Fork- Ralston PSP shall be provided to the ISOCAISO EMS.
- 4.8 ~~8.~~—~~While~~ Normal communication between the ISOCAISO and the Middle Fork-Ralston operator shall be through the Scheduling Coordinator ~~for Middle Fork-Ralston, the ISO reserves the right to communicate directly with PG&E's Utility Electric Portfolio Management (UEPM) group regarding~~Agent/Dispatch Center for Middle Fork-Ralston. The ISOCAISO, via emergency voice communication, shall have the right to dispatch the Generating Units comprising the Middle Fork-Ralston PSP individually to ensure the safety and reliability of the ISOCAISO Controlled Grid. In performing that dispatch, the ISOCAISO shall not knowingly issue an operating order regarding the individual Middle Fork-Ralston PSP units that results in damage to equipment, harm to operating personnel, or risk to public health and safety, nor shall PCWA be required to comply with such dispatch. PCWA shall communicate all concerns pertaining to such dispatch to CAISO Operations personnel issuing the dispatch.
- 4.9 ~~9.~~—Bidding, scheduling and ISOCAISO Settlements shall be based on the single PSP designation of Middle Fork-Ralston.
- 4.10 ~~10.~~—For purposes of Outage coordination, Middle Fork-Ralston PSP scheduled Outages shall be requested and processed for each individual Generating Unit that comprises the PSP. PG&EPCWA shall notify the ISOCAISO of capacity or ramp rate reductions and/or operating restrictions that arise from equipment outages and/or limitations on the Middle Fork-Ralston PSP. PG&E PCWA shall notify the ISOCAISO of any capacity or ramp rate reductions if the float control on Ralston is unavailable.

- ~~11. The test case shall be for a one (1) year period commencing on the effective date of this Agreement. Middle Fork Ralston shall be scheduled and operated as a single PSP for the test case period, at the conclusion of which the ISO will, subject to the ISO Tariff and ISO standards then in effect, establish the terms and conditions under which Middle Fork Ralston will be permitted to schedule and operate as a single PSP on a permanent basis.~~
- ~~12. This Agreement shall be effective as of the date set forth above, subject to submission of the Agreement to, and its approval by, the Federal Energy Regulatory Commission (FERC). If the Agreement is approved by FERC, it shall remain effective until terminated pursuant to Paragraph 13 of this Agreement.~~
- ~~13. Either Party may terminate this Agreement upon thirty (30) days advance written notice to the other Party. If this Agreement is terminated then:~~
~~(a) PG&E shall discontinue scheduling Middle Fork Ralston as a single PSP;~~
~~(b) such termination shall not affect rights and obligations for payment of money for services provided or obligations incurred prior to termination; and~~
~~(c) PG&E shall have the right to schedule, bid, and receive payment for the units in the configuration that existed prior to this Agreement in accordance with the ISO Tariff and ISO standards applicable at the time of such scheduling, bidding, and payment.~~

ARTICLE 5. MISCELLANEOUS

- 5.1 Operating and Maintenance Costs.** PCWA shall be responsible for all its costs incurred for the purpose of meeting its obligations under this Agreement.
- 5.2 Dispute Resolution.** The Parties shall make reasonable efforts to settle all disputes arising out of or in connection with this Agreement. In the event any dispute is not settled, the Parties shall adhere to the CAISO ADR Procedures set forth in Section 13 of the CAISO Tariff, which is incorporated by reference, except that any reference in Section 13 of the CAISO Tariff to Market Participants shall be read as a reference to the Participating Generator and references to the CAISO Tariff shall be read as references to this Agreement.
- 5.3 Representation and Warranties.** Each Party represents and warrants that the execution, delivery and performance of this Agreement by it has been duly authorized by all necessary corporate and/or governmental actions, to the extent authorized by law.
- 5.4 Liability.** The provisions of Section 14 of the CAISO Tariff will apply to liability arising under this Agreement, except that all references in Section 14 of the CAISO Tariff to Market Participants shall be read as references to PCWA and references to the CAISO Tariff shall be read as references to this agreement
- 5.5 Uncontrollable Forces.** Section 14.1 of the CAISO Tariff shall be incorporated by reference into this Agreement except that all references in Section 14.1 of the CAISO Tariff to Market Participants shall be read as a

reference to PCWA and references to the CAISO Tariff shall be read as references to this Agreement.

5.6 Assignments. Either Party may assign or transfer any or all of its rights and/or obligations under this Agreement with the other Party's prior written consent in accordance with Section 22.2 of the CAISO Tariff. Such consent shall not be unreasonably withheld. Any such transfer or assignment shall be conditioned upon the successor in interest accepting the rights and/or obligations under this Agreement as if said successor in interest was an original Party to this Agreement.

5.7 Waivers. Any waiver at any time by either Party of its rights with respect to any default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not constitute or be deemed a waiver with respect to any subsequent default or other matter arising in connection with this Agreement. Any delay, short of the statutory period of limitations, in asserting or enforcing any right under this Agreement shall not constitute or be deemed a waiver of such right.

5.8 ~~14.~~ **Notices.** Any notice, demand or request which may be given to or made upon either Party regarding this Agreement shall be made in accordance with Section ~~20.120~~ of the ~~ISOC A ISO~~ Tariff and shall be provided to the representative of the other Party identified in Schedule 3 of the Participating Generator Agreement ("PGA") between ~~PG&EPCWA~~ and the ~~ISOC A ISO~~ dated ~~December 5 August 7, 1997~~2012, as amended.

5.9 Governing Law and Forum. This Agreement shall be deemed to be a contract made under, and for all purposes shall be governed by and construed in accordance with, the laws of the State of California, except its conflict of law provisions. The Parties irrevocably consent that any legal action or proceeding arising under or relating to this Agreement to which the CAISO ADR Procedures do not apply, shall be brought in any of the following forums, as appropriate: any court of the State of California, any federal court of the United States of America located in the State of California, or, where subject to its jurisdiction, before the Federal Energy Regulatory Commission.

5.10 Consistency with Federal Laws and Regulations. This Agreement shall incorporate by reference Section 22.9 of the CAISO Tariff as if the references to the CAISO Tariff were referring to this Agreement.

~~15. This Agreement is entered into and to be performed in the State of California and shall be construed and enforced in accordance with the laws of the State of California without regard to conflict of laws principles.~~

5.11 Severability. If any term, covenant, or condition of this Agreement or the application or effect of any such term, covenant, or condition is held invalid as to any person, entity, or circumstance, or is determined to be unjust, unreasonable, unlawful, imprudent, or otherwise not in the public interest by

any court or government agency of competent jurisdiction, then such term, covenant, or condition shall remain in force and effect to the maximum extent permitted by law, and all other terms, covenants, and conditions of this Agreement and their application shall not be affected thereby, but shall remain in force and effect and the Parties shall be relieved of their obligations only to the extent necessary to eliminate such regulatory or other determination unless a court or governmental agency of competent jurisdiction holds that such provisions are not separable from all other provisions of this Agreement.

- 5.12** 16.—CAISO Tariff. Nothing contained in this Agreement shall alter ~~PG&E's~~PCWA's obligations under the ~~ISO~~CAISO Tariff, the Scheduling Coordinator Agreement, or the PGA.
- 5.13** 17.—Merger. This Agreement constitutes the ~~entire agreement between the Parties, and supersedes any and all written or oral agreements previously existing between the~~complete and final agreement of the Parties with respect to the subject matter hereof and supersedes all prior agreements, whether written or oral, with respect to such subject matter. Any amendments to this Agreement shall be in writing and duly executed by both Parties.
- 5.14** Amendments. This Agreement may be amended from time to time by the mutual agreement of the Parties in writing. Amendments that require FERC approval shall not take effect until FERC has accepted such amendments for filing and made them effective. Nothing contained herein shall be construed as affecting in any way the right of the CAISO to unilaterally make application to FERC for a change in the rates, terms and conditions of this Agreement under Section 205 of the FPA and pursuant to FERC's rules and regulations promulgated thereunder, and the Participating Generator shall have the right to make a unilateral filing with FERC to modify this Agreement pursuant to Section 206 or any other applicable provision of the FPA and FERC's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of FERC under Sections 205 or 206 of the FPA and FERC's rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein
- 5.15** Counterparts. This Agreement may be executed in one or more counterparts at different times, each of which shall be regarded as an original and all of which, taken together, shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed on behalf of each by and through their authorized

representatives as of the date first above written.

California Independent System Operator Corporation

By: _____

Name: _____

By Title: _____ Date:

Date: _____

Placer County Water Agency

By: _____

Name: _____

Title: _____

Date: _____

Pacific Gas and Electric Company

By: _____ Date: _____

Name:

Title: