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January 20, 2004

Ms. Magalie Roman Salas
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

**RE: Large Generator Interconnection Procedures of the California
Independent System Operator Corporation
Docket No. ER04-____-000**

Dear Secretary Salas:

Pursuant to the Federal Energy Regulatory Commission's ("Commission" or "FERC") direction in its order regarding standardization of generator interconnection agreements and procedures, ("Order No. 2003")¹, and Section 205 of the Federal Power Act, 16 U.S.C. § 824d (2003), and Section 35.13 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 35.13 (2003), the California Independent System Operator Corporation ("ISO") hereby submits six copies of its Standard Large Generator Interconnection Procedures ("LGIP") for Commission approval and inclusion in the ISO Tariff.² The ISO is also submitting related *pro forma* interconnection study agreements, which will not be a part of the ISO Tariff, and related ISO Tariff amendments for Commission approval. As discussed in greater detail below, the ISO continues to work with the affected Participating Transmission Owners ("PTOs")³ on the Standard Large Generator Interconnection Agreement ("LGIA") and commits to file a finalized LGIA for

¹ Standardization of Generator Interconnection Agreements and Procedures, Order No. 2003, Stats. & Regs. ¶ 31,146, 68, Fed. Reg. 49,846 (August 19, 2003) (2003).

² Capitalized terms that are not otherwise defined are defined in the Master Definitions Supplement, Appendix A to the ISO Tariff.

³ The PTOs that have been active in the LGIP / LGIA process have been the FERC-jurisdictional PTOs, Southern California Edison Company, Pacific Gas and Electric Company, and San Diego Gas & Electric Company.

Commission approval within 20 days of the instant submission. The ISO is also tendering two copies to be time and date stamped and returned to our courier.

I. BACKGROUND

A. Procedural History

On October 21, 2001, the Commission began the process of standardizing agreements and procedures for generator interconnection to electrical transmission systems with the issuance of its Advanced Notice of Proposed Rulemaking ("ANOPR").⁴ Feedback on the ANOPR resulted in the Notice of Proposed Rulemaking ("NOPR") issued on April 24, 2002.⁵ Comments were submitted to the Commission in response to the NOPR from a wide range of generation and transmission companies, including transmission providers such as the ISO. The Commission responded to the Comments received and set out *pro forma* documents for large generator interconnection, in its Final Rule, Order No. 2003, issued on July 24, 2003.

Order No. 2003 both addressed comments received and set out a *pro forma* LGIA and LGIP and related study agreements. Order No. 2003 directed providers of transmission service to make a compliance filing of an LGIA and LGIP within 60 days of the date of publication of Order No. 2003 in the Federal Register.⁶ Several entities filed requests for rehearing or clarification of Order No. 2003. The requests for rehearing were granted for further consideration and a final order on rehearing of Order No. 2003 is currently pending.⁷

Several entities also filed for extensions of the Commission's original 60-day timeframe for compliance filings of the LGIA and LGIP, including the ISO. The ISO submitted its joint request for an extension on September 22, 2003. The joint request was granted by the Commission via letter order issued on September 26, 2003, which established January 20, 2004 as the revised compliance date. On January 8, 2004, the Commission issued an order in which it provided further guidance regarding the filing of the LGIA and LGIP by independent and non-independent entities. In its order, the Commission noted, *inter alia*, that where *pro forma* documents were modified, current

⁴ Standardizing Generation Interconnection Agreements and Procedures, Advance Notice of Proposed Rulemaking, 66 Fed. Reg. 55,140 (November 1, 2001), FERC Stats. & Regs. ¶ 35,540 (2001).

⁵ Standardization of Generator Interconnection Agreements and Procedures, Notice of Proposed Rulemaking, 67 Fed. Reg. 22,250 (May 2, 2002), FERC Stats. & Regs. ¶ 32,560 (2002).

⁶ Order No. 2003 at P 910.

⁷ "Order Granting Rehearing for Further Consideration" *Standardization of Generator Interconnection Agreements and Procedures*, Docket No. RM02-1 (September 22, 2003).

agreements for generator interconnection would continue in effect until the modified *pro forma* LGIA and LGIP were approved by the Commission.⁸

B. ISO Progress and the Two-Stage Filing

Order No. 2003 specified that, where the transmission provider is an independent system operator or regional transmission organization that exercises operational control over transmission facilities owned by other entities, both the ISO/RTO and the transmission owner should have responsibilities under the LGIP and should be parties to the LGIA. Order No. 2003 did not, however, prescribe how all functions associated with processing interconnection requests and providing interconnection service should be allocated between the ISO/RTO -- which is the transmission provider -- and the transmission owner. That question was left for resolution based on the needs of each ISO or RTO. The ISO supports and appreciates the Commission's decision to recognize the needs and circumstances of independent entities, as well as regional differences. The ISO points out that the process of allocating the functions associated with interconnection and the responsibilities under the LGIP and the LGIA among itself and the PTOs in accordance with the ISO Tariff, the Transmission Control Agreement, and the ISO's business practices has required a significant amount of time and effort on the part of the ISO and the FERC-jurisdictional PTOs that have participated actively in that process.

The ISO's efforts to develop a final workable LGIP and LGIA with stakeholders have been concerted and are briefly summarized below:

Soon after the issuance of Order No. 2003, the ISO and PTOs consulted on the need to make conforming changes to their respective tariffs and agreements regarding implementation of the order. The ISO and PTOs formed a number of working groups to evaluate the provisions of Order No. 2003 governing major interconnection policy issues in relation to the ISO's particular circumstances and to develop any necessary modifications to the Commission's standard approach that might need to be made to address the ISO's circumstances. After assessing the import of Order No. 2003 and identifying the major policy and technical issues that required further analysis, the ISO then established a stakeholder process to solicit feedback from Market Participants regarding the appropriate resolution of these outstanding policy and technical issues. Since resolution of many of the outstanding policy issues required ISO Governing Board ("Board") approval, and recognizing that the Commission's January 20, 2004, compliance filing date would occur before the previously established Board meeting date in January (January 22, 2004), the ISO was required to complete its stakeholder process prior to the Board's December 4, 2003, meeting date. The stakeholder process is summarized below:

⁸ "Notice Clarifying Compliance Procedures," *Standardization of Generator Interconnection Agreements and Procedures*, Docket No. RM02-1 (January 8, 2004).

- October 1, 2003 [passim] ISO published its "White Paper" regarding the Large Generation Interconnection Rule that both summarized the salient aspects of Order No. 2003 and identified the major policy and technical issues in need of further analysis (Attachment N).
- October 15 Market Participants provided written feedback to the ISO on the ISO's White Paper. Market Participant comments are posted on the ISO Home Page
- October 21 ISO hosted first stakeholder meeting to discuss the ISO's White Paper and solicit feedback from Market Participants
- October 28 ISO published preliminary ISO positions on Order No. 2003
- November 3/4 ISO published revised White Paper on Order No. 2003 and proposed Deliverability Assessment, including summary of stakeholder comments
- November 6 Stakeholders provided second round of comments
- November 12 ISO hosted second stakeholder meeting to discuss policy and technical issues and to further describe the ISO's updated position on issues
- November 20 Stakeholders submitted final round of comments
- November 25 ISO published ISO Board briefing memo
- December 4 ISO Board meeting, including stakeholder comment opportunity

Beyond those extensive efforts to work with the ISO's stakeholders in addressing the major interconnection policy issues raised by Order No. 2003, the ISO undertook an exhaustive process to work with the FERC-jurisdictional PTOs to review the *pro forma* LGIP and LGIA line-by-line to reconcile the LGIP and LGIA provisions with the existing structure of the ISO Tariff and the PTOs' historic interconnection procedures and agreements. The ISO and PTO working groups attempted to determine, among other things, (1) the appropriate allocation of roles and responsibilities specified by FERC as being within the province of the "Transmission Provider" in the LGIP and LGIA, (2) the minimum necessary changes to the new interconnection procedures to recognize and accommodate the historic practices in the ISO Control Area,⁹ (3) the most reasonable means of integrating the operations provisions in the LGIA – which are applicable to new Generating Facilities – with the existing operating requirements in the ISO Tariff that are applicable to all existing Generating Units, and (4) the most appropriate reconciliation of the general terms and conditions of the LGIP and LGIA with the existing

⁹ The ISO notes that the Commission had previously approved, subject to the outcome of this proceeding, in Amendment No. 39 to the ISO Tariff, an ISO-administered interconnection process that applied to the entire ISO Controlled Grid.

general provisions of the ISO Tariff that are applicable to all existing Generating Units. In particular, the ISO worked with the PTOs and other stakeholders to “customize” an LGIP and LGIA to (1) specify the respective roles of the ISO and PTOs, reaching agreement where possible with the affected PTOs, (2) reflect “regional differences” in the ISO Control Area, and (3) incorporate other appropriate revisions to the *pro forma* LGIP and LGIA that are justifiable under the “independent entity variation” standard, which is discussed below.

To accomplish that task, in conjunction with the ongoing stakeholder process,¹⁰ the ISO and PTOs formed three working groups: the Pricing/Service team that developed the proposed policies on the major policy issues described above; the Process Mapping team; and the Legal/Contracts team. The Process Mapping team was tasked with creating a comprehensive summary of all of the FERC-ordered timelines for the various activities in the interconnection study process and to rationalize them in an integrated fashion both within the parameters of the *pro forma* LGIP and with regard to any necessary adjustments to account for – and more importantly retain - the different but complementary roles of the ISO and the PTOs in the interconnection study process. The results of that effort are set forth in Attachment L, which demonstrates that the proposed modifications to the various timelines result in a nominal increase of 76 days to the overall time specified by FERC for the interconnection study process.¹¹ Once that effort was complete, the Process Mapping team then turned its focus to a comprehensive review of the LGIP and the study agreements to implement its determinations regarding the study process timelines and the other details of the interconnection study process. Once efforts to evaluate Order No. 2003 and develop a proposed plan for the preparation of the compliance filing were completed, the Process Mapping team’s 10+ members held almost weekly 3-hour conference calls beginning in early September and continuing through the first full week of January 2004 – resulting in approximately 500 person-hours of discussions of the interconnection study process, LGIP, and agreements. ISO shared the early results of this team by posting the draft process maps prior to and discussed their content during its second stakeholder meeting on November 12, 2003. All of those discussions were, of course, supported by many hours analyzing Order No. 2003 and the LGIP and study agreements and even more hours of drafting proposed provisions for those documents. At the end of the first week of January, the Process Mapping team completed its efforts.

¹⁰ Due to the press of time between finalizing and obtaining Board approval of the major policy recommendations and the Commission’s established Order No. 2003 compliance filing date, the ISO has not had the opportunity to share with Market Participants, and receive comments on, the tariff language proposed herein. As noted earlier and explained further below, the ISO commits to file a *pro forma* LGIA within twenty days of this filing. Understanding that the Commission will likely re-notice the ISO’s compliance filing at that time, the ISO is amenable to an extended comment period on the proposed ISO Tariff and *pro forma* agreement language.

¹¹ Attachment L illustrates the LGIP process in a timeline format. Attachment M provides maps of the process.

The other primary document review working group was the Legal/Contracts team. That team was charged with developing an agreed-upon form of the LGIA that could be applied uniformly across the ISO Controlled Grid by the ISO and all three of the FERC-jurisdictional PTOs – which PTOs currently have significantly different forms of interconnection agreements. The Legal/Contracts team initiated its conference calls in the second week of September and held them on average once a week for three hours a week through the first full week of January 2004. While the Legal/Contracts team's primary focus was a line-by-line review of the LGIA to attempt to reach agreement on the provisions that would be acceptable to the ISO and the three PTOs, the team also considered the scope of amendments that would be necessary to the ISO Tariff and the PTOs' Transmission Owner ("TO") Tariffs in order to facilitate the implementation of the LGIA and LGIP. While the Legal/Contracts team has made extensive progress in developing an LGIA that is acceptable to the ISO and the three PTOs, there are several issues still outstanding which the parties have been unable to resolve at this time. Because of the difficulty in finalizing the LGIA and the need to meet the pending the January 20 filing deadline, the team re-focused its efforts on finalizing all of the other documents necessary to meet that deadline. The Legal/Contracts team's 15+ members have devoted more than 50 hours of discussions focused primarily on the LGIA, for a total of in the range of 750 person-hours of efforts just in those discussions. In addition, many hours have been spent reviewing the provisions of the LGIA, consulting with subject-matter experts, and drafting alternative provisions.

Given the impending January 20 filing deadline, the Legal/Contracts team, in conjunction with members of the Process Mapping team, held over 24 hours of face-to-face meetings to develop all of the components of the compliance filing other than the LGIA. Those meetings resulted in all of the various elements attached to this filing.

In addition to the extensive efforts among the ISO and the PTOs to prepare modified versions of the LGIP, study agreements, and LGIA, and to develop ISO Tariff and TO Tariff provisions to implement Order No. 2003, the ISO also coordinated with the non-FERC jurisdictional New PTOs regarding the progress in developing the compliance filing. The ISO held an initial conference call in August to brief the New PTOs on the scope of Order No. 2003 and to solicit their feedback regarding the manner of addressing their interests in the compliance filing. The ISO thereafter provided nearly weekly e-mail updates into December regarding progress on the compliance filing effort, including an invitation for them to participate on the working teams. While the New PTOs expressed some general interest in the updates, they did not provide any specific input as to how their interests might need to be addressed in the compliance filing. Because those New PTOs currently only hold Entitlements in transmission facilities that they have turned over to ISO Operational Control, they do not have the authority to provide for interconnection to those transmission facilities. Further, because their obligations with regard to new Generating Facility interconnections to such transmission Entitlements are fully addressed in Section 10.3.1 of the Transmission Control Agreement, it is the ISO's view that they are not currently obligated by Order No. 2003 or this compliance filing to undertake any new obligations

with regard to requests to interconnect new Generating Facilities to those transmission facilities.

The ISO and the FERC-jurisdictional PTOs also solicited the participation of representatives of the California Public Utilities Commission ("CPUC") on the working teams. The ISO believes that the CPUC's participation in this effort was both appropriate and necessary. As directly acknowledged in Order No. 2003, the Commission anticipated that RTOs/ISOs would consult with the appropriate Regional State Advisory Committee to develop region-appropriate interconnection procedures.¹² CPUC representatives participated actively in early policy discussions and periodically during the course of the discussions thereafter, and a portion of this filing letter was requested by the CPUC to ensure that its position regarding the definition of "Interconnection Facilities" would not be prejudiced by this filing.

Through the dedicated efforts of staff from the ISO and the active PTOs, the ISO has been able largely to reach general agreement among the stakeholders regarding the major interconnection policy issues (e.g., crediting and service) and with the PTOs with regard to the *pro forma* LGIP and related *pro forma* interconnection study agreements for today's filing. However, as noted above, due the complex issues arising out of the restructuring of the procedures and agreements concerning interconnection to transmission in California, including the changes to the status quo brought about by the transition from a two-party to a three-party interconnection agreement, and the need to determine the respective roles of the ISO and the PTOs under a three-party agreement, the ISO and active PTOs have not yet finalized a suitable LGIA. Substantial progress has been made, however, and the ISO commits to file the final LGIA within 20 days of this filing. The ISO believes that the process of establishing an efficient and acceptable process for the interconnection of large Generating Facilities to the ISO Controlled Grid will be expedited and enhanced if the ISO and the PTOs can continue their efforts to reach a consensus on the terms of the *pro forma* three-party LGIA for a mere additional 20 days. As the existing interconnection process and agreements will remain in effect until the Commission accepts the ISO's compliance filing, there should be little adverse consequence of this small delay. The ISO requests that the Commission grant any necessary waivers so that the ISO can file the LGIA within 20 days and remain in compliance with Order No. 2003 and all pertinent Commission directives.

II. CONTENTS OF FILING

This filing comprises:

This Transmittal Letter

Attachment A	Matrix of Changes to FERC <i>Pro Forma</i> LGIP With Rationale
Attachment B	Matrix of Changes to FERC <i>Pro Forma</i> Study Agreements With Rationale

¹² Order No. 2003 at P 698-699.

Attachment C	LGIP Tariff Sheets (including Interconnection Request Appendix) Blacklined
Attachment D	LGIP Tariff Sheets Clean
Attachment E	LGIP <i>Pro Forma</i> Definitions Blacklined
Attachment F	Definition Tariff Sheets Blacklined
Attachment G	Definition Tariff Sheets Clean
Attachment H	Tariff Section 5.7 Changes Blacklined
Attachment I	Tariff Section 5.7 Changes Clean
Attachment J	<i>Pro Forma</i> Study Agreements Blacklined
Attachment K	<i>Pro Forma</i> Study Agreements Clean
Attachment L	LGIP Time Line Graphs
Attachment M	Maps of Interconnection Procedure Process
Attachment N	ISO Policy Documents
Attachment O	Notice Suitable for Publication in the Federal Register
Attachment P	List of Parties Served

III. COMMUNICATIONS

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IV. DESCRIPTION OF THE FILING

A. Structure of the Filing

As described above, the instant filing is submitted in compliance with Order No. 2003. Included with the instant filing is the *pro forma* LGIP and Interconnection Request to be incorporated into the ISO Tariff. Changes to the language of the Commission's *pro forma* LGIP are shown in the matrix included as Attachment A to the filing and in the blacklined tariff sheets that are included as Attachment C. Also included with this filing are the *pro forma* study agreements, which, consistent with the ISO's existing practice regarding *pro forma* agreements, will not be included as part of the ISO Tariff, but which will stand alone as ISO (and PTO) *pro forma* agreements and be posted on the ISO Home Page. A change matrix showing the changes from the FERC *pro forma* version of these agreements is included as Attachment B. These agreements are included as blackline and clean sheets as Attachments J and K. Most LGIP definitions have been removed from the LGIP and placed in the ISO's Master Definitions Supplement. A few definitions that apply only to the LGIP have been retained as part of the LGIP and given effect limited to that document. For ease of reference, the filing includes a blackline of the LGIP definitions showing changes from those originally set forth in the *pro forma* LGIP (Attachment E) in addition to blacklined (Attachment F) and clean tariff sheets (Attachment G), which show the incorporation of new definitions into the ISO Tariff. As discussed below, Section 5.7 of the ISO Tariff was modified to eliminate duplication between its terms and the LGIP. Blacklined and clean versions of Section 5.7 are also included as Appendices H and I. The filing also includes timeline graphs which show clearly the timing of steps under the LGIP as (1) originally proposed in the Commission's *pro forma* and (2) as the timing existing under the ISO's modified *pro forma* LGIP. These timeline graphs are included as Attachment L to the filing. As a further illustrative aid, Maps of the interconnection process are included as Attachment M. Finally, ISO policy documents regarding the LGIA/LGIP are included as Attachment N.

As explained above, the ISO commits to file a modified *pro forma* LGIA within twenty days of the date of this filing.

B. Regional Differences and Independent Entity Variations

While the LGIP is a *pro forma* document, the Commission recognized in Order No. 2003 that some flexibility was important to accommodate the practices in different regions. The Commission noted that the level of latitude that would be allowed for variations from the FERC *pro forma* would be greater for independent entities which are "less likely to act in an unduly discriminatory manner than is a market participant." Order No. 2003 at P 827. Order No. 2003 did not, however, limit independent entities to meeting either the so-called "regional differences" test or "consistent with or superior to"

standard. Instead, the Commission stated that independent entities could submit alterations to the *pro forma* under a more flexible “independent entity variation.”¹³

Although the ISO has endeavored to retain the language of the *pro forma* LGIP adopted in Order No. 2003 to the extent possible, certain modifications have been made where necessary to (1) specify the respective roles of the ISO and PTOs, reaching agreement where possible with the active PTOs, (2) reflect regional differences, or (3) incorporate appropriate and justifiable variations in accordance with the “independent entity variation” standard. The ISO has reflected these alterations in multiple formats. First, all changes are described in the matrix included as Attachment A to the filing. Attachment A also describes the rationale for each change that was made. Attachment B includes a similar change matrix for the study agreements. In addition, the black lined tariff sheets included with this filing as Attachments C, E, and F provide another guide of all changes made to the original Commission *pro forma* language. While Attachments A and B are intended to be the primary guide for the Commission to the changes made to the *pro forma* LGIP and the study agreements and the rationale supporting those changes, selected issues are also discussed in greater detail below.

C. Definitions

i. Changes to Definitions Generally

To better incorporate the LGIP as a part of the ISO Tariff, the majority of the applicable definitions included in the Commission’s *pro forma* LGIP have been incorporated into the definitions section of the ISO Tariff. Definitions are listed in Appendix A to the ISO Tariff, Master Definitions Supplement. Placing the LGIP definitions in the Master Definitions Supplement will allow users of the ISO Tariff to locate defined terms quickly without the need to search through the ISO Tariff and ensures consistency between the definitions in the ISO Tariff and those in the LGIP, which has been modified to incorporate applicable Master Definitions Supplement definitions by reference. Inclusion in the Master Definitions Supplement also facilitates use of terms that originated in the LGIP in other contexts. Thus, while most of the definitions are shown as deleted from the LGIP in the blacklined LGIP in Attachment C, the ISO has actually preserved the substance of many of those definitions in the Master Definitions Supplement, as shown in Attachments A and F. However, where FERC *pro forma* LGIP defined terms are not used in the LGIP or are duplicative of existing ISO

¹³ See Order No. 2003 at P 26, which states, in pertinent part: “Most importantly, we note that the Final Rule applies to independent and non-independent Transmission Providers alike, but non-independent Transmission Providers are required to adopt the Final Rule LGIP and Final Rule LGIA into their OATTs, with deviations from the Final Rule justified using either the ‘regional differences’ or ‘consistent with or superior to’ standard. We also allow Regional Transmission Organizations (RTOs) and ISOs more flexibility to meet their regional needs. While RTOs and ISOs are required to submit compliance filings, they may submit LGIP and LGIA terms and conditions that are meet an ‘independent entity variation’ standard that is more flexible than the ‘consistent with or superior to’ standard and the regional differences standard.”

Tariff defined terms that are sufficiently clear and consistent to be used in the LGIP, those *pro forma* LGIP defined terms have been deleted entirely, as shown in Attachment F and explained in Attachment A.

In addition to those general modifications to the pro form LGIP definitions, the ISO has made various changes to the specific provision of the LGIP definitions. While most of those changes are explained clearly in the change matrix in Attachment A, certain aspects of the definitions merit some additional explanation.

ii. Discussion of Selected Definitions

Interconnection Facilities

The ISO's use of the Commission's definition of Interconnection Facilities is not intended to prevent any party that is litigating, in pending FERC proceedings, the question of whether specific facilities are Interconnection Facilities or network transmission facilities, from arguing that such definition is unjust, unreasonable or otherwise inappropriate.

In several cases currently pending before the Commission, the CPUC is challenging the inclusion in ISO network transmission rates the costs of lines that are primarily used by Generators but which are used or usable by other parties. The parties in such proceedings disagree as to whether such facilities are properly classified as Interconnection Facilities (generation ties) or network transmission facilities. The ISO and the FERC-jurisdictional Participating TOs, as well as the CPUC, understand and agree that in Order No. 2003, FERC characterized Interconnection Facilities as "sole use" facilities even though Paragraphs 749 and 750 of Order No. 2003, as well as Articles 9.9.2 and 11.6 of the LGIA, indicate that there are circumstances in which even "sole use" Interconnection Facilities may be utilized by the transmission provider or other third parties. Thus, Order No. 2003 contemplates that the ISO, a PTO or any other third party may from time to time use an Interconnection Facility, and that the Generator is entitled to compensation based upon the pro rata use between the Generator and any such third party utilizing the Interconnection Facility.

It is not the purpose of this compliance filing to address the question of whether any specific facility should be characterized as an Interconnection Facility or a network transmission facility that may be made part of the ISO Controlled Grid. The ISO does understand, however, that this is a live issue in a number of proceedings before the Commission, and, as such, the ISO wishes to alert the Commission to the fact that the appropriate characterization of any specific facility is not addressed in this compliance filing.

Large Generating Facility

In the definitions to be added to the ISO Tariff Master Definitions Supplement, the ISO has modified the FERC *pro forma* LGIP definition of "Large Generating Facility"

on a strictly temporary basis to remove the 20 MW minimum size limit. The ISO and the PTOs have serious concerns with continuing to apply their existing interconnection procedures to Generating Facilities 20 MW or less pending FERC's issuance of a final rule in the Small Generator Interconnection proceeding. Rather than leaving "Small Generating Facilities" stuck in the outdated old interconnection process – and particularly in order to manage the interconnection queuing process uniformly and consistently, the ISO is proposing to use this temporary modification of the definition to allow the LGIP interconnection process to cover all new interconnections until new rules are finalized for "Small Generating Facilities." When FERC issues its final rule in the Small Generator Interconnection proceeding, the ISO will make simultaneous conforming amendments both to add the new interconnection procedures to the ISO Tariff and to restore the intended definition of "Large Generating Facility" to then make the LGIP applicable only to Generating Facilities above 20 MW from that time forward.

Eliminated Definitions

As discussed below, much of Section 5.7 of the ISO Tariff, which was added by ISO Tariff Amendment No. 39 and currently addresses Generator interconnections has been deleted and replaced by the LGIP. A review of the ISO Tariff has revealed that several definitions in the ISO's Master Definitions Supplement were used only in the deleted portions of that section. The ISO is proposing to delete those definitions from the ISO Tariff which are no longer used due to the deletion of portions of Section 5.7. The deleted terms are:

- Completed Application Date
- Completed Interconnection Application
- Data Adequacy Requirement
- Delivery Upgrade
- Designated Contact Person
- Direct Assignment Facility
- Expedited Interconnection Agreement
- Good Faith Deposit
- Interconnection Application
- Interconnecting PTO
- New Facility
- New Facility License
- New Facility Operator
- Planning Procedures
- Reliability Upgrades
- Request for Expedited Interconnection Procedures
- System Impact Study.

D. Interconnection Process Improvements

In June 2002, the Commission approved Amendment 39 to the ISO Tariff, which established the current ISO process for interconnecting new Generating Units to the ISO Controlled Grid, subject to the outcome of Order No. 2003.¹⁴ In general, the process and timelines for receiving and reviewing interconnection applications proposed in Order No. 2003 are consistent with the ISO's current practices under Amendment 39. Management of the interconnection request process (queue management) will remain the same, with the ISO managing one study queue for the entire ISO Controlled Grid.

The key changes to the interconnection process resulting from Order No. 2003 include:

- The addition of a Scoping Meeting early in the application process to get the parties together to share information and reach agreement on the points of interconnection to be included in the system studies.
- A formal process for conducting feasibility studies, where previously an interconnection request went directly to a system impact study. The new Interconnection Feasibility Study gauges early on whether it is practical to interconnect at a particular proposed point of interconnection.
- Interconnection study agreements and the interconnection agreement itself are now standardized *pro forma* across the ISO Control Area, where previously the agreements were PTO-specific. In addition, the *pro forma* LGIA, when finalized, will follow the requirement of Order No. 2003 that in regions where an ISO is the transmission provider, the interconnection agreement should be a three-party agreement among the generator, transmission owner and the ISO.

The ISO generally supports these changes, and the attached version of the LGIP and the soon-to-be-filed LGIA will implement them. However, in conjunction with the stakeholder process described above, the ISO has identified a number of modifications to the Commission's proposed form of Interconnection Service and related funding provisions that need to be modified to adapt them to the ISO's circumstances. Those modifications are described below.

E. Interconnection Service

Order No. 2003 proposes two forms of Interconnection Service, "Network Resource Interconnection Service" and "Energy Resource Interconnection Service." Under this construct, a new Interconnection Customer that requests Interconnection Service can be studied and subsequently treated in the market as either (1) an "Energy Resource" where it is interconnected to the grid and uses existing space on the

¹⁴ *San Diego Gas & Electric Co. v. Sellers of Energy and Ancillary Services*, 99 FERC ¶ 61,275 at 62,165 (2002), *order on reh'g*, 100 FERC ¶ 61,235 (2002).

transmission system on an “as-available” basis; or (2) a “Network Resource” where the new Generating Facility of the Interconnection Customer must be treated the same as established Network Resources and likewise fully integrated into the system. In Order No. 2003, an Interconnection Customer that requests to be treated as a Network Resource is required to fund what the ISO has defined as “Delivery Network Upgrades” in the proposed ISO Tariff amendments attached.

At this time, and as explained below, the distinction between these two types of Interconnection Service is not meaningful in the California market. Accordingly the ISO proposes to offer only a single, generic form of Interconnection Service. First, the Commission’s proposed Interconnection Services, and the general construct, under Order No. 2003 presume that an Order No. 888 Open Access Transmission Tariff construct, or form of transmission service, is in place in each region. As explained below, that is not the case in California. Second, and perhaps most importantly, the distinction between Energy and Network Resources is meaningful in regions with established capacity resource obligations or where the Transmission Provider remains a vertically integrated utility that continues to serve its native load with its own generation or with networked resources. Once again, that is not the present circumstance in the “California” market. In any event, however, the Interconnection Service proposed herein by the ISO will a level and quality of service *comparable* to the service currently provided to existing resources on the system. Such Interconnection Services will be provided equally to all new requests for Interconnection Service.

Because transmission service under the ISO Tariff differs from transmission service provided under the Order No. 888 *pro forma* tariff, the distinction between an Energy Resource and a Network Resource is not meaningful at the present time. In that regard, all Energy transmitted under the ISO Tariff is treated as a “new firm use” on a day-to-day basis. That is, *all* users of the ISO Controlled Grid must schedule their use each day and cannot *reserve* available transmission capacity beyond the day-ahead timeframe. In contrast, the Commission’s Order No. 888 *pro forma* tariff permits the reservation of available transmission capacity on a first-come, first-served basis, on a long-term (up to and longer than a year) basis. Furthermore, the Commission’s Order No. 888 *pro forma* tariff allows transmission users to schedule both point-to-point and network transmission service. Point-to-point service enables users to schedule between specific points of receipt and delivery on the transmission provider’s system on both a short or long-term basis and on both a firm and non-firm basis. In contrast, network transmission service enables users to acquire the transmission capacity necessary to fully integrate their load and generating resource requirements, thus enabling such users to procure transmission service *comparable* to the transmission service the transmission provider provides itself to serve its “native load.”

In addition, since 1998, and as discussed extensively over the past six years, California has functioned under a different paradigm where the concept of native load – and the obligation to serve such load - has been removed. More importantly, and more specifically, the California market has functioned without a clear capacity market or capacity obligation rules. As the Commission is aware, California is only now in the process of developing such rules, which are the subject of the pending CPUC

procurement proceeding. Once these rules are established, the ISO acknowledges and understands that it may want to revisit the form and nature of the Interconnection Service provided under the ISO Tariff. Consistent with the ISO's commitment to revisit, and make necessary and conforming changes to its Market Design 2002 proposal once the state establishes formal resource adequacy rules, the ISO likewise commits to undertaking a similar exercise in order to conform its Interconnection Service process and rules to the rules in place for the broader market.

Therefore, as noted above, the ISO is proposing to define and establish a *generic* Interconnection Service under which Interconnection Customers can elect varying levels or quality of service, depending on the level and amount of transmission Network Upgrades they are willing to sponsor. Under the ISO's proposed generic Interconnection Service, one base level of Interconnection Service would be offered that would assure reliable interconnection, and Interconnection Customers could then elect a higher quality of service by paying for certain transmission Network Upgrades. Deliverability of the plant's output to the ISO Controlled Grid could be assured for a specific set of system conditions by sponsoring additional transmission Network Upgrades. As noted above, The ISO will offer this generic Interconnection Service until broader rules pertaining to resource adequacy (e.g., capacity obligations) have been defined and implemented. At that time, the ISO will revisit this issue and will submit any necessary changes to the LGIP and the ISO Tariff.

F. Interconnection Studies and Deliverability Test

Under the ISO's proposal, interconnection studies will be conducted as they currently are, with the addition of the new Scoping Meeting and Interconnection Feasibility Study discussed above. However, there are some important differences, discussed below.

The ISO has added additional time in the study process in LGIP Sections 7.4 and 8.3 beyond what FERC provided in Order No. 2003 in order to allow time for ISO review and comment on the studies that will be primarily conducted by the PTOs. As the Commission is aware, and as currently effective under Amendment No. 39 to the ISO Tariff, the ISO does not have the requisite staff resources independently (i.e., without the use of PTO resources) to conduct the requisite Interconnection Studies for the entire ISO Controlled Grid. Moreover, because of their historical and technical knowledge of their individual systems, it is appropriate to have the PTOs conduct, in the first instance, the studies necessary to evaluate Interconnection Requests to their systems. Therefore, the ISO proposes, under the proposal outlined herein, to retain that feature of the current interconnection process. However, acknowledging the need to allow for the ISO's independent review and oversight over the interconnection process, the ISO proposes to modify slightly the Commission's prescribed study timeline under Order No. 2003 in order to provide for such ISO oversight. The additional 76 days are thus necessary to achieve a core objective of Order No. 2003 – open and non-discriminatory Interconnection Service. This total increase in time results from 1 additional day to

process each request, 15 days for ISO review of the Feasibility Study, 30 days for ISO review of the System Impact Study, and 30 days for ISO review of the Facilities Study.

To add needed clarity to the roles of the ISO and PTOs in the LGIA and LGIP, the ISO created the attached LGIP timelines (Attachment L) to first identify the necessary tasks and durations required to complete all of the necessary Interconnection Studies and reach the point of entering into an LGIA in an efficient manner. In the timelines shown in Attachment L, the ISO has defined how the LGIP tasks would be accomplished under the direction of the ISO and in relation to issuance of the draft Interconnection Facilities Study report.¹⁵ For example, by clarifying the tasks and their appropriate preceding and following activities, the ISO was able to *increase* the amount of time for negotiations without an overall increase in the time necessary to execute an LGIA. This occurs in the final phases of the project, after the PTO issues the draft Facilities Study report.

In addition, more comprehensive information on each Interconnection Request will be posted on the ISO Home Page, including any studies related to the Interconnection Request, explanation as to why an interconnection was not completed, and reasons for deviations from the study timelines.

The ISO proposes that a new Deliverability Assessment be included in the system studies process to help identify the transmission facilities (Delivery Network Upgrades) that are needed to ensure that the full output of a new Generating Facility may be transmitted to load under peak system conditions. By identifying needed delivery-related facilities, which is something that is not done now, Interconnection Customers will be provided with useful information to assess the deliverability of new Generating Facilities to the grid. Specifically, the Deliverability Assessment will define a generic deliverability benchmark to assess the deliverability risk for a given proposed new Generating Facility. It will be modeled after the methodology already approved by the Commission and currently used by PJM (aggregate of generation can be delivered to the aggregate load) and is similar to that prescribed for Network Resources under Order No. 2003. To initiate this new assessment, the ISO will conduct a baseline study to establish the deliverability of existing generating facilities. The baseline assessment is expected to take six months to complete. Afterwards, the appropriate PTO will conduct the Deliverability Assessment, as defined in the LGIP, for each new Generating Facility. It will be performed under a peak load and resource adequacy perspective to determine if, with the Interconnection Customer's Generating Facility operating at full output, the aggregate of Generation can be delivered to the aggregate of the ISO Control Area load. It would objectively identify the incremental impacts on the grid of a new Interconnection Customer's proposed Generating Facility.

While some parties may assert that establishing such a feature is premature until more formal resource adequacy requirements are established at the state level

¹⁵ Attachment M contains additional illustrative aids in the form of maps of the interconnection process.

including a formal deliverability *requirement*, the ISO asserts that such a feature is appropriate as it will provide invaluable information to Market Participants (including the PTOs) as to potential transmission congestion on the system resulting from the interconnection of new Generating Facilities. The ISO believes that ensuring the deliverability of resources is an essential element – on a long-term basis – of any resource adequacy proposal or mechanism and that moving forward now to provide information consistent with such a feature is appropriate and necessary so that Interconnection Customers, the ISO and the PTOs can make informed decisions regarding the efficient expansion of the transmission system.

G. Crediting Policy

Under the ISO's proposal, Interconnection Customers would be required to fund the Interconnection Facilities needed to physically interconnect the facility to the Point of Interconnection with the grid. This represents no change from current practice and is consistent with Order No. 2003 requirements. The cost of these "exclusive use" facilities would continue to be the sole responsibility of the Interconnection Customer and would not be reimbursed.

With respect to Network Upgrades (i.e., those transmission upgrades beyond the Point of Interconnection to the grid, be they Reliability Network Upgrades or Delivery Network Upgrades, as defined in the ISO's proposal), the ISO proposes that Interconnection Customers initially fund these Network Upgrades, and then elect to receive either (1) refunds over a five-year period (i.e., reimbursement for the costs of the upgrades plus interest); or (2) applicable rights (Firm Transmission Rights ("FTRs") at present, or "Congestion Revenue Rights" ("CRRs"), if they are adopted in the future) as compensation for funding and paying for the Network Upgrades. If the Interconnection Customer does not elect to fund Delivery Network Upgrades, the PTO could build such facilities. In fact, the ISO proposes to provide specifically that in instances where an Interconnection Customer elects not to fund Delivery Network Upgrades, the ISO may direct the applicable PTO to do so under its existing authority in Section 3 of the ISO Tariff. Such a provision will ensure that "needed" transmission facilities are built and that new Generation is not stranded in isolated pockets on the system. In particular, and discussed further below, the ISO wants to ensure that "economic" transmission projects, i.e., those that will benefit the system as a whole, are built in a timely manner. Because the ISO is not proposing to mandate or require that Interconnection Customers build such facilities under the proposal outlined herein, the ISO believes that having the PTOs backstop such projects is appropriate. On a long-term basis, the ISO envisions transitioning to a policy wherein Interconnection Customers receive *only* FTRs or CRRs as compensation for funding/paying for Network Upgrades. (However, the ISO may still provide refunds for funding Network Upgrades with which no FTRs or CRRs are associated.) By linking the crediting for Network Upgrades solely with the value of the rights (i.e., FTRs or CRRs) that are created, Interconnection Customers will be more sensitive to the costs of the Network Upgrades, the impact on the grid, and the benefits of the associated rights. As noted earlier, this construct is completely consistent with that already in place in PJM and other eastern

ISO markets and more appropriately aligns interconnection policies with the Commission's preferred location-based transmission planning and pricing policies, e.g., Locational Marginal Pricing or "LMP". In fact, as further discussed below and throughout this rulemaking process, the ISO as well as others have repeatedly raised concerns that the Commission's crediting policy could result in uneconomic expansion of the grid. In that regard, if Interconnection Customers are guaranteed reimbursement of all their upgrade costs regardless of where they locate their facility, such Interconnection Customers could be indifferent to where they locate their facilities. As discussed in greater detail below in the discussion of the Economic Test, this could result in Interconnection Customers building facilities in locations where the costs of the necessary transmission upgrades may be significant. This is a sub-optimal result if the Interconnection Customer could have located in a different location that would not have required extensive network upgrades. The ISO believes that, on a long-term basis, the provision of financial rights (i.e., FTRs/CRRs) as compensation for Interconnection Customers that fund Network Upgrades provides a much better price signal to those Interconnection Customers as to where to locate their Generating Facilities on the system and the potential impact on the system and ratepayers from their interconnection.

In the interim, however, the ISO believes the proposed crediting policy is clear, fair and may reduce barriers to building new Generating Facilities. In the first instance, the proposal is entirely consistent with the Commission's established crediting policy under Order No. 2003. Second, the crediting provision establishes a clear means for compensating Generating Facility owners that fund Network Upgrades. Absent crediting, the ability to provide FTRs/CRRs, or a clear entitlement to reserve or use the transmission capacity associated with new Network Upgrades, the ISO would be unable to offer those that expand the transmission system any measurable or obtainable benefit from doing so. Such a policy would be unfair and would create an unnecessary barrier to entry for new Generating Facilities. In the face of such policies, new Generating Facility developers would either be faced with having to pay for Network Upgrades the use and benefit of which they would be unable to capture or would choose not to expand the system, thus perhaps exacerbating currently problematic – both from an economic as well as reliability perspective - Intra-Zonal Congestion on the system (See November 2003 Board memorandum and related attachments regarding congestion at the Miguel substation)¹⁶ Until the implementation of the redesign of the ISO's markets (referred to as "MD02"), the ISO is not able to offer FTRs with measurable value within Congestion Zones (i.e., for Network Upgrades that alleviate only Intra-Zonal Congestion), so the ISO agrees with many stakeholders that the crediting policy is the best way – for now – to compensate developers for Network Upgrades that have broad benefits. Moreover, while not completely eliminating cost-responsibility based barriers to entry, the crediting policy should ameliorate a developer's perceived risk of having to pay for necessary but expensive Network Upgrades, since they will know, up front, that they will have their monies paid back, with

¹⁶ <http://www.caiso.com/docs/09003a6080/2a/1d/09003a60802a1dce.pdf>

interest, in five years. However, the ISO will revisit this policy once MD02 is implemented and viable financial rights (CRRs) are available.

H. Purpose for an Economic Test

The ISO proposes to perform an economic test on Network Upgrades costing more than \$20 million or \$200,000 per MW to determine the extent of the benefits resulting from the Network Upgrade, and to use the amount of those benefits as a de facto cap on the level of credits that could be offered to the Interconnection Customer for those Network Upgrades necessary to interconnect its Generating Facility to the grid. In instances where the costs of the Network Upgrade exceed this benefits cap, if the Interconnection Customer were to fund the full amount of the Network Upgrades, the Interconnection Customer would receive, if applicable, the associated FTRs or CRRs, if available.

The reason for this cost-benefit test is to guard against egregiously expensive projects, especially since the Interconnection Customer otherwise will recover the full cost of Network Upgrades within five years, regardless of the location of the Generating Facility or the availability of other sites that might require less expensive Network Upgrades. Without some locational price signal, a reasonable backstop is needed to assure that all ratepayers are not paying for uneconomic projects. However, such an economic analysis is not intended to delay or create obstacles to new Generating Facilities, and its application would be limited to large projects beyond the \$20 million or \$200,000 per MW threshold level. The ISO chose the first threshold because it is consistent with the ISO's existing policy that projects, which cost in excess of \$20 million must be approved by the ISO Board. Moreover, while not based on any specific analysis or established threshold, the ISO believes that the \$20 million or \$200,000 per MW threshold generally represents an amount likely to have a measurable impact on ratepayer costs, from a system-wide perspective.

The ISO has long stated that the Commission's crediting policy, absent any changes, could result in uneconomic expansion of the transmission system.¹⁷ Specifically, the ISO is concerned that the Commission's crediting or refund policy will make new Generating Facility developers indifferent as to where they locate on the transmission system. That is, under such a policy the ISO is concerned that Generating Facility developers will give greater weight to other Generating Facility siting factors, e.g., proximity and access to fuel and water supplies, land cost, other factors, and will discount the overall cost impact on transmission rates. For example, if a Generating Facility developer knows that it will be paid back, with interest, all monies invested in transmission upgrades, such developer may not care that its Interconnection Request could require \$100 million in Network Upgrades to the system. In contrast, if at least a portion of its investment was "at risk," the developer might decide it is more prudent to

¹⁷ See, e.g., Comments of the California Independent System Operator Corporation on the Commission's Notice of Proposed Rulemaking on Standardization of Generation Interconnection Agreements and Procedures filed in Docket No. RM02-1-000 on June 19, 2002 at page 3..

locate the project, for example, ten miles further away where the Network Upgrade costs are only \$20 million.

In their comments on the Commission's Standard Market Design Proposal ("SMD"), Messrs. Chandley and Hogan raise concerns that the Commission's proposed rolled-in treatment for Network Upgrades is also inconsistent with the Commission's preferred LMP-based transmission pricing policy.¹⁸ As stated in those comments:

...Under "rolled-in" pricing for network upgrades, all users would pay a share of the upgrade costs, even for upgrades required for new generator interconnections to allow the generator to access the regional market. NOPR ¶¶191-194.

In general, we view these approaches in both the SMD and the proposed Generator Interconnection rules as both unnecessary and inconsistent with the core elements of the SMD. Under SMD, efficient spot market process and associated usage charges reflect the locational effects of congestion and losses. LMP-based charges provide incentives for both generator interconnections and network upgrades. While siting issues and local concerns are present in any event and must be addressed, the core problem in non-LMP regions until now has been the absence of appropriate price incentives, a flaw that the SMD with locational marginal pricing will largely correct.

Complementing the incentive properties of LMP, the SMD would require ITPs/RTOs to award to those who invest in transmission upgrades incremental CRRs made possible by the upgrades. The LMP incentives and the award of the property rights that reflect the value of the investments should provide the necessary support for market-driven investment in transmission upgrades that reduce congestion for the benefit of those sponsoring the upgrades...

In addition, as further described in the ISO Market Surveillance Committee's ("MSC") formal opinion on the ISO's proposal, filed concurrently with the Commission, the MSC too has serious reservations regarding the Commission's crediting/refund policy. While the MSC does not necessarily agree with the ISO regarding the practical application of the ISO's proposed economic test, the MSC agrees with the ISO that the Commission's crediting policy could result in uneconomic or inefficient expansion of the transmission system.¹⁹ In fact, the MSC's primary reservation with the ISO's proposed

¹⁸ See "Initial Comments of John D. Chandley and William W. Hogan on the Standard Market Design NOPR" dated November 11, 2002, at page 55-56.

¹⁹ California ISO Market Surveillance Committee: "Opinion on Large Generator Interconnection Rule" (January 7, 2004), at p. 8. This document is also being filed today for informational purposes in the above captioned docket.

economic test is that it will be unsuccessful in eliminating or mitigating the potentially egregious impact on efficient grid expansion from the Commission's crediting policy. In the end, the MSC and the ISO agree that the best long-term solution is a proactive transmission planning process that obviates the need to rely exclusively on Interconnection Requests to expand the transmission system and to move to a paradigm where Generating Facility developers receive financial congestion rights as compensation for funding Network Upgrades.

Finally, the ISO notes that the proposed ISO Tariff language regarding the proposed economic test is purposefully general. While the ISO understands concerns that the methodological basis of the proposed economic test is not specified or detailed in either the proposed ISO Tariff language or elsewhere in the instant filing, the ISO believes that it is unnecessary to specify such details now and that it would inappropriately bind the ISO going forward if it were to specify such details at this time. First, the ISO understands that if it applies such test and the outcome of such test results in the ISO proposing to limit the refunds due a Generating Facility owner, the ISO would have to demonstrate that such limits are reasonable and justified. Second, as the Commission is aware, the issue of how to justify or determine the benefits of economic transmission projects is highly contentious and potentially subject to a large amount of discretion. Because this is an evolving area, the ISO requests that the Commission remain flexible to its application and not require that the details of such a test be specified in the ISO Tariff. Moreover, as the Commission may recall, the ISO has been in the process of developing a "economic methodology" for transmission projects over the last several years. At this point, working in cooperation with and through the CPUC, the ISO is hopeful that it will finalize the implementation details and methods for such a methodology over the next six months. At that point, it is the ISO's understanding that the CPUC intends to rule on the merits of the ISO's proposal and adopt a generic methodology with the intent that such methodology assist in the approval of such economic transmission projects before the CPUC and perhaps more broadly. The ISO requests that the Commission acknowledge this process and effort and permit the ISO to apply its proposed economic test on a case-by-case basis consistent with the evolving approach for justifying such projects.

I. The Need to Distinguish Reliability and Delivery Network Upgrades

Amendment No. 39 established the concept of Reliability Upgrades and Delivery Upgrades to distinguish between the upgrades that are necessary to (1) interconnect a new facility safely and reliably to the ISO Controlled Grid that would not have been necessary but for the new facility (i.e., Reliability Upgrades); and (2) relieve constraints on the ISO Controlled Grid to ensure the delivery of energy from a new facility to load (i.e., Delivery Upgrades). Reliability Upgrades must be made to the ISO Controlled Grid where needed before a new interconnection to the ISO Controlled Grid can take place,

In Order No. 2003, FERC proposes that a new "Network Resource Interconnection Service" be offered. Although, as discussed above, the ISO cannot currently implement "Network Resource Interconnection Service" in the form envisioned by FERC, the ISO is proposing to retain the current Amendment No. 39 distinction in ISO markets between Reliability and Delivery Network Upgrades in order to address FERC's intent in that regard, at least in part. Interconnection studies that distinguish between the facilities required to interconnect a new Generating Facility to the grid reliably and those additional facilities required to ensure delivery of the full output of the resource to loads will provide Interconnection Customers with useful information for making their decisions as to the probable effect on the marketability of the power from their Generating Facilities of funding the construction of Delivery Network Upgrades. The ISO proposes in the LGIP that the terms "Reliability Network Upgrades" and "Delivery Network Upgrades" be used to clearly distinguish between these two types of Network Upgrades. Thus, while the ISO's proposed crediting policy will apply equally to both Reliability Network Upgrades and Delivery Network Upgrades, the ISO believes that there is a meaningful difference between the two and that distinguishing between the types of Network Upgrades will provide useful information to all Market Participants and is consistent with the ISO's long-term goal of aligning interconnection policy with the deliverability requirement under a resource adequacy framework.

K. Compliance with PTOs' Interconnection Handbooks

A new Section 11.5 has been added to the LGIP to incorporate a requirement that the Interconnection Customer's Interconnection Facilities be designed, constructed, operated and maintained in accordance with the Participating TO's Interconnection Handbook (which has also been added as a new defined term). This requirement is necessary to define the technical requirements for that portion of the ISO Controlled grid that is receiving the interconnection.²⁰ Such requirements will ensure the safety and reliability of all interconnections and is a practice and requirement in place today. The facilities, equipment, and system operating practices of each of the PTOs differ significantly and are described in their respective Interconnection Handbooks. It is

²⁰ ISO notes that this matter is currently pending before the Commission on rehearing in this proceeding.

essential that an Interconnection Customer be aware of the specific characteristics and practices regarding the PTO system to which it is interconnecting that it incorporate those system differences into its interconnection planning and construction

L. Changes to ISO Tariff Section 5.7

Because much of the substance of Section 5.7 is now covered in the submitted LGIP, the ISO is proposing to delete much of the existing Section 5.7 language. The only provisions that the ISO is proposing to retain in amended form are the general provisions of Sections 5.7.1 and 5.7.2, which describe the general interconnection procedures applicable to interconnections directly to the ISO Controlled Grid and to Distribution Systems within the ISO Control Area, respectively. The ISO proposes to amend Section 5.7.1 to substitute the new LGIP terminology for the outdated terms in the existing version, to conform the applicability of its terms to the provisions of the LGIP, and to reference the LGIP as the ISO Protocol governing interconnections. The ISO proposes to amend Section 5.7.2 to avoid the use of the new LGIP terminology in this section and otherwise ensure that it continues to distinguish clearly between interconnections to the ISO Controlled Grid and to the Distribution System and to add a reference to the possibility that interconnections to the Distribution Systems of PTOs may be governed by any type of Local Regulatory Authority requirements, now that the ISO has added the non-CPUC jurisdictional New PTOs.

V. EFFECTIVE DATE AND INTERIM INTERCONNECTION AGREEMENT


The Commission stated in its January 8 Order that where the *pro forma* LGIP and/or LGIA were modified, interconnection agreements currently in use would remain in effect until the modified interconnection documents were approved by the Commission. The ISO has relied on this statement in seeking Commission approval to delay the filing of the modified version of the LGIA for twenty days, recognizing that its delayed filing will not have any immediate adverse affect on new interconnections. The ISO intends that the agreements currently used in California will remain in effect until the modified *pro forma* LGIP and LGIA are approved by the Commission. The ISO urges the Commission to set the effective date of the modified versions of the LGIP and LGIA prospectively, as substantial disruption to interconnection efforts that would then be underway could result if the Commission were to establish a retroactive effective date. This same issue arose in the Commission's acceptance of ISO Tariff Amendment No. 39, and the Commission ultimately found it necessary to reverse its original order giving Amendment No. 39 retroactive effect.²¹

²¹ *San Diego Gas & Electric Co. v. Sellers of Energy and Ancillary Services*, 100 FERC ¶ 61,235 (2002).

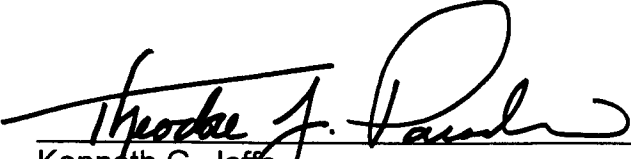
VI. CONCLUSION

For the reasons set forth above, the California Independent System Operator Corporation respectfully request that the Commission accept its *pro forma* LGIP for incorporation into the ISO Tariff, accept the other requested amendments to the ISO Tariff, and accept the *pro forma* study agreements as *pro forma* ISO agreements.

Respectfully submitted,



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ATTACHMENT A

LGIP Matrix of Changes

Change	Section(s)	Reason for Change
<u>The objective of this LGIP is to implement FERC's Order No. 2003 setting forth the requirements for Large Generating Facility Interconnections to the ISO Controlled Grid</u>	<u>1.1 Objectives</u>	The addition provides the context for the incorporation of the LGIP into the ISO Tariff by setting forth objectives of the LGIP.
<u>Unless the context otherwise requires, any word or expression defined in the Master Definitions Supplement to the ISO Tariff shall have the same meaning where used in this LGIP. A reference to a Section or an Appendix is a reference to a Section of an Appendix of the ISO Tariff. References to the LGIP are to this Protocol or to the stated paragraph of this Protocol.</u>	<u>1.2.1 Master Definitions Supplement</u>	This addition makes clear that most of the applicable LGIP defined terms are proposed to be placed in the Master Definitions Supplement, Appendix A to the ISO Tariff and refers to the Master Definitions Supplement as the primary source of those definitions. The addition also includes standard ISO Protocol provisions indicating the intended use of language in the protocol.
<u>In this LGIP, the following words or expressions shall have the meanings set opposite them:</u>	<u>1.2.2 Special Definitions for this LGIP</u>	The added introductory language makes clear that the few defined terms shown as remaining in the LGIP itself are "special" definitions intended for use only in the LGIP and not in the rest of the ISO Tariff.
Numerous definitions moved to ISO Tariff Appendix A, Master Definitions Supplement	<u>1.2.2 Definitions [General Change]</u>	The ISO Tariff Master Definitions Supplement is the primary source of defined terms in the ISO Tariff, to which the LGIP will be attached as an ISO Protocol. All applicable FERC pro forma LGIP definitions have been moved to the Master Definitions Supplement except as expressly noted, which allows those definitions to be used elsewhere in the ISO Tariff without having to be re-defined where used.
Transmission Provider's Transmission System <u>ISO Controlled Grid</u>	"Affected System"	This clarifies that the interconnection process set forth in the LGIP relates to the ISO Controlled Grid as a whole, and that Affected Systems are therefore systems other than those that make up the ISO Controlled Grid.
<u>, including the Participating TO's electric systems that are not part of the ISO Controlled Grid</u>	"Affected System"	This makes clear that a Participating TO's Distribution System can be an "Affected System" for purposes of interconnection.
Delete definition	"Affiliate"	The term duplicates an existing ISO Tariff defined term, which existing defined term is sufficiently clear and consistent to be used in the LGIP.
Delete definition.	"Ancillary Services"	The term is not used in the LGIP.
Delete definition.	"Applicable Laws and Regulations"	The term is not used in the LGIP, with the deletion of the unused term "Environmental Law."
Delete definition.	"Applicable Reliability Council"	The term is not used in the LGIP, with the deletion of the unused term "Applicable Reliability Standards."
Delete definition.	"Applicable	The term is not used in the LGIP.

LGIP Matrix of Changes

Change	Section(s)	Reason for Change
	Reliability Standards	
by the Transmission Provider or Interconnection Customer	“Base Case”	The deletion preserves the substance of the definition while deferring issues that might be raised by the deleted language to the substantive LGIP provisions addressing responsibilities for Interconnection Studies.
Delete definition	“Breach”	FERC’s definition only applied to the LGIA and didn’t apply to the LGIP, so the term was made “undefined” in the LGIP and the definition was deleted.
Delete definition.	“Breaching Party”	The term is not used in the LGIP.
Substitute the FERC pro forma LGIP definition for the existing ISO Tariff definition, with the exception of using Ffederal Hholiday as a lower-case term, and with the addition of <u>“and the day after Thanksgiving Day”</u> .	“Business Day”	The FERC pro forma LGIP definition is more clear than the existing ISO Tariff definition. However, “Federal Holiday” is not a defined term in the LGIP or in the ISO Tariff and should therefore not be capitalized. Also, the day after Thanksgiving Day is a holiday for the ISO and the Participating TOs, so it was added to the FERC definition.
Ffederal Hholiday	“Calendar Day”	“Federal Holiday” is not a defined term in the LGIP or in the ISO Tariff and should therefore not be capitalized.
Minor modifications	“Commercial Operation Date”	Minor modifications are proposed to this definition to make it more clear.
<u>, subject to the limitations set forth in Section 13.1 of the LGIP</u>	“Confidential Information” [Special defined term only in LGIP]	Section 13.1 of the LGIP includes some substantive limitations on the scope of “Confidential Information” that are not included in the FERC pro forma LGIP definition. Those limitations need to be incorporated into the definition in order not to mislead the reader.
Delete definition.	“Control Area”	The term duplicates an existing ISO Tariff defined term, which existing defined term is sufficiently clear and consistent to be used in the LGIP.
Delete definition.	“Default”	The term is not used in the LGIP.
New definition	“Deliverability Assessment”	The CPUC is considering but has not yet acted upon a resource adequacy obligation for utilities. Without such an obligation, the concept of NR Interconnection Service has no meaning with regard to interconnection to the ISO Controlled Grid. The new term “Deliverability Assessment” is useful in LGIP Section 3.3 to describe the closest practical substitute to the NR Interconnection Service concept with regard to interconnection to the ISO Controlled Grid and anticipates possible action by the CPUC to impose a resource adequacy requirement. The definition of Deliverability Assessment makes clear that the assessment provides information on the deliverability of a facility and the Network Upgrades necessary for various levels of deliverability.
New definition	“Delivery Network”	This term is useful in distinguishing among

LGIP Matrix of Changes

Change	Section(s)	Reason for Change
	Upgrades”	different types of Network Upgrades.
<u>set forth in this LGIP</u>	“Dispute Resolution” [Special defined term only in LGIP]	This clarifies that the Dispute Resolution procedure is set forth in and limited to the LGIP, as the ISO Tariff sets forth a different procedure for resolution of all other disputes arising under the ISO Tariff.
In which they will first attempt to resolve the dispute on an informal basis.	“Dispute Resolution” [Special defined term only in LGIP]	Definition doesn't describe the entire dispute resolution procedure as it is described throughout the LGIP provisions describing the process – not just the informal process.
Delete definition	“Distribution System”	The term duplicates an existing ISO Tariff defined term, which existing defined term is sufficiently clear and consistent to be used in the LGIP.
Participating TO's Transmission Provider's Distribution System <u>electric system that are not part of the ISO Controlled Grid</u>	“Distribution Upgrades”	This clarifies that it is the Participating TO's non-ISO Controlled Grid facilities that are intended to be referenced where the term is used.
at or beyond the Point of Interconnection to facilitate interconnection of the Generating Facility and render the transmission service necessary to effect Interconnection Customer's wholesale sale of electricity in interstate commerce	“Distribution Upgrades”	The deletion preserves the substance of the definition while deferring issues that might be raised by the deleted language to the substantive LGIP provisions addressing responsibilities for Distribution Upgrades.
Delete definition.	“Effective Date”	The term is not used in the LGIP.
Delete definition.	“Emergency Condition”	The term is not used in the LGIP.
Delete definition.	“Energy Resource Interconnection Service”	The term is not used in the LGIP, with the substitution of the form of Interconnection Service to be provided by the ISO and Participating TOs for the interim period.
Participating TO Transmission Provider	“Engineering & Procurement Agreement”	This clarifies that it is the Participating TO and not the ISO that undertakes the engineering and procurement activities under the E&P Agreement.
Delete definition.	“Environmental Law”	The term is not used in the LGIP, with the deletion of the unused term “Hazardous Substances.”
Delete definition.	“Federal Power Act”	The term is not used in the LGIP.
Delete definition.	“FERC”	The term duplicates an existing ISO Tariff defined term, which existing defined term is sufficiently clear and consistent to be used in the LGIP.
Delete definition.	“Force Majeure”	The term is not used in the LGIP.
device <u>Generating Unit(s) used</u>	“Generating Facility”	The existing ISO Tariff defined term “Generating Unit” is more precise and specific to the ISO structure than the use of the term “device” in the FERC pro forma LGIP definition.
Delete definition.	“Generating Facility Capacity”	The term is not used in the LGIP, with the proposed modification of the definition of

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Change	Section(s)	Reason for Change
		"Generating Facility" and the deletion of the unused term "Small Generating Facility."
Delete definition	"Good Utility Practice"	The term duplicates an existing ISO Tariff defined term, which existing defined term is sufficiently clear and appropriate to be used in the LGIP.
<u>Transmission Provider Participating TO, ISO</u>	"Governmental Authority" [Special defined term only in LGIP]	Neither the Participating TO nor the ISO is appropriately a "Governmental Authority" for purposes for which that term is used.
Delete definition.	"Hazardous Substances"	The term is not used in the LGIP.
Delete definition.	"Initial Synchronization Date"	The term is not used in the LGIP.
<u>Participating TO's Transmission Provider's</u>	"In-Service Date"	This clarifies that it is the Participating TO and not the ISO that has Interconnection Facilities.
<u>Participating TO Transmission Provider, Transmission Owner</u>	"Interconnection Customer"	This clarifies that it is the Participating TO and not the ISO that might have a Generating Facility.
<u>ISO Controlled Grid Transmission Provider's Transmission System</u>	"Interconnection Customer"	This clarifies that the interconnection process set forth in the LGIP relates to the ISO Controlled Grid as a whole.
<u>ISO Controlled Grid Transmission Provider's Transmission System</u>	"Interconnection Customer's Interconnection Facilities"	This clarifies that the interconnection process set forth in the LGIP relates to the ISO Controlled Grid as a whole.
<u>Participating TO's Transmission Provider's</u>	"Interconnection Facilities"	This clarifies that it is the Participating TO and not the ISO that has Interconnection Facilities.
<u>ISO Controlled Grid Transmission Provider's Transmission System</u>	"Interconnection Facilities"	This clarifies that the interconnection process set forth in the LGIP relates to the ISO Controlled Grid as a whole.
<u>Participating TO, ISO Transmission Provider</u>	"Interconnection Facilities Study"	This clarifies that either the Participating TO or the ISO may conduct an Interconnection Facilities Study.
<u>Participating TO's Transmission Provider's</u>	"Interconnection Facilities Study"	This clarifies that it is the Participating TO and not the ISO that has Interconnection Facilities.
<u>and Distribution Upgrades as identified in the Interconnection System Impact Study</u>	"Interconnection Facilities Study"	The addition makes clear that a Participating TO's Distribution System facilities are also facilities that might be identified in an Interconnection Facilities Study, and the deletion preserves the substance of the definition while avoiding potential inaccurate implications regarding the identification of the relevant facilities.
<u>ISO Controlled Grid Transmission Provider's Transmission System</u>	"Interconnection Facilities Study"	This clarifies that the interconnection process set forth in the LGIP relates to the ISO Controlled Grid as a whole.
<u>accepted by FERC and posted on the ISO Home Page contained in Appendix 4 of the Standard Large Generator Interconnection Procedures</u>	"Interconnection Facilities Study Agreement"	This clarifies that the agreement will not be physically attached to the LGIP, and thus the ISO Tariff, as it will be both an ISO and a Participating TO agreement – which will best be implemented by separate acceptance by FERC as a pro forma Service Agreement.
<u>conducted by the Participating</u>	"Interconnection	This clarifies the entities eligible to prepare the

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Change	Section(s)	Reason for Change
<u>TO(s), ISO, or a third party consultant for the Interconnection Customer</u>	Feasibility Study”	study.
<u>ISO Controlled Grid Transmission Provider’s Transmission System</u>	“Interconnection Feasibility Study”	This clarifies that the interconnection process set forth in the LGIP relates to the ISO Controlled Grid as a whole.
<u>accepted by FERC and posted on the ISO Home Page contained in Appendix 2 of the Standard Large Generator Interconnection Procedures</u>	“Interconnection Feasibility Study Agreement”	This clarifies that the agreement will not be physically attached to the LGIP, and thus the ISO Tariff, as it will be both an ISO and a Participating TO agreement – which will best be implemented by separate acceptance by FERC as a pro forma Service Agreement.
New definition	“Interconnection Handbook”	This term is useful in ensuring that an Interconnection Customer is aware of and complies with the individual technical requirements applicable to the systems of the different Participating TOs.
<u>ISO Tariff</u>	“Interconnection Request”	This clarifies that the interconnection process is governed by the ISO Tariff.
<u>ISO Controlled Grid Transmission Provider’s Transmission System</u>	“Interconnection Request”	This clarifies that the interconnection process set forth in the LGIP relates to the ISO Controlled Grid as a whole.
<u>Participating TO and ISO Transmission Provider</u>	“Interconnection Service”	This clarifies that Interconnection Service as set forth in the LGIP is a service jointly provided by the Participating TO and the ISO.
<u>ISO Controlled Grid Transmission Provider’s Transmission System</u>	“Interconnection Service”	This clarifies that the interconnection process set forth in the LGIP relates to the ISO Controlled Grid as a whole.
<u>Participating TO’s TO Tariff, and, if applicable, the Transmission Provider’s the ISO Tariff</u>	“Interconnection Service”	This clarifies that Interconnection Service as set forth in the LGIP is a service jointly provided by the Participating TO and the ISO pursuant to their respective Tariffs.
<u>conducted by the Participating TO(s), ISO, or a third party consultant for the Interconnection Customer</u>	“Interconnection System Impact Study”	This clarifies the entities eligible to prepare the study.
<u>ISO Controlled Grid Transmission Provider’s Transmission System</u>	“Interconnection System Impact Study”	This clarifies that the interconnection process set forth in the LGIP relates to the ISO Controlled Grid as a whole and enables the ISO to fulfill its responsibility for making sure the cumulative Interconnection System Impact Studies take into account impacts on the entire ISO Controlled Grid.
<u>accepted by FERC and posted on the ISO Home Page contained in Appendix 3 of the Standard Large Generator Interconnection Procedures</u>	“Interconnection System Impact Study Agreement”	This clarifies that the agreement will not be physically attached to the LGIP, and thus the ISO Tariff, as it will be both an ISO and a Participating TO agreement – which will best be implemented by separate acceptance by FERC as a pro forma Service Agreement.
Delete definition.	“IRS”	The term is not used in the LGIP.
Delete definition.	“Joint Operating Committee”	The term is not used in the LGIP.

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Change	Section(s)	Reason for Change
having a Generating Facility Capacity of more than 20 MW	“Large Generating Facility”	This clarifies that the LGIP (and associated LGIA) will apply uniformly to all new Generating Facility interconnections pending the issuance by FERC of a separate rule governing the interconnection of Generating Facilities of 20 MW or less – at which time this definition will be amended to restore the deleted phrase. This is a more reasonable approach than leaving Generating Facilities 20 MW or less governed by the existing, outdated, provisions of the ISO Tariff – which do not distinguish between Generating Facilities above and below 20 MW in any event.
Delete definition.	“Loss”	The term is not used in the LGIP.
<u>or any other valid interconnection request</u>	“Material Modification”	This clarifies that Material Modifications include modifications with an impact on interconnections to the Participating TO’s entire electric system, as well as interconnections to the ISO Controlled Grid.
Delete definition.	“Metering Equipment”	The term is not used in the LGIP.
Delete definition.	“NERC”	The term duplicates an existing ISO Tariff defined term, which existing defined term is sufficiently clear and consistent to be used in the LGIP.
Delete definition.	“Network Resource”	The term is not used in the LGIP, with the substitution of the form of Interconnection Service to be provided by the ISO and Participating TOs for the interim period.
Delete definition.	“Network Resource Interconnection Service”	The term is not used in the LGIP, with the substitution of the form of Interconnection Service to be provided by the ISO and Participating TOs for the interim period.
ISO Controlled Grid Transmission Provider’s Transmission System	“Network Upgrades”	This clarifies that the interconnection process set forth in the LGIP relates to the ISO Controlled Grid as a whole.
Point of Interconnection at which the Interconnection Customer interconnects to the Transmission Provider’s Transmission System	“Network Upgrades”	This substitutes the more precise FERC pro forma LGIP defined term “Point of Interconnection” for the more ambiguous phrase set forth in the FERC pro forma LGIP definition.
<u>Network Upgrades shall consist of Delivery Network Upgrades and Reliability Network Upgrades.</u>	“Network Upgrades”	This clarifies that Network Upgrades include upgrades to any portion of the ISO Controlled Grid.
Delete definition.	“Notice of Dispute”	This term is used only in Section 13.5.1, where it is already defined for use in that section. Thus, there is no purpose for the redundant defined term.
<u>accepted by FERC and posted on the ISO Home Page contained in Appendix 5 of the Standard Large Generator Interconnection Procedures</u>	“Optional Interconnection Study Agreement”	This clarifies that the agreement will not be physically attached to the LGIP, and thus the ISO Tariff, as it will be both an ISO and a Participating TO agreement – which will best be implemented by separate acceptance by FERC as a pro forma

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Change	Section(s)	Reason for Change
		Service Agreement.
Transmission Provider, Transmission Owner, the ISO, Participating TO(s)	“Party or Parties” [Special defined term only in LGIP]	This defines who the parties are – specific parties and their combinations.
Participating TO’s Transmission Provider’s	“Point of Change of Ownership”	This clarifies that it is the Participating TO and not the ISO that has Interconnection Facilities.
ISO Controlled Grid Transmission Provider’s Transmission System	“Point of Interconnection”	This clarifies that the interconnection process set forth in the LGIP relates to the ISO Controlled Grid as a whole.
ISO Transmission Provider	“Queue Position”	This clarifies that the ISO has the lead in processing Interconnection Requests and establishing Queue Position.
<u>Agreement Procedures</u>	“Reasonable Efforts” [Special defined term only in LGIP]	This clarifies that the term is used in the LGIP to refer to efforts with respect to obligations under the LGIP and not under the LGIA.
New definition	“Reliability Network Upgrades”	This term is useful in distinguishing among different types of Network Upgrades.
the applicable Participating TO, and the ISO Transmission Provider	“Scoping Meeting”	This clarifies which parties are involved in the Scoping Meeting.
Delete definition.	“Small Generating Facility”	The term is not used in the LGIP.
ISO Controlled Grid Transmission System or Affected Systems	“Stand Alone Network Upgrades”	This makes clear that construction of Network Upgrades cannot affect any other element of the electric system and still qualify under the LGIP as Stand Alone Network Upgrades.
The Participating TO, the ISO, Both the Transmission Provider	“Stand Alone Network Upgrades”	This makes clear that both the Participating TO and the ISO must be in agreement with the Interconnection Customer as to what constitutes a Stand Alone Network Upgrade.
, that is included in the Transmission Provider’s Tariff	“Standard Large Generator Interconnection Agreement”	This clarifies that the ISO and Participating TOs intend to file the LGIA with FERC for approval as a separate pro forma agreement referenced in their respective Tariffs but not to incorporate that pro forma agreement directly into their Tariffs due to the complications that would result if the same pro forma agreement were part of several different Tariffs.
<u>ISO Protocol that sets forth the</u>	“Standard Large Generator Interconnection Procedures”	This clarifies that the LGIP will be added as another ISO Protocol to the ISO Tariff.
Transmission Provider’s ISO Tariff	“Standard Large Generator Interconnection Procedures”	This clarifies that the LGIP will be added as another ISO Protocol to the ISO Tariff.
Delete definition.	“System Protection Facilities”	The term is not used in the LGIP.
Delete definition.	“Tariff”	The term “Tariff” as used in the FERC pro forma

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Change	Section(s)	Reason for Change
		LGIP has been replaced with the appropriate existing ISO Tariff defined terms "ISO Tariff" and/or "TO Tariff" as appropriate and is consequently unused in the LGIP.
Delete definition.	"Transmission Owner"	The term "Transmission Owner" as used in the FERC pro forma LGIP has been replaced with the existing ISO Tariff defined term "Participating TO" and is consequently not used in the LGIP.
Delete definition.	"Transmission Provider"	The term "Transmission Provider" as used in the FERC pro forma LGIP has been replaced with the existing ISO Tariff defined terms "Participating TO" and/or "ISO" as appropriate and is consequently not used in the LGIP.
<u>Participating TO's Transmission Provider's</u>	"Transmission Provider's Participating TO's Interconnection Facilities"	The changes to the defined term and the definition clarify that it is the Participating TO and not the ISO that has Interconnection Facilities.
Delete definition	"Transmission System"	The term "Transmission System" as used in the FERC pro forma LGIP has been replaced with the existing ISO Tariff defined term "ISO Controlled Grid" and is consequently not used in the LGIP.
<u>the a Generating Unit Facility</u>	"Trial Operation"	This clarifies that an Interconnection Customer may undertake separate Trial Operation of each Generating Unit that is a part of an aggregated Generating Facility, rather than having to wait until the completion of the entire Generating Facility before commencing Trial Operation.
<p><u>(a) Unless the context otherwise requires, if the provisions of this LGIP and the ISO Tariff Conflict, the ISO Tariff will prevail to the extent of the inconsistency.</u></p> <p><u>(b) A reference in this LGIP to a given agreement, the ISO Protocol 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.</u></p> <p><u>(c) The Captions and headings in this LGIP are inserted solely to facilitate reference and shall have no bearing upon the interpretation of any of the terms and conditions of this LGIP.</u></p> <p><u>(d) This LGIP shall be effective as of the date specified by FERC.</u></p>	<u>1.2.3. Rules of Interpretation</u>	The additions are standard ISO Protocol introductory provisions that specify the rules for interpretation of the provisions of the LGIP and for the effective date of the LGIP.

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Change	Section(s)	Reason for Change
Transmission Provider ISO and the applicable Participating TO	2.2 (Comparability)	Specifies who is the Transmission Provider in this context: it is both the ISO and the Participating TO who will perform the studies, working together to process and analyze Interconnection Requests.
all	2.2 (Comparability)	Delete "all" to make it clear that Participating TOs that are not directly involved in the study process would not be affected
Transmission Provider ISO and the Participating TO	2.2 (Comparability)	Specifies who is the Transmission Provider in this context: it is both the ISO and the Participating TO who will perform the studies, working together to process and analyze Interconnection Requests.
Transmission Provider the Participating TO	2.2 (Comparability)	Specifies who is the Transmission Provider in this context: the Participating TO is the owner of the facilities to which interconnection is sought. The ISO does not own these facilities.
Transmission Provider The applicable Participating TO or ISO	2.3 (Base Case Data)	Specifies who is the Transmission Provider in this context: it is either the Participating TO or the ISO, since either might be the owner of the base case.
Applicable-confidentiality provisions.	2.3 (Base Case Data)	Clarifies between information provided in accordance with the LGIP and information provided pursuant to the remainder of the ISO Tariff.
Such databases and lists, hereinafter referred to as Base Cases shall include all (1) generation projects and (ii) transmission projects, including merchant transmission projects that are proposed for the Transmission System for which a transmission expansion plan has been submitted and approved by the applicable authority.	2.3 (Base Case Data)	Clarifies the nature of Base Cases so that other relevant information could be included.
Transmission Provider ISO	3.1 (General)	Specifies who is the Transmission Provider in this context: the ISO is the initial point to which Interconnection Requests are directed.
The ISO will forward the deposit and a copy of the Interconnection Request to the applicable Participating TO within one (1) Business Day of receipt.	3.1 (General)	This explicit obligation for the ISO to forward the Interconnection Request and the deposit reflects the ISO's role to coordinate the process.
Transmission Provider The Participating TO	3.1 (General)	Specifies who is the Transmission Provider in this context: the Participating TO performs the Interconnection Feasibility Study and is entitled to reimbursement of costs.
Transmission Provider the Participating TO, the ISO	3.1 (General)	Specifies who is the Transmission Provider in this context: both the Participating TO and the ISO participate in the Scoping meeting.
Deleted Section	3.2 Identification	This section of the <i>pro forma</i> LGIP is deleted

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Change	Section(s)	Reason for Change
	of Types of Interconnection Services	because it is impractical to define a "network" interconnection service in California.
<p>(a) <u>For each Interconnection Request, the ISO will direct the applicable Participating TO to perform the required Interconnection Studies and any additional studies the ISO determines to be reasonably necessary. The ISO will review the economic viability of Network Upgrades in accordance with LGIP Section 3.4.2. The ISO will coordinate with Affected System Operators in accordance with LGIP Section 3.7.</u></p> <p>(b) <u>Any applicable Participating TO will complete or cause to be completed all studies directed by the ISO within the timelines provided in this LGIP. Any studies performed by the ISO or by a third party at the direction of the ISO shall also be completed within timelines provided in this LGIP.</u></p> <p>(c) <u>Each Interconnection Customer shall pay the reasonable costs of all Interconnection Studies performed by or at the direction of the ISO or the applicable Participating TO, and any additional studies the ISO determines to be reasonably necessary in response to the Interconnection Request.</u></p>	3.2 (Roles and Responsibilities)	This new section is added to clarify the roles and responsibilities of the ISO, the Participating TO and the Interconnection Customer. The language is similar to current ISO Tariff Section 5.7.4.2 – parts (a) (b) and (c). Part (d) is <u>not</u> added because the <i>pro forma</i> LGIP does not provide for the Interconnection Customer's option to perform studies.
Energy Resource Interconnection Service Interconnection Service	3.2.1 ER Interconnection Service replaced by 3.3 Interconnection Service	A generic base level interconnection service better describes the service that currently can be offered in California. This basic interconnection service is similar to the ER Interconnection Service described within Section 3 of the <i>pro forma</i> LGIP.
Transmission System ISO Controlled Grid	3.2.4 replaced by 3.3.1 (The Product)	The basic level of interconnection is to the ISO Controlled Grid. (However, this basic level does not ensure the ability to deliver power <u>throughout</u> the ISO Controlled Grid.) The ISO controlled grid is comprised of the multiple transmission systems

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Change	Section(s)	Reason for Change
		made available by each respective participating TO.
existing firm or non-firm <u>available</u>	3.2.4 replaced by 3.3.1 (The Product)	"available capacity of the ISO Controlled Grid" more accurately reflects the jargon used by market participants in California.
The Interconnection sStudies consists of short circuit ...	3.2.4 The Study replaced by 3.3.2 The Interconnection Studies	The plural form reflects that multiple interconnection studies will be conducted, such as the Feasibility, System Impact, Facility and Optional Studies, along with the addition of a Deliverability Assessment.
but are not limited to, ...	3.2.4 The Study replaced by 3.3.2 The Interconnection Studies	This language is meant to include other studies that the Participating TO might undertake, with ISO concurrence, to assure the safe and reliable interconnection of the Large Generating Facility.
The <u>Interconnection Studies</u> will <u>include</u> short circuit/fault duty, <u>steady state and stability</u> analyses and will is-would identify direct Interconnection Facilities required and the <u>required Reliability</u> Network Upgrades necessary to address short circuit, <u>overload and stability</u> issues associated with the <u>requested Interconnection Facilities Service</u> .	3.2.4 The Study replaced by 3.3.2 The Interconnection Studies	This language specifies the nature of the studies that are necessary to identify one of the two defined types of Network Upgrades which have already been established under the ISO Tariff. These Reliability Network Upgrades are required to protect system reliability.
The stability and steady-state Interconnection sStudies would <u>will also</u> identify necessary <u>Delivery Network uUpgrades</u> to allow full output of the proposed Large Generating Facility ...	3.2.4 The Study replaced by 3.3.2 The Interconnection Studies	This language differentiates the two defined types of Network Upgrades which have already been established under the ISO Tariff. This differentiation is significant because Reliability Network Upgrades are required to protect system reliability while Delivery Network Upgrades remain optional under this LGIP.
<u>under a variety of system conditions</u>	3.2.4 The Study replaced by 3.3.2 The Interconnection Studies	This phrase properly characterizes the contingencies that are analyzed in the technical interconnection studies.
would also identify	3.2.4 The Study replaced by 3.3.2 The Interconnection Studies	This is an editorial improvement.
at the time the study is performed <u>under a variety of potential system conditions</u>	3.2.4 The Study replaced by 3.3.2 The Interconnection Studies	This phrase properly characterizes the contingencies that are analyzed in the technical interconnection studies.
without requiring additional the <u>Delivery Network Upgrades</u> .	3.2.4 The Study replaced by 3.3.2 The	Some Network Upgrades – for example, Delivery Network Upgrades – are not currently required in California. The Deliverability Assessment will

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Change	Section(s)	Reason for Change
	<p><u>Interconnection Studies</u> <u>3.2.2 NR Interconnection Service replaced by 3.3.3 Deliverability Assessment</u></p>	<p>identify but not require such additional Network Upgrades.</p> <p>The California Public Utilities Commission (CPUC) is considering but has not yet acted upon a resource adequacy obligation for utilities. Without such an obligation, the concept of NR Interconnection Service has no meaning in California. The Deliverability Assessment described within this section is the closest practical substitute to the NR Interconnection Service concept in the <i>pro forma</i> LGIP, and its addition to this LGIP anticipates and may complement possible action by the CPUC to impose a resource adequacy requirement. This Assessment provides the Interconnection Customer with useful information on the deliverability of a facility and the optional upgrades necessary for deliverability during the specific “on-peak” case.</p>
<p>The Transmission Provider must conduct the necessary studies and construct the Network Upgrades needed to integrate the Large Generating Facility (1) in a manner comparable to that in which the Transmission Provider integrates its Generating Facilities to serve native load customers; or (2) in an ISO or RTO with market based congestion management, in the same manner as all other Network Resources. NR Interconnection Service Allows the Interconnection Customer's Large Generating Facility to be designated as a Network Resource, up to the Large Generating Facility's full output, on the same basis as all other existing Network Resources interconnected to the</p>	<p><u>3.2.2.1 replaced by 3.3.3.1 (The Product)</u></p>	<p>Describes the Deliverability Assessment (See above item for explanation)</p>

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Change	Section(s)	Reason for Change
<p>Transmission Provider's Transmission System, and to be studied as a Network Resource on the assumption that such a designation will occur.</p> <p><u>A Deliverability Assessment will be performed which shall determine the Interconnection Customer's Large Generating Facility's ability to deliver its energy to the ISO Controlled Grid under peak load conditions. The Deliverability Assessment will provide the Interconnection Customer with information as to the level of deliverability without Network Upgrades, and the Deliverability Assessment will provide the Interconnection Customer with information as to the required Network Upgrades to enable the Interconnection Customer 's Large Generating Facility the ability to deliver the full output of the proposed Large Generating Facility to the ISO Controlled Grid based on specified study assumptions.</u></p> <p><u>Thus, the Deliverability Assessment results will provide the Interconnection Customer two (2) data points on the scale of deliverability: 1) a deliverability level with no Network Upgrades, and 2) the required Network Upgrades to support 100% deliverability.</u></p> <p><u>Deliverability of a new resource will be assessed on the same basis as all other existing resources interconnected to the ISO Controlled Grid.</u></p>		
<p>The <u>Assessment Study</u></p>	<p>3.2.2.2 replaced by 3.3.3.2 (The Assessment)</p>	<p>The Deliverability Assessment is essentially the same study as the study for NR Interconnection Service that is described in the <i>pro forma</i> LGIP.</p>
<p>Interconnection Deliverability Assessment study for NR Interconnection Service shall assure that will identify the</p>	<p>3.2.2.2 replaced by 3.3.3.2 (The Assessment)</p>	<p>(See above item for explanation)</p>

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Change	Section(s)	Reason for Change
<p><u>facilities that are required to enable the Interconnection Customer's Large Generating Facility ...</u></p>		
<p>to meets the requirements for NR Interconnection Service deliverability and as a general matter, that such Large Generating Facility's interconnection is also studied with the Transmission Provider's Transmission System ISO Controlled Grid at peak load, under a variety of severely stressed conditions, to determine whether, with the Large Generating Facility at full output, the aggregate of generation in the local area can be delivered to the aggregate of load on the Transmission Provider's Transmission System ISO Controlled Grid, consistent with the Transmission Provider's ISO's reliability criteria and procedures.</p>	<p>3.2.2.2 replaced by 3.3.3.2 (The Assessment)</p>	<p>Editorial improvement; The requirements for deliverability described in the previous section are similar to NR Interconnection Service. Such deliverability requirements are studied upon the ISO Controlled Grid -- not just the Participating TO's transmission system -- and must be consistent with the ISO's reliability standards.</p>
<p>This approach assumes that some portion of existing Network Resources are that are designated as deliverable is displaced by the output of the Interconnection Customer's Large Generating Facility. NR Interconnection Service This Deliverability Assessment in and of itself does not convey any transmission service.</p>	<p>3.2.2.2 replaced by 3.3.3.2 (The Assessment)</p>	<p>There are no existing Network Resources in California. With this Deliverability Assessment, the ISO will be able to designate existing facilities that qualify as deliverable.</p>
<p>New Section</p>	<p>3.4 Network Upgrades</p>	<p>New section added to implement the pricing policy approved by the ISO Governing Board on Dec. 4, 2003.</p>
<p><u>Unless the Participating TO elects to fund the capital for Reliability and Delivery Network Upgrades, subject to the economic test in LGIP Section 3.4.2, they shall be solely funded by the Interconnection Customer.</u></p>	<p>3.4.1 Initial Funding</p>	<p>This language asserts that initial funding for Network Upgrades should come from the Interconnection Customer. This language also references the ISO Tariff to allow for specific circumstances where the Participating TO might fund certain Network Upgrades.</p>
<p><u>The ISO will review the economic viability of Network Upgrades where the estimated cost of such upgrades exceeds the lesser of \$20 million in costs or \$200,000</u></p>	<p>3.4.2 Economic Test for Network Upgrades</p>	<p>Implements the economic test to be performed by the ISO on Network Upgrades with significant costs. To protect ratepayers from paying for egregiously expensive projects, the ISO will compare the costs and benefits of Network</p>

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Change	Section(s)	Reason for Change
<p><u>per MW of installed capacity. An economic test will be performed to determine whether the overall benefits of the Network Upgrades meet or exceed their costs. As part of the Interconnection Studies, the ISO will work with the Interconnection Customer and the Participating TO to determine the appropriate costs and benefits to be included in the ISO's economic test.</u></p>		<p>Upgrades, and refunds would be allowed only for those projects with economic value.</p>
<p><u>Upon the Commercial Operation Date, the Interconnection Customer shall be entitled to a refund for the cost of Network Upgrades, other than the amount by which the cost of those Network Upgrades is in excess of the benefits of those Network Upgrades, as determined by the economic test performed pursuant to LGIP Section 3.4.2. Such amount shall be paid to the Interconnection Customer by the Participating TO on a dollar-for-dollar basis either through (1) direct payments made on a levelized basis over the five-year period commencing on the Commercial Operation Date; or (2) any alternative payment schedule that is mutually agreeable to the Interconnection Customer and Participating TO, provided that such amount is paid within five (5) years of the Commercial Operation Date. Any refund shall include interest calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. §35.19a(a)(2)(ii) from the date of any payment for Network Upgrades through the date on which the Interconnection Customer receives a refund of such payment. The Interconnection Customer may assign such refund rights to any person.</u></p>	<p><u>3.4.3 Refund of Amounts Advanced for Network Upgrades</u></p>	<p>Similar to language in Section 11.4.1 of the <i>pro forma</i> LGIA. Implements refund policy, allows for alternative payment schedules, allows for the Interconnection Customer to receive FTRs instead of direct payments, and provides for cases where Network Upgrades are funded but no refunds are granted until commercial operation commences</p>

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Change	Section(s)	Reason for Change
<p><u>Instead of direct payments, the Interconnection Customer may elect, to receive Firm Transmission Rights (FTRs) in accordance with the ISO Tariff associated with the Network Upgrades that were funded by the Interconnection Customer, to the extent such FTRs or alternative rights are available under the ISO Tariff at the time of the election. Such FTRs would take effect upon the Commercial Operation Date of the Large Generating Facility in accordance with the LGIA.</u></p> <p><u>The Interconnection Customer may elect to receive FTRs associated with any Network Upgrades that are funded by the Interconnection Customer but not eligible for refund payments, to the extent such FTRs or alternative rights are available under the ISO Tariff.</u></p>		
<p><u>The Interconnection Customer shall enter into an agreement with the owner of the Affected System and/or other affected Participating TO(s), as applicable. The agreement shall specify the terms governing payments to be made by the Interconnection Customer to the owner of the Affected System and/or other affected Participating TO(s) as well as the payment of refunds by the owner of the Affected System and/or other affected Participating TO(s). If the affected entity is another Participating TO, the initial form of agreement will be the LGIA, as appropriately modified.</u></p> <p><u>Refunds are to be paid without regard to whether the Interconnection Customer</u></p>	<p><u>3.4.4 Special Provisions for Affected Systems</u></p>	<p>Similar to language in Section 11.4.2 of the <i>pro forma</i> LGIA.</p>

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Change	Section(s)	Reason for Change
<p><u>contracts for transmission service on the Affected System. If the Interconnection Customer does not contract for transmission service, and in the absence of another mutually agreeable payment schedule, refunds shall be established at a level equal to the Affected System's rate for firm point-to-point transmission service multiplied by the output of the Large Generating Facility assumed in the Interconnection Facilities Study. All refunds must be paid within five years of the Commercial Operation Date.</u></p>		
Renumbered Section	3.3 replaced by 3.5 (Valid Interconnection Request)	Renumbered section
To initiate an Interconnection Request, Interconnection Customer must submit all of the following: (i) a \$10,000 deposit, (ii) a completed application in the form of <u>LGIP Appendix 1</u> ,	3.3 replaced by 3.5 (Valid Interconnection Request)	This language specifies that the referenced Appendix is part of this LGIP.
Such deposits shall <u>may</u> be applied toward any Interconnection Studies pursuant to the Interconnection Request	3.3.4 replaced by 3.5.1 (Initiating an Interconnection Request)	The Interconnection Customer is provided an option to use the deposit toward the cost of performing the Interconnection Studies.
If Interconnection Customer demonstrates Site Control within the cure period specified in <u>LGIP Section 3.35.3</u> after submitting its Interconnection Request,	3.3.4 replaced by 3.5.1 (Initiating an Interconnection Request)	This language specifies that the referenced Section is part of this LGIP.
The expected In-Service Date of the new Large Generating Facility or increase in capacity of the existing Generating Facility shall be no more than the process window for the regional expansion planning period (or in the absence of a regional planning process, the process window for the Transmission Provider's <u>ISO's</u> expansion planning period) not to exceed seven years from the date the Interconnection Request is received by the Transmission Provider <u>ISO</u> , ...	3.3.4 replaced by 3.5.1 (Initiating an Interconnection Request)	Specifies who is the Transmission Provider in this context: the ISO's planning period is the most appropriate for the purposes described in this language.
The In-Service Date may	3.3.4 replaced by	ISO receives the Interconnection Request. For

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<p>succeed the date the Interconnection Request is received by the Transmission Provider <u>ISO</u> by a period up to ten years, or longer where the Interconnection Customer, the <u>applicable Participating TO</u> and the Transmission Provider <u>ISO</u> agree, such agreement not to be unreasonably withheld.</p>	<p><u>3.5.1</u> (Initiating an Interconnection Request)</p>	<p>the purposes of extending the In-Service Date, the Participating TO and the ISO and the Interconnection Customer must agree.</p>
<p>Transmission Provider <u>The ISO</u> shall acknowledge receipt of the Interconnection Request within five (5) <u>six (6)</u> Business Days of receipt of the request</p>	<p><u>3.3.2</u> replaced by <u>3.5.2</u> (Acknowledgment of Interconnection Request)</p>	<p>As the initial receiver and independent coordinator of the Interconnection Request, the ISO shall communicate receipt acknowledgement. One day is added to reflect time to forward the Interconnection Request to the Participating TO.</p>
<p>An Interconnection Request will not be considered to be a valid request until all items in <u>LGIP</u> Section 3.3.1 have been received by the Transmission Provider <u>ISO</u> and are deemed complete by the <u>applicable Participating TO</u> and the ISO.</p>	<p><u>3.3.3</u> replaced by <u>3.5.3</u> (Deficiencies in Interconnection Request)</p>	<p>Specifies who is the Transmission Provider in this context: The ISO and the Participating TO together will determine completeness of Interconnection Request.</p>
<p>If an Interconnection Request fails to meet the requirements set forth in Section 3.35.1, the Transmission Provider <u>ISO</u> shall notify the Interconnection Customer within five (5) <u>six (6)</u> Business Days of receipt of the initial Interconnection Request of the reasons for such failure and that the Interconnection Request does not constitute a valid request.</p>	<p><u>3.3.3</u> replaced by <u>3.5.3</u> (Deficiencies in Interconnection Request)</p>	<p>As the initial receiver and independent coordinator of the Interconnection Request, the ISO shall communicate receipt acknowledgement. One day added to reflect time to forward the Interconnection Request to the Participating TO.</p>
<p>Interconnection Customer shall provide the Transmission Provider <u>ISO</u> the additional requested information needed to constitute a valid request within ten (10) Business Days after receipt of such notice. Failure by Interconnection Customer to comply with this Section 3.3.5.3 shall be treated in accordance with Section 3.68.</p>	<p><u>3.3.3</u> replaced by <u>3.5.3</u> (Deficiencies in Interconnection Request)</p>	<p>Specifies who is the Transmission Provider in this context: the ISO is the independent coordinator of the process and collects the additional requested information.</p> <p>“Section 3.8” reflects the properly renumbered “withdrawal” section.</p>
<p>Within ten (10) Business Days after receipt of a valid Interconnection Request, Transmission Provider <u>the applicable Participating TO</u>, in</p>	<p><u>3.3.4</u> replaced by <u>3.5.4</u> (Scoping Meeting)</p>	<p>Specifies who is the Transmission Provider in this context: the Participating TO will be the primary organization performing the Feasibility Study as it interconnects to the Participating TO’s portion of the ISO Controlled Grid. The ISO will be involved</p>

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<u>coordination with the ISO</u>		as required. This reflects the joint efforts of the ISO and Participating TO's.
Transmission Provider <u>The Participating TO, the ISO and Interconnection Customer will bring to the meeting such technical data, including, ...</u>	3.3.4 replaced by 3.5.4 (Scoping Meeting)	Specifies who is the Transmission Provider in this context: both the Participating TO and the ISO. This clarifies all Parties involved in the Scoping Meeting shall provide applicable information. This reflects the joint efforts of the ISO and Participating TO's.
Transmission Provider <u>The Participating TO, the ISO and Interconnection Customer will also bring to the meeting personnel and other resources as may be reasonably required to accomplish the purpose of the meeting in the time allocated for the meeting</u>	3.3.4 replaced by 3.5.4 (Scoping Meeting)	Specifies who is the Transmission Provider in this context: both the Participating TO and the ISO. This clarifies all Parties involved in the Scoping Meeting shall provide applicable information. This reflects the joint efforts of the ISO and Participating TO's.
<u>The Participating TO shall prepare minutes from the meeting, verified by the Interconnection Customer and the ISO, that will include, at a minimum, discussions of what the Participating TO and the ISO expect the results of the Interconnection Feasibility Study will be.</u>	3.3.4 replaced by 3.5.4 (Scoping Meeting)	Added to insure that Scoping Meeting information is captured and study results or expectations are formulated. This reflects the joint efforts of the ISO and Participating TO's.
The Transmission Provider <u>The ISO will maintain on its OASIS the ISO Home Page a list of all Interconnection Requests.</u>	3.4 OASIS replaced by 3.6 Internet Posting	The ISO will continue to manage and post the Interconnection Queue on its public website.
(vi) the type of Interconnection Service being requested; and (vii)	3.4 OASIS replaced by 3.6 Internet Posting	The Interconnection Customer does not choose Energy or Network Interconnection Service in this LGIP.
(viii) (ix)	3.4 OASIS replaced by 3.6 Internet Posting	Renumbered sub-items.
The list will not disclose the identity of the Interconnection Customer until the Interconnection Customer executes an LGIA or requests that the Transmission Provider Participating TO file an unexecuted LGIA with FERC.	3.4 OASIS replaced by 3.6 Internet Posting	Specifies who is the Transmission Provider in this context: the Participating TO is the entity that files the LGIA.
The Transmission Provider <u>ISO shall post to its OASIS site the ISO Home Page any deviations from the study timelines set forth herein.</u>	3.4 OASIS replaced by 3.6 Internet Posting	The ISO will continue to manage and post the Interconnection Queue on its public website.
Interconnection Study reports	3.4 OASIS	The ISO will continue to manage and post the

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<p>and Optional Interconnection Study reports shall be posted to the Transmission Provider's OASIS site <u>ISO Home Page</u> subsequent to the meeting between among the Interconnection Customer, and the Transmission Provider <u>Participating TO and the ISO</u> to discuss the applicable study results.</p>	<p>replaced by 3.6 Internet Posting</p>	<p>Interconnection Queue on its public website.</p> <p>Specifies who is the Transmission Provider in this context: both the Participating TO and the ISO will be involved in meetings to provide applicable information and discuss applicable study results. This reflects the joint efforts of the ISO and Participating TO's.</p>
<p>The Transmission Provider <u>ISO</u> shall also post any known deviations in the Large Generating Facility's In-Service Date.</p>	<p>3.4 OASIS replaced by 3.6 Internet Posting</p>	<p>The ISO will continue to manage and post the Interconnection Queue on its public website.</p>
<p>The ISO will notify the <u>Affected System Operators that are potentially affected by the project proposed by the Interconnection Customer</u>. The Transmission Provider <u>ISO</u> will coordinate the conduct of any studies required to determine the impact of the Interconnection Request on Affected Systems with Affected System Operators, <u>to the extent possible, and, if possible, the Participating TO will include those results in its applicable Interconnection Study within the time frame specified in this LGIP.</u></p>	<p>3.5 replaced by 3.7 (Coordination with Affected Systems)</p>	<p>The ISO will coordinate the process with Affected Systems, and will notify Affected System Operators that may be affected by an interconnection to the ISO Controlled Grid.</p>
<p>The Transmission Provider <u>ISO</u> will include such Affected System Operators in all meetings held with the Interconnection Customer as required by this LGIP.</p>	<p>3.5 replaced by 3.7 (Coordination with Affected Systems)</p>	<p>The ISO will coordinate the process with Affected Systems, and will notify Affected System Operators that may be affected by an interconnection to the ISO Controlled Grid.</p>
<p>The Interconnection Customer will cooperate with the Transmission Provider <u>ISO</u> in all matters related to the conduct of studies and the determination of modifications to Affected Systems <u>including signing separate study agreements with Affected System owners and paying for necessary studies.</u></p>	<p>3.5 replaced by 3.7 (Coordination with Affected Systems)</p>	<p>The change specifies who the Transmission Provider is in this context, and that the ISO will coordinate with Affected Systems.</p> <p>This change also recognizes that Affected System Operators may need to perform interconnection studies for their system.</p>
<p>An <u>entity</u> Transmission Provider which may be an Affected System shall cooperate with the Transmission Provider <u>ISO</u> with</p>	<p>3.5 replaced by 3.7 (Coordination with Affected Systems)</p>	<p>Specifies who the Transmission Provider is in this context, and reflects that an Affected System may include non-jurisdictional entities.</p>

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whom interconnection has been requested in all matters related to the conduct of studies and the determination of modifications to Affected Systems.		
The Interconnection Customer may withdraw its Interconnection Request at any time by written notice of such withdrawal to the Transmission Provider <u>ISO and the applicable Participating TO.</u>	3.6 replaced by 3.8 (Withdrawal)	Specifies who is the Transmission Provider in this context: both the ISO and Participating TO should be notified of withdrawal in writing. Both have responsibilities that are affected by a withdrawal of an Interconnection Request. This reflects the joint efforts of the ISO and Participating TO's.
In addition, if the Interconnection Customer fails to adhere to all requirements of this LGIP, except as provided in <u>LGIP Section 13.5 (Disputes)</u> , the Transmission Provider <u>ISO</u> shall deem the Interconnection Request to be withdrawn ...	3.6 replaced by 3.8 (Withdrawal)	Specifies who is the Transmission Provider in this context: in its role and coordinator and overseer of this interconnection process, the ISO is the entity that decides if the Interconnection Request forfeits its place in the queue and withdraws. This reflects the joint efforts of the ISO and Participating TO's.
...and shall provide written notice to the Interconnection Customer <u>within five (5) Business Days</u> of the deemed withdrawal and an explanation of the reasons for such deemed withdrawal.	3.6 replaced by 3.8 (Withdrawal)	This specifies a time period for providing written notice.
Upon receipt of such written notice, the Interconnection Customer shall have fifteen (15) Business Days in which to either respond with information or actions that cures the deficiency or to notify the Transmission Provider <u>Participating TO and the ISO</u> of its intent to pursue Dispute Resolution.	3.6 replaced by 3.8 (Withdrawal)	Specifies who is the Transmission Provider in this context: both the Participating TO and the ISO will be affected and both should be notified if Dispute Resolution is pursued.
Withdrawal shall result in the loss of the Interconnection Customer's Queue Position, <u>if any.</u>	3.6 replaced by 3.8 (Withdrawal)	Added to clarify that an Interconnection Customer may withdraw or be withdrawn prior to having an established Queue position.
An Interconnection Customer that withdraws or is deemed to have withdrawn its Interconnection Request shall pay to the Transmission Provider <u>Participating TO</u> all costs that the Transmission Provider <u>Participating TO</u> prudently incurs or <u>irrevocably has committed to be incurred</u> with respect to that Interconnection Request prior to the Transmission Provider <u>Participating TO's</u> receipt of	3.6 replaced by 3.8 (Withdrawal)	Specifies who is the Transmission Provider in this context: the Participating TO incurs and collects study costs. Clarifies the costs that may be incurred by the Interconnection Customer.

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<p>notice described above. The Interconnection Customer must pay all monies due to the Transmission Provider Participating TO before it is allowed to obtain any Interconnection Study data or results</p>		
<p>The Transmission Provider ISO shall (i) update the <u>OASIS ISO Home Page Queue Position posting</u>, and (ii) The Participating TO shall refund to the Interconnection Customer any portion of the Interconnection Customer's deposit or study payments that exceeds the costs that the Transmission Provider Participating TO has incurred, ...</p>	<p>3.6 replaced by 3.8 (Withdrawal)</p>	<p>The ISO will continue to manage and post the Interconnection Queue on its public website.</p> <p>Specifies who is the Transmission Provider in this context: the Participating TO manages its accounting interaction with the Interconnection Customer and reconciles payments and credits for study work performed.</p>
<p>In the event of such withdrawal, the Transmission Provider Participating TO and ISO, subject to the confidentiality provisions of <u>LGIP Section 13.1</u>, shall provide, at Interconnection Customer's request, all information that the Transmission Provider Participating TO and ISO developed for any completed study conducted up to the date of withdrawal of the Interconnection Request.</p>	<p>3.6 replaced by 3.8 (Withdrawal)</p>	<p>Specifies who is the Transmission Provider in this context: both the Participating TO and the ISO may have information developed from completed studies. This reflects the joint efforts of the ISO and Participating TO's.</p>
<p>The Transmission Provider ISO shall assign a Queue Position based upon the date and time of receipt of the valid Interconnection Request; provided that, if the sole reason an Interconnection Request is not valid is the lack of required information on the application form, and the Interconnection Customer provides such information in accordance with <u>LGIP Section 3.3.5.3</u>, then the Transmission Provider ISO shall assign the Interconnection Customer a Queue Position ...</p>	<p>4.1 General (Queue Position)</p>	<p>This change specifies who is the Transmission Provider in this context: the ISO coordinates the queue.</p>
<p>A higher queued <u>Queue Position</u> Interconnection Request is one that has been placed "earlier" in the ISO's queue ...</p>	<p>4.1 General (Queue Position)</p>	<p>Clarifies that the Queue Position refers to Interconnection Requests in the ISO's queue.</p>

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<u>Factors other than Queue Position will be considered in determining cost responsibility of an Interconnection Customer.</u>	4.1 General (Queue Position)	Reiterates the Commission conclusions in Order 2003 (¶144) that the studies take into account other factors (such as interconnection requests other than those under the LGIP) in order to properly determine cost responsibilities.
At Transmission Provider's the ISO's option and with concurrence of the applicable Participating TO, Interconnection Requests may be studied serially or in clusters ...	4.2 (Clustering)	Specifies who is the Transmission Provider in this context: the ISO will direct for clustered studies to be performed if the Participating TO agrees.
If Transmission Provider the Participating TO and the ISO elects to study Interconnection Requests using Clustering, ...	4.2 (Clustering)	Specifies who is the Transmission Provider in this context: the ISO and the Participating TO will agree together whether to proceed with clustered studies.
" shall be studied together without regard to the nature of the underlying Interconnection Service, whether ER Interconnection Service or NR Interconnection Service.	4.2 (Clustering)	This language deletes the names of the types of Interconnection Service which are not being used within the ISO Controlled Grid.
The D deadline for completing all Interconnection System Impact Studies for which an Interconnection System Impact Study Agreement has been executed during a Queue Cluster Window shall be in accordance with LGIP Section 7.4,	4.2 (Clustering)	Not a defined term.
Transmission Provider The Participating TO and ISO may agree to study an Interconnection Request separately ...	4.2 (Clustering)	Specifies who is the Transmission Provider in this context: the ISO and the Participating TO will agree together whether to proceed with clustered studies.
Any changes to the established Queue Cluster Window interval and opening or closing dates shall be announced with a posting on the <u>Transmission Provider's OASIS ISO Home Page</u> beginning at least one hundred and eighty ...	4.2 (Clustering)	Specifies who is the Transmission Provider in this context: the ISO's website is the preferred location for public notice of queue information.
The Interconnection Customer shall submit to the Transmission Provider ISO , in writing, modifications to any information provided in the Interconnection Request.	4.4 (Modifications)	Specifies who is the Transmission Provider in this context: the ISO coordinates the queue and should be the central recipient of requests and information related to changes to Interconnection Requests within the queue.
<u>The ISO will forward the Interconnection Customer's modification to the applicable Participating TO within one (1) Business Day of receipt.</u>	4.4 (Modifications)	In its role as coordinator of the queue, the ISO (immediately) forwards relevant information to the applicable Participating TO.

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Notwithstanding the above, during the course of the Interconnection Studies, either the Interconnection Customer, or the Transmission Provider <u>the Participating TO, or the ISO</u> may identify changes to the planned interconnection ...	4.4 (Modifications)	Specifies who is the Transmission Provider in this context: both the Participating TO and ISO can suggest changes that improve costs and benefits of the interconnection.
To the extent the identified changes are acceptable to the Transmission Provider <u>Participating TO, the ISO,</u> and Interconnection Customer, such acceptance not to be unreasonably withheld, Transmission Provider <u>the Participating TO and/or the ISO</u> shall modify the Point of Interconnection	4.4 (Modifications)	Specifies who is the Transmission Provider in this context: both the ISO and the Participating TO should be acceptable to modifications in the point of interconnection. Specifies who is the Transmission Provider in this context: either or both the ISO and the Participating TO, depending upon where the Interconnection Request is within the interconnection process, should modify the point of interconnection. This reflects the joint efforts of the ISO and Participating TO's.
Prior to the return of the executed Interconnection System Impact Study Agreement to the Transmission Provider <u>Participating TO,</u> ...	4.4.1 (Modifications)	Specifies who is the Transmission Provider in this context: the Participating TO receives the executed System Impact Study Agreement.
Prior to the return of the executed Interconnection Facility Study Agreement to the Transmission Provider <u>Participating TO,</u> ...	4.4.2 (Modifications)	Specifies who is the Transmission Provider in this context: the Participating TO receives the executed System Impact Study Agreement.
...Interconnection Customer may first request that the Transmission Provider <u>Participating TO and the ISO</u> evaluate whether such modification is a Material Modification. In response to Interconnection Customer's request, the Transmission Provider <u>Participating TO and the ISO</u> shall evaluate ...	4.4.3 (Modifications)	Specifies who is the Transmission Provider in this context: both the Participating TO and the ISO would evaluate the proposed modification. This reflects the joint efforts of the ISO and Participating TO's.
... the Transmission Provider <u>Participating TO and/or ISO</u> shall commence and perform any necessary additional studies as soon as practicable, but in no event shall the Transmission Provider <u>Participating TO and/or ISO</u> commence such studies later than thirty ...	4.4.4 (Modifications)	Specifies who is the Transmission Provider in this context: both the Participating TO and the ISO will ensure the performance of necessary additional studies. This reflects the joint efforts of the ISO and Participating TO's.
Transmission Provider <u>Participating TO</u>	5.1.1.2,	Specifies who is the Transmission Provider in this context
If an <u>LGIA agreement to interconnect a Generating Unit</u>	5.1.1.3	Clarifies that interconnection agreements other than an LGIA may be submitted to FERC prior to

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has been submitted to the Commission FERC for approval before the effective date of the LGIP, then the <u>LGIA agreement</u> would be grandfathered.		implementation of the LGIP.
Transmission Provider Participating TO and/or the ISO	5.1.2	Specifies who is the Transmission Provider in this context.
...for which an <u>LGIA agreement to interconnect a Generating Unit</u> has not been submitted to the Commission FERC ...	5.1.2 (Transition Period)	Clarifies that interconnection agreements other than an LGIA may be submitted to FERC prior to implementation of the LGIP.
The use of the term "outstanding request" herein shall mean any interconnection Request , on the effective date of the LGIP: (i) that has been submitted but not yet accepted by the Transmission Provider ISO or the Participating TO ; (ii) where the related interconnection agreement has not yet been submitted to the Commission FERC for approval ... (iii) where the relevant interconnection Study Agreements have not yet been executed, or (ic) where any of the relevant interconnection Studies ...	5.1.2 (Transition Period)	Clarifies that other interconnection agreements may exist that could be affected by a transition period prior to implementation of the LGIP.
Transmission Provider Participating TO or ISO, as applicable	5.1.2	Specifies who is the Transmission Provider in this context.
Transmission Provider Participating TO	5.2	Specifies who is the Transmission Provider in this context.
If the Transmission Provider Participating TO transfers control of its Transmission System <u>portion of the ISO Controlled Grid</u> to a successor Transmission Provider Participating TO during the period when an Interconnection Request is pending, the original Transmission Provider Participating TO shall transfer to the successor <u>Participating TO</u> any amount ...	5.2 (New Transmission Provider Participating TO)	Specifies who is the Transmission Provider and in which part of the Transmission System this context is used: the Participating TO, which owns part of the ISO Controlled Grid.
Any difference between such net amount and the deposit or payment required by this LGIP shall be paid by or refunded to the Interconnection, as appropriate	5.2	The language in this deletion is ambiguous and the pro forma study agreements contain assignment provisions that address this issue.

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Change	Section(s)	Reason for Change
<u>Transmission Provider Participating TO</u>	5.2	Specifies who is the Transmission Provider in this context.
<u>Transmission Provider Participating TO and the ISO</u>	5.2	Specifies who is the Transmission Provider in this context.
<u>Transmission Provider Participating TO</u>	5.2	Specifies who is the Transmission Provider in this context.
<u>original Transmission Provider Participating TO</u>	5.2	Clarifies who is the Transmission Provider in this context.
<u>original Participating TO and ISO or the successor Participating TO and the ISO</u>	5.2	Clarifies who is the Transmission Provider in this context
... the Transmission Provider applicable Participating TO shall provide to the Interconnection Customer an Interconnection Feasibility Study Agreement in the form of Appendix 2.	6.1 (Interconnection Feasibility Study Agreement)	Specifies who is the Transmission Provider in this context: the Participating TO provides the Feasibility Study, which is separate and not attached as an Appendix to this LGIP.
Transmission Provider Participating TO	6.1, 6.3, 6.4	Specifies who is the Transmission Provider in this context.
Transmission Provider's applicable Participating TO's receipt of such designation, ...	6.1 (Interconnection Feasibility Study Agreement)	Specifies who is the Transmission Provider in this context: the Participating TO receives the Interconnection Customer's Point (s) of Interconnection.
Transmission Provider the Participating TO in coordination with the ISO shall tender to provide to the Interconnection Customer the a signed Interconnection Feasibility Study Agreement, signed by Transmission Provider, which shall includes a good faith estimate ...	6.1	Specifies who is the Transmission Provider in this context: the Participating TO develops and signs the Feasibility Study, with ISO direction and coordination. This shall include a good faith estimate of costs.
Along with an additional \$10,000 deposit no later than thirty (30) Calendar Days after its receipt.	6.1 (Interconnection Feasibility Study Agreement)	The pro forma LGIP provides for a \$10,00 deposit to be included with the Interconnection Request, and a \$10,000 deposit to be delivered with the Interconnection Feasibility Study Agreement. This clarifies that the deposit for the Interconnection Feasibility Study is in addition to the \$10,000 Interconnection Request deposit.
Interconnection Customer shall provide to the Participating TO and the ISO the technical data called for in LGIP Appendix 1, Attachment A	6.1 (Interconnection Feasibility Study Agreement)	Specifies who is the Transmission Provider in this context: both the Participating TO and the ISO will receive the technical data.
Transmission Provider Participating TO and the ISO	6.1	Specifies who is the Transmission Provider in this context.
If the Participating TO and the Interconnection Customer cannot agree that the results were	6.1	The ISO, in its role as the independent coordinator of the interconnection process, may make the determination in the case of a lack of

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<u>unexpected, then the ISO will make a determination that the results were either expected or unexpected.</u>		agreement between Interconnecting Participating TO and the Interconnection Customer.
<u>If it is reasonably practicable, the Interconnection Feasibility Study will include an informational assessment, as needed, of other Participating TOs' portions of the ISO Controlled Grid.</u>	6.2 (Scope of Interconnection Feasibility Study)	The scope of this preliminary analysis of the electrical impact of the Large Generating Facility spans the ISO Controlled Grid. This enables the ISO to fulfill its responsibility for making sure the cumulative Interconnection System Impact Studies take into account impacts on the entire ISO Controlled Grid.
<u>Transmission System ISO Controlled Grid</u>	6.2	The proposed language is more specific
(iii) have a pending <u>request to interconnect to an Affected System</u> ; (iv) have a pending higher queued Interconnection Request ...	6.2	Planned generation projects connecting to Affected Systems that can impact the interconnection request should be modeled.
<u>Transmission System ISO Controlled Grid</u>	6.2	The proposed language is more specific
<u>...analysis on the applicable Participating TO's portion of the ISO Controlled Grid. To the extent necessary and reasonably practicable, the Interconnection Feasibility Study will include an informational power flow analysis of the ISO Controlled Grid and will include short circuit duty results at boundaries with other Participating TOs, but will not include an estimate of costs. The Interconnection Feasibility Study will provide a list of facilities on the applicable Participating TO's portion of the ISO Controlled Grid and a non-binding good faith estimate of cost responsibility and a non-binding good faith estimated time to construct.</u>	6.2 (Scope of Interconnection Feasibility Study)	<p>The scope of impact analysis spans the ISO Controlled Grid and is directed and overseen by the ISO. This clarifies that the interconnection process set forth in the LGIP relates to the ISO Controlled Grid as a whole and enables the ISO to fulfill its responsibility for making sure the cumulative Interconnection Studies take into account impacts on the entire ISO Controlled Grid.</p> <p>The development of upgrade plans and upgrade costs are best prepared by Transmission Owners. To the extent possible and reasonably practicable, the ISO promotes a "one-stop" process for Interconnection Customers to get the necessary studies and agreements performed.</p> <p>Significant impacts identified on other Participating Transmission Owner's system will trigger the need for the impacted Participating Transmission Owner to initiate separate interconnection studies.</p>
<u>In addition, the Interconnection Feasibility Study will describe what results are expected in the Interconnection System Impact Study.</u>	6.2 (Scope of Interconnection Feasibility Study)	The proposed language reflects the need to define what expected results are for use in Section 7.2
<u>Prior to performing the Interconnection Feasibility, the ISO will determine the responsibilities for the ISO and applicable Participating TO to perform the study.</u>	6.3 (Interconnection Feasibility Study Procedures)	ISO coordinates and directs responsibilities for the Interconnection Feasibility Study.

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Change	Section(s)	Reason for Change
Complete complete a draft Interconnection Feasibility Study Agreement	6.3 (Interconnection Feasibility Study Agreement)	Study will be finalized after ISO review.
<u>Prior to issuing study results to the Interconnection Customer, the Participating TO and ISO shall share study results for review and comment, provide the study results to any other potentially-impacted Participating TO and incorporate comments and issue a final Feasibility Study within 60 Calendar Days following receipt of the fully executed Interconnection Feasibility Study Agreement.</u>	6.3	Additional time is required for the independent review from the ISO of the Participating TO's study, and for the Participating TO to incorporate comments from the ISO, and to allow input from other potentially impacted Participating TOs.
Transmission Provider Participating TO and/or the ISO	6.3	Specifies who is the Transmission Provider in this context.
shall provide the Interconnection Customer supporting documentation, workpapers and relevant power flow <u>and</u> short circuit and stability databases for the Interconnection Feasibility Study, subject to confidentiality arrangements consistent with LGIP Section 13.1	6.3 (Interconnection Feasibility Study Procedures)	Scope of Feasibility Study does not include stability analysis.
Transmission Provider the applicable Participating TO, ISO	6.3.1	Specifies who is the Transmission Provider in this context.
<u>Any other potentially-impacted Participating TO shall also be included in the meeting.</u>	6.3.1 (Meeting with Transmission Provider the Participating TO(s) and ISO)	Other potentially impacted Participating TOs should participate in the meeting to provide input regarding their system
<u>or any other effective change in information which necessitates a re-study</u>	6.4 (Re-Study)	Experience has shown that other information – such as a change to the electric system due to forced outages, significant events like earthquakes, retirement of lines, or retirement of power plants -- may trigger a re-study.
<u>along with a description of the expected results of the re-study.</u>	6.4 (Re-Study)	Need to define what expected results are for use in Sections 6.1, and 7.1 respectively.
<u>Upon receipt of such notice, the Interconnection Customer shall provide the applicable Participating TO within ten (10) Business Days either a written request that the applicable Participating TO within ten (10) Business Days either a written</u>	6.4 (Re-Study)	Interconnection Customer needs to decide to proceed with the re-study or withdraw from the study process. Customer needs to pay for the re-study.

LGIP Matrix of Changes

Change	Section(s)	Reason for Change
<p><u>request that the Participating TO (i) terminate the Study and withdraw the Interconnection Request; or (ii) continue the Study. If the Interconnection Customer requests the applicable Participating TO to continue the study, the Interconnection Customer shall pay the Participating TO an additional \$10,000 deposit for the re-study along with providing written acknowledgement for the Participating TO to continue.</u></p>		
<p><u>Prior to issuing study results to the Interconnection Customer, the Participating TO and ISO shall share study results for review and comment, provide the study results to any other potentially-impacted Participating TO and incorporate comments and issue a final Feasibility Study within 60 Calendar Days following receipt of the fully executed Interconnection Feasibility Study Agreement.</u></p>	<p>6.4</p>	<p>Additional time is required for the independent review from the ISO of the Participating TO's study, and for the Participating TO to incorporate comments from the ISO, and to allow input from other potentially impacted Participating TOs.</p>
<p><u>If the applicable Participating TO and/or the ISO is unable to complete the Interconnection Feasibility Study within that time period, it shall notify the Interconnection Customer and the ISO and provide an estimated completion date with an explanation of the reasons why additional time is required.</u></p>	<p>6.4 (Re-Study)</p>	<p>Clarifies that the Interconnection Customer must be notified and a explanation provided with a new estimated completion date.</p>
<p><u>Unless otherwise agreed, pursuant to the Scoping Meeting provided in Section 3.3.4</u></p>	<p>7.1 (Interconnection System Impact Study Agreement)</p>	<p>Study agreement should always be required.</p>
<p><u>In addition, any other potentially-impacted Participating TO in coordination with the ISO shall determine if an Interconnection System Impact Study will be required on such other Participating TO's electrical system pursuant to a separate Interconnection System Impact Study Agreement.</u></p>	<p>7.1 (Interconnection System Impact Study Agreement)</p>	<p>Impacts identified on another Participating TO's system will trigger the need for the impacted Participating TO to initiate a separate interconnection study.</p>
<p><u>Transmission Provider</u></p>	<p>7.1</p>	<p>Specifies who is the Transmission Provider in this</p>

LGIP Matrix of Changes

Change	Section(s)	Reason for Change
<u>Participating TO</u>		context.
Transmission Provider the Participating TO in coordination with the ISO shall tender to provide to the Interconnection Customer the a signed Interconnection Feasibility Study Agreement, signed by Transmission Provider, which shall include a good faith estimate ...	7.1	Specifies who is the Transmission Provider in this context: the Participating TO develops and signs the Feasibility Study, with ISO direction and coordination. This shall include a good faith estimate of costs.
Transmission Provider Participating TO	7.2	Specifies who is the Transmission Provider in this context.
demonstration of Site Control, and	7.2 (Execution of Interconnection System Impact Study Agreement)	There is no need for the Interconnection Customer to demonstrate site control at this point in the process because they have already demonstrated site control or paid an initial fee with their Interconnection Request. The Interconnection Customer also is required to demonstrate site control or post another deposit just prior to execution of the LGIA. Eliminating the requirement for site control in this section eliminates an ambiguity and should be to the benefit of the Interconnection Customer.
Transmission Provider ISO	7.2	Specifies who is the Transmission Provider in this context.
Transmission Provider ISO or the Participating TO	7.2	Specifies who is the Transmission Provider in this context.
If the Participating TO and the Interconnection Customer cannot agree that the results were unexpected, then the ISO will make a determination that the results were either expected or unexpected.	7.2	The ISO, in its role as the independent coordinator of the interconnection process, may make the determination in the case of a lack of agreement between Interconnecting Participating TO and the Interconnection Customer.
In addition the applicable Participating TO will perform a revised informational assessment, as needed, of other Participating TOs' portions of the ISO Controlled Grid, as directed by the ISO in consultation with the potentially impacted Participating TO.	7.3 (Interconnection System Impact Study Procedures)	<p>This clarifies that the interconnection process set forth in the LGIP relates to the ISO Controlled Grid as a whole and enables the ISO to fulfill its responsibility for making sure the cumulative Interconnection System Impact Studies take into account impacts on the entire ISO Controlled Grid.</p> <p>The development of upgrade plans and upgrade costs are best prepared by Transmission Owners. To the extent possible and reasonably practicable, the ISO promotes a "one-stop" process for Interconnection Customers to get the necessary studies and agreements performed.</p> <p>Significant impacts identified on other Participating Transmission Owner's system will trigger the need for the impacted Participating</p>

LGIP Matrix of Changes

Change	Section(s)	Reason for Change
		Transmission Owner to initiate separate interconnection studies.
<u>and a Deliverability Assessment as described in Section 3.3.3.</u>	7.3 (Scope of Interconnection System Impact Study)	Deliverability Assessment will be performed as part of the Interconnection System Impact Study.
<u>Prior to performing the Interconnection System Impact Study, the ISO will determine the responsibilities for the ISO and applicable Participating TO to perform the study.</u>	7.4 (Interconnection System Impact Study Procedures)	ISO coordinates and directs responsibilities for the Interconnection System Impact Study.
<u>Transmission Provider ISO</u>	7.4	Specifies who is the Transmission Provider in this context.
<u>Transmission Provider Participating TO and/or the ISO</u>	7.4	Specifies who is the Transmission Provider in this context.
<u>Complete complete a draft Interconnection System Impact Study no later than 90 Calendar Days</u>	7.4 (Interconnection System Impact Study Procedures)	Study will be finalized after ISO review.
<u>Prior to issuing study results to the Interconnection Customer, the Participating TO and ISO shall share results for review and comment, and incorporate comments and issue a final Interconnection System Impact Study Report within 120 days after the receipt of the Interconnection System Impact Study Agreement study payment and technical data.</u>	7.4 (Interconnection System Impact Study Procedures)	Additional time is required for the independent review from the ISO of the Participating TO's study, and for the Participating TO to incorporate comments from the ISO, and to allow input from other potentially impacted Participating TOs.
<u>Transmission Provider Participating TO and/or the ISO</u>	7.4	Specifies who is the Transmission Provider in this context.
<u>Transmission Provider Participating TO and/or the ISO</u>	7.4	Specifies who is the Transmission Provider in this context.
<u>Transmission Provider the Participating TO and the ISO</u>	7.5	Specifies who is the Transmission Provider in this context.
<u>Transmission Provider Participating TO, the ISO</u>	7.5	Specifies who is the Transmission Provider in this context.
<u>or re-designation of the Point of Interconnection pursuant to Section 6.4 7.2</u>	7.6 (Re-Study)	Reference to Section 7.2 seems most applicable.
<u>or any other effective change in information which necessitates a re-study</u>	7.6 (Re-Study)	Experience has shown that other information – such as a change to the electric system due to forced outages, significant events like earthquakes, retirement of lines, or retirement of power plants -- may trigger a re-study.
<u>along with a description of the expected results of the re-study.</u>	7.6 (Re-Study)	Need to define what expected results are for use in Sections 6.1, and 7.1 respectively.
<u>Upon receipt of such notice, the</u>	7.6	Interconnection Customer needs to decide to

LGIP Matrix of Changes

Change	Section(s)	Reason for Change
<p><u>Interconnection Customer shall provide the applicable Participating TO within ten (10) Business Days either a written request that the applicable Participating TO within ten (10) Business Days either a written request that the Participating TO (i) terminate the Study and withdraw the Interconnection Request; or (ii) continue the Study. If the Interconnection Customer requests the applicable Participating TO to continue the study, the Interconnection Customer shall pay the Participating TO an additional \$10,000 deposit for the re-study along with providing written acknowledgement for the Participating TO to continue.</u></p>	<p>(Re-Study)</p>	<p>proceed with the re-study or withdraw from the study process. Customer needs to pay for the re-study.</p>
<p><u>Prior to issuing study results to the Interconnection Customer, the Participating TO and the ISO shall share study results for review and incorporate comments within eighty (80) Calendar Days from the date the Participating TO receives the Interconnection Customer's written acknowledgement to continue the study and payment of the additional \$10,000 deposit.</u></p>	<p>7.6 (Re-Study)</p>	<p>Additional time is required for the independent review from the ISO of the Participating TO's study, and for the Participating TO to incorporate comments from the ISO, and to allow input from other potentially impacted Participating TOs.</p>

LGIP Matrix of Changes

Change	Section(s)	Reason for Change
<p><u>The Interconnection Customer must specify the Delivery Network Upgrades identified in the Interconnection System Impact Study to be included in the Interconnection Facility Study and the economic test described in Section 3.4.2 within ten (10) Business Days of receiving the completed Interconnection System Impact Study. This selection of Delivery Network Upgrades does not preclude the Interconnection Customer from removing uneconomic Delivery Network Upgrades from the list of facilities to be installed, after receiving the results of the economic test. The ISO will complete the economic test based on Network Upgrade costs developed in the Interconnection Facilities Study and present the results of the study to the Interconnection Customer and the Participating TO during the meeting described in LGIP Section 8.4. If the ISO is unable to complete the economic test prior to that meeting, it shall notify the Interconnection Customer and the Participating TO and provide an estimated completion date with an explanation of the reasons why additional time is required.</u></p>	<p>7.7 (Network Upgrades Economic Test) (new section)</p>	<p>This language explains the logistics of performing the economic test described in Section 3.4.2.</p>
<p><u>Transmission Provider Participating TO</u></p>	<p>8.1 (Interconnection Facilities Study Agreement)</p>	<p>Specifies who is the Transmission Provider in this context.</p>
<p><u>In the form of Appendix 4 of the LGIP.</u></p>	<p>8.1 (Interconnection Facilities Study Agreement)</p>	<p>The agreement is being filed separately, not as an LGIP Appendix.</p>
<p><u>Transmission Provider Participating TO in coordination with the ISO ...</u></p>	<p>8.1 (Interconnection Facilities Study Agreement)</p>	<p>Specifies who is the Transmission Provider in this context, and the roles of Participating TO and the ISO.</p>
<p><u>...shall provide to the Interconnection Customer a signed Interconnection Facilities Study Agreement which shall</u></p>	<p>8.1 (Interconnection Facilities Study Agreement)</p>	<p>Specifies the document which includes the good faith estimate of the cost and timeframe for completing the study.</p>

LGIP Matrix of Changes

Change	Section(s)	Reason for Change
<p>include a ...</p> <p><u>For studies where the estimated costs exceeds \$100,000, the Participating TO may shall invoice the Interconnection Customer on a monthly basis for the work to be conducted on the Interconnection Facilities Study each month for the remaining balance of the estimated Interconnection Facilities Study cost.</u></p>	<p>8.1.1</p>	<p>The proposed language would provide for monthly payments in cases where the overall costs for the Interconnection Facilities Study are very large. Whichever party conducts the Interconnection Facilities Study would have the option to bill the Interconnection Customer at the greater rate.</p>
<p><u>...construction work needed on the Participating TO's electric system to implement the conclusions of the Interconnection System Impact Study in accordance with Good Utility Practice to physically and electrically connect the Interconnection Customer's Interconnection Facilities to the Transmission System ISO Controlled Grid.</u></p>	<p>8.2 (Scope of Interconnection Facilities Study.)</p>	<p>Clarifies the terms which describe where the construction work is being done.</p>
<p><u>Prior to issuing the draft study results to the Interconnection Customer, the Participating TO and ISO shall share results for review and incorporate comments within the following number of days after receipt of an executed Interconnection Facilities Study Agreement: ninety one hundred twenty (90 120) Calendar Days, with no more than a +/- 20 percent cost estimate contained in the report; or one two hundred eighty ten (180 210) Calendar Days, if the Interconnection Customer requests a +/- 10 percent cost estimate.</u></p>	<p>8.3 (Interconnection Facilities Study Procedures)</p>	<p>The <i>pro forma</i> language offers the Interconnection Customer an option to seek a more precise cost estimate for the facilities to be upgraded within the Interconnection Facilities Study report. This proposed language retains this option but adds thirty days to the timeline for the Interconnection Study report for ISO review and input. ISO review should enhance the accuracy and thoroughness of the study.</p>
<p><u>Transmission Provider Participating TO</u></p>	<p>9,</p>	<p>Specifies who is the Transmission Provider in this context.</p>
<p><u>Transmission Provider Participating TO or ISO</u></p>	<p>10.1,</p>	<p>Specifies who is the Transmission Provider in this context.</p>
<p><u>Transmission Provider Participating TO or ISO, as applicable</u></p>	<p>10.1</p>	<p>Specifies who is the Transmission Provider in this context.</p>
<p><u>Transmission Provider Participating TO</u></p>	<p>10.2</p>	<p>Specifies who is the Transmission Provider in this context.</p>
<p><u>Transmission Provider</u></p>	<p>10.2</p>	<p>Specifies who is the Transmission Provider in this</p>

LGIP Matrix of Changes

Change	Section(s)	Reason for Change
<u>Participating TO or ISO</u>		context.
The executed Optional Interconnection Study Agreement, the prepayment, and technical and other data called for therein must be provided to the within ten (10) Business Days of Interconnection Customer receipt of the Optional Interconnection Study Agreement.	10.3 (Optional Interconnection Study Procedures)	This section is unnecessary.
Transmission Provider Participating TO or ISO	10.3	Specifies who is the Transmission Provider in this context.
Transmission Provider Participating TO or ISO, as applicable	10.3	Specifies who is the Transmission Provider in this context.
Transmission Provider Participating TO	11.1	Specifies who is the Transmission Provider in this context.
Transmission Provider's	11.1 (Tender)	Text removed as "not necessary". Commission-approved standard form LGIA sufficient.
Transmission Provider Participating TO, and ISO, as necessary	11.2	Specifies who is the Transmission Provider in this context.
not more than thirty sixty (630) Calendar Days after tender of the completed draft final Interconnection Facilities Study Report LGIA appendices.	11.2 (Negotiation)	"Report" is not a defined term.
Within sixty ninety (690) Calendar Days thereafter after issuance of the final Interconnection Facilities Study report fails to request	11.2 (Negotiation)	Time line is revised to clarify and anchor the negotiation termination to the same event (the issuance of the final Interconnection Facilities report) as the start of negotiations for the LGIA Appendices. The beginning point for negotiations may begin as soon as the draft Interconnection Facilities Study is tendered
executed and returned the LGIA ...	11.2 (Negotiation)	Added clarification for complete execution.
Within Section 13.5 within sixty days of tender of completed draft of the LGIP Appendices ninety (90) Calendar Days after issuance of the final Interconnection Facilities Study report.	11.2 (Negotiation)	This proposed language redefines the reference points within the time line and makes the process more workable by removing ambiguity. Time line is revised to clarify and anchor the decision to execute LGIA or file unexecuted to the same event (the issuance of the final Interconnection Facilities report). Overall, there is a reduction in total duration of the LGIA process.
Transmission Provider Participating TO	11.2	Specifies who is the Transmission Provider in this context.

LGIP Matrix of Changes

Change	Section(s)	Reason for Change
<u>Within fifteen (15) Business Days after receipt of the final LGIA At the time that the Interconnection Customer either returns the executed LGOIA or requests the filing of an unexecuted LGIA as specified below.</u>	11.3 (Execution and Filing)	Specifies the requirements for adhering to the terms of the LGIA are for both executed and unexecuted LGIAs.
<u>Transmission Provider Participating TO</u>	11.3	Specifies who is the Transmission Provider in this context.
<u>(i) execute two four originals of the tendered LGIA and return them one to the Participating TO and two to the ISO</u>	11.3 (Execution and Filing)	The LGIA is a three party agreement. The ISO requires two originals as part of its document management policies.
<u>two</u>	11.3 (Execution and Filing)	Number of originals revised; unnecessary to revise.
<u>Transmission Provider Participating TO and the ISO</u>	11.3	Specifies who is the Transmission Provider in this context.
<u>its an</u>	11.3 (Execution and Filing)	Editorial improvement
<u>Transmission Provider Participating TO or ISO</u>	11.3	Specifies who is the Transmission Provider in this context.
<u>Transmission Provider Participating TO, ISO</u>	11.4	Specifies who is the Transmission Provider in this context.
<u>both the</u>	11.4 (Commencement of Interconnection Activities)	More than two parties are involved LGIA process.
<u>The Interconnection Customer's Interconnection Facilities shall be designed, constructed, operated and maintained in accordance with the Participating TO's Interconnection Handbook.</u>	11.5 (Interconnection Customer to Meet Requirements of the Participating TO's Interconnection Handbook) (New Section)	This section is added to ensure that an Interconnection Customer is aware of and complies with the individual technical requirements applicable to the systems of the different Participating TOs.
<u>Transmission Provider Participating TO</u>	12.1	Specifies who is the Transmission Provider in this context.
<u>Transmission System ISO Controlled Grid</u>	12.2.1	The proposed language is more specific
<u>Transmission Provider Participating TO</u>	12.2.2	Specifies who is the Transmission Provider in this context.
<u>Transmission System Participating TO's portion of the ISO Controlled Grid</u>	12.2.2,	The proposed language is more specific
<u>Transmission Provider Participating TO</u>	12.2.2	Specifies who is the Transmission Provider in this context.
<u>in accordance with Article 11.4 of the LGIA,</u>	12.2.3	Referenced for clarity
<u>Transmission Provider</u>	12.2.3,	Specifies who is the Transmission Provider in this

LGIP Matrix of Changes

Change	Section(s)	Reason for Change
<u>Participating TO</u>		context.
<u>System Impact</u>	12.2.4	Deleted, to apply more generally
<u>, as needed,</u>	12.2.4	Added for clarity
<u>and any other generating facilities</u>	12.2.4	Added due to impact
<u>Inservice Date</u>	12.2.4	This is the in-service date as determined from the construction timelines as outlined in the Interconnection Facilities Study.
<p><u>If an amendment to an Interconnection Study is required, the PTO shall notify the Interconnection Customer and the ISO in writing. Upon receipt of such notice, the Interconnection Customer shall provide the ISO and the PTO within ten (10) Business Days either a written request that the PTO (i) terminate the amended study and withdraw the Interconnection Customer's Interconnection Request or (ii) continue with the amended study. If the Interconnection Customer requests the PTO to continue with the amended study, the Interconnection Customer shall pay the PTO an additional \$10,000 deposit for the amended study along with written acknowledgement for the PTO to continue. Such amended study shall take no longer than sixty (60) Calendar Days from the date the PTO receives the Interconnection Customer's written acknowledgement to continue the study and payment of the additional \$10,000 deposit. Prior to issuing study results to the Interconnection Customer, the PTO and ISO shall share study results for review and comment, and incorporate comments and issue a final study within 80 Calendar Days from the date of the Interconnection Customer's written acknowledgement to continue the study and payment of the additional \$10,000 deposit. If the PTO is unable to complete the amended Interconnection Study</u></p>	12.2.4	<p>Additional text added to place requirements and bounds for amended studies.</p> <p>This language is necessary for operational studies prior to execution of the LGIA, which allow the Participating TO to plan construction of the facilities requested by the Interconnection Customer.</p>

LGIP Matrix of Changes

Change	Section(s)	Reason for Change
<p><u>within that time period, it shall notify the Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required. Any and all costs of the amended study shall be borne by the Interconnection Customer being re-studied.</u></p>		
<p><u>either any</u></p>	<p>13.1</p>	<p>Indicative of 3 party agreement</p>
<p><u>Parties</u></p>	<p>13.1</p>	<p>Indicative of 3 party agreement</p>
<p><u>The confidentiality provisions of the LGIP are limited to information provided pursuant to this LGIP.</u></p>	<p>13.1 (Confidentiality)</p>	<p>This language is necessary to distinguish between information provided in accordance with the LGIP and information provided pursuant to the remainder of the ISO Tariff.</p>
<p><u>All disputes arising out of or in connection with this LGIP whereby relief is sought by or from the ISO shall be settled in accordance with the ISO ADR Procedures. Disputes arising out of or in connection with this LGIP not subject to the ISO ADR Procedures shall be resolved as follows:</u></p>	<p>13.5 (Disputes)</p>	<p>All disputes involving the ISO that arise under the ISO Tariff should be subject to the same procedures. Article 13 of the ISO Tariff already contains the ISO ADR Procedures. Disputes between the Participating TO and the Interconnection Customer under the LGIP may proceed in accordance with the pro forma dispute resolution procedures.</p>

ATTACHMENT B

**Matrix of Changes
Appendix 1 to LGIP
Interconnection Request**

Change	Section(s)	Reason for Change
<u>Provide three copies of this completed form pursuant to Section 7 below.</u>	Prior to #1	The ISO coordinates the interconnection process and needs multiple copies of this Interconnection Request.
Transmission Provider's Transmission System ISO Controlled Grid pursuant to the ISO Tariff.	#1	The proposed language is more specific. The interconnection is on the ISO Controlled Grid and the process is set out in the ISO Tariff.
The type of interconnection service requested...	#3	The deleted language is not applicable, as the proposed LGIP does not include the two Interconnection Service options that are spelled out in the FERC <i>pro forma</i> LGIP.
Address or location of the proposed new Large Generating Facility site (to the extent known)...	#4 (a)	The proposed language simplifies the request for information.
Maximum summer at _____ degrees C and winter at _____ degrees C megawatt electrical output	#4 (b)	The deleted language is not needed.
Type of project (i.e. gas turbine, hydro, wind, etc.) and Ggeneral description of the equipment configuration.	#4 (c)	The proposed language is needed for more specificity on the type of project.
Proposed In-Service Date, Trial Operation date and Commercial Operation Date by day, month and year and term of service;	#4 (d)	The proposed language is needed for more specificity on the timing of key operational milestones of the project.
(optional)	#4 (f)	The Interconnection Request should include an approximate Point of Interconnection to ensure a useful Scoping Meeting.. This information can be amended at the Scoping meeting.
Evidence of Site Control as specified in the LGIP and name(s), address(es) and contact information of site owner(s)	#6	The proposed language would provide additional contact information for the ISO to help coordinate the interconnection process.
[Insert ISO address]	#7	The proposed language specifies the address to which the Interconnection Request should be sent.
the	#8	Editorial improvement.
the	#9	Editorial improvement.
<u>[Entire new text for technical data in Attachment A]</u>	Attachment A	The inserted text of Attachment A replaces the deleted text to reflect the technical data that is currently provided and most appropriate within Interconnection Requests to the ISO Controlled Grid. The Interconnection Customer is required to provide this technical data on or before the executed Interconnection Feasibility Study Agreement.

Matrix of Changes Interconnection Feasibility Study Agreement

Change	Section(s)	Reason for Change
<u>Insert name of the Participating TO or the "California Independent System Operation Corporation"</u>	Opening paragraph	Specifies that either the Participating TO or the ISO may be a party to the agreement.
<u>"Participating TO or "ISO"</u>	Opening paragraph and throughout the agreement	Specifies that either the Participating TO or the ISO may be a party to the agreement, depending upon who performs the Interconnection Feasibility Study.
<u>The Interconnection Customer</u>	throughout the agreement	Editorial improvement.
<u>Transmission System ISO Controlled Grid</u> <u>To the Transmission System, and any Affected System</u>	Recitals	Specifies the interconnection is on the ISO Controlled Grid.
<u>Transmission Provider's Commission-ISO's FERC-approved</u>	1.0	Specifies who is the Transmission Provider in this context, and who is the Commission in this context.
<u>...or the Master Definitions Supplement, Appendix A to the ISO Tariff, as applicable.</u>	1.0	Because the study agreements are proposed to be separated from the LGIP and because most of the applicable LGIP definitions are proposed to be moved to the ISO Tariff Master Definitions Supplement, the proposed language is necessary to include terms defined under the ISO Tariff.
<u>ISO</u>	2.0	The proposed language specifies which Tariff should be adhered to.
<u>... on the Participating TO's electric system ...</u>	5.0	The proposed language specifies that thermal overloads or voltage limit violations should be identified anywhere on the Participating TO's system, including its Distribution System.
<u>...expected results in the Interconnection System Impact Study; and ...</u>	5.0	Pursuant to Section 6 of the LGIP, the Interconnection Feasibility Study will include expected results of the Interconnection System Impact Study. This is similar to the requirement for written expected results for the Interconnection Feasibility Study that were produced at the initial Scoping meeting under Section 3.5.4 of the LGIP. Writing down these expectations should better define the differences between results that are expected as opposed to unexpected results, and therefore help determine any need or justification for re-studies. This documentation also should facilitate consensus among the parties and assist the ISO in its coordination responsibilities.
<u>An informational assessment, as needed, of other Participating TOs' portions of the ISO Controlled Grid, and may include: -change in short circuit duty at the boundary buses to other</u>	5.0	This addition implements the proposed addition to LGIP Section 6.2. The scope of this preliminary analysis of the electrical impact of the Large Generating Facility spans the ISO Controlled Grid. To the extent possible and reasonably practicable, the ISO promotes a "one-stop"

Matrix of Changes Interconnection Feasibility Study Agreement

Change	Section(s)	Reason for Change
<p><u>Participating TOs.</u> <u>-thermal overloads and voltage limit violations of a limited set of contingencies as provided by the ISO or the other Participating TO.</u></p>		<p>process for Interconnection Customers to get the necessary studies and agreements performed.</p> <p>This informational assessment, if necessary, will identify potential impacts in areas between the electric systems of neighboring Participating TOs.</p> <p>This assessment may limit the necessity of multiple interconnection studies by more than one Participating TO. However, if significant impacts are identified on other Participating TO's electric system, then separate interconnection studies will be required.</p>
<p><u>[This assessment only provides an indication of potential impacts to another Participating TO. Final determination of impacts of the interconnection of the Large Generating Facility, if any, to such other Participating TO will be determined in a separate Interconnection System Impact Study between that Participating TO and the Interconnection Customer]</u></p> <p><u>[To be included only if it is reasonably practicable in accordance with Section 6.2 of the LGIP.]</u></p>	<p>5.0</p>	<p>This addition implements the proposed addition to LGIP Section 6.2. This informational language is added to clarify that the preliminary assessment will be conducted only if it is reasonably practicable to do so and, if conducted, to highlight its preliminary nature.</p>
<p><u>In addition to the deposit(s) paid by the Interconnection Customer pursuant to Section 3.4.5.1 of the LGIP ...</u></p>	<p>6.0</p>	<p>This clarifies that, pursuant to Section 6.1 of the LGIP, the deposit for the Interconnection Feasibility Study is in addition to the \$10,000 deposit submitted with the Interconnection Request.</p>
<p><u>Following the issuance of the Interconnection Feasibility Study to the Interconnection Customer the _____ ["Participating TO" or "ISO"] shall charge and the Interconnection Customer shall pay the actual costs of the Interconnection Feasibility Study, inclusive of any re-studies and amendments to the Interconnection Feasibility Study, pursuant to Section 9 of this Agreement.</u></p>	<p>6.0</p>	<p>This clarifies that re-studies of or amendment to the Interconnection Feasibility Study should be included in the costs that are charged to and paid by the Interconnection Customer. This also clarifies that charges are paid after the issuance of the Interconnection Feasibility Study.</p>
<p><u>[Entire text of Section 7.0]</u></p>	<p>7.0</p>	<p>This clarifies that the ISO coordinates with Affected Systems.</p>
<p><u>[Entire text of Section 8.0]</u></p>	<p>8.0</p>	<p>This clarifies that cost increases resulting from</p>

Matrix of Changes Interconnection Feasibility Study Agreement

Change	Section(s)	Reason for Change
		changes in technical data or assumptions after the Interconnection Feasibility Study is performed are the responsibility of the Interconnection Customer.
<u>[Entire text of Section 9.0]</u>	9.0	This clarifies the process for initiating a re-study of the Interconnection Feasibility Study.
<u>[Entire text of Section 10.0]</u>	10.0	This clarifies the Interconnection Customer's rights to audit records related to the costs of the Interconnection Feasibility Study. If the ISO conducts the study, it is appropriate that the Interconnection Customer's right to audit the ISO should be in accordance with the ISO Tariff, which promotes consistency.
<u>[Entire text of Section 11.0]</u>	11.0	This reiterates the Interconnection Customer's withdrawal rights and termination of the Agreement, pursuant to Section 3.8 of the LGIP.
<u>[Entire text of Section 12.0]</u>	12.0	This specifies the effective date of the Agreement and reiterates the withdrawal process pursuant to Section 3.8 of the LGIP.
<u>[Entire text of Section 13.0]</u>	13.0 (Miscellaneous)	This proposed section provides various provisions as requested by FERC in Section 7 of the pro forma. The confidentiality and dispute resolution provisions are incorporated by reference from the LGIP and the additional terms were carried over from the LGIA.

Matrix of Changes Interconnection System Impact Study Agreement

Change	Section(s)	Reason for Change
<u>Insert name of the Participating TO or the "California Independent System Operation Corporation"</u>	Opening paragraph	Specifies that either the Participating TO or the ISO may be a party to the agreement.
<u>"Participating TO or "ISO"</u>	Opening paragraph and throughout the agreement	Specifies that either the Participating TO or the ISO may be a party to the agreement, depending upon who performs the Interconnection System Impact Study.
<u>The Interconnection Customer</u>	throughout the agreement	Editorial improvement.
<u>Transmission System ISO Controlled Grid</u> <u>To the Transmission System, and any Affected System</u>	Recitals	Specifies the interconnection is to the ISO Controlled Grid.
<u>Transmission Provider's Commission-ISO's FERC-approved</u>	1.0	Specifies who is the Transmission Provider in this context, and who is the Commission in this context.
<u>...or the Master Definitions Supplement, Appendix A to the ISO Tariff, as applicable.</u>	1.0	Because the study agreements are proposed to be separated from the LGIP and because most of the applicable LGIP definitions are proposed to be moved to the ISO Tariff Master Definitions Supplement, the proposed language is necessary to include terms defined under the ISO Tariff.
<u>ISO</u>	2.0	The proposed language specifies which Tariff should be adhered to.
<u>... on the Participating TO's electric system ...</u>	5.0	The proposed language specifies that thermal overloads or voltage limit violations should be identified anywhere on the Participating TO's system, including its Distribution System.
<u>An informational assessment, as needed, of other Participating TOs' portions of the ISO Controlled Grid, which may include:</u> <u>-change in short circuit duty at the boundary buses to other Participating TOs.</u> <u>-thermal overloads and voltage limit violations of a limited set of contingencies as provided by the ISO or the other Participating TO.</u>	5.0	<p>This addition implements the proposed addition to LGIP Section 7.3. The scope of this analysis of the electrical impact of the Large Generating Facility spans the ISO Controlled Grid. To the extent possible and reasonably practicable, the ISO promotes a "one-stop" process for Interconnection Customers to get the necessary studies and agreements performed.</p> <p>This informational assessment, if necessary, will identify potential impacts in areas between the electric systems of neighboring Participating TOs.</p> <p>This assessment may limit the necessity of multiple interconnection studies by more than one Participating TO. However, if significant impacts are identified on other Participating TO's electric system, then separate interconnection studies will be required.</p>
<u>[This assessment only provides an indication of potential impacts</u>	5.0	This addition implements the proposed addition to LGIP Section 7.3. This informational language is

Matrix of Changes Interconnection System Impact Study Agreement

Change	Section(s)	Reason for Change
<p><u>to another Participating TO. Final determination of impacts of the interconnection of the Large Generating Facility, if any, to such other Participating TO will be determined in a separate Interconnection System Impact Study between that Participating TO and the Interconnection Customer]</u></p> <p><u>[To be included only if it is reasonably practicable in accordance with Section 6.2 of the LGIP.]</u></p>		<p>added to clarify that the preliminary assessment will be conducted only if it is reasonably practicable to do so and, if conducted, to highlight its preliminary nature.</p>
<p><u>...on the Participating TO's portion of the ISO Controlled Grid</u></p>	<p>5.0</p>	<p>The proposed language clarifies that the impact analysis is on the Participating TO's portion of the ISO Controlled Grid.</p>
<p><u>If the Participating TO is an interconnecting TO for the Large Generating Facility, a Deliverability Assessment on the ISO Controlled Grid pursuant to Section 3.3 of the LGIP.</u></p>	<p>5.0</p>	<p>The proposed language clarifies that the Participating TO which is interconnecting the Large Generating Facility will perform the Deliverability Assessment pursuant to Section 3.3 of the LGIP.</p>
<p><u>Following the issuance of the Interconnection System Impact Study to the Interconnection Customer the</u> <u>_____ ["Participating TO" or "ISO"] shall charge and the Interconnection Customer shall pay the actual costs of the Interconnection System Impact Study, inclusive of any re-studies and amendments to the Interconnection Feasibility Study, pursuant to Section 9 of this Agreement.</u></p>	<p>6.0</p>	<p>This clarifies that re-studies of or amendment to the Interconnection System Impact Study should be included in the costs that are charged to and paid by the Interconnection Customer. This also clarifies that charges are paid after the issuance of the Interconnection System Impact Study.</p>
<p><u>[Entire text of Section 7.0]</u></p>	<p>7.0</p>	<p>This clarifies that the ISO coordinates with Affected Systems.</p>
<p><u>[Entire text of Section 8.0]</u></p>	<p>8.0</p>	<p>This clarifies that cost increases resulting from changes in technical data or assumptions after the Interconnection System Impact Study is performed are the responsibility of the Interconnection Customer.</p>
<p><u>[Entire text of Section 9.0]</u></p>	<p>9.0</p>	<p>This clarifies the process for initiating a re-study of the Interconnection System Impact Study.</p>
<p><u>[Entire text of Section 10.0]</u></p>	<p>10.0</p>	<p>This clarifies the Interconnection Customer's rights to audit records related to the costs of the Interconnection System Impact Study. If the ISO conducts the study, it is appropriate that the</p>

Matrix of Changes Interconnection System Impact Study Agreement

Change	Section(s)	Reason for Change
		Interconnection Customer's right to audit the ISO should be in accordance with the ISO Tariff, which promotes consistency.
<u>[Entire text of Section 11.0]</u>	11.0	This reiterates the Interconnection Customer's withdrawal rights and termination of the Agreement, pursuant to Section 3.8 of the LGIP.
<u>[Entire text of Section 12.0]</u>	12.0	This specifies the effective date of the Agreement and reiterates the withdrawal process pursuant to Section 3.8 of the LGIP.
<u>[Entire text of Section 13.0]</u>	13.0 Miscellaneous)	This proposed section provides various provisions as requested by FERC in Section 7 of the pro forma. The confidentiality and dispute resolution provisions are incorporated by reference from the LGIP and the additional terms were carried over from the LGIA.

Matrix of Changes Interconnection Facilities Study Agreement

Change	Section(s)	Reason for Change
<u>Insert name of the Participating TO or the "California Independent System Operation Corporation"</u>	Opening paragraph	Specifies that either the Participating TO or the ISO may be a party to the agreement.
<u>"Participating TO or "ISO"</u>	Opening paragraph and throughout the agreement	Specifies that either the Participating TO or the ISO may be a party to the agreement.
<u>The Interconnection Customer</u>	throughout the agreement	Editorial improvement.
<u>Transmission System ISO Controlled Grid</u> <u>To the Transmission System, and any Affected System</u>	Recitals	Specifies the interconnection is to the ISO Controlled Grid.
<u>Transmission Provider's Commission-ISO's FERC-approved</u>	1.0	Specifies who is the Transmission Provider in this context, and who is the Commission in this context.
<u>...or the Master Definitions Supplement, Appendix A to the ISO Tariff, as applicable.</u>	1.0	Because the study agreements are proposed to be separated from the LGIP and because most of the applicable LGIP definitions are proposed to be moved to the ISO Tariff Master Definitions Supplement, the proposed language is necessary to include terms defined under the ISO Tariff.
<u>ISO</u>	2.0	The proposed language specifies which Tariff should be adhered to.
<u>The Interconnection Customer shall provide a deposit of the greater of \$100,000 or the Interconnection Customer's portion of the estimated monthly cost for the performance of the Interconnection Facilities Study. For studies where the estimated cost exceed \$100,000, the _____ [Participating TO or ISO] Transmission Provider shall may invoice Interconnection Customer on a monthly basis for the work to be conducted on the Interconnection Facilities Study cost each month.</u>	5.0	The proposed language would provide for a larger deposit in cases where the overall costs for the Interconnection Facilities Study are very large. Whichever party conducts the Interconnection Facilities Study would have the option to bill the Interconnection Customer at the greater rate.
<u>Following the issuance of the Interconnection Facilities Study to the Interconnection Customer the _____ ["Participating TO" or "ISO"] shall charge and the Interconnection Customer shall pay the actual costs of the Interconnection Facilities Study, inclusive of any re-studies and</u>	5.0	This clarifies that re-studies of or amendment to the Interconnection Facilities Study should be included in the costs that are charged to and paid by the Interconnection Customer. This also clarifies that charges are paid after the issuance of the Interconnection Facilities Study.

Matrix of Changes Interconnection Facilities Study Agreement

Change	Section(s)	Reason for Change
amendments to the <u>Interconnection Feasibility Study</u> , pursuant to Section 9 of this Agreement.		
<u>[Entire text of Section 6.0]</u>	6.0	Additional technical information that is reasonably necessary may be requested by the party performing the Interconnection Facilities Study.
<u>[Entire text of Section 7.0]</u>	7.0	This clarifies that the ISO coordinates with Affected Systems.
<u>[Entire text of Section 8.0]</u>	8.0	This clarifies that cost increases resulting from changes in technical data or assumptions after the Interconnection Facilities Study is performed are the responsibility of the Interconnection Customer.
<u>[Entire text of Section 9.0]</u>	9.0	This clarifies the process for initiating a re-study of the Interconnection Facilities Study.
<u>[Entire text of Section 10.0]</u>	10.0	This clarifies the Interconnection Customer's rights to audit records related to the costs of the Interconnection Facilities Study. If the ISO conducts the study, it is appropriate that the Interconnection Customer's right to audit the ISO should be in accordance with the ISO Tariff, which promotes consistency.
<u>[Entire text of Section 11.0]</u>	11.0	This reiterates the Interconnection Customer's withdrawal rights and termination of the Agreement, pursuant to Section 3.8 of the LGIP.
<u>[Entire text of Section 12.0]</u>	12.0	This specifies the effective date of the Agreement and reiterates the withdrawal process pursuant to Section 3.8 of the LGIP.
<u>[Entire text of Section 13.0]</u>	13.0 Miscellaneous)	This proposed section provides various provisions as requested by FERC in Section 6 of the pro forma. The confidentiality and dispute resolution provisions are incorporated by reference from the LGIP and the additional terms were carried over from the LGIA.
<u>Prior to issuing draft study results for review and incorporate comments</u> within the following number of days after of receipt of an executed copy of this Interconnection Facilities Study Agreement: _____ <u>-ninety one hundred twenty (90/120)</u> Calendar Days with no more than a +/- 20 percent cost estimate contained in the report, or _____ <u>-one two hundred eighty ten (2180)</u> Calendar Days with no more than a +/- 10 percent cost estimate contained in the report.	Attachment A	This implements Section 8.3 of the LGIP, which revises the timeline by which the Participating TO and the ISO will review results and incorporate comments on the draft Interconnection Facilities Study report.

Matrix of Changes Interconnection Facilities Study Agreement

Change	Section(s)	Reason for Change
<u>Provide two copies of this completed form and other required plans and diagrams in accordance with Section 8.1 of the LGIP.</u>	Attachment B	The proposed language provides clarifying direction for conforming with the transmittal of the executed Interconnection Facilities Study Agreement, pursuant to Section 8.1 of the LGIP.
<u>Level of Deliverability: Choose one of the following:</u> <u>Deliverability with no Network Upgrades</u> <u>100% Deliverability</u>	Attachment B	The proposed language would clarify the Interconnection Customer's choice for the desired level of deliverability.

Matrix of Changes Optional Interconnection Study Agreement

Change	Section(s)	Reason for Change
<u>Insert name of the Participating TO or the "California Independent System Operation Corporation"</u>	Opening paragraph	Specifies that either the Participating TO or the ISO may be a party to the agreement.
<u>"Participating TO or "ISO"</u>	Opening paragraph and throughout the agreement	Specifies that either the Participating TO or the ISO may be a party to the agreement.
<u>The Interconnection Customer</u>	throughout the agreement	Editorial improvement.
<u>Transmission System ISO Controlled Grid</u> <u>To the Transmission System, and any Affected System</u>	Recitals	Specifies the interconnection is on the ISO Controlled Grid.
<u>Transmission Provider's Commission-ISO's FERC-approved</u>	1.0	Specifies who is the Transmission Provider in this context, and who is the Commission in this context.
<u>...or the Master Definitions Supplement, Appendix A to the ISO Tariff, as applicable.</u>	1.0	Because the study agreements are proposed to be separated from the LGIP and because most of the applicable LGIP definitions are proposed to be moved to the ISO Tariff Master Definitions Supplement, the proposed language is necessary to include terms defined under the ISO Tariff.
<u>ISO</u>	2.0	The proposed language specifies which Tariff should be adhered to.
<u>Following the issuance of the Optional Interconnection Study...</u>	6.0	This clarifies the costs of the Optional Interconnection Study will be charged and paid after its issuance.
<u>[Entire text of Section 7.0]</u>	7.0	This clarifies that cost increases resulting from changes in technical data or assumptions after the Optional Interconnection Study is performed are the responsibility of the Interconnection Customer.
<u>[Entire text of Section 8.0]</u>	8.0	This clarifies the Interconnection Customer's rights to audit records related to the costs of the Optional Interconnection Study. If the ISO conducts the study, it is appropriate that the Interconnection Customer's right to audit the ISO should be in accordance with the ISO Tariff, which promotes consistency.
<u>[Entire text of Section 9.0]</u>	9.0	This specifies the effective date of the Agreement and reiterates the withdrawal process pursuant to Section 10.18 of the LGIP.
<u>[Entire text of Section 10.0]</u>	10.0 (Miscellaneous)	This proposed section provides various provisions as requested by FERC in Section 7 of the pro forma. The confidentiality and dispute resolution provisions are incorporated by reference from the LGIP and the additional terms were carried over from the LGIA.

ATTACHMENT C

APPENDIX C

STANDARD LARGE GENERATOR
INTERCONNECTION PROCEDURES (LGIP)

including

STANDARD LARGE GENERATOR
INTERCONNECTION AGREEMENT (LGIA)

**Standard Large Generator
Interconnection Procedures (LGIP)**

(Applicable to ~~Generating Facilities that exceed 20 MWs~~)

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APPENDIX 6 STANDARD LARGE GENERATOR INTERCONNECTION AGREEMENT

SECTION 1. OBJECTIVES, DEFINITIONS, AND INTERPRETATION.

1.1 Objectives.

The objective of this LGIP is to implement FERC's Order No. 2003 setting forth the requirements for Large Generating Facility interconnections to the ISO Controlled Grid.

1.2 Definitions.

1.2.1 Master Definitions Supplement.

Unless the context otherwise requires, any word or expression defined in the Master Definitions Supplement to the ISO Tariff shall have the same meaning where used in this LGIP. A reference to a Section or an Appendix is a reference to a Section or an Appendix of the ISO Tariff. References to LGIP are to this Protocol or to the stated paragraph of this Protocol.

1.2.2 Special Definitions for this LGIP.

In this LGIP, the following words and expressions shall have the meanings set opposite them:

~~**Adverse System Impact** shall mean the negative effects due to technical or operational limits on conductors or equipment being exceeded that may compromise the safety and reliability of the electric system.~~

~~**Affected System** shall mean an electric system other than the Transmission Provider's Transmission System that may be affected by the proposed interconnection.~~

~~**Affected System Operator** shall mean the entity that operates an Affected System.~~

~~**Affiliate** shall mean, with respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.~~

~~**Ancillary Services** shall mean those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the ISO Controlled Grid in accordance with Good Utility Practice.~~

~~**Applicable Laws and Regulations** shall mean all duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.~~

~~**Applicable Reliability Council** shall mean the reliability council applicable to the Transmission System to which the Generating Facility is directly interconnected.~~

~~**Applicable Reliability Standards** shall mean the requirements and guidelines of NERC, the Applicable Reliability Council, and the Control Area of the Transmission System to which the Generating Facility is directly interconnected.~~

~~**Base Case** shall mean the base case power flow, short circuit, and stability data bases used for the Interconnection Studies by the Transmission Provider or Interconnection Customer.~~

~~**Breach** shall mean the failure of a Party to perform or observe any material term or condition of the Standard Large Generator Interconnection Agreement.~~

Breaching Party shall mean a Party that is in Breach of the Standard Large Generator Interconnection Agreement.

Business Day shall mean Monday through Friday, excluding Federal Holidays.

Calendar Day shall mean any day including Saturday, Sunday or a Federal Holiday.

Clustering shall mean the process whereby a group of Interconnection Requests is studied together, instead of serially, for the purpose of conducting the Interconnection System Impact Study.

Commercial Operation Date of a unit shall mean the date on which Interconnection Customer commences commercial operation of the unit at the Generating Facility after Trial Operation of such unit has been completed as confirmed in writing substantially in the form shown in Appendix E to the Standard Large Generator Interconnection Agreement.

"Confidential Information" shall mean any confidential, proprietary or trade secret information of a plan, specification, pattern, procedure, design, device, list, concept, policy or compilation relating to the present or planned business of a Party, which is designated as confidential by the Party supplying the information, whether conveyed orally, electronically, in writing, through inspection, or otherwise, subject to the limitations set forth in Section 13.1 of the LGIP.

Control Area shall mean an electrical system or systems bounded by interconnection metering and telemetry, capable of controlling generation to maintain its interchange schedule with other Control Areas and contributing to frequency regulation of the interconnection. A Control Area must be certified by NERC.

Default shall mean the failure of a Breaching Party to cure its Breach in accordance with Article 17 of the Standard Large Generator Interconnection Agreement.

"Dispute Resolution" shall mean the procedure set forth in this LGIP for resolution of a dispute between the Parties in which they will first attempt to resolve the dispute on an informal basis.

Distribution System shall mean the Transmission Provider's and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which distribution systems operate differ among areas.

Distribution Upgrades shall mean the additions, modifications, and upgrades to the Transmission Provider's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Generating Facility and render the transmission service necessary to effect Interconnection Customer's wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities.

Effective Date shall mean the date on which the Standard Large Generator Interconnection Agreement becomes effective upon execution by the Parties subject to acceptance by the Commission, or if filed unexecuted, upon the date specified by the Commission.

Emergency Condition shall mean a condition or situation: (1) that in the judgement of the Party making the claim is imminently likely to endanger life or property; or (2) that, in the case of a Transmission Provider, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to Transmission Provider's Transmission System, Transmission Provider's Interconnection Facilities or the electric systems of others to which the Transmission Provider's Transmission System is directly connected; or (3) that, in the case of Interconnection Customer, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the

~~security of, or damage to, the Generating Facility or Interconnection Customer's Interconnection Facilities. System restoration and black start shall be considered Emergency Conditions; provided that Interconnection Customer is not obligated by the Standard Large Generator Interconnection Agreement to possess black start capability.~~

~~**Energy Resource Interconnection Service (ER Interconnection Service)** shall mean an Interconnection Service that allows the Interconnection Customer to connect its Generating Facility to the Transmission Provider's Transmission System to be eligible to deliver the Generating Facility's electric output using the existing firm or nonfirm capacity of the Transmission Provider's Transmission System on an as-available basis. Energy Resource Interconnection Service in and of itself does not convey transmission service.~~

~~**Engineering & Procurement (E&P) Agreement** shall mean an agreement that authorizes the Transmission Provider to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection in order to advance the implementation of the Interconnection Request.~~

~~**Environmental Law** shall mean Applicable Laws or Regulations relating to pollution or protection of the environment or natural resources.~~

~~**Federal Power Act** shall mean the Federal Power Act, as amended, 16 U.S.C. §§ 791a et seq.~~

~~**FERC** shall mean the Federal Energy Regulatory Commission (Commission) or its successor.~~

~~**Force Majeure** shall mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, 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.~~

~~**Generating Facility** shall mean Interconnection Customer's device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.~~

~~**Generating Facility Capacity** shall mean the net capacity of the Generating Facility and the aggregate net capacity of the Generating Facility where it includes multiple energy production devices.~~

~~**Good Utility Practice** shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.~~

~~**"Governmental Authority"** shall mean any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include Interconnection Customer, ISO, or Participating TO Transmission Provider, or any Affiliate thereof.~~

Hazardous Substances shall mean any chemicals, materials or substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "hazardous constituents," "restricted hazardous materials," "extremely hazardous substances," "toxic substances," "radioactive substances," "contaminants," "pollutants," "toxic pollutants" or words of similar meaning and regulatory effect under any applicable Environmental Law, or any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law.

Initial Synchronization Date shall mean the date upon which the Generating Facility is initially synchronized and upon which Trial Operation begins.

In-Service Date shall mean the date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Transmission Provider's Interconnection Facilities to obtain back feed power

Interconnection Customer shall mean any entity, including the Transmission Provider, Transmission Owner or any of the Affiliates or subsidiaries of either, that proposes to interconnect its Generating Facility with the Transmission Provider's Transmission System.

Interconnection Customer's Interconnection Facilities shall mean all facilities and equipment, as identified in Appendix A of the Standard Large Generator Interconnection Agreement, that are located between the Generating Facility and the Point of Change of Ownership, including any modification, addition, or upgrades to such facilities and equipment necessary to physically and electrically interconnect the Generating Facility to the Transmission Provider's Transmission System. Interconnection Customer's Interconnection Facilities are sole use facilities.

Interconnection Facilities shall mean the Transmission Provider's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Generating Facility to the Transmission Provider's Transmission System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Interconnection Facilities Study shall mean a study conducted by the Transmission Provider or a third party consultant for the Interconnection Customer to determine a list of facilities (including Transmission Provider's Interconnection Facilities and Network Upgrades as identified in the Interconnection System Impact Study), the cost of those facilities, and the time required to interconnect the Generating Facility with the Transmission Provider's Transmission System. The scope of the study is defined in Section 8 of the Standard Large Generator Interconnection Procedures.

Interconnection Facilities Study Agreement shall mean the form of agreement contained in Appendix 4 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection Facilities Study.

Interconnection Feasibility Study shall mean a preliminary evaluation of the system impact and cost of interconnecting the Generating Facility to the Transmission Provider's Transmission System, the scope of which is described in Section 6 of the Standard Large Generator Interconnection Procedures.

Interconnection Feasibility Study Agreement shall mean the form of agreement contained in Appendix 2 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection Feasibility Study.

Interconnection Request shall mean an Interconnection Customer's request, in the form of Appendix 1 to the Standard Large Generator Interconnection Procedures, in accordance with the Tariff, to

~~interconnect a new Generating Facility, or to increase the capacity of, or make a Material Modification to the operating characteristics of, an existing Generating Facility that is interconnected with the Transmission Provider's Transmission System.~~

~~**Interconnection Service** shall mean the service provided by the Transmission Provider associated with interconnecting the Interconnection Customer's Generating Facility to the Transmission Provider's Transmission System and enabling it to receive electric energy and capacity from the Generating Facility at the Point of Interconnection, pursuant to the terms of the Standard Large Generator Interconnection Agreement and, if applicable, the Transmission Provider's Tariff.~~

~~**Interconnection Study** shall mean any of the following studies: the Interconnection Feasibility Study, the Interconnection System Impact Study, and the Interconnection Facilities Study described in the Standard Large Generator Interconnection Procedures.~~

~~**Interconnection System Impact Study** shall mean an engineering study that evaluates the impact of the proposed interconnection on the safety and reliability of Transmission Provider's Transmission System and, if applicable, an Affected System. The study shall identify and detail the system impacts that would result if the Generating Facility were interconnected without project modifications or system modifications, focusing on the Adverse System Impacts identified in the Interconnection Feasibility Study, or to study potential impacts, including but not limited to those identified in the Scoping Meeting as described in the Standard Large Generator Interconnection Procedures.~~

~~**Interconnection System Impact Study Agreement** shall mean the form of agreement contained in Appendix 3 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection System Impact Study.~~

~~**IRS** shall mean the Internal Revenue Service.~~

~~**Joint Operating Committee** shall be a group made up of representatives from Interconnection Customers and the Transmission Provider to coordinate operating and technical considerations of Interconnection Service.~~

~~**Large Generating Facility** shall mean a Generating Facility having a Generating Facility Capacity of more than 20 MW.~~

~~**Loss** shall mean any and all losses relating to injury to or death of any person or damage to property, demand, 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 other Party's performance, or non-performance of its obligations under the Standard Large Generator Interconnection Agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnifying Party.~~

~~**Material Modification** shall mean those modifications that have a material impact on the cost or timing of any Interconnection Request with a later queue priority date.~~

~~**Metering Equipment** shall mean all metering equipment installed or to be installed at the Generating Facility pursuant to the Standard Large Generator Interconnection Agreement at the metering points, including but not limited to instrument transformers, MWh meters, data acquisition equipment, transducers, remote terminal unit, communications equipment, phone lines, and fiber optics.~~

~~**NERC** shall mean the North American Electric Reliability Council or its successor organization.~~

Network Resource shall mean that portion of a Generating Facility that is integrated with the Transmission Provider's Transmission System, designated as a Network Resource pursuant to the terms of the Tariff, and subjected to redispatch directives as ordered by the Transmission Provider in accordance with the Tariff.

Network Resource Interconnection Service (NR Interconnection Service) shall mean an Interconnection Service that allows the Interconnection Customer to integrate its Large Generating Facility with the Transmission Provider's Transmission System (1) in a manner comparable to that in which the Transmission Provider integrates its generating facilities to serve native load customers; or (2) in an RTO or ISO with market based congestion management, in the same manner as all other Network Resources. Network Resource Interconnection Service in and of itself does not convey transmission service.

Network Upgrades shall mean the additions, modifications, and upgrades to the Transmission Provider's Transmission System required at or beyond the point at which the Interconnection Customer interconnects to the Transmission Provider's Transmission System to accommodate the interconnection of the Large Generating Facility to the Transmission Provider's Transmission System.

Notice of Dispute shall mean a written notice of a dispute or claim that arises out of or in connection with the Standard Large Generator Interconnection Agreement or its performance.

Optional Interconnection Study shall mean a sensitivity analysis based on assumptions specified by the Interconnection Customer in the Optional Interconnection Study Agreement.

Optional Interconnection Study Agreement shall mean the form of agreement contained in Appendix 5 of the Standard Large Generator Interconnection Procedures for conducting the Optional Interconnection Study.

"Party" or "Parties" shall mean the ISO, Participating TO(s) Transmission Provider, Transmission Owner, Interconnection Customer or any the applicable combination of the above.

Point of Change of Ownership shall mean the point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Customer's Interconnection Facilities connect to the Transmission Provider's Interconnection Facilities.

Point of Interconnection shall mean the point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Facilities connect to the Transmission Provider's Transmission System.

Queue Position shall mean the order of a valid Interconnection Request, relative to all other pending valid Interconnection Requests, that is established based upon the date and time of receipt of the valid Interconnection Request by the Transmission Provider.

"Reasonable Efforts" shall mean, with respect to an action required to be attempted or taken by a Party under the Standard Large Generator Interconnection Agreement Procedures, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

Scoping Meeting shall mean the meeting between representatives of the Interconnection Customer and Transmission Provider conducted for the purpose of discussing alternative interconnection options, to exchange information including any transmission data and earlier study evaluations that would be reasonably expected to impact such interconnection options, to analyze such information, and to determine the potential feasible Points of Interconnection.

Site Control shall mean documentation reasonably demonstrating: (1) ownership of, a leasehold interest in, or a right to develop a site for the purpose of constructing the Generating Facility; (2) an option to purchase or acquire a leasehold site for such purpose; or (3) an exclusivity or other business relationship between Interconnection Customer and the entity having the right to sell, lease or grant Interconnection Customer the right to possess or occupy a site for such purpose.

Small Generating Facility shall mean a Generating Facility that has a Generating Facility Capacity of no more than 20 MW.

Stand Alone Network Upgrades shall mean Network Upgrades that an Interconnection Customer may construct without affecting day-to-day operations of the Transmission System during their construction. Both the Transmission Provider and the Interconnection Customer must agree as to what constitutes Stand Alone Network Upgrades and identify them in Appendix A to the Standard Large Generator Interconnection Agreement.

Standard Large Generator Interconnection Agreement (LGIA) shall mean the form of interconnection agreement applicable to an Interconnection Request pertaining to a Large Generating Facility, that is included in the Transmission Provider's Tariff.

Standard Large Generator Interconnection Procedures (LGIP) shall mean the interconnection procedures applicable to an Interconnection Request pertaining to a Large Generating Facility that are included in the Transmission Provider's Tariff.

System Protection Facilities shall mean the equipment, including necessary protection signal communications equipment, required to protect (1) the Transmission Provider's Transmission System from faults or other electrical disturbances occurring at the Generating Facility and (2) the Generating Facility from faults or other electrical system disturbances occurring on the Transmission Provider's Transmission System or on other delivery systems or other generating systems to which the Transmission Provider's Transmission System is directly connected.

Tariff shall mean the Transmission Provider's Tariff through which open access transmission service and Interconnection Service are offered, as filed with the Commission, and as amended or supplemented from time to time, or any successor tariff.

Transmission Owner shall mean an entity that owns, leases or otherwise possesses an interest in the portion of the Transmission System at the Point of Interconnection and may be a Party to the Standard Large Generator Interconnection Agreement to the extent necessary.

Transmission Provider shall mean the public utility (or its designated agent) that owns, controls, or operates transmission or distribution facilities used for the transmission of electricity in interstate commerce and provides transmission service under the Tariff. The term Transmission Provider should be read to include the Transmission Owner when the Transmission Owner is separate from the Transmission Provider.

Transmission Provider's Interconnection Facilities shall mean all facilities and equipment owned, controlled, or operated by the Transmission Provider from the Point of Change of Ownership to the Point of Interconnection as identified in Appendix A to the Standard Large Generator Interconnection Agreement, including any modifications, additions or upgrades to such facilities and equipment. Transmission Provider's Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Transmission System shall mean the facilities owned, controlled or operated by the Transmission Provider or Transmission Owner that are used to provide transmission service under the Tariff.

~~Trial Operation shall mean the period during which Interconnection Customer is engaged in on-site test operations and commissioning of the Generating Facility prior to commercial operation.~~

1.2.3 Rules of Interpretation.

(a) Unless the context otherwise requires, if the provisions of this LGIP and the ISO Tariff conflict, the ISO Tariff will prevail to the extent of the inconsistency.

(b) A reference in this LGIP to a given agreement, ISO Protocol 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.

(c) The captions and headings in this LGIP are inserted solely to facilitate reference and shall have no bearing upon the interpretation of any of the terms and conditions of this LGIP.

(d) This LGIP shall be effective as of the date specified by FERC.

Section 2. Scope and Application.

2.1 Application of Standard Large Generator Interconnection Procedures.

Sections 2 through 13 of this LGIP apply to processing an Interconnection Request pertaining to a Large Generating Facility.

2.2 Comparability.

~~The Transmission Provider~~ISO and the applicable Participating TO shall receive, process and analyze all Interconnection Requests in a timely manner as set forth in this LGIP. ~~The Transmission Provider~~ISO and the Participating TOs will use the same Reasonable Efforts in processing and analyzing Interconnection Requests from all Interconnection Customers, whether the Generating Facilities are owned by ~~Transmission Provider~~the Participating TO, its subsidiaries or Affiliates or others.

2.3 Base Case Data.

~~Transmission Provider~~The applicable Participating TO or ISO shall provide base power flow, short circuit and stability databases, including all underlying assumptions, and contingency list upon request subject to applicable confidentiality provisions. Such ~~databases and lists, hereinafter referred to as Base Cases,~~ shall include all (i) generation projects and (ii) transmission projects, including merchant transmission projects that are proposed for the ~~Transmission System~~ for which a transmission expansion plan has been submitted and approved by the applicable authority.

2.4 No Applicability to Transmission Service.

Nothing in this LGIP shall constitute a request for transmission service or confer upon an Interconnection Customer any right to receive transmission service.

Section 3. Interconnection Requests.

3.1 General.

An Interconnection Customer shall submit to the ~~Transmission Provider~~ISO an Interconnection Request in the form of Appendix 1 to this LGIP and a refundable deposit of \$10,000. The ISO will forward the deposit and a copy of the Interconnection Request to the applicable Participating TO within one (1) Business Day of receipt. The ~~Transmission Provider~~Participating TO shall apply the deposit toward the cost of an Interconnection Feasibility Study. The Interconnection Customer shall submit a separate Interconnection Request for each site and may submit multiple Interconnection Requests for a single site. The Interconnection Customer must submit a deposit with each Interconnection Request even when more than one request is submitted for a single site. An Interconnection Request to evaluate one site at two different voltage levels shall be treated as two Interconnection Requests.

At Interconnection Customer's option, ~~Transmission Provider~~the Participating TO, the ISO and Interconnection Customer will identify alternative Point(s) of Interconnection and configurations at the Scoping Meeting to evaluate in this process and attempt to eliminate alternatives in a reasonable fashion given resources and information available. Interconnection Customer will select the definitive Point(s) of Interconnection to be studied no later than the execution of the Interconnection Feasibility Study Agreement.

3.2 Identification of Types of Interconnection Services Roles and Responsibilities.

~~At the time the Interconnection Request is submitted, Interconnection Customer must request either ER Interconnection Service or NR Interconnection Service, as described; provided, however, any Interconnection Customer requesting NR Interconnection Service may also request that it be concurrently studied as an ER Interconnection Service, up to the point when an Interconnection Facility Study Agreement is executed. Interconnection Customer may then elect to proceed with NR Interconnection Service or to proceed under a lower level of interconnection service to the extent that only certain upgrades will be completed.~~

- ~~(a) For each Interconnection Request, the ISO will direct the applicable Participating TO to perform the required Interconnection Studies and any additional studies the ISO determines to be reasonably necessary. The ISO will review the economic viability of Network Upgrades in accordance with LGIP Section 3.4.2. The ISO will coordinate with Affected System Operators in accordance with LGIP Section 3.7.~~
- ~~(b) Any applicable Participating TO will complete or cause to be completed all studies directed by the ISO within the timelines provided in this LGIP. Any studies performed by the ISO or by a third party at the direction of the ISO shall also be completed within timelines provided in this LGIP.~~
- ~~(c) Each Interconnection Customer shall pay the reasonable costs of all Interconnection Studies performed by or at the direction of the ISO or the applicable Participating TO, and any additional studies the ISO determines to be reasonably necessary in response to the Interconnection Request.~~

3.2.1 Energy Resource Interconnection Service (ER Interconnection Service).

3.3 Interconnection Service.

- 3.23.1.4 The Product.** ER Interconnection Service allows Interconnection Customer to connect the Large Generating Facility to the ~~Transmission System~~ISO Controlled Grid and be eligible to deliver the Large Generating Facility's output using the existing firm or non-firm available capacity of the ~~Transmission System~~ISO Controlled Grid. on an "as

available" basis. ER-Interconnection Service does not in and of itself convey any transmission service.

3.3.2.1.2 The Interconnection Studies. The Interconnection sStudies consists of, but are not limited to, short circuit/fault duty, steady state (thermal and voltage) and stability analyses. The Interconnection Studies will include short circuit/fault duty, steady state and stability analyses and will ~~is would~~ identify direct Interconnection Facilities required and the required Reliability Network Upgrades necessary to address short circuit, overload and stability issues associated with the requested Interconnection Facilities Service.

~~The stability and steady state Interconnection sStudies would~~ will also identify necessary Delivery Network uUpgrades to allow full output of the proposed Large Generating Facility under a variety of potential system conditions, and ~~would also identify~~ the maximum allowed output, at the time the study is performed under a variety of potential system conditions, of the interconnecting Large Generating Facility without requiring additional the Delivery Network Upgrades.

3.23.23 Network Resource Interconnection Service (NR Interconnection Service) Deliverability Assessment.

3.23.23.1 The Product. The Transmission Provider must conduct the necessary studies and construct the Network Upgrades needed to integrate the Large Generating Facility (1) in a manner comparable to that in which the Transmission Provider integrates its Generating Facilities to serve native load customers; or (2) in an ISO or RTO with market based congestion management, in the same manner as all other Network Resources. ~~NR Interconnection Service Allows the Interconnection Customer's Large Generating Facility to be designated as a Network Resource, up to the Large Generating Facility's full output, on the same basis as all other existing Network Resources interconnected to the Transmission Provider's Transmission System, and to be studied as a Network Resource on the assumption that such a designation will occur.~~ A Deliverability Assessment will be performed which shall determine the Interconnection Customer's Large Generating Facility's ability to deliver its energy to the ISO Controlled Grid under peak load conditions. The Deliverability Assessment will provide the Interconnection Customer with information as to the level of deliverability without Network Upgrades, and the Deliverability Assessment will provide the Interconnection Customer with information as to the required Network Upgrades to enable the Interconnection Customer's Large Generating Facility the ability to deliver the full output of the proposed Large Generating Facility to the ISO Controlled Grid based on specified study assumptions.

Thus, the Deliverability Assessment results will provide the Interconnection Customer two (2) data points on the scale of deliverability: 1) a deliverability level with no Network Upgrades, and 2) the required Network Upgrades to support 100% deliverability.

Deliverability of a new resource will be assessed on the same basis as all other existing resources interconnected to the ISO Controlled Grid.

3.3.3.23.2.2.2 The Assessment Study. The Interconnection Deliverability Assessment Study for NR Interconnection Service ~~shall assure that will identify the facilities that are required to enable the Interconnection Customer's Large Generating Facility to~~ meets the requirements for ~~NR Interconnection Service deliverability~~ and as a general matter, that such Large Generating Facility's interconnection is also studied with the ~~Transmission Provider's Transmission System~~ ISO Controlled Grid at peak load, under a variety of severely stressed conditions, to determine whether, with the Large Generating Facility at full output, the aggregate of generation in the local area can be delivered to the aggregate

of load on the ~~Transmission Provider's Transmission System~~ ISO Controlled Grid, consistent with the ~~Transmission Provider's~~ ISO's reliability criteria and procedures. This approach assumes that some portion of existing ~~Network R~~ resources are that are designated as deliverable is displaced by the output of the Interconnection Customer's Large Generating Facility. ~~NR Interconnection Service~~ This Deliverability Assessment in and of itself does not convey any transmission service.

3.4 Network Upgrades.

3.4.1 Initial Funding

Unless the Participating TO elects to fund the capital for Reliability and Delivery Network Upgrades, subject to the economic test in LGIP Section 3.4.2, they shall be solely funded by the Interconnection Customer.

3.4.2 Economic Test for Network Upgrades

The ISO will review the economic viability of Network Upgrades where the estimated cost of such upgrades exceeds the lesser of \$20 million in costs or \$200,000 per MW of installed capacity. An economic test will be performed to determine whether the overall benefits of the Network Upgrades meet or exceed their costs. As part of the Interconnection Studies, the ISO will work with the Interconnection Customer and the Participating TO to determine the appropriate costs and benefits to be included in the ISO's economic test.

3.4.3 Refund of Amounts Advanced for Network Upgrades.

Upon the Commercial Operation Date, the Interconnection Customer shall be entitled to a refund for the cost of Network Upgrades, other than the amount by which the cost of those Network Upgrades is in excess of the benefits of those Network Upgrades, as determined by the economic test performed pursuant to LGIP Section 3.4.2. Such amount shall be paid to the Interconnection Customer by the Participating TO on a dollar-for-dollar basis either through (1) direct payments made on a levelized basis over the five-year period commencing on the Commercial Operation Date; or (2) any alternative payment schedule that is mutually agreeable to the Interconnection Customer and Participating TO, provided that such amount is paid within five (5) years of the Commercial Operation Date. Any refund shall include interest calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. §35.19a(a)(2)(ii) from the date of any payment for Network Upgrades through the date on which the Interconnection Customer receives a refund of such payment. The Interconnection Customer may assign such refund rights to any person.

Instead of direct payments, the Interconnection Customer may elect, to receive Firm Transmission Rights (FTRs) in accordance with the ISO Tariff associated with the Network Upgrades that were funded by the Interconnection Customer, to the extent such FTRs or alternative rights are available under the ISO Tariff at the time of the election. Such FTRs would take effect upon the Commercial Operation Date of the Large Generating Facility in accordance with the LGIA.

The Interconnection Customer may elect to receive FTRs associated with any Network Upgrades that are funded by the Interconnection Customer but not eligible for refund payments, to the extent such FTRs or alternative rights are available under the ISO Tariff.

3.4.4 Special Provisions for Affected Systems and Other Affected Participating TOs.

The Interconnection Customer shall enter into an agreement with the owner of the Affected System and/or other affected Participating TO(s), as applicable. The agreement shall specify the terms governing payments to be made by the Interconnection Customer to the owner of the Affected System and/or other affected Participating TO(s) as well as the payment of refunds by the owner of the Affected System and/or other affected Participating TO(s). If the affected entity is another Participating TO, the initial form of agreement will be the LGIA, as appropriately modified.

Refunds are to be paid without regard to whether the Interconnection Customer contracts for transmission service on the Affected System. If the Interconnection Customer does not contract for transmission service, and in the absence of another mutually agreeable payment schedule, refunds shall be established at a level equal to the Affected System's rate for firm point-to-point transmission service multiplied by the output of the Large Generating Facility assumed in the Interconnection Facilities Study. All refunds must be paid within five years of the Commercial Operation Date.

3.35 Valid Interconnection Request.

3.35.1 Initiating an Interconnection Request.

To initiate an Interconnection Request, Interconnection Customer must submit all of the following: (i) a \$10,000 deposit, (ii) a completed application in the form of LGIP Appendix 1, and (iii) demonstration of Site Control or a posting of an additional deposit of \$10,000. Such deposits ~~shall~~may be applied toward any Interconnection Studies pursuant to the Interconnection Request. If Interconnection Customer demonstrates Site Control within the cure period specified in LGIP Section 3.35.3 after submitting its Interconnection Request, the additional deposit shall be refundable; otherwise, all such deposit(s), additional and initial, become non-refundable.

The expected In-Service Date of the new Large Generating Facility or increase in capacity of the existing Generating Facility shall be no more than the process window for the regional expansion planning period (or in the absence of a regional planning process, the process window for the ~~Transmission Provider's~~ISO's expansion planning period) not to exceed seven years from the date the Interconnection Request is received by the ~~Transmission Provider~~ISO, unless the Interconnection Customer demonstrates that engineering, permitting and construction of the new Large Generating Facility or increase in capacity of the existing Generating Facility will take longer than the regional expansion planning period. The In-Service Date may succeed the date the Interconnection Request is received by the ~~Transmission Provider~~ISO by a period up to ten years, or longer where the Interconnection Customer, the applicable Participating TO and the Transmission Provider~~ISO~~ agree, such agreement not to be unreasonably withheld.

3.35.2 Acknowledgment of Interconnection Request.

~~Transmission Provider~~The ISO shall acknowledge receipt of the Interconnection Request within ~~five (5)~~six (6) Business Days of receipt of the request and attach a copy of the received Interconnection Request to the acknowledgement.

3.35.3 Deficiencies in Interconnection Request.

An Interconnection Request will not be considered to be a valid request until all items in LGIP Section 3.3-5.1 have been received by the ~~Transmission Provider~~ISO and are deemed complete by the applicable Participating TO and the ISO. If an Interconnection

Request fails to meet the requirements set forth in LGIP Section 3.3.5.1, the ~~Transmission Provider~~ ISO shall notify the Interconnection Customer within ~~five (5)~~ six (6) Business Days of receipt of the initial Interconnection Request of the reasons for such failure and that the Interconnection Request does not constitute a valid request. Interconnection Customer shall provide the ~~Transmission Provider~~ ISO the additional requested information needed to constitute a valid request within ten (10) Business Days after receipt of such notice. Failure by Interconnection Customer to comply with this LGIP Section 3.3.5.3 shall be treated in accordance with LGIP Section 3.8.6.

3.35.4 Scoping Meeting.

Within ten (10) Business Days after receipt of a valid Interconnection Request, ~~Transmission Provider~~ the applicable Participating TO, in coordination with the ISO, shall establish a date agreeable to Interconnection Customer for the Scoping Meeting, and such date shall be no later than thirty (30) Calendar Days from receipt of the valid Interconnection Request, unless otherwise mutually agreed upon by the Parties.

The purpose of the Scoping Meeting shall be to discuss alternative interconnection options, to exchange information including any transmission data that would reasonably be expected to impact such interconnection options, to analyze such information and to determine the potential feasible Points of Interconnection. ~~Transmission Provider~~ The Participating TO, the ISO and Interconnection Customer will bring to the meeting such technical data, including, but not limited to: (i) general facility loadings, (ii) general instability issues, (iii) general short circuit issues, (iv) general voltage issues, and (v) general reliability issues as may be reasonably required to accomplish the purpose of the meeting. ~~Transmission Provider~~ The Participating TO, the ISO and Interconnection Customer will also bring to the meeting personnel and other resources as may be reasonably required to accomplish the purpose of the meeting in the time allocated for the meeting. On the basis of the meeting, Interconnection Customer shall designate its Point of Interconnection, pursuant to LGIP Section 6.1, and one or more available alternative Point(s) of Interconnection. The duration of the meeting shall be sufficient to accomplish its purpose.

The Participating TO shall prepare minutes from the meeting, verified by the Interconnection Customer and the ISO, that will include, at a minimum, discussions of what the Participating TO and the ISO expect the results of the Interconnection Feasibility Study will be.

3.46 OASIS Internet Posting.

~~The ISO~~ The Transmission Provider will maintain on its ~~OASIS~~ the ISO Home Page a list of all Interconnection Requests. The list will identify, for each Interconnection Request: (i) the maximum summer and winter megawatt electrical output; (ii) the location by county and state; (iii) the station or transmission line or lines where the interconnection will be made; (iv) the projected In-Service Date; (v) the status of the Interconnection Request, including Queue Position; (vi) ~~the type of Interconnection Service being requested;~~ and ~~(vii)~~ the availability of any studies related to the Interconnection Request; (viii) the date of the Interconnection Request; ~~(viii)~~ (ix) the type of Generating Facility to be constructed (combined cycle, base load or combustion turbine and fuel type); and (ix) for Interconnection Requests that have not resulted in a completed interconnection, an explanation as to why it was not completed.

The list will not disclose the identity of the Interconnection Customer until the Interconnection Customer executes an LGIA or requests that the ~~Transmission Provider~~Participating TO file an unexecuted LGIA with FERC.

The ~~Transmission Provider~~ISO shall post to its ~~OASIS site~~the ISO Home Page any deviations from the study timelines set forth herein. Interconnection Study reports and Optional Interconnection Study reports shall be posted to the ~~Transmission Provider's OASIS site~~ISO Home Page subsequent to the meeting ~~between among the Interconnection Customer, and the Transmission Provider~~Participating TO and the ISO to discuss the applicable study results. The ~~Transmission Provider~~ISO shall also post any known deviations in the Large Generating Facility's In-Service Date.

3.57 Coordination with Affected Systems.

The ISO will notify the Affected System Operators that are potentially affected by the project proposed by the Interconnection Customer. The Transmission Provider~~ISO~~ will coordinate the conduct of any studies required to determine the impact of the Interconnection Request on Affected Systems with Affected System Operators, to the extent possible, and, if possible, the Participating TO will -include those results in its applicable Interconnection Study within the time frame specified in this LGIP. The ~~Transmission Provider~~ISO will include such Affected System Operators in all meetings held with the Interconnection Customer as required by this LGIP. The Interconnection Customer will cooperate with the ~~Transmission Provider~~ISO in all matters related to the conduct of studies and the determination of modifications to Affected Systems, including signing separate study agreements with Affected System owners and paying for necessary studies. An entity ~~Transmission Provider~~ which may be an Affected System shall cooperate with the ISO ~~Transmission Provider with whom interconnection has been requested~~ in all matters related to the conduct of studies and the determination of modifications to Affected Systems.

3.68 Withdrawal.

The Interconnection Customer may withdraw its Interconnection Request at any time by written notice of such withdrawal to the ~~Transmission Provider~~ISO and the applicable Participating TO. In addition, if the Interconnection Customer fails to adhere to all requirements of this LGIP, except as provided in LGIP Section 13.5 (Disputes), the ~~Transmission Provider~~ISO shall deem the Interconnection Request to be withdrawn and shall provide written notice to the Interconnection Customer within five (5) Business Days of the deemed withdrawal and an explanation of the reasons for such deemed withdrawal. Upon receipt of such written notice, the Interconnection Customer shall have fifteen (15) Business Days in which to either respond with information or actions that cures the deficiency or to notify the ~~Transmission Provider~~Participating TO and the ISO of its intent to pursue Dispute Resolution.

Withdrawal shall result in the loss of the Interconnection Customer's Queue Position, if any. If an Interconnection Customer disputes the withdrawal and loss of its Queue Position, then during Dispute Resolution, the Interconnection Customer's Interconnection Request is eliminated from the queue until such time that the outcome of Dispute Resolution would restore its Queue Position. An Interconnection Customer that withdraws or is deemed to have withdrawn its Interconnection Request shall pay to the ~~Transmission~~Participating TO ~~Provider~~ all costs that the ~~Transmission Provider~~Participating TO prudently incurs or irrevocably has committed to be incurred with respect to that Interconnection Request prior to the ~~Transmission Provider's~~Participating TO's receipt of notice described above. The Interconnection Customer must pay all

monies due to the ~~Transmission Provider~~Participating TO before it is allowed to obtain any Interconnection Study data or results.

The ~~Transmission Provider~~ISO shall (i) update the OASIS~~ISO Home Page~~ Queue Position posting, and (ii) The Participating TO shall refund to the Interconnection Customer any portion of the Interconnection Customer's deposit or study payments that exceeds the costs that the ~~Transmission Provider~~Participating TO has incurred, including interest calculated in accordance with section 35.19a(a)(2) of FERC's regulations. In the event of such withdrawal, the ~~Transmission Provider~~Participating TO and ISO, subject to the confidentiality provisions of LGIP Section 13.1, shall provide, at Interconnection Customer's request, all information that the ~~Transmission Provider~~Participating TO and ISO developed for any completed study conducted up to the date of withdrawal of the Interconnection Request.

Section 4. Queue Position.

4.1 General.

The ~~Transmission Provider~~ISO shall assign a Queue Position based upon the date and time of receipt of the valid Interconnection Request; provided that, if the sole reason an Interconnection Request is not valid is the lack of required information on the application form, and the Interconnection Customer provides such information in accordance with LGIP Section 3.3-5.3, then the ~~Transmission Provider~~ISO shall assign the Interconnection Customer a Queue Position based on the date the application form was originally filed. Moving a Point of Interconnection shall result in a lowering of Queue Position if it is deemed a Material Modification under LGIP Section 4.4.3.

The Queue Position of each Interconnection Request will be used to determine the order of performing the Interconnection Studies and determination of cost responsibility for the facilities necessary to accommodate the Interconnection Request. A higher ~~queued~~ Queue Position Interconnection Request is one that has been placed "earlier" in the ISO's queue in relation to another Interconnection Request that is lower queued. Factors other than Queue Position will be considered in determining cost responsibility of an Interconnection Customer.

4.2 Clustering.

At ~~Transmission Provider~~the ISO's option and with concurrence of the applicable Participating TO, Interconnection Requests may be studied serially or in clusters for the purpose of the Interconnection System Impact Study.

Clustering shall be implemented on the basis of Queue Position. If ~~Transmission Provider~~the Participating TO and the ISO elects to study Interconnection Requests using Clustering, all Interconnection Requests received within a period not to exceed one hundred and eighty (180) Calendar Days, hereinafter referred to as the "Queue Cluster Window" shall be studied together without regard to the nature of the underlying Interconnection Service, ~~whether ER Interconnection Service or NR Interconnection Service.~~ The ~~D~~deadline for completing all Interconnection System Impact Studies for which an Interconnection System Impact Study Agreement has been executed during a Queue Cluster Window shall be in accordance with LGIP Section 7.4, for all Interconnection Requests assigned to the same Queue Cluster Window. ~~Transmission Provider~~The Participating TO and ISO may agree to study an Interconnection Request

separately to the extent warranted by Good Utility Practice based upon the electrical remoteness of the proposed Large Generating Facility.

Clustering Interconnection System Impact Studies shall be conducted in such a manner to ensure the efficient implementation of the applicable regional transmission expansion plan in light of the ~~Transmission System's~~ capabilities at the time of each study.

The Queue Cluster Window shall have a fixed time interval based on fixed annual opening and closing dates. Any changes to the established Queue Cluster Window interval and opening or closing dates shall be announced with a posting on the ~~Transmission Provider's OASIS-ISO Home Page~~ beginning at least one hundred and eighty (180) Calendar Days in advance of the change and continuing thereafter through the end date of the first Queue Cluster Window that is to be modified.

4.3 Transferability of Queue Position.

An Interconnection Customer may transfer its Queue Position to another entity only if such entity acquires the specific Generating Facility identified in the Interconnection Request and the Point of Interconnection does not change.

4.4 Modifications.

The Interconnection Customer shall submit to the ~~Transmission Provider~~ISO, in writing, modifications to any information provided in the Interconnection Request. The ISO will forward the Interconnection Customer's modification to the applicable Participating TO within one (1) Business Day of receipt. The Interconnection Customer shall retain its Queue Position if the modifications are in accordance with LGIP Sections 4.4.1, 4.4.2 or 4.4.5, or are determined not to be Material Modifications pursuant to LGIP Section 4.4.3.

Notwithstanding the above, during the course of the Interconnection Studies, either the ~~Interconnection Customer~~Customer, or ~~Transmission Provider~~the Participating TO, or the ~~ISO~~ may identify changes to the planned interconnection that may improve the costs and benefits (including reliability) of the interconnection, and the ability of the proposed change to accommodate the Interconnection Request. To the extent the identified changes are acceptable to the ~~Transmission Provider~~Participating TO, the ISO, and Interconnection Customer, such acceptance not to be unreasonably withheld, ~~Transmission Provider~~the Participating TO and/or the ISO shall modify the Point of Interconnection and/or configuration in accordance with such changes and proceed with any re-studies necessary to do so in accordance with LGIP Section 6.4, LGIP Section 7.6 and LGIP Section 8.5 as applicable and Interconnection Customer shall retain its Queue Position.

4.4.1 Prior to the return of the executed Interconnection System Impact Study Agreement to the ~~Transmission Provider~~Participating TO, modifications permitted under this Section shall include specifically: (a) a reduction up to 60 percent (MW) of electrical output of the proposed project; (b) modifying the technical parameters associated with the Large Generating Facility technology or the Large Generating Facility step-up transformer impedance characteristics; and (c) modifying the interconnection configuration. For plant increases, the incremental increase in plant output will go to the end of the queue for the purposes of cost allocation and study analysis.

4.4.2 Prior to the return of the executed Interconnection Facility Study Agreement to the ~~Transmission Provider~~Participating TO, the modifications permitted under this Section shall include specifically: (a) additional 15 percent decrease in plant size (MW), and (b)

Large Generating Facility technical parameters associated with modifications to Large Generating Facility technology and transformer impedances; provided, however, the incremental costs associated with those modifications are the responsibility of the requesting Interconnection Customer.

4.4.3 Prior to making any modification other than those specifically permitted by LGIP Sections 4.4.1, 4.4.2, and 4.4.5, Interconnection Customer may first request that the ~~Transmission Provider~~Participating TO and the ISO evaluate whether such modification is a Material Modification. In response to Interconnection Customer's request, the ~~Transmission Provider~~Participating TO and the ISO shall evaluate the proposed modifications prior to making them and inform the Interconnection Customer in writing of whether the modifications would constitute a Material Modification. Any change to the Point of Interconnection shall constitute a Material Modification. The Interconnection Customer may then withdraw the proposed modification or proceed with a new Interconnection Request for such modification.

4.4.4 Upon receipt of Interconnection Customer's request for modification permitted under this LGIP Section 4.4, the ~~Transmission Provider~~Participating TO and/or ISO shall commence and perform any necessary additional studies as soon as practicable, but in no event shall the ~~Transmission Provider~~Participating TO and/or ISO commence such studies later than thirty (30) Calendar Days after receiving notice of Interconnection Customer's request. Any additional studies resulting from such modification shall be done at Interconnection Customer's cost.

4.4.5 Extensions of less than three (3) cumulative years in the Commercial Operation Date of the Large Generating Facility to which the Interconnection Request relates are not material and should be handled through construction sequencing.

Section 5. Procedures for Interconnection Requests Submitted Prior to Effective Date of Standard Large Generator Interconnection Procedures.

5.1 Queue Position for Pending Requests.

5.1.1 Any Interconnection Customer assigned a Queue Position prior to the effective date of this LGIP shall retain that Queue Position.

5.1.1.1 If an Interconnection Study Agreement has not been executed as of the effective date of this LGIP, then such Interconnection Study, and any subsequent Interconnection Studies, shall be processed in accordance with this LGIP.

5.1.1.2 If an Interconnection Study Agreement has been executed prior to the effective date of this LGIP, such Interconnection Study shall be completed in accordance with the terms of such agreement. With respect to any remaining studies for which an Interconnection Customer has not signed an Interconnection Study Agreement prior to the effective date of the LGIP, the ~~Transmission Provider~~Participating TO must offer the Interconnection Customer the option of either continuing under the ~~Transmission Provider's~~Participating TO's existing interconnection study process or going forward with the completion of the necessary Interconnection Studies (for which it does not have a signed Interconnection Studies Agreement) in accordance with this LGIP.

5.1.1.3 If an LGIA agreement to interconnect a Generating Unit has been submitted to the ~~Commission~~FERC for approval before the effective date of the LGIP, then the LGIA agreement would be grandfathered.

5.1.2 Transition Period.

To the extent necessary, the ~~Transmission Provider~~ Participating TO and/or the ISO and Interconnection Customers with an outstanding request (i.e., an Interconnection Request for which an ~~LGIA agreement to interconnect a Generating Unit~~ has not been submitted to the ~~Commission-FERC~~ for approval as of the effective date of this LGIP) shall transition to this LGIP within a reasonable period of time not to exceed sixty (60) Calendar Days. The use of the term "outstanding request" herein shall mean any ~~Interconnection Request~~, on the effective date of this LGIP: (i) that has been submitted but not yet accepted by the ~~Transmission Provider~~ ISO or the Participating TO; (ii) where the related interconnection agreement has not yet been submitted to the ~~Commission-FERC~~ for approval in executed or unexecuted form, (iii) where the relevant ~~Interconnection Study Agreements~~ have not yet been executed, or (iv) where any of the relevant ~~Interconnection Studies~~ are in process but not yet completed. Any Interconnection Customer with an outstanding request as of the effective date of this LGIP may request a reasonable extension of any deadline, otherwise applicable, if necessary to avoid undue hardship or prejudice to its Interconnection Request. A reasonable extension shall be granted by the ~~Transmission Provider~~ Participating TO or ISO, as applicable, to the extent consistent with the intent and process provided for under this LGIP.

5.2 New ~~Transmission Provider~~ Participating TO.

If the ~~Transmission Provider~~ Participating TO transfers control of its ~~Transmission System~~ portion of the ISO Controlled Grid to a successor ~~Participating TO~~ Transmission Provider during the period when an Interconnection Request is pending, the original ~~Participating TO~~ Transmission Provider shall transfer to the successor ~~Participating TO~~ Transmission Provider any amount of the deposit or payment with interest thereon that exceeds the cost that it incurred to evaluate the request for interconnection. Any ~~difference between such net amount and the deposit or payment required by this LGIP shall be paid by or refunded to the Interconnection, as appropriate.~~ The original ~~Transmission Provider~~ Participating TO shall coordinate with the successor ~~Transmission Provider~~ Participating TO and ISO to complete any Interconnection Study, as appropriate, that the original ~~Transmission Provider~~ Participating TO has begun but has not completed. If the ~~original Transmission Provider~~ Participating TO has tendered a draft LGIA to the Interconnection Customer but the Interconnection Customer has not either executed the LGIA or requested the filing of an unexecuted LGIA with FERC, unless otherwise provided, the Interconnection Customer ~~may elect to complete negotiations with the Transmission Provider or the original Participating TO and ISO or the successor Participating TO and the ISO.~~ Transmission Provider.

Section 6. Interconnection Feasibility Study.

6.1 Interconnection Feasibility Study Agreement.

Simultaneously with the acknowledgement of a valid Interconnection Request, the ~~Transmission Provider~~ applicable Participating TO shall provide to the Interconnection Customer an Interconnection Feasibility Study Agreement ~~in the form of Appendix 2.~~ The Interconnection Feasibility Study Agreement shall specify that the Interconnection Customer is responsible for the actual cost of the Interconnection Feasibility Study. Within five (5) Business Days following the Scoping Meeting, the Interconnection Customer shall specify for inclusion in the attachment to the Interconnection Feasibility Study Agreement the Point(s) of Interconnection and any reasonable alternative Point(s)

of Interconnection. Within five (5) Business Days following the ~~Transmission Provider's~~ applicable Participating TO's receipt of such designation, ~~Transmission Provider~~ the Participating TO in coordination with the ISO shall ~~tender to provide to the~~ Interconnection Customer ~~the a signed~~ Interconnection Feasibility Study Agreement, ~~signed by Transmission Provider,~~ which shall include a good faith estimate of the cost for completing the Interconnection Feasibility Study. The Interconnection Customer shall execute and deliver to the ~~Transmission Provider~~ Participating TO the Interconnection Feasibility Study Agreement along with an additional \$10,000 deposit no later than thirty (30) Calendar Days after its receipt.

On or before the return of the executed Interconnection Feasibility Study Agreement to the ~~Transmission Provider~~ applicable Participating TO, the Interconnection Customer shall provide to the Participating TO and the ISO the technical data called for in LGIP Appendix 1, Attachment A.

If the Interconnection Feasibility Study uncovers any unexpected result(s) not contemplated during the Scoping Meeting, a substitute Point of Interconnection identified by ~~either the Interconnection Customer, or Transmission Provider~~ the applicable Participating TO or ISO, and acceptable to the others, such acceptance not to be unreasonably withheld, will be substituted for the designated Point of Interconnection specified above without loss of Queue Position, and ~~r~~Re-studies shall be completed pursuant to LGIP Section 6.4 as applicable. If the Participating TO and the Interconnection Customer cannot agree that the results were unexpected, then the ISO will make a determination that the results were either expected or unexpected. For the purpose of this LGIP Section 6.1, if the ~~Transmission Provider~~ Participating TO, ISO and Interconnection Customer cannot agree on the substituted Point of Interconnection, then the Interconnection Customer may direct that one of the alternatives as specified in the Interconnection Feasibility Study Agreement, as specified pursuant to LGIP Section 3.35.4, shall be the substitute.

6.2 Scope of Interconnection Feasibility Study.

The Interconnection Feasibility Study shall preliminarily evaluate the feasibility of the proposed interconnection to the ~~Transmission System~~ applicable Participating TO's portion of the ISO Controlled Grid. If it is reasonably practicable, the Interconnection Feasibility Study will include an informational assessment, as needed, of other Participating TOs' portions of the ISO Controlled Grid.

The Interconnection Feasibility Study will consider ~~the Base Cases~~ as well as all Generating Facilities (and with respect to ~~iii~~iv), any identified Network Upgrades) that, on the date the Interconnection Feasibility Study is commenced: (i) are directly interconnected to the ~~Transmission System~~ ISO Controlled Grid; (ii) are interconnected to Affected Systems and may have an impact on the Interconnection Request; (iii) have a pending request to interconnect to an Affected System; (iv) have a pending higher queued Interconnection Request to interconnect to the ISO Controlled Grid ~~Transmission System~~; and (v) have no Queue Position but have executed an LGIA or requested that an unexecuted LGIA be filed with FERC. The Interconnection Feasibility Study will consist of a power flow and short circuit analysis on the applicable Participating TO's portion of the ISO Controlled Grid. To the extent necessary and reasonably practicable, the Interconnection Feasibility Study will include an informational power flow analysis of the ISO Controlled Grid and will include short circuit duty results at boundaries with other Participating TOs, but will not include an estimate of costs. The Interconnection Feasibility Study will provide a list of facilities on the applicable Participating TO's portion of the ISO Controlled Grid and a non-binding good faith estimate of cost responsibility and

a non-binding good faith estimated time to construct. In addition, the Interconnection Feasibility Study will describe what results are expected in the Interconnection System Impact Study.

6.3 Interconnection Feasibility Study Procedures.

Prior to performing the Interconnection Feasibility Study, the ISO will determine the responsibilities for the ISO and applicable Participating TO to perform the study. The Transmission Provider applicable Participating TO and/or ISO shall utilize existing studies to the extent practicable when it performs the study. The Transmission Provider applicable Participating TO and/or ISO shall use Reasonable Efforts to complete a draft the Interconnection Feasibility Study no later than forty-five (45) Calendar Days after the Participating TO Provider receives the fully executed Interconnection Feasibility Study Agreement. Prior to issuing study results to the Interconnection Customer, the Participating TO and ISO shall share study results for review and comment, provide the study results to any other potentially-impacted Participating TO, and incorporate comments and issue a final Interconnection Feasibility Study within sixty (60) Calendar Days following receipt of the fully executed Interconnection Feasibility Study Agreement. At the request of the Interconnection Customer or at any time the Participating TO and/or ISO determines that it the entity performing the study will not meet the required time frame for completing the Interconnection Feasibility Study, Transmission Provider the Participating TO and/or ISO shall notify the Interconnection Customer as to the schedule status of the Interconnection Feasibility Study. If the Transmission Provider Participating TO and/or ISO is unable to complete the Interconnection Feasibility Study within that time period, it shall notify the Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required.

Upon request, the ~~Transmission Provider~~ applicable Participating TO and/or ISO shall provide the Interconnection Customer supporting documentation, workpapers and relevant power flow, and short circuit and stability databases for the Interconnection Feasibility Study, subject to confidentiality arrangements consistent with LGIP Section 13.1.

6.3.1 Meeting with ~~Transmission Provider~~ the Participating TO(s) and ISO.

Within ten (10) Business Days of providing an Interconnection Feasibility Study report to Interconnection Customer, ~~Transmission Provider~~ the applicable Participating TO, ISO, and Interconnection Customer shall meet to discuss the results of the Interconnection Feasibility Study. Any other potentially-impacted Participating TO shall also be included in the meeting.

6.4 Re-Study.

If re-study of the Interconnection Feasibility Study is required due to a higher queued project dropping out of the queue, or a modification of a higher queued project subject to LGIP Section 4.4, -or re-designation of the Point of Interconnection pursuant to LGIP Section 6.1, or any other effective change in information which necessitates a re-study, ~~Transmission Provider~~ the applicable Participating TO shall notify the Interconnection Customer and the ISO in writing along with a description of the expected results of the re-study. Upon receipt of such notice, the Interconnection Customer shall provide the applicable Participating TO within ten (10) Business Days either a written request that the Participating TO (i) terminate the study and withdraw the Interconnection Request; or (ii) continue the study. If the Interconnection Customer requests the applicable Participating

TO to continue the study, the Interconnection Customer shall pay the Participating TO an additional \$10,000 deposit for the re-study along with providing written notice for the Participating TO to continue.

Such re-study shall take not longer than forty-five (45) Calendar Days from the date of the notice the applicable Participating TO receives the Interconnection Customer's written notice to continue the study and payment of the additional \$10,000 deposit. Prior to issuing study results to the Interconnection Customer, the applicable Participating TO and the ISO shall share study results for review, provide the study results for review and comment to any other potentially-impacted Participating TOs, and incorporate comments within sixty (60) Calendar Days from the date the Participating TO receives the Interconnection Customer's written notice to continue the study and payment of the additional \$10,000 deposit. If the applicable Participating TO and/or the ISO is unable to complete the Interconnection Feasibility Study within that time period, it shall notify the Interconnection Customer and the ISO and provide an estimated completion date with an explanation of the reasons why additional time is required. Any and all costs of the Re-Study shall be borne by the Interconnection Customer being re-studied.

Section 7. Interconnection System Impact Study.

7.1 Interconnection System Impact Study Agreement.

Unless otherwise agreed, pursuant to the Scoping Meeting provided in Section 3.3.4, sSimultaneously with the delivery of the Interconnection Feasibility Study to the Interconnection Customer, the ~~Transmission Provider~~applicable Participating TO shall provide to the Interconnection Customer an Interconnection System Impact Study Agreement in the form of Appendix 3 to this LGIP. In addition, any other potentially-impacted Participating TO in coordination with the ISO shall determine if an Interconnection System Impact Study will be required on such other Participating TO's electrical system pursuant to a separate Interconnection System Impact Study Agreement. The Interconnection System Impact Study Agreement shall provide that the Interconnection Customer shall compensate the ~~Transmission Provider~~Participating TO for the actual cost of the Interconnection System Impact Study. Within three (3) Business Days following the Interconnection Feasibility Study results meeting, the ~~Transmission Provider~~Participating TO in coordination with the ISO shall provide to Interconnection Customer a signed System Impact Study Agreement which shall include a non-binding good faith estimate of the cost and timeframe for completing the Interconnection System Impact Study.

7.2 Execution of Interconnection System Impact Study Agreement.

The Interconnection Customer shall execute the Interconnection System Impact Study Agreement and deliver the executed Interconnection System Impact Study Agreement to the ~~Transmission Provider~~Participating TO no later than thirty (30) Calendar Days after its receipt along with ~~demonstration of Site Control, and~~ a \$50,000 deposit.

If the Interconnection Customer does not provide all such technical data when it delivers the Interconnection System Impact Study Agreement, the ~~Transmission Provider~~ISO shall notify the Interconnection Customer of the deficiency within five (5) Business Days of the receipt of the executed Interconnection System Impact Study Agreement and the Interconnection Customer shall cure the deficiency within ten (10) Business Days of receipt of the notice, provided, however, such deficiency does not include failure to deliver the executed Interconnection System Impact Study Agreement or deposit.

If the Interconnection System Impact Study uncovers any unexpected result(s) not contemplated during the Scoping Meeting and the Interconnection Feasibility Study, a substitute Point of Interconnection identified by either Interconnection Customer, or ~~Transmission Provider~~ the ISO, or Participating TO, and acceptable to the others, such acceptance not to be unreasonably withheld, will be substituted for the designated Point of Interconnection specified above without loss of Queue Position, and re-studies shall be completed pursuant to LGIP Section 7.6 as applicable. If the Participating TO and the Interconnection Customer cannot agree that the results were unexpected, then the ISO will make a determination that the results were either expected or unexpected. For the purpose of this LGIP Section 7.6, if the ~~Transmission Provider~~ Participating TO, ISO and Interconnection Customer cannot agree on the substituted Point of Interconnection, then Interconnection Customer may direct that one of the alternatives as specified in the Interconnection Feasibility Study Agreement, as specified pursuant to LGIP Section 3.3.5.4, shall be the substitute.

7.3 Scope of Interconnection System Impact Study.

The applicable Participating TOs' Interconnection System Impact Study, or Studies if applicable, shall evaluate the impact of the proposed interconnection on the reliability of the ~~Transmission System~~ applicable Participating TO's electric system. In addition the applicable Participating TO will perform a revised informational assessment, as needed, of other Participating TOs' portions of the ISO Controlled Grid, as directed by the ISO in consultation with the potentially impacted Participating TO. The Interconnection System Impact Study will consider ~~the Base Cases~~ as well as all Generating Facilities (and with respect to ~~(iii)~~ below, any identified Network Upgrades associated with such higher queued interconnection) that, on the date the Interconnection System Impact Study is commenced: (i) are directly interconnected to the ~~Transmission System~~ ISO Controlled Grid; (ii) are interconnected to Affected Systems and may have an impact on the Interconnection Request; (iii) have a pending request to interconnect to an Affected System; (iv) have a pending higher queued Interconnection Request to interconnect to the Transmission System ISO Controlled Grid; and (v) have no Queue Position but have executed an LGIA or requested that an unexecuted LGIA be filed with FERC.

The Interconnection System Impact Study will consist of a short circuit analysis, a stability analysis, ~~and a power flow analysis and a Deliverability Assessment as described in~~ LGIP Section 3.3.3. To the extent necessary and reasonably practicable, the Interconnection System Impact Study will include a revised informational power flow analysis of the ISO Controlled Grid and will include revised short circuit duty results at boundaries with other Participating TOs. The Interconnection System Impact Study will state the assumptions upon which it is based; state the results of the analyses; and provide the requirements or potential impediments to providing the requested ~~interconnection~~ Service, including a preliminary indication of the cost and length of time that would be necessary to correct any problems identified in those analyses and implement the interconnection. The Interconnection System Impact Study will provide a list of facilities on the applicable Participating TO's portion of the ISO Controlled Grid that are required as a result of the Interconnection Request and a non-binding good faith estimate of cost responsibility and a non-binding good faith estimated time to construct.

7.4 Interconnection System Impact Study Procedures.

Prior to performing the Interconnection System Impact Study, the ISO will determine the responsibilities for the ISO and Participating TO to perform the study. ~~The Transmission Provider~~ ISO shall coordinate the Interconnection System Impact Study with any Affected

System that is affected by the Interconnection Request pursuant to LGIP Section 3.7.5 above. The ~~Transmission Provider~~Participating TO and/or ISO shall utilize existing studies to the extent practicable when performing ~~it performs~~ the study. The ~~Transmission Provider~~Participating TO and/or ISO shall use Reasonable Efforts to complete ~~the~~ draft Interconnection System Impact Study within ninety (90) Calendar Days after the receipt of the Interconnection System Impact Study Agreement, ~~or notification to proceed,~~ study payment, and technical data. Prior to issuing study results to the Interconnection Customer, the Participating TO and/or ISO shall share results for review and comment, and incorporate comments and issue a final Interconnection System Impact Study Report within one hundred twenty (120) days after the receipt of the Interconnection System Impact Study Agreement, study payment, and technical data. If ~~Transmission Provider~~the Participating TO and/or ISO uses Clustering, the ~~Transmission Provider~~Participating TO and/or ISO shall use Reasonable Efforts to deliver a completed Interconnection System Impact Study within one hundred twenty~~ninety (90)~~120 Calendar Days after the close of the Queue Cluster Window.

At the request of the Interconnection Customer or at any time the ~~Transmission Provider~~Participating TO and/or ISO determines that it will not meet the required time frame for completing the Interconnection System Impact Study, ~~Transmission Provider~~the Participating TO and/or ISO shall notify the Interconnection Customer as to the schedule status of the Interconnection System Impact Study. If the ~~Transmission Provider~~Participating TO and/or ISO is unable to complete the Interconnection System Impact Study within the time period, it shall notify the Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required.

Upon request, the ~~Transmission Provider~~Participating TO and/or ISO shall provide the Interconnection Customer all supporting documentation, workpapers and relevant pre-Interconnection Request and post-Interconnection Request power flow, short circuit and stability databases for the Interconnection System Impact Study, subject to confidentiality arrangements consistent with LGIP Section 13.1.

7.5 Meeting with ~~Transmission Provider~~the Participating TO and ISO.

Within ten (10) Business Days of providing an Interconnection System Impact Study report to Interconnection Customer, ~~Transmission Provider~~the Participating TO, the ISO and the Interconnection Customer shall meet to discuss the results of the Interconnection System Impact Study.

7.6 Re-Study.

If re-study of the Interconnection System Impact Study is required due to a higher queued project dropping out of the queue, a modification of a higher queued project subject to LGIP Section 4.4, or re-designation of the Point of Interconnection pursuant to LGIP Section 6.47.2, or any other effective change in information which necessitates a re-study, ~~Transmission Provider~~the Participating TO shall notify the Interconnection Customer and the ISO in writing along with a description of the expected results of the re-study. Upon receipt of such notice, the Interconnection Customer shall provide the ISO and the Participating TO within ten (10) Business Days either a written request that the Participating TO (i) terminate the study and withdraw the Interconnection Request; or (ii) continue the study. If the Interconnection Customer requests the Participating TO to continue the study, the Interconnection Customer shall pay the Participating TO an additional \$10,000 deposit for the re-study along with providing written notice for the Participating TO to continue.

Such re-study shall take no longer than sixty (60) Calendar Days from the date the Participating TO receives the Interconnection Customer's written notice to continue the study and payment of the additional \$10,000 deposit of notice. Prior to issuing study results to the Interconnection Customer, the Participating TO and the ISO shall share study results for review and comment and incorporate comments and issue a final study within eighty (80) Calendar Days following receipt of the Interconnection Customer's written notice to continue the study and payment of the additional \$10,000 deposit. If the Participating TO and/or the ISO is unable to complete the Interconnection System Impact Study within that time period, it shall notify the Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required. Any and all costs of re-study shall be borne by the Interconnection Customer being re-studied.

7.7 Network Upgrades Economic Test

The Interconnection Customer must specify the Delivery Network Upgrades identified in the Interconnection System Impact Study to be included in the Interconnection Facility Study and the economic test described in Section 3.4.2 within ten (10) Business Days of receiving the completed Interconnection System Impact Study. This selection of Delivery Network Upgrades does not preclude the Interconnection Customer from removing uneconomic Delivery Network Upgrades from the list of facilities to be installed, after receiving the results of the economic test. The ISO will complete the economic test based on Network Upgrade costs developed in the Interconnection Facilities Study and present the results of the study to the Interconnection Customer and the Participating TO during the meeting described in LGIP Section 8.4. If the ISO is unable to complete the economic test prior to that meeting, it shall notify the Interconnection Customer and the Participating TO and provide an estimated completion date with an explanation of the reasons why additional time is required.

Section 8. Interconnection Facilities Study.

8.1 Interconnection Facilities Study Agreement.

Simultaneously with the delivery of the Interconnection System Impact Study to the Interconnection Customer, the ~~Transmission Provider~~ Participating TO shall provide to the Interconnection Customer an Interconnection Facilities Study Agreement in the form of Appendix 4 to this LGIP. The Interconnection Facilities Study Agreement shall provide that the Interconnection Customer shall compensate the ~~Transmission Provider~~ Participating TO for the actual cost of the Interconnection Facilities Study. Within three (3) Business Days following the Interconnection System Impact Study results meeting, the ~~Transmission Provider~~ Participating TO in coordination with the ISO shall provide to Interconnection Customer a signed Interconnection Facilities Study Agreement which shall include a non-binding good faith estimate of the cost and timeframe for completing the Interconnection Facilities Study. The Interconnection Customer shall execute the Interconnection Facilities Study Agreement and deliver the executed Interconnection Facilities Study Agreement to the ~~Transmission Provider~~ Participating TO within thirty (30) Calendar Days after its receipt, together with the required technical data and the greater of \$100,000 or the Interconnection Customer's portion of the estimated monthly cost of conducting the Interconnection Facilities Study.

8.1.1 ~~Transmission Provider~~ For studies where the estimated cost exceeds \$100,000, the Participating TO may shall invoice the Interconnection Customer on a monthly basis for

the work to be conducted on the Interconnection Facilities Study ~~each month for the remaining balance of the estimated Interconnection Facilities Study cost.~~ The Interconnection Customer shall pay invoiced amounts within thirty (30) Calendar Days of receipt of invoice. ~~Transmission Provider~~ The Participating TO shall continue to hold the amounts on deposit until settlement of the final invoice.

8.2 Scope of Interconnection Facilities Study.

The Interconnection Facilities Study shall specify and estimate the cost of the equipment, engineering, procurement and construction work needed on the Participating TO's electric system to implement the conclusions of the Interconnection System Impact Study in accordance with Good Utility Practice to physically and electrically connect the Interconnection Customer's Interconnection Facilities to the ~~Transmission System~~ ISO Controlled Grid. The Interconnection Facilities Study shall also identify the electrical switching configuration of the connection equipment, including, without limitation: the transformer, switchgear, meters, and other station equipment; the nature and estimated cost of any ~~Transmission Provider~~ Participating TO's Interconnection Facilities and Network Upgrades necessary to accomplish the interconnection; and an estimate of the time required to complete the construction and installation of such facilities.

8.3 Interconnection Facilities Study Procedures.

The ~~Transmission Provider~~ ISO shall coordinate the Interconnection Facilities Study with any Affected System pursuant to LGIP Section 3.5 above. The ~~Transmission Provider~~ Participating TO and/or ISO shall utilize existing studies to the extent practicable in performing the Interconnection Facilities Study. The ~~Transmission Provider~~ Participating TO and/or ISO shall use Reasonable Efforts to complete the study and issue a draft Interconnection Facilities Study report to the Interconnection Customer. Prior to issuing draft study results to the Interconnection Customer, the Participating TO and ISO shall share results for review and incorporate comments within the following number of days after receipt of an executed Interconnection Facilities Study Agreement: ~~ninetyone hundred twenty (90120)~~ ninetyone hundred twenty (90120) Calendar Days, with no more than a +/- 20 percent cost estimate contained in the report; or ~~one hundred twenty (10020)~~ one hundred twenty (10020) Calendar Days, if the Interconnection Customer requests a +/- 10 percent cost estimate.

At the request of the Interconnection Customer or at any time the ~~Transmission Provider~~ Participating TO and/or ISO determines that it will not meet the required time frame for completing the Interconnection Facilities Study, ~~Transmission Provider~~ the Participating TO and/or ISO shall notify the Interconnection Customer as to the schedule status of the Interconnection Facilities Study. If the ~~Transmission Provider~~ Participating TO and/or ISO is unable to complete the Interconnection Facilities Study and issue a draft Interconnection Facilities Study report within the time required, it shall notify the Interconnection Customer and provide an estimated completion date and an explanation of the reasons why additional time is required.

The Interconnection Customer may, within thirty (30) Calendar Days after receipt of the draft report, provide written comments to the ~~Transmission Provider~~ Participating TO and ISO, which the ~~Transmission Provider~~ Participating TO and/or ISO shall include in the final report. The ~~Transmission Provider~~ Participating TO and/or ISO shall issue the final Interconnection Facilities Study report within fifteen (15) Business Days of receiving the Interconnection Customer's comments or promptly upon receiving Interconnection Customer's statement that it will not provide comments. The ~~Transmission Provider~~ Participating TO and/or ISO may reasonably extend such fifteen-day period upon notice to the Interconnection Customer if the Interconnection Customer's comments

require the ~~Transmission Provider~~Participating TO and/or ISO to perform additional analyses or make other significant modifications prior to the issuance of the final Interconnection Facilities Report. Upon request, the ~~Transmission Provider~~Participating TO and/or ISO shall provide the Interconnection Customer supporting documentation, workpapers, and databases or data developed in the preparation of the Interconnection Facilities Study, subject to confidentiality arrangements consistent with LGIP Section 13.1.

8.4 Meeting with ~~Transmission Provider~~ Participating TO and ISO.

Within ten (10) Business Days of providing a draft Interconnection Facilities Study report to Interconnection Customer, ~~Transmission Provider~~the Participating TO, the ISO and Interconnection Customer shall meet to discuss the results of the Interconnection Facilities Study and the economic test, if applicable. Within ten (10) Business Days of this meeting the Interconnection Customer shall make the election of which Delivery Network Upgrades identified in the Interconnection Facilities Study are to be installed. Any operating constraints on the Interconnection Customer's Generating Facility arising out of the Interconnection Customer's election not to install the Delivery Network Upgrades shall be as set forth in Article 9 and Appendix C of the LGIA.

8.5 Re-Study.

If ~~Rre-Sstudy~~ of the Interconnection Facilities Study is required due to a higher queued project dropping out of the queue or a modification of a higher queued project pursuant to LGIP Section 4.4, or any other effective change in information which necessitates a re-study, the ~~Transmission Provider~~Participating TO shall so notify the Interconnection Customer and the ISO in writing along with a description of the expected results of the re-study. Upon receipt of such notice, the Interconnection Customer shall provide the Participating TO within ten (10) Business Days a written request that the Participating TO either (i) terminate the study and withdraw the Interconnection Request; or (ii) continue the study. If the Interconnection Customer requests the Participating TO to continue the study, the Interconnection Customer shall pay the Participating TO an additional \$10,000 deposit for the re-study along with providing written notice for the Participating TO to continue.

Such ~~Rre-Sstudy~~ shall take no longer than sixty (60) Calendar Days from the date of ~~notice~~the Participating TO receives the Interconnection Customer's written notice to continue the study and payment of the additional \$10,000 deposit. Prior to issuing study results to the Interconnection Customer, the Participating TO and ISO shall share study results for review and comment and incorporate comments and issue a final study within eighty (80) Calendar Days following receipt of the Interconnection Customer's written notice to continue the study and payment of the additional \$10,000 deposit. If the Participating TO and/or the ISO is unable to complete the Interconnection Facilities Study within that time period, it shall notify the Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required. Any and all costs of Rre-Sstudy shall be borne by the Interconnection Customer being re-studied.

Section 9. Engineering & Procurement ("E&P") Agreement.

Prior to executing an LGIA, an Interconnection Customer may, in order to advance the implementation of its interconnection, request and ~~Transmission Provider~~the Participating TO shall offer the Interconnection Customer, an E&P Agreement that authorizes the ~~Transmission Provider~~Participating TO to begin engineering and procurement of long

lead-time items necessary for the establishment of the interconnection. However, the ~~Transmission Provider~~Participating TO shall not be obligated to offer an E&P Agreement if Interconnection Customer is in Dispute Resolution as a result of an allegation that Interconnection Customer has failed to meet any milestones or comply with any prerequisites specified in other parts of the LGIP. The E&P Agreement is an optional procedure and it will not alter the Interconnection Customer's Queue Position or In-Service Date. The E&P Agreement shall provide for the Interconnection Customer to pay the cost of all activities authorized by the Interconnection Customer and to make advance payments or provide other satisfactory security for such costs.

The Interconnection Customer shall pay the cost of such authorized activities and any cancellation costs for equipment that is already ordered for its interconnection, which cannot be mitigated as hereafter described, whether or not such items or equipment later become unnecessary. If Interconnection Customer withdraws its application for interconnection or either party terminates the E&P Agreement, to the extent the equipment ordered can be canceled under reasonable terms, Interconnection Customer shall be obligated to pay the associated cancellation costs. To the extent that the equipment cannot be reasonably canceled, ~~Transmission Provider~~the Participating TO may elect: (i) to take title to the equipment, in which event ~~Transmission Provider~~the Participating TO shall refund Interconnection Customer any amounts paid by Interconnection Customer for such equipment and shall pay the cost of delivery of such equipment, or (ii) to transfer title to and deliver such equipment to Interconnection Customer, in which event Interconnection Customer shall pay any unpaid balance and cost of delivery of such equipment.

Section 10. Optional Interconnection Study.

10.1 Optional Interconnection Study Agreement.

On or after the date when the Interconnection Customer receives Interconnection System Impact Study results, the Interconnection Customer may request, and the ~~Transmission Provider~~Participating TO or ISO shall perform, a reasonable number of Optional Interconnection Studies. The request shall describe the assumptions that the Interconnection Customer wishes the ~~Transmission Provider~~Participating TO or ISO to study within the scope described in LGIP Section 10.2. Within five (5) Business Days after receipt of a request for an Optional Interconnection Study, the ~~Transmission Provider~~Participating TO or ISO shall provide to the Interconnection Customer an Optional Interconnection Study Agreement ~~in the form of Appendix 5.~~

The Optional Interconnection Study Agreement shall: (i) specify the technical data that the Interconnection Customer must provide for each phase of the Optional Interconnection Study, (ii) specify the Interconnection Customer's assumptions as to which Interconnection Requests with earlier queue priority dates will be excluded from the Optional Interconnection Study case and assumptions as to the type of interconnection service for Interconnection Requests remaining in the Optional Interconnection Study case, and (iii) the ~~Transmission Provider's~~Participating TO's or ISO's estimate of the cost of the Optional Interconnection Study. To the extent known by the ~~Transmission Provider~~Participating TO or ISO, such estimate shall include any costs expected to be incurred by any Affected System whose participation is necessary to complete the Optional Interconnection Study. Notwithstanding the above, the ~~Transmission Provider~~Participating TO or ISO shall not be required as a result of an Optional Interconnection Study request to conduct any additional Interconnection Studies with respect to any other Interconnection Request.

The Interconnection Customer shall execute the Optional Interconnection Study Agreement within ten (10) Business Days of receipt and deliver the Optional Interconnection Study Agreement, the technical data and a \$10,000 deposit to the ~~Transmission Provider~~ Participating TO or ISO as applicable.

10.2 Scope of Optional Interconnection Study.

The Optional Interconnection Study will consist of a sensitivity analysis based on the assumptions specified by the Interconnection Customer in the Optional Interconnection Study Agreement. The Optional Interconnection Study will also identify the ~~Transmission Provider~~ Participating TO's Interconnection Facilities and the Network Upgrades, and the estimated cost thereof, that may be required to provide transmission service or Interconnection Service based upon the results of the Optional Interconnection Study. The Optional Interconnection Study shall be performed solely for informational purposes. The ~~Transmission Provider~~ Participating TO or ISO shall use Reasonable Efforts to coordinate the study with any Affected Systems that may be affected by the types of Interconnection Services that are being studied. The ~~Transmission Provider~~ Participating TO or ISO shall utilize existing studies to the extent practicable in conducting the Optional Interconnection Study.

10.3 Optional Interconnection Study Procedures.

~~The executed Optional Interconnection Study Agreement, the prepayment, and technical and other data called for therein must be provided to the Transmission Provider within ten (10) Business Days of Interconnection Customer receipt of the Optional Interconnection Study Agreement. The Transmission Provider shall use Reasonable Efforts to complete the Optional Interconnection Study within a mutually agreed upon time period specified within the Optional Interconnection Study Agreement. If the Transmission Provider is unable to complete the Optional Interconnection Study within such time period, it shall notify the Interconnection Customer and provide an estimated completion date and an explanation of the reasons why additional time is required. Any difference between the study payment and the actual cost of the study shall be paid to the Transmission Provider, as applicable, or refunded to the Interconnection Customer, as appropriate. Upon request, the Transmission Provider shall provide the Interconnection Customer supporting documentation and workpapers, and databases or data developed in the preparation of the Optional Interconnection Study, subject to confidentiality arrangements consistent with LGIP Section 13.1.~~

Section 11. Standard Large Generator Interconnection Agreement (LGIA).

11.1 Tender.

Simultaneously with the issuance of the draft Interconnection Facilities Study report to the Interconnection Customer, the ~~Transmission Provider~~ Participating TO shall tender to the ~~Generator Interconnection Customer~~ a draft LGIA together with draft appendices completed to the extent practicable. The draft LGIA shall be in the form of the ~~Transmission Provider's Commission~~ FERC-approved standard form LGIA, ~~which is in Appendix 6~~. Within thirty (30) Calendar Days after the issuance of the draft Interconnection Facilities Study Report, the ~~Transmission Provider~~ Participating TO shall tender the completed draft LGIA appendices.

11.2 Negotiation.

Notwithstanding LGIP Section 11.1, at the request of the Interconnection Customer, the ~~Transmission Provider~~Participating TO, and ISO as necessary, shall begin negotiations with the Interconnection Customer concerning the appendices to the LGIA at any time after the Interconnection Customer executes the Interconnection Facilities Study Agreement. The ~~Transmission Provider~~Participating TO and ISO, as necessary, and the Interconnection Customer shall negotiate concerning any disputed provisions of the appendices to the draft LGIA for not more than ~~sixty-three~~ sixty-three (63) Calendar Days after tender of the ~~completed draft LGIA appendices final Interconnection Facilities Study Report~~. If the Interconnection Customer determines that negotiations are at an impasse, it may request termination of the negotiations at any time after tender of the LGIA pursuant to LGIP Section 11.1 and request submission of the unexecuted LGIA with FERC or initiate Dispute Resolution procedures pursuant to LGIP Section 13.5. If the Interconnection Customer requests termination of the negotiations, but within ~~sixty-nine~~ sixty-nine (69) Calendar Days thereafter after issuance of the ~~final Interconnection Facilities Study report~~ fails to request either the filing of the unexecuted LGIA or initiate Dispute Resolution, it shall be deemed to have withdrawn its Interconnection Request. Unless otherwise agreed by the Parties, if the Interconnection Customer has not executed and returned the LGIA, requested filing of an unexecuted LGIA, or initiated Dispute Resolution procedures pursuant to LGIP Section 13.5 within ~~sixty-nine~~ sixty-nine (90) Calendar Days after issuance of the ~~final Interconnection Facilities Study report~~ of tender of completed draft of the LGIA appendices, it shall be deemed to have withdrawn its Interconnection Request. The ~~Transmission Provider~~Participating TO shall provide to the Interconnection Customer a final LGIA within fifteen (15) Business Days after the completion of the negotiation process.

11.3 Execution and Filing.

~~Within fifteen (15) Business Days after receipt of the final LGIA, At the time that the~~ Interconnection Customer either returns the executed LGIA or requests the filing of an unexecuted LGIA as specified below, the Interconnection Customer shall provide the ~~Transmission Provider~~Participating TO (A) reasonable evidence that of continued Site Control or (B) posting of \$250,000, non-refundable additional security, which shall be applied toward future construction costs. At the same time, Interconnection Customer also shall provide reasonable evidence that one or more of the following milestones in the development of the Large Generating Facility, at the Interconnection Customer election, has been achieved: (i) the execution of a contract for the supply or transportation of fuel to the Large Generating Facility; (ii) the execution of a contract for the supply of cooling water to the Large Generating Facility; (iii) execution of a contract for the engineering for, procurement of major equipment for, or construction of, the Large Generating Facility; (iv) execution of a contract for the sale of electric energy or capacity from the Large Generating Facility; or (v) application for an air, water, or land use permit.

The Interconnection Customer shall either: (i) execute ~~two~~ four originals of the tendered LGIA and return ~~them~~ one to the ~~Transmission Provider~~Participating TO and ~~two~~ two to the ~~ISO~~; or (ii) request in writing that the ~~Transmission Provider~~Participating TO file with FERC an LGIA in unexecuted form. As soon as practicable, but not later than ten (10) Business Days after receiving either the ~~two~~ two executed originals of the tendered LGIA (if it does not conform with a ~~Commission~~ FERC-approved standard form of interconnection agreement) or the request to file an unexecuted LGIA, the ~~Transmission Provider~~Participating TO and ~~ISO~~ shall file the LGIA with FERC, as necessary, together with ~~its~~ an explanation of any matters as to which the Interconnection Customer and the ~~Transmission Provider~~Participating TO or ~~ISO~~ disagree and support for the costs that the

~~Transmission Provider~~Participating TO proposes to charge to the Interconnection Customer under the LGIA. An unexecuted LGIA should contain terms and conditions deemed appropriate by the ~~Transmission Provider~~Participating TO and ISO for the Interconnection Request. If the Parties agree to proceed with design, procurement, and construction of facilities and upgrades under the agreed-upon terms of the unexecuted LGIA, they may proceed pending ~~Commission~~FERC action.

11.4 Commencement of Interconnection Activities.

If the Interconnection Customer executes the final LGIA, the ~~Transmission Provider~~Participating TO, ISO and the Interconnection Customer shall perform their respective obligations in accordance with the terms of the LGIA, subject to modification by FERC. Upon submission of an unexecuted LGIA, ~~both the Interconnection Customer, Participating TO and Transmission Provider shall promptly~~ISO may proceed to comply with the unexecuted LGIA, subject to modification by pending FERC action.

11.5 Interconnection Customer to Meet Requirements of the Participating TO's Interconnection Handbook.

The Interconnection Customer's Interconnection Facilities shall be designed, constructed, operated and maintained in accordance with the Participating TO's Interconnection Handbook.

Section 12. Construction of ~~Transmission Provider's~~Participating TO's Interconnection Facilities and Network Upgrades.

12.1 Schedule.

The ~~Transmission Provider~~Participating TO and the Interconnection Customer shall negotiate in good faith concerning a schedule for the construction of the ~~Transmission Provider~~Participating TO's Interconnection Facilities and the Network Upgrades.

12.2 Construction Sequencing.

12.2.1 General

In general, the ~~In-Service Date in the LGIA~~ of an Interconnection Customers seeking interconnection to the ~~Transmission System~~ISO Controlled Grid will determine the sequence of construction of Network Upgrades.

12.2.2 Advance Construction of Network Upgrades that are an Obligation of an Entity other than the Interconnection Customer

An Interconnection Customer with an LGIA, in order to maintain its In-Service Date, may request that the ~~Transmission Provider~~Participating TO advance to the extent necessary the completion of Network Upgrades that: (i) were assumed in the Interconnection Studies for such Interconnection Customer, (ii) are necessary to support such In-Service Date, and (iii) would otherwise not be completed, pursuant to a contractual obligation of an entity other than the Interconnection Customer that is seeking interconnection to the ~~Transmission System~~Participating TO's portion of the ISO Controlled Grid, in time to support such In-Service Date. Upon such request, ~~Transmission Provider~~the Participating TO will use Reasonable Efforts to advance the construction of such Network Upgrades to accommodate such request; provided that the Interconnection Customer

commits to pay ~~Transmission Provider~~ the Participating TO: (i) any associated expediting costs and (ii) the cost of such Network Upgrades.

The ~~Transmission Provider~~ Participating TO will refund to the Interconnection Customer both the expediting costs and the cost of Network Upgrades, in accordance with Article 11.4 of the LGIA, subject to the limitations set forth in LGIP Section 3.4.3. Consequently, the entity with a contractual obligation to construct such Network Upgrades shall be obligated to pay only that portion of the costs of the Network Upgrades that ~~Transmission Provider~~ the Participating TO has not refunded to the Interconnection Customer. Payment by that entity shall be due on the date that it would have been due had there been no request for advance construction. The ~~Transmission Provider~~ Participating TO shall forward to the Interconnection Customer the amount paid by the entity with a contractual obligation to construct the Network Upgrades as payment in full for the outstanding balance owed to the Interconnection Customer. The ~~Transmission Provider~~ Participating TO then shall refund to that entity the amount that it paid for the Network Upgrades, in accordance with Article 11.4 of the LGIA, subject to the limitations set forth in LGIP Section 3.4.3.

12.2.3 Advancing Construction of Network Upgrades that are Part of an Expansion Plan of the ~~Transmission Provider~~ Participating TO.

An Interconnection Customer with an LGIA, in order to maintain its in-Sservice Ddate as specified in the LGIA, may request that the ~~Transmission Provider~~ Participating TO advance to the extent necessary the completion of Network Upgrades that: (i) are necessary to support such in-Sservice Ddate and (ii) would otherwise not be completed, pursuant to an expansion plan of the ~~Transmission Provider~~ Participating TO, in time to support such in-Sservice Ddate. Upon such request, ~~Transmission Provider~~ the Participating TO will use Reasonable Efforts to advance the construction of such Network Upgrades to accommodate such request; provided that the Interconnection Customer commits to pay ~~Transmission Provider~~ the Participating TO any associated expediting costs. The Interconnection Customer shall be entitled to transmission credits refunds, if any, in accordance with this LGIP and the LGIA, for any expediting costs paid.

12.2.4 Amended Interconnection System Impact Study

An Interconnection ~~System Impact Study~~ will be amended, as needed, to determine the facilities necessary to support the requested in-Sservice Ddate as specified in the LGIA. This amended study will include those transmission facilities, and Large Generating Facilities and any other generating facilities that are expected to be in service on or before the requested in-Sservice Ddate. If an amendment to an Interconnection Study is required, the Participating TO shall notify the Interconnection Customer and the ISO in writing. Upon receipt of such notice, the Interconnection Customer shall provide the ISO and the Participating TO within ten (10) Business Days a written request that the Participating TO either (i) terminate the amended study and withdraw the Interconnection Customer's Interconnection Request or (ii) continue with the amended study. If the Interconnection Customer requests the Participating TO to continue with the amended study, the Interconnection Customer shall pay the Participating TO an additional \$10,000 deposit for the amended study along with providing written notice for the Participating TO to continue. Such amended study shall take no longer than sixty (60) Calendar Days from the date the Participating TO receives the Interconnection Customer's written notice to continue the study and payment of the additional \$10,000 deposit. Prior to issuing study results to the Interconnection Customer, the Participating TO and ISO shall share study results for review and comment, and incorporate comments and issue a final study within eighty (80) Calendar Days from the date of the Interconnection Customer's written notice

to continue the study and payment of the additional \$10,000 deposit. If the Participating TO is unable to complete the amended Interconnection Study within that time period, it shall notify the Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required. Any and all costs of the amended study shall be borne by the Interconnection Customer being re-studied.

Section 13. Miscellaneous.

13.1 Confidentiality.

Confidential Information shall include, without limitation, all information relating to a Party's technology, research and development, business affairs, and pricing, and any information supplied by ~~either any~~ of the Parties to the other Parties prior to the execution of an LGIA.

Information is Confidential Information only if it is clearly designated or marked in writing as confidential on the face of the document, or, if the information is conveyed orally or by inspection, if the Party providing the information orally informs the Parties y-receiving the information that the information is confidential.

If requested by ~~either any~~ Party, the other Parties y-shall provide in writing, the basis for asserting that the information referred to in this ~~Article Section~~ warrants confidential treatment, and the requesting Party may disclose such writing to the appropriate Governmental Authority. Each Party shall be responsible for the costs associated with affording confidential treatment to its information.

The confidentiality provisions of this LGIP are limited to information provided pursuant to this LGIP.

13.1.1 Scope.

Confidential Information shall not include information that the receiving Party can demonstrate: (1) is generally available to the public other than as a result of a disclosure by the receiving Party; (2) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (3) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party after due inquiry, was under no obligation to the disclosing Party to keep such information confidential; (4) was independently developed by the receiving Party without reference to Confidential Information of the disclosing Party; (5) is, or becomes, publicly known, through no wrongful act or omission of the receiving Party or ~~B~~breach of the LGIA; or (6) is required, in accordance with LGIP Section 13.1.6, Order of Disclosure, to be disclosed by any Governmental Authority or is otherwise required to be disclosed by law or subpoena, or is necessary in any legal proceeding establishing rights and obligations under the ~~LGIA~~ LGIP. Information designated as Confidential Information will no longer be deemed confidential if the Party that designated the information as confidential notifies the other Parties y-that it no longer is confidential.

13.1.2 Release of Confidential Information.

~~Neither No~~ Party shall release or disclose Confidential Information to any other person, except to its employees, consultants, or to parties who may be or considering providing financing to or equity participation with Interconnection Customer, or to potential purchasers or assignees of Interconnection Customer, on a need-to-know basis in

connection with these procedures, unless such person has first been advised of the confidentiality provisions of this LGIP Section 13.1 and has agreed to comply with such provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall remain primarily responsible for any release of Confidential Information in contravention of this LGIP Section 13.1.

13.1.3 Rights.

Each Party retains all rights, title, and interest in the Confidential Information that each Party discloses to the other Parties. The disclosure by each Party to the other Parties of Confidential Information shall not be deemed a waiver by either a Party or any other person or entity of the right to protect the Confidential Information from public disclosure.

13.1.4 No Warranties.

By providing Confidential Information, ~~neither no~~ Party makes any warranties or representations as to its accuracy or completeness. In addition, by supplying Confidential Information, ~~neither no~~ Party obligates itself to provide any particular information or Confidential Information to the other Parties ~~y~~ nor to enter into any further agreements or proceed with any other relationship or joint venture.

13.1.5 Standard of Care.

Each Party shall use at least the same standard of care to protect Confidential Information it receives as it uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination. Each Party may use Confidential Information solely to fulfill its obligations to the other Parties ~~y~~ under these procedures or its regulatory requirements.

13.1.6 Order of Disclosure.

If a court or a Government Authority or entity with the right, power, and apparent authority to do so requests or requires ~~either any~~ Party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide the other Parties ~~y~~ with prompt notice of such request(s) or requirement(s) so that the other Parties ~~y~~ may seek an appropriate protective order or waive compliance with the terms of the ~~LGIA~~ LGIP. Notwithstanding the absence of a protective order or waiver, the Party may disclose such Confidential Information which, in the opinion of its counsel, the Party is legally compelled to disclose. Each Party will use Reasonable Efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.

13.1.7 Remedies.

~~The Parties agree that m~~Monetary damages ~~would be are~~ inadequate to compensate a Party for the ~~another~~ Party's ~~B~~breach of its obligations under this LGIP Section 13.1. Each Party accordingly agrees that the other Parties ~~y~~ shall be entitled to equitable relief, by way of injunction or otherwise, if the first Party ~~B~~breaches or threatens to ~~B~~breach its obligations under this LGIP Section 13.1, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law. Such remedy shall not be deemed an exclusive remedy for the ~~B~~breach of this LGIP Section 13.1, but shall be in addition to all other remedies available at law or in equity. ~~The Parties f~~Further, ~~acknowledge and agree that~~ the covenants contained herein are necessary for the protection of legitimate business

interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental, or consequential or punitive damages of any nature or kind resulting from or arising in connection with this LGIP Section 13.1.

13.1.8 Disclosure to FERC or its Staff.

Notwithstanding anything in this Section 13.1 to the contrary, and pursuant to 18 C.F.R. section 1b.20, if FERC or its staff, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to the LGIP, the Party shall provide the requested information to FERC or its staff, within the time provided for in the request for information. In providing the information to FERC or its staff, the Party must, consistent with 18 C.F.R. section 388.112, request that the information be treated as confidential and non-public by FERC and its staff and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Parties ~~y~~ prior to the release of the Confidential Information ~~to the Commission FERC~~ or its staff. The Party shall notify the other applicable Parties y to the LGIA when ~~its~~ it is notified by FERC or its staff that a request to release Confidential Information has been received by FERC, at which time ~~either any~~ of the Parties may respond before such information would be made public, pursuant to 18 C.F.R. section 388.112.

13.1.9 _____ Subject to the exception in LGIP Section 13.1.8, any ~~information that a Party claims is competitively sensitive, commercial or financial information~~ ("Confidential Information") shall not be disclosed by the other Parties ~~y~~ to any person not employed or retained by the other Parties ~~y~~, except to the extent disclosure is (i) required by law; (ii) reasonably deemed by the disclosing Party to be required to be disclosed in connection with a dispute between or among the Parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the other Parties ~~y~~, such consent not to be unreasonably withheld; or (iv) necessary to fulfill its obligations under this LGIP or as a transmission service provider or a Control Area operator including disclosing the Confidential Information to an RTO or ISO or to a subregional, regional or national reliability organization or planning group. The Party asserting confidentiality shall notify the other Parties ~~y~~ in writing of the information it claims is confidential. Prior to any disclosures of ~~the another Party's~~ Confidential Information under this subparagraph, or if any third party or Governmental Authority makes any request or demand for any of the information described in this subparagraph, the disclosing Party agrees to promptly notify the other Party in writing and agrees to assert confidentiality and cooperate with the other Party in seeking to protect the Confidential Information from public disclosure by confidentiality agreement, protective order or other reasonable measures.

13.1.10 This provision shall not apply to any information that was or is hereafter in the public domain (except as a result of a ~~B~~breach of this provision).

13.1.11 _____ The ~~Transmission Provider Participating TO~~ or ISO shall, at Interconnection Customer's election, destroy, in a confidential manner, or return the Confidential Information provided at the time of Confidential Information is no longer needed.

13.2 Delegation of Responsibility.

The ~~Transmission Provider Participating TO~~ and ISO may use the services of subcontractors as ~~it deemed~~ appropriate to perform ~~its~~ their obligations under this LGIP. ~~Transmission Provider The Participating TO or ISO~~ shall remain primarily liable to the Interconnection Customer for the performance of ~~such~~ its respective subcontractors and compliance with its obligations of this LGIP. The subcontractor shall keep all information

provided confidential and shall use such information solely for the performance of such obligation for which it was provided and no other purpose.

13.3 Obligation for Study Costs.

~~Transmission Provider~~The Participating TO or ISO shall charge and the Interconnection Customer shall pay the actual costs of the Interconnection Studies. Any difference between the study deposit and the actual cost of the applicable Interconnection Study shall be paid by or refunded, ~~except as otherwise provided herein, to the Interconnection Customer, or offset against the cost of any future Interconnection Studies associated with the applicable Interconnection Request prior to beginning of any such future Interconnection Studies.~~ Any invoices for Interconnection Studies shall include a detailed and itemized accounting of the cost of each Interconnection Study. The Interconnection Customer shall pay any such undisputed costs within thirty (30) Calendar Days of receipt of an invoice therefor. ~~The Transmission Provider~~Participating TO or ISO shall not be obligated to perform or continue to perform any studies unless Interconnection Customer has paid all undisputed amounts in compliance herewith.

13.4 Third Parties Conducting Studies.

If (i) at the time of the signing of an Interconnection Study Agreement there is disagreement as to the estimated time to complete an Interconnection Study, (ii) the Interconnection Customer receives notice pursuant to LGIP Sections 6.3, 7.4 or 8.3 that ~~the Transmission Provider~~Participating TO or ISO will not complete an Interconnection Study within the applicable timeframe for such Interconnection Study, or (iii) the Interconnection Customer receives neither the Interconnection Study nor a notice under LGIP Sections 6.3, 7.4 or 8.3 within the applicable timeframe for such Interconnection Study, then the Interconnection Customer may require the ~~Transmission Provider~~Participating TO or ISO to utilize a third party consultant reasonably acceptable to Interconnection Customer and ~~Transmission Provider~~Participating TO or ISO to perform such Interconnection Study under the direction of the ~~Transmission Provider~~Participating TO or ISO. At other times, ~~Transmission Provider~~Participating TO or ISO may also utilize a third party consultant to perform such Interconnection Study, either in response to a general request of the Interconnection Customer, or on its own volition.

In all cases, use of a third party consultant shall be in accord with Article 26 of the LGIA (Subcontractors) and limited to situations where the ~~Transmission Provider~~Participating TO and ISO determines that doing so will help maintain or accelerate the study process for the Interconnection Customer's pending Interconnection Request and not interfere with the ~~Transmission Provider's~~Participating TO's and ISO's progress on Interconnection Studies for other pending Interconnection Requests. In cases where the Interconnection Customer requests use of a third party consultant to perform such Interconnection Study, Interconnection Customer and ~~Transmission Provider~~Participating TO or ISO shall negotiate all of the pertinent terms and conditions, including reimbursement arrangements and the estimated study completion date and study review deadline. ~~Transmission Provider~~Participating TO or ISO shall convey all workpapers, data bases, study results and all other supporting documentation prepared to date with respect to the Interconnection Request as soon as soon as practicable upon Interconnection Customer's request subject to the confidentiality provision in LGIP Section 13.1. In any case, such third party contract may be entered into with either the Interconnection Customer or the ~~Transmission Provider~~Participating TO or ISO at the ~~Transmission Provider's~~Participating TO's or ISO discretion. In the case of (iii) the Interconnection Customer maintains its right to submit a claim to Dispute Resolution to recover the costs of such third party study. Such third party consultant shall be required

to comply with this LGIP, Article 26 of the LGIA (Subcontractors), the ISO Tariff, and the relevant OATT procedures and protocols Participating TO's TO Tariff as would apply if the Transmission Provider Participating TO or ISO were to conduct the Interconnection Study and shall use the information provided to it solely for purposes of performing such services and for no other purposes. The Transmission Provider Participating TO or ISO shall cooperate with such third party consultant and Interconnection Customer to complete and issue the Interconnection Study in the shortest reasonable time.

13.5 Disputes.

All disputes arising out of or in connection with this LGIP whereby relief is sought by or from the ISO shall be settled in accordance with the ISO ADR Procedures. Disputes arising out of or in connection with this LGIP not subject to the ISO ADR Procedures shall be resolved as follows:

13.5.1 Submission.

In the event either Party has a dispute, or asserts a claim, that arises out of or in connection with the LGIA, the LGIP, or their performance, such Party (the "disputing Party") shall provide the other Party with written notice of the dispute or claim ("Notice of Dispute"). Such dispute or claim shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Party. In the event the designated representatives are unable to resolve the claim or dispute through unassisted or assisted negotiations within thirty (30) Calendar Days of the other Party's receipt of the Notice of Dispute, such claim or dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such claim or dispute to arbitration, each Party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of this the LGIA and LGIP.

13.5.2 External Arbitration Procedures.

Any arbitration initiated under these procedures shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) Calendar Days of the submission 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 (20) Calendar 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 conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("Arbitration Rules") and any applicable FERC regulations or RTO rules; provided, however, in the event of a conflict between the Arbitration Rules and the terms of this LGIP Section 13, the terms of this LGIP Section 13 shall prevail.

13.5.3 Arbitration Decisions.

Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) Calendar 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 LGIA and LGIP and shall have no power to modify or

change any provision of the LGIA and LGIP 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 or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with FERC if it affects jurisdictional rates, terms and conditions of service, Interconnection Facilities, or Network Upgrades.

13.5.4 Costs.

Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) 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 (2) one half the cost of the single arbitrator jointly chosen by the Parties.

APPENDICES TO LGIP

APPENDIX 1 INTERCONNECTION REQUEST

~~APPENDIX 2 INTERCONNECTION FEASIBILITY STUDY AGREEMENT~~

~~APPENDIX 3 INTERCONNECTION SYSTEM IMPACT STUDY AGREEMENT~~

~~APPENDIX 4 INTERCONNECTION FACILITIES STUDY AGREEMENT~~

~~APPENDIX 5 OPTIONAL INTERCONNECTION STUDY
AGREEMENT~~

~~APPENDIX 6 STANDARD LARGE GENERATOR
INTERCONNECTION AGREEMENT~~

**APPENDIX 1 to LGIP
INTERCONNECTION REQUEST**

Provide three copies of this completed form pursuant to Section 7 below.

1. The undersigned Interconnection Customer submits this request to interconnect its Large Generating Facility with the ~~Transmission Provider's Transmission System~~ ISO Controlled Grid pursuant to a the ISO Tariff.
2. This Interconnection Request is for (check one):
 A proposed new Large Generating Facility.
 An increase in the generating capacity or a Material Modification of an existing Generating Facility.
3. ~~The type of interconnection service requested (check one or both as appropriate):~~
 ~~[It is intended that the types of interconnection services specified in Article 4 of the LGIA be placed here.]~~
4. The Interconnection Customer provides the following information:
 - a. Address or location of the proposed new Large Generating Facility site ~~(to the extent known)~~ or, in the case of an existing Generating Facility, the name and specific location of the existing Generating Facility;
 - b. Maximum summer at degrees C and winter at degrees C megawatt electrical output of the proposed new Large Generating Facility or the amount of megawatt increase in the generating capacity of an existing Generating Facility;
 - c. Type of project (i.e., gas turbine, hydro, wind, etc.) and ~~G~~ general description of the equipment configuration;
 - d. Proposed In-Service Date, Trial Operation date and Commercial Operation Date by day, month, and year and term of service;
 - e. Name, address, telephone number, and e-mail address of the Interconnection Customer's contact person;
 - f. Approximate location of the proposed Point of Interconnection ~~(optional)~~; and
 - g. Interconnection Customer Data (set forth in Attachment A)
5. Applicable deposit amount as specified in the LGIP.

6. Evidence of Site Control as specified in the LGIP and name(s), address(es) and contact information of site owner(s) (check one):

Is attached to this Interconnection Request
 Will be provided at a later date in accordance with this LGIP

7. This Interconnection Request shall be submitted to the representative indicated below:

~~[To be completed by Transmission Provider]~~

New Resource Interconnection
California ISO
P.O. Box 639014
Folsom, CA 95763-9014

Overnight address: 151 Blue Ravine Road, Folsom, CA 95630

8. Representative of the Interconnection Customer to contact:

[To be completed by the Interconnection Customer]

9. This Interconnection Request is submitted by:

Name of the Interconnection Customer:

By (signature):

Name (type or print):

Title:

Date:

LARGE GENERATING FACILITY DATA

Provide three copies of this completed form pursuant to Section 7 of Appendix 1.

1. Provide two original prints and one reproducible copy (no larger than 36" x 24") of the following:

- A. Site drawing to scale, showing generator location and point of interconnection with the ISO Controlled Grid.
- B. Single-line diagram showing applicable equipment such as generating units, step-up transformers, auxiliary transformers, switches/disconnects of the proposed interconnection, including the required protection devices and circuit breakers. For wind generator farms, the one line diagram should include the distribution lines connecting the various groups of generating units, the generator capacitor banks, the step up transformers, the distribution lines, and the substation transformers and capacitor banks at the point of interconnection with the utility.

2. Generating Facility Information

- A) Total Generating Facility rated output (kW): _____
- B) Generating Facility auxiliary load (kW): _____
- C) Project net capacity (kW): _____
- D) Standby load when Generating Facility is off-line (kW):

- E) Number of Generating Units: _____
(Please repeat the following items for each generator)
- F) Individual generator rated output (kW for each unit):

- G) Manufacturer: _____
- H) Year Manufactured: _____
- I) Nominal Terminal Voltage: _____
- J) Rated Power Factor (%): _____

- K) Type (Induction, Synchronous, D.C. with Inverter): _____
- L) Phase (3 phase or single phase): _____
- M) Connection (Delta, Grounded WYE, Ungrounded WYE, impedance grounded): _____
- N) Generator Voltage Regulation Range: _____
- O) Generator Power Factor Regulation Range: _____
- P) For combined cycle plants, specify the plant output for an outage of the steam turbine or an outage of a single combustion turbine: _____

3. Synchronous Generator – General Information:

(Please repeat the following for each generator)

- A. Rated Generator speed (rpm): _____
- B. Rated MVA: _____
- C. Rated Generator Power Factor: _____
- D. Generator Efficiency at Rated Load (%): _____
- E. Moment of Inertia (including prime mover): _____
- F. Inertia Time Constant (on machine base) H: _____ sec or MJ/MVA
- G. SCR (Short-Circuit Ratio - the ratio of the field current required for rated open-circuit voltage to the field current required for rated short-circuit current): _____
- H. Please attach generator reactive capability curves. _____
- I. Rated Hydrogen Cooling Pressure in psig (Steam Units only): _____
- J. Please attach a plot of generator terminal voltage versus field current that shows the air gap line, the open-circuit saturation curve, and the saturation curve at full load and rated power factor. _____

4. Excitation System Information

(Please repeat the following for each generator)

A. Indicate the Manufacturer _____ and Type _____
of excitation system used for the generator. For exciter type, please choose from 1 to 8 below or describe the specific excitation system.

- 1) Rotating DC commutator exciter with continuously acting regulator. The regulator power source is independent of the generator terminal voltage and current.
- 2) Rotating DC commutator exciter with continuously acting regulator. The regulator power source is bus fed from the generator terminal voltage.
- 3) Rotating DC commutator exciter with non-continuously acting regulator (i.e., regulator adjustments are made in discrete increments).
- 4) Rotating AC Alternator Exciter with non-controlled (diode) rectifiers. The regulator power source is independent of the generator terminal voltage and current (not bus-fed).
- 5) Rotating AC Alternator Exciter with controlled (thyristor) rectifiers. The regulator power source is fed from the exciter output voltage.
- 6) Rotating AC Alternator Exciter with controlled (thyristor) rectifiers.
- 7) Static Exciter with controlled (thyristor) rectifiers. The regulator power source is bus-fed from the generator terminal voltage.

8) Static Exciter with controlled (thyristor) rectifiers. The regulator power source is bus-fed from a combination of generator terminal voltage and current (compound-source controlled rectifiers system.

B. Attach a copy of the block diagram of the excitation system from its instruction manual. The diagram should show the input, output, and all feedback loops of the excitation system.

C. Excitation system response ratio (ASA): _____

D. Full load rated exciter output voltage: _____

E. Maximum exciter output voltage (ceiling voltage): _____

F. Other comments regarding the excitation system?

5. Power System Stabilizer Information.

(Please repeat the following for each generator. All new generators are required to install PSS unless an exemption has been obtained from WECC. Such an exemption can be obtained for units that do not have suitable excitation systems.)

A. Manufacturer: _____

B. Is the PSS digital or analog? _____

C. Note the input signal source for the PSS?

_____ Bus frequency Shaft speed Bus Voltage
_____ Other (specify source)

D. Please attach a copy of a block diagram of the PSS from the PSS Instruction Manual and the correspondence between dial settings and the time constants or PSS gain.

E: Other comments regarding the PSS?

6. Turbine-Governor Information

(Please repeat the following for each generator)

Please complete Part A for steam, gas or combined-cycle turbines, Part B for hydro turbines, and Part C for both.

A. Steam, gas or combined-cycle turbines:

- 1.) List type of unit (Steam, Gas , or Combined-cycle):
- 2.) If steam or combined-cycle, does the turbine system have a reheat process (i.e., both high- and low-pressure turbines)?
- 3.) If steam with reheat process, or if combined-cycle, indicate in the space provided, the percent of full load power produced by each turbine:

Low pressure turbine or gas turbine: _____ %
High pressure turbine or steam turbine: _____ %

B. Hydro turbines:

- 1.) Turbine efficiency at rated load: _____ %
- 2.) Length of penstock: _____ ft
- 3.) Average cross-sectional area of the penstock: _____ ft²
- 4.) Typical maximum head (vertical distance from the bottom of the penstock, at the gate, to the water level): _____ ft
- 5.) Is the water supply run-of-the-river or reservoir: _____
- 6.) Water flow rate at the typical maximum head: _____ ft³/sec
- 7.) Average energy rate: _____ kW-hrs/acre-ft
- 8.) Estimated yearly energy production: _____ kW-hrs

C. Complete this section for each machine, independent of the turbine type.

- 1.) Turbine manufacturer: _____
- 2.) Maximum turbine power output: _____ MW
- 3.) Minimum turbine power output (while on line): _____ MW
- 4.) Governor information:
 - a: Droop setting (speed regulation): _____
 - b: Is the governor mechanical-hydraulic or electro-hydraulic (Electro-hydraulic governors have an electronic speed sensor and transducer.)? _____
 - c: Other comments regarding the turbine governor system?

7. Synchronous Generator and Associated Equipment – Dynamic Models:

For each generator, governor, exciter and power system stabilizer, select the appropriate dynamic model from the General Electric PSLF Program Manual and provide the required input data. The manual is available on the GE website at www.gepower.com. Select the following links within the website: 1) Our Businesses, 2) GE Power Systems, 3) Energy Consulting, 4) GE PSLF Software, 5) GE PSLF User's Manual.

There are links within the GE PSLF User's Manual to detailed descriptions of specific models, a definition of each parameter, a list of the output channels, explanatory notes, and a control system block diagram. The block diagrams are also available on the Ca-ISO website.

If you require assistance in developing the models, we suggest you contact General Electric. Accurate models are important to obtain accurate study results. Costs associated with any changes in facility requirements that are due to differences between model data provided by the generation developer and the actual generator test data, may be the responsibility of the generation developer.

8. Induction Generator Data:

A. Rated Generator Power Factor at rated load: _____

B. Moment of Inertia (including prime mover): _____

C. Do you wish reclose blocking? Yes _____, No _____

Note: Sufficient capacitance may be on the line now, or in the future, and the generator may self-excite unexpectedly.

9. Generator Short Circuit Data

For each generator, provide the following reactances expressed in p.u. on the generator base:

• X''1 – positive sequence subtransient reactance: _____

• X''2 – negative sequence subtransient reactance: _____

• X''0 – zero sequence subtransient reactance: _____

Generator Grounding:

A. Solidly grounded

B. Grounded through an impedance

Impedance value in p.u on generator base. R: _____ p.u.

X: _____ p.u.

C. Ungrounded

10. Step-Up Transformer Data

For each step-up transformer, fill out the data form provided in Table 1.

11. Line Data

There is no need to provide data for new lines that are to be planned by the Participating TO. However, for transmission lines that are to be planned by the generation developer, please provide the following information:

Nominal Voltage: _____

Line Length (miles): _____

Line termination Points: _____

Conductor Type: _____ Size: _____

If bundled. Number per phase: _____, Bundle spacing: _____ in.

Phase Configuration. Vertical: _____, Horizontal: _____

Phase Spacing (ft): A-B: _____, B-C: _____, C-A: _____

Distance of lowest conductor to Ground: _____ ft

Ground Wire Type: _____ Size: _____ Distance to Ground: _____ ft

Attach Tower Configuration Diagram

Summer line ratings in amperes (normal and emergency) _____

Resistance (R): _____ p.u.**

Reactance: (X): _____ p.u.**

Line Charging (B/2): _____ p.u.**

** On 100-MVA and nominal line voltage (kV) Base

12. Wind Generators

Number of generators to be interconnected pursuant to this Interconnection Request: _____

Elevation: _____ Single Phase _____ Three Phase _____

Inverter manufacturer, model name, number, and version:

List of adjustable setpoints for the protective equipment or software:

Field Volts: _____

Field Amperes: _____

Motoring Power (kW): _____

Neutral Grounding Resistor (If Applicable): _____

I_2^2t or K (Heating Time Constant): _____

Rotor Resistance: _____

Stator Resistance: _____

Stator Reactance: _____

Rotor Reactance: _____

Magnetizing Reactance: _____

Short Circuit Reactance: _____

Exciting Current: _____

Temperature Rise: _____

Frame Size: _____

Design Letter: _____

Reactive Power Required In Vars (No Load): _____

Reactive Power Required In Vars (Full Load): _____

Total Rotating Inertia, H: _____ Per Unit on KVA Base

Note: A completed General Electric Company Power Systems Load Flow (PSLF) data sheet must be supplied with the Interconnection Request. If other data sheets are more appropriate to the proposed device then they shall be provided and discussed at Scoping Meeting.

TABLE 1

TRANSFORMER DATA

<u>UNIT</u>			
<u>NUMBER OF TRANSFORMERS</u>		<u>PHASE</u>	
<u>RATED KVA</u>	<u>H Winding</u>	<u>X Winding</u>	<u>Y Winding</u>
<u>Connection</u> (Delta, Wye, Gnd.)	_____	_____	_____
<u>55 C Rise</u>	_____	_____	_____
<u>65 C Rise</u>	_____	_____	_____
<u>RATED VOLTAGE</u>	_____	_____	_____
<u>BIL</u>	_____	_____	_____
<u>AVAILABLE TAPS</u> (planned or existing)	_____	_____	_____
<u>LOAD TAP CHANGER?</u>	_____	_____	_____
<u>TAP SETTINGS</u>	_____	_____	_____
<u>COOLING TYPE :</u> OA	OA/FA	OA/FA/FA	OA/FOA
<u>IMPEDANCE</u>	<u>H-X</u>	<u>H-Y</u>	<u>X-Y</u>
<u>Percent</u>	_____	_____	_____
<u>MVA Base</u>	_____	_____	_____
<u>Tested Taps</u>	_____	_____	_____
<u>WINDING RESISTANCE</u>	<u>H</u>	<u>X</u>	<u>Y</u>
<u>Ohms</u>	_____	_____	_____

CURRENT TRANSFORMER RATIOS

H _____ X _____ Y _____ N _____
- -

PERCENT EXCITING CURRENT 100 % Voltage; _____ 110% Voltage _____

Supply copy of nameplate and manufacture's test report when available

UNIT RATINGS

kVA _____ F _____ Voltage _____
Power Factor _____
Speed (RPM) _____ Connection (e.g. Wye) _____
Short Circuit Ratio _____ Frequency, Hertz _____
Stator Amperes at Rated kVA _____ Field Volts _____
Max Turbine MW _____ F _____

COMBINED TURBINE-GENERATOR-EXCITER INERTIA DATA

Inertia Constant, H = _____ kW sec/kVA
Moment-of-Inertia, WR² = _____ lb. ft.²

**REACTANCE DATA (PER UNIT-RATED KVA) DIRECT AXIS
QUADRATURE AXIS**

Synchronous saturated X_{dv} _____ X_{qv} _____
Synchronous unsaturated X_{di} _____ X_{qi} _____
Transient saturated X_{□dv} _____ X_{□qv} _____
Transient unsaturated X_{□di} _____ X_{□qi} _____
Subtransient saturated X_{□dv} _____ X_{□qv} _____
Subtransient unsaturated X_{□di} _____ X_{□qi} _____
Negative Sequence saturated X_{2v} _____
Negative Sequence unsaturated X_{2i} _____
Zero Sequence saturated X_{0v} _____
Zero Sequence unsaturated X_{0i} _____
Leakage Reactance X_{lm} _____

FIELD TIME CONSTANT DATA (SEC)

Open Circuit _____ T_{□do} _____ T_{□qe} _____

Three-Phase Short Circuit Transient _____ T_{d3} _____ T_{dq}
 Line to Line Short Circuit Transient _____ T_{d2} _____
 Line to Neutral Short Circuit Transient _____ T_{d1} _____
 Short Circuit Subtransient _____ T_d _____ T_{dq}
 Open Circuit Subtransient _____ T_{do} _____ T_{dqo}

ARMATURE TIME CONSTANT DATA (SEC)

Three Phase Short Circuit _____ T_{a3}
 Line to Line Short Circuit _____ T_{a2}
 Line to Neutral Short Circuit _____ T_{a1}

NOTE: If requested information is not applicable, indicate by marking "N / A."

**MW CAPABILITY AND PLANT CONFIGURATION
LARGE GENERATING FACILITY DATA**

ARMATURE WINDING RESISTANCE DATA (PER UNIT)

Positive _____ R1
Negative _____ R2
Zero _____ R0

Rotor Short Time Thermal Capacity I²t _____ =
Field Current at Rated kVA, Armature Voltage and PF = _____ amps
Field Current at Rated kVA and Armature Voltage, 0 PF = _____ amps
Three Phase Armature Winding Capacitance = _____ microfarad
Field Winding Resistance = _____ ohms _____ C
Armature Winding Resistance (Per Phase) = _____ ohms _____ C

CURVES

Provide Saturation, Vee, Reactive Capability, Capacity Temperature Correction curves. Designate normal and emergency Hydrogen Pressure operating range for multiple curves.

GENERATOR STEP-UP TRANSFORMER DATA

RATINGS

Capacity _____ Self-cooled/maximum nameplate
_____ / _____ kVA

Voltage Ratio _____ Generator side/System side
_____ / _____ kV

Winding Connections _____ Low V/High V (Delta or Wye)
_____ / _____

Fixed Taps Available _____

Present Tap Setting _____

IMPEDANCE

Positive _____ Z1 (on self-cooled kVA rating) _____ % _____ X/R

Zero _____ Z0 (on self-cooled kVA rating) _____ % _____ X/R

EXCITATION SYSTEM DATA

Identify appropriate IEEE model block diagram of excitation system and power system stabilizer (PSS) for computer representation in power system stability simulations and the corresponding excitation system and PSS constants for use in the model.

GOVERNOR SYSTEM DATA

Identify appropriate IEEE model block diagram of governor system for computer representation in power system stability simulations and the corresponding governor system constants for use in the model.

WIND GENERATORS

Number of generators to be interconnected pursuant to this Interconnection Request: _____

Elevation: _____ Single Phase _____ Three Phase

Inverter manufacturer, model name, number, and version:

List of adjustable setpoints for the protective equipment or software:

Note: A completed General Electric Company Power Systems Load Flow (PSLF) data sheet must be supplied with the Interconnection Request. If other data sheets are more appropriate to the proposed device then they shall be provided and discussed at Scoping Meeting.

INDUCTION GENERATORS:

- (*) Field Volts: _____
- (*) Field Amperes: _____
- (*) Motoring Power (kW): _____
- (*) Neutral Grounding Resistor (If Applicable): _____
- (*) I_2^2t or K (Heating Time Constant): _____
- (*) Rotor Resistance: _____
- (*) Stator Resistance: _____
- (*) Stator Reactance: _____
- (*) Rotor Reactance: _____
- (*) Magnetizing Reactance: _____
- (*) Short Circuit Reactance: _____
- (*) Exciting Current: _____
- (*) Temperature Rise: _____
- (*) Frame Size: _____
- (*) Design Letter: _____
- (*) Reactive Power Required In Vars (No Load): _____
- (*) Reactive Power Required In Vars (Full Load): _____
- (*) Total Rotating Inertia, H: _____ Per Unit on KVA Base

Note: Please consult Transmission Provider prior to submitting the Interconnection Request to determine if the information designated by (*) is required.

ATTACHMENT D

**STANDARD LARGE GENERATOR
INTERCONNECTION PROCEDURES (LGIP)**

Issued by: Charles F. Robinson, Vice President and General Counsel

Issued on: January 20, 2004

Effective: Upon approval of the Commission

**Standard Large Generator
Interconnection Procedures (LGIP)**

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SECTION 1. OBJECTIVES, DEFINITIONS, AND INTERPRETATION.

1.1 Objectives.

The objective of this LGIP is to implement FERC's Order No. 2003 setting forth the requirements for Large Generating Facility interconnections to the ISO Controlled Grid.

1.2 Definitions.

1.2.1 Master Definitions Supplement.

Unless the context otherwise requires, any word or expression defined in the Master Definitions Supplement to the ISO Tariff shall have the same meaning where used in this LGIP. A reference to a Section or an Appendix is a reference to a Section or an Appendix of the ISO Tariff. References to LGIP are to this Protocol or to the stated paragraph of this Protocol.

1.2.2 Special Definitions for this LGIP.

In this LGIP, the following words and expressions shall have the meanings set opposite them:

"Confidential Information" shall mean any confidential, proprietary or trade secret information of a plan, specification, pattern, procedure, design, device, list, concept, policy or compilation relating to the present or planned business of a Party, which is designated as confidential by the Party supplying the information, whether conveyed orally, electronically, in writing, through inspection, or otherwise, subject to the limitations set forth in Section 13.1 of the LGIP.

"Dispute Resolution" shall mean the procedure set forth in this LGIP for resolution of a dispute between the Parties.

"Governmental Authority" shall mean any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include Interconnection Customer, ISO, or Participating TO, or any Affiliate thereof.

"Party" or "Parties" shall mean the ISO, Participating TO(s), Interconnection Customer or the applicable combination of the above.

"Reasonable Efforts" shall mean, with respect to an action required to be attempted or taken by a Party under the Standard Large Generator Interconnection Procedures, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

1.2.3 Rules of Interpretation.

(a) Unless the context otherwise requires, if the provisions of this LGIP and the ISO Tariff conflict, the ISO Tariff will prevail to the extent of the inconsistency.

Issued by: Charles F. Robinson, Vice President and General Counsel
Issued on: January 20, 2004

Effective: Upon approval of the Commission

(b) A reference in this LGIP to a given agreement, ISO Protocol 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.

(c) The captions and headings in this LGIP are inserted solely to facilitate reference and shall have no bearing upon the interpretation of any of the terms and conditions of this LGIP.

(d) This LGIP shall be effective as of the date specified by FERC.

Section 2. Scope and Application.

2.1 Application of Standard Large Generator Interconnection Procedures.

Sections 2 through 13 of this LGIP apply to processing an Interconnection Request pertaining to a Large Generating Facility.

2.2 Comparability.

The ISO and the applicable Participating TO shall receive, process and analyze Interconnection Requests in a timely manner as set forth in this LGIP. The ISO and the Participating TOs will use the same Reasonable Efforts in processing and analyzing Interconnection Requests from all Interconnection Customers, whether the Generating Facilities are owned by the Participating TO, its subsidiaries or Affiliates or others.

2.3 Base Case Data.

The applicable Participating TO or ISO shall provide base power flow, short circuit and stability databases, including all underlying assumptions, and contingency list upon request subject to applicable confidentiality provisions. Such Base Cases shall include (i) generation projects and (ii) transmission projects, including merchant transmission projects that are proposed for the transmission system for which a transmission expansion plan has been submitted and approved by the applicable authority.

2.4 No Applicability to Transmission Service.

Nothing in this LGIP shall constitute a request for transmission service or confer upon an Interconnection Customer any right to receive transmission service.

Section 3. Interconnection Requests.

3.1 General.

An Interconnection Customer shall submit to the ISO an Interconnection Request in the form of Appendix 1 to this LGIP and a refundable deposit of \$10,000. The ISO will forward the deposit and a copy of the Interconnection Request to the applicable Participating TO within one (1) Business Day of receipt. The Participating TO shall apply

the deposit toward the cost of an Interconnection Feasibility Study. The Interconnection Customer shall submit a separate Interconnection Request for each site and may submit multiple Interconnection Requests for a single site. The Interconnection Customer must submit a deposit with each Interconnection Request even when more than one request is submitted for a single site. An Interconnection Request to evaluate one site at two different voltage levels shall be treated as two Interconnection Requests.

At Interconnection Customer's option, the Participating TO, the ISO and Interconnection Customer will identify alternative Point(s) of Interconnection and configurations at the Scoping Meeting to evaluate in this process and attempt to eliminate alternatives in a reasonable fashion given resources and information available. Interconnection Customer will select the definitive Point(s) of Interconnection to be studied no later than the execution of the Interconnection Feasibility Study Agreement.

3.2 Roles and Responsibilities.

- (a) For each Interconnection Request, the ISO will direct the applicable Participating TO to perform the required Interconnection Studies and any additional studies the ISO determines to be reasonably necessary. The ISO will review the economic viability of Network Upgrades in accordance with LGIP Section 3.4.2. The ISO will coordinate with Affected System Operators in accordance with LGIP Section 3.7.
- (b) Any applicable Participating TO will complete or cause to be completed all studies directed by the ISO within the timelines provided in this LGIP. Any studies performed by the ISO or by a third party at the direction of the ISO shall also be completed within timelines provided in this LGIP.
- (c) Each Interconnection Customer shall pay the reasonable costs of all Interconnection Studies performed by or at the direction of the ISO or the applicable Participating TO, and any additional studies the ISO determines to be reasonably necessary in response to the Interconnection Request.

3.3 Interconnection Service.

3.3.1 The Product. Interconnection Service allows Interconnection Customer to connect the Large Generating Facility to the ISO Controlled Grid and be eligible to deliver the Large Generating Facility's output using the available capacity of the ISO Controlled Grid. Interconnection Service does not in and of itself convey any transmission service.

3.3.2 The Interconnection Studies. The Interconnection Studies consist of, but are not limited to, short circuit/fault duty, steady state (thermal and voltage) and stability analyses. The Interconnection Studies will include short circuit/fault duty, steady state and stability analyses and will identify direct Interconnection Facilities and required Reliability Network Upgrades necessary to address short circuit, overload and stability issues associated with the requested Interconnection Service.

The Interconnection Studies will also identify necessary Delivery Network Upgrades to allow full output of the proposed Large Generating Facility under a variety of potential system conditions, and the maximum allowed output, under a variety of potential system

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Issued on: January 20, 2004

Effective: Upon approval of the Commission

conditions, of the interconnecting Large Generating Facility without the Delivery Network Upgrades.

3.3.3 Deliverability Assessment.

3.3.3.1 The Product. A Deliverability Assessment will be performed which shall determine the Interconnection Customer's Large Generating Facility's ability to deliver its energy to the ISO Controlled Grid under peak load conditions. The Deliverability Assessment will provide the Interconnection Customer with information as to the level of deliverability without Network Upgrades, and the Deliverability Assessment will provide the Interconnection Customer with information as to the required Network Upgrades to enable the Interconnection Customer's Large Generating Facility the ability to deliver the full output of the proposed Large Generating Facility to the ISO Controlled Grid based on specified study assumptions.

Thus, the Deliverability Assessment results will provide the Interconnection Customer two (2) data points on the scale of deliverability: 1) a deliverability level with no Network Upgrades, and 2) the required Network Upgrades to support 100% deliverability.

Deliverability of a new resource will be assessed on the same basis as all other existing resources interconnected to the ISO Controlled Grid.

3.3.3.2 The Assessment. The Deliverability Assessment will identify the facilities that are required to enable the Interconnection Customer's Large Generating Facility to meet the requirements for deliverability and as a general matter, that such Large Generating Facility's interconnection is also studied with the ISO Controlled Grid at peak load, under a variety of severely stressed conditions, to determine whether, with the Large Generating Facility at full output, the aggregate of generation in the local area can be delivered to the aggregate of load on the ISO Controlled Grid, consistent with the ISO's reliability criteria and procedures. This approach assumes that some portion of existing resources that are designated as deliverable is displaced by the output of the Interconnection Customer's Large Generating Facility. This Deliverability Assessment in and of itself does not convey any transmission service.

3.4 Network Upgrades.

3.4.1 Initial Funding

Unless the Participating TO elects to fund the capital for Reliability and Delivery Network Upgrades, subject to the economic test in LGIP Section 3.4.2, they shall be solely funded by the Interconnection Customer.

3.4.2 Economic Test for Network Upgrades

The ISO will review the economic viability of Network Upgrades where the estimated cost of such upgrades exceeds the lesser of \$20 million in costs or \$200,000 per MW of installed capacity. An economic test will be performed to determine whether the overall benefits of the Network Upgrades meet or exceed their costs. As part of the Interconnection Studies, the ISO will work with the Interconnection Customer and the

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Participating TO to determine the appropriate costs and benefits to be included in the ISO's economic test.

3.4.3 Refund of Amounts Advanced for Network Upgrades.

Upon the Commercial Operation Date, the Interconnection Customer shall be entitled to a refund for the cost of Network Upgrades, other than the amount by which the cost of those Network Upgrades is in excess of the benefits of those Network Upgrades, as determined by the economic test performed pursuant to LGIP Section 3.4.2. Such amount shall be paid to the Interconnection Customer by the Participating TO on a dollar-for-dollar basis either through (1) direct payments made on a levelized basis over the five-year period commencing on the Commercial Operation Date; or (2) any alternative payment schedule that is mutually agreeable to the Interconnection Customer and Participating TO, provided that such amount is paid within five (5) years of the Commercial Operation Date. Any refund shall include interest calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. §35.19a(a)(2)(ii) from the date of any payment for Network Upgrades through the date on which the Interconnection Customer receives a refund of such payment. The Interconnection Customer may assign such refund rights to any person.

Instead of direct payments, the Interconnection Customer may elect to receive Firm Transmission Rights (FTRs) in accordance with the ISO Tariff associated with the Network Upgrades that were funded by the Interconnection Customer, to the extent such FTRs or alternative rights are available under the ISO Tariff at the time of the election. Such FTRs would take effect upon the Commercial Operation Date of the Large Generating Facility in accordance with the LGIA.

The Interconnection Customer may elect to receive FTRs associated with any Network Upgrades that are funded by the Interconnection Customer but not eligible for refund payments, to the extent such FTRs or alternative rights are available under the ISO Tariff.

3.4.4 Special Provisions for Affected Systems and Other Affected Participating TOs.

The Interconnection Customer shall enter into an agreement with the owner of the Affected System and/or other affected Participating TO(s), as applicable. The agreement shall specify the terms governing payments to be made by the Interconnection Customer to the owner of the Affected System and/or other affected Participating TO(s) as well as the payment of refunds by the owner of the Affected System and/or other affected Participating TO(s). If the affected entity is another Participating TO, the initial form of agreement will be the LGIA, as appropriately modified.

Refunds are to be paid without regard to whether the Interconnection Customer contracts for transmission service on the Affected System. If the Interconnection Customer does not contract for transmission service, and in the absence of another mutually agreeable payment schedule, refunds shall be established at a level equal to the Affected System's rate for firm point-to-point transmission service multiplied by the output of the Large Generating Facility assumed in the Interconnection Facilities Study. All refunds must be paid within five years of the Commercial Operation Date.

3.5 Valid Interconnection Request.

3.5.1 Initiating an Interconnection Request.

To initiate an Interconnection Request, Interconnection Customer must submit all of the following: (i) a \$10,000 deposit, (ii) a completed application in the form of LGIP Appendix 1, and (iii) demonstration of Site Control or a posting of an additional deposit of \$10,000. Such deposits may be applied toward any Interconnection Studies pursuant to the Interconnection Request. If Interconnection Customer demonstrates Site Control within the cure period specified in LGIP Section 3.5.3 after submitting its Interconnection Request, the additional deposit shall be refundable; otherwise, all such deposit(s), additional and initial, become non-refundable.

The expected In-Service Date of the new Large Generating Facility or increase in capacity of the existing Generating Facility shall be no more than the process window for the regional expansion planning period (or in the absence of a regional planning process, the process window for the ISO's expansion planning period) not to exceed seven years from the date the Interconnection Request is received by the ISO, unless the Interconnection Customer demonstrates that engineering, permitting and construction of the new Large Generating Facility or increase in capacity of the existing Generating Facility will take longer than the regional expansion planning period. The In-Service Date may succeed the date the Interconnection Request is received by the ISO by a period up to ten years, or longer where the Interconnection Customer, the applicable Participating TO and the ISO agree, such agreement not to be unreasonably withheld.

3.5.2 Acknowledgment of Interconnection Request.

The ISO shall acknowledge receipt of the Interconnection Request within six (6) Business Days of receipt of the request and attach a copy of the received Interconnection Request to the acknowledgement.

3.5.3 Deficiencies in Interconnection Request.

An Interconnection Request will not be considered to be a valid request until all items in LGIP Section 3.5.1 have been received by the ISO and are deemed complete by the applicable Participating TO and the ISO. If an Interconnection Request fails to meet the requirements set forth in LGIP Section 3.5.1, the ISO shall notify the Interconnection Customer within six (6) Business Days of receipt of the initial Interconnection Request of the reasons for such failure and that the Interconnection Request does not constitute a valid request. Interconnection Customer shall provide the ISO the additional requested information needed to constitute a valid request within ten (10) Business Days after receipt of such notice. Failure by Interconnection Customer to comply with this LGIP Section 3.5.3 shall be treated in accordance with LGIP Section 3.8.

3.5.4 Scoping Meeting.

Within ten (10) Business Days after receipt of a valid Interconnection Request, the applicable Participating TO, in coordination with the ISO, shall establish a date agreeable to Interconnection Customer for the Scoping Meeting, and such date shall be no later than thirty (30) Calendar Days from receipt of the valid Interconnection Request, unless otherwise mutually agreed upon by the Parties.

The purpose of the Scoping Meeting shall be to discuss alternative interconnection options, to exchange information including any transmission data that would reasonably be expected to impact such interconnection options, to analyze such information and to determine the potential feasible Points of Interconnection. The Participating TO, the ISO and Interconnection Customer will bring to the meeting such technical data, including, but not limited to: (i) general facility loadings, (ii) general instability issues, (iii) general short circuit issues, (iv) general voltage issues, and (v) general reliability issues, as may be reasonably required to accomplish the purpose of the meeting. The Participating TO, the ISO and Interconnection Customer will also bring to the meeting personnel and other resources as may be reasonably required to accomplish the purpose of the meeting in the time allocated for the meeting. On the basis of the meeting, Interconnection Customer shall designate its Point of Interconnection, pursuant to LGIP Section 6.1, and one or more available alternative Point(s) of Interconnection. The duration of the meeting shall be sufficient to accomplish its purpose.

The Participating TO shall prepare minutes from the meeting, verified by the Interconnection Customer and the ISO, that will include, at a minimum, discussions of what the Participating TO and the ISO expect the results of the Interconnection Feasibility Study will be.

3.6 Internet Posting.

The ISO will maintain on the ISO Home Page a list of all Interconnection Requests. The list will identify, for each Interconnection Request: (i) the maximum summer and winter megawatt electrical output; (ii) the location by county and state; (iii) the station or transmission line or lines where the interconnection will be made; (iv) the projected In-Service Date; (v) the status of the Interconnection Request, including Queue Position; (vi) the availability of any studies related to the Interconnection Request; (vii) the date of the Interconnection Request; (viii) the type of Generating Facility to be constructed (combined cycle, base load or combustion turbine and fuel type); and (ix) for Interconnection Requests that have not resulted in a completed interconnection, an explanation as to why it was not completed.

The list will not disclose the identity of the Interconnection Customer until the Interconnection Customer executes an LGIA or requests that the Participating TO file an unexecuted LGIA with FERC.

The ISO shall post to the ISO Home Page any deviations from the study timelines set forth herein. Interconnection Study reports and Optional Interconnection Study reports shall be posted to the ISO Home Page subsequent to the meeting among the Interconnection Customer, the Participating TO and the ISO to discuss the applicable study results. The ISO shall also post any known deviations in the Large Generating Facility's In-Service Date.

3.7 Coordination with Affected Systems.

The ISO will notify the Affected System Operators that are potentially affected by the project proposed by the Interconnection Customer. The ISO will coordinate the conduct of any studies required to determine the impact of the Interconnection Request on Affected Systems with Affected System Operators, to the extent possible, and, if possible, the Participating TO will include those results in its applicable Interconnection Study within the time frame specified in this LGIP. The ISO will include such Affected System Operators in all meetings held with the Interconnection Customer as required by this LGIP. The Interconnection Customer will cooperate with the ISO in all matters related to the conduct of studies and the determination of modifications to Affected Systems, including signing separate study agreements with Affected System owners and paying for necessary studies. An entity which may be an Affected System shall cooperate with the ISO in all matters related to the conduct of studies and the determination of modifications to Affected Systems.

3.8 Withdrawal.

The Interconnection Customer may withdraw its Interconnection Request at any time by written notice of such withdrawal to the ISO and the applicable Participating TO. In addition, if the Interconnection Customer fails to adhere to all requirements of this LGIP, except as provided in LGIP Section 13.5 (Disputes), the ISO shall deem the Interconnection Request to be withdrawn and shall provide written notice to the Interconnection Customer within five (5) Business Days of the deemed withdrawal and an explanation of the reasons for such deemed withdrawal. Upon receipt of such written notice, the Interconnection Customer shall have fifteen (15) Business Days in which to either respond with information or actions that cures the deficiency or to notify the Participating TO and the ISO of its intent to pursue Dispute Resolution.

Withdrawal shall result in the loss of the Interconnection Customer's Queue Position, if any. If an Interconnection Customer disputes the withdrawal and loss of its Queue Position, then during Dispute Resolution, the Interconnection Customer's Interconnection Request is eliminated from the queue until such time that the outcome of Dispute Resolution would restore its Queue Position. An Interconnection Customer that withdraws or is deemed to have withdrawn its Interconnection Request shall pay to the Participating TO all costs that the Participating TO prudently incurs or irrevocably has committed to be incurred with respect to that Interconnection Request prior to the Participating TO's receipt of notice described above. The Interconnection Customer must pay all monies due to the Participating TO before it is allowed to obtain any Interconnection Study data or results.

The ISO shall update the ISO Home Page Queue Position posting. The Participating TO shall refund to the Interconnection Customer any portion of the Interconnection Customer's deposit or study payments that exceeds the costs that the Participating TO has incurred, including interest calculated in accordance with section 35.19a(a)(2) of FERC's regulations. In the event of such withdrawal, the Participating TO and ISO, subject to the confidentiality provisions of LGIP Section 13.1, shall provide, at Interconnection Customer's request, all information that the Participating TO and ISO developed for any completed study conducted up to the date of withdrawal of the Interconnection Request.

Section 4. Queue Position.

4.1 General.

The ISO shall assign a Queue Position based upon the date and time of receipt of the valid Interconnection Request; provided that, if the sole reason an Interconnection Request is not valid is the lack of required information on the application form, and the Interconnection Customer provides such information in accordance with LGIP Section 3.5.3, then the ISO shall assign the Interconnection Customer a Queue Position based on the date the application form was originally filed. Moving a Point of Interconnection shall result in a lowering of Queue Position if it is deemed a Material Modification under LGIP Section 4.4.3.

The Queue Position of each Interconnection Request will be used to determine the order of performing the Interconnection Studies and determination of cost responsibility for the facilities necessary to accommodate the Interconnection Request. A higher Queue Position Interconnection Request is one that has been placed "earlier" in the ISO's queue in relation to another Interconnection Request that is lower queued. Factors other than Queue Position will be considered in determining cost responsibility of an Interconnection Customer.

4.2 Clustering.

At the ISO's option and with concurrence of the applicable Participating TO, Interconnection Requests may be studied serially or in clusters for the purpose of the Interconnection System Impact Study.

Clustering shall be implemented on the basis of Queue Position. If the Participating TO and the ISO elect to study Interconnection Requests using Clustering, all Interconnection Requests received within a period not to exceed one hundred and eighty (180) Calendar Days, hereinafter referred to as the "Queue Cluster Window" shall be studied together without regard to the nature of the underlying Interconnection Service. The deadline for completing all Interconnection System Impact Studies for which an Interconnection System Impact Study Agreement has been executed during a Queue Cluster Window shall be in accordance with LGIP Section 7.4, for all Interconnection Requests assigned to the same Queue Cluster Window. The Participating TO and ISO may agree to study an Interconnection Request separately to the extent warranted by Good Utility Practice based upon the electrical remoteness of the proposed Large Generating Facility.

Issued by: Charles F. Robinson, Vice President and General Counsel

Issued on: January 20, 2004

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Clustering Interconnection System Impact Studies shall be conducted in such a manner to ensure the efficient implementation of the applicable regional transmission expansion plan in light of the transmission system's capabilities at the time of each study.

The Queue Cluster Window shall have a fixed time interval based on fixed annual opening and closing dates. Any changes to the established Queue Cluster Window interval and opening or closing dates shall be announced with a posting on the ISO Home Page beginning at least one hundred and eighty (180) Calendar Days in advance of the change and continuing thereafter through the end date of the first Queue Cluster Window that is to be modified.

4.3 Transferability of Queue Position.

An Interconnection Customer may transfer its Queue Position to another entity only if such entity acquires the specific Generating Facility identified in the Interconnection Request and the Point of Interconnection does not change.

4.4 Modifications.

The Interconnection Customer shall submit to the ISO, in writing, modifications to any information provided in the Interconnection Request. The ISO will forward the Interconnection Customer's modification to the applicable Participating TO within one (1) Business Day of receipt. The Interconnection Customer shall retain its Queue Position if the modifications are in accordance with LGIP Sections 4.4.1, 4.4.2 or 4.4.5, or are determined not to be Material Modifications pursuant to LGIP Section 4.4.3.

Notwithstanding the above, during the course of the Interconnection Studies, either the Interconnection Customer, the Participating TO, or the ISO may identify changes to the planned interconnection that may improve the costs and benefits (including reliability) of the interconnection, and the ability of the proposed change to accommodate the Interconnection Request. To the extent the identified changes are acceptable to the Participating TO, the ISO, and Interconnection Customer, such acceptance not to be unreasonably withheld, the Participating TO and/or the ISO shall modify the Point of Interconnection and/or configuration in accordance with such changes and proceed with any re-studies necessary to do so in accordance with LGIP Section 6.4, LGIP Section 7.6 and LGIP Section 8.5 as applicable and Interconnection Customer shall retain its Queue Position.

- 4.4.1** Prior to the return of the executed Interconnection System Impact Study Agreement to the Participating TO, modifications permitted under this Section shall include specifically: (a) a reduction up to 60 percent (MW) of electrical output of the proposed project; (b) modifying the technical parameters associated with the Large Generating Facility technology or the Large Generating Facility step-up transformer impedance characteristics; and (c) modifying the interconnection configuration. For plant increases, the incremental increase in plant output will go to the end of the queue for the purposes of cost allocation and study analysis.

- 4.4.2** Prior to the return of the executed Interconnection Facility Study Agreement to the Participating TO, the modifications permitted under this Section shall include specifically: (a) additional 15 percent decrease in plant size (MW), and (b) Large Generating Facility technical parameters associated with modifications to Large Generating Facility technology and transformer impedances; provided, however, the incremental costs associated with those modifications are the responsibility of the requesting Interconnection Customer.
- 4.4.3** Prior to making any modification other than those specifically permitted by LGIP Sections 4.4.1, 4.4.2, and 4.4.5, Interconnection Customer may first request that the Participating TO and the ISO evaluate whether such modification is a Material Modification. In response to Interconnection Customer's request, the Participating TO and the ISO shall evaluate the proposed modifications prior to making them and inform the Interconnection Customer in writing of whether the modifications would constitute a Material Modification. Any change to the Point of Interconnection shall constitute a Material Modification. The Interconnection Customer may then withdraw the proposed modification or proceed with a new Interconnection Request for such modification.
- 4.4.4** Upon receipt of Interconnection Customer's request for modification permitted under this LGIP Section 4.4, the Participating TO and/or ISO shall commence and perform any necessary additional studies as soon as practicable, but in no event shall the Participating TO and/or ISO commence such studies later than thirty (30) Calendar Days after receiving notice of Interconnection Customer's request. Any additional studies resulting from such modification shall be done at Interconnection Customer's cost.
- 4.4.5** Extensions of less than three (3) cumulative years in the Commercial Operation Date of the Large Generating Facility to which the Interconnection Request relates are not material and should be handled through construction sequencing.

Section 5. Procedures for Interconnection Requests Submitted Prior to Effective Date of Standard Large Generator Interconnection Procedures.

5.1 Queue Position for Pending Requests.

- 5.1.1** Any Interconnection Customer assigned a Queue Position prior to the effective date of this LGIP shall retain that Queue Position.
- 5.1.1.1** If an Interconnection Study agreement has not been executed as of the effective date of this LGIP, then such Interconnection Study, and any subsequent Interconnection Studies, shall be processed in accordance with this LGIP.
- 5.1.1.2** If an Interconnection Study agreement has been executed prior to the effective date of this LGIP, such Interconnection Study shall be completed in accordance with the terms of such agreement. With respect to any remaining studies for which an Interconnection Customer has not signed an Interconnection Study agreement prior to the effective date of the LGIP, the Participating TO must offer the Interconnection Customer the option of either continuing under the Participating TO's existing interconnection study process or going forward with the completion of the necessary Interconnection Studies (for which it does not have a signed Interconnection Studies agreement) in accordance with this LGIP.

Issued by: Charles F. Robinson, Vice President and General Counsel

Issued on: January 20, 2004

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5.1.1.3 If an agreement to interconnect a Generating Unit has been submitted to FERC for approval before the effective date of the LGIP, then the agreement would be grandfathered.

5.1.2 Transition Period.

To the extent necessary, the Participating TO and/or the ISO and Interconnection Customers with an outstanding request (i.e., an Interconnection Request for which an agreement to interconnect a Generating Unit has not been submitted to FERC for approval as of the effective date of this LGIP) shall transition to this LGIP within a reasonable period of time not to exceed sixty (60) Calendar Days. The use of the term "outstanding request" herein shall mean any interconnection request, on the effective date of this LGIP: (i) that has been submitted but not yet accepted by the ISO or the Participating TO; (ii) where the related interconnection agreement has not yet been submitted to FERC for approval in executed or unexecuted form, (iii) where the relevant interconnection study agreements have not yet been executed, or (iv) where any of the relevant interconnection studies are in process but not yet completed. Any Interconnection Customer with an outstanding request as of the effective date of this LGIP may request a reasonable extension of any deadline, otherwise applicable, if necessary to avoid undue hardship or prejudice to its Interconnection Request. A reasonable extension shall be granted by the Participating TO or ISO, as applicable, to the extent consistent with the intent and process provided for under this LGIP.

5.2 New Participating TO.

If the Participating TO transfers control of its portion of the ISO Controlled Grid to a successor Participating TO during the period when an Interconnection Request is pending, the original Participating TO shall transfer to the successor Participating TO any amount of the deposit or payment with interest thereon that exceeds the cost that it incurred to evaluate the request for interconnection. The original Participating TO shall coordinate with the successor Participating TO and ISO to complete any Interconnection Study, as appropriate, that the original Participating TO has begun but has not completed. If the original Participating TO has tendered a draft LGIA to the Interconnection Customer but the Interconnection Customer has not either executed the LGIA or requested the filing of an unexecuted LGIA with FERC, unless otherwise provided, the Interconnection Customer may elect to complete negotiations with the original Participating TO and ISO or the successor Participating TO and the ISO.

Section 6. Interconnection Feasibility Study.

6.1 Interconnection Feasibility Study Agreement.

Simultaneously with the acknowledgement of a valid Interconnection Request, the applicable Participating TO shall provide to the Interconnection Customer an Interconnection Feasibility Study Agreement. The Interconnection Feasibility Study Agreement shall specify that the Interconnection Customer is responsible for the actual cost of the Interconnection Feasibility Study. Within five (5) Business Days following the Scoping Meeting, the Interconnection Customer shall specify for inclusion in the

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Issued on: January 20, 2004

Effective: Upon approval of the Commission

attachment to the Interconnection Feasibility Study Agreement the Point(s) of Interconnection and any reasonable alternative Point(s) of Interconnection. Within five (5) Business Days following the applicable Participating TO's receipt of such designation, the Participating TO in coordination with the ISO shall provide to the Interconnection Customer a signed Interconnection Feasibility Study Agreement, which shall include a good faith estimate of the cost for completing the Interconnection Feasibility Study. The Interconnection Customer shall execute and deliver to the Participating TO the Interconnection Feasibility Study Agreement along with an additional \$10,000 deposit no later than thirty (30) Calendar Days after its receipt.

On or before the return of the executed Interconnection Feasibility Study Agreement to the applicable Participating TO, the Interconnection Customer shall provide to the Participating TO and the ISO the technical data called for in LGIP Appendix 1, Attachment A.

If the Interconnection Feasibility Study uncovers any unexpected result(s) not contemplated during the Scoping Meeting, a substitute Point of Interconnection identified by the Interconnection Customer, the applicable Participating TO or ISO, and acceptable to the others, such acceptance not to be unreasonably withheld, will be substituted for the designated Point of Interconnection specified above without loss of Queue Position, and re-studies shall be completed pursuant to LGIP Section 6.4 as applicable. If the Participating TO and the Interconnection Customer cannot agree that the results were unexpected, then the ISO will make a determination that the results were either expected or unexpected. For the purpose of this LGIP Section 6.1, if the Participating TO, ISO and Interconnection Customer cannot agree on the substituted Point of Interconnection, then the Interconnection Customer may direct that one of the alternatives as specified in the Interconnection Feasibility Study Agreement, as specified pursuant to LGIP Section 3.5.4, shall be the substitute.

6.2 Scope of Interconnection Feasibility Study.

The Interconnection Feasibility Study shall preliminarily evaluate the feasibility of the proposed interconnection to the applicable Participating TO's portion of the ISO Controlled Grid. If it is reasonably practicable, the Interconnection Feasibility Study will include an informational assessment, as needed, of other Participating TOs' portions of the ISO Controlled Grid.

The Interconnection Feasibility Study will consider Base Cases as well as all Generating Facilities (and with respect to (iv), any identified Network Upgrades) that, on the date the Interconnection Feasibility Study is commenced: (i) are directly interconnected to the ISO Controlled Grid; (ii) are interconnected to Affected Systems and may have an impact on the Interconnection Request; (iii) have a pending request to interconnect to an Affected System; (iv) have a pending higher queued Interconnection Request to interconnect to the ISO Controlled Grid; and (v) have no Queue Position but have executed an LGIA or requested that an unexecuted LGIA be filed with FERC. The Interconnection Feasibility Study will consist of a power flow and short circuit analysis on the applicable Participating TO's portion of the ISO Controlled Grid. To the extent necessary and reasonably practicable, the Interconnection Feasibility Study will include an informational power flow analysis of the ISO Controlled Grid and will include short circuit duty results at boundaries

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Issued on: January 20, 2004

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with other Participating TOs, but will not include an estimate of costs. The Interconnection Feasibility Study will provide a list of facilities on the applicable Participating TO's portion of the ISO Controlled Grid and a non-binding good faith estimate of cost responsibility and a non-binding good faith estimated time to construct. In addition, the Interconnection Feasibility Study will describe what results are expected in the Interconnection System Impact Study.

6.3 Interconnection Feasibility Study Procedures.

Prior to performing the Interconnection Feasibility Study, the ISO will determine the responsibilities for the ISO and applicable Participating TO to perform the study. The applicable Participating TO and/or ISO shall utilize existing studies to the extent practicable when performing the study. The applicable Participating TO and/or ISO shall use Reasonable Efforts to complete a draft Interconnection Feasibility Study no later than forty-five (45) Calendar Days after the Participating TO receives the fully executed Interconnection Feasibility Study Agreement. Prior to issuing study results to the Interconnection Customer, the Participating TO and ISO shall share study results for review and comment, provide the study results to any other potentially-impacted Participating TO, and incorporate comments and issue a final Interconnection Feasibility Study within sixty (60) Calendar Days following receipt of the fully executed Interconnection Feasibility Study Agreement. At the request of the Interconnection Customer or at any time the Participating TO and/or ISO determines that the entity performing the study will not meet the required time frame for completing the Interconnection Feasibility Study, the Participating TO and/or ISO shall notify the Interconnection Customer as to the schedule status of the Interconnection Feasibility Study. If the Participating TO and/or ISO is unable to complete the Interconnection Feasibility Study within that time period, it shall notify the Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required.

Upon request, the applicable Participating TO and/or ISO shall provide the Interconnection Customer supporting documentation, workpapers and relevant power flow and short circuit databases for the Interconnection Feasibility Study, subject to confidentiality arrangements consistent with LGIP Section 13.1.

6.3.1 Meeting with the Participating TO(s) and ISO.

Within ten (10) Business Days of providing an Interconnection Feasibility Study report to Interconnection Customer, the applicable Participating TO, ISO, and Interconnection Customer shall meet to discuss the results of the Interconnection Feasibility Study. Any other potentially-impacted Participating TO shall also be included in the meeting.

6.4 Re-Study.

If re-study of the Interconnection Feasibility Study is required due to a higher queued project dropping out of the queue, or a modification of a higher queued project subject to LGIP Section 4.4, or re-designation of the Point of Interconnection pursuant to LGIP Section 6.1, or any other effective change in information which necessitates a re-study, the applicable Participating TO shall notify the Interconnection Customer and the ISO in

writing along with a description of the expected results of the re-study. Upon receipt of such notice, the Interconnection Customer shall provide the applicable Participating TO within ten (10) Business Days either a written request that the Participating TO (i) terminate the study and withdraw the Interconnection Request; or (ii) continue the study. If the Interconnection Customer requests the applicable Participating TO to continue the study, the Interconnection Customer shall pay the Participating TO an additional \$10,000 deposit for the re-study along with providing written notice for the Participating TO to continue.

Such re-study shall take not longer than forty-five (45) Calendar Days from the date the applicable Participating TO receives the Interconnection Customer's written notice to continue the study and payment of the additional \$10,000 deposit. Prior to issuing study results to the Interconnection Customer, the applicable Participating TO and the ISO shall share study results for review, provide the study results for review and comment to any other potentially-impacted Participating TOs, and incorporate comments within sixty (60) Calendar Days from the date the Participating TO receives the Interconnection Customer's written notice to continue the study and payment of the additional \$10,000 deposit. If the applicable Participating TO and/or the ISO is unable to complete the Interconnection Feasibility Study within that time period, it shall notify the Interconnection Customer and the ISO and provide an estimated completion date with an explanation of the reasons why additional time is required. Any and all costs of the re-study shall be borne by the Interconnection Customer being re-studied.

Section 7. Interconnection System Impact Study.

7.1 Interconnection System Impact Study Agreement.

Simultaneously with the delivery of the Interconnection Feasibility Study to the Interconnection Customer, the applicable Participating TO shall provide to the Interconnection Customer an Interconnection System Impact Study Agreement. In addition, any other potentially-impacted Participating TO in coordination with the ISO shall determine if an Interconnection System Impact Study will be required on such other Participating TO's electrical system pursuant to a separate Interconnection System Impact Study Agreement. The Interconnection System Impact Study Agreement shall provide that the Interconnection Customer shall compensate the Participating TO for the actual cost of the Interconnection System Impact Study. Within three (3) Business Days following the Interconnection Feasibility Study results meeting, the Participating TO in coordination with the ISO shall provide to Interconnection Customer a signed System Impact Study Agreement which shall include a non-binding good faith estimate of the cost and timeframe for completing the Interconnection System Impact Study.

7.2 Execution of Interconnection System Impact Study Agreement.

The Interconnection Customer shall execute the Interconnection System Impact Study Agreement and deliver the executed Interconnection System Impact Study Agreement to the Participating TO no later than thirty (30) Calendar Days after its receipt along with a \$50,000 deposit.

If the Interconnection Customer does not provide all such technical data when it delivers the Interconnection System Impact Study Agreement, the ISO shall notify the Interconnection Customer of the deficiency within five (5) Business Days of the receipt of the executed Interconnection System Impact Study Agreement and the Interconnection Customer shall cure the deficiency within ten (10) Business Days of receipt of the notice, provided, however, such deficiency does not include failure to deliver the executed Interconnection System Impact Study Agreement or deposit.

If the Interconnection System Impact Study uncovers any unexpected result(s) not contemplated during the Scoping Meeting and the Interconnection Feasibility Study, a substitute Point of Interconnection identified by either Interconnection Customer, the ISO, or Participating TO, and acceptable to the others, such acceptance not to be unreasonably withheld, will be substituted for the designated Point of Interconnection specified above without loss of Queue Position, and re-studies shall be completed pursuant to LGIP Section 7.6 as applicable. If the Participating TO and the Interconnection Customer cannot agree that the results were unexpected, then the ISO will make a determination that the results were either expected or unexpected. For the purpose of this LGIP Section 7.2, if the Participating TO, ISO and Interconnection Customer cannot agree on the substituted Point of Interconnection, then Interconnection Customer may direct that one of the alternatives as specified in the Interconnection Feasibility Study Agreement, as specified pursuant to LGIP Section 3.5.4, shall be the substitute.

7.3 Scope of Interconnection System Impact Study.

The applicable Participating TOs' Interconnection System Impact Study, or Studies if applicable, shall evaluate the impact of the proposed interconnection on the reliability of the applicable Participating TO's electric system. In addition the applicable Participating TO will perform a revised informational assessment, as needed, of other Participating TOs' portions of the ISO Controlled Grid, as directed by the ISO in consultation with the potentially impacted Participating TO. The Interconnection System Impact Study will consider Base Cases as well as all Generating Facilities (and with respect to (iv) below, any identified Network Upgrades associated with such higher queued interconnection) that, on the date the Interconnection System Impact Study is commenced: (i) are directly interconnected to the ISO Controlled Grid; (ii) are interconnected to Affected Systems and may have an impact on the Interconnection Request; (iii) have a pending request to interconnect to an Affected System; (iv) have a pending higher queued Interconnection Request to interconnect to the ISO Controlled Grid; and (v) have no Queue Position but have executed an LGIA or requested that an unexecuted LGIA be filed with FERC.

The Interconnection System Impact Study will consist of a short circuit analysis, a stability analysis, a power flow analysis and a Deliverability Assessment as described in LGIP Section 3.3.3. To the extent necessary and reasonably practicable, the Interconnection System Impact Study will include a revised informational power flow analysis of the ISO Controlled Grid and will include revised short circuit duty results at boundaries with other Participating TOs. The Interconnection System Impact Study will state the assumptions upon which it is based; state the results of the analyses; and provide the requirements or potential impediments to providing the requested Interconnection Service, including a

Issued by: Charles F. Robinson, Vice President and General Counsel

Issued on: January 20, 2004

Effective: Upon approval of the Commission

preliminary indication of the cost and length of time that would be necessary to correct any problems identified in those analyses and implement the interconnection. The Interconnection System Impact Study will provide a list of facilities on the applicable Participating TO's portion of the ISO Controlled Grid that are required as a result of the Interconnection Request and a non-binding good faith estimate of cost responsibility and a non-binding good faith estimated time to construct.

7.4 Interconnection System Impact Study Procedures.

Prior to performing the Interconnection System Impact Study, the ISO will determine the responsibilities for the ISO and Participating TO to perform the study. The ISO shall coordinate the Interconnection System Impact Study with any Affected System that is affected by the Interconnection Request pursuant to LGIP Section 3.7 above. The Participating TO and/or ISO shall utilize existing studies to the extent practicable when performing the study. The Participating TO and/or ISO shall use Reasonable Efforts to complete a draft Interconnection System Impact Study within ninety (90) Calendar Days after the receipt of the Interconnection System Impact Study Agreement, study payment, and technical data. Prior to issuing study results to the Interconnection Customer, the Participating TO and/or ISO shall share results for review and comment, and incorporate comments and issue a final Interconnection System Impact Study Report within one hundred twenty (120) days after the receipt of the Interconnection System Impact Study Agreement, study payment, and technical data. If the Participating TO and/or ISO uses Clustering, the Participating TO and/or ISO shall use Reasonable Efforts to deliver a completed Interconnection System Impact Study within one hundred twenty (120) Calendar Days after the close of the Queue Cluster Window.

At the request of the Interconnection Customer or at any time the Participating TO and/or ISO determines that it will not meet the required time frame for completing the Interconnection System Impact Study, the Participating TO and/or ISO shall notify the Interconnection Customer as to the schedule status of the Interconnection System Impact Study. If the Participating TO and/or ISO is unable to complete the Interconnection System Impact Study within the time period, it shall notify the Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required.

Upon request, the Participating TO and/or ISO shall provide the Interconnection Customer all supporting documentation, workpapers and relevant pre-Interconnection Request and post-Interconnection Request power flow, short circuit and stability databases for the Interconnection System Impact Study, subject to confidentiality arrangements consistent with LGIP Section 13.1.

7.5 Meeting with the Participating TO and ISO.

Within ten (10) Business Days of providing an Interconnection System Impact Study report to Interconnection Customer, the Participating TO, the ISO and the Interconnection Customer shall meet to discuss the results of the Interconnection System Impact Study.

7.6 Re-Study.

If re-study of the Interconnection System Impact Study is required due to a higher queued project dropping out of the queue, a modification of a higher queued project subject to LGIP Section 4.4, or re-designation of the Point of Interconnection pursuant to LGIP Section 7.2, or any other effective change in information which necessitates a re-study, the Participating TO shall notify the Interconnection Customer and the ISO in writing along with a description of the expected results of the re-study. Upon receipt of such notice, the Interconnection Customer shall provide the ISO and the Participating TO within ten (10) Business Days either a written request that the Participating TO (i) terminate the study and withdraw the Interconnection Request; or (ii) continue the study. If the Interconnection Customer requests the Participating TO to continue the study, the Interconnection Customer shall pay the Participating TO an additional \$10,000 deposit for the re-study along with providing written notice for the Participating TO to continue.

Such re-study shall take no longer than sixty (60) Calendar Days from the date the Participating TO receives the Interconnection Customer's written notice to continue the study and payment of the additional \$10,000 deposit. Prior to issuing study results to the Interconnection Customer, the Participating TO and the ISO shall share study results for review and comment and incorporate comments and issue a final study within eighty (80) Calendar Days following receipt of the Interconnection Customer's written notice to continue the study and payment of the additional \$10,000 deposit. If the Participating TO and/or the ISO is unable to complete the Interconnection System Impact Study within that time period, it shall notify the Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required. Any and all costs of re-study shall be borne by the Interconnection Customer being re-studied.

7.7 Network Upgrades Economic Test

The Interconnection Customer must specify the Delivery Network Upgrades identified in the Interconnection System Impact Study to be included in the Interconnection Facility Study and the economic test described in Section 3.4.2 within ten (10) Business Days of receiving the completed Interconnection System Impact Study. This selection of Delivery Network Upgrades does not preclude the Interconnection Customer from removing uneconomic Delivery Network Upgrades from the list of facilities to be installed, after receiving the results of the economic test. The ISO will complete the economic test based on Network Upgrade costs developed in the Interconnection Facilities Study and present the results of the study to the Interconnection Customer and the Participating TO during the meeting described in LGIP Section 8.4. If the ISO is unable to complete the economic test prior to that meeting, it shall notify the Interconnection Customer and the Participating TO and provide an estimated completion date with an explanation of the reasons why additional time is required.

Section 8. Interconnection Facilities Study.

8.1 Interconnection Facilities Study Agreement.

Simultaneously with the delivery of the Interconnection System Impact Study to the Interconnection Customer, the Participating TO shall provide to the Interconnection Customer an Interconnection Facilities Study Agreement. The Interconnection Facilities Study Agreement shall provide that the Interconnection Customer shall compensate the Participating TO for the actual cost of the Interconnection Facilities Study. Within three (3) Business Days following the Interconnection System Impact Study results meeting, the Participating TO in coordination with the ISO shall provide to Interconnection Customer a signed Interconnection Facilities Study Agreement which shall include a non-binding good faith estimate of the cost and timeframe for completing the Interconnection Facilities Study. The Interconnection Customer shall execute the Interconnection Facilities Study Agreement and deliver the executed Interconnection Facilities Study Agreement to the Participating TO within thirty (30) Calendar Days after its receipt, together with the required technical data and the greater of \$100,000 or the Interconnection Customer's portion of the estimated monthly cost of conducting the Interconnection Facilities Study.

- 8.1.1** For studies where the estimated cost exceeds \$100,000, the Participating TO may invoice the Interconnection Customer on a monthly basis for the work to be conducted on the Interconnection Facilities Study for the remaining balance of the estimated Interconnection Facilities Study cost. The Interconnection Customer shall pay invoiced amounts within thirty (30) Calendar Days of receipt of invoice. The Participating TO shall continue to hold the amounts on deposit until settlement of the final invoice.

8.2 Scope of Interconnection Facilities Study.

The Interconnection Facilities Study shall specify and estimate the cost of the equipment, engineering, procurement and construction work needed on the Participating TO's electric system to implement the conclusions of the Interconnection System Impact Study in accordance with Good Utility Practice to physically and electrically connect the Interconnection Customer's Interconnection Facilities to the ISO Controlled Grid. The Interconnection Facilities Study shall also identify the electrical switching configuration of the connection equipment, including, without limitation: the transformer, switchgear, meters, and other station equipment; the nature and estimated cost of any Participating TO's Interconnection Facilities and Network Upgrades necessary to accomplish the interconnection; and an estimate of the time required to complete the construction and installation of such facilities.

8.3 Interconnection Facilities Study Procedures.

The ISO shall coordinate the Interconnection Facilities Study with any Affected System pursuant to LGIP Section 3.5 above. The Participating TO and/or ISO shall utilize existing studies to the extent practicable in performing the Interconnection Facilities Study. The Participating TO and/or ISO shall use Reasonable Efforts to complete the study and issue a draft Interconnection Facilities Study report to the Interconnection Customer. Prior to issuing draft study results to the Interconnection Customer, the Participating TO and ISO shall share results for review and incorporate comments within the following number of

Issued by: Charles F. Robinson, Vice President and General Counsel

Issued on: January 20, 2004

Effective: Upon approval of the Commission

days after receipt of an executed Interconnection Facilities Study Agreement: one hundred twenty (120) Calendar Days, with no more than a +/- 20 percent cost estimate contained in the report; or two hundred ten (210) Calendar Days, if the Interconnection Customer requests a +/- 10 percent cost estimate.

At the request of the Interconnection Customer or at any time the Participating TO and/or ISO determines that it will not meet the required time frame for completing the Interconnection Facilities Study, the Participating TO and/or ISO shall notify the Interconnection Customer as to the schedule status of the Interconnection Facilities Study. If the Participating TO and/or ISO is unable to complete the Interconnection Facilities Study and issue a draft Interconnection Facilities Study report within the time required, it shall notify the Interconnection Customer and provide an estimated completion date and an explanation of the reasons why additional time is required.

The Interconnection Customer may, within thirty (30) Calendar Days after receipt of the draft report, provide written comments to the Participating TO and ISO, which the Participating TO and/or ISO shall include in the final report. The Participating TO and/or ISO shall issue the final Interconnection Facilities Study report within fifteen (15) Business Days of receiving the Interconnection Customer's comments or promptly upon receiving Interconnection Customer's statement that it will not provide comments. The Participating TO and/or ISO may reasonably extend such fifteen-day period upon notice to the Interconnection Customer if the Interconnection Customer's comments require the Participating TO and/or ISO to perform additional analyses or make other significant modifications prior to the issuance of the final Interconnection Facilities Report. Upon request, the Participating TO and/or ISO shall provide the Interconnection Customer supporting documentation, workpapers, and databases or data developed in the preparation of the Interconnection Facilities Study, subject to confidentiality arrangements consistent with LGIP Section 13.1.

8.4 Meeting with Participating TO and ISO.

Within ten (10) Business Days of providing a draft Interconnection Facilities Study report to Interconnection Customer, the Participating TO, the ISO and Interconnection Customer shall meet to discuss the results of the Interconnection Facilities Study and the economic test, if applicable. Within ten (10) Business Days of this meeting the Interconnection Customer shall make the election of which Delivery Network Upgrades identified in the Interconnection Facilities Study are to be installed. Any operating constraints on the Interconnection Customer's Generating Facility arising out of the Interconnection Customer's election not to install the Delivery Network Upgrades shall be as set forth in Article 9 and Appendix C of the LGIA.

8.5 Re-Study.

If re-study of the Interconnection Facilities Study is required due to a higher queued project dropping out of the queue or a modification of a higher queued project pursuant to LGIP Section 4.4, or any other effective change in information which necessitates a re-study, the Participating TO shall so notify the Interconnection Customer and the ISO in writing along with a description of the expected results of the re-study. Upon receipt of such notice, the Interconnection Customer shall provide the Participating TO within ten

(10) Business Days a written request that the Participating TO either (i) terminate the study and withdraw the Interconnection Request; or (ii) continue the study. If the Interconnection Customer requests the Participating TO to continue the study, the Interconnection Customer shall pay the Participating TO an additional \$10,000 deposit for the re-study along with providing written notice for the Participating TO to continue. Such re-study shall take no longer than sixty (60) Calendar Days from the date the Participating TO receives the Interconnection Customer's written notice to continue the study and payment of the additional \$10,000 deposit. Prior to issuing study results to the Interconnection Customer, the Participating TO and ISO shall share study results for review and comment and incorporate comments and issue a final study within eighty (80) Calendar Days following receipt of the Interconnection Customer's written notice to continue the study and payment of the additional \$10,000 deposit. If the Participating TO and/or the ISO is unable to complete the Interconnection Facilities Study within that time period, it shall notify the Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required. Any and all costs of re-study shall be borne by the Interconnection Customer being re-studied.

Section 9. Engineering & Procurement ("E&P") Agreement.

Prior to executing an LGIA, an Interconnection Customer may, in order to advance the implementation of its interconnection, request and the Participating TO shall offer the Interconnection Customer, an E&P Agreement that authorizes the Participating TO to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection. However, the Participating TO shall not be obligated to offer an E&P Agreement if Interconnection Customer is in Dispute Resolution as a result of an allegation that Interconnection Customer has failed to meet any milestones or comply with any prerequisites specified in other parts of the LGIP. The E&P Agreement is an optional procedure and it will not alter the Interconnection Customer's Queue Position or In-Service Date. The E&P Agreement shall provide for the Interconnection Customer to pay the cost of all activities authorized by the Interconnection Customer and to make advance payments or provide other satisfactory security for such costs.

The Interconnection Customer shall pay the cost of such authorized activities and any cancellation costs for equipment that is already ordered for its interconnection, which cannot be mitigated as hereafter described, whether or not such items or equipment later become unnecessary. If Interconnection Customer withdraws its application for interconnection or either party terminates the E&P Agreement, to the extent the equipment ordered can be canceled under reasonable terms, Interconnection Customer shall be obligated to pay the associated cancellation costs. To the extent that the equipment cannot be reasonably canceled, the Participating TO may elect: (i) to take title to the equipment, in which event the Participating TO shall refund Interconnection Customer any amounts paid by Interconnection Customer for such equipment and shall pay the cost of delivery of such equipment, or (ii) to transfer title to and deliver such equipment to Interconnection Customer, in which event Interconnection Customer shall pay any unpaid balance and cost of delivery of such equipment.

Section 10. Optional Interconnection Study.

10.1 Optional Interconnection Study Agreement.

On or after the date when the Interconnection Customer receives Interconnection System Impact Study results, the Interconnection Customer may request, and the Participating TO or ISO shall perform, a reasonable number of Optional Interconnection Studies. The request shall describe the assumptions that the Interconnection Customer wishes the Participating TO or ISO to study within the scope described in LGIP Section 10.2. Within five (5) Business Days after receipt of a request for an Optional Interconnection Study, the Participating TO or ISO shall provide to the Interconnection Customer an Optional Interconnection Study Agreement.

The Optional Interconnection Study Agreement shall: (i) specify the technical data that the Interconnection Customer must provide for each phase of the Optional Interconnection Study, (ii) specify the Interconnection Customer's assumptions as to which Interconnection Requests with earlier queue priority dates will be excluded from the Optional Interconnection Study case and assumptions as to the type of interconnection service for Interconnection Requests remaining in the Optional Interconnection Study case, and (iii) the Participating TO's or ISO's estimate of the cost of the Optional Interconnection Study. To the extent known by the Participating TO or ISO, such estimate shall include any costs expected to be incurred by any Affected System whose participation is necessary to complete the Optional Interconnection Study. Notwithstanding the above, the Participating TO or ISO shall not be required as a result of an Optional Interconnection Study request to conduct any additional Interconnection Studies with respect to any other Interconnection Request.

The Interconnection Customer shall execute the Optional Interconnection Study Agreement within ten (10) Business Days of receipt and deliver the Optional Interconnection Study Agreement, the technical data and a \$10,000 deposit to the Participating TO or ISO as applicable.

10.2 Scope of Optional Interconnection Study.

The Optional Interconnection Study will consist of a sensitivity analysis based on the assumptions specified by the Interconnection Customer in the Optional Interconnection Study Agreement. The Optional Interconnection Study will also identify the Participating TO's Interconnection Facilities and the Network Upgrades, and the estimated cost thereof, that may be required to provide transmission service or Interconnection Service based upon the results of the Optional Interconnection Study. The Optional Interconnection Study shall be performed solely for informational purposes. The Participating TO or ISO shall use Reasonable Efforts to coordinate the study with any Affected Systems that may be affected by the types of Interconnection Services that are being studied. The Participating TO or ISO shall utilize existing studies to the extent practicable in conducting the Optional Interconnection Study.

10.3 Optional Interconnection Study Procedures.

The Participating TO or ISO shall use Reasonable Efforts to complete the Optional Interconnection Study within a mutually agreed upon time period specified within the Optional Interconnection Study Agreement. If the Participating TO or ISO is unable to complete the Optional Interconnection Study within such time period, it shall notify the Interconnection Customer and provide an estimated completion date and an explanation of the reasons why additional time is required. Any difference between the study payment and the actual cost of the study shall be paid to the Participating TO or ISO, as applicable, or refunded to the Interconnection Customer, as appropriate. Upon request, the Participating TO or ISO shall provide the Interconnection Customer supporting documentation and workpapers, and databases or data developed in the preparation of the Optional Interconnection Study, subject to confidentiality arrangements consistent with LGIP Section 13.1.

Section 11. Standard Large Generator Interconnection Agreement (LGIA).

11.1 Tender.

Simultaneously with the issuance of the draft Interconnection Facilities Study report to the Interconnection Customer, the Participating TO shall tender to the Interconnection Customer a draft LGIA together with draft appendices completed to the extent practicable. The draft LGIA shall be in the form of the FERC-approved standard form LGIA. Within thirty (30) Calendar Days after the issuance of the draft Interconnection Facilities Study Report, the Participating TO shall tender the completed draft LGIA appendices.

11.2 Negotiation.

Notwithstanding LGIP Section 11.1, at the request of the Interconnection Customer, the Participating TO, and ISO as necessary, shall begin negotiations with the Interconnection Customer concerning the appendices to the LGIA at any time after the Interconnection Customer executes the Interconnection Facilities Study Agreement. The Participating TO and ISO, as necessary, and the Interconnection Customer shall negotiate concerning any disputed provisions of the appendices to the draft LGIA for not more than sixty (60) Calendar Days after tender of the final Interconnection Facilities Study report. If the Interconnection Customer determines that negotiations are at an impasse, it may request termination of the negotiations at any time after tender of the LGIA pursuant to LGIP Section 11.1 and request submission of the unexecuted LGIA with FERC or initiate Dispute Resolution procedures pursuant to LGIP Section 13.5. If the Interconnection Customer requests termination of the negotiations, but within ninety (90) Calendar Days after issuance of the final Interconnection Facilities Study report fails to request either the filing of the unexecuted LGIA or initiate Dispute Resolution, it shall be deemed to have withdrawn its Interconnection Request. Unless otherwise agreed by the Parties, if the Interconnection Customer has not executed and returned the LGIA, requested filing of an unexecuted LGIA, or initiated Dispute Resolution procedures pursuant to LGIP Section 13.5 within ninety (90) Calendar Days after issuance of the final Interconnection Facilities Study report, it shall be deemed to have withdrawn its Interconnection Request. The Participating TO shall provide to the Interconnection Customer a final LGIA within fifteen (15) Business Days after the completion of the negotiation process.

Issued by: Charles F. Robinson, Vice President and General Counsel

Issued on: January 20, 2004

Effective: Upon approval of the Commission

11.3 Execution and Filing.

At the time that the Interconnection Customer either returns the executed LGIA or requests the filing of an unexecuted LGIA as specified below, the Interconnection Customer shall provide the Participating TO (A) reasonable evidence of continued Site Control or (B) posting of \$250,000, non-refundable additional security, which shall be applied toward future construction costs. At the same time, Interconnection Customer also shall provide reasonable evidence that one or more of the following milestones in the development of the Large Generating Facility, at the Interconnection Customer election, has been achieved: (i) the execution of a contract for the supply or transportation of fuel to the Large Generating Facility; (ii) the execution of a contract for the supply of cooling water to the Large Generating Facility; (iii) execution of a contract for the engineering for, procurement of major equipment for, or construction of, the Large Generating Facility; (iv) execution of a contract for the sale of electric energy or capacity from the Large Generating Facility; or (v) application for an air, water, or land use permit.

The Interconnection Customer shall either: (i) execute four originals of the tendered LGIA and return one to the Participating TO and two to the ISO; or (ii) request in writing that the Participating TO file with FERC an LGIA in unexecuted form. As soon as practicable, but not later than ten (10) Business Days after receiving either the executed originals of the tendered LGIA (if it does not conform with a FERC-approved standard form of interconnection agreement) or the request to file an unexecuted LGIA, the Participating TO and ISO shall file the LGIA with FERC, as necessary, together with an explanation of any matters as to which the Interconnection Customer and the Participating TO or ISO disagree and support for the costs that the Participating TO proposes to charge to the Interconnection Customer under the LGIA. An unexecuted LGIA should contain terms and conditions deemed appropriate by the Participating TO and ISO for the Interconnection Request. If the Parties agree to proceed with design, procurement, and construction of facilities and upgrades under the agreed-upon terms of the unexecuted LGIA, they may proceed pending FERC action.

11.4 Commencement of Interconnection Activities.

If the Interconnection Customer executes the final LGIA, the Participating TO, ISO and the Interconnection Customer shall perform their respective obligations in accordance with the terms of the LGIA, subject to modification by FERC. Upon submission of an unexecuted LGIA, the Interconnection Customer, Participating TO and ISO may proceed to comply with the unexecuted LGIA, pending FERC action.

11.5 Interconnection Customer to Meet Requirements of the Participating TO's Interconnection Handbook.

The Interconnection Customer's Interconnection Facilities shall be designed, constructed, operated and maintained in accordance with the Participating TO's Interconnection Handbook.

Section 12. Construction of Participating TO's Interconnection Facilities and Network Upgrades.

12.1 Schedule.

The Participating TO and the Interconnection Customer shall negotiate in good faith concerning a schedule for the construction of the Participating TO's Interconnection Facilities and the Network Upgrades.

12.2 Construction Sequencing.

12.2.1 General

In general, the in-service date in the LGIA of an Interconnection Customer seeking interconnection to the ISO Controlled Grid will determine the sequence of construction of Network Upgrades.

12.2.2 Advance Construction of Network Upgrades that are an Obligation of an Entity other than the Interconnection Customer

An Interconnection Customer with an LGIA, in order to maintain its In-Service Date, may request that the Participating TO advance to the extent necessary the completion of Network Upgrades that: (i) were assumed in the Interconnection Studies for such Interconnection Customer, (ii) are necessary to support such In-Service Date, and (iii) would otherwise not be completed, pursuant to a contractual obligation of an entity other than the Interconnection Customer that is seeking interconnection to the Participating TO's portion of the ISO Controlled Grid, in time to support such In-Service Date. Upon such request, the Participating TO will use Reasonable Efforts to advance the construction of such Network Upgrades to accommodate such request; provided that the Interconnection Customer commits to pay the Participating TO: (i) any associated expediting costs and (ii) the cost of such Network Upgrades.

The Participating TO will refund to the Interconnection Customer both the expediting costs and the cost of Network Upgrades, in accordance with Article 11.4 of the LGIA, subject to the limitations set forth in LGIP Section 3.4.3. Consequently, the entity with a contractual obligation to construct such Network Upgrades shall be obligated to pay only that portion of the costs of the Network Upgrades that the Participating TO has not refunded to the Interconnection Customer. Payment by that entity shall be due on the date that it would have been due had there been no request for advance construction. The Participating TO shall forward to the Interconnection Customer the amount paid by the entity with a contractual obligation to construct the Network Upgrades as payment in full for the outstanding balance owed to the Interconnection Customer. The Participating TO then shall refund to that entity the amount that it paid for the Network Upgrades, in accordance with Article 11.4 of the LGIA, subject to the limitations set forth in LGIP Section 3.4.3.

12.2.3 Advancing Construction of Network Upgrades that are Part of an Expansion Plan of the Participating TO.

An Interconnection Customer with an LGIA, in order to maintain its in-service date as specified in the LGIA, may request that the Participating TO advance to the extent necessary the completion of Network Upgrades that: (i) are necessary to support such in-service date and (ii) would otherwise not be completed, pursuant to an expansion plan of the Participating TO, in time to support such in-service date. Upon such request, the Participating TO will use Reasonable Efforts to advance the construction of such Network Upgrades to accommodate such request; provided that the Interconnection Customer commits to pay the Participating TO any associated expediting costs. The Interconnection Customer shall be entitled to refunds, if any, in accordance with this LGIP and the LGIA, for any expediting costs paid.

12.2.4 Amended Interconnection Study

An Interconnection Study will be amended, as needed, to determine the facilities necessary to support the requested in-service date as specified in the LGIA. This amended study will include those transmission facilities, Large Generating Facilities and any other generating facilities that are expected to be in service on or before the requested in-service date. If an amendment to an Interconnection Study is required, the Participating TO shall notify the Interconnection Customer and the ISO in writing. Upon receipt of such notice, the Interconnection Customer shall provide the ISO and the Participating TO within ten (10) Business Days a written request that the Participating TO either (i) terminate the amended study and withdraw the Interconnection Customer's Interconnection Request or (ii) continue with the amended study. If the Interconnection Customer requests the Participating TO to continue with the amended study, the Interconnection Customer shall pay the Participating TO an additional \$10,000 deposit for the amended study along with providing written notice for the Participating TO to continue. Such amended study shall take no longer than sixty (60) Calendar Days from the date the Participating TO receives the Interconnection Customer's written notice to continue the study and payment of the additional \$10,000 deposit. Prior to issuing study results to the Interconnection Customer, the Participating TO and ISO shall share study results for review and comment, and incorporate comments and issue a final study within eighty (80) Calendar Days from the date of the Interconnection Customer's written notice to continue the study and payment of the additional \$10,000 deposit. If the Participating TO is unable to complete the amended Interconnection Study within that time period, it shall notify the Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required. Any and all costs of the amended study shall be borne by the Interconnection Customer being re-studied.

Section 13. Miscellaneous.

13.1 Confidentiality.

Confidential Information shall include, without limitation, all information relating to a Party's technology, research and development, business affairs, and pricing, and any information supplied by any of the Parties to the other Parties prior to the execution of an LGIA.

Information is Confidential Information only if it is clearly designated or marked in writing as confidential on the face of the document, or, if the information is conveyed orally or by inspection, if the Party providing the information orally informs the Parties receiving the information that the information is confidential.

If requested by any Party, the other Parties shall provide in writing, the basis for asserting that the information referred to in this Section warrants confidential treatment, and the requesting Party may disclose such writing to the appropriate Governmental Authority. Each Party shall be responsible for the costs associated with affording confidential treatment to its information.

The confidentiality provisions of this LGIP are limited to information provided pursuant to this LGIP.

13.1.1 Scope.

Confidential Information shall not include information that the receiving Party can demonstrate: (1) is generally available to the public other than as a result of a disclosure by the receiving Party; (2) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (3) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party after due inquiry, was under no obligation to the disclosing Party to keep such information confidential; (4) was independently developed by the receiving Party without reference to Confidential Information of the disclosing Party; (5) is, or becomes, publicly known, through no wrongful act or omission of the receiving Party or breach of the LGIA; or (6) is required, in accordance with LGIP Section 13.1.6, Order of Disclosure, to be disclosed by any Governmental Authority or is otherwise required to be disclosed by law or subpoena, or is necessary in any legal proceeding establishing rights and obligations under the LGIP. Information designated as Confidential Information will no longer be deemed confidential if the Party that designated the information as confidential notifies the other Parties that it no longer is confidential.

13.1.2 Release of Confidential Information.

No Party shall release or disclose Confidential Information to any other person, except to its employees, consultants, or to parties who may be or considering providing financing to or equity participation with Interconnection Customer, or to potential purchasers or assignees of Interconnection Customer, on a need-to-know basis in connection with these procedures, unless such person has first been advised of the confidentiality provisions of

this LGIP Section 13.1 and has agreed to comply with such provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall remain primarily responsible for any release of Confidential Information in contravention of this LGIP Section 13.1.

13.1.3 Rights.

Each Party retains all rights, title, and interest in the Confidential Information that each Party discloses to the other Parties. The disclosure by each Party to the other Parties of Confidential Information shall not be deemed a waiver by a Party or any other person or entity of the right to protect the Confidential Information from public disclosure.

13.1.4 No Warranties.

By providing Confidential Information, no Party makes any warranties or representations as to its accuracy or completeness. In addition, by supplying Confidential Information, no Party obligates itself to provide any particular information or Confidential Information to the other Parties nor to enter into any further agreements or proceed with any other relationship or joint venture.

13.1.5 Standard of Care.

Each Party shall use at least the same standard of care to protect Confidential Information it receives as it uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination. Each Party may use Confidential Information solely to fulfill its obligations to the other Parties under these procedures or its regulatory requirements.

13.1.6 Order of Disclosure.

If a court or a Government Authority or entity with the right, power, and apparent authority to do so requests or requires any Party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide the other Parties with prompt notice of such request(s) or requirement(s) so that the other Parties may seek an appropriate protective order or waive compliance with the terms of the LGIP. Notwithstanding the absence of a protective order or waiver, the Party may disclose such Confidential Information which, in the opinion of its counsel, the Party is legally compelled to disclose. Each Party will use Reasonable Efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.

13.1.7 Remedies.

Monetary damages are inadequate to compensate a Party for another Party's breach of its obligations under this LGIP Section 13.1. Each Party accordingly agrees that the other Parties shall be entitled to equitable relief, by way of injunction or otherwise, if the first Party breaches or threatens to breach its obligations under this LGIP Section 13.1, which equitable relief shall be granted without bond or proof of damages, and the receiving Party

shall not plead in defense that there would be an adequate remedy at law. Such remedy shall not be deemed an exclusive remedy for the breach of this LGIP Section 13.1, but shall be in addition to all other remedies available at law or in equity. Further, the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental, or consequential or punitive damages of any nature or kind resulting from or arising in connection with this LGIP Section 13.1.

13.1.8 Disclosure to FERC or its Staff.

Notwithstanding anything in this Section 13.1 to the contrary, and pursuant to 18 C.F.R. section 1b.20, if FERC or its staff, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to the LGIP, the Party shall provide the requested information to FERC or its staff, within the time provided for in the request for information. In providing the information to FERC or its staff, the Party must, consistent with 18 C.F.R. section 388.112, request that the information be treated as confidential and non-public by FERC and its staff and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Parties prior to the release of the Confidential Information to FERC or its staff. The Party shall notify the other applicable Parties when it is notified by FERC or its staff that a request to release Confidential Information has been received by FERC, at which time any of the Parties may respond before such information would be made public, pursuant to 18 C.F.R. section 388.112.

- 13.1.9** Subject to the exception in LGIP Section 13.1.8, any Confidential Information shall not be disclosed by the other Parties to any person not employed or retained by the other Parties, except to the extent disclosure is (i) required by law; (ii) reasonably deemed by the disclosing Party to be required to be disclosed in connection with a dispute between or among the Parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the other Parties, such consent not to be unreasonably withheld; or (iv) necessary to fulfill its obligations under this LGIP or as a transmission service provider or a Control Area operator including disclosing the Confidential Information to an RTO or ISO or to a subregional, regional or national reliability organization or planning group. The Party asserting confidentiality shall notify the other Parties in writing of the information it claims is confidential. Prior to any disclosures of another Party's Confidential Information under this subparagraph, or if any third party or Governmental Authority makes any request or demand for any of the information described in this subparagraph, the disclosing Party agrees to promptly notify the other Party in writing and agrees to assert confidentiality and cooperate with the other Party in seeking to protect the Confidential Information from public disclosure by confidentiality agreement, protective order or other reasonable measures.
- 13.1.10** This provision shall not apply to any information that was or is hereafter in the public domain (except as a result of a breach of this provision).
- 13.1.11** The Participating TO or ISO shall, at Interconnection Customer's election, destroy, in a confidential manner, or return the Confidential Information provided at the time of Confidential Information is no longer needed.

Issued by: Charles F. Robinson, Vice President and General Counsel

Issued on: January 20, 2004

Effective: Upon approval of the Commission

13.2 Delegation of Responsibility.

The Participating TO and ISO may use the services of subcontractors as deemed appropriate to perform their obligations under this LGIP. The Participating TO or ISO shall remain primarily liable to the Interconnection Customer for the performance of its respective subcontractors and compliance with its obligations of this LGIP. The subcontractor shall keep all information provided confidential and shall use such information solely for the performance of such obligation for which it was provided and no other purpose.

13.3 Obligation for Study Costs.

The Participating TO or ISO shall charge and the Interconnection Customer shall pay the actual costs of the Interconnection Studies. Any difference between the study deposit and the actual cost of the applicable Interconnection Study shall be paid by or refunded to the Interconnection Customer. Any invoices for Interconnection Studies shall include a detailed and itemized accounting of the cost of each Interconnection Study. The Interconnection Customer shall pay any such undisputed costs within thirty (30) Calendar Days of receipt of an invoice therefor. The Participating TO or ISO shall not be obligated to perform or continue to perform any studies unless Interconnection Customer has paid all undisputed amounts in compliance herewith.

13.4 Third Parties Conducting Studies.

If (i) at the time of the signing of an Interconnection Study agreement there is disagreement as to the estimated time to complete an Interconnection Study, (ii) the Interconnection Customer receives notice pursuant to LGIP Sections 6.3, 7.4 or 8.3 that the Participating TO or ISO will not complete an Interconnection Study within the applicable timeframe for such Interconnection Study, or (iii) the Interconnection Customer receives neither the Interconnection Study nor a notice under LGIP Sections 6.3, 7.4 or 8.3 within the applicable timeframe for such Interconnection Study, then the Interconnection Customer may require the Participating TO or ISO to utilize a third party consultant reasonably acceptable to Interconnection Customer and Participating TO or ISO to perform such Interconnection Study under the direction of the Participating TO or ISO. At other times, Participating TO or ISO may also utilize a third party consultant to perform such Interconnection Study, either in response to a general request of the Interconnection Customer, or on its own volition.

In all cases, use of a third party consultant shall be in accord with Article 26 of the LGIA (Subcontractors) and limited to situations where the Participating TO and ISO determine that doing so will help maintain or accelerate the study process for the Interconnection Customer's pending Interconnection Request and not interfere with the Participating TO's and ISO's progress on Interconnection Studies for other pending Interconnection Requests. In cases where the Interconnection Customer requests use of a third party consultant to perform such Interconnection Study, Interconnection Customer and Participating TO or ISO shall negotiate all of the pertinent terms and conditions, including reimbursement arrangements and the estimated study completion date and study review deadline. Participating TO or ISO shall convey all workpapers, data bases, study results and all other supporting documentation prepared to date with respect to the

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Issued on: January 20, 2004

Effective: Upon approval of the Commission

Interconnection Request as soon as soon as practicable upon Interconnection Customer's request subject to the confidentiality provision in LGIP Section 13.1. In any case, such third party contract may be entered into with either the Interconnection Customer or the Participating TO or ISO at the Participating TO's or ISO discretion. In the case of (iii) the Interconnection Customer maintains its right to submit a claim to Dispute Resolution to recover the costs of such third party study. Such third party consultant shall be required to comply with this LGIP, Article 26 of the LGIA (Subcontractors), the ISO Tariff, and the relevant Participating TO's TO Tariff as would apply if the Participating TO or ISO were to conduct the Interconnection Study and shall use the information provided to it solely for purposes of performing such services and for no other purposes. The Participating TO or ISO shall cooperate with such third party consultant and Interconnection Customer to complete and issue the Interconnection Study in the shortest reasonable time.

13.5 Disputes.

All disputes arising out of or in connection with this LGIP whereby relief is sought by or from the ISO shall be settled in accordance with the ISO ADR Procedures. Disputes arising out of or in connection with this LGIP not subject to the ISO ADR Procedures shall be resolved as follows:

13.5.1 Submission.

In the event either Party has a dispute, or asserts a claim, that arises out of or in connection with the LGIA, the LGIP, or their performance, such Party (the "disputing Party") shall provide the other Party with written notice of the dispute or claim ("Notice of Dispute"). Such dispute or claim shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Party. In the event the designated representatives are unable to resolve the claim or dispute through unassisted or assisted negotiations within thirty (30) Calendar Days of the other Party's receipt of the Notice of Dispute, such claim or dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such claim or dispute to arbitration, each Party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of the LGIA and LGIP.

13.5.2 External Arbitration Procedures.

Any arbitration initiated under these procedures shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) Calendar Days of the submission 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 (20) Calendar 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 conduct the

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arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("Arbitration Rules") and any applicable FERC regulations or RTO rules; provided, however, in the event of a conflict between the Arbitration Rules and the terms of this LGIP Section 13, the terms of this LGIP Section 13 shall prevail.

13.5.3 Arbitration Decisions.

Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) Calendar 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 LGIA and LGIP and shall have no power to modify or change any provision of the LGIA and LGIP 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 or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with FERC if it affects jurisdictional rates, terms and conditions of service, Interconnection Facilities, or Network Upgrades.

13.5.4 Costs.

Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) 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 (2) one half the cost of the single arbitrator jointly chosen by the Parties.

APPENDIX 1 TO LGIP

APPENDIX 1 INTERCONNECTION REQUEST

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Issued on: January 20, 2004

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**APPENDIX 1 to LGIP
INTERCONNECTION REQUEST**

Provide three copies of this completed form pursuant to Section 7 below.

1. The undersigned Interconnection Customer submits this request to interconnect its Large Generating Facility with the ISO Controlled Grid pursuant to the ISO Tariff.
2. This Interconnection Request is for (check one):
 A proposed new Large Generating Facility.
 An increase in the generating capacity or a Material Modification of an existing Generating Facility.
4. The Interconnection Customer provides the following information:
 - a. Address or location of the proposed new Large Generating Facility site or, in the case of an existing Generating Facility, the name and specific location of the existing Generating Facility;
 - b. Maximum megawatt electrical output of the proposed new Large Generating Facility or the amount of megawatt increase in the generating capacity of an existing Generating Facility;
 - c. Type of project (i.e., gas turbine, hydro, wind, etc.) and general description of the equipment configuration;
 - d. Proposed In-Service Date, Trial Operation date and Commercial Operation Date by day, month, and year and term of service;
 - e. Name, address, telephone number, and e-mail address of the Interconnection Customer's contact person;
 - f. Approximate location of the proposed Point of Interconnection; and
 - g. Interconnection Customer Data (set forth in Attachment A)
5. Applicable deposit amount as specified in the LGIP.
6. Evidence of Site Control as specified in the LGIP and name(s), address(es) and contact information of site owner(s) (check one):
 Is attached to this Interconnection Request
 Will be provided at a later date in accordance with this LGIP

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7. This Interconnection Request shall be submitted to the representative indicated below:

New Resource Interconnection
California ISO
P.O. Box 639014
Folsom, CA 95763-9014

Overnight address: 151 Blue Ravine Road, Folsom, CA 95630

8. Representative of the Interconnection Customer to contact:

[To be completed by the Interconnection Customer]

9. This Interconnection Request is submitted by:

Name of the Interconnection Customer:

By (signature):

Name (type or print):

Title:

Date:

**Attachment A
To Appendix 1
Interconnection Request**

LARGE GENERATING FACILITY DATA

Provide three copies of this completed form pursuant to Section 7 of Appendix 1.

1. Provide two original prints and one reproducible copy (no larger than 36" x 24") of the following:

- A. Site drawing to scale, showing generator location and point of interconnection with the ISO Controlled Grid.
- B. Single-line diagram showing applicable equipment such as generating units, step-up transformers, auxiliary transformers, switches/disconnects of the proposed interconnection, including the required protection devices and circuit breakers. For wind generator farms, the one line diagram should include the distribution lines connecting the various groups of generating units, the generator capacitor banks, the step up transformers, the distribution lines, and the substation transformers and capacitor banks at the point of interconnection with the utility.

2. Generating Facility Information

- A) Total Generating Facility rated output (kW): _____
- B) Generating Facility auxiliary load (kW): _____
- C) Project net capacity (kW): _____
- D) Standby load when Generating Facility is off-line (kW): _____

- E) Number of Generating Units: _____
(Please repeat the following items for each generator)
- F) Individual generator rated output (kW for each unit): _____
- G) Manufacturer: _____
- H) Year Manufactured: _____
- I) Nominal Terminal Voltage: _____
- J) Rated Power Factor (%): _____
- K) Type (Induction, Synchronous, D.C. with Inverter): _____
- L) Phase (3 phase or single phase): _____
- M) Connection (Delta, Grounded WYE, Ungrounded WYE, impedance grounded): _____

- N) Generator Voltage Regulation Range: _____
- O) Generator Power Factor Regulation Range: _____
- P) For combined cycle plants, specify the plant output for an outage of the steam turbine or an outage of a single combustion turbine: _____

3. Synchronous Generator – General Information:

(Please repeat the following for each generator)

- A. Rated Generator speed (rpm): _____
- B. Rated MVA: _____
- C. Rated Generator Power Factor: _____
- D. **Generator Efficiency at Rated Load (%):** _____
- E. Moment of Inertia (including prime mover): _____
- F. Inertia Time Constant (on machine base) H: _____ sec or MJ/MVA
- G. SCR (Short-Circuit Ratio - the ratio of the field current required for rated open-circuit voltage to the field current required for rated short-circuit current):

- H. Please attach generator reactive capability curves.
- I. Rated Hydrogen Cooling Pressure in psig (Steam Units only): _____
- J. Please attach a plot of generator terminal voltage versus field current that shows the air gap line, the open-circuit saturation curve, and the saturation curve at full load and rated power factor.

4. Excitation System Information

(Please repeat the following for each generator)

- A. Indicate the Manufacturer _____ and Type _____ of excitation system used for the generator. For exciter type, please choose from 1 to 8 below or describe the specific excitation system.
 - 1) Rotating DC commutator exciter with continuously acting regulator. The regulator power source is independent of the generator terminal voltage and current.
 - 2) Rotating DC commutator exciter with continuously acting regulator. The regulator power source is bus fed from the generator terminal voltage.
 - 3) Rotating DC commutator exciter with non-continuously acting regulator (i.e., regulator adjustments are made in discrete increments).
 - 4) Rotating AC Alternator Exciter with non-controlled (diode) rectifiers. The regulator power source is independent of the generator terminal voltage and current (not bus-fed).
 - 5) Rotating AC Alternator Exciter with controlled (thyristor) rectifiers. The regulator power source is fed from the exciter output voltage.
 - 6) Rotating AC Alternator Exciter with controlled (thyristor) rectifiers.
 - 7) Static Exciter with controlled (thyristor) rectifiers. The regulator power source is bus-fed from the generator terminal voltage.

8) Static Exciter with controlled (thyristor) rectifiers. The regulator power source is bus-fed from a combination of generator terminal voltage and current (compound-source controlled rectifiers system).

B. Attach a copy of the block diagram of the excitation system from its instruction manual. The diagram should show the input, output, and all feedback loops of the excitation system.

C. Excitation system response ratio (ASA): _____

D. Full load rated exciter output voltage: _____

E. Maximum exciter output voltage (ceiling voltage): _____

F. Other comments regarding the excitation system?

5. Power System Stabilizer Information.

(Please repeat the following for each generator. All new generators are required to install PSS unless an exemption has been obtained from WECC. Such an exemption can be obtained for units that do not have suitable excitation systems.)

A. Manufacturer: _____

B. Is the PSS digital or analog? _____

C. Note the input signal source for the PSS?
_____ Bus frequency _____ Shaft speed _____ Bus Voltage
_____ Other (specify source)

D. Please attach a copy of a block diagram of the PSS from the PSS Instruction Manual and the correspondence between dial settings and the time constants or PSS gain.

E: Other comments regarding the PSS?

6. Turbine-Governor Information
(Please repeat the following for each generator)

Please complete Part A for steam, gas or combined-cycle turbines, Part B for hydro turbines, and Part C for both.

A. Steam, gas or combined-cycle turbines:

- 1.) List type of unit (Steam, Gas, or Combined-cycle): _____
- 2.) If steam or combined-cycle, does the turbine system have a reheat process (i.e., both high and low pressure turbines)? _____
- 3.) If steam with reheat process, or if combined-cycle, indicate in the space provided, the percent of full load power produced by each turbine:
Low pressure turbine or gas turbine: _____ %
High pressure turbine or steam turbine: _____ %

B. Hydro turbines:

- 1.) Turbine efficiency at rated load: _____ %
- 2.) Length of penstock: _____ ft
- 3.) Average cross-sectional area of the penstock: _____ ft²
- 4.) Typical maximum head (vertical distance from the bottom of the penstock, at the gate, to the water level): _____ ft
- 5.) Is the water supply run-of-the-river or reservoir: _____
- 6.) Water flow rate at the typical maximum head: _____ ft³/sec
- 7.) Average energy rate: _____ kW-hrs/acre-ft
- 8.) Estimated yearly energy production: _____ kW-hrs

C. Complete this section for each machine, independent of the turbine type.

- 1.) Turbine manufacturer: _____
- 2.) Maximum turbine power output: _____ MW
- 3.) Minimum turbine power output (while on line): _____ MW
- 4.) Governor information:
 - a: Droop setting (speed regulation): _____
 - b: Is the governor mechanical-hydraulic or electro-hydraulic (Electro-hydraulic governors have an electronic speed sensor and transducer.)?

 - c: Other comments regarding the turbine governor system?

7. Synchronous Generator and Associated Equipment – Dynamic Models:

For each generator, governor, exciter and power system stabilizer, select the appropriate dynamic model from the General Electric PSLF Program Manual and provide the required input data. The manual is available on the GE website at www.gepower.com. Select the following links within the website: 1) Our Businesses, 2) GE Power Systems, 3) Energy Consulting, 4) GE PSLF Software, 5) GE PSLF User's Manual.

There are links within the GE PSLF User's Manual to detailed descriptions of specific models, a definition of each parameter, a list of the output channels, explanatory notes, and a control system block diagram. The block diagrams are also available on the Ca-ISO website.

If you require assistance in developing the models, we suggest you contact General Electric. Accurate models are important to obtain accurate study results. Costs associated with any changes in facility requirements that are due to differences between model data provided by the generation developer and the actual generator test data, may be the responsibility of the generation developer.

8. Induction Generator Data:

- A. Rated Generator Power Factor at rated load: _____
- B. Moment of Inertia (including prime mover): _____
- C. Do you wish reclose blocking? Yes ____, No ____

Note: Sufficient capacitance may be on the line now, or in the future, and the generator may self-excite unexpectedly.

9. Generator Short Circuit Data

For each generator, provide the following reactances expressed in p.u. on the generator base:

- $X''1$ – positive sequence subtransient reactance: _____
- $X''2$ – negative sequence subtransient reactance: _____
- $X''0$ – zero sequence subtransient reactance: _____

Generator Grounding:

- A. _____ Solidly grounded
- B. _____ Grounded through an impedance

Impedance value in p.u on generator base. R: _____ p.u.

- X: _____ p.u.
- C. _____ Ungrounded

10. Step-Up Transformer Data

For each step-up transformer, fill out the data form provided in Table 1.

11. Line Data

There is no need to provide data for new lines that are to be planned by the Participating TO. However, for transmission lines that are to be planned by the generation developer, please provide the following information:

Nominal Voltage: _____
Line Length (miles): _____
Line termination Points: _____
Conductor Type: _____ Size: _____
If bundled. Number per phase: _____, Bundle spacing: _____ in.
Phase Configuration. Vertical: _____, Horizontal: _____
Phase Spacing (ft): A-B: _____, B-C: _____, C-A: _____
Distance of lowest conductor to Ground: _____ ft
Ground Wire Type: _____ Size: _____ Distance to Ground: _____ ft
Attach Tower Configuration Diagram
Summer line ratings in amperes (normal and emergency) _____
Resistance (R): _____ p.u.**
Reactance: (X): _____ p.u.**
Line Charging (B/2): _____ p.u.**
** On 100-MVA and nominal line voltage (kV) Base

12. Wind Generators

Number of generators to be interconnected pursuant to this Interconnection Request: _____

Elevation: _____ Single Phase _____ Three Phase

Inverter manufacturer, model name, number, and version:

List of adjustable setpoints for the protective equipment or software:

Field Volts: _____
Field Amperes: _____
Motoring Power (kW): _____
Neutral Grounding Resistor (If Applicable): _____
 I_2^2t or K (Heating Time Constant): _____
Rotor Resistance: _____
Stator Resistance: _____
Stator Reactance: _____
Rotor Reactance: _____
Magnetizing Reactance: _____

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
FERC ELECTRIC TARIFF
FIRST REPLACEMENT VOLUME NO. I

Original Sheet No. 931

Short Circuit Reactance: _____
Exciting Current: _____
Temperature Rise: _____
Frame Size: _____
Design Letter: _____
Reactive Power Required In Vars (No Load): _____
Reactive Power Required In Vars (Full Load): _____
Total Rotating Inertia, H: _____ Per Unit on KVA Base

Note: A completed General Electric Company Power Systems Load Flow (PSLF) data sheet must be supplied with the Interconnection Request. If other data sheets are more appropriate to the proposed device then they shall be provided and discussed at Scoping Meeting.

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TABLE 1
 TRANSFORMER DATA

	UNIT _____		
	NUMBER OF TRANSFORMERS _____	PHASE _____	
RATED KVA	H Winding	X Winding	Y Winding
Connection (Delta, Wye, Gnd.)	_____	_____	_____
55 C Rise	_____	_____	_____
65 C Rise	_____	_____	_____
RATED VOLTAGE	_____	_____	_____
BIL	_____	_____	_____
AVAILABLE TAPS (planned or existing)	_____	_____	_____
LOAD TAP CHANGER?	_____	_____	_____
TAP SETTINGS	_____	_____	_____
COOLING TYPE :	OA _____	OA/FA _____	OA/FA/FA _____
			OA/FOA _____
IMPEDANCE	H-X	H-Y	X-Y
Percent	_____	_____	_____
MVA Base	_____	_____	_____
Tested Taps	_____	_____	_____
WINDING RESISTANCE	H	X	Y
Ohms	_____	_____	_____

CURRENT TRANSFORMER RATIOS

H _____ X _____ Y _____ N _____

PERCENT EXCITING CURRENT 100 % Voltage; _____ 110% Voltage _____

Supply copy of nameplate and manufacture's test report when available

ATTACHMENT E

APPENDIX C

**STANDARD LARGE GENERATOR
INTERCONNECTION PROCEDURES (LGIP)**

including

**STANDARD LARGE GENERATOR
INTERCONNECTION AGREEMENT (LGIA)**

Product of the Process Mapping Team

SECTION 1.

Adverse System Impact shall mean ~~t~~The negative effects due to technical or operational limits on conductors or equipment being exceeded that may compromise the safety and reliability of the electric system.

Affected System shall mean ~~a~~An electric system other than the ISO Controlled Grid Transmission Provider's Transmission System that may be affected by the proposed interconnection, including the Participating TOs' electric systems that are not part of the ISO Controlled Grid.

Affected System Operator shall mean ~~t~~The entity that operates an Affected System.

~~Affiliate~~ shall mean, with respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity. **(Please see Appendix A ISO Tariff Master Definitions Supplement) [NOT USED]**

~~Ancillary Services~~ shall mean those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the ISO Controlled Grid in accordance with Good Utility Practice. **[NOT USED]**

~~Applicable Laws and Regulations~~ shall mean all duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority. **[NOT USED]**

~~Applicable Reliability Council~~ shall mean the reliability council applicable to the Transmission System to which the Generating Facility is directly interconnected. **[NOT USED]**

~~Applicable Reliability Standards~~ shall mean the requirements and guidelines of NERC, the Applicable Reliability Council, and the Control Area of the Transmission System to which the Generating Facility is directly interconnected. **[NOT USED]**

~~Base Case~~ shall mean ~~t~~The base case power flow, short circuit, and stability data bases used for the Interconnection Studies by the Transmission Provider or Interconnection Customer.

~~Breach~~ shall mean the failure of a Party to perform or observe any material term or condition of the Standard Large Generator Interconnection Agreement. **[NOT USED]**

~~Breaching Party~~ shall mean a Party that is in Breach of the Standard Large Generator Interconnection Agreement. **[NOT USED]**

~~Business Day~~ shall mean Monday through Friday, excluding Ffederal Holidays and the day after Thanksgiving Day.

~~Calendar Day~~ shall mean ~~a~~Any day including Saturday, Sunday or a Ffederal Holiday.

Clustering shall mean ~~the~~ process whereby a group of Interconnection Requests is studied together, instead of serially, for the purpose of conducting the Interconnection System Impact Study.

Commercial Operation Date of a unit shall mean ~~the~~ the date on which an Interconnection Customer commences commercial operation of ~~the a~~ a Generating Unit at ~~the a~~ a Generating Facility after Trial Operation of such unit has been completed as confirmed in writing substantially in the form shown in Appendix E to the Standard Large Generator Interconnection Agreement.

Confidential Information shall mean any confidential, proprietary or trade secret information of a plan, specification, pattern, procedure, design, device, list, concept, policy or compilation relating to the present or planned business of a Party, which is designated as confidential by the Party supplying the information, whether conveyed orally, electronically, in writing, through inspection, or otherwise, subject to the limitations set forth in Section 13.1 of the LGIP.

Control Area shall mean ~~an electrical system or systems bounded by interconnection metering and telemetry, capable of controlling generation to maintain its interchange schedule with other Control Areas and contributing to frequency regulation of the interconnection. A Control Area must be certified by NERC.~~ (Please see Appendix A ISO Tariff Master Definitions Supplement) **[NOT USED]**

Default shall mean ~~the failure of a Breaching Party to cure its Breach in accordance with Article 17 of the Standard Large Generator Interconnection Agreement.~~ **[NOT USED]**

Deliverability Assessment An evaluation by the Participating TO, ISO or a third party consultant for the Interconnection Customer to determine a list of facilities, the cost of those facilities, and the time required to construct these facilities, that would ensure a Large Generating Facility could provide Energy to the ISO Controlled Grid at peak load, under a variety of severely stressed conditions, such that the aggregate of Generation in the local area can be delivered to the aggregate of Load on the ISO Controlled Grid, consistent with the ISO's reliability criteria and procedures.

Delivery Network Upgrades Transmission facilities at or beyond the Point of Interconnection, other than Reliability Network Upgrades, identified in the Interconnection Studies to relieve constraints on the ISO Controlled Grid.

Dispute Resolution shall mean the procedure set forth in this LGIP for resolution of a dispute between the Parties ~~in which they will first attempt to resolve the dispute on an informal basis.~~

Distribution System shall mean ~~the Transmission Provider's facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which distribution systems operate differ among areas.~~ **[NOT USED]**

Distribution Upgrades shall mean ~~the~~ the additions, modifications, and upgrades to the Participating TO's Transmission Provider's Distribution electric Ssystems that are not part of the ISO Controlled Grid at or beyond the Point of Interconnection to facilitate interconnection of the Generating Facility and render the transmission service necessary to effect Interconnection Customer's wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities.

Effective Date shall mean ~~the date on which the Standard Large Generator Interconnection Agreement becomes effective upon execution by the Parties subject to acceptance by the Commission, or if filed unexecuted, upon the date specified by the Commission.~~ **[NOT USED]**

Emergency Condition shall mean a condition or situation: (1) that in the judgement of the Party making the claim is imminently likely to endanger life or property; or (2) that, in the case of a Transmission

~~Provider, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to Transmission Provider's Transmission System, Transmission Provider's Interconnection Facilities or the electric systems of others to which the Transmission Provider's Transmission System is directly connected; or (3) that, in the case of Interconnection Customer, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Generating Facility or Interconnection Customer's Interconnection Facilities. System restoration and black start shall be considered Emergency Conditions; provided that Interconnection Customer is not obligated by the Standard Large Generator Interconnection Agreement to possess black start capability. **[NOT USED]**~~

~~**Energy Resource Interconnection Service (ER Interconnection Service)** shall mean an Interconnection Service that allows the Interconnection Customer to connect its Generating Facility to the Transmission Provider's Transmission System to be eligible to deliver the Generating Facility's electric output using the existing firm or nonfirm capacity of the Transmission Provider's Transmission System on an as available basis. Energy Resource Interconnection Service in and of itself does not convey transmission service. **[NOT USED]**~~

~~**Engineering & Procurement (E&P) Agreement** shall mean aAn agreement that authorizes the Participating TOTransmission Provider to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection in order to advance the implementation of the Interconnection Request.~~

~~**Environmental Law** shall mean Applicable Laws or Regulations relating to pollution or protection of the environment or natural resources. **[NOT USED]**~~

~~**Federal Power Act** shall mean the Federal Power Act, as amended, 16 U.S.C. §§ 791a *et seq.* **[NOT USED]**~~

~~**FERC** shall mean the Federal Energy Regulatory Commission (Commission) or its successor. (Please see Appendix A ISO Tariff Master Definitions Supplement) **[NOT USED]**~~

~~**Force Majeure** shall mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, 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 caused beyond a Party's control. A *force majeure* event does not include an act of negligence or intentional wrongdoing. **[NOT USED]**~~

~~**Generating Facility** shall meanAn Interconnection Customer's device-Generating Unit(s) used for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.~~

~~**Generating Facility Capacity** shall mean the net capacity of the Generating Facility and the aggregate net capacity of the Generating Facility where it includes multiple energy production devices. **[NOT USED]**~~

~~**Good Utility Practice** shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region. (Please see Appendix A ISO Tariff Master Definitions Supplement) **[NOT USED]**~~

Governmental Authority shall mean any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include Interconnection Customer, ISO, or Participating TO Transmission Provider, or any Affiliate thereof.

~~**Hazardous Substances** shall mean any chemicals, materials or substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "hazardous constituents," "restricted hazardous materials," "extremely hazardous substances," "toxic substances," "radioactive substances," "contaminants," "pollutants," "toxic pollutants" or words of similar meaning and regulatory effect under any applicable Environmental Law, or any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law. **[NOT USED]**~~

~~**Initial Synchronization Date** shall mean the date upon which the Generating Facility is initially synchronized and upon which Trial Operation begins. **[NOT USED]**~~

~~**In-Service Date** shall mean tThe date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Participating TO Transmission Provider's Interconnection Facilities to obtain back feed power.~~

~~**Interconnection Customer** shall mean aAny entity, including the a Participating TO Transmission Provider, Transmission Owner or any of the its Affiliates or subsidiaries of either, that proposes to interconnect its Generating Facility with the ISO Controlled Grid Transmission Provider's Transmission System.~~

~~**Interconnection Customer's Interconnection Facilities** shall mean aAll facilities and equipment, as identified in Appendix A of the Standard Large Generator Interconnection Agreement, that are located between the Generating Facility and the Point of Change of Ownership, including any modification, addition, or upgrades to such facilities and equipment necessary to physically and electrically interconnect the Generating Facility to the ISO Controlled Grid Transmission Provider's Transmission System. Interconnection Customer's Interconnection Facilities are sole use facilities.~~

~~**Interconnection Facilities** shall mean tThe Participating TO Transmission Provider's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Generating Facility to the ISO Controlled Grid Transmission Provider's Transmission System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.~~

~~**Interconnection Facilities Study** shall mean aA study conducted by the Participating TO(s), ISO, Transmission Provider or a third party consultant for the Interconnection Customer to determine a list of facilities (including the Participating TO's Transmission Provider's Interconnection Facilities, and Network Upgrades, and Distribution Upgrades as identified in the Interconnection System Impact Study), the cost of those facilities, and the time required to interconnect the Generating Facility with the ISO Controlled Grid Transmission Provider's Transmission System. The scope of the study is defined in Section 8 of the Standard Large Generator Interconnection Procedures.~~

~~**Interconnection Facilities Study Agreement** shall mean tThe form of agreement accepted by FERC and posted on the ISO Home Page contained in Appendix 4 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection Facilities Study.~~

Interconnection Feasibility Study shall mean ~~a~~ a preliminary evaluation conducted by the Participating TO(s), ISO, or a third party consultant for the Interconnection Customer of the system impact and cost of interconnecting the Generating Facility to the ISO Controlled Grid Transmission Provider's Transmission System, the scope of which is described in Section 6 of the Standard Large Generator Interconnection Procedures.

Interconnection Feasibility Study Agreement shall mean ~~t~~ The form of agreement accepted by FERC and posted on the ISO Home Page contained in Appendix 2 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection Feasibility Study.

Interconnection Handbook A handbook, developed by the Participating TO and posted on the Participating TO's web site or otherwise made available by the Participating TO, describing technical and operational requirements for wholesale generators and loads connected to the Participating TO's portion of the ISO Controlled Grid, as such handbook may be modified or superseded from time to time. Participating TO's standards contained in the Interconnection Handbook shall be deemed consistent with Good Utility Practice and Applicable Reliability Criteria. In the event of a conflict between the terms of the LGIP and the terms of the Participating TO's Interconnection Handbook, the terms in the LGIP shall apply.

Interconnection Request shall mean ~~a~~ An Interconnection Customer's request, in the form of Appendix 1 to the Standard Large Generator Interconnection Procedures, in accordance with the ISO Tariff, to interconnect a new Generating Facility, or to increase the capacity of, or make a Material Modification to the operating characteristics of, an existing Generating Facility that is interconnected with the ISO Controlled Grid Transmission Provider's Transmission System.

Interconnection Service shall mean ~~t~~ The service provided by the Participating TO and ISO Transmission Provider associated with interconnecting the Interconnection Customer's Generating Facility to the ISO Controlled Grid Transmission Provider's Transmission System and enabling it to receive electric energy and capacity from the Generating Facility at the Point of Interconnection, pursuant to the terms of the Standard Large Generator Interconnection Agreement, the Participating TO's TO Tariff, and, if applicable, the ISO Transmission Provider's Tariff.

Interconnection Study shall mean ~~a~~ Any of the following studies: the Interconnection Feasibility Study, the Interconnection System Impact Study, and the Interconnection Facilities Study described in the Standard Large Generator Interconnection Procedures.

Interconnection System Impact Study shall mean ~~a~~ An engineering study conducted by the Participating TO(s), ISO, or a third party consultant for the Interconnection Customer that evaluates the impact of the proposed interconnection on the safety and reliability of the ISO Controlled Grid Transmission Provider's Transmission System and, if applicable, an Affected System. The study shall identify and detail the system impacts that would result if the Generating Facility were interconnected without project modifications or system modifications, focusing on the Adverse System Impacts identified in the Interconnection Feasibility Study, or to study potential impacts, including but not limited to those identified in the Scoping Meeting as described in the Standard Large Generator Interconnection Procedures.

Interconnection System Impact Study Agreement shall mean ~~t~~ The form of agreement accepted by FERC and posted on the ISO Home Page contained in Appendix 3 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection System Impact Study.

IRS shall mean the Internal Revenue Service. **[NOT USED]**

Joint Operating Committee shall be a group made up of representatives from Interconnection Customers and the Transmission Provider to coordinate operating and technical considerations of Interconnection Service. **[NOT USED]**

~~**Large Generating Facility** shall mean a A Generating Facility having a Generating Facility Capacity of more than 20 MW.~~

~~**Loss** shall mean any and all losses relating to injury to or death of any person or damage to property, demand, 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 other Party's performance, or non-performance of its obligations under the Standard Large Generator Interconnection Agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnifying Party. **[NOT USED]**~~

~~**Material Modification** shall mean tThose modifications that have a material impact on the cost or timing of any Interconnection Request or any other valid interconnection request with a later queue priority date.~~

~~**Metering Equipment** shall mean all metering equipment installed or to be installed at the Generating Facility pursuant to the Standard Large Generator Interconnection Agreement at the metering points, including but not limited to instrument transformers, MWh meters, data acquisition equipment, transducers, remote terminal unit, communications equipment, phone lines, and fiber optics. **[NOT USED]**~~

~~**NERC** shall mean the North American Electric Reliability Council or its successor organization. **(Please see Appendix A ISO Tariff Master Definitions Supplement) [NOT USED]**~~

~~**Network Resource** shall mean that portion of a Generating Facility that is integrated with the Transmission Provider's Transmission System, designated as a Network Resource pursuant to the terms of the Tariff, and subjected to redispatch directives as ordered by the Transmission Provider in accordance with the Tariff. **[NOT USED]**~~

~~**Network Resource Interconnection Service (NR Interconnection Service)** shall mean an Interconnection Service that allows the Interconnection Customer to integrate its Large Generating Facility with the Transmission Provider's Transmission System (1) in a manner comparable to that in which the Transmission Provider integrates its generating facilities to serve native load customers; or (2) in an RTO or ISO with market-based congestion management, in the same manner as all other Network Resources. Network Resource Interconnection Service in and of itself does not convey transmission service. **[NOT USED]**~~

~~**Network Upgrades** shall mean tThe additions, modifications, and upgrades to the ISO Controlled Grid Transmission Provider's Transmission System required at or beyond the pPoint of Interconnection at which the Interconnection Customer interconnects to the Transmission Provider's Transmission System to accommodate the interconnection of the Large Generating Facility to the ISO Controlled Grid Transmission Provider's Transmission System. Network Upgrades shall consist of Delivery Network Upgrades and Reliability Network Upgrades.~~

~~**Notice of Dispute** shall mean a written notice of a dispute or claim that arises out of or in connection with the Standard Large Generator Interconnection Agreement or its performance. **[NOT USED]**~~

~~**Optional Interconnection Study** shall mean a a sensitivity analysis based on assumptions specified by the Interconnection Customer in the Optional Interconnection Study Agreement.~~

~~**Optional Interconnection Study Agreement** shall mean tThe form of agreement accepted by FERC and posted on the ISO Home Page contained in Appendix 5 of the Standard Large Generator Interconnection Procedures for conducting the Optional Interconnection Study.~~

Party or Parties shall mean ~~the ISO Transmission Provider, Participating TO(s), Transmission Owner, Interconnection Customer or the applicable~~ any combination of the above.

Point of Change of Ownership shall mean ~~the~~ The point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Customer's Interconnection Facilities connect to the ~~Participating TO Transmission Provider's~~ Interconnection Facilities.

Point of Interconnection shall mean ~~the~~ The point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Facilities connect to the ISO Controlled Grid Transmission Provider's Transmission System.

Queue Position shall mean ~~the~~ The order of a valid Interconnection Request, relative to all other pending valid Interconnection Requests, that is established based upon the date and time of receipt of the valid Interconnection Request by the ISO Transmission Provider.

Reasonable Efforts shall mean, with respect to an action required to be attempted or taken by a Party under the Standard Large Generator Interconnection Agreement Procedures, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

Reliability Network Upgrades The transmission facilities at or beyond the Point of Interconnection necessary to interconnect a Large Generating Facility safely and reliably to the ISO Controlled Grid, which would not have been necessary but for the interconnection of the Large Generating Facility, including Network Upgrades necessary to remedy short circuit or stability problems resulting from the interconnection of the Large Generating Facility to the ISO Controlled Grid. Reliability Network Upgrades also include, consistent with WECC practice, the facilities necessary to mitigate any adverse impact the Large Generating Facility's interconnection may have on a path's WECC rating.

Scoping Meeting shall mean ~~the~~ The meeting ~~between~~ among representatives of the Interconnection Customer, ~~and the applicable Participating TO, and the ISO Transmission Provider~~ conducted for the purpose of discussing alternative interconnection options, to exchange information including any transmission data and earlier study evaluations that would be reasonably expected to impact such interconnection options, to analyze such information, and to determine the potential feasible Points of Interconnection.

Site Control shall mean ~~d~~ Documentation reasonably demonstrating: (1) ownership of, a leasehold interest in, or a right to develop a site for the purpose of constructing the Generating Facility; (2) an option to purchase or acquire a leasehold site for such purpose; or (3) an exclusivity or other business relationship between Interconnection Customer and the entity having the right to sell, lease or grant Interconnection Customer the right to possess or occupy a site for such purpose.

Small Generating Facility shall mean a Generating Facility that has a Generating Facility Capacity of no more than 20 MW. **[NOT USED]**

Stand Alone Network Upgrades shall mean Network Upgrades that an Interconnection Customer may construct without affecting day-to-day operations of the ISO Controlled Grid Transmission System or Affected Systems during their construction. ~~Both the~~ The Participating TO, the ISO, Transmission Provider and the Interconnection Customer must agree as to what constitutes Stand Alone Network Upgrades and identify them in Appendix A to the Standard Large Generator Interconnection Agreement.

Standard Large Generator Interconnection Agreement (LGIA) shall mean ~~the~~ The form of interconnection agreement applicable to an Interconnection Request pertaining to a Large Generating Facility, ~~that is included in the Transmission Provider's Tariff.~~

Standard Large Generator Interconnection Procedures (LGIP) shall mean ~~the~~ The ISO Protocol that sets forth the interconnection procedures applicable to an Interconnection Request pertaining to a Large Generating Facility that are ~~is~~ included in the Transmission Provider's ISO Tariff.

System Protection Facilities shall mean ~~the equipment, including necessary protection signal communications equipment, required to protect (1) the Transmission Provider's Transmission System from faults or other electrical disturbances occurring at the Generating Facility and (2) the Generating Facility from faults or other electrical system disturbances occurring on the Transmission Provider's Transmission System or on other delivery systems or other generating systems to which the Transmission Provider's Transmission System is directly connected.~~ [NOT USED]

Tariff shall mean ~~the Transmission Provider's Tariff through which open access transmission service and Interconnection Service are offered, as filed with the Commission, and as amended or supplemented from time to time, or any successor tariff.~~ (Please see Appendix A ISO Tariff Master Definitions Supplement) [NOT USED]

Transmission Owner shall mean ~~an entity that owns, leases or otherwise possesses an interest in the portion of the Transmission System at the Point of Interconnection and may be a Party to the Standard Large Generator Interconnection Agreement to the extent necessary.~~ [NOT USED]

Transmission Provider shall mean ~~the public utility (or its designated agent) that owns, controls, or operates transmission or distribution facilities used for the transmission of electricity in interstate commerce and provides transmission service under the Tariff. The term Transmission Provider should be read to include the Transmission Owner when the Transmission Owner is separate from the Transmission Provider.~~ [NOT USED]

Transmission Provider's Participating TO's Interconnection Facilities shall mean ~~a~~ All facilities and equipment owned, controlled, or operated by the Participating TO ~~Transmission Provider~~ from the Point of Change of Ownership to the Point of Interconnection as identified in Appendix A to the Standard Large Generator Interconnection Agreement, including any modifications, additions or upgrades to such facilities and equipment. Participating TO's ~~Transmission Provider's~~ Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Transmission System shall mean ~~the facilities owned, controlled or operated by the Transmission Provider or Transmission Owner that are used to provide transmission service under the Tariff.~~ [NOT USED]

Trial Operation shall mean ~~the~~ The period during which Interconnection Customer is engaged in on-site test operations and commissioning of the ~~a~~ Generating Facility ~~Unit~~ prior to commercial operation.

ATTACHMENT F

Appendix A
ISO Tariff Master Definitions Supplement

SECTION 1.

<u>Adverse System Impact</u>	<u>The negative effects due to technical or operational limits on conductors or equipment being exceeded that may compromise the safety and reliability of the electric system.</u>
<u>Affected System</u>	<u>An electric system other than the ISO Controlled Grid Transmission Provider's Transmission System that may be affected by the proposed interconnection, including the Participating TOs' electric systems that are not part of the ISO Controlled Grid.</u>
<u>Affected System Operator</u>	<u>The entity that operates an Affected System.</u>
<u>Base Case</u>	<u>The base case power flow, short circuit, and stability data bases used for the Interconnection Studies.</u>
<u>Business Day</u>	<u>A day on which banks are open to conduct general banking business in California Monday through Friday, excluding federal holidays and the day after Thanksgiving Day.</u>
<u>Calendar Day</u>	<u>Any day including Saturday, Sunday or a federal holiday.</u>
<u>Clustering</u>	<u>The process whereby a group of Interconnection Requests is studied together, instead of serially, for the purpose of conducting the Interconnection System Impact Study.</u>
<u>Commercial Operation Date</u>	<u>The date on which an Interconnection Customer commences commercial operation of a Generating Unit at a Generating Facility after Trial Operation of such unit has been completed as confirmed in writing substantially in the form shown in Appendix E to the Standard Large Generator Interconnection Agreement.</u>
<u>Completed Application Date</u>	<u>For purposes of Section 5.7, the date on which a New Facility Operator submits an Interconnection Application to the ISO that satisfies the requirements of the ISO Tariff and the TO Tariff of the Interconnecting PTO.</u>
<u>Completed Interconnection Application</u>	<u>An Interconnection Application that meets the information requirements as specified by the ISO and posted on the ISO Home Page.</u>

Data Adequacy Requirement	Any applicable minimum data requirements of the state agency responsible for generation siting or of any Local Regulatory Authority.
<u>Deliverability Assessment</u>	<u>An evaluation by the Participating TO, ISO or a third party consultant for the Interconnection Customer to determine a list of facilities, the cost of those facilities, and the time required to construct these facilities, that would ensure a Large Generating Facility could provide Energy to the ISO Controlled Grid at peak load, under a variety of severely stressed conditions, such that the aggregate of Generation in the local area can be delivered to the aggregate of Load on the ISO Controlled Grid, consistent with the ISO's reliability criteria and procedures.</u>
<u>Delivery Network Upgrades</u>	<u>Transmission facilities at or beyond the Point of Interconnection, other than Reliability Network Upgrades, identified in the Interconnection Studies to relieve constraints on the ISO Controlled Grid.</u>
<u>Delivery Upgrade</u>	<u>The transmission facilities, other than Direct Assignment Facilities and Reliability Upgrades, necessary to relieve constraints on the ISO Controlled Grid and to ensure the delivery of energy from a New Facility to Load.</u>
<u>Designated Contact Person</u>	<u>The person designated by each Participating TO to coordinate with the ISO on the processing and completion of all Interconnection Applications.</u>
<u>Direct Assignment Facility</u>	<u>The transmission facilities necessary to physically and electrically interconnect a New Facility Operator to the ISO Controlled Grid at the point of interconnection.</u>
<u>Distribution Upgrades</u>	<u>The additions, modifications, and upgrades to the Participating TO's electric systems that are not part of the ISO Controlled Grid. Distribution Upgrades do not include Interconnection Facilities.</u>
<u>Engineering & Procurement (E&P) Agreement</u>	<u>An agreement that authorizes the Participating TO to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection in order to advance the implementation of the Interconnection Request.</u>
<u>Expedited Interconnection Agreement</u>	<u>A contract between a party which has submitted a Request for Expedited Interconnection Procedures and an Interconnection PTO under which the ISO and an Interconnecting PTO agree to process, on an expedited basis, the Interconnection Application of a New Facility Operator and which sets forth the terms, conditions, and cost responsibilities for such interconnection.</u>
<u>Generating Facility</u>	<u>An Interconnection Customer's Generating Unit(s) used for the production of electricity identified in the Interconnection Request.</u>

but shall not include the Interconnection Customer's Interconnection Facilities.

Good Faith Deposit — The deposit paid to the ISO by a New Facility Operator with submission of its Interconnection Application in accordance with Section 5.7.3.2, in an amount equal to \$10,000, including any interest that accrues on the original amount, less any bank fees or other charges assessed on the escrow account. A New Facility Operator may satisfy its deposit obligation through any commercially available financial instrument determined to be satisfactory by the ISO.

In-Service Date — The date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Participating TO Interconnection Facilities to obtain back feed power.

Interconnecting PTO — For purposes of Section 5.7, the Participating TO that will supply the connection to the New Facility.

Interconnection Application — An application that requests interconnection of a New Facility to the ISO Controlled Grid and that meets the information requirements as specified by the ISO and posted on the ISO Home Page.

Interconnection Customer — Any entity, including a Participating TO or any of its Affiliates or subsidiaries, that proposes to interconnect its Generating Facility with the ISO Controlled Grid.

Interconnection Customer's Interconnection Facilities — All facilities and equipment, as identified in Appendix A of the Standard Large Generator Interconnection Agreement, that are located between the Generating Facility and the Point of Change of Ownership, including any modification, addition, or upgrades to such facilities and equipment necessary to physically and electrically interconnect the Generating Facility to the ISO Controlled Grid. Interconnection Customer's Interconnection Facilities are sole use facilities.

Interconnection Facilities — The Participating TO's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Generating Facility to the ISO Controlled Grid. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Interconnection Facilities Study — A study conducted by the Participating TO(s), ISO, or a third party consultant for the Interconnection Customer to determine a list of facilities (including the Participating TO's Interconnection Facilities, Network Upgrades, and Distribution Upgrades), the cost of those facilities, and the time required to interconnect the Generating Facility with the ISO Controlled Grid. The scope of

the study is defined in Section 8 of the Standard Large Generator Interconnection Procedures.

Interconnection Facilities Study

Agreement

The form of agreement accepted by FERC and posted on the ISO Home Page for conducting the Interconnection Facilities Study.

Interconnection Feasibility Study

A preliminary evaluation conducted by the Participating TO(s), ISO, or a third party consultant for the Interconnection Customer of the system impact and cost of interconnecting the Generating Facility to the ISO Controlled Grid, the scope of which is described in Section 6 of the Standard Large Generator Interconnection Procedures.

Interconnection Feasibility Study Agreement

The form of agreement accepted by FERC and posted on the ISO Home Page for conducting the Interconnection Feasibility Study.

Interconnection Handbook

A handbook, developed by the Participating TO and posted on the Participating TO's web site or otherwise made available by the Participating TO, describing technical and operational requirements for wholesale generators and loads connected to the Participating TO's portion of the ISO Controlled Grid, as such handbook may be modified or superseded from time to time. Participating TO's standards contained in the Interconnection Handbook shall be deemed consistent with Good Utility Practice and Applicable Reliability Criteria. In the event of a conflict between the terms of the LGIP and the terms of the Participating TO's Interconnection Handbook, the terms in the LGIP shall apply.

Interconnection Request

An Interconnection Customer's request, in the form of Appendix 1 to the Standard Large Generator Interconnection Procedures, in accordance with the ISO Tariff, to interconnect a new Generating Facility, or to increase the capacity of, or make a Material Modification to the operating characteristics of, an existing Generating Facility that is interconnected with the ISO Controlled Grid.

Interconnection Service

The service provided by the Participating TO and ISO associated with interconnecting the Interconnection Customer's Generating Facility to the ISO Controlled Grid and enabling it to receive electric energy and capacity from the Generating Facility at the Point of Interconnection, pursuant to the terms of the Standard Large Generator Interconnection Agreement, the Participating TO's TO Tariff, and the ISO Tariff.

Interconnection Study

Any of the following studies: the Interconnection Feasibility Study, the Interconnection System Impact Study, and the Interconnection Facilities Study described in the Standard Large Generator Interconnection Procedures.

Interconnection System Impact Study

An engineering study conducted by the Participating TO(s), ISO, or a third party consultant for the Interconnection Customer that evaluates the impact of the proposed interconnection on the safety and reliability of the ISO Controlled Grid and, if applicable, an Affected System. The study shall identify and detail the system impacts that would result if the Generating Facility were interconnected without project modifications or system modifications, focusing on the Adverse System Impacts identified in the Interconnection Feasibility Study, or to study potential impacts, including but not limited to those identified in the Scoping Meeting as described in the Standard Large Generator Interconnection Procedures.

Interconnection System Impact Study Agreement

The form of agreement accepted by FERC and posted on the ISO Home Page for conducting the Interconnection System Impact Study.

Large Generating Facility

A Generating Facility.

Material Modification

Those modifications that have a material impact on the cost or timing of any Interconnection Request or any other valid interconnection request with a later queue priority date.

New Facility

A planned or Existing Generating Unit that requests, pursuant to Section 5.7 of the ISO Tariff, to interconnect or modify its interconnection to the ISO Controlled Grid.

New Facility License

A license issued by a federal, state or Local Regulatory Authority that enables an entity to build and operate a Generating Unit.

New Facility Operator

The owner of a planned New Facility, or its designee.

Network Upgrades

The additions, modifications, and upgrades to the ISO Controlled Grid required at or beyond the Point of Interconnection to accommodate the interconnection of the Large Generating Facility to the ISO Controlled Grid. Network Upgrades shall consist of Delivery Network Upgrades and Reliability Network Upgrades.

Optional Interconnection Study

A sensitivity analysis based on assumptions specified by the Interconnection Customer in the Optional Interconnection Study Agreement.

Optional Interconnection Study Agreement

The form of agreement accepted by FERC and posted on the ISO Home Page for conducting the Optional Interconnection Study.

<u>Participating TO's Interconnection Facilities</u>	<u>All facilities and equipment owned, controlled, or operated by the Participating TO from the Point of Change of Ownership to the Point of Interconnection as identified in Appendix A to the Standard Large Generator Interconnection Agreement, including any modifications, additions or upgrades to such facilities and equipment. Participating TO's Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.</u>
<u>Planning Procedures</u>	<u>Procedures governing the planning, expansion and reliable interconnection to the ISO Controlled Grid that the ISO may, from time to time, develop.</u>
<u>Point of Change of Ownership</u>	<u>The point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Customer's Interconnection Facilities connect to the Participating TO's Interconnection Facilities.</u>
<u>Point of Interconnection</u>	<u>The point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Facilities connect to the ISO Controlled Grid.</u>
<u>Queue Position</u>	<u>The order of a valid Interconnection Request, relative to all other pending valid Interconnection Requests, that is established based upon the date and time of receipt of the valid Interconnection Request by the ISO.</u>
<u>Reliability Network Upgrades</u>	<u>The transmission facilities at or beyond the Point of Interconnection necessary to interconnect a Large Generating Facility safely and reliably to the ISO Controlled Grid, which would not have been necessary but for the interconnection of the Large Generating Facility, including Network Upgrades necessary to remedy short circuit or stability problems resulting from the interconnection of the Large Generating Facility to the ISO Controlled Grid. Reliability Network Upgrades also include, consistent with WECC practice, the facilities necessary to mitigate any adverse impact the Large Generating Facility's interconnection may have on a path's WECC rating.</u>
<u>Reliability Upgrade</u>	<u>The transmission facilities, other than Direct Assignment Facilities, beyond the first point of interconnection necessary to interconnect a New Facility safely and reliably to the ISO Controlled Grid, which would not have been necessary but for the interconnection of a New Facility, including network upgrades necessary to remedy short circuit or stability problems resulting from the interconnection of a New Facility to the ISO Controlled Grid. Reliability Upgrades also include, consistent with WSCC practice, the facilities necessary to mitigate any adverse impact a New Facility's interconnection may have on a path's WSCC path rating.</u>

Request for Expedited

Interconnection Procedures — A written request, submitted pursuant to Section 5.7.3.1.1 of the ISO Tariff, by which a New Facility Operator can request expedited processing of its Interconnection Application.

Scoping Meeting

The meeting among representatives of the Interconnection Customer, the applicable Participating TO, and the ISO conducted for the purpose of discussing alternative interconnection options, to exchange information including any transmission data and earlier study evaluations that would be reasonably expected to impact such interconnection options, to analyze such information, and to determine the potential feasible Points of Interconnection.

Site Control

Documentation reasonably demonstrating: (1) ownership of, a leasehold interest in, or a right to develop a site for the purpose of constructing the Generating Facility; (2) an option to purchase or acquire a leasehold site for such purpose; or (3) an exclusivity or other business relationship between Interconnection Customer and the entity having the right to sell, lease or grant Interconnection Customer the right to possess or occupy a site for such purpose.

Stand Alone Network Upgrades

Network Upgrades that an Interconnection Customer may construct without affecting day-to-day operations of the ISO Controlled Grid or Affected Systems during their construction. The Participating TO, the ISO, and the Interconnection Customer must agree as to what constitutes Stand Alone Network Upgrades and identify them in Appendix A to the Standard Large Generator Interconnection Agreement.

Standard Large Generator Interconnection Agreement (LGIA)

The form of interconnection agreement applicable to an Interconnection Request pertaining to a Large Generating Facility.

Standard Large Generator Interconnection Procedures (LGIP)

The ISO Protocol that sets forth the interconnection procedures applicable to an Interconnection Request pertaining to a Large Generating Facility that is included in the ISO Tariff.

System Impact Study

An engineering study conducted to determine whether a New Facility Operator's request for interconnection to the ISO Controlled Grid would require new transmission additions, upgrades or other mitigation measures.

Trial Operation

The period during which Interconnection Customer is engaged in on-site test operations and commissioning of a Generating Unit prior to commercial operation.

ATTACHMENT G

which the Scheduling Coordinator is willing to increase the output of the resource and sell Energy from that resource to the ISO (or, in the case of a Dispatchable Load, decrease the Demand); and (vi) for the ranges between each of the MW values less than the preferred operating point, corresponding prices (in \$/MWh) for which the Scheduling Coordinator is willing to decrease the output of the resource and purchase Energy from the ISO at the resource's location (or, in the case of a Dispatchable Load, increase the Demand). This data for an Adjustment Bid must result in a monotonically increasing curve.

Administrative Price

The price set by the ISO in place of a Market Clearing Price when, by reason of a System Emergency, the ISO determines that it no longer has the ability to maintain reliable operation of the ISO Controlled Grid relying solely on the economic Dispatch of Generation. This price will remain in effect until the ISO considers that the System Emergency has been contained and corrected.

Adverse System Impact

The negative effects due to technical or operational limits on conductors or equipment being exceeded that may compromise the safety and reliability of the electric system.

Affected System

An electric system other than the ISO Controlled Grid Transmission Provider's Transmission System that may be affected by the proposed interconnection, including the Participating TOs' electric systems that are not part of the ISO Controlled Grid.

Affected System Operator

The entity that operates an Affected System.

Affiliate

An entity, company or person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with the subject entity, company, or person.

**AGC (Automatic
Generation Control)**

Generation equipment that automatically responds to signals from the ISO's EMS control in real time to control the power output of electric generators within a prescribed area in response to a change in system frequency, tie-line loading, or the relation of these to each other, so as to maintain the target system frequency and/or the established interchange with other areas within the predetermined limits.

<u>Black Start</u>	The procedure by which a Generating Unit self-starts without an external source of electricity thereby restoring power to the ISO Controlled Grid following system or local area blackouts.
<u>Black Start Generator</u>	A Participating Generator in its capacity as party to an Interim Black Start Agreement with the ISO for the provision of Black Start services, but shall exclude Participating Generators in their capacity as providers of Black Start services under their Reliability Must-Run Contracts
<u>Bulk Supply Point</u>	A UDC metering point.
<u>Business Day</u>	Monday through Friday, excluding federal holidays and the day after Thanksgiving Day.
<u>C.F.R.</u>	Code of Federal Regulations.
<u>Calendar Day</u>	Any day including Saturday, Sunday or a federal holiday.
<u>Circular Schedule</u>	A Schedule or set of Schedules that creates a closed loop of Energy Schedules between the ISO Controlled Grid and one or more other Control Areas that do not have a source and sink in separate Control Areas, which includes Energy scheduled in a counter direction over a Congested Inter-Zonal Interface through two or more Scheduling Points. A closed loop of Energy Schedules that includes a transmission segment on the Pacific DC Intertie shall not be a Circular Schedule because such a Schedule directly changes power flows on the network and can mitigate Congestion between SP15 and NP15.
<u>Clustering</u>	The process whereby a group of Interconnection Requests is studied together, instead of serially, for the purpose of conducting the Interconnection System Impact Study.

Commercial Operation Date

The date on which an Interconnection Customer commences commercial operation of a Generating Unit at a Generating Facility after Trial Operation of such unit has been completed as confirmed in writing substantially in the form shown in Appendix E to the Standard Large Generator Interconnection Agreement.

Conditional Energy Bids

A Bid for Energy to serve Demand at or below a specified price.

Congestion

A condition that occurs when there is insufficient Available Transfer Capacity to implement all Preferred Schedules simultaneously or, in real time, to serve all Generation and Demand. "Congested" shall be construed accordingly.

Congestion Management

The alleviation of Congestion in accordance with Applicable ISO Protocols and Good Utility Practice.

Congestion Management Charge

The component of the Grid Management Charge that provides for the recovery of the ISO's costs of operating the Congestion Management process, including, but not limited to, the management and operation of inter-zonal congestion markets, adjustment bids, taking Firm Transmission Rights and Existing Contracts into account, and determining the price for mitigating congestion for flows on congested paths. The formula for determining the Congestion Management Charge is set forth in Appendix F, Schedule 1, Part A of this Tariff.

Critical Protective System Facilities and sites with protective relay systems and Remedial Action Schemes that the ISO determines may have a direct impact on the ability of the ISO to maintain system security and over which the ISO exercises Operational Control.

CTC (Competition Transition Charge) A non-bypassable charge that is the mechanism that the California Legislature and the CPUC mandated to permit recovery of costs stranded as a result of the shift to the new market structure.

Curtable Demand Demand from a Participating Load that can be curtailed at the direction of the ISO in the real time dispatch of the ISO Controlled Grid. Scheduling Coordinators with Curtable Demand may offer it to the ISO to meet Non-spinning or Replacement Reserve requirements.

Day-Ahead Relating to a Day-Ahead Market or Day-Ahead Schedule.

Day-Ahead Market The forward market for Energy and Ancillary Services to be supplied during the Settlement Periods of a particular Trading Day that is conducted by the ISO and other Scheduling Coordinators and which closes with the ISO's acceptance of the Final Day-Ahead Schedule.

Day-Ahead Schedule A Schedule prepared by a Scheduling Coordinator or the ISO before the beginning of a Trading Day indicating the levels of Generation and Demand scheduled for each Settlement Period of that Trading Day.

Default GMM Pre calculated GMM based on historical Load and interchange levels.

Deliverability Assessment An evaluation by the Participating TO, ISO or a third party consultant for the Interconnection Customer to determine a list of facilities, the cost of those facilities, and the time required to construct these facilities, that would ensure a Large Generating Facility could provide Energy to the ISO Controlled Grid at peak load, under a variety of severely stressed conditions, such that the aggregate of Generation in the local area can be delivered to the aggregate of Load on the ISO Controlled Grid, consistent with the ISO's reliability criteria and procedures.

Delivery Network Upgrades Transmission facilities at or beyond the Point of Interconnection, other than Reliability Network Upgrades, identified in the Interconnection Studies to relieve constraints on the ISO Controlled Grid.

Delivery Point The point where a transaction between Scheduling Coordinators is deemed to take place. It can be either the Generation input point, a Demand Take-Out Point, or a transmission bus at some intermediate location.

Demand The rate at which Energy is delivered to Loads and Scheduling Points by Generation, transmission or distribution facilities. It is the product of voltage and the in-phase component of alternating current measured in units of watts or standard multiples thereof, e.g., 1,000W=1kW, 1,000kW=1MW, etc.

Demand Bid

A bid into the PX indicating a quantity of Energy that an Eligible Customer wishes to purchase and, if relevant, the maximum price that the customer is prepared to pay for that Energy. This bid will only be accepted in the PX auction process if the Market Clearing Price is at or below the price of the Demand Bid. A Buyer may state, for each hour, a different price preference for each demand quantity in each location, i.e., the maximum price in each hour at which it is prepared to take a specified amount of Energy in the Day-Ahead Schedule. If a bid is submitted without a price, it is assumed that the bidder is prepared to pay the Market-Clearing Price.

Demand Forecast

An estimate of Demand over a designated period of time.

Demand Market Participant

Any Eligible Customer on behalf of whom Demand and Ancillary Services are scheduled pursuant to the ISO Tariff.

Direct Access Demand

The Demand of Direct Access End-Users.

Direct Access End-User

An Eligible Customer located within the Service Area of a UDC who purchases Energy and Ancillary Services through a Scheduling Coordinator.

Direct Access Generation

An Eligible Customer who is selling Energy or Ancillary Services through a Scheduling Coordinator.

Dispatch

The operating control of an integrated electric system to:

i) assign specific Generating Units and other sources of supply to effect the supply to meet the relevant area Demand taken as Load rises or falls; ii) control operations and maintenance of high voltage lines, substations, and equipment, including administration of safety procedures; iii) operate interconnections; iv) manage Energy transactions with other interconnected Control Areas; and v) curtail Demand.

Dispatch Instruction

An instruction by the ISO to a resource for increasing or decreasing its energy supply or demand from the Hour-Ahead Schedule to a specified operating point.

Dispatch Interval

The time period, which may range between five (5) and thirty (30) minutes, over which the ISO's RTD Software measures deviations in Generation and Demand, and selects Ancillary Service and Supplemental Energy resources to provide balancing Energy in response to such deviations. The Dispatch Interval shall be five (5) minutes. Following a decision by the ISO Governing Board, the ISO may, by seven (7) days' notice published on the ISO's Home Page, at <http://www.caiso.com> (or such other internet address as the ISO may publish from time to time), increase or decrease the Dispatch Interval within the range of five (5) to thirty (30) minutes.

Distribution System

The distribution assets of an IOU or Local Publicly Owned Electric Utility.

Distribution Upgrades

The additions, modifications, and upgrades to the Participating TO's electric systems that are not part of the ISO Controlled Grid. Distribution Upgrades do not include Interconnection Facilities.

**EEP (Electrical
Emergency Plan)**

A plan to be developed by the ISO in consultation with UDCs to address situations when Energy reserve margins are forecast to be below established levels.

Electric Capacity

The continuous demand-carrying ability for which a Generating Unit, or other electrical apparatus is rated, either by the user or by the manufacturer.

Energy The electrical energy produced, flowing or supplied by generation, transmission or distribution facilities, being the integral with respect to time of the instantaneous power, measured in units of watt-hours or standard multiples thereof, e.g., 1,000 Wh=1kWh, 1,000 kWh=1MWh, etc.

Energy Bid The price at or above which a Generator has agreed to produce the next increment of Energy.

Energy Efficiency Services Services that are intended to assist End-Users in achieving savings in their use of Energy or increased efficiency in their use of Energy.

Energy Transmission Services Net Energy Charge The component of the Grid Management Charge that provides, in conjunction with the Energy Transmission Services Uninstructed Deviations Charge, for the recovery of the ISO's costs of providing reliability on a scalable basis, i.e., a function of the intensity of the use of the transmission system within the Control Area and the occurrence of system outages and disruptions. The formula for determining the Energy Transmission Services Net Energy Charge is set forth in Appendix F, Schedule 1, Part A of this Tariff.

Energy Transmission Services Uninstructed Deviations Charge The component of the Grid Management Charge that provides, in conjunction with the Energy Transmission Services Net Energy Charge, for the recovery of the ISO's costs of providing reliability on a scalable basis, in particular for the costs associated with balancing transmission flows that result from uninstructed deviations. The formula for determining the Energy Transmission Services Uninstructed Deviations Charge is set forth in Appendix F, Schedule 1, Part A of this Tariff.

Engineering & Procurement (E&P) Agreement An agreement that authorizes the Participating TO to begin engineering and procurement of long lead-time items necessary

for the establishment of the interconnection in order to advance the implementation of the Interconnection Request.

Entitlements

The right of a Participating TO obtained through contract or other means to use another entity's transmission facilities for the transmission of Energy.

Environmental Dispatch

Dispatch designed to meet the requirements of air quality and other environmental legislation and environmental agencies having authority or jurisdiction over the ISO.

Environmental Quality

In relation to Energy, means Energy which involves production sources that reduce harm to the environment.

Equipment Clearances

The process by which the ISO grants authorization to another party to connect or disconnect electric equipment interconnected to the ISO Controlled Grid.

Ex Post GMM

GMM that is calculated utilizing the real time Power Flow Model in accordance with Section 7.4.2.1.2.

Ex Post Price

The Hourly Ex Post Price, the Dispatch Interval Ex Post Price, the Resource-Specific Settlement Interval Ex Post Price, or the Zonal Settlement Interval Ex Post Price.

Ex Post Transmission Loss

Transmission Loss that is calculated based on Ex Post GMM.

Existing Contracts

The contracts which grant transmission service rights in existence on the ISO Operations Date (including any contracts entered into pursuant to such contracts) as may be amended in accordance with their terms or by agreement between the parties thereto from time to time.

Existing High Voltage Facility

A High Voltage Transmission Facility of a Participating TO that was placed in service on or before the Transition Date defined in section 4.2 of Schedule 3 of Appendix F.

Existing Rights

Those transmission service rights defined in Section 2.4.4.1.1 of the ISO Tariff.

Facility Owner

An entity owning transmission, Generation, or distribution facilities connected to the ISO Controlled Grid.

Facility Study

An engineering study conducted by a Participating TO to determine required modifications to the Participating TO's transmission system, including the cost and scheduled completion date for such modifications that will be required to provide needed services.

Facility Study Agreement

An agreement between a Participating TO and either a Market Participant, Project Sponsor, or identified principal beneficiaries pursuant to which the Market Participants, Project Sponsor, and identified principal beneficiaries agree to reimburse the Participating TO for the cost of a Facility Study.

- FTR Bidder** An entity that submits a bid in an FTR auction conducted by the ISO in accordance with Section 9.4 of the ISO Tariff.
- FTR Holder** The owner of an FTR, as registered with the ISO.
- FTR Market** A transmission path from an originating Zone to a contiguous receiving Zone for which FTRs are auctioned by the ISO in accordance with Section 9.4 of the ISO Tariff.
- Full Marginal Loss Rate** A rate calculated by the ISO for each Generation and Scheduling Point location to determine the effect on total system Transmission Losses of injecting an increment of Generation at each such location to serve an equivalent incremental MW of Demand distributed proportionately throughout the ISO Control Area.
- Generating Facility** An Interconnection Customer's Generating Unit(s) used for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.
- Generating Unit** An individual electric generator and its associated plant and apparatus whose electrical output is capable of being separately identified and metered or a Physical Scheduling Plant that, in either case, is:
- (a) located within the ISO Control Area;
 - (b) connected to the ISO Controlled Grid, either directly or via interconnected transmission, or distribution facilities; and
 - (c) that is capable of producing and delivering net Energy (Energy in excess of a generating station's internal power requirements).
- Generation** Energy delivered from a Generating Unit.

Generation Dispatch Constraints

Details of any mandatory Generating Unit commitment requirements (e.g., Must-Run Generation) or dispatch limits (minimum output or maximum output) that must be observed due to system operating constraints (e.g., thermal, voltage, or stability limits). These limits are in addition to limits that may be specified by Generators in their Energy or Ancillary Service bids to the ISO or PX.

Generation Scheduling

The ISO's planned hourly pattern of Generation.

Generator

The seller of Energy or Ancillary Services produced by a Generating Unit.

GMM (Generation Meter Multiplier)

A number which when multiplied by a Generating Unit's Metered Quantity will give the total Demand to be served from that Generating Unit.

Good Utility Practice

Any of the practices, methods, and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods, and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the.

<u>Incremental Change</u>	The change in dollar value of a specific charge type from the Preliminary Settlement Statement to the Final Settlement Statement including any new charge types or Trading Day charges appearing for the first time on the Final Settlement Statement.
<u>In-Service Date</u>	The date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Participating TO Interconnection Facilities to obtain back feed power.
<u>Instructed Imbalance Energy</u>	The real time change in Generation output or Demand (from dispatchable Generating Units, System Units, System Resources or Loads) which is instructed by the ISO to ensure that reliability of the ISO Control Area is maintained in accordance with Applicable Reliability Criteria. Sources of Imbalance Energy include Spinning and Non-Spinning Reserves, Replacement Reserve, and Energy from other dispatchable Generating Units, System Units, System Resources or Loads that are able to respond to the ISO's request for more or less Energy.
<u>Inter-Scheduling Coordinator Ancillary Service Trades</u>	Ancillary Service transactions between Scheduling Coordinators.
<u>Inter-Scheduling Energy Coordinator Trades</u>	Energy transactions between Scheduling Coordinators.
<u>Inter-Zonal Congestion</u>	Congestion across an Inter-Zonal Interface.

Interconnection Agreement

A contract between a party requesting interconnection and the Participating TO that owns the transmission facility with which the requesting party wishes to interconnect.

Interconnection Customer

Any entity, including a Participating TO or any of its Affiliates or subsidiaries, that proposes to interconnect its Generating Facility with the ISO Controlled Grid.

Interconnection Customer's Interconnection Facilities

All facilities and equipment, as identified in Appendix A of the Standard Large Generator Interconnection Agreement, that are located between the Generating Facility and the Point of Change of Ownership, including any modification, addition, or upgrades to such facilities and equipment necessary to physically and electrically interconnect the Generating Facility to the ISO Controlled Grid. Interconnection Customer's Interconnection Facilities are sole use facilities.

Interconnection Facilities

The Participating TO's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Generating Facility to the ISO Controlled Grid. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Interconnection Facilities Study

A study conducted by the Participating TO(s), ISO, or a third party consultant for the Interconnection Customer to determine a list of facilities (including the Participating TO's Interconnection Facilities, Network Upgrades, and Distribution Upgrades), the cost of those facilities, and the time required to interconnect the Generating Facility with the ISO Controlled Grid. The scope of the study is defined in Section 8 of the Standard Large Generator Interconnection Procedures.

Interconnection Facilities Study Agreement

The form of agreement accepted by FERC and posted on the ISO Home Page for conducting the Interconnection Facilities Study.

Interconnection Feasibility Study

A preliminary evaluation conducted by the Participating TO(s), ISO, or a third party consultant for the Interconnection Customer of the system impact and cost of interconnecting the Generating Facility to the ISO Controlled Grid, the scope of which is described in Section 6 of the Standard Large Generator Interconnection Procedures.

Interconnection Feasibility Study Agreement

The form of agreement accepted by FERC and posted on the ISO Home Page for conducting the Interconnection Feasibility Study.

Interconnection Handbook

A handbook, developed by the Participating TO and posted on the Participating TO's web site or otherwise made available by the Participating TO, describing technical and operational requirements for wholesale generators and loads connected to the Participating TO's portion of the ISO Controlled Grid, as such handbook may be modified or superseded from time to time. Participating TO's standards contained in the Interconnection Handbook shall be deemed consistent with Good Utility Practice and Applicable Reliability Criteria. In the event of a conflict between the terms of the LGIP and the terms of the Participating TO's Interconnection Handbook, the terms in the LGIP shall apply.

Interconnection Request

An Interconnection Customer's request, in the form of Appendix 1 to the Standard Large Generator Interconnection Procedures, in accordance with the ISO Tariff, to interconnect a new Generating Facility, or to increase the capacity of, or make a Material Modification to the operating characteristics of, an existing Generating Facility that is interconnected with the ISO Controlled Grid.

Interconnection Service

The service provided by the Participating TO and ISO associated with interconnecting the Interconnection Customer's Generating Facility to the ISO Controlled Grid and enabling it to receive electric energy and capacity from the Generating Facility at the Point of Interconnection, pursuant to the terms of the Standard Large Generator Interconnection Agreement, the Participating TO's TO Tariff, and the ISO Tariff.

Interconnection Study

Any of the following studies: the Interconnection Feasibility Study, the Interconnection System Impact Study, and the Interconnection Facilities Study described in the Standard Large Generator Interconnection Procedures.

Interconnection System Impact Study

An engineering study conducted by the Participating TO(s), ISO, or a third party consultant for the Interconnection Customer that evaluates the impact of the proposed interconnection on the safety and reliability of the ISO Controlled Grid and, if applicable, an Affected System. The study shall identify and detail the system impacts that would result if the Generating Facility were interconnected without project modifications or system modifications, focusing on the Adverse System Impacts identified in the Interconnection Feasibility Study, or to study potential impacts, including but not limited to those identified in the Scoping Meeting as described in the Standard Large Generator Interconnection Procedures.

Interconnection System Impact Study Agreement

The form of agreement accepted by FERC and posted on the ISO Home Page for conducting the Interconnection System Impact Study.

Interest

Interest shall be calculated in accordance with the methodology specified for interest on refunds in the regulations of FERC at 18 C.F.R. §35.19(a)(2)(iii) (1996). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment, except as provided in SABP 6.10.5. When payments are made by mail, bills shall be considered as having been paid on the date of receipt.

Interruptible Imports

Energy sold by a Generator or resource located outside the ISO Controlled Grid which by contract can be interrupted or reduced at the discretion of the seller.

Intra-Zonal Congestion

Congestion within a Zone.

IOU

An investor owned electric utility.

ISO (Independent System Operator)

The California Independent System Operator Corporation, a state chartered, nonprofit corporation that controls the transmission facilities of all Participating TOs and dispatches certain Generating Units and Loads.

ISO Account

The ISO Clearing Account, the ISO Reserve Account or such other trust accounts as the ISO deems necessary or convenient for the purpose of efficiently implementing the funds transfer system under the ISO Tariff.

ISO ADR Committee

The Committee appointed by the ISO ADR Committee pursuant to Article IV, Section 3 of the ISO bylaws to perform functions assigned to the ISO ADR Committee in the ADR process in Section 13 of the ISO Tariff.

ISP (Internet Service Provider)

An independent network service organization engaged by the ISO to establish, implement and operate Wenet.

Large Generating Facility

A Generating Facility.

Load

An end-use device of an End-Use Customer that consumes power. Load should not be confused with Demand, which is the measure of power that a Load receives or requires.

Load Shedding

The systematic reduction of system Demand by temporarily decreasing the supply of Energy to Loads in response to transmission system or area capacity shortages, system instability, or voltage control considerations.

Local Furnishing Bond

Tax-exempt bonds utilized to finance facilities for the local furnishing of electric energy, as described in section 142(f) of the Internal Revenue Code, 26 U.S.C. § 142(f).

Local Furnishing Participating TO

Any Tax-Exempt Participating TO that owns facilities financed by Local Furnishing Bonds.

Local Publicly Owned Electric Utilities

A municipality or municipal corporation operating as a public utility furnishing electric service, a municipal utility district furnishing electric service, a public utility district furnishing electric services, an irrigation district furnishing electric services, a state agency or subdivision furnishing electric services, a rural cooperative furnishing electric services, or a joint powers authority that includes one or more of these agencies and that owns Generation or transmission facilities, or furnishes electric services over its own or its members' electric Distribution System.

Master File

A file containing information regarding Generating Units, Loads and other resources.

Material Modification

Those modifications that have a material impact on the cost or timing of any Interconnection Request or any other valid interconnection request with a later queue priority date.

Meter Data

Energy usage data collected by a metering device or as may be otherwise derived by the use of Approved Load Profiles.

Meter Points

Locations on the ISO Controlled Grid at which the ISO requires the collection of Meter Data by a metering device.

Metered Control Area Load

For purposes of calculating and billing the Energy Transmission Services Net Energy Charge component of the Grid Management Charge, Metered Control Area Load is:

(a) all metered Demand for Energy of Scheduling Coordinators for the supply of Loads in the ISO's Control Area, plus (b) all Energy for exports by Scheduling Coordinators from the ISO Control Area; less (c) Energy associated with the Load of a retail customer of a Scheduling Coordinator, UDC, or MSS that is served by a Generating Unit that: (i) is located on the same site as the customer's Load or provides service to the customer's Load through arrangements as authorized by Section 218 of the California Public Utilities Code; (ii) is a qualifying small power production facility or qualifying cogeneration facility, as those terms are defined in FERC's regulations implementing Section 201 of the Public Utility Regulatory Policies Act of 1978; and (iii) the customer secures Standby Service from a Participating TO under terms approved by a Local Regulatory Authority or FERC, as applicable, or the

customer's Load can be curtailed concurrently with an outage of the Generating Unit.

Metered Quantities

For each Direct Access End-User, the actual metered amount of MWh and MW; for each Participating Generator the actual metered amounts of MWh, MW, MVAR and MVARh.

Minimum Load Costs

The costs a generating unit incurs operating at minimum load.

Monthly Peak Load

The maximum hourly Demand on a Participating TO's transmission system for a calendar month, multiplied by the Operating Reserve Multiplier.

MSS (Metered Subsystem)

A geographically contiguous system located within a single Zone which has been operating as an electric utility for a number of years prior to the ISO Operations Date as a municipal utility, water district, irrigation district, State agency or Federal power administration subsumed within the ISO Control Area and encompassed by ISO certified revenue quality meters at each interface point with the ISO Controlled Grid and ISO certified revenue quality meters on all Generating Units or, if aggregated, each individual resource and Participating Load internal to the system, which is operated in accordance with a MSS Agreement described in Section 23.1.

MSS Operator

An entity that owns an MSS and has executed a MSS Agreement described in Section 3.3.1.

Network Upgrades

The additions, modifications, and upgrades to the ISO Controlled Grid required at or beyond the Point of Interconnection to accommodate the interconnection of the Large Generating Facility to the ISO Controlled Grid. Network Upgrades shall consist of Delivery Network Upgrades and Reliability Network Upgrades.

New High Voltage Facility

A High Voltage Transmission Facility of a Participating TO that is placed in service after the beginning of the transition period described in Section 4 of Schedule 3 of Appendix F, or a capital addition made and placed in service after the beginning of the transition period described in Section 4.1 of Schedule 3 of Appendix F to an Existing High Voltage Facility.

New Participating TO

A Participating TO that is not an Original Participating TO.

Nomogram

A set of operating or scheduling rules which are used to ensure that simultaneous operating limits are respected, in order to meet NERC and WSCC operating criteria.

<u>Operating Reserve</u>	The combination of Spinning and Non-Spinning Reserve required to meet WSCC and NERC requirements for reliable operation of the ISO Control Area.
<u>Operating Transfer Capability</u>	The maximum capability of a transmission path to transmit real power, expressed in MW, at a given point in time.
<u>Operational Control</u>	The rights of the ISO under the Transmission Control Agreement and the ISO Tariff to direct Participating TOs how to operate their transmission lines and facilities and other electric plant affecting the reliability of those lines and facilities for the purpose of affording comparable non-discriminatory transmission access and meeting Applicable Reliability Criteria.
<u>Operator</u>	The operator of facilities that comprise the ISO Controlled Grid or a Participating Generator.
<u>OPF (Optimal Power Flow)</u>	A computer optimization program which uses a set of control variables (which may include active power and/or reactive power controls) to determine a steady-state operating condition for the transmission grid for which a set of system operating constraints (which may include active power and/or reactive power constraints) are satisfied and an objective function (e.g. total cost or shift of schedules) is minimized.
<u>Optional Interconnection Study</u>	A sensitivity analysis based on assumptions specified by the Interconnection Customer in the Optional Interconnection Study Agreement.
<u>Optional Interconnection Study Agreement</u>	The form of agreement accepted by FERC and posted on the ISO Home Page for conducting the Optional Interconnection Study.

Order No. 888

The final rule issued by FERC entitled "Promoting Wholesale Competition through Open Access Non-discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities," 61 Fed. Reg. 21,540 (May 10, 1996), FERC Stats. & Regs., Regulations Preambles [1991-1996] ¶ 31,036 (1996), Order on Rehearing, Order No. 888-A, 78 FERC ¶ 61,220 (1997), as it may be amended from time to time.

<u>Participating Buyer</u>	A Direct Access End-User or a wholesale buyer of Energy or Ancillary Services through Scheduling Coordinators.
<u>Participating Intermittent Resource</u>	One or more Eligible Intermittent Resources that meets the requirements of the technical standards for Participating Intermittent Resources adopted by the ISO and published on the ISO Home Page.
<u>Participating Load</u>	An entity providing Curtailable Demand, which has undertaken in writing to comply with all applicable provisions of the ISO Tariff, as they may be amended from time to time.
<u>Participating Seller or Participating Generator</u>	A Generator or other seller of Energy or Ancillary Services through a Scheduling Coordinator over the ISO Controlled Grid from a Generating Unit with a rated capacity of 1 MW or greater, or from a Generating Unit providing Ancillary Services and/or submitting Supplemental Energy bids through an aggregation arrangement approved by the ISO, which has undertaken to be bound by the terms of the ISO Tariff, in the case of a Generator through a Participating Generator Agreement.
<u>Participating TO's Interconnection Facilities</u>	All facilities and equipment owned, controlled, or operated by the Participating TO from the Point of Change of Ownership to the Point of Interconnection as identified in Appendix A to the Standard Large Generator Interconnection Agreement, including any modifications, additions or upgrades to such facilities and equipment. Participating TO's Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

v) metered output is available only for the combined output of related multiple generating components and separate generating component metering is either impractical or economically inefficient.

PMS (Power Management System)

The ISO computer control system used to monitor the real time performance of the various elements of the ISO Controlled Grid, control Generation, and perform operational power flow studies.

Point of Change of Ownership

The point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Customer's Interconnection Facilities connect to the Participating TO's Interconnection Facilities.

Point of Interconnection

The point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Facilities connect to the ISO Controlled Grid.

Power Flow Model

The computer software used by the ISO to model the voltages, power injections and power flows on the ISO Controlled Grid and determine the expected Transmission Losses and Generation Meter Multipliers.

Preferred Day-Ahead Schedule

A Scheduling Coordinator's Preferred Schedule for the ISO Day-Ahead scheduling process.

Preferred Hour-Ahead Schedule

A Scheduling Coordinator's Preferred Schedule for the ISO Hour-Ahead scheduling process.

Preferred Schedule

The initial Schedule produced by a Scheduling Coordinator that represents its preferred mix of Generation to meet its Demand. For each Generator, the Schedule will include the quantity of output, details of any Adjustment Bids, and the location of the Generator. For each Load, the Schedule will include the quantity of consumption, details of any Adjustment Bids, and the location of the Load. The Schedule will also specify quantities and location of trades between the Scheduling Coordinator and all other Scheduling Coordinators. The Preferred Schedule will be balanced with respect to Generation, Transmission Losses, Load and trades between Scheduling Coordinators.

Queue Position

The order of a valid Interconnection Request, relative to all other pending valid Interconnection Requests, that is established based upon the date and time of receipt of the valid Interconnection Request by the ISO.

Ramping

Changing the loading level of a Generating Unit in a constant manner over a fixed time (e.g., ramping up or ramping down). Such changes may be directed by a computer or manual control.

RAS (Remedial Action Schemes)

Protective systems that typically utilize a combination of conventional protective relays, computer-based processors, and telecommunications to accomplish rapid, automated response to unplanned power system events. Also, details of RAS logic and any special requirements for arming of RAS schemes, or changes in RAS programming, that may be required.

Reactive Power Control

Generation or other equipment needed to maintain acceptable voltage levels on the ISO Controlled Grid and to meet reactive capacity requirements at points of interconnection on the ISO Controlled Grid.

Real Time Market

The competitive generation market controlled and coordinated by the ISO for arranging real time Imbalance Energy.

Redispatch

The readjustment of scheduled Generation or Demand side management measures, to relieve Congestion or manage Energy imbalances.

Registered Data

Those items of technical data and operating characteristics relating to Generation, transmission or distribution facilities which are identified to the owners of such facilities as being information, supplied in accordance with ISO Protocols, to assist the ISO to maintain reliability of the ISO Controlled Grid and to carry out its functions.

**Reliability Must-Run
Contract (RMR Contract)**

A rate schedule on file at FERC and in effect, or a contract between the ISO and a Generator, giving the ISO the right to call on the Generator to generate Energy or provide Ancillary Services from the Generating Unit as and when required to ensure the reliability of the ISO Controlled Grid, in return for certain payments.

**Reliability Must-Run
Generation**

Generation that the ISO determines is required to be on line to meet Applicable Reliability Criteria requirements. This includes

- i) Generation constrained on line to meet NERC and WSCC reliability criteria for interconnected systems operation;
- ii) Generation needed to meet Load demand in constrained areas; and
- iii) Generation needed to be operated to provide voltage or security support of the ISO or a local area.

Reliability Must-Run Unit

A Generating Unit which is the subject of a Reliability Must-Run Contract

**Reliability Network
Upgrades**

The transmission facilities at or beyond the Point of Interconnection necessary to interconnect a Large Generating Facility safely and reliably to the ISO Controlled Grid, which would not have been necessary but for the interconnection of the Large Generating Facility, including Network Upgrades necessary to remedy short circuit or stability problems resulting from the interconnection of the Large Generating Facility to the ISO Controlled Grid. Reliability Network Upgrades also include, consistent with WECC practice, the facilities necessary to mitigate any adverse impact the Large Generating Facility's interconnection may have on a path's WECC rating.

REMnet

The Wide Area Network through which the ISO acquires meter data.

Replacement Reserve

Generating capacity that is dedicated to the ISO, capable of starting up if not already operating, being synchronized to the ISO Controlled Grid, and ramping to a specified Load point within a sixty (60) minute period, the output of which can be continuously maintained for a two hour period. Also, Curtailable Demand that is capable of being curtailed within sixty minutes and that can remain curtailed for two hours.

**Resource-Specific
Settlement Interval Ex
Post Price**

The Resource-Specific Settlement Interval Ex Post Price will equal the Energy-weighted average of the applicable Dispatch Interval Ex Post Prices for each Settlement Interval taking into account each resource's Instructed Imbalance Energy, except Regulation Energy. The Resource-Specific Settlement Interval Ex Post Price shall apply to those resources that are capable of responding to ISO Dispatch Instructions.

Scheduling Point

A location at which the ISO Controlled Grid is connected, by a group of transmission paths for which a physical, non-simultaneous transmission capacity rating has been established for Congestion Management, to transmission facilities that are outside the ISO's Operational Control. A Scheduling Point typically is physically located at an "outside" boundary of the ISO Controlled Grid (e.g., at the point of interconnection between a Control Area utility and the ISO Controlled Grid). For most practical purposes, a Scheduling Point can be considered to be a Zone that is outside the ISO's Controlled Grid.

Scoping Meeting

The meeting among representatives of the Interconnection Customer, the applicable Participating TO, and the ISO conducted for the purpose of discussing alternative interconnection options, to exchange information including any transmission data and earlier study evaluations that would be reasonably expected to impact such interconnection options, to analyze such information, and to determine the potential feasible Points of Interconnection.

Security Monitoring

The real time assessment of the ISO Controlled Grid that is conducted to ensure that the system is operating in a secure state, and in compliance with all Applicable Reliability Criteria.

Service Area

An area in which an IOU or a Local Publicly Owned Electric Utility is obligated to provide electric service to End-Use Customers.

Set Point

Scheduled operating level for each Generating Unit or other resource scheduled to run in the Hour-Ahead Schedule.

Severance Fee

The charge or periodic charge assessed to customers to recover the reasonable uneconomic portion of costs associated with Generation-related assets and obligations, nuclear decommissioning, and capitalized Energy efficiency investment programs approved prior to August 15, 1996 and as defined in the California Assembly Bill No. 1890 approved by the Governor on September 23, 1996.

Site Control

Documentation reasonably demonstrating: (1) ownership of, a leasehold interest in, or a right to develop a site for the purpose of constructing the Generating Facility; (2) an option to purchase or acquire a leasehold site for such purpose; or (3) an exclusivity or other business relationship between Interconnection Customer and the entity having the right to sell, lease or grant Interconnection Customer the right to possess or occupy a site for such purpose.

Scheduling and Logging system for the ISO of California (SLIC)

A logging application that allows Market Participants to notify the ISO when a unit's properties change due to physical problems. Users can modify the maximum and minimum output of a unit, as well as the ramping capability of the unit.

Spinning Reserve

The portion of unloaded synchronized generating capacity that is immediately responsive to system frequency and that is capable of being loaded in ten minutes, and that is capable of running for at least two hours.

Stand Alone Network Upgrades

Network Upgrades that an Interconnection Customer may construct without affecting day-to-day operations of the ISO Controlled Grid or Affected Systems during their construction. The Participating TO, the ISO, and the Interconnection Customer must agree as to what constitutes Stand Alone

Network Upgrades and identify them in Appendix A to the Standard Large Generator Interconnection Agreement.

Standard Large Generator Interconnection Agreement (LGIA)

The form of interconnection agreement applicable to an Interconnection Request pertaining to a Large Generating Facility.

Standard Large Generator Interconnection Procedures (LGIP)

The ISO Protocol that sets forth the interconnection procedures applicable to an Interconnection Request pertaining to a Large Generating Facility that is included in the ISO Tariff.

Standard Ramp (ing)

A ramp calculated from two consecutive Final Hour Ahead Schedules that results in a straight trajectory between 10 minutes before the start of an operating hour to 10 minutes after the start of the operating hour.

Standby Rate

A rate assessed a Standby Service Customer by the Participating TO that also provides retail electric service, as approved by the Local Regulatory Authority, or FERC, as applicable, for Standby Service which compensates the Participating TO, among other things, for costs of High Voltage Transmission Facilities.

Standby Service

Service provided by a Participating TO that also provides retail electric service, which allows a Standby Service Customer, among other things, access to High Voltage Transmission Facilities for the delivery of backup power on an instantaneous basis to ensure that Energy may be reliably delivered to the Standby Service Customer in the event of an outage of a Generating Unit serving the customer's Load.

Standby Service Customer

A retail End-Use Customer of a Participating TO that also provides retail electric service that receives Standby Service and pays a Standby Rate.

**Standby Transmission
Revenue**

The transmission revenues, with respect to cost of both High Voltage Transmission Facilities and Low Voltage Transmission Facilities, collected directly from Standby Service Customers through charges for Standby Service.

System Emergency

Conditions beyond the normal control of the ISO that affect the ability of the ISO Control Area to function normally including any abnormal system condition which requires immediate manual or automatic action to prevent loss of Load, equipment damage, or tripping of system elements which might result in cascading outages or to restore system operation to meet the minimum operating reliability criteria.

System Planning Studies

Reports summarizing studies performed to assess the adequacy of the ISO Controlled Grid as regards conformance to Reliability Criteria.

System Reliability

A measure of an electric system's ability to deliver uninterrupted service at the proper voltage and frequency.

System Resource

A group of resources located outside of the ISO Control Area capable of providing Energy and/or Ancillary Services to the ISO Controlled Grid.

System Unit

One or more individual Generating Units and/or Loads within a Metered Subsystem controlled so as to simulate a single resource with specified performance characteristics, as mutually determined and agreed to by the MSS Operator and the ISO. The Generating Units and/or Loads making up a System Unit must be in close physical proximity to each other such that the operation of the resources comprising the System Unit does not result in significant differences in flows on the ISO Controlled Grid.

TRR (Transmission Revenue Requirement)

The TRR is the total annual authorized revenue requirements associated with transmission facilities and Entitlements turned over to the Operational Control of the ISO by a Participating TO. The costs of any transmission facility turned over to the Operational Control of the ISO shall be fully included in the Participating TO's TRR. The TRR includes the costs of transmission facilities and Entitlements and deducts Transmission Revenue Credits and credits for Standby Transmission Revenue and the transmission revenue expected to be actually received by the Participating TO for Existing Rights and Converted Rights.

Trial Operation

The period during which Interconnection Customer is engaged in on-site test operations and commissioning of a Generating Unit prior to commercial operation.

Trustee

The trustee of the California Independent System Operator trust established by order of the California Public Utilities Commission on August 2, 1996 Decision No. 96-08-038 relating to the Ex Parte Interim Approval of a Loan Guarantee and Trust Mechanism to Fund the Development of an Independent System Operator (ISO) and a Power Exchange (PX) pursuant to Decision 95-12-063 as modified.

UDC (Utility Distribution Company)

An entity that owns a Distribution System for the delivery of Energy to and from the ISO Controlled Grid, and that provides regulated retail electric service to Eligible Customers, as well as regulated procurement service to those End-Use Customers who are not yet eligible for direct access, or who choose not to arrange services through another retailer.

ATTACHMENT H

5.7 Interconnection of New-Planned Generating Facilities to the ISO Controlled Grid.

5.7.1 Applicability.

For purposes of this Section 5.7 and the Standard Large Generator Interconnection Procedures (LGIP), a New-planned Generating Facility shall be:

- (a) each Generating Unit-Facility that seeks to interconnect to the ISO Controlled Grid;
- (b) each existing Generating Unit connected to the ISO Controlled Grid that will be re-powered ~~and modified with a resulting increase in~~ the total capability of the power plant; and
- (c) each existing Generating Unit connected to the ISO Controlled Grid that will be re-powered modified without increasing the total capability of the power plant but has changed the electrical characteristics of the power plant such that its re-energization may violate Applicable Reliability Criteria, ~~and trigger the application of Section 5.7.5(c).~~

The owner of a planned New Generating Facility, or its designee, is referred to for purposes of this Section 5.7 as a New-Facility Operator ~~an Interconnection Customer~~. ~~Only New-Facility Operators that have not submitted a Completed Interconnection Application, as defined under the applicable Interconnecting PTO's TO Tariff, to the Interconnecting PTO as of the effective date of this Section 5.7~~ All planned Generating Facilities are subject to ~~its provisions~~ the Standard Large Generator Interconnection Procedures.

5.7.2 Requests to Interconnections to the Distribution System.

Any ~~request-proposed interconnection by a New-Facility Operator~~ the owner of a planned Generating Unit, or its designee, to connect at ~~distribution level voltage~~ that Generating Unit to a Distribution System of a Participating TO will be processed, as applicable, pursuant to the Wholesale Distribution Access Tariff ~~of the Interconnecting PTO or CPUC Rule 21,~~ or other Local Regulatory Authority requirements, if applicable, of the Participating TO; provided, however, that the ~~New-Facility Operator~~ owner of the planned Generating Unit, or its designee, shall be required to mitigate any adverse impact on reliability ~~on~~ of the ISO Controlled Grid ~~in accordance~~ consistent with Section 5.7.5 the Standard Large Generator Interconnection Procedures. In

addition, each ~~Interconnecting PTO Participating TO~~ will provide to the ISO a copy of the ~~System Impact Study~~ used to determine the impact of a ~~New Facility planned Generating Unit~~ on the Distribution System and the ISO Controlled Grid pursuant to a request to interconnect under the applicable Wholesale Distribution Access Tariff or CPUC Rule 21, or other Local Regulatory Authority requirements, if applicable.

~~5.7.3 Interconnection Application.~~

~~All New Facility Operators shall submit two copies of a Completed Interconnection Application to the ISO in the form specified by the ISO. The ISO will date stamp all copies of the Interconnection Application, retain one executed copy, and, within 1 Business Day, send the other copy to the Designated Contact Person of the Interconnecting PTO. Within 10 Business Days after the Interconnecting PTO receives an Interconnection Application, the ISO and the Interconnecting PTO shall determine whether the application is complete and the ISO will notify the New Facility Operator that its Interconnection Application is complete; or, in the event that the ISO, in consultation with the Interconnecting PTO, determines that the Interconnection Application is incomplete, the ISO will notify the New Facility Operator of the deficiencies or omissions in its application.~~

~~5.7.3.1 Expedited Procedures For New Facilities.~~

~~A New Facility Operator may submit a Request for Expedited Interconnection Procedures in accordance with Section 5.7.3.1.1. The ISO will develop and post on the ISO Home Page the Planning Procedures applicable to such expedited processing of Interconnection Applications.~~

~~5.7.3.1.1 Request for Expedited Interconnection Procedures.~~

~~(a) If it elects to expedite processing of its Completed Interconnection Application, a New Facility Operator shall submit a Request for Expedited Interconnection Procedures within 10 Business Days after receiving a copy of the System Impact Study for the proposed interconnection. The request should be submitted in writing to the ISO and the Interconnecting PTO.~~

- ~~(b) Within 10 Business Days after receiving a Request for Expedited Interconnection Procedures, the ISO and Interconnecting PTO shall provide to applicant the results of any studies required in addition to the System Impact Study, and shall tender an Expedited Interconnection Agreement that requires the applicant to compensate the Interconnecting PTO for all costs reasonably incurred pursuant to the terms of the ISO Tariff and the Interconnecting PTO's applicable TO Tariff for processing the Completed Interconnection Application and providing the requested interconnection.~~
- ~~(c) Concurrent with the provision, by the ISO and the Interconnecting PTO, of the studies referenced in subsection b, above, the Interconnecting PTO and the ISO shall provide to applicant their best estimate of the cost of any needed Direct Assignment Facilities and Reliability Upgrades, Delivery Upgrades, if requested by the New Facility Operator, and other costs that may be incurred in processing the Interconnection Application and providing the requested interconnection, however, unless otherwise agreed by the ISO, and the Interconnecting PTO, and the applicant, such cost estimate shall not be binding and the New Facility Operator shall compensate the ISO and the Interconnecting PTO for all actual interconnection costs reasonably incurred pursuant to the provisions of this Section 5.7 and the Interconnecting PTO's TO Tariff.~~
- ~~(d) The New Facility Operator shall execute and return to the Interconnecting PTO, with a copy to the ISO, such Expedited Interconnection Agreement within 10 Business Days of its receipt or the New Facility Operator's Interconnection Application will be deemed withdrawn. In that event, the New Facility Operator shall reimburse the ISO and the Interconnecting PTO for all costs reasonably incurred in the processing of the Interconnection Application, including the Request for Expedited Interconnection.~~

5.7.3.2 Good Faith Deposit.

- ~~(a) Each New Facility Operator that submits an Interconnection Application will on the date of submission also provide a Good Faith Deposit to the ISO. The ISO shall hold the Good Faith Deposit in trust for each applicant in a separate, interest-bearing account.~~
- ~~(b) The ISO shall refund the Good Faith Deposit, with accrued interest, in the event that:~~

- (i) ~~The ISO determines that the New Facility is not responsible for any interconnection costs, other than study costs; or~~
- (ii) ~~The applicant withdraws its Interconnection Application or its Interconnection Application is deemed withdrawn.~~

5.7.3.3 Posting of Interconnection Applications and Non-disclosure.

~~The ISO will maintain on its OASIS site an updated list of all pending Interconnection Applications. As soon as practicable after the ISO receives a Completed Interconnection Application, the ISO will post the nearest substation, the capacity (MW) of the New Facility and the year the New Facility is proposed to begin operations. At the time it submits its Interconnection Application, a New Facility Operator may request in writing that the ISO and Interconnecting PTO not publicly disclose the identity of such New Facility Operator. Upon such request, the ISO and Interconnecting PTO will not disclose the identity of the applicant while its Interconnection Application is pending, unless disclosure is permitted under Section 20.3.1 or in the event that an applicant's identity becomes otherwise publicly known.~~

5.7.4 Interconnection.

5.7.4.1 Detailed Planning Procedures.

~~The provisions set forth in this Section 5.7 shall govern the interconnection of New Facilities to the ISO Controlled Grid, including the costs of such interconnection. The ISO shall also maintain on the ISO Home Page detailed Planning Procedures and interconnection standards for all such interconnections. The ISO will develop, and post on the ISO Home Page, detailed procedures for updating the Planning Procedures.~~

5.7.4.2 Studies.

- (a) ~~Except as provided in Section 5.7.4.2(d), for each Completed Interconnection Application, the ISO will direct the Interconnecting PTO to perform the required System Impact Study and Facility Study, and any additional studies the ISO determines to be reasonably necessary.~~

- ~~(b) The Interconnecting PTO will complete or cause to be completed all studies directed by the ISO within the timelines provided in this section. Any studies performed by the ISO or by a third party at the direction of the ISO shall also be completed within the timelines provided in this section.~~
- ~~(c) Each New Facility Operator shall pay the reasonable costs of all System Impact and Facility Studies performed by or at the direction of the ISO or the Interconnecting PTO, and any additional studies the ISO determines to be reasonably necessary in response to the Interconnection Application, including any iterative study costs required for other New Facility Operator's that have established a new queue position due to the New Facility Operator either withdrawing its Interconnection Application or because its queue position has been modified pursuant to the procedures in Section 5.7.4.4. A New Facility Operator shall also pay the reasonable cost of Interconnecting PTO review of any System Impact Study or Facility Study that is performed by a New Facility Operator or its designee pursuant to subsection (d).~~
- ~~(d) A New Facility Operator may perform its own System Impact Study and Facility Study, or contract with a third party to perform the System Impact Study and Facility Study, and shall so notify the ISO and the Interconnecting PTO of this election at the time it submits its Interconnection Application. Any such study or studies performed by a New Facility Operator or third party must be completed within the timelines identified in Sections 5.7.4.2.1 and 5.7.4.2.2. To the extent that the ISO and Interconnecting PTO disagree on the adequacy of the New Facility Operator or third party sponsored study, the ISO will determine the adequacy of the study, subject to the ISO's ADR Procedures. The ISO and Interconnecting PTO shall complete their review of the New Facility Operator's study within 30 calendar days of receipt of the completed study. The results of any study or studies performed by a New Facility Operator or third party must be approved by both the ISO and the Interconnecting PTO.~~

5.7.4.2.1 System Impact Study Procedures.

~~Within 10 Business Days after receiving a Completed Interconnection Application by the Interconnecting PTO, the ISO and the Interconnecting PTO will determine, on a non-discriminatory basis, whether a System Impact Study is required. The ISO and the Interconnecting PTO will make such determination based on the ISO Grid Planning Criteria and the transmission assessment practices outlined in the ISO Planning Procedures posted on the ISO Home Page. The ISO and Interconnecting PTO will utilize, to the extent possible, existing transmission studies. The System Impact Study will identify whether any Direct Assignment Facilities and Reliability Upgrades are needed, as well as, if requested by the New Facility Operator, any Delivery Upgrades necessary to deliver a New Facility's full output over the ISO Controlled Grid. The System Impact Study will also identify any adverse impact on Encumbrances existing as of the Completed Application Date.~~

~~If the ISO and the Interconnecting PTO determine that a System Impact Study is necessary, the Interconnecting PTO shall within 20 Business Days of receipt of Completed Interconnection Application, tender a System Impact Study Agreement that defines the scope, content, assumptions and terms of reference for such study, the estimated time required to complete it, and pursuant to which the applicant shall agree to reimburse the Interconnecting PTO for the reasonable actual costs of performing the required study. The New Facility Operator shall execute the System Impact Study Agreement and return it to the Interconnecting PTO within 10 Business Days, together with payment for the reasonable estimated cost, as provided by the Interconnecting PTO, of the System Impact Study. Alternatively, a New Facility Operator can request that the Interconnecting PTO proceed with the System Impact Study and abide by the terms, conditions, and cost assignment of the System Impact Study Agreement as determined through the ISO ADR Procedures, provided that such request is accompanied by payment for the reasonable estimated cost, as provided by the Interconnecting PTO, of the System Impact Study. If a New Facility Operator elects neither to execute the System Impact Study Agreement nor to rely upon the ISO ADR Procedures, such New Facility Operator's Completed Application will be deemed withdrawn. If the New Facility Operator's application is deemed withdrawn, the New~~

Facility Operator will compensate the Interconnecting PTO for all reasonable costs incurred to that date in processing the Completed Interconnection Application.

The Interconnecting PTO will use due diligence to complete the System Impact Study within 60 Calendar Days of receipt of payment and the System Impact Study Agreement or initiation of the ISO ADR Procedures. If the Interconnecting PTO cannot complete the System Impact Study within 60 Calendar Days, the Interconnecting PTO will notify the New Facility Operator, in writing, of the reason why additional time is required to complete the required study and the estimated completion date.

5.7.4.2.2 Facility Study Procedures.

If a System Impact Study indicates that additions or upgrades to the ISO Controlled Grid are needed to satisfy a New Facility Operator's request for interconnection, the Interconnecting PTO shall, within 15 Business Days of the completion of the System Impact Study, tender to a New Facility Operator a Facility Study Agreement that defines the scope, content, assumptions and terms of reference for such study, the estimated time to complete the required study, and pursuant to which the applicant agrees to reimburse the Interconnecting PTO for the actual costs of performing the required Facility Study. The New Facility Operator shall execute the Facility Study Agreement and return it to the Interconnecting PTO within 10 Business Days, together with payment for the reasonable estimated cost, as provided by the Interconnecting PTO, of the Facility Study. Alternatively, a New Facility Operator may request that the Interconnecting PTO proceed with the Facility Study and abide by the terms, conditions, and cost assignment of the Facility Study Agreement ultimately determined through the ISO ADR Procedures, provided that such request is accompanied by payment for the reasonable estimated cost, as provided by the Interconnecting PTO, of the Facility Study. If a New Facility Operator elects either to not execute the Facility Study Agreement or to rely upon the ISO ADR Procedures, such New Facility Operator's Completed Application will be deemed withdrawn. If the New Facility Operator's application is deemed withdrawn, the New Facility Operator will compensate the Interconnecting PTO for all reasonable costs incurred to that date in processing the Completed Application.

~~The Interconnecting PTO will use due diligence to complete the Facility Study within 60 Calendar Days of receipt of payment and the Facility Study Agreement or initiation of the ISO-ADR Procedures. If the Interconnecting PTO cannot complete the Facility Study within 60 Calendar Days, the Interconnecting PTO will notify the New Facility Operator, in writing, of the reason why additional time is required to complete the required study and the estimated completion date. A New Facility Operator shall be entitled to amend its Completed Interconnection Application once without losing its queue position. Such amendment shall occur on or before 10 Business Days following the Date the Interconnecting POT tenders a Facility Study Agreement. Specifically, as an alternative to executing and returning a Facility Study Agreement, a New Facility Operator may submit an amendment to its Completed Interconnection Application to reflect a revised configuration for its New Facility. The amended Completed Interconnection Application shall be treated in accordance with Section 5.7.4.2.1 and the New Facility operator's Completed Interconnection Application shall not be deemed withdrawn, and it shall maintain its exiting queue position, if (a) the amended Completed Interconnection Application is received by the Interconnecting PTO within 10 Business Days of the Interconnecting PTO's tender of a Facility Study Agreement; and (b) the New Facility Operator has not submitted a previous amendment to the Completed Interconnection Application. In the event a New Facility Operator amends its Completed Interconnection Application, it will be responsible for any additional study costs that result from that amendment, including costs associated with revisions to studies for other applicants holding later queue positions.~~

~~5.7.4.3 Execution of Interconnection Agreement.~~

~~Within 10 Business Days of receipt of a completed Facility Study, a New Facility Operator shall request the Interconnecting PTO to provide to such applicant an Interconnection Agreement. The Interconnecting PTO shall provide an Interconnection Agreement to an applicant within 30 Business Days of receipt of the request for an Interconnection Agreement. If the ISO and Interconnecting PTO determine, pursuant to Sections 5.7.4.2.1, that either:~~

- ~~(a) a New Facility Operator's Interconnection Application can be accommodated and that such New Facility Operator will not incur costs for Reliability Upgrades, the New Facility~~

Operator shall execute the Interconnection Agreement within 10 Business Days of receipt of the Interconnection Agreement; or

- (b) ~~a New Facility Operator's Interconnection Application will necessitate Reliability Upgrades, the New Facility Operator shall execute the Interconnection Agreement within 30 Business Days of receipt of the Interconnection Agreement or, if a New Facility Operator and the Interconnecting PTO are unable to agree on the rates, terms and conditions of the Interconnection Agreement, the New Facility Operator may request that the Interconnecting PTO file an unexecuted Interconnection Agreement at FERC. If a New Facility Operator does request that the Interconnecting PTO file an unexecuted Interconnection Agreement at FERC, the New Facility Operator shall agree to abide by the rates, terms and conditions of such Interconnection Agreement ultimately determined by FERC to be just and reasonable.~~

5.7.4.4 Queuing.

- (a) ~~The ISO and Interconnecting PTO will process all Interconnection Applications based on the New Facility's Completed Application Date.~~
- (b) ~~The queue position for each New Facility that has submitted an Interconnection Application will be established according to the Completed Application Date and the New Facility's compliance with the milestones set forth in Section 5.7.4.4.1.~~
- (c) ~~For any New Facility Operator that has submitted a request to interconnect to a Interconnecting PTO prior to the date that FERC makes Section 5.7 effective, such New Facility Operator's position in the queue will be based on its Completed Application Date as that term was defined in the Interconnecting PTOs TO Tariff in effect at the time the New Facility Operator submitted a request to interconnect to the Interconnecting PTO.~~

5.7.4.4.1 Queuing Milestones.

- (a) ~~To maintain its queue position, each New Facility Operator must timely comply with the requirements of the ISO Tariff and the TO tariff of the Interconnecting PTO and must, within 6 months of its Completed Application Date, satisfy all applicable Data Adequacy~~

~~Requirements of state and local siting and other regulatory authorities. Any New Facility Operator not subject to state siting requirements must satisfy the information requirements set forth in 18 C.F.R. §2.20. The ISO will permit a New Facility Operator to retain its queue position if such New Facility Operator requests an extension of the six-month period at least 5 Business Days prior to the expiration of such period. Such extension will be limited to one period of 30 Business Days and additional extensions shall not be granted. A New Facility Operator that does not maintain its queue position, but later satisfies the Data Adequacy Requirements, or the requirements of 18 C.F.R. § 2.20 if applicable, will be placed in a queue position comparable to that of other New Facility Operators that have satisfied the Data Adequacy Requirements, or the requirements of 18 C.F.R. § 2.20, as of the same date. At that time, the ISO and the Interconnecting PTO will determine whether a new System Impact Study must be performed based on the revised queue position of such New Facility Operator.~~

~~(b) Upon satisfaction of the Data Adequacy Requirements, or the requirements of 18 C.F.R. § 2.20 if applicable, each New Facility Operator, in order to maintain its queue position, must obtain a New Facility License within 15 months after satisfying the Data Adequacy Requirements. A New Facility Operator that does not obtain a New Facility License within the allowed time and does not maintain its queue position, but later obtains a New Facility License, will be placed in a queue position comparable to other New Facility Operators that have satisfied comparable milestones as of that date.~~

~~(c) Any New Facility whose New Facility License or building permit expires or is rescinded will not maintain its queue position.~~

~~(d) A New Facility Operator that has submitted a dispute under Article 13 of the ISO Tariff regarding any part of this Section 5.7 may request that the presiding judge, arbitrator, or mediator of the dispute suspend its obligation to meet milestones in order to maintain its queue position. In the event such a suspension is granted, the New Facility Operator must satisfy the missed milestones specified in this Section 5.7.4.4.1 within 30 calendar days of the date the decision on the dispute becomes final.~~

~~5.7.4.5 Coordination of Critical Protective Systems.~~

~~New Facility Operators shall coordinate with the ISO, Participating TOs and UDCs to ensure that a New Facility Operator's Critical Protective Systems, including relay systems, are installed and maintained in order to function on a coordinated and complementary basis with ISO Controlled Grid Critical Protective Systems and the protective systems of the Participating TOs and UDCs. The ISO and Participating TOs will make available all information necessary for a New Facility Operator to determine whether its Critical Protective Systems are compatible with those of the ISO, Participating TOs and UDCs. The ISO and New Facility Operators shall also coordinate with entities that own, operate or control facilities outside of the ISO Controlled Grid to ensure that a New Facility's Critical Protective Systems function on a coordinated and complementary basis with such entities Critical Protective Systems.~~

~~5.7.5 Cost Responsibility of New Facility Operators.~~

- ~~(a) Each New Facility Operator shall pay the costs of required studies in accordance with Section 5.7.4.2 and the costs identified in this Section 5.7.5. The ISO and Interconnecting PTO will provide each New Facility Operator an estimate of its total cost responsibility under this Section. A New Facility Operator shall be responsible for the actual costs of all Direct Assignment Facilities and Reliability Upgrades necessitated by its Completed Interconnection Application. The Interconnecting PTO will provide each New Facility Operator a detailed record of the actual costs assessed to it under this Section. A New Facility Operator may request the Interconnecting PTO to provide any additional information reasonably necessary to audit the actual costs the New Facility Operator is assessed.~~
- ~~(b) The ISO and Interconnecting PTO will process all Interconnection Applications, and determine the cost responsibility of each New Facility Operator based on the New Facility Operator's Completed Application Date or, if applicable, based on the queue position determined by the procedure described in Section 5.7.4.4.1(b). The ISO and Interconnecting PTO will process simultaneously all interconnection requests with the same Completed Application Date.~~

~~(c) Each New Facility Operator shall pay the costs of planning, installing, operating and maintaining the following facilities: (i) Direct Assignment Facilities, and, if applicable, (ii) Reliability Upgrades. In addition, each New Facility Operator shall implement all existing operating procedures necessary to safely and reliably connect the New Facility to the facilities of the Interconnecting PTO and to ensure the ISO Controlled Grid's conformance with the ISO Grid Planning Criteria, and shall bear all costs of implementing such operating procedures. The New Facility Operator shall be responsible for the costs of Reliability Upgrades only if the necessary facilities are not included in the ISO Controlled Grid Transmission Expansion Plan approved as of the New Facility Operator's Completed Application Date, or the date for the installation of a facility is advanced by the interconnection of the New Facility, in which case the New Facility Operator shall be responsible only for the incremental costs associated with the earlier installation of the facility.~~

~~(d) Each New Facility Operator may, at its own discretion, sponsor, pursuant to Section 3.2 of the ISO Tariff, any Delivery Upgrades.~~

~~5.7.5.1 Maintenance of Encumbrances.~~

~~No New Facility shall adversely affect the ability of the Interconnecting PTO to honor its Encumbrances existing as of the time a New Facility submits its Interconnection Application to the ISO. The Interconnecting PTO, in consultation with the ISO, shall identify any such adverse effect on its Encumbrances in the System Impact Study performed under Section 5.7.4.2.1. To the extent the Interconnecting PTO determines that the connection of the New Facility will have an adverse effect on Encumbrances, the New Facility Operator shall mitigate such adverse effect.~~

~~5.7.5.2 Settlement of Interconnection Costs.~~

~~Payment for Direct Assignment Facilities and Reliability Upgrades shall be made by the New Facility Operator to the Interconnecting PTO pursuant to the terms of payment set forth in the Interconnection Agreement between the parties.~~

5.7.6 Energization.

~~Neither the ISO nor the Interconnecting PTO shall be obligated to energize, nor shall the New Facility Operator be entitled to have its interconnection to the ISO Controlled Grid energized, unless and until an Interconnection Agreement has been executed, or filed at FERC pursuant to Section 5.7.4.3, and becomes effective and such New Facility Operator has demonstrated to the ISO's reasonable satisfaction that it has complied with all of the requirements of this Section 5.2.~~

ATTACHMENT I

5.7 Interconnection of Planned Generating Facilities to the ISO Controlled Grid.

5.7.1 Applicability.

For purposes of this Section 5.7 and the Standard Large Generator Interconnection Procedures (LGIP), a planned Generating Facility shall be:

- (a) each Generating Facility that seeks to interconnect to the ISO Controlled Grid;
- (b) each existing Generating Unit connected to the ISO Controlled Grid that will be modified with a resulting increase in the total capability of the power plant; and
- (c) each existing Generating Unit connected to the ISO Controlled Grid that will be modified without increasing the total capability of the power plant but has changed the electrical characteristics of the power plant such that its re-energization may violate Applicable Reliability Criteria.

The owner of a planned Generating Facility, or its designee, is referred to for purposes of this Section 5.7 as an Interconnection Customer. All planned Generating Facilities are subject to the Standard Large Generator Interconnection Procedures.

5.7.2 Interconnections to the Distribution System.

Any proposed interconnection by the owner of a planned Generating Unit, or its designee, to connect that Generating Unit to a Distribution System of a Participating TO will be processed, as applicable, pursuant to the Wholesale Distribution Access Tariff or CPUC Rule 21, or other Local Regulatory Authority requirements, if applicable, of the Participating TO; provided, however, that the owner of the planned Generating Unit, or its designee, shall be required to mitigate any adverse impact of reliability on the ISO Controlled Grid consistent with the Standard Large Generator Interconnection Procedures. In addition, each Participating TO will provide to the ISO a copy of the system impact study used to determine the impact of a planned Generating Unit on the Distribution System and the ISO Controlled Grid pursuant to a request to interconnect under the applicable Wholesale Distribution Access Tariff or CPUC Rule 21, or other Local Regulatory Authority requirements, if applicable.

• CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
FERC ELECTRIC TARIFF
FIRST REPLACEMENT VOLUME NO. I

First Revised Sheet No. 181C
Superseding Original Sheet No. 181C

[PAGE NOT USED]

Issued by: Charles F. Robinson, Vice President and General Counsel
Issued on: January 20, 2004

Effective: Upon approval of the Commission

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
FERC ELECTRIC TARIFF
FIRST REPLACEMENT VOLUME NO. I

First Revised Sheet No. 181D
Superseding Original Sheet No. 181D

[PAGE NOT USED]

Issued by: Charles F. Robinson, Vice President and General Counsel
Issued on: January 20, 2004

Effective: Upon approval of the Commission

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
FERC ELECTRIC TARIFF
FIRST REPLACEMENT VOLUME NO. I

First Revised Sheet No. 181E
Superseding Original Sheet No. 181E

[PAGE NOT USED]

Issued by: Charles F. Robinson, Vice President and General Counsel
Issued on: January 20, 2004

Effective: Upon approval of the Commission

[PAGE NOT USED]

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
FERC ELECTRIC TARIFF
FIRST REPLACEMENT VOLUME NO. I

First Revised Sheet No. 181G
Superseding Original Sheet No. 181G

[PAGE NOT USED]

Issued by: Charles F. Robinson, Vice President and General Counsel
Issued on: January 20, 2004

Effective: Upon approval of the Commission

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5.8 Recordkeeping; Information Sharing.

5.8.1 Requirements for Maintaining Records.

Participating Generators shall provide to the ISO such information and maintain such records as are reasonably required by the ISO to plan the efficient use and maintain the reliability of the ISO Controlled Grid.

5.8.2 Providing Information to Generators.

The ISO shall provide to any Participating Generator, upon its request, copies of any operational assessments, studies or reports prepared by or for the ISO (unless such assessments studies or reports are subject to confidentiality rights or any rule of law that prohibits disclosure) concerning the operations of such Participating Generator's

ATTACHMENT J

**APPENDIX 2 to LGIP
INTERCONNECTION FEASIBILITY STUDY AGREEMENT**

THIS AGREEMENT is made and entered into this ___ day of _____, 20___ by and between _____, a _____ organized and existing under the laws of the State of _____, ("Interconnection Customer,") and _____ [insert name of the Participating TO or "the California Independent System Operator Corporation"] a _____ existing under the laws of the State of _____ California, ("Transmission Provider Participating TO" or "ISO"). The Interconnection Customer and Transmission Provider the _____ ["Participating TO" or "ISO"] each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, the Interconnection Customer is proposing to develop a Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request submitted by the Interconnection Customer dated _____; and

WHEREAS, the Interconnection Customer desires to interconnect the Large Generating Facility with the ~~Transmission System~~ ISO Controlled Grid; and

WHEREAS, the Interconnection Customer has requested the _____ ~~Transmission Provider~~ ["Participating TO" or "ISO"] to perform an Interconnection Feasibility Study to assess the feasibility of interconnecting the proposed Large Generating Facility, ~~to the Transmission System, and of any Affected Systems;~~

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in the ~~Transmission Provider~~ ISO's Commission FERC-approved Standard Large Generation Interconnection Procedures ("LGIP") or the Master Definitions Supplement, Appendix A to the ISO Tariff, as applicable.
- 2.0 ~~The Interconnection Customer elects and Transmission Provider~~ the _____ ["Participating TO" or "ISO"] shall cause to be performed an Interconnection Feasibility Study consistent with Section 6.0 of ~~the~~ LGIP in accordance with the ISO Tariff.
- 3.0 The scope of the Interconnection Feasibility Study shall be subject to the assumptions set forth in Attachment A to this Agreement.

4.0 The Interconnection Feasibility Study shall be based on the technical information provided by the Interconnection Customer in the Interconnection Request, as may be modified as the result of the Scoping Meeting. ~~Transmission Provider~~The ["Participating TO" or "ISO"] reserves the right to request additional technical information from the Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the Interconnection Feasibility Study and as designated in accordance with Section 3.35.4 of the LGIP. If, after the designation of the Point of Interconnection pursuant to Section 3.35.4 of the LGIP, the Interconnection Customer modifies its Interconnection Request pursuant to Section 4.4, the time to complete the Interconnection Feasibility Study may be extended.

5.0 The Interconnection Feasibility Study report shall provide the following information:

preliminary identification of any circuit breaker short circuit capability limits exceeded on the Participating TO's electric system as a result of the interconnection;

preliminary identification of any thermal overload or voltage limit violations on the Participating TO's electric system resulting from the interconnection; and

preliminary description and non-binding estimated cost of the Participating TO's facilities required to interconnect the Large Generating Facility to the Participating TO's Transmission System ~~electric system~~ and to address the identified short circuit and power flow issues;

expected results in the Interconnection System Impact Study; and

An informational assessment, as needed, of other Participating TOs' portions of the ISO Controlled Grid, and may include:

change in short circuit duty at the boundary buses to other Participating TOs.

thermal overloads and voltage limit violations of a limited set of contingencies as provided by the ISO or the other Participating TO.

6.0 In addition to the deposit(s) paid by the Interconnection Customer pursuant to Section 3.4.5.1 of the LGIP, the Interconnection Customer shall provide a deposit of \$10,000 for the performance of the Interconnection Feasibility Study.

Following the issuance of the Interconnection Feasibility Study to the Interconnection Customer the Transmission Provider [“Participating TO” or “ISO”] shall charge and the Interconnection Customer shall pay the actual costs of the Interconnection Feasibility Study, inclusive of any re-studies and amendments to the Interconnection Feasibility Study, pursuant to Section 9 of this Agreement.

Any difference between the deposits made toward the Interconnection Feasibility Study, amendments and re-studies to the Interconnection Feasibility Study, and the actual cost of the study shall be paid by or refunded to the Interconnection Customer, as appropriate in accordance with Section 13.3 of the LGIP.

7.0 Pursuant to Section 3.7 of the LGIP, the ISO will coordinate the conduct of any studies required to determine the impact of the Interconnection Request on Affected Systems. The [“Participating TO” or “ISO”] may provide a copy of the Interconnection Feasibility Study results to an Affected System Operator and the Western Electricity Coordinating Council. Requests for review and input from Affected System Operators or the Western Electricity Coordinating Council may arrive at any time prior to interconnection, and a revision of the Interconnection Feasibility Study or re-study may be required in such event.

8.0 Substantial portions of technical data and assumptions used to perform the Interconnection Feasibility Study, such as system conditions, existing and planned generation, and unit modeling, may change after the [“Participating TO” or “ISO”] provides the Interconnection Feasibility Study results to the Interconnection Customer. Study results will reflect available data at the time the [“Participating TO” or “ISO”] provides the Interconnection Feasibility Study to the Interconnection Customer. The [“Participating TO” or “ISO”] shall not be responsible for any additional costs, including, without limitation, costs of new or additional facilities, system upgrades, or schedule changes, that may be incurred by the Interconnection Customer as a result of changes in such data and assumptions.

9.0 In the event that a re-study or amendment of the Interconnection Feasibility Study is required, the [“Interconnecting Participating TO” or “ISO”] shall provide notification of the need for such

re-study or amendment, and the Interconnection Customer shall provide direction as to whether to proceed with the re-study or amendment and any associated deposit payment pursuant to Section 6.4 or Section 12.2.4 of the LGIP, as applicable.

10.0 The Participating TO shall maintain records and accounts of all costs incurred in performing the Interconnection Feasibility Study, inclusive of any re-studies or amendments thereto, in sufficient detail to allow verification of all costs incurred, including associated overheads. The Interconnection Customer shall have the right, upon reasonable notice, within a reasonable time following receipt of the final cost report associated with this Interconnection Feasibility Study at the Participating TO's offices and at its own expense, to audit the Participating TO's records as necessary and as appropriate in order to verify costs incurred by the Participating TO. Any audit requested by the Interconnection Customer shall be completed, and written notice of any audit dispute provided to the Participating TO, within one hundred eighty (180) Calendar Days following receipt by the Interconnection Customer of the Participating TO's notification of the final costs of the Interconnection Feasibility Study, inclusive of any re-study or amendment thereto.

11.0 In accordance with Section 3.8 of the LGIP, the Interconnection Customer may withdraw its Interconnection Request at any time by written notice to the ISO. Upon receipt of such notice, this Agreement shall terminate.

12.0 Pursuant to Section 6.1 of the LGIP, this Agreement shall become effective upon the date the fully executed Agreement and deposit specified in Section 6 of this Agreement are received by the _____ ["Participating TO" or "ISO"]. If the _____ ["Participating TO" or "ISO"] does not receive the fully executed Agreement and payment pursuant to Section 6.1 of the LGIP, then the Interconnection Request will be deemed withdrawn upon the Interconnection Customer's receipt of written notice by the ISO pursuant to Section 3.8 of the LGIP.

13.0 ~~Miscellaneous. The Interconnection Feasibility Study Agreement shall include standard miscellaneous terms including, but not limited to, indemnities, representations, disclaimers, warranties, governing law, amendment, execution, waiver, enforceability and assignment, that reflect best practices in the electric industry, and that are consistent with regional practices, Applicable Laws and Regulations, and the organizational nature of each Party. All of these provisions, to the extent practicable, shall be consistent with the provisions of the LGIP and the LGIA.~~

- 13.1 Dispute Resolution. Any dispute, or assertion of a claim, arising out of or in connection with this Interconnection Feasibility Study Agreement, shall be resolved in accordance with Section 13.5 of the LGIP
- 13.2 Confidentiality. Confidential Information shall be treated in accordance with Section 13.1 of the LGIP.
- 13.3 Binding Effect. This Interconnection Feasibility Study Agreement and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties hereto.
- 13.4 Conflicts. In the event of a conflict between the body of this Interconnection Feasibility Study Agreement and any attachment, appendices or exhibits hereto, the terms and provisions of the body of this Interconnection Feasibility Study Agreement shall prevail and be deemed the final intent of the Parties.
- 13.5 Rules of Interpretation. This Interconnection Feasibility Study Agreement, unless a clear contrary intention appears, shall be construed and interpreted as follows: (1) the singular number includes the plural number and vice versa; (2) reference to any person includes such person's successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this Interconnection Feasibility Study Agreement, and reference to a person in a particular capacity excludes such person in any other capacity or individually; (3) reference to any agreement (including this Section, or other provision hereof or thereof); (4) reference to any applicable laws and regulations means such applicable laws and regulations as amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated thereunder; (5) unless expressly stated otherwise, reference to any Article, Section or Appendix means such Article or Section of this Interconnection Feasibility Study Agreement or such Appendix to this Interconnection Feasibility Study Agreement, or such Section to the LGIP or such Appendix to the LGIP, as the case may be; (6) "hereunder", "hereof", "herein", "hereto" and words of similar import shall be deemed references to this Interconnection Feasibility Study Agreement as a whole and not to any particular Article, (7) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; and (8) relative to the determination of any period of time, "from" means "from and including", "to" means "to but excluding" and "through" means "through and including".
- 13.6 Entire Agreement. This Interconnection Feasibility Study Agreement, including all Appendices and Schedules attached hereto, constitutes the

entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this Interconnection Feasibility Study Agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, any Party's compliance with its obligations under this Interconnection Feasibility Study Agreement.

13.7 No Third Party Beneficiaries. This Interconnection Feasibility Study Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and, where permitted, their assigns.

13.8 Waiver. The failure of a Party to this Interconnection Feasibility Study Agreement to insist, on any occasion, upon strict performance of any provision of this Interconnection Feasibility Study Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

Any waiver at any time by either Party of its rights with respect to this Interconnection Feasibility Study Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Interconnection Feasibility Study Agreement. Termination or default of this Interconnection Feasibility Study Agreement for any reason by the Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the Participating TO. Any waiver of this Interconnection Feasibility Study Agreement shall, if requested, be provided in writing.

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

13.9 Headings. The descriptive headings of the various Articles and Sections of this Interconnection Feasibility Study Agreement have been inserted for

convenience of reference only and are of no significance in the interpretation or construction of this Interconnection Feasibility Study Agreement.

13.10 Multiple Counterparts. This Interconnection Feasibility Study Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

13.11 Amendment. The Parties may by mutual agreement amend this Interconnection Feasibility Study Agreement by a written instrument duly executed by both of the Parties.

13.12 Modification by the Parties. The Parties may by mutual agreement amend the Appendices to this Interconnection Feasibility Study Agreement by a written instrument duly executed by both of the Parties. Such amendment shall become effective and a part of this Interconnection Feasibility Study Agreement upon satisfaction of all applicable laws and regulations.

13.13 Reservation of Rights. The [“Participating TO” or “ISO”] shall each have the right to make a unilateral filing with FERC to modify this Interconnection Feasibility Study Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC’s rules and regulations thereunder, and Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Interconnection Feasibility Study Agreement pursuant to section 206 or any other applicable provision of the Federal Power Act and FERC’s rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by another Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Interconnection Feasibility Study Agreement shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC’s rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.

13.14 No Partnership. This Interconnection Feasibility Study Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon any Party. No Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, another Party.

13.15 Assignment. This Interconnection Feasibility Study Agreement may be assigned by a Party only with the written consent of the other Party; provided that a Party may assign this Interconnection Feasibility Study Agreement without the consent of the other Party to any Affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Interconnection Feasibility Study Agreement; and provided further that the Interconnection Customer shall have the right to assign this Interconnection Feasibility Study Agreement, without the consent of the other Party, for collateral security purposes to aid in providing financing for the Large Generating Unit, provided that the Interconnection Customer will require any secured party, trustee or mortgagee to notify the other Party of any such assignment. Any financing arrangement entered into by the Interconnection Customer pursuant to this Article will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify the other Party of the date and particulars of any such exercise of assignment right(s). Any attempted assignment that violates this Article is void and ineffective. Any assignment under this Interconnection Feasibility Study Agreement shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of ~~Transmission Provider or Transmission Owner~~, if applicable the Participating TO or "California Independent System Operator Corporation"]

By: _____ By:

Title: _____ Title:

Date: _____ Date:

[Insert name of the Interconnection Customer]

By: _____

Title: _____

Date:
|

**Attachment A to
Appendix 2
Interconnection Feasibility
Study Agreement**

**ASSUMPTIONS USED IN CONDUCTING THE
INTERCONNECTION FEASIBILITY STUDY**

The Interconnection Feasibility Study will be based upon the information set forth in the Interconnection Request and agreed upon in the Scoping Meeting held on _____:

Designation of Point of Interconnection and configuration to be studied.

Designation of alternative Point(s) of Interconnection and configuration.

[Above assumptions to be completed by the Interconnection Customer and other assumptions to be provided by the Interconnection Customer and ~~Transmission Provider~~ the ["Participating TO" or "ISO"]

APPENDIX 3 to LGIP
INTERCONNECTION SYSTEM IMPACT STUDY AGREEMENT

THIS AGREEMENT is made and entered into this ___ day of _____, 20__ by and between _____, a _____ organized and existing under the laws of the State of _____, ("Interconnection Customer,") and _____ [insert name of the Participating TO or "the California Independent System Operator Corporation"] a _____ existing under the laws of the State of California, ("~~Transmission Provider~~ "Participating TO" or "ISO"). ~~The Interconnection Customer and Transmission Provider~~ the _____ ["Participating TO" or "ISO"] each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, the Interconnection Customer is proposing to develop a Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request submitted by the Interconnection Customer dated _____; and

WHEREAS, the Interconnection Customer desires to interconnect the Large Generating Facility with the ~~Transmission System~~ ISO Controlled Grid; and

WHEREAS, the ~~Transmission Provider~~ _____ ["Participating TO" or "ISO"] has completed an Interconnection Feasibility Study (the "Feasibility Study") and provided the results of said study to the Interconnection Customer¹; and

WHEREAS, the Interconnection Customer has requested the ~~Transmission Provider~~ _____ ["Participating TO" or "ISO"] to perform an Interconnection System Impact Study to assess the impact of interconnecting the Large Generating Facility to the ~~Transmission System~~, and of any ~~Affected Systems~~;

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in the ~~Transmission Provider~~ ISO's Commission FERC-approved Standard Large Generation Interconnection Procedures ("LGIP") or the Master Definitions Supplement, Appendix A to the ISO Tariff, as applicable.

¹ This recital to be omitted if the Interconnection Customer has elected to forego the Interconnection Feasibility Study.

- 2.0 The Interconnection Customer elects and Transmission Provider the
_____ ["Participating TO" or "ISO"] shall cause to be
performed an Interconnection System Impact Study consistent with
Section 7.0 of ~~this~~ the LGIP in accordance with the ISO Tariff.
- 3.0 The scope of the Interconnection System Impact Study shall be subject to
the assumptions set forth in Attachment A to this Agreement.
- 4.0 The Interconnection System Impact Study will be based upon the results
of the Interconnection Feasibility Study and the technical information
provided by the Interconnection Customer in the Interconnection Request,
subject to any modifications in accordance with Section 4.4 of the LGIP.
~~Transmission Provider~~ The _____ ["Participating TO" or
"ISO"] reserves the right to request additional technical information from
the Interconnection Customer as may reasonably become necessary
consistent with Good Utility Practice during the course of the
Interconnection ~~Customer~~ System Impact Study. If the Interconnection
Customer modifies its designated Point of Interconnection,
Interconnection Request, or the technical information provided therein is
modified, the time to complete the Interconnection System Impact Study
may be extended.
- 5.0 The Interconnection System Impact Study report shall provide the
following information:
- identification of any circuit breaker short circuit capability limits
exceeded on the Participating TO's electric system as a result of
the interconnection;
 - identification of any thermal overload or voltage limit violations on
the Participating TO's electric system resulting from the
interconnection;
 - identification of any instability or inadequately damped response to
system disturbances on the Participating TO's electric system
resulting from the interconnection; ~~and~~
 - an informational assessment, as needed, of other Participating
TOs' portions of the ISO Controlled Grid, which may include:
 - change in short circuit duty at the boundary buses to other
Participating TOs.

- Thermal overloads and voltage limit violations of a limited set of contingencies as provided by the ISO or the other Participating TO.
- a description and non-binding, good faith estimated cost of facilities on the Participating TO's electric system required to interconnect the Large Generating Facility to the Transmission System Participating TO's portion of the ISO Controlled Grid and to address the identified short circuit, instability, and power flow issues on the Participating TO's portion of the ISO Controlled Grid;
- if the Participating TO is an interconnecting Participating TO for the Large Generating Facility, a Deliverability Assessment on the ISO Controlled Grid pursuant to Section 3.3 of the LGIP.

6.0 The Interconnection Customer shall provide a deposit of \$50,000 for the performance of the Interconnection System Impact Study. The _____ ~~Transmission Provider~~ ["Participating TO" or "ISO"]'s good faith estimate for the time of completion of the Interconnection System Impact Study is _____ [insert date].

~~Upon receipt~~ Following the issuance of the Interconnection System Impact Study, ~~Transmission Provider~~ the _____ ["Participating TO" or "ISO"] shall charge and the Interconnection Customer shall pay the actual costs of the Interconnection System Impact Study, inclusive of any re-studies and amendments to the Interconnection System Impact Study, pursuant to Section 9 of this Agreement.

Any difference between the deposit made toward the Interconnection System Impact Study, amendments and re-studies to the Interconnection System Impact Study, and the actual cost of the study shall be paid by or refunded to the Interconnection Customer, as appropriate in accordance with Section 13.3 of the LGIP.

7.0 Pursuant to Section 3.7 of the LGIP, the ISO will coordinate the conduct of any studies required to determine the impact of the Interconnection Request on Affected Systems. The _____ ["Participating TO" or "ISO"] may provide a copy of the Interconnection System Impact Study results to an Affected System Operator and the Western Electricity Coordinating Council. Requests for review and input from Affected System Operators or the Western Electricity Coordinating Council may arrive at any time prior to interconnection, and a revision of the

Interconnection System Impact Study or re-study may be required in such event.

8.0 Substantial portions of technical data and assumptions used to perform the Interconnection System Impact Study, such as system conditions, existing and planned generation, and unit modeling, may change after the _____ ["Participating TO" or "ISO"] provides the Interconnection System Impact Study results to the Interconnection Customer. Study results will reflect available data at the time the _____ ["Participating TO" or "ISO"] provides the Interconnection System Impact Study to the Interconnection Customer. The _____ ["Participating TO" or "ISO"] shall not be responsible for any additional costs, including, without limitation, costs of new or additional facilities, system upgrades, or schedule changes, that may be incurred by the Interconnection Customer as a result of changes in such data and assumptions.

9.0 In the event that a re-study or amendment of the Interconnection System Impact Study is required, the _____ ["Participating TO" or "ISO"] shall provide notification of the need for such re-study or amendment, and the Interconnection Customer shall provide direction as to whether to proceed with the re-study or amendment and any associated deposit payment pursuant to Section 7.6 or Section 12.2.4 of the LGIP, as applicable.

10.0 The Participating TO shall maintain records and accounts of all costs incurred in performing the Interconnection System Impact Study, inclusive of any re-studies or amendments thereto, in sufficient detail to allow verification of all costs incurred, including associated overheads. The Interconnection Customer shall have the right, upon reasonable notice, within a reasonable time at the Participating TO's offices and at its own expense, to audit the Participating TO's records as necessary and as appropriate in order to verify costs incurred by the Participating TO. Any audit requested by the Interconnection Customer shall be completed, and written notice of any audit dispute provided to the Participating TO representative, within one hundred eighty (180) Calendar Days following receipt by the Interconnection Customer of the Participating TO's notification of the final costs of the Interconnection System Impact Study, inclusive of any re-study or amendment thereto.

11.0 In accordance with Section 3.8 of the LGIP, the Interconnection Customer may withdraw its Interconnection Request at any time by written notice to the ISO. Upon receipt of such notice, this Agreement shall terminate.

12.0 Pursuant to Section 7.2 of the LGIP, this Agreement shall become effective upon the date the fully executed Agreement and deposit specified in Section 6 of this Agreement are received by the _____ ["Participating TO" or "ISO"]. If the _____ ["Participating TO" or "ISO"] does not receive the fully executed Agreement and payment pursuant to Section 7.2 of the LGIP, then the Interconnection Request will be deemed withdrawn upon the Interconnection Customer's receipt of written notice by the ISO pursuant to Section 3.8 of the LGIP.

13.0 Miscellaneous. The Interconnection System Impact Study Agreement shall include standard miscellaneous terms including, but not limited to, indemnities, representations, disclaimers, warranties, governing law, amendment, execution, waiver, enforceability and assignment, that reflect best practices in the electric industry, that are consistent with regional practices, Applicable Laws and Regulations and the organizational nature of each Party. All of these provisions, to the extent practicable, shall be consistent with the provisions of the LGIP and the LGIA.]

13.1 Dispute Resolution. Any dispute, or assertion of a claim, arising out of or in connection with this Interconnection System Impact Study Agreement, shall be resolved in accordance with Section 13.5 of the LGIP.

13.2 Confidentiality. Confidential Information shall be treated in accordance with Section 13.1 of the LGIP.

13.3 Binding Effect. This Interconnection System Impact Study Agreement and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties hereto.

13.4 Conflicts. In the event of a conflict between the body of this Interconnection System Impact Study Agreement and any attachment, appendices or exhibits hereto, the terms and provisions of the body of this Interconnection System Impact Study Agreement shall prevail and be deemed the final intent of the Parties.

13.5 Rules of Interpretation. This Interconnection System Impact Study Agreement, unless a clear contrary intention appears, shall be construed and interpreted as follows: (1) the singular number includes the plural number and vice versa; (2) reference to any person includes such person's successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this Interconnection System Impact Study Agreement, and reference to a person in a particular

capacity excludes such person in any other capacity or individually; (3) reference to any agreement (including this Interconnection System Impact Study Agreement), document, instrument or tariff means such agreement, document, instrument, or tariff as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof; (4) reference to any applicable laws and regulations means such applicable laws and regulations as amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated thereunder; (5) unless expressly stated otherwise, reference to any Article, Section or Appendix means such Article or Section of this Interconnection System Impact Study Agreement or such Appendix to this Interconnection System Impact Study Agreement, or such Section to the LGIP or such Appendix to the LGIP, as the case may be; (6) "hereunder", "hereof", "herein", "hereto" and words of similar import shall be deemed references to this Interconnection System Impact Study Agreement as a whole and not to any particular Article, Section, or other provision hereof or thereof; (7) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; and (8) relative to the determination of any period of time, "from" means "from and including", "to" means "to but excluding" and "through" means "through and including".

13.6 Entire Agreement. This Interconnection System Impact Study Agreement, including all Appendices and Schedules attached hereto, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this Interconnection System Impact Study Agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, any Party's compliance with its obligations under this Interconnection System Impact Study Agreement.

13.7 No Third Party Beneficiaries. This Interconnection System Impact Study Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and, where permitted, their assigns.

13.8 Waiver. The failure of a Party to this Interconnection System Impact Study Agreement to insist, on any occasion, upon strict performance of any provision of this Interconnection System Impact Study Agreement will

not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

Any waiver at any time by either Party of its rights with respect to this Interconnection System Impact Study Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Interconnection System Impact Study Agreement. Termination or default of this Interconnection System Impact Study Agreement for any reason by the Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the Participating TO. Any waiver of this Interconnection System Impact Study Agreement shall, if requested, be provided in writing.

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

13.9 Headings. The descriptive headings of the various Articles and Sections of this Interconnection System Impact Study Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Interconnection System Impact Study Agreement.

13.10 Multiple Counterparts. This Interconnection System Impact Study Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

13.11 Amendment. The Parties may by mutual agreement amend this Interconnection System Impact Study Agreement by a written instrument duly executed by both of the Parties.

13.12 Modification by the Parties. The Parties may by mutual agreement amend the Appendices to this Interconnection System Impact Study Agreement by a written instrument duly executed by both of the Parties. Such amendment shall become effective and a part of this Interconnection System Impact Study Agreement upon satisfaction of all applicable laws and regulations.

13.13 Reservation of Rights. The [“Participating TO” or “ISO”] shall each have the right to make a unilateral filing with FERC to modify this Interconnection System Impact Study Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC’s rules and regulations thereunder, and Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Interconnection System Impact Study Agreement pursuant to section 206 or any other applicable provision of the Federal Power Act and FERC’s rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by another Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Interconnection System Impact Study Agreement shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC’s rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.

13.14 No Partnership. This Interconnection System Impact Study Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon any Party. No Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, another Party.

13.15 Assignment. This Interconnection System Impact Study Agreement may be assigned by a Party only with the written consent of the other Party; provided that a Party may assign this Interconnection System Impact Study Agreement without the consent of the other Party to any Affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Interconnection System Impact Study Agreement; and provided further that the Interconnection Customer shall have the right to assign this Interconnection System Impact Study Agreement, without the consent of the other Party, for collateral security purposes to aid in providing financing for the Large Generating Unit, provided that the Interconnection Customer will require any secured party, trustee or mortgagee to notify the other Party of any such assignment. Any financing arrangement entered into by the Interconnection Customer pursuant to this Article will provide that prior to or upon the exercise of the secured party’s, trustee’s or mortgagee’s assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will

notify the other Party of the date and particulars of any such exercise of assignment right(s). Any attempted assignment that violates this Article is void and ineffective. Any assignment under this Interconnection System Impact Study Agreement shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

|

IN WITNESS THEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

| **[Insert name of ~~Transmission Provider or Transmission Owner, if applicable~~ the Participating TO or "California Independent System Operator Corporation"]**

| By: _____ By:

| Title: _____ Title:

| Date: _____ Date:

| **[Insert name of the Interconnection Customer]**

By: _____

Title: _____

Date:

Attachment A
To Appendix 3
Interconnection System Impact
Study Agreement

ASSUMPTIONS USED IN CONDUCTING THE
INTERCONNECTION SYSTEM IMPACT STUDY

The Interconnection System Impact Study will be based upon the results of the Interconnection Feasibility Study, subject to any modifications in accordance with Section 4.4 of the LGIP, and the following assumptions:

Designation of Point of Interconnection and configuration to be studied.

Designation of alternative Point(s) of Interconnection and configuration.

[Above assumptions to be completed by the Interconnection Customer and other assumptions to be provided by the Interconnection Customer and ~~Transmission Provider~~ the ["Participating TO" or "ISO"]

**APPENDIX 4 to LGIP
INTERCONNECTION FACILITIES STUDY AGREEMENT**

THIS AGREEMENT is made and entered into this ___ day of _____, 20__ by and between _____, a _____ organized and existing under the laws of the State of _____, ("Interconnection Customer,") and _____ **[insert name of the Participating TO or "the California Independent System Operator Corporation"]**, a _____ existing under the laws of the State of California _____, (**"Transmission Provider Participating TO" or "ISO"**). ~~The~~ Interconnection Customer and ~~Transmission Provider~~ the _____ **["Participating TO" or "ISO"]** each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, the Interconnection Customer is proposing to develop a Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request submitted by the Interconnection Customer dated _____; and

WHEREAS, the Interconnection Customer desires to interconnect the Large Generating Facility with the ~~Transmission System~~ ISO Controlled Grid;

WHEREAS, the ~~Transmission Provider~~ _____ **["Participating TO" or "ISO"]** has completed an Interconnection System Impact Study (the "System Impact Study") and provided the results of said study to the Interconnection Customer; and

WHEREAS, the Interconnection Customer has requested the _____ ~~Transmission Provider~~ **["Participating TO" or "ISO"]** to perform an Interconnection Facilities Study to specify and estimate the cost of the equipment, engineering, procurement and construction work needed on the Participating TO's electric system to implement the conclusions of the Interconnection System Impact Study in accordance with Good Utility Practice to physically and electrically connect the Large Generating Facility to the ~~Transmission System~~ ISO Controlled Grid.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in the ~~Transmission Provider~~ ISO's Commission FERC-approved Standard Large Generation Interconnection Procedures ("LGIP") or the Master Definitions Supplement, Appendix A to the ISO Tariff, as applicable.

- 2.0 The Interconnection Customer elects and Transmission Provider the
["Participating TO" or "ISO"] shall cause an
Interconnection Facilities Study consistent with Section 8.0 of the is-LGIP
to be performed in accordance with the ISO Tariff.
- 3.0 The scope of the Interconnection Facilities Study shall be subject to the assumptions set forth in Attachment A and the data provided in Attachment B to this Agreement.
- 4.0 The Interconnection Facilities Study report (i) shall provide a description, estimated cost of (consistent with Attachment A), and schedule for required facilities within the Participating TO's electric system to interconnect the Large Generating Facility to the Transmission System ISO Controlled Grid and (ii) shall address the short circuit, instability, and power flow issues identified in the Interconnection System Impact Study.
- 5.0 The Interconnection Customer shall provide a deposit of the greater of \$100,000 or the Interconnection Customer's portion of the estimated monthly cost for the performance of the Interconnection Facilities Study. The time for completion of the Interconnection Facilities Study is specified in Attachment A.

For studies where the estimated cost exceed \$100,000, the
["Participating TO" or "ISO"] Transmission Provider
shall may invoice Interconnection Customer on a monthly basis for the
work to be conducted on the Interconnection Facilities Study for the
remaining balance of the estimated Interconnection Facilities Study cost
each month. The Interconnection Customer shall pay invoiced amounts
within thirty (30) Calendar Days of receipt of invoice. Transmission
Provider-The ["Participating TO" or "ISO"] shall
continue to hold the amounts on deposit until settlement of the final
invoice.

Following the issuance of the Interconnection Facilities Study, the
["Participating TO" or "ISO"] shall charge and
the Interconnection Customer shall pay the actual costs of the
Interconnection Facilities Study, inclusive of any re-studies and
amendments to the Interconnection Facilities Study, pursuant to Section 9
of this Agreement.

Any difference between the deposit made toward the Interconnection
Facilities Study and the actual cost of the study, inclusive of any re-
studies and amendments thereto, shall be paid by or refunded to the

Interconnection Customer, as appropriate in accordance with Section 13.3 of the LGIP.

- 6.0 The Interconnection Facilities Study will be based upon the results of the Interconnection System Impact Study and the technical information provided by the Interconnection Customer in the Interconnection Request, subject to any modifications in accordance with Section 4.4 of the LGIP. The **["Participating TO" or "ISO"]** reserves the right to request additional technical information from the Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the Interconnection Facilities Study.

If the Interconnection Customer modifies its Interconnection Request or the technical information provided therein is modified, the time to complete the Interconnection Facilities Study may be extended.

- 7.0 Pursuant to Section 3.7 of the LGIP, the ISO will coordinate the conduct of any studies required to determine the impact of the Interconnection Request on Affected Systems. The **["Participating TO" or "ISO"]** may provide a copy of the Interconnection Facilities Study results to an Affected System Operator and the Western Electricity Coordinating Council. Requests for review and input from Affected System Operators or the Western Electricity Coordinating Council may arrive at any time prior to interconnection, and a revision of the Interconnection Facilities Study or re-study may be required in such event.

- 8.0 Substantial portions of technical data and assumptions used to perform the Interconnection Facilities Study, such as system conditions, existing and planned generation, and unit modeling, may change after the **["Participating TO" or "ISO"]** provides the Interconnection Facilities Study results to the Interconnection Customer. Study results will reflect available data at the time the **["Participating TO" or "ISO"]** provides the Interconnection Facilities Study to the Interconnection Customer. The **["Participating TO" or "ISO"]** shall not be responsible for any additional costs, including, without limitation, costs of new or additional facilities, system upgrades, or schedule changes, that may be incurred by the Interconnection Customer as a result of changes in such data and assumptions.

- 9.0 In the event that a re-study or amendment of the Interconnection Facilities Study is required, the **["Participating TO" or "ISO"]** shall provide notification of the need for such re-study or amendment, and the Interconnection Customer shall provide direction as to whether to

proceed with the re-study or amendment and any associated deposit payment pursuant to Section 8.5 or Section 12.2.4 of the LGIP, as applicable.

10.0 The Participating TO shall maintain records and accounts of all costs incurred in performing the Interconnection Facilities Study, inclusive of any re-studies or amendments thereto, in sufficient detail to allow verification of all costs incurred, including associated overhead. The Interconnection Customer shall have the right, upon reasonable notice, within a reasonable time at the Participating TO offices and at its own expense, to audit the Participating TO's records as necessary and as appropriate in order to verify costs incurred by the Participating TO. Any audit requested by the Interconnection Customer shall be completed, and written notice of any audit dispute provided to the Participating TO within one hundred eighty (180) Calendar Days following receipt by the Interconnection Customer of the Participating TO's notification of the final costs of the Interconnection Facilities Study, inclusive of any re-study or amendment thereto.

11.0 In accordance with Section 3.8 of the LGIP, the Interconnection Customer may withdraw its Interconnection Request at any time by written notice to the ISO. Upon receipt of such notice, this Agreement shall terminate.

12.0 Pursuant to Section 8.1 of the LGIP, this Agreement shall become effective upon the date the fully executed Agreement and deposit specified in Section 6 of this Agreement are received by the ["Participating TO" or "ISO"]. If the ["Participating TO" or "ISO"] does not receive the fully executed Agreement and payment pursuant to Section 8.1 of the LGIP, then the Interconnection Request will be deemed withdrawn upon the Interconnection Customer's receipt of written notice by the ISO pursuant to Section 3.8 of the LGIP.

13.0 Miscellaneous.—The Interconnection Facility Study Agreement shall include standard miscellaneous terms including, but not limited to, indemnities, representations, disclaimers, warranties, governing law, amendment, execution, waiver, enforceability and assignment, that reflect best practices in the electric industry, and that are consistent with regional practices, Applicable Laws and Regulations, and the organizational nature of each Party. All of these provisions, to the extent practicable, shall be consistent with the provisions of the LGIP and the LGIA.

- 13.1 Dispute Resolution. Any dispute, or assertion of a claim, arising out of or in connection with this Interconnection Facilities Study Agreement, shall be resolved in accordance with Section 13.5 of the LGIP.
- 13.2 Confidentiality. Confidential Information shall be treated in accordance with Section 13.1 of the LGIP.
- 13.3 Binding Effect. This Interconnection Facilities Study Agreement and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties hereto.
- 13.4 Conflicts. In the event of a conflict between the body of this Interconnection Facilities Study Agreement and any attachment, appendices or exhibits hereto, the terms and provisions of the body of this Interconnection Facilities Study Agreement shall prevail and be deemed the final intent of the Parties.
- 13.5 Rules of Interpretation. This Interconnection Facilities Study Agreement, unless a clear contrary intention appears, shall be construed and interpreted as follows: (1) the singular number includes the plural number and vice versa; (2) reference to any person includes such person's successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this Interconnection Facilities Study Agreement, and reference to a person in a particular capacity excludes such person in any other capacity or individually; (3) reference to any agreement (including this Interconnection Facilities Study Agreement), document, instrument or tariff means such agreement, document, instrument, or tariff as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof; (4) reference to any applicable laws and regulations means such applicable laws and regulations as amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated thereunder; (5) unless expressly stated otherwise, reference to any Article, Section or Appendix means such Article or Section of this Interconnection Facilities Study Agreement or such Appendix to this Interconnection Facilities Study Agreement, or such Section to the LGIP or such Appendix to the LGIP, as the case may be; (6) "hereunder", "hereof", "herein", "hereto" and words of similar import shall be deemed references to this Interconnection Facilities Study Agreement as a whole and not to any particular Article, Section, or other provision hereof or thereof; (7) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; and (8) relative to the determination of

any period of time, "from" means "from and including", "to" means "to but excluding" and "through" means "through and including".

13.6 Entire Agreement. This Interconnection Facilities Study Agreement, including all Appendices and Schedules attached hereto, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this Interconnection Facilities Study Agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, any Party's compliance with its obligations under this Interconnection Facilities Study Agreement.

13.7 No Third Party Beneficiaries. This Interconnection Facilities Study Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and, where permitted, their assigns.

13.8 Waiver. The failure of a Party to this Interconnection Facilities Study Agreement to insist, on any occasion, upon strict performance of any provision of this Interconnection Facilities Study Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

Any waiver at any time by either Party of its rights with respect to this Interconnection Facilities Study Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Interconnection Facilities Study Agreement. Termination or default of this Interconnection Facilities Study Agreement for any reason by the Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the Participating TO. Any waiver of this Interconnection Facilities Study Agreement shall, if requested, be provided in writing.

Any waivers at any time by any Party of its rights with respect to any default under this Interconnection Facilities Study Agreement, or with respect to any other matter arising in connection with this Interconnection Facilities Study Agreement, shall not constitute or be deemed a waiver with respect to any subsequent default or other matter arising in connection with this Interconnection Facilities Study Agreement. Any

delay, short of the statutory period of limitations, in asserting or enforcing any right under this Interconnection Facilities Study Agreement shall not constitute or be deemed a waiver of such right.

13.9 Headings. The descriptive headings of the various Articles and Sections of this Interconnection Facilities Study Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Interconnection Facilities Study Agreement.

13.10 Multiple Counterparts. This Interconnection Facilities Study Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

13.11 Amendment. The Parties may by mutual agreement amend this Interconnection Facilities Study Agreement by a written instrument duly executed by both of the Parties.

13.12 Modification by the Parties. The Parties may by mutual agreement amend the Appendices to this Interconnection Facilities Study Agreement by a written instrument duly executed by both of the Parties. Such amendment shall become effective and a part of this Interconnection Facilities Study Agreement upon satisfaction of all applicable laws and regulations.

13.13 Reservation of Rights. The **["Participating TO" or "ISO"]** shall each have the right to make a unilateral filing with FERC to modify this Interconnection Facilities Study Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Interconnection Facilities Study Agreement pursuant to section 206 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by another Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Interconnection Facilities Study Agreement shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.

13.14 No Partnership. This Interconnection Facilities Study Agreement shall not be interpreted or construed to create an association, joint venture, agency

relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon any Party. No Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, another Party.

13.15 Assignment. This Interconnection Facilities Study Agreement may be assigned by a Party only with the written consent of the other Party; provided that a Party may assign this Interconnection Facilities Study Agreement without the consent of the other Party to any Affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Interconnection Facilities Study Agreement; and provided further that the Interconnection Customer shall have the right to assign this Interconnection Facilities Study Agreement, without the consent of the other Party, for collateral security purposes to aid in providing financing for the Large Generating Unit, provided that the Interconnection Customer will require any secured party, trustee or mortgagee to notify the other Party of any such assignment. Any financing arrangement entered into by the Interconnection Customer pursuant to this Article will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify the other Party of the date and particulars of any such exercise of assignment right(s). Any attempted assignment that violates this Article is void and ineffective. Any assignment under this Interconnection Facilities Study Agreement shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of ~~Transmission Provider or Transmission Owner, if applicable~~ the Participating TO or "California Independent System Operator Corporation"]

By: _____ By:

Title: _____ Title:

Date: _____ Date:

[Insert name of the Interconnection Customer]

By: _____

Title: _____

Date:

Attachment B (page 1)
Appendix 4
Interconnection Facilities
Study Agreement

DATA -FORM TO -BE PROVIDED BY THE INTERCONNECTION CUSTOMER
WITH THE
INTERCONNECTION FACILITIES STUDY AGREEMENT

Provide two copies of this completed form and other required plans and diagrams in accordance with Section 8.1 of the LGIP.

Provide location plan and ~~simplified~~ one-line diagram of the plant and station facilities. For staged projects, please indicate future generation, transmission circuits, etc.

One set of metering is required for each generation connection to the new ring-bus or existing Transmission Provider station. Number of generation connections: _____

On the one line indicate the generation capacity attached at each metering location:
(Maximum load on CT/PT)

On the one line indicate the location of auxiliary power. (Minimum load on CT/PT)
Amps

Will an alternate source of auxiliary power be available during CT/PT maintenance?
____ Yes ____ No

Will a transfer bus on the generation side of the metering require that each meter set be designed for the total plant generation? ____ Yes ____ No
(Please indicate on one line).

What type of control system or PLC will be located at the Interconnection Customer's Large Generating Facility?

What protocol does the control system or PLC use?

Please provide a 7.5-minute quadrangle of the site. Sketch the plant, station, transmission line, and property line.

Physical dimensions of the proposed interconnection station:

Bus length from generation to interconnection station:

Line length from interconnection station to ~~Transmission Provider's~~ the Participating TO's transmission line.

Tower number observed in the field. (Painted on tower leg)*

Number of third party easements required for transmission lines*:

* To be completed in coordination with ~~Transmission Provider~~ the Participating TO or ISO.

Is the Large Generating Facility in ~~the Transmission Provider's~~ the Participating TO's service area?

Yes No Local provider:

Please provide proposed schedule dates:

Begin Construction Date:

Generator step-up transformer
receives back feed power Date:

Generation Testing Date:

Commercial Operation Date:

Level of Deliverability: Choose one of the following:

Deliverability with no Network Upgrades

100% Deliverability

APPENDIX 5 to LGIP
OPTIONAL INTERCONNECTION STUDY AGREEMENT

THIS AGREEMENT is made and entered into this ___ day of _____, 20__ by and between _____, a _____ organized and existing under the laws of the State of _____, ("Interconnection Customer,") and _____ **[insert name of the Participating TO or "the California Independent System Operator Corporation"]** a _____ existing under the laws of the State of California _____, ("~~Transmission Provider~~ **Participating TO**" or "**ISO**"). ~~The~~ Interconnection Customer and ~~Transmission Provider~~ **the** **["Participating TO" or "ISO"]** each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, ~~the~~ Interconnection Customer is proposing to develop a Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request submitted by the Interconnection Customer dated _____;

WHEREAS, ~~the~~ Interconnection Customer is proposing to establish an interconnection with the ~~Transmission System~~ ISO Controlled Grid; and

WHEREAS, ~~the~~ Interconnection Customer has submitted to ~~Transmission Provider~~ the ISO an Interconnection Request; and

WHEREAS, on or after the date when the Interconnection Customer receives the Interconnection System Impact Study results, ~~the~~ Interconnection Customer has further requested that _____ **["Participating TO" or "ISO"]** ~~the~~ ~~Transmission Provider~~ prepare an Optional Interconnection Study;

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agree as follows:

1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in the ~~Transmission Provider~~ ISO's ~~Commission~~ FERC-approved Standard Large Generation Interconnection Procedures ("LGIP") or the Master Definitions Supplement, Appendix A to the ISO Tariff, as applicable.

2.0 ~~The~~ Interconnection Customer elects and ~~Transmission Provider~~ the **["Participating TO" or "ISO"]** shall cause an

Optional Interconnection Study consistent with Section 10.0 of the is-LGIP to be performed in accordance with the ISO Tariff.

- 3.0 The scope of the Optional Interconnection Study shall be subject to the assumptions set forth in Attachment A to this Agreement.
- 4.0 The Optional Interconnection Study shall be performed solely for informational purposes.
- 5.0 The Optional Interconnection Study report shall provide a sensitivity analysis based on the assumptions specified by the Interconnection Customer in Attachment A to this Agreement. The Optional Interconnection Study will identify the Transmission Provider's Participating TO's Interconnection Facilities and the Network Upgrades, and the estimated cost thereof, that may be required to provide transmission service or interconnection service based upon the assumptions specified by the Interconnection Customer in Attachment A.
- 6.0 The Interconnection Customer shall provide a deposit of \$10,000 for the performance of the Optional Interconnection Study. ~~The Transmission Provider's~~ ["Participating TO" or "ISO"]'s good faith estimate for the time of completion of the Optional Interconnection Study is _____ [insert date].

~~Upon receipt~~ Following the issuance of the Optional Interconnection Study, the ~~Transmission Provider~~ ["Participating TO" or "ISO"] shall charge and the Interconnection Customer shall pay the actual costs of the Optional Interconnection Study.

Any difference between the initial payment and the actual cost of the study shall be paid by or refunded to the Interconnection Customer, as appropriate.

- 7.0 Substantial portions of technical data and assumptions used to perform the Optional Interconnection Study, such as system conditions, existing and planned generation, and unit modeling, may change after the ["Participating TO" or "ISO"] provides the Optional Interconnection Study results to the Interconnection Customer. Study results will reflect available data at the time the ["Participating TO" or "ISO"] provides the Optional Interconnection Study to the Interconnection Customer. The ["Participating TO" or "ISO"] shall not be responsible for any additional costs, including without limitation, costs of new or additional facilities, system upgrades, or schedule changes, that may be incurred by the

Interconnection Customer as a result of changes in such data and assumptions.

8.0 The Participating TO shall maintain records and accounts of all costs incurred in performing the Optional Interconnection Study in sufficient detail to allow verification of all costs incurred, including associated overheads. The Interconnection Customer shall have the right, upon reasonable notice, within a reasonable time at the Participating TO offices and at its own expense, to audit the Participating TO's records as necessary and as appropriate in order to verify costs incurred by the Participating TO. Any audit requested by the Interconnection Customer shall be completed, and written notice of any audit dispute provided to the Participating TO representative, within one hundred eighty (180) Calendar Days following receipt by the Interconnection Customer of the Participating TO's notification of the final costs of the Optional Interconnection Study.

9.0 Pursuant to Section 10.1 of the LGIP, this Agreement shall become effective upon the date the fully executed Agreement and deposit specified in Section 6 of this Agreement are received by the ["Participating TO" or "ISO"]. If the ["Participating TO" or "ISO"] does not receive the fully executed Agreement and payment pursuant to Section 10.1 of the LGIP, then the offer reflected in this Agreement will expire and this Agreement will be of no effect.

10.0 Miscellaneous. The Optional Interconnection Study Agreement shall include standard miscellaneous terms including, but not limited to, indemnities, representations, disclaimers, warranties, governing law, amendment, execution, waiver, enforceability and assignment, that reflect best practices in the electric industry, and that are consistent with regional practices, Applicable Laws and Regulations, and the organizational nature of each Party. All of these provisions, to the extent practicable, shall be consistent with the provisions of the LGIP and the LGIA.

10.1 Dispute Resolution. Any dispute, or assertion of a claim, arising out of or in connection with this Optional Interconnection Study Agreement, shall be resolved in accordance with Section 13.5 of the LGIP

10.2 Confidentiality. Confidential Information shall be treated in accordance with Section 13.1 of the LGIP.

- 10.3 Binding Effect. This Optional Interconnection Study Agreement and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties hereto.
- 10.4 Conflicts. In the event of a conflict between the body of this Optional Interconnection Study Agreement and any attachment, appendices or exhibits hereto, the terms and provisions of the body of this Optional Interconnection Study Agreement shall prevail and be deemed the final intent of the Parties.
- 10.5 Rules of Interpretation. This Optional Interconnection Study Agreement, unless a clear contrary intention appears, shall be construed and interpreted as follows: (1) the singular number includes the plural number and vice versa; (2) reference to any person includes such person's successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this Optional Interconnection Study Agreement, and reference to a person in a particular capacity excludes such person in any other capacity or individually; (3) reference to any agreement (including this Optional Interconnection Study Agreement), document, instrument or tariff means such agreement, document, instrument, or tariff as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof; (4) reference to any applicable laws and regulations means such applicable laws and regulations as amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated thereunder; (5) unless expressly stated otherwise, reference to any Article, Section or Appendix means such Article or Section of this Optional Interconnection Study Agreement or such Appendix to this Optional Interconnection Study Agreement, or such Section to the LGIP or such Appendix to the LGIP, as the case may be; (6) "hereunder", "hereof", "herein", "hereto" and words of similar import shall be deemed references to this Optional Interconnection Study Agreement as a whole and not to any particular Article, Section, or other provision hereof or thereof; (7) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; and (8) relative to the determination of any period of time, "from" means "from and including", "to" means "to but excluding" and "through" means "through and including".
- 10.6 Entire Agreement. This Optional Interconnection Study Agreement, including all Appendices and Schedules attached hereto, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the

subject matter of this Optional Interconnection Study Agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, any Party's compliance with its obligations under this Optional Interconnection Study Agreement.

10.7 No Third Party Beneficiaries. This Optional Interconnection Study Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and, where permitted, their assigns.

10.8 Waiver. The failure of a Party to this Optional Interconnection Study Agreement to insist, on any occasion, upon strict performance of any provision of this Optional Interconnection Study Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

Any waiver at any time by either Party of its rights with respect to this Optional Interconnection Study Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Optional Interconnection Study Agreement. Termination or default of this Optional Interconnection Study Agreement for any reason by the Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the other Party. Any waiver of this Optional Interconnection Study Agreement shall, if requested, be provided in writing.

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

10.9 Headings. The descriptive headings of the various Articles and Sections of this Optional Interconnection Study Agreement have been inserted for convenience of reference only and are of no significance in the

interpretation or construction of this Optional Interconnection Study Agreement.

10.10 Multiple Counterparts. This Optional Interconnection Study Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

10.11 Amendment. The Parties may by mutual agreement amend this Optional Interconnection Study Agreement by a written instrument duly executed by both of the Parties.

10.12 Modification by the Parties. The Parties may by mutual agreement amend the Appendices to this Optional Interconnection Study Agreement by a written instrument duly executed by both of the Parties. Such amendment shall become effective and a part of this Optional Interconnection Study Agreement upon satisfaction of all applicable laws and regulations.

10.13 Reservation of Rights. The **["Participating TO" or "ISO"]** shall each have the right to make a unilateral filing with FERC to modify this Optional Interconnection Study Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Optional Interconnection Study Agreement pursuant to section 206 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by another Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Optional Interconnection Study Agreement shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.

10.14 No Partnership. This Optional Interconnection Study Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon any Party. No Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, another Party.

10.15 Assignment. This Optional Interconnection Study Agreement may be assigned by a Party only with the written consent of the other Party; provided that a Party may assign this Optional Interconnection Study Agreement without the consent of the other Party to any Affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Optional Interconnection Study Agreement; and provided further that the Interconnection Customer shall have the right to assign this Optional Interconnection Study Agreement, without the consent of the other Party, for collateral security purposes to aid in providing financing for the Large Generating Unit, provided that the Interconnection Customer will require any secured party, trustee or mortgagee to notify the other Party of any such assignment. Any financing arrangement entered into by the Interconnection Customer pursuant to this Article will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify the other Party of the date and particulars of any such exercise of assignment right(s). Any attempted assignment that violates this Article is void and ineffective. Any assignment under this Optional Interconnection Study Agreement shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of ~~Transmission Provider or Transmission Owner~~, if applicable the Participating TO or "California Independent System Operator Corporation"]

By: _____ By:

Title: _____ Title:

Date: _____ Date:

[Insert name of the Interconnection Customer]

By: _____

Title: _____

Date:

Attachment A
Appendix-5
Optional Interconnection
Study Agreement

ASSUMPTIONS USED IN CONDUCTING
THE OPTIONAL INTERCONNECTION STUDY

[To be completed by the Interconnection Customer consistent with Section 10
of the LGIP.]

ATTACHMENT K

INTERCONNECTION FEASIBILITY STUDY AGREEMENT

THIS AGREEMENT is made and entered into this ___ day of _____, 20___ by and between _____, a _____ organized and existing under the laws of the State of _____, ("Interconnection Customer") and _____ [insert name of the Participating TO or "the California Independent System Operator Corporation"] a _____ existing under the laws of the State of California, ("Participating TO" or "ISO"). The Interconnection Customer and the _____ ["Participating TO" or "ISO"] each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, the Interconnection Customer is proposing to develop a Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request submitted by the Interconnection Customer dated _____; and

WHEREAS, the Interconnection Customer desires to interconnect the Large Generating Facility with the ISO Controlled Grid; and

WHEREAS, the Interconnection Customer has requested the _____ ["Participating TO" or "ISO"] to perform an Interconnection Feasibility Study to assess the feasibility of interconnecting the proposed Large Generating Facility.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agree as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in the ISO's FERC-approved Standard Large Generation Interconnection Procedures ("LGIP") or the Master Definitions Supplement, Appendix A to the ISO Tariff, as applicable.
- 2.0 The Interconnection Customer elects and the _____ ["Participating TO" or "ISO"] shall cause to be performed an Interconnection Feasibility Study consistent with Section 6.0 of the LGIP in accordance with the ISO Tariff.
- 3.0 The scope of the Interconnection Feasibility Study shall be subject to the assumptions set forth in Attachment A to this Agreement.
- 4.0 The Interconnection Feasibility Study shall be based on the technical information provided by the Interconnection Customer in the

Interconnection Request, as may be modified as the result of the Scoping Meeting. The _____ [“Participating TO” or “ISO”] reserves the right to request additional technical information from the Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the Interconnection Feasibility Study and as designated in accordance with Section 3.5.4 of the LGIP. If, after the designation of the Point of Interconnection pursuant to Section 3.5.4 of the LGIP, the Interconnection Customer modifies its Interconnection Request pursuant to Section 4.4, the time to complete the Interconnection Feasibility Study may be extended.

5.0 The Interconnection Feasibility Study report shall provide the following information:

preliminary identification of any circuit breaker short circuit capability limits exceeded on the Participating TO’s electric system as a result of the interconnection;

preliminary identification of any thermal overload or voltage limit violations on the Participating TO’s electric system resulting from the interconnection;

preliminary description and non-binding estimated cost of the Participating TO’s facilities required to interconnect the Large Generating Facility to the Participating TO’s electric system and to address the identified short circuit and power flow issues;

expected results in the Interconnection System Impact Study; and

An informational assessment, as needed, of other Participating TOs’ portions of the ISO Controlled Grid, and may include:

change in short circuit duty at the boundary buses to other Participating TOs.

thermal overloads and voltage limit violations of a limited set of contingencies as provided by the ISO or the other Participating TO.

6.0 In addition to the deposit(s) paid by the Interconnection Customer pursuant to Section 3.5.1 of the LGIP, the Interconnection Customer shall provide a deposit of \$10,000 for the performance of the Interconnection Feasibility Study.

Following the issuance of the Interconnection Feasibility Study to the Interconnection Customer the _____ ["Participating TO" or "ISO"] shall charge and the Interconnection Customer shall pay the actual costs of the Interconnection Feasibility Study, inclusive of any re-studies and amendments to the Interconnection Feasibility Study, pursuant to Section 9 of this Agreement.

Any difference between the deposits made toward the Interconnection Feasibility Study, amendments and re-studies to the Interconnection Feasibility Study, and the actual cost of the study shall be paid by or refunded to the Interconnection Customer, as appropriate in accordance with Section 13.3 of the LGIP.

- 7.0 Pursuant to Section 3.7 of the LGIP, the ISO will coordinate the conduct of any studies required to determine the impact of the Interconnection Request on Affected Systems. The _____ ["Participating TO" or "ISO"] may provide a copy of the Interconnection Feasibility Study results to an Affected System Operator and the Western Electricity Coordinating Council. Requests for review and input from Affected System Operators or the Western Electricity Coordinating Council may arrive at any time prior to interconnection, and a revision of the Interconnection Feasibility Study or re-study may be required in such event.
- 8.0 Substantial portions of technical data and assumptions used to perform the Interconnection Feasibility Study, such as system conditions, existing and planned generation, and unit modeling, may change after the _____ ["Participating TO" or "ISO"] provides the Interconnection Feasibility Study results to the Interconnection Customer. Study results will reflect available data at the time the _____ ["Participating TO" or "ISO"] provides the Interconnection Feasibility Study to the Interconnection Customer. The _____ ["Participating TO" or "ISO"] shall not be responsible for any additional costs, including, without limitation, costs of new or additional facilities, system upgrades, or schedule changes, that may be incurred by the Interconnection Customer as a result of changes in such data and assumptions.
- 9.0 In the event that a re-study or amendment of the Interconnection Feasibility Study is required, the _____ ["Interconnecting Participating TO" or "ISO"] shall provide notification of the need for such re-study or amendment, and the Interconnection Customer shall provide direction as to whether to proceed with the re-study or amendment and any associated deposit payment pursuant to Section 6.4 or Section 12.2.4 of the LGIP, as applicable.

- 10.0 The Participating TO shall maintain records and accounts of all costs incurred in performing the Interconnection Feasibility Study, inclusive of any re-studies or amendments thereto, in sufficient detail to allow verification of all costs incurred, including associated overheads. The Interconnection Customer shall have the right, upon reasonable notice, within a reasonable time following receipt of the final cost report associated with this Interconnection Feasibility Study at the Participating TO's offices and at its own expense, to audit the Participating TO's records as necessary and as appropriate in order to verify costs incurred by the Participating TO. Any audit requested by the Interconnection Customer shall be completed, and written notice of any audit dispute provided to the Participating TO, within one hundred eighty (180) Calendar Days following receipt by the Interconnection Customer of the Participating TO's notification of the final costs of the Interconnection Feasibility Study, inclusive of any re-study or amendment thereto.
- 11.0 In accordance with Section 3.8 of the LGIP, the Interconnection Customer may withdraw its Interconnection Request at any time by written notice to the ISO. Upon receipt of such notice, this Agreement shall terminate.
- 12.0 Pursuant to Section 6.1 of the LGIP, this Agreement shall become effective upon the date the fully executed Agreement and deposit specified in Section 6 of this Agreement are received by the _____ ["Participating TO" or "ISO"]. If the _____ ["Participating TO" or "ISO"] does not receive the fully executed Agreement and payment pursuant to Section 6.1 of the LGIP, then the Interconnection Request will be deemed withdrawn upon the Interconnection Customer's receipt of written notice by the ISO pursuant to Section 3.8 of the LGIP.
- 13.0 Miscellaneous.
- 13.1 Dispute Resolution. Any dispute, or assertion of a claim, arising out of or in connection with this Interconnection Feasibility Study Agreement, shall be resolved in accordance with Section 13.5 of the LGIP
- 13.2 Confidentiality. Confidential Information shall be treated in accordance with Section 13.1 of the LGIP.
- 13.3 Binding Effect. This Interconnection Feasibility Study Agreement and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties hereto.

- 13.4 Conflicts. In the event of a conflict between the body of this Interconnection Feasibility Study Agreement and any attachment, appendices or exhibits hereto, the terms and provisions of the body of this Interconnection Feasibility Study Agreement shall prevail and be deemed the final intent of the Parties.
- 13.5 Rules of Interpretation. This Interconnection Feasibility Study Agreement, unless a clear contrary intention appears, shall be construed and interpreted as follows: (1) the singular number includes the plural number and vice versa; (2) reference to any person includes such person's successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this Interconnection Feasibility Study Agreement, and reference to a person in a particular capacity excludes such person in any other capacity or individually; (3) reference to any agreement (including this Section, or other provision hereof or thereof); (4) reference to any applicable laws and regulations means such applicable laws and regulations as amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated thereunder; (5) unless expressly stated otherwise, reference to any Article, Section or Appendix means such Article or Section of this Interconnection Feasibility Study Agreement or such Appendix to this Interconnection Feasibility Study Agreement, or such Section to the LGIP or such Appendix to the LGIP, as the case may be; (6) "hereunder", "hereof", "herein", "hereto" and words of similar import shall be deemed references to this Interconnection Feasibility Study Agreement as a whole and not to any particular Article, (7) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; and (8) relative to the determination of any period of time, "from" means "from and including", "to" means "to but excluding" and "through" means "through and including".
- 13.6 Entire Agreement. This Interconnection Feasibility Study Agreement, including all Appendices and Schedules attached hereto, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this Interconnection Feasibility Study Agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, any Party's compliance with its obligations under this Interconnection Feasibility Study Agreement.
- 13.7 No Third Party Beneficiaries. This Interconnection Feasibility Study Agreement is not intended to and does not create rights, remedies, or

benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and, where permitted, their assigns.

- 13.8 Waiver. The failure of a Party to this Interconnection Feasibility Study Agreement to insist, on any occasion, upon strict performance of any provision of this Interconnection Feasibility Study Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

Any waiver at any time by either Party of its rights with respect to this Interconnection Feasibility Study Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Interconnection Feasibility Study Agreement. Termination or default of this Interconnection Feasibility Study Agreement for any reason by the Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the Participating TO. Any waiver of this Interconnection Feasibility Study Agreement shall, if requested, be provided in writing.

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

- 13.9 Headings. The descriptive headings of the various Articles and Sections of this Interconnection Feasibility Study Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Interconnection Feasibility Study Agreement.
- 13.10 Multiple Counterparts. This Interconnection Feasibility Study Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.
- 13.11 Amendment. The Parties may by mutual agreement amend this Interconnection Feasibility Study Agreement by a written instrument duly executed by both of the Parties.

- 13.12 Modification by the Parties. The Parties may by mutual agreement amend the Appendices to this Interconnection Feasibility Study Agreement by a written instrument duly executed by both of the Parties. Such amendment shall become effective and a part of this Interconnection Feasibility Study Agreement upon satisfaction of all applicable laws and regulations.
- 13.13 Reservation of Rights. The _____ ["Participating TO" or "ISO"] shall each have the right to make a unilateral filing with FERC to modify this Interconnection Feasibility Study Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Interconnection Feasibility Study Agreement pursuant to section 206 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by another Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Interconnection Feasibility Study Agreement shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.
- 13.14 No Partnership. This Interconnection Feasibility Study Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon any Party. No Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, another Party.
- 13.15 Assignment. This Interconnection Feasibility Study Agreement may be assigned by a Party only with the written consent of the other Party; provided that a Party may assign this Interconnection Feasibility Study Agreement without the consent of the other Party to any Affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Interconnection Feasibility Study Agreement; and provided further that the Interconnection Customer shall have the right to assign this Interconnection Feasibility Study Agreement, without the consent of the other Party, for collateral security purposes to aid in providing financing for the Large Generating Unit, provided that the Interconnection Customer will require any secured party, trustee or

mortgagee to notify the other Party of any such assignment. Any financing arrangement entered into by the Interconnection Customer pursuant to this Article will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify the other Party of the date and particulars of any such exercise of assignment right(s). Any attempted assignment that violates this Article is void and ineffective. Any assignment under this Interconnection Feasibility Study Agreement shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of the Participating TO or “California Independent System Operator Corporation”]

By: _____

Title: _____

Date:

[Insert name of the Interconnection Customer]

By: _____

Title: _____

Date:

**Attachment A to
Interconnection Feasibility
Study Agreement**

**ASSUMPTIONS USED IN CONDUCTING THE
INTERCONNECTION FEASIBILITY STUDY**

The Interconnection Feasibility Study will be based upon the information set forth in the Interconnection Request and agreed upon in the Scoping Meeting held on _____:

Designation of Point of Interconnection and configuration to be studied.

Designation of alternative Point(s) of Interconnection and configuration.

[Above assumptions to be completed by the Interconnection Customer and other assumptions to be provided by the Interconnection Customer and the ["Participating TO" or "ISO"]

INTERCONNECTION SYSTEM IMPACT STUDY AGREEMENT

THIS AGREEMENT is made and entered into this ___ day of _____, 20__ by and between _____, a _____ organized and existing under the laws of the State of _____, ("Interconnection Customer,") and _____ [insert name of the Participating TO or "the California Independent System Operator Corporation"] a _____ existing under the laws of the State of California , ("Participating TO" or "ISO"). The Interconnection Customer and the _____ ["Participating TO" or "ISO"] each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, the Interconnection Customer is proposing to develop a Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request submitted by the Interconnection Customer dated _____; and

WHEREAS, the Interconnection Customer desires to interconnect the Large Generating Facility with the ISO Controlled Grid; and

WHEREAS, the _____ ["Participating TO" or "ISO"] has completed an Interconnection Feasibility Study (the "Feasibility Study") and provided the results of said study to the Interconnection Customer¹; and

WHEREAS, the Interconnection Customer has requested the _____ ["Participating TO" or "ISO"] to perform an Interconnection System Impact Study to assess the impact of interconnecting the Large Generating Facility;

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agree as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in the ISO's FERC-approved Standard Large Generation Interconnection Procedures ("LGIP") or the Master Definitions Supplement, Appendix A to the ISO Tariff, as applicable.

¹ This recital to be omitted if the Interconnection Customer has elected to forego the Interconnection Feasibility Study.

- 2.0 The Interconnection Customer elects and the _____
[“Participating TO” or “ISO”] shall cause to be performed an
Interconnection System Impact Study consistent with Section 7 of the
LGIP in accordance with the ISO Tariff.
- 3.0 The scope of the Interconnection System Impact Study shall be subject to
the assumptions set forth in Attachment A to this Agreement.
- 4.0 The Interconnection System Impact Study will be based upon the results
of the Interconnection Feasibility Study and the technical information
provided by the Interconnection Customer in the Interconnection Request,
subject to any modifications in accordance with Section 4.4 of the LGIP.
The _____ [“Participating TO” or “ISO”] reserves the
right to request additional technical information from the Interconnection
Customer as may reasonably become necessary consistent with Good
Utility Practice during the course of the Interconnection System Impact
Study. If the Interconnection Customer modifies its designated Point of
Interconnection, Interconnection Request, or the technical information
provided therein is modified, the time to complete the Interconnection
System Impact Study may be extended.
- 5.0 The Interconnection System Impact Study report shall provide the
following information:
- identification of any circuit breaker short circuit capability limits
exceeded on the Participating TO’s electric system as a result of
the interconnection;
 - identification of any thermal overload or voltage limit violations on
the Participating TO’s electric system resulting from the
interconnection;
 - identification of any instability or inadequately damped response to
system disturbances on the Participating TO’s electric system
resulting from the interconnection;
 - an informational assessment, as needed, of other Participating
TOs’ portions of the ISO Controlled Grid, which may include:
 - change in short circuit duty at the boundary buses to other
Participating TOs.
 - Thermal overloads and voltage limit violations of a limited
set of contingencies as provided by the ISO or the other
Participating TO.

- a description and non-binding, good faith estimated cost of facilities on the Participating TO's electric system required to interconnect the Large Generating Facility to the Participating TO's portion of the ISO Controlled Grid and to address the identified short circuit, instability, and power flow issues on the Participating TO's portion of the ISO Controlled Grid; if the Participating TO is an interconnecting Participating TO for the Large Generating Facility, a Deliverability Assessment on the ISO Controlled Grid pursuant to Section 3.3 of the LGIP.

6.0 The Interconnection Customer shall provide a deposit of \$50,000 for the performance of the Interconnection System Impact Study. The _____ ["Participating TO" or "ISO"]'s good faith estimate for the time of completion of the Interconnection System Impact Study is _____ [insert date].

Following the issuance of the Interconnection System Impact Study, the _____ ["Participating TO" or "ISO"] shall charge and the Interconnection Customer shall pay the actual costs of the Interconnection System Impact Study, inclusive of any re-studies and amendments to the Interconnection System Impact Study, pursuant to Section 9 of this Agreement.

Any difference between the deposit made toward the Interconnection System Impact Study, amendments and re-studies to the Interconnection System Impact Study, and the actual cost of the study shall be paid by or refunded to the Interconnection Customer, as appropriate in accordance with Section 13.3 of the LGIP.

7.0 Pursuant to Section 3.7 of the LGIP, the ISO will coordinate the conduct of any studies required to determine the impact of the Interconnection Request on Affected Systems. The _____ ["Participating TO" or "ISO"] may provide a copy of the Interconnection System Impact Study results to an Affected System Operator and the Western Electricity Coordinating Council. Requests for review and input from Affected System Operators or the Western Electricity Coordinating Council may arrive at any time prior to interconnection, and a revision of the Interconnection System Impact Study or re-study may be required in such event.

8.0 Substantial portions of technical data and assumptions used to perform the Interconnection System Impact Study, such as system conditions, existing and planned generation, and unit modeling, may change after the _____ ["Participating TO" or "ISO"] provides the

Interconnection System Impact Study results to the Interconnection Customer. Study results will reflect available data at the time the _____ ["Participating TO" or "ISO"] provides the Interconnection System Impact Study to the Interconnection Customer. The _____ ["Participating TO" or "ISO"] shall not be responsible for any additional costs, including, without limitation, costs of new or additional facilities, system upgrades, or schedule changes, that may be incurred by the Interconnection Customer as a result of changes in such data and assumptions.

- 9.0 In the event that a re-study or amendment of the Interconnection System Impact Study is required, the _____ ["Participating TO" or "ISO"] shall provide notification of the need for such re-study or amendment, and the Interconnection Customer shall provide direction as to whether to proceed with the re-study or amendment and any associated deposit payment pursuant to Section 7.6 or Section 12.2.4 of the LGIP, as applicable.
- 10.0 The Participating TO shall maintain records and accounts of all costs incurred in performing the Interconnection System Impact Study, inclusive of any re-studies or amendments thereto, in sufficient detail to allow verification of all costs incurred, including associated overheads. The Interconnection Customer shall have the right, upon reasonable notice, within a reasonable time at the Participating TO's offices and at its own expense, to audit the Participating TO's records as necessary and as appropriate in order to verify costs incurred by the Participating TO. Any audit requested by the Interconnection Customer shall be completed, and written notice of any audit dispute provided to the Participating TO representative, within one hundred eighty (180) Calendar Days following receipt by the Interconnection Customer of the Participating TO's notification of the final costs of the Interconnection System Impact Study, inclusive of any re-study or amendment thereto.
- 11.0 In accordance with Section 3.8 of the LGIP, the Interconnection Customer may withdraw its Interconnection Request at any time by written notice to the ISO. Upon receipt of such notice, this Agreement shall terminate.
- 12.0 Pursuant to Section 7.2 of the LGIP, this Agreement shall become effective upon the date the fully executed Agreement and deposit specified in Section 6 of this Agreement are received by the _____ ["Participating TO" or "ISO"]. If the _____ ["Participating TO" or "ISO"] does not receive the fully executed Agreement and payment pursuant to Section 7.2 of the

LGIP, then the Interconnection Request will be deemed withdrawn upon the Interconnection Customer's receipt of written notice by the ISO pursuant to Section 3.8 of the LGIP.

13.0 Miscellaneous.

13.1 Dispute Resolution. Any dispute, or assertion of a claim, arising out of or in connection with this Interconnection System Impact Study Agreement, shall be resolved in accordance with Section 13.5 of the LGIP.

13.2 Confidentiality. Confidential Information shall be treated in accordance with Section 13.1 of the LGIP.

13.3 Binding Effect. This Interconnection System Impact Study Agreement and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties hereto.

13.4 Conflicts. In the event of a conflict between the body of this Interconnection System Impact Study Agreement and any attachment, appendices or exhibits hereto, the terms and provisions of the body of this Interconnection System Impact Study Agreement shall prevail and be deemed the final intent of the Parties.

13.5 Rules of Interpretation. This Interconnection System Impact Study Agreement, unless a clear contrary intention appears, shall be construed and interpreted as follows: (1) the singular number includes the plural number and vice versa; (2) reference to any person includes such person's successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this Interconnection System Impact Study Agreement, and reference to a person in a particular capacity excludes such person in any other capacity or individually; (3) reference to any agreement (including this Interconnection System Impact Study Agreement), document, instrument or tariff means such agreement, document, instrument, or tariff as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof; (4) reference to any applicable laws and regulations means such applicable laws and regulations as amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated thereunder; (5) unless expressly stated otherwise, reference to any Article, Section or Appendix means such Article or Section of this Interconnection System Impact Study Agreement or such Appendix to this Interconnection System Impact Study Agreement, or such Section to the LGIP or such Appendix to the LGIP, as the case may be; (6) "hereunder", "hereof", "herein", "hereto" and

words of similar import shall be deemed references to this Interconnection System Impact Study Agreement as a whole and not to any particular Article, Section, or other provision hereof or thereof; (7) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; and (8) relative to the determination of any period of time, "from" means "from and including", "to" means "to but excluding" and "through" means "through and including".

- 13.6 Entire Agreement. This Interconnection System Impact Study Agreement, including all Appendices and Schedules attached hereto, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this Interconnection System Impact Study Agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, any Party's compliance with its obligations under this Interconnection System Impact Study Agreement.
- 13.7 No Third Party Beneficiaries. This Interconnection System Impact Study Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and, where permitted, their assigns.
- 13.8 Waiver. The failure of a Party to this Interconnection System Impact Study Agreement to insist, on any occasion, upon strict performance of any provision of this Interconnection System Impact Study Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

Any waiver at any time by either Party of its rights with respect to this Interconnection System Impact Study Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Interconnection System Impact Study Agreement. Termination or default of this Interconnection System Impact Study Agreement for any reason by the Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the Participating TO. Any waiver of this Interconnection System Impact Study Agreement shall, if requested, be provided in writing.

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

- 13.9 Headings. The descriptive headings of the various Articles and Sections of this Interconnection System Impact Study Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Interconnection System Impact Study Agreement.
- 13.10 Multiple Counterparts. This Interconnection System Impact Study Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.
- 13.11 Amendment. The Parties may by mutual agreement amend this Interconnection System Impact Study Agreement by a written instrument duly executed by both of the Parties.
- 13.12 Modification by the Parties. The Parties may by mutual agreement amend the Appendices to this Interconnection System Impact Study Agreement by a written instrument duly executed by both of the Parties. Such amendment shall become effective and a part of this Interconnection System Impact Study Agreement upon satisfaction of all applicable laws and regulations.
- 13.13 Reservation of Rights. The _____ ["Participating TO" or "ISO"] shall each have the right to make a unilateral filing with FERC to modify this Interconnection System Impact Study Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Interconnection System Impact Study Agreement pursuant to section 206 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by another Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this

Interconnection System Impact Study Agreement shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.

13.14 No Partnership. This Interconnection System Impact Study Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon any Party. No Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, another Party.

13.15 Assignment. This Interconnection System Impact Study Agreement may be assigned by a Party only with the written consent of the other Party; provided that a Party may assign this Interconnection System Impact Study Agreement without the consent of the other Party to any Affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Interconnection System Impact Study Agreement; and provided further that the Interconnection Customer shall have the right to assign this Interconnection System Impact Study Agreement, without the consent of the other Party, for collateral security purposes to aid in providing financing for the Large Generating Unit, provided that the Interconnection Customer will require any secured party, trustee or mortgagee to notify the other Party of any such assignment. Any financing arrangement entered into by the Interconnection Customer pursuant to this Article will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify the other Party of the date and particulars of any such exercise of assignment right(s). Any attempted assignment that violates this Article is void and ineffective. Any assignment under this Interconnection System Impact Study Agreement shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

IN WITNESS THEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of the Participating TO or “California Independent System Operator Corporation”]

By: _____

Title: _____

Date:

[Insert name of the Interconnection Customer]

By: _____

Title: _____

Date:

Attachment A

**Interconnection System Impact
Study Agreement**

**ASSUMPTIONS USED IN CONDUCTING THE
INTERCONNECTION SYSTEM IMPACT STUDY**

The Interconnection System Impact Study will be based upon the results of the Interconnection Feasibility Study, subject to any modifications in accordance with Section 4.4 of the LGIP, and the following assumptions:

Designation of Point of Interconnection and configuration to be studied.

Designation of alternative Point(s) of Interconnection and configuration.

[Above assumptions to be completed by the Interconnection Customer and other assumptions to be provided by the Interconnection Customer and the ["Participating TO" or "ISO"]

INTERCONNECTION FACILITIES STUDY AGREEMENT

THIS AGREEMENT is made and entered into this ___ day of _____, 20__ by and between _____, a _____ organized and existing under the laws of the State of _____, ("Interconnection Customer,") and **[insert name of the Participating TO or "the California Independent System Operator Corporation"]**, a _____ existing under the laws of the State of California, ("**Participating TO**" or "**ISO**"). The Interconnection Customer and the _____ [**"Participating TO**" or "**ISO**"] each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, the Interconnection Customer is proposing to develop a Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request submitted by the Interconnection Customer dated _____; and

WHEREAS, the Interconnection Customer desires to interconnect the Large Generating Facility with the ISO Controlled Grid;

WHEREAS, the _____ [**"Participating TO**" or "**ISO**"] has completed an Interconnection System Impact Study (the "System Impact Study") and provided the results of said study to the Interconnection Customer; and

WHEREAS, the Interconnection Customer has requested the _____ [**"Participating TO**" or "**ISO**"] to perform an Interconnection Facilities Study to specify and estimate the cost of the equipment, engineering, procurement and construction work needed on the Participating TO's electric system to implement the conclusions of the Interconnection System Impact Study in accordance with Good Utility Practice to physically and electrically connect the Large Generating Facility to the ISO Controlled Grid.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in the ISO's FERC-approved Standard Large Generation Interconnection Procedures ("LGIP") or the Master Definitions Supplement, Appendix A to the ISO Tariff, as applicable.

- 2.0 The Interconnection Customer elects and the _____ **["Participating TO" or "ISO"]** shall cause an Interconnection Facilities Study consistent with Section 8 of the LGIP to be performed in accordance with the ISO Tariff.
- 3.0 The scope of the Interconnection Facilities Study shall be subject to the assumptions set forth in Attachment A and the data provided in Attachment B to this Agreement.
- 4.0 The Interconnection Facilities Study report (i) shall provide a description, estimated cost of (consistent with Attachment A), and schedule for required facilities within the Participating TO's electric system to interconnect the Large Generating Facility to the ISO Controlled Grid and (ii) shall address the short circuit, instability, and power flow issues identified in the Interconnection System Impact Study.
- 5.0 The Interconnection Customer shall provide a deposit of the greater of \$100,000 or the Interconnection Customer's portion of the estimated monthly cost for the performance of the Interconnection Facilities Study. The time for completion of the Interconnection Facilities Study is specified in Attachment A.

For studies where the estimated cost exceed \$100,000, the _____ **["Participating TO" or "ISO"]** may invoice Interconnection Customer on a monthly basis for the work to be conducted on the Interconnection Facilities Study for the remaining balance of the estimated Interconnection Facilities Study cost. The Interconnection Customer shall pay invoiced amounts within thirty (30) Calendar Days of receipt of invoice. The _____ **["Participating TO" or "ISO"]** shall continue to hold the amounts on deposit until settlement of the final invoice.

Following the issuance of the Interconnection Facilities Study, the _____ **["Participating TO" or "ISO"]** shall charge and the Interconnection Customer shall pay the actual costs of the Interconnection Facilities Study, inclusive of any re-studies and amendments to the Interconnection Facilities Study, pursuant to Section 9 of this Agreement.

Any difference between the deposit made toward the Interconnection Facilities Study and the actual cost of the study, inclusive of any re-studies and amendments thereto, shall be paid by or refunded to the Interconnection Customer, as appropriate in accordance with Section 13.3 of the LGIP.

6.0 The Interconnection Facilities Study will be based upon the results of the Interconnection System Impact Study and the technical information provided by the Interconnection Customer in the Interconnection Request, subject to any modifications in accordance with Section 4.4 of the LGIP. The _____ **["Participating TO" or "ISO"]** reserves the right to request additional technical information from the Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the Interconnection Facilities Study.

If the Interconnection Customer modifies its Interconnection Request or the technical information provided therein is modified, the time to complete the Interconnection Facilities Study may be extended.

7.0 Pursuant to Section 3.7 of the LGIP, the ISO will coordinate the conduct of any studies required to determine the impact of the Interconnection Request on Affected Systems. The _____ **["Participating TO" or "ISO"]** may provide a copy of the Interconnection Facilities Study results to an Affected System Operator and the Western Electricity Coordinating Council. Requests for review and input from Affected System Operators or the Western Electricity Coordinating Council may arrive at any time prior to interconnection, and a revision of the Interconnection Facilities Study or re-study may be required in such event.

8.0 Substantial portions of technical data and assumptions used to perform the Interconnection Facilities Study, such as system conditions, existing and planned generation, and unit modeling, may change after the _____ **["Participating TO" or "ISO"]** provides the Interconnection Facilities Study results to the Interconnection Customer. Study results will reflect available data at the time the _____ **["Participating TO" or "ISO"]** provides the Interconnection Facilities Study to the Interconnection Customer. The _____ **["Participating TO" or "ISO"]** shall not be responsible for any additional costs, including, without limitation, costs of new or additional facilities, system upgrades, or schedule changes, that may be incurred by the Interconnection Customer as a result of changes in such data and assumptions.

9.0 In the event that a re-study or amendment of the Interconnection Facilities Study is required, the _____ **["Participating TO" or "ISO"]** shall provide notification of the need for such re-study or amendment, and the Interconnection Customer shall provide direction as to whether to proceed with the re-study or amendment and any associated deposit

payment pursuant to Section 8.5 or Section 12.2.4 of the LGIP, as applicable.

- 10.0 The Participating TO shall maintain records and accounts of all costs incurred in performing the Interconnection Facilities Study, inclusive of any re-studies or amendments thereto, in sufficient detail to allow verification of all costs incurred, including associated overhead. The Interconnection Customer shall have the right, upon reasonable notice, within a reasonable time at the Participating TO offices and at its own expense, to audit the Participating TO's records as necessary and as appropriate in order to verify costs incurred by the Participating TO. Any audit requested by the Interconnection Customer shall be completed, and written notice of any audit dispute provided to the Participating TO within one hundred eighty (180) Calendar Days following receipt by the Interconnection Customer of the Participating TO's notification of the final costs of the Interconnection Facilities Study, inclusive of any re-study or amendment thereto.
- 11.0 In accordance with Section 3.8 of the LGIP, the Interconnection Customer may withdraw its Interconnection Request at any time by written notice to the ISO. Upon receipt of such notice, this Agreement shall terminate.
- 12.0 Pursuant to Section 8.1 of the LGIP, this Agreement shall become effective upon the date the fully executed Agreement and deposit specified in Section 6 of this Agreement are received by the _____ **["Participating TO" or "ISO"]**. If the _____ **["Participating TO" or "ISO"]** does not receive the fully executed Agreement and payment pursuant to Section 8.1 of the LGIP, then the Interconnection Request will be deemed withdrawn upon the Interconnection Customer's receipt of written notice by the ISO pursuant to Section 3.8 of the LGIP.
- 13.0 Miscellaneous.
- 13.1 Dispute Resolution. Any dispute, or assertion of a claim, arising out of or in connection with this Interconnection Facilities Study Agreement, shall be resolved in accordance with Section 13.5 of the LGIP.
- 13.2 Confidentiality. Confidential Information shall be treated in accordance with Section 13.1 of the LGIP.
- 13.3 Binding Effect. This Interconnection Facilities Study Agreement and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties hereto.

- 13.4 **Conflicts.** In the event of a conflict between the body of this Interconnection Facilities Study Agreement and any attachment, appendices or exhibits hereto, the terms and provisions of the body of this Interconnection Facilities Study Agreement shall prevail and be deemed the final intent of the Parties.
- 13.5 **Rules of Interpretation.** This Interconnection Facilities Study Agreement, unless a clear contrary intention appears, shall be construed and interpreted as follows: (1) the singular number includes the plural number and vice versa; (2) reference to any person includes such person's successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this Interconnection Facilities Study Agreement, and reference to a person in a particular capacity excludes such person in any other capacity or individually; (3) reference to any agreement (including this Interconnection Facilities Study Agreement), document, instrument or tariff means such agreement, document, instrument, or tariff as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof; (4) reference to any applicable laws and regulations means such applicable laws and regulations as amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated thereunder; (5) unless expressly stated otherwise, reference to any Article, Section or Appendix means such Article or Section of this Interconnection Facilities Study Agreement or such Appendix to this Interconnection Facilities Study Agreement, or such Section to the LGIP or such Appendix to the LGIP, as the case may be; (6) "hereunder", "hereof", "herein", "hereto" and words of similar import shall be deemed references to this Interconnection Facilities Study Agreement as a whole and not to any particular Article, Section, or other provision hereof or thereof; (7) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; and (8) relative to the determination of any period of time, "from" means "from and including", "to" means "to but excluding" and "through" means "through and including".
- 13.6 **Entire Agreement.** This Interconnection Facilities Study Agreement, including all Appendices and Schedules attached hereto, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this Interconnection Facilities Study Agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, any Party's

compliance with its obligations under this Interconnection Facilities Study Agreement.

13.7 No Third Party Beneficiaries. This Interconnection Facilities Study Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and, where permitted, their assigns.

13.8 Waiver. The failure of a Party to this Interconnection Facilities Study Agreement to insist, on any occasion, upon strict performance of any provision of this Interconnection Facilities Study Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

Any waiver at any time by either Party of its rights with respect to this Interconnection Facilities Study Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Interconnection Facilities Study Agreement. Termination or default of this Interconnection Facilities Study Agreement for any reason by the Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the Participating TO. Any waiver of this Interconnection Facilities Study Agreement shall, if requested, be provided in writing.

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

13.9 Headings. The descriptive headings of the various Articles and Sections of this Interconnection Facilities Study Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Interconnection Facilities Study Agreement.

- 13.10 Multiple Counterparts. This Interconnection Facilities Study Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.
- 13.11 Amendment. The Parties may by mutual agreement amend this Interconnection Facilities Study Agreement by a written instrument duly executed by both of the Parties.
- 13.12 Modification by the Parties. The Parties may by mutual agreement amend the Appendices to this Interconnection Facilities Study Agreement by a written instrument duly executed by both of the Parties. Such amendment shall become effective and a part of this Interconnection Facilities Study Agreement upon satisfaction of all applicable laws and regulations.
- 13.13 Reservation of Rights. The _____ **["Participating TO" or "ISO"]** shall each have the right to make a unilateral filing with FERC to modify this Interconnection Facilities Study Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Interconnection Facilities Study Agreement pursuant to section 206 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by another Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Interconnection Facilities Study Agreement shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.
- 13.14 No Partnership. This Interconnection Facilities Study Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon any Party. No Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, another Party.
- 13.15 Assignment. This Interconnection Facilities Study Agreement may be assigned by a Party only with the written consent of the other Party; provided that a Party may assign this Interconnection Facilities Study Agreement without the consent of the other Party to any Affiliate of the

assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Interconnection Facilities Study Agreement; and provided further that the Interconnection Customer shall have the right to assign this Interconnection Facilities Study Agreement, without the consent of the other Party, for collateral security purposes to aid in providing financing for the Large Generating Unit, provided that the Interconnection Customer will require any secured party, trustee or mortgagee to notify the other Party of any such assignment. Any financing arrangement entered into by the Interconnection Customer pursuant to this Article will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify the other Party of the date and particulars of any such exercise of assignment right(s). Any attempted assignment that violates this Article is void and ineffective. Any assignment under this Interconnection Facilities Study Agreement shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of the Participating TO or “California Independent System Operator Corporation”]

By: _____

Title: _____

Date:

[Insert name of the Interconnection Customer]

By: _____

Title: _____

Date:

Attachment A

Interconnection Facilities Study Agreement

INTERCONNECTION CUSTOMER SCHEDULE ELECTION FOR CONDUCTING THE INTERCONNECTION FACILITIES STUDY

The _____ **["Participating TO" or "ISO"]** shall use Reasonable Efforts to complete the study and issue a draft Interconnection Facilities Study report to the Interconnection Customer. Prior to issuing draft study results to the Interconnection Customer, the Participating TO and ISO shall share results for review and incorporate comments within the following number of days after of receipt of an executed copy of this Interconnection Facilities Study Agreement:

- one hundred twenty (120) Calendar Days with no more than a +/- 20 percent cost estimate contained in the report, or
- two hundred ten (210) Calendar Days with no more than a +/- 10 percent cost estimate contained in the report.

Attachment B

**Interconnection Facilities
Study Agreement**

**DATA FORM TO BE PROVIDED BY THE INTERCONNECTION CUSTOMER
WITH THE INTERCONNECTION FACILITIES STUDY AGREEMENT**

Provide two copies of this completed form and other required plans and diagrams in accordance with Section 8.1 of the LGIP.

Provide location plan and one-line diagram of the plant and station facilities. For staged projects, please indicate future generation, transmission circuits, etc.

One set of metering is required for each generation connection to the new bus or existing Transmission Provider station. Number of generation connections: _____

On the one line indicate the generation capacity attached at each metering location. (Maximum load on CT/PT)

On the one line indicate the location of auxiliary power. (Minimum load on CT/PT)

Will an alternate source of auxiliary power be available during CT/PT maintenance?
____ Yes ____ No_

Will a transfer bus on the generation side of the metering require that each meter set be designed for the total plant generation? ____ Yes ____ No
(Please indicate on one line).

What type of control system or PLC will be located at the Interconnection Customer's Large Generating Facility?

What protocol does the control system or PLC use?

Please provide a 7.5-minute quadrangle of the site. Sketch the plant, station, transmission line, and property line.

Physical dimensions of the proposed interconnection station:

Bus length from generation to interconnection station:

Line length from interconnection station to the Participating TO's transmission line.

Tower number observed in the field. (Painted on tower leg)*

Number of third party easements required for transmission lines*:

* To be completed in coordination with the Participating TO or ISO.

Is the Large Generating Facility in the Participating TO's service area?

_____Yes _____No Local provider:

OPTIONAL INTERCONNECTION STUDY AGREEMENT

THIS AGREEMENT is made and entered into this ___ day of _____, 20__ by and between _____, a _____ organized and existing under the laws of the State of _____, ("Interconnection Customer,") and _____ [**insert name of the Participating TO or "the California Independent System Operator Corporation"**] a _____ existing under the laws of the State of California, ("**Participating TO**" or "**ISO**"). The Interconnection Customer and the _____ [**"Participating TO**" or "**ISO**"] each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, the Interconnection Customer is proposing to develop a Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request submitted by the Interconnection Customer dated _____;

WHEREAS, the Interconnection Customer is proposing to establish an interconnection with the ISO Controlled Grid; and

WHEREAS, the Interconnection Customer has submitted to the ISO an Interconnection Request; and

WHEREAS, on or after the date when the Interconnection Customer receives the Interconnection System Impact Study results, the Interconnection Customer has further requested that _____ [**"Participating TO**" or "**ISO**"] prepare an Optional Interconnection Study;

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agree as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in the ISO's FERC-approved Standard Large Generation Interconnection Procedures ("LGIP") or the Master Definitions Supplement, Appendix A to the ISO Tariff, as applicable.
- 2.0 The Interconnection Customer elects and the _____ [**"Participating TO**" or "**ISO**"] shall cause an Optional Interconnection Study consistent with Section 10 of the LGIP to be performed in accordance with the ISO Tariff.

- 3.0 The scope of the Optional Interconnection Study shall be subject to the assumptions set forth in Attachment A to this Agreement.
- 4.0 The Optional Interconnection Study shall be performed solely for informational purposes.
- 5.0 The Optional Interconnection Study report shall provide a sensitivity analysis based on the assumptions specified by the Interconnection Customer in Attachment A to this Agreement. The Optional Interconnection Study will identify the Participating TO's Interconnection Facilities and the Network Upgrades, and the estimated cost thereof, that may be required to provide transmission service or interconnection service based upon the assumptions specified by the Interconnection Customer in Attachment A.
- 6.0 The Interconnection Customer shall provide a deposit of \$10,000 for the performance of the Optional Interconnection Study. The _____ **["Participating TO" or "ISO"]**'s good faith estimate for the time of completion of the Optional Interconnection Study is _____ [insert date].

Following the issuance of the Optional Interconnection Study, the _____ **["Participating TO" or "ISO"]** shall charge and the Interconnection Customer shall pay the actual costs of the Optional Interconnection Study.

Any difference between the initial payment and the actual cost of the study shall be paid by or refunded to the Interconnection Customer, as appropriate.

- 7.0 Substantial portions of technical data and assumptions used to perform the Optional Interconnection Study, such as system conditions, existing and planned generation, and unit modeling, may change after the _____ **["Participating TO" or "ISO"]** provides the Optional Interconnection Study results to the Interconnection Customer. Study results will reflect available data at the time the _____ **["Participating TO" or "ISO"]** provides the Optional Interconnection Study to the Interconnection Customer. The _____ **["Participating TO" or "ISO"]** shall not be responsible for any additional costs, including without limitation, costs of new or additional facilities, system upgrades, or schedule changes, that may be incurred by the Interconnection Customer as a result of changes in such data and assumptions.

- 8.0 The Participating TO shall maintain records and accounts of all costs incurred in performing the Optional Interconnection Study in sufficient detail to allow verification of all costs incurred, including associated overheads. The Interconnection Customer shall have the right, upon reasonable notice, within a reasonable time at the Participating TO offices and at its own expense, to audit the Participating TO's records as necessary and as appropriate in order to verify costs incurred by the Participating TO. Any audit requested by the Interconnection Customer shall be completed, and written notice of any audit dispute provided to the Participating TO representative, within one hundred eighty (180) Calendar Days following receipt by the Interconnection Customer of the Participating TO's notification of the final costs of the Optional Interconnection Study.
- 9.0 Pursuant to Section 10.1 of the LGIP, this Agreement shall become effective upon the date the fully executed Agreement and deposit specified in Section 6 of this Agreement are received by the _____ **["Participating TO" or "ISO"]**. If the _____ **["Participating TO" or "ISO"]** does not receive the fully executed Agreement and payment pursuant to Section 10.1 of the LGIP, then the offer reflected in this Agreement will expire and this Agreement will be of no effect.
- 10.0 Miscellaneous.
- 10.1 Dispute Resolution. Any dispute, or assertion of a claim, arising out of or in connection with this Optional Interconnection Study Agreement, shall be resolved in accordance with Section 13.5 of the LGIP
- 10.2 Confidentiality. Confidential Information shall be treated in accordance with Section 13.1 of the LGIP.
- 10.3 Binding Effect. This Optional Interconnection Study Agreement and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties hereto.
- 10.4 Conflicts. In the event of a conflict between the body of this Optional Interconnection Study Agreement and any attachment, appendices or exhibits hereto, the terms and provisions of the body of this Optional Interconnection Study Agreement shall prevail and be deemed the final intent of the Parties.

- 10.5 Rules of Interpretation. This Optional Interconnection Study Agreement, unless a clear contrary intention appears, shall be construed and interpreted as follows: (1) the singular number includes the plural number and vice versa; (2) reference to any person includes such person's successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this Optional Interconnection Study Agreement, and reference to a person in a particular capacity excludes such person in any other capacity or individually; (3) reference to any agreement (including this Optional Interconnection Study Agreement), document, instrument or tariff means such agreement, document, instrument, or tariff as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof; (4) reference to any applicable laws and regulations means such applicable laws and regulations as amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated thereunder; (5) unless expressly stated otherwise, reference to any Article, Section or Appendix means such Article or Section of this Optional Interconnection Study Agreement or such Appendix to this Optional Interconnection Study Agreement, or such Section to the LGIP or such Appendix to the LGIP, as the case may be; (6) "hereunder", "hereof", "herein", "hereto" and words of similar import shall be deemed references to this Optional Interconnection Study Agreement as a whole and not to any particular Article, Section, or other provision hereof or thereof; (7) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; and (8) relative to the determination of any period of time, "from" means "from and including", "to" means "to but excluding" and "through" means "through and including".
- 10.6 Entire Agreement. This Optional Interconnection Study Agreement, including all Appendices and Schedules attached hereto, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this Optional Interconnection Study Agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, any Party's compliance with its obligations under this Optional Interconnection Study Agreement.
- 10.7 No Third Party Beneficiaries. This Optional Interconnection Study Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the

obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and, where permitted, their assigns.

- 10.8 Waiver. The failure of a Party to this Optional Interconnection Study Agreement to insist, on any occasion, upon strict performance of any provision of this Optional Interconnection Study Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

Any waiver at any time by either Party of its rights with respect to this Optional Interconnection Study Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Optional Interconnection Study Agreement. Termination or default of this Optional Interconnection Study Agreement for any reason by the Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the other Party. Any waiver of this Optional Interconnection Study Agreement shall, if requested, be provided in writing.

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

- 10.9 Headings. The descriptive headings of the various Articles and Sections of this Optional Interconnection Study Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Optional Interconnection Study Agreement.
- 10.10 Multiple Counterparts. This Optional Interconnection Study Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.
- 10.11 Amendment. The Parties may by mutual agreement amend this Optional Interconnection Study Agreement by a written instrument duly executed by both of the Parties.

- 10.12 Modification by the Parties. The Parties may by mutual agreement amend the Appendices to this Optional Interconnection Study Agreement by a written instrument duly executed by both of the Parties. Such amendment shall become effective and a part of this Optional Interconnection Study Agreement upon satisfaction of all applicable laws and regulations.
- 10.13 Reservation of Rights. The _____ **["Participating TO" or "ISO"]** shall each have the right to make a unilateral filing with FERC to modify this Optional Interconnection Study Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Optional Interconnection Study Agreement pursuant to section 206 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by another Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Optional Interconnection Study Agreement shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.
- 10.14 No Partnership. This Optional Interconnection Study Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon any Party. No Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, another Party.
- 10.15 Assignment. This Optional Interconnection Study Agreement may be assigned by a Party only with the written consent of the other Party; provided that a Party may assign this Optional Interconnection Study Agreement without the consent of the other Party to any Affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Optional Interconnection Study Agreement; and provided further that the Interconnection Customer shall have the right to assign this Optional Interconnection Study Agreement, without the consent of the other Party, for collateral security purposes to aid in providing financing for the Large Generating Unit, provided that the Interconnection Customer will require any secured party, trustee or mortgagee to notify the other

Party of any such assignment. Any financing arrangement entered into by the Interconnection Customer pursuant to this Article will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify the other Party of the date and particulars of any such exercise of assignment right(s). Any attempted assignment that violates this Article is void and ineffective. Any assignment under this Optional Interconnection Study Agreement shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of the Participating TO or “California Independent System Operator Corporation”]

By: _____

Title: _____

Date:

[Insert name of the Interconnection Customer]

By: _____

Title: _____

Date:

**Attachment A
Optional Interconnection
Study Agreement**

**ASSUMPTIONS USED IN CONDUCTING
THE OPTIONAL INTERCONNECTION STUDY**

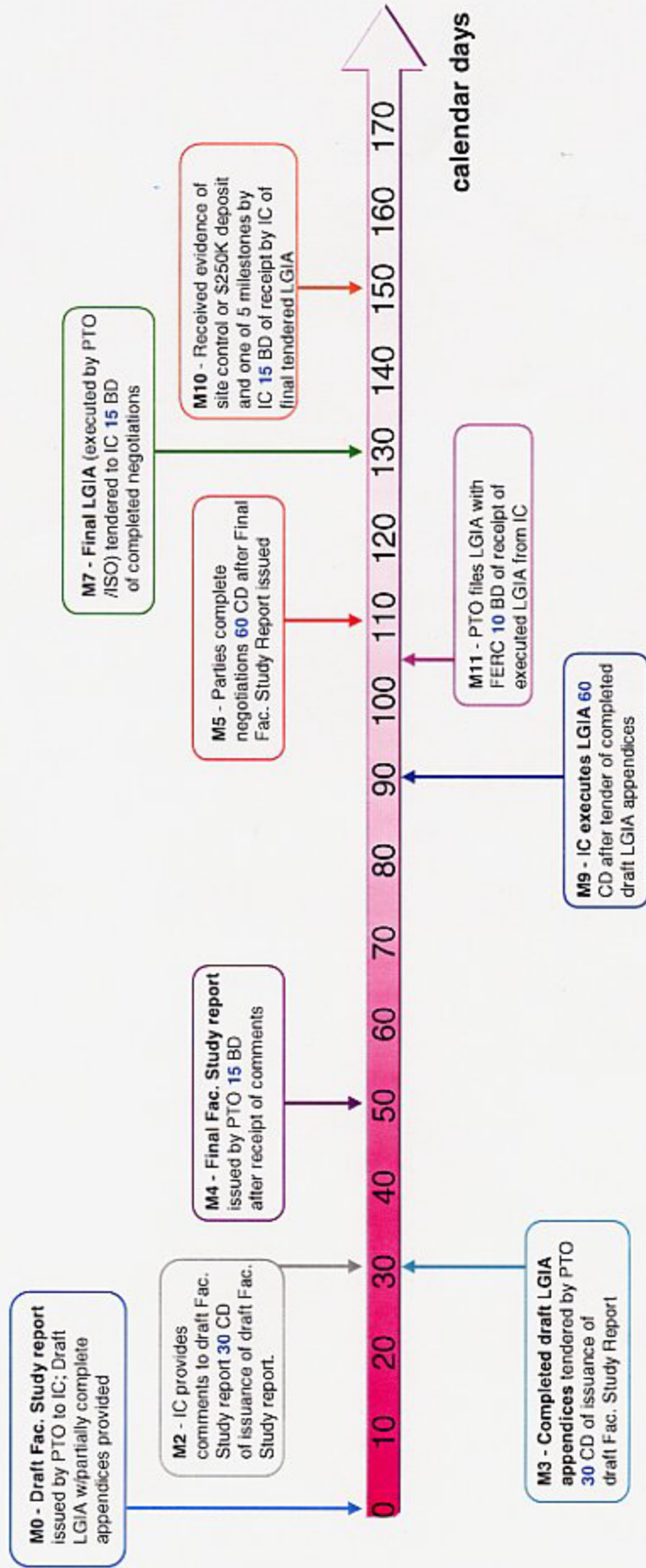
[To be completed by the Interconnection Customer consistent with Section 10
of the LGIP.]

ATTACHMENT L

Timeline for LGIA Process

As Written in the LGIP

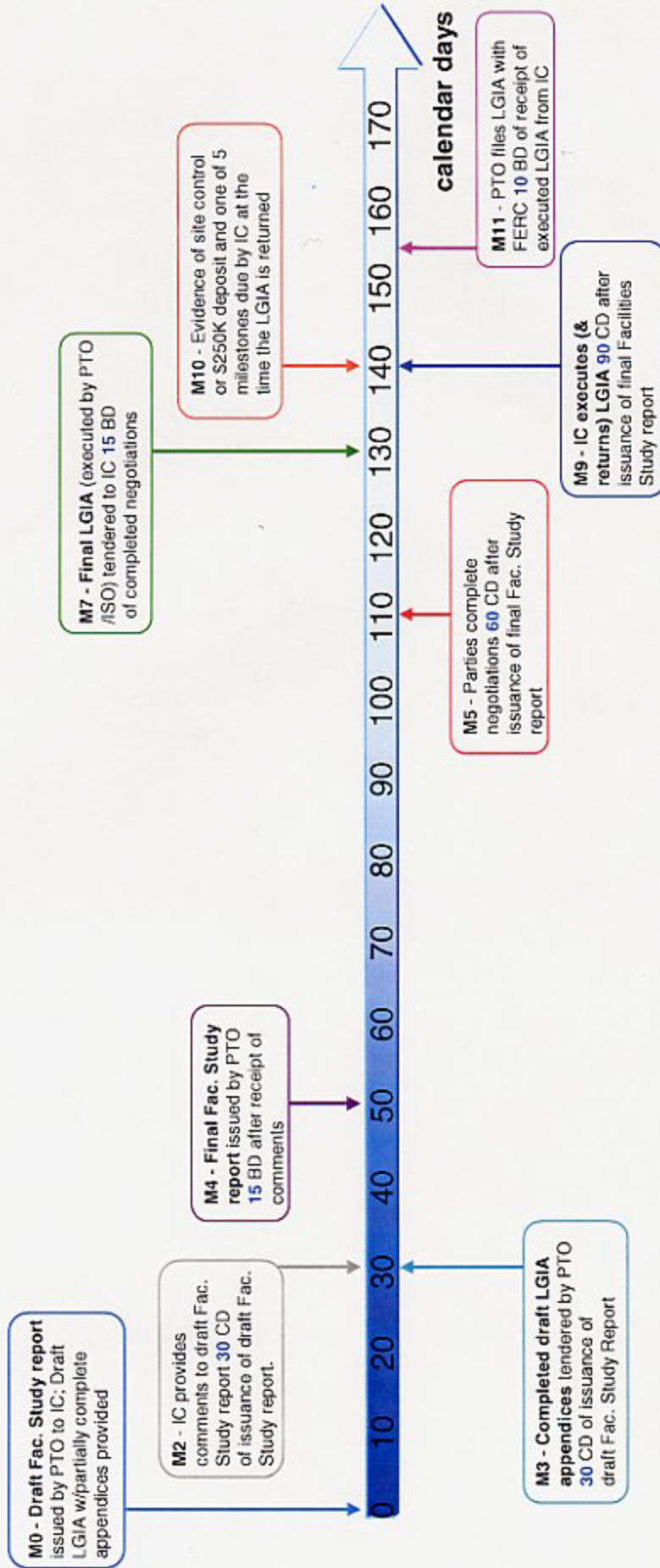
Example 1 – Parties Take Maximum Allotted Time to Complete Milestones (An Illustration of Why Timeline Doesn't Work)



Comments for LGIP Timeline:

Under the current LGIP language, scenarios can exist (as shown above) where the deadline for the IC to execute the LGIA (M9) can occur prior to the negotiations deadline (M5) and/or the deadline for the PTO to tender the final LGIA to the IC (M7).

Timeline for LGIA Process
Proposed Alternative: Negotiation and Execution Deadlines Tied to Issuance of Final Facilities Study Report
Example 1 – Parties Take Maximum Allotted Time to Complete Milestones

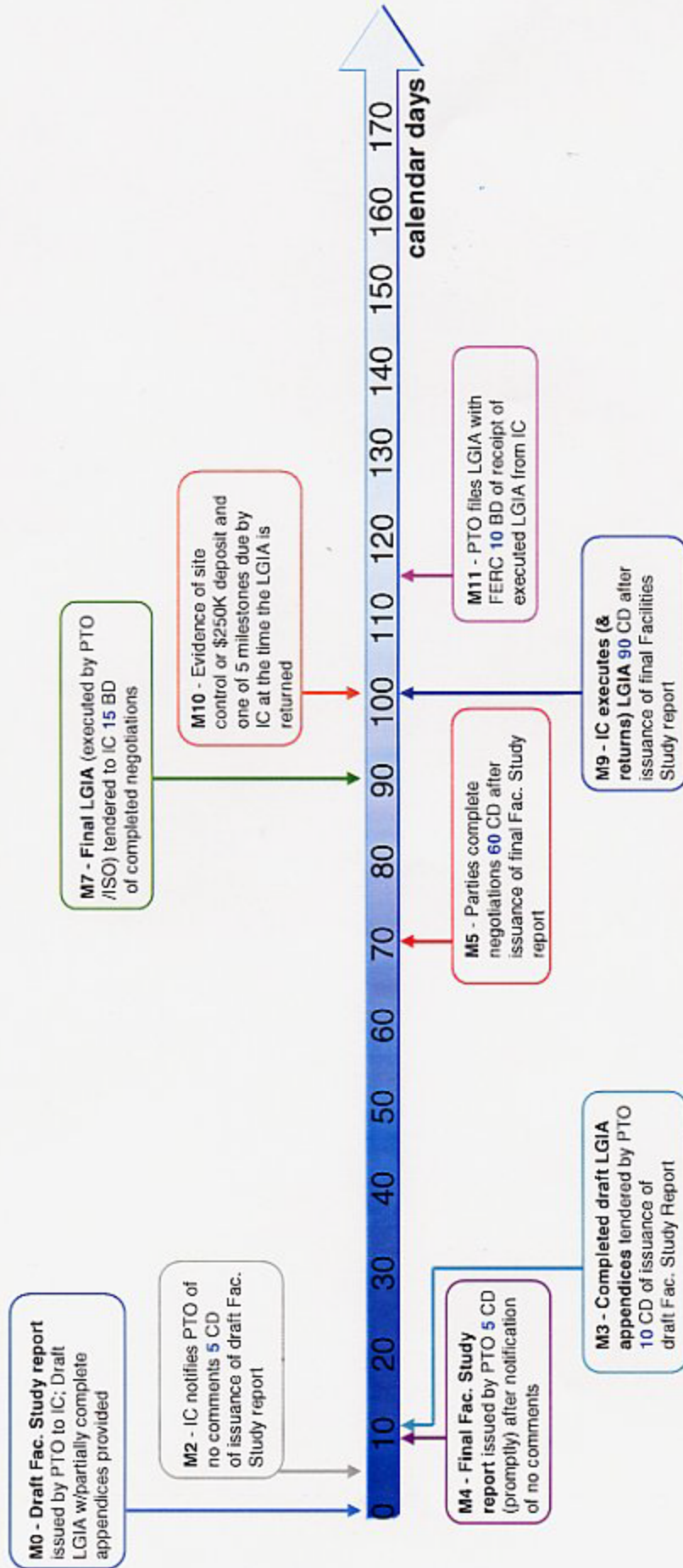


Comments for Proposed Alternative:
 Under the Alternative, the deadlines to complete negotiations and for the Parties to execute the final LGIA are driven by the date the final Facilities Study report is issued by the PTO. The negotiations deadline is 60 CD after the issuance of the final Facilities Study report.

Comments for Example 1:
 Under this example, the Parties have 80 CD to complete negotiations after the completed draft LGIA appendices are issued.

Timeline for LGIA Process

Proposed Alternative: Negotiation and Execution Deadlines Tied to Issuance of Final Facilities Study Report
Example 2 – Customer Notifies PTO Promptly of No Comments to Draft Facilities Study, PTO Promptly Issues Final Facilities Study Report, PTO Promptly Tenders Completed Draft LGIA



Comments for Proposed Alternative:

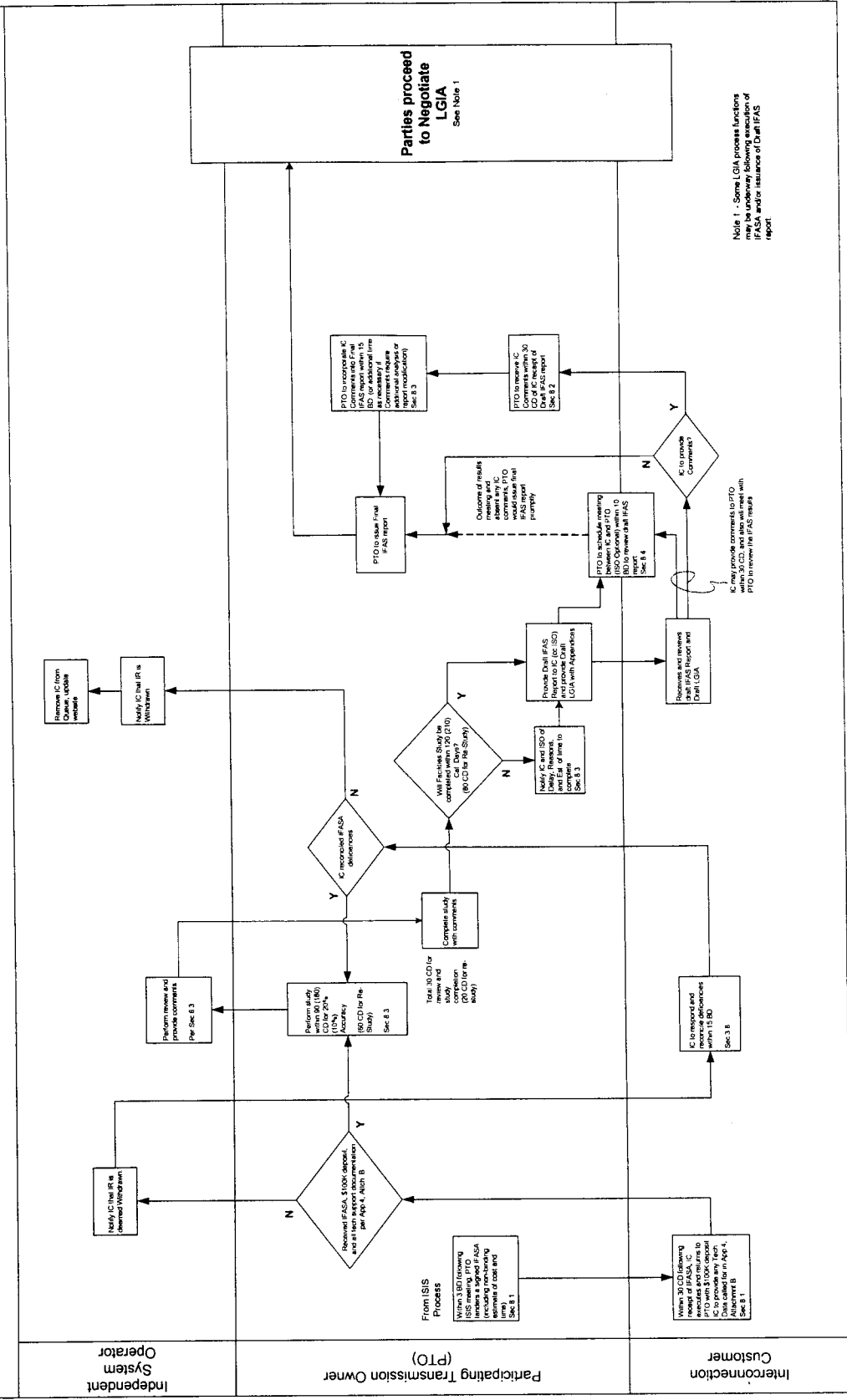
Under the Alternative, the deadlines to complete negotiations and for the Parties to execute the final LGIA are driven by the date the final Facilities Study report is issued by the PTO. The negotiations deadline is 60 CD after the issuance of the final Facilities Study report.

Comments for Example 3:

Under this example, the Parties have 60 CD to complete negotiations after the completed draft LGIA appendices are issued.

ATTACHMENT M

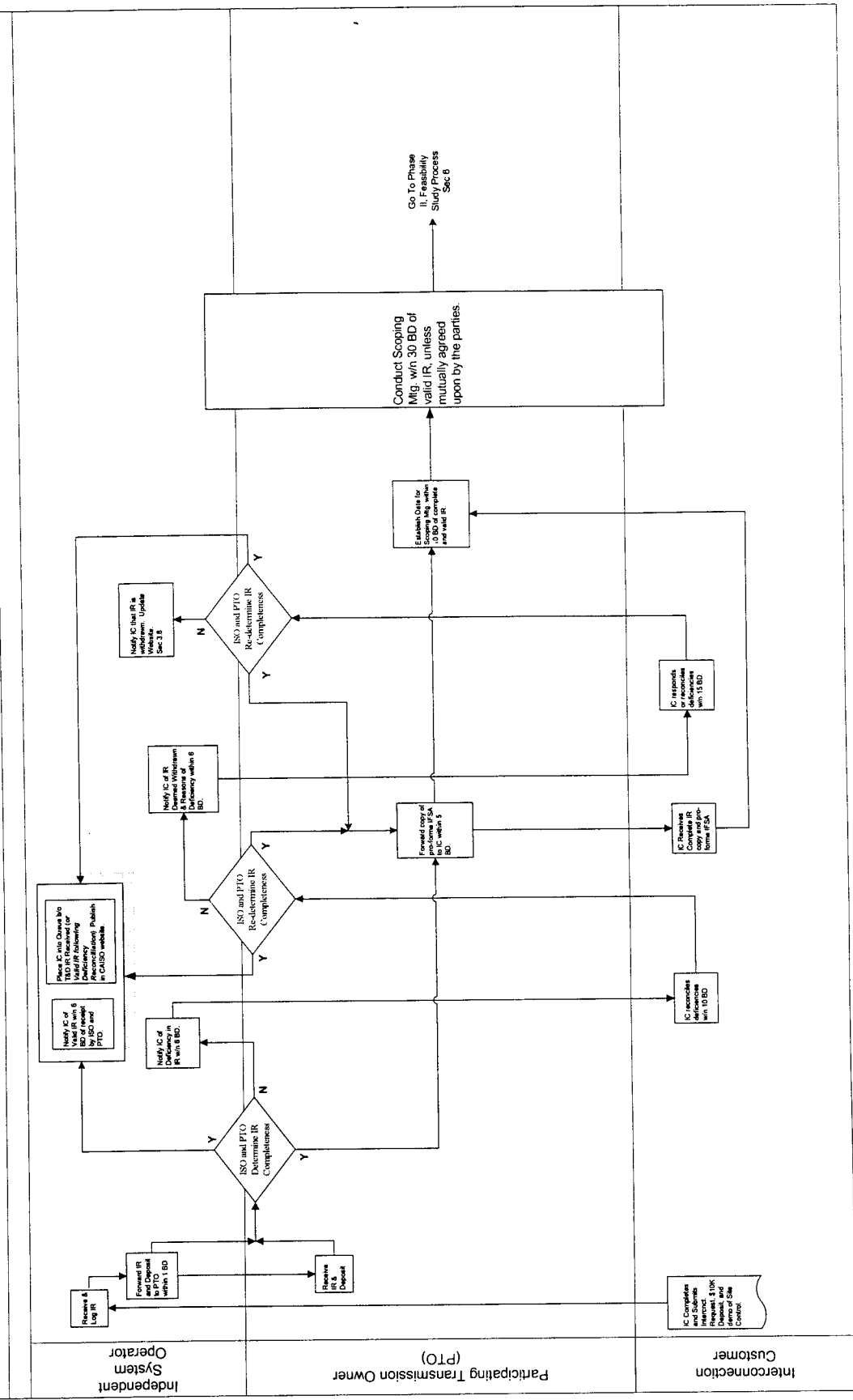
Interconnection Facilities Study



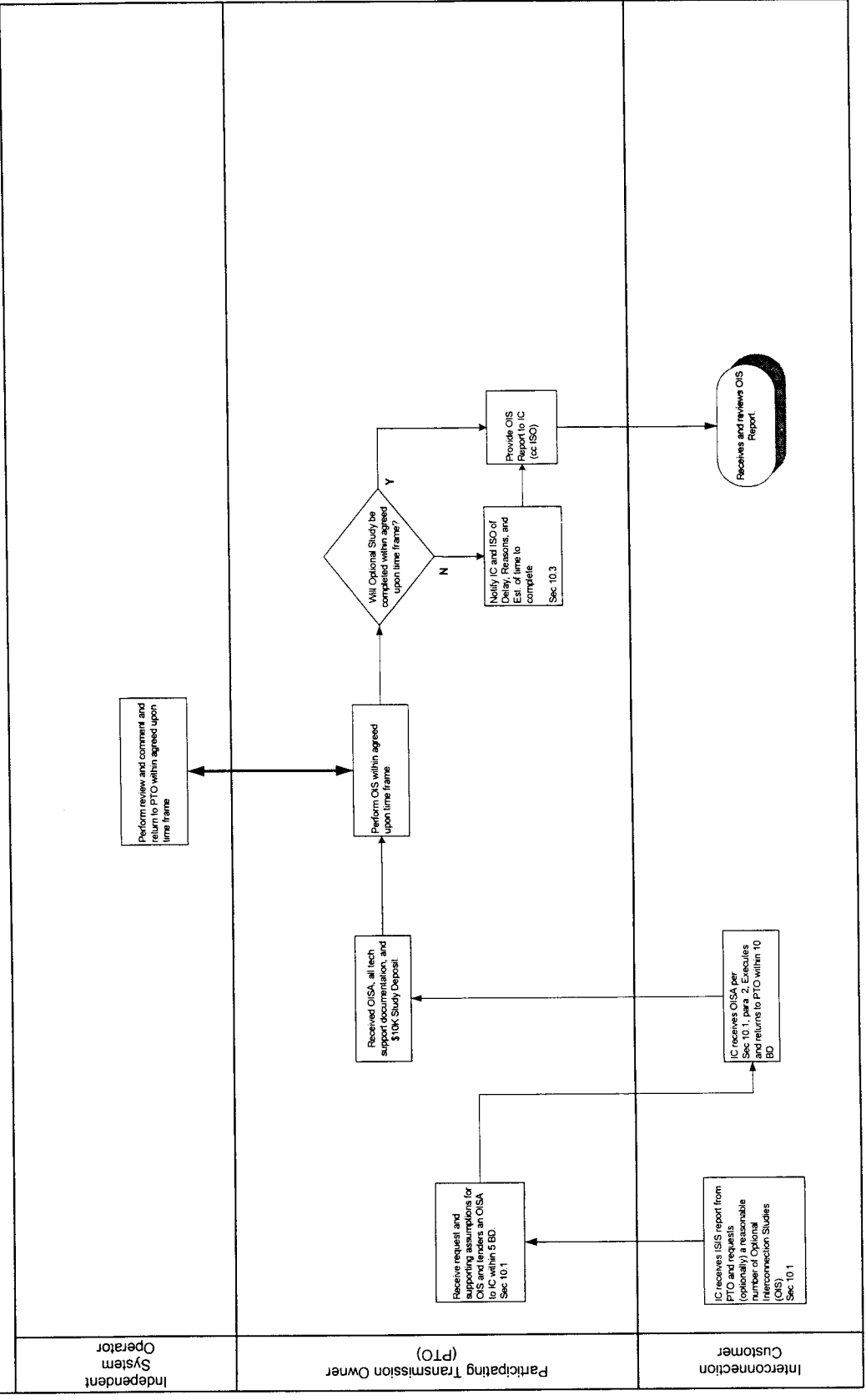
Parties proceed to Negotiate LGIA
See Note 1

Note 1 - Some LGIA process functions may be underway before receipt of FAS, and/or issuance of Draft FAS report.

Interconnection Request Process



Optional Interconnection Study (LGIP, Section 10.1)



ATTACHMENT N



Memorandum

To: ISO Board of Governors
From: Armie Perez, Director of Grid Planning
Steve Greenleaf, Director of Regulatory Policy
For the FERC Large Generator Interconnection Rule Team
CC: ISO Officers: Board Assistants
Date: November 25, 2003
Re: FERC Large Generator Interconnection Rule ("Order 2003") Proposal

This memo requires Board action.

Executive Summary

ISO management seeks authorization from the Board of Governors to prepare, and subsequently file, an appropriate Compliance Filing with the Federal Energy Regulatory Commission ("FERC"). In the filing the ISO will describe how it will use the flexibility granted by FERC in its Large Generator Interconnection Final Rule ("Order 2003") to implement interconnection policies and procedures that address the unique features of the California market.

On July 24, 2003, FERC issued Order 2003, which is the culmination of a two-year effort to reform and standardize interconnection procedures nationwide in order to establish consistent regional practices as well as to remedy discriminatory access to the grid. The order establishes procedures and agreements for interconnecting new generation greater than 20 MW to the transmission system, and a pricing policy for new interconnections. It affords ISOs and Regional Transmission Organizations significant discretion, under a newly established "independence" standard, to develop and propose procedures and policies that work for their respective regions. The ISO must file its Compliance Filing no later than January 20, 2004.

In summary, Management's proposed policy recommendations are that:

- 1) The ISO offer a generic interconnection service that would provide interconnection customers with the flexibility to "customize" the type of interconnection service they prefer, based on the amount of transmission upgrades they are willing to sponsor and fund. However, as a minimum threshold, all generators will be required to sponsor or fund any reliability-related transmission upgrade necessary as a result of their interconnection.
- 2) The ISO and Participating Transmission Owners follow the basic interconnection application and study process that FERC established in Order 2003. However, the ISO proposes some limited extension of the study process timeline to enable the ISO to provide oversight of the PTO interconnection studies.
- 3) The ISO propose that generators can elect to receive either "credits," as defined further below, or Firm Transmission Rights (i.e., as defined under the Market Design 2002 proposal, Congestion Revenue Rights) as compensation for initially funding or paying for the transmission upgrades related to their interconnection request.

- 4) As a necessary complement to the pricing policy outlined in (3) above, and consistent with the ISO's obligation to provide for the cost-effective and efficient expansion of the transmission system, the ISO conduct an economic analysis regarding the cost and benefits of the transmission upgrades associated with new requests by generators to interconnect to the grid.

and

- 5) The ISO propose and establish the "deliverability" test or standard, as detailed in the attachments to this memorandum, by which each interconnecting generator will be evaluated to determine if the output of such generator can be delivered to load on the system.

Management's recommendations are summarized further below and in **Attachment B** to this memorandum.

As previously discussed with the Board, there are critical interdependencies between these recommended policies and two parallel processes – resource adequacy and MD02 implementation. Certain aspects of the FERC rule are linked to, and work well with, clear resource adequacy rules. As the Board is aware, and as outlined in another Board memorandum, the California Public Utilities Commission ("CPUC") is on course to issue a final order regarding utility procurement rules on December 18, 2003. One element of that ruling is likely to be the "deliverability" issue outlined above. The rule is also likely to shape the future definition of "capacity" resources in the state. Once again, the definition of and rules regarding capacity resources will ultimately shape the type of interconnection service offered by the ISO.

As to the interrelationship with MD02 implementation, the ISO's proposed pricing policy for interconnection-related transmission upgrades, as summarized above, is tightly related to the ISO's ability to offer Firm Transmission Rights or Congestion Revenue Rights as compensation to generators that fund transmission upgrades. Under today's zonal market design, the ISO can only offer FTRs for new or upgrades to "Inter-Zonal" pathways (i.e., transmission paths between zones). Once MD02 is implemented, the ISO should be able to offer CRRs for practically all new or upgraded transmission lines.

These interrelationships have necessarily constrained or limited the policy options available to the ISO with regard to the FERC rule. Thus, the policy recommendations proposed herein will likely have to be revisited once these other matters have been resolved. Consistent with Management's previous commitment regarding the MD02 proposal, Management recommends that the Board commit to revisit this proposal once final procurement rules have been established and once FERC has issued a final order regarding MD02. Finally, while there are appealing arguments for not proposing any changes to the ISO's interconnection policy at this time and instead wait until both the procurement and MD02 proceedings are completed, Management does not recommend to do so. While the proposed policies may be interim in nature, they nonetheless serve to clarify and enhance the ISO's existing interconnection process.

Management recommends the following motion:

MOVED, that the ISO Board of Governors, authorizes the ISO management to prepare and subsequently file at the Federal Regulatory Commission by January 20, 2004 a Compliance Filing that incorporates and reflects the policy recommendations contained in the memorandum dated November 25, 2003, and the Attachment B thereto.

Background

On July 24, 2003, FERC issued Order 2003. The order is the culmination of a two-year effort to reform and standardize interconnection procedures nationwide in order to establish consistent regional practices as well as to remedy discriminatory access to the grid. Order 2003 establishes procedures for interconnecting new generation (greater than 20 MWs) to the transmission system. In addition to establishing detailed new procedures and interconnection agreements, the FERC rule establishes the pricing policy applicable to new interconnections. Finally, the FERC order affords ISOs/RTOs significant discretion, under a newly established "independence" standard, to develop and propose procedures and policies that work for their respective regions.

Order 2003 directed all jurisdictional public utilities to file conforming tariff language and *pro forma* procedures and the appropriate interconnection agreement by October 20, 2003 (60-days after publication of the rule in the Federal Register). Since publication of the rule, ISO staff has been engaged in discussions with the affected transmission owners as well as the CPUC to formulate a plan for responding to the rule and making the requisite Compliance Filing. To allow additional time to broaden the discussion to other market participants and prepare a responsive filing, the ISO, CPUC and affected Participating Transmission Owners asked FERC for an extension of time to file the Compliance Filing (an additional 90 days). On September 26, 2003, FERC granted that request and directed the ISO to file its Compliance Filing no later than January 20, 2004.

Order 2003 includes *pro forma* titled "Large Generator Interconnection Procedures" that detail the interconnection process to be followed from the time an interconnection request is received until the signing of an Interconnection Agreement. Such procedures include specific deadlines for completing the kinds of technical studies that determine the impact of the new generator upon the grid, and therefore the type and cost of equipment needed to upgrade the grid to accommodate the output of the new generator reliably.

In addition, Order 2003 also includes a *pro forma* Large Generator Interconnection Agreement. This agreement is the legal contract between the developer of a new power plant that is seeking interconnection and the "Transmission Provider." With respect to regions where there is an ISO/RTO, the order provides that such agreements be three-party arrangements between the new generator owner, the transmission owner and the ISO/RTO.

Finally, Order 2003 codifies FERC's policies with regard to the pricing of interconnection service or who pays the cost of the facilities necessary to interconnect the new generator to the grid. Order 2003 provides that generators are responsible for the cost of direct connection facilities (i.e., the facilities from the generator to the grid) and that, with respect to interconnection requests processed by "non-independent" transmission providers (i.e., transmission providers that are not an ISO/RTO), generators are responsible for initially funding the network transmission upgrades necessary to interconnect them to the system, but will receive a "credit" so that their money is refunded over five years. At the end of five years, the total cost of the network upgrades would be "rolled into" the transmission owners' revenue requirement.

Of particular importance to the ISO, Order 2003 also establishes a new "independence" standard that allows ISOs and RTOs significant discretion to fashion interconnection procedures and policies that work for their regions.

Stakeholder Process

As reported to the Board previously, ISO staff has been engaged in discussions with the PTOs, CPUC and stakeholders, with the objective to develop the FERC filing necessary to comply with FERC's Order 2003. The salient steps and elements of the stakeholder process were as follows:

- October 1 ISO published "White Paper" re Large Generation Interconnection Rule
- October 21 ISO hosted first stakeholder meeting

- October 28 ISO published preliminary ISO positions on Order 2003
- November 3/4 ISO published revised White Paper on Order 2003 and proposed Deliverability Test
- November 6 Stakeholders provided second round of comments
- November 12 ISO hosted second stakeholder meeting
- November 20 Stakeholders submitted final round of comments

Through the stakeholder process the ISO was able to vet with stakeholders each of the policy issues and recommendations outlined above.

Attachments A and C provide further information regarding stakeholder comments.

Interconnection Process

In June 2002, FERC approved Amendment 39 to the ISO tariff, which established the current ISO process for interconnecting new generating units to the ISO Controlled Grid, subject to the outcome of Order 2003. In general, the process and timelines for receiving and reviewing interconnection applications proposed in Order 2003 are consistent with the ISO's current practices under Amendment 39. Management of the interconnection request process (queue management) will remain the same, with the ISO managing one study queue for the entire ISO Controlled Grid.

The key changes to the interconnection process resulting from Order 2003 include:

- The addition of a Scoping Meeting early in the application process to get the parties together to share information and reach agreement on the points of interconnection to be included in the system studies.
- A formal process for conducting feasibility studies, where previously an interconnection request went directly to a system impact study. The new Interconnection Feasibility Study gauges early on whether it is practical to interconnect at a particular proposed point of interconnection.
- Interconnection study agreements and the interconnection agreement itself are now standardized *pro forma* across the ISO Control Area, where previously the agreements were PTO-specific. In addition, Order 2003 provides that in regions where an ISO is the transmission provider, the interconnection agreements should be three-party agreements between the generator, transmission owner and the ISO.

The ISO and PTOs are in general support of these changes. The ISO also believes that there is an additional benefit to being a party to the interconnection agreement that is not currently available in the current two-party arrangement between just the interconnection customer and the PTO.

Interconnection Service

Order 2003 proposes two forms of interconnection service, Network Resource Interconnection Service and Energy Resource Interconnection Service. Under this construct a new interconnection customer that requests interconnection can be studied and subsequently treated in the market as either (1) an "Energy Resource" where it is interconnected to the grid and uses existing space on the transmission system on an "as-available" basis; or (2) a "Network Resource" where the interconnection customer must be treated the same as native generation and fully integrated into the system. In Order 2003, an interconnection customer that requests to be treated as a Network Resource is required to fund delivery upgrades.

However, FERC's proposed interconnection service construct is not meaningful in the California market at the present time. The concept of a "Network Resource" or a capacity resource that is available and deliverable to all load on the system works well in a market with clear capacity market or obligation rules, such as those in place in

many of the eastern markets. However, as the Board is aware, California is only now in the process of developing such rules; the rules likely to be developed as a result of the CPUC's procurement proceeding.

Therefore, in its Compliance Filing the ISO proposes to define and establish a *generic* interconnection service under which interconnection customers can elect varying levels or quality of service, depending on the level and amount of transmission upgrades they are willing to sponsor. Under the ISO's proposed generic interconnection service, one base level of interconnection service would be offered that would assure reliable interconnection, and generators could then elect a higher quality of service by paying for certain transmission upgrades. Deliverability of the plant's output to the ISO grid could be assured for a specific set of system conditions by sponsoring additional transmission upgrades. The ISO will offer this generic interconnection service until the broader rules pertaining to resource adequacy (i.e., capacity obligations) have been defined. Once defined and once FERC issues an order on MD02, Management recommends that the ISO revisit this issue.

Interconnection Studies and Proposed Deliverability Test

Under the ISO proposal, interconnection studies will be conducted as they presently are, with the addition of the new Scoping Meeting and Interconnection Feasibility Study discussed above. However, there are some important differences, discussed below.

- The ISO has added additional time in the study process beyond what FERC provided in Order 2003 for the ISO to provide review and comment on the studies.
- More comprehensive information on each interconnection request will be posted on the ISO web site.
- The ISO proposes that a new Deliverability Test be included in the system studies process to help identify the transmission facilities that are needed to get the full output of a new resource to load under peak system conditions. By identifying needed delivery-related facilities, which is something that is not done now, market participants will be provided useful information to assess the deliverability of new resources to the grid. Specifically, the Deliverability Test will define a generic deliverability benchmark to assess the deliverability risk for a given proposed new resource. It will be modeled after the methodology already approved by FERC and currently used by PJM. It will be performed under a peak load and resource adequacy perspective to determine if, with the interconnection customer's generating resource operating at full output, the aggregate of generation can be delivered to the aggregate of the ISO Control Area load. It would objectively identify the incremental impacts on the grid of a new interconnection customer's proposed generating resource.

Payment/Pricing Policy

Under the ISO's proposal, interconnection customers would be required to fund the Interconnection Facilities needed to physically interconnect the facility to the point of interconnection with the grid. This represents no change from current practice. The cost of these "exclusive use" facilities would continue to be the sole responsibility of the interconnection customer and would not be reimbursed.

With respect to Network Upgrades (i.e., those transmission upgrades beyond the point of interconnection to the grid, be they Reliability Network Upgrades or Delivery Network Upgrades) the ISO proposes that Interconnection customers initially fund these upgrades, and then elect to receive either (1) transmission credits over a five-year period (i.e., reimbursement for the costs of the upgrades plus interest); or (2) applicable property rights (FTRs at present, or, in the future, CRRs) as compensation for funding/paying for the upgrades. If the interconnection customer does not elect to fund such facilities, the PTO could build such facilities. In fact, the ISO proposes to specifically provide that in instances where a new generator elects not to fund upgrades, the ISO may direct the applicable PTO to do so under its existing authority in the ISO Tariff.

On a long-term basis, the ISO envisions transitioning to a policy wherein generators receive *only* FTRs/CRRs as compensation for funding/paying for transmission upgrades. (However, the ISO may still provide credits for funding upgrades with which no FTRs or CRRs are associated). By linking the reimbursement of network upgrades solely with the value of the property rights (i.e., FTRs/CRRs) that are created, generators will be more sensitive to the costs of the upgrades, the impact on the grid, and the benefits of the associated property rights.

In the interim, however, the ISO believes the proposed crediting policy is clear, fair and may reduce barriers to building new generation. In the current pre-MD02 environment, the ISO is not able to offer FTRs with measurable value within transmission zones (i.e., for Intra-Zonal transmission facilities) so the ISO agrees with many stakeholders that the crediting policy is the best way for now to compensate developers for transmission grid improvements that benefit everyone. Moreover, while not completely eliminating cost-responsibility based barriers to entry, the crediting policy should ameliorate a developer's perceived risk of having to pay for necessary but expensive transmission upgrades on the system. ISO management recommends that the ISO revisit this policy once MD02 is implemented and viable financial property rights (CRRs) are available.

Economic Test

Management proposes to perform an Economic Test of transmission upgrades costing more than \$20 million, or another appropriate threshold, to determine the extent of the benefits resulting from the transmission upgrade, and use that amount as a *de facto* cap on the level of credits that could be offered to the interconnection customer for upgrades to the grid. In instances where the costs of the upgrade exceed this cap, if the interconnection customer funded the full amount of the upgrades, the interconnection customer will receive, if applicable, the associated property rights.

The reason for this cost-benefit test is to guard against egregiously expensive projects, especially since the generator would recover the full cost of network upgrades within five years regardless of the location of the plant or the availability of other sites that might require less expensive upgrades. Without some locational price signal, a reasonable backstop is needed to assure that all ratepayers are not paying for uneconomic projects. However, such an economic analysis is not intended to delay or create obstacles to new generation, and its application would be limited to large projects beyond a certain threshold level (e.g., \$20 million.)

Reliability and Deliverability Upgrades Distinction

Amendment 39 established the concept of Reliability Upgrades and Deliverability Upgrades to distinguish between the upgrades that are necessary to (1) interconnect a new facility safely and reliably to the ISO Controlled Grid that would not have been necessary but for the new facility (i.e., Reliability Upgrades); and (2) relieve constraints on the ISO Controlled Grid to ensure the delivery of energy from a new facility to load (i.e., Delivery Upgrades).

In Order 2003, FERC proposes that a single "Network Interconnection Service" be offered. The ISO proposes to retain the current Amendment 39 distinction in ISO markets between reliability and network upgrades, because parties need to know what facilities are required to interconnect a resource to the grid and what is optional to assure delivery of the full output of the resource. The ISO will propose in its filing that the terms "Reliability Network Upgrades" and "Delivery Network Upgrades" be used to clearly distinguish between these two types of network upgrades.

Summary and Recommendation

The above outlined policy recommendations are the product of close collaboration between the ISO and affected PTOs as well as the result of the focused stakeholder process outlined above. The proposed policies are practical, workable and represent a step forward in establishing efficient market rules. Management requests that the Board approve the following motion:

MOVED, that the ISO Board of Governors, authorizes the ISO management to prepare and subsequently file at the Federal Regulatory Commission by January 20, 2004 a Compliance Filing that incorporates and reflects the policy recommendations contained in the memorandum dated November 25, 2003, and the Attachment B thereto.

FERC Large Generator Interconnection Rule

- Pricing and Service Issues -

Purpose: The purpose of this paper is to summarize key aspects of the pricing and service provisions of FERC's Final Rule regarding large generator (>20 MW) interconnections. In addition, the paper summarizes the key pricing and service provisions of the ISO's current interconnection procedures, as established in Amendment No. 39 to the ISO Tariff. In the end, the purpose of this paper is to identify certain of the key pricing and service policy issues regarding interconnection service and to solicit feedback from Market Participants. Finally, the views expressed in this paper are preliminary and are intended to facilitate discussion of the issues. They do not reflect a formal or final position of the ISO on these matters.

I. Assumptions

The following assumptions were made for purposes of developing this "White Paper":

1. The ISO and PTOs will start with the *pro forma* interconnection procedures and agreement adopted by FERC in the final rule when developing their compliance filings;
2. The ISO as an independent transmission provider has the flexibility granted by FERC to develop interconnection policies in a manner that work best for California;
3. The distinction between "Reliability Upgrades" and "Delivery Upgrades" as originally defined in Amendment No. 39 to the ISO tariff, will be retained for purposes of developing the new interconnection procedures.
4. Consistent with FERC's finding that Interconnection Service is distinct from Transmission Service (Final Rule ¶ 756, 757), for purposes of the ISO's Day-Ahead Scheduling and Congestion Management practices, all generating resources will be treated the same, subject to any operating constraint agreed to by the resource owner and the ISO as part of the interconnection process.

Feedback Requested: Please provide the ISO feedback regarding the assumptions identified above. In particular, the ISO requests feedback regarding the distinction between Interconnection service and Transmission service, and the assumption that all resources should be treated comparably for purposes of the ISO's Scheduling and Congestion Management protocols.

Stakeholder Comments

Calpine agrees with Assumption 1 and 2 but recognizes that some deviation from *pro forma* language may be unavoidable. Calpine emphasizes that

Attachment A of Board Memorandum of November 25, 2003

deviations should be approached with “utmost trepidation” to avoid magnifying seams issues and losing the potential benefits to be gained from standardization.

Calpine suggests the definitions in Assumption 3, as well as other tariff terms, should be discussed as part of the underlying pricing and service issues.

Calpine suggests Assumption 4 is inappropriate as a starting assumption because there currently are no Network Resources that can be treated distinctly within the ISO's Transmission Service.

Calpine suggests three additional Assumptions:

- Departures from FERC's current transmission credit-back policy are permitted only when an ISO/RTO determines the cost causation of the network upgrades (Final Rule ¶ 677.)
- No “and” pricing is permitted (Final Rule ¶ 700.)
- The legal and contractual rights of existing generators, including QF must-take generation, will be honored.

Coral disagrees that the ISO has flexibility as an independent entity.

Coral seeks to abolish the distinction between Reliability Upgrades and Deliverability Upgrades in Assumption 3.

Regarding Assumption 1, **Mirant** comments that any variation from the Final Order merits close scrutiny. Mirant supports the Final Rule as written but is willing to consider appropriate variations.

Mirant accepts the four Assumptions but suggests a more explicit match between ISO terms and FERC terms, specifically that “Reliability Upgrades” are required for “Energy Resource Service” and “Deliverability Upgrades” are necessary for “Network Resource Service.”

PG&E urges considerable flexibility in the adoption of pricing and service provisions and urges the ISO to recognize the state's transition to a redesigned framework.

SCE supports Assumptions 1, 2, and 3. Regarding Assumption 4, SCE notes that RMR generators and hydro units already are treated differently from other generators. SCE recommends changing the language in a way that emphasizes the distinction between interconnection service and transmission service.

Preliminary ISO Response

The ISO's flexibility as an “independent entity” will be critical to the development of a Compliance Filing that meets FERC objectives. This flexibility is needed

Attachment A of Board Memorandum of November 25, 2003

because the ISO – working with stakeholders -- is trying to fit this new “standardized” interconnection policy into California’s unique situation, which currently includes the absence of a resource adequacy requirement, the absence of a way for valuing resource capacity, and the uncertainty of the specific value of FTRs in an evolving market design.

Many of the key features of Order 2003 assume and rely upon a resource capacity requirement or a functioning capacity market from which Generators can receive value for their investments. For example, several stakeholders point out that the value of Network Resource Interconnection Service is limited in the current paradigm. The ISO readily agrees it cannot demonstrate the benefits of “Network” service until a state resource adequacy requirement is established. The ISO expects that California’s resource adequacy requirements may significantly alter the value of “Network” interconnection service, and therefore has proposed an interconnection service that permits a variety of upgrades with their associated benefits.

Clearly, the ISO and stakeholders should expect review and improvements in this interconnection service as circumstances change. Thus, while the ISO seeks to implement by the January 20, 2004, deadline the most workable interconnection policy under the current circumstances, the ISO emphasizes that specific features of this Compliance Filing will subsequently evolve as significant changes are made in the procurement requirements of the state.

The ISO reiterates its intention to use the FERC *pro forma* procedures and agreement as the starting point for its Compliance Filing, but suggests that some differences are inevitable and necessary. For example, the ISO and Transmission Owners are working diligently to clarify specific roles and responsibilities for the “Transmission Provider,” a term that is frequently cited in the *pro forma* LGIA and LGIP. These *pro forma* documents are the starting point for the Compliance Filing, but some specificity is needed to determine the execution of duties required by the “Transmission Provider” as they apply to the ISO and transmission owners in California.

At this time the ISO intends to keep the distinction between “Reliability” and “Delivery” upgrades because it helps frame the range of options available within the generic interconnection service being proposed by the ISO (see Appendix A.) To be specific, “Reliability” upgrades would be the minimum investment (beyond the first point of interconnection) needed to interconnect safely and reliably to the ISO Controlled Grid. “Delivery” upgrades would consist of a range of upgrades (beyond the first point of interconnection) that could meet, in whole or in part, a deliverability test. Further, the ISO intends to propose refinements to these definitions to clarify that both “Reliability” and “Delivery” upgrades are Network upgrades (as FERC as defined) -- and thus both would be eligible for crediting paybacks to the generator under the ISO’s Preliminary Position, as described in Appendix A.

II. Definitions

The following definitions were taken directly and without modification from the FERC Order 2003 and the ISO Tariff.

FERC Final Rule

Interconnection Facilities – Transmission Provider's Interconnection and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Generating Facility and the Point of Interconnection, including any modification, addition, upgrades that are necessary to physically and electrically interconnect the Generating facility to the Transmission Provider's Transmission System. These Interconnection Facilities and/or equipment include both those owned by the Transmission Provider or the Interconnecting generators. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades (Final Rule Appendix C at p.6).¹

Network Upgrades – Additions, modifications, and upgrades to the Transmission Provider's System required at or beyond the point at which the Interconnection Customer interconnects to the Transmission Provider's Transmission System to accommodate the interconnection of the Large Generating Facility to the Transmission Provider's Transmission System (Final Rule Appendix C at p.9).

Stand Alone Network Upgrades - Network Upgrades that an Interconnection Customer may construct without affecting day-to-day operations of the Transmission System during their construction. Both the Transmission Provider and the Interconnection Customer must agree as to what constitutes Stand Alone Network Upgrades and identify them in Appendix A to the Standard Large Generator Interconnection Agreement (Final Rule Appendix C at p.11).

Amendment No. 39

Direct Assignment Facilities – The transmission facilities necessary to physically and electrically interconnect a New Facility Operator to the ISO Controlled Grid at the point of interconnection (ISO Tariff, Appendix A Master Definitions Supplement).

Reliability Upgrade – The transmission facilities, other than Direct Assignment Facilities, beyond the first point of interconnection necessary to interconnect a New Facility safely and reliably to the ISO Controlled Grid, which would not have been necessary but for the interconnection of a New Facility, including network upgrades necessary to remedy short circuit or stability problems resulting from the interconnection of a New Facility Operator to the ISO Controlled Grid. Reliability Upgrades also include, consistent with WSCC practice, the facilities

¹ The ISO's use of this definition of Interconnection Facilities is not intended to assume or recommend a definition or description of Interconnection Facilities that could be used for or against any party, which is litigating in pending FERC proceedings whether or not certain facilities are Interconnection Facilities.

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necessary to mitigate any adverse impact a New Facility's interconnection may have on a path's WSCC path rating (ISO Tariff, Appendix A Master Definitions Supplement).

Delivery Upgrade – The Transmission Facilities, other than Direct Assignment facilities and Reliability Upgrades, necessary to relieve constraints on the ISO Controlled grid and to ensure the delivery of energy from a New Facility to Load (ISO Tariff, Appendix A Master Definitions Supplement)

III. Summary of Pricing Provisions

FERC Rule & Amendment No. 39

The cost responsibilities for Generators under FERC's Final Rule fall into two broad categories: Interconnection Facilities and Network Upgrades. Under the FERC rule, Generators will be responsible for the cost of all Interconnection Facilities. This requirement is consistent with the ISO's current rules regarding the treatment and obligation to pay for Direct Assignment Facilities (as defined above). (¶ 676, 693)

With respect to Network Upgrades, the FERC rule essentially establishes a paradigm where all Network Upgrades (as defined above) are initially funded by the interconnecting customer (unless the Transmission Provider elects to fund them), but the costs of such upgrades funded by the generator are then either credited back to the customer over a five-year period or the customer is provided the property rights associated with the upgrades. The FERC Rule does not specify whether the Interconnection Customer is afforded the option of electing either credits or FTRs/CRRs, or whether each Transmission Provider or ISO/RTO can select an option (¶ 694-703).

Specifically, the FERC rule establishes two different pricing rules, one for "non-independent" Transmission Providers and one for "independent" Transmission Providers (ISOs/RTOs). For non-independent Transmission Providers, FERC essentially formalizes the "crediting" requirement proposed in the NOPR and previously required of individual Transmission Providers in separate cases (see PG&E's *Los Madanos* case and Edison's *Wildflower* case). Under such a requirement, while Transmission Providers can require a customer to initially fund a Network Upgrade, the Transmission Provider must pay the customer back, within a five-year period, by establishing a credit to the customer's transmission charges. Regardless of the level of transmission charges over that five-year period, the customer must be repaid in full by the end of five years. The crediting requirement and mechanism is not effective until the new generator reaches "Commercial Operation" (see generally ¶ 720-735).

In the Final Rule, FERC stated that independent Transmission Providers will be afforded a great deal of discretion in fashioning pricing proposals for their regions. FERC stated that in regions such as PJM, NY and NE with bid-based congestion management mechanisms and LMP, they would continue to support pricing proposals that would require generators to pay for "but for" Network

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Upgrades (i.e., upgrades that would not be necessary “but for” the interconnection of the customer) in exchange for giving the customer the FTRs (or applicable financial hedging instrument) associated with the necessary upgrade (see generally ¶¶ 26, 28, 822-827)).

In contrast, under the ISO’s existing Amendment No. 39 procedures, new generators interconnecting to the system may be required to pay (i.e., fund and *not* receive a credit) for Reliability Upgrades (as defined above) required in order to interconnect them to the system. The only exception to this requirement provided for under the current rules is in the case where the Reliability Upgrades identified as part of the interconnecting customer’s request are already included in the ISO/Transmission Owner’s annual expansion plan. In addition, should the interconnecting customer voluntarily agree to pay for Delivery Upgrades (as defined above) in order to deliver its full output to load under a specified set of system conditions, Amendment No. 39 does not provide that the customer should receive any kind of “credit” for such upgrades (although the ISO Tariff does provide that, if appropriate, the customer could receive the FTRs associated with the upgrade). However, notwithstanding FERC’s acceptance of these pricing provisions in Amendment No. 39 – subject to the outcome of the rulemaking proceeding – as noted above, FERC separately required Transmission Owners to establish “crediting” mechanisms under their stand-alone Interconnection Agreements with specific generators.

Feedback Requested: Please provide the ISO feedback regarding the summary and conclusions of the Final Rule. In particular, the ISO requests feedback regarding FERC’s stated pricing policies regarding Network Upgrades, especially as they relate to the ISO’s existing pricing policy for upgrades as codified in Amendment No. 39 to the ISO Tariff, as filed. In addition, and as further detailed below, the ISO requests feedback from Market Participants regarding the need for both an interim pricing policy (for the period prior to implementation of the ISO’s Market Design 2002 proposal and prior to the establishment of more formal resource adequacy rules in California) and a long-term policy.

Stakeholder Comments

Calpine suggests the Final Rule does not establish two different pricing rules for independent and non-independent Transmission Providers. Rather, Calpine argues the Final Rule outlines two standards of review that FERC will use to evaluate deviations from the *pro forma* policies and agreements.

Calpine suggests that, since non-independent Transmission Owners perform the technical studies that determine Network Upgrade costs, California should adhere to FERC’s policy that Interconnection Customers be awarded transmission credits for network upgrades.

Calpine prefers consistency in market rules, and suggests that tariff changes should be implemented once even if this requires some initial delay in Final Rule implementation.

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Coral argues the ISO must discard Amendment 39 procedures and policies and adopt the Final Rule that requires all upgrades beyond the first point of interconnection to be considered network upgrades.

Coral argues there should be no distinction between an interim and a long-term pricing policy.

Mirant supports the five-year crediting policy. Offering FTRs/CRRs as an alternative is reasonable, so long as the funder can choose either option and not be forced to accept financial instruments which may lose value as the congestion is eliminated.

Mirant cannot initially understand why separate interim and long-term policies are needed, but is interesting in hearing arguments for this structure.

PG&E generally urges the ISO to adopting pricing policies that give incentive to generators to find locations that reduce the cost of interconnection upgrades.

SCE supports current provisions holding generators responsible for the costs of sole-use facilities. SCE suggests the White Paper should clarify that the CAISO Tariff does not provide for transmission credits to generators that fund Reliability Upgrades, but that generators receive credits (with interest) because of PG&E's *Los Medanos* and SCE's *Wildflower* cases.

Preliminary ISO Response

The ISO initially proposes a five-year crediting policy that is consistent with the Final Rule, whereby Generators can choose either transmission credits or property rights equivalent to the network upgrades that are constructed. This cost recovery method would apply to all network upgrades at or beyond the point of interconnection, including both "Reliability" upgrades and "Delivery" upgrades.

The ISO clarifies this policy would not extend to sole-use facilities or Direct Assignment Facilities.

The ISO believes this crediting policy is clear, fair and provides appropriate incentives for building new generation at this time. When LMP is fully implemented and the ISO is able to offer FTRs with measurable value throughout the state, the ISO expects to review this crediting policy (with full stakeholder participation) to make sure consumers are well-served and that locational price signals are not muted by this credit back policy.

IV. Definition of Interconnection Service

FERC's Final Rule regarding generator interconnections requires that Transmission Providers offer two forms of Interconnection Service. These services are defined below. It is important to note that the FERC rule clearly states that with respect to both services neither service conveys a right to *transmission* service. Thus, under FERC's rule, while a generator can request interconnection to the Transmission Provider's grid, such a request does not

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constitute a request for transmission service and that such transmission service must be separately requested and provided pursuant to the terms of the Transmission Provider's Open Access Tariff. (§§752, 767, 769)

Network Resource (NR) Interconnection Service

FERC defines NR Interconnection Service as follows:

Network Resource Interconnection Service – *An Interconnection Service that allows the Interconnection Customer to integrate its Large Generating Facility with the Transmission Provider's Transmission System (1) in a manner comparable to that in which the Transmission Provider integrates its generating Facilities to serve native load customers; or (2) in an RTO or ISO with market based congestion management, in the same manner as all other Network Resources. Network Resource Interconnection Service in and of itself does not convey transmission service.*

(Final Rule Appendix C at p. 9)

FERC characterizes NR Interconnection Service as "a more flexible and comprehensive interconnection service." FERC states that NR Interconnection Service would require that the Transmission Provider integrate the Generating Facility into the system on a comparable basis to other Network Resources so that, at full output, the aggregate of generation in the local area can be delivered to the aggregate of load, consistent with the Transmission Provider's reliability criteria and procedures. FERC states that under this approach, the Transmission Provider would assume that some portion of the capacity of existing Network resources is displaced by the output of the new Generating Facility. Thus, for purposes of developing its compliance filing, the ISO will develop the applicable criteria and parameters for evaluating and assessing requests for NR Interconnection Service (§§ 768, 784).

Energy Resource Interconnection Service

FERC defines ER Interconnection Service as follows:

Energy Resource Interconnection Resource – *An Interconnection Service that allows the Interconnection Customer to connect its Generating facility to the Transmission Provider's Transmission System to be eligible to deliver the Generating Facility's electric output using the existing firm or non-firm capacity of the Transmission Provider's Transmission System on an as available basis. Energy Resource Interconnection Service in and of itself does not convey transmission service.*

(Final Rule Appendix C at p. 4)

FERC characterizes ER Interconnection Service as "a basic or minimal interconnection service". FERC states that in area with bid-based energy market (e.g., ISO New England, NYISO, or PJM), ER Interconnection Service would allow the Interconnection Customer to place a bid to sell into the market and the Generating facility would be dispatched if the bid is accepted. FERC

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states that in all other areas, no transmission service would be assured, but the Interconnection Customer may obtain transmission service pursuant to the Transmission Provider's Tariff. (¶ 753)

Basis for Requiring Different Interconnection Services

Based on comments received during the NOPR process, FERC concluded that two different forms of Interconnection Service should be provided under the Final Rule. While FERC initially proposed to require only one form of Interconnection Service, a number of participants argued that FERC should require two different levels or quality of service, based on the customer's needs. The two qualities of service are differentiated in the interconnection studies by the standards for deliverability, and the likelihood that the higher level of service will not require the interconnecting generator to be curtailed for a specified set of peak system conditions. As noted, ER do not have to be deliverable for the same set of specified system conditions and thus are not required to pay for deliverability upgrades that the Transmission Owner may identify in its interconnection studies. NR, in contrast, are likely to be more deliverable since, in studying the interconnection, the transmission provider would consider "the transmission system at peak load, under severely stressed conditions, to determine whether, with the Generating Facility at full output, the aggregate of generation in the local area can be delivered to the aggregate load..." (FERC ¶ 755). In short, FERC establishes levels of service quality and appears to differentiate the interconnection services by its ability to service load under a specified set of stressed system conditions.

To that point FERC states that, "...the study for Network Resource Interconnection Service identifies the Network Upgrades that are needed to allow the Generating facility to contribute to meeting the overall *capacity* needs of the Control Area or *planning* region..." [emphasis added]. In addition, FERC states that, "The study then identifies the Network Upgrades that would be required to allow the Generating Facility *to be counted toward system capacity needs* in the same manner as the displaced resources." (¶ 784)

Study Requirements for the Different Services

FERC states that the Interconnection Studies to be performed for ER Interconnection Service would identify the Interconnection Facilities required as well as the Network Upgrades needed to allow the proposed Generating Facility to operate at full output for a specified set of system conditions. In addition, the Interconnection Studies would identify the maximum allowed output of the Generating Facility without Network Upgrades for the same set of specified system conditions.

In contrast, FERC states that NR Interconnection Service would require the Transmission Provider to undertake studies and Network Upgrades needed to integrate the facility into the system. As described above, FERC provides that the Transmission Provider would study the Transmission System at peak load, under a variety of severely stressed conditions, to determine whether, with the facility at full output, the aggregate of generation in the local area can be

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delivered to the aggregate of load, thus allowing the Generating Facility to qualify as a Network Resource.

Feedback Requested: Please provide the ISO feedback regarding the form and nature of Interconnection Service. Specifically, please provide feedback regarding the need for one or two forms of Interconnection Service, both on an interim basis (i.e., prior to MD02 or final resource adequacy rules) and on a long-term basis. In addition, please provide feedback on whether a "deliverability" requirement is a necessary or key component of Interconnection Service in general and, more specifically, Network Resource Interconnection Service. Finally, please provide feedback on the manner by which Interconnection Service requests, in general, but also ER Interconnection Service and NR Interconnection Service requests, should be studied for purposes of evaluating system impact.

Stakeholder Comment

Coral favors the two interconnection services in the Final Rule, and does not believe there should be any distinction between interim and long-term service.

Mirant has no objection to offering these two Interconnection services. Mirant believes system impact must be studied for every interconnection proposal, including projects seeking ER service, so that new interconnections do not impair the deliverability of any already connected resource.

SDG&E suggests at this time there is no need to offer NR since the transmission studies required for ER will identify the Network Upgrades needed to allow 100% output for a specified set of system conditions.

SDG&E notes that neither ER nor NR guarantee deliverability because actual grid conditions will differ from dated technical studies, and that only appropriately priced bids can assure deliverability.

SDG&E comments that the ISO can reevaluate whether to offer NR if and when a long term Resource Adequacy mechanism is in place.

SCE comments that it's premature for the CAISO to offer Network Interconnection Service without a fully developed Resource Adequacy requirement.

Preliminary ISO Response

The ISO agrees that it would be premature to offer Network Resource Interconnection Service at this time. A key feature of NR outlined in the Final Rule includes the ability of a facility to "contribute to meeting the overall capacity needs" of the system. Without a capacity requirement on Load Serving Entities in California, or, more broadly, a resource adequacy framework, there are no established "capacity needs" and so this key feature for a generating facility is meaningless.

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The ISO is mindful of stakeholder comments about information that may be beneficial for the generator in making decisions about the most appropriate degree of network upgrades. An improved study process that includes a benchmark deliverability standard would offer benefits to all stakeholders. The ISO is developing a methodology for a deliverability study and invites stakeholder comments on the assumptions and parameters for such a study.

V. Pricing & Service Issues and Options

Interconnection Facilities/Direct Assignment Facilities – The FERC rule and Amendment No. 39 are largely consistent with respect to the definition and pricing/cost-responsibility for Interconnection Facilities.

Network/Reliability/Delivery Upgrades – The final FERC rule and Amendment No. 39, as filed, diverge on the treatment of Network Upgrades.² While Amendment No. 39 provides that generators may be responsible for the cost of Reliability Upgrades and may also choose to fund Delivery Upgrades, FERC's final rule holds that while generators may be required to initially fund specific Network Upgrades, such customers must be refunded the cost of any such Network Upgrades over five years (at least with respect to non-independent Transmission Providers). For independent Transmission Providers, FERC provides that they can provide FTRs to those who upgrade the system or develop other region-appropriate pricing provisions in lieu of credits.

Thus, as an independent transmission provider, the CAISO has the flexibility afforded by FERC to fashion pricing and service provisions in a manner that best suits the region. Given this flexibility a number of options present themselves for redefining interconnection service under the ISO Tariff:

Option 1: *Conform the ISO's existing pricing and service provisions to those of the Final Rule.*

As noted above, the Final Rule's pricing provisions regarding Interconnection Facilities are the same as those under Amendment No. 39 and therefore do not require change. With respect to Network Upgrades, we would most likely have to conform the pricing provisions to either offer "crediting" or property rights such as CRRs, as well as implement the concept of NR Interconnection Service.

Summary of Features

- Both Energy and Resource Interconnection Service Offered
- Credit Back or CRR to Generator
- Deliverability requirement for NR Interconnection Service

² The ISO notes, however, that in accepting Amendment No. 39 to the ISO Tariff, FERC made the filing subject to the outcome of the Final Rule.

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- Could include a cost/benefit analysis

Pros:

- Acceptable to FERC because it is consistent with the Final Rule (i.e. mitigates the uncertainty of a new pricing or service methodology that is subject to a FERC decision);
- Includes a delivery requirement for NR Interconnection Service that will allow the ISO to require Network Upgrades necessary to deliver a resource's output to load for a specified set of system conditions;
- Allows the option of generator funding to mitigate the risk that ratepayers will have to pay for the development of transmission facilities that do not get constructed because the generator does not proceed with interconnection;
- NR Interconnection Service and/or a deliverability standard would provide generator greater certainty regarding the possibility of curtailments for purposes of congestion management; e.g. process, cost obligation, necessary upgrades that would avoid curtailments under a specified set of system conditions.
- Can be integrated with MD02 (LMP, CRRs) and a capacity requirement when they are developed/implemented;
- Works with or without a Reliability/Delivery upgrade distinction.

Cons:

- If a 5-year credit back is adopted by the CAISO may not provide sufficient price signals in new generator siting decisions, may result in uneconomic transmission expansion as FERC noted in Para.695;
- Full benefits of NR Interconnection Service to be defined under the state's resource adequacy or capacity rules.

Option 2: Continue with the existing, effective Amendment No. 39 pricing and service provisions (including FERC's separate requirement that PTOs provide credits for Network Upgrades), as described above.

As a result of FERC's statement that independent entities such as the CAISO can propose appropriate pricing provisions for their regions, the ISO could propose to retain the existing effective Amendment No. 39 pricing provisions (e.g., one interconnection service, no mandatory deliverability requirement, continue to require Reliability Upgrades and keep Delivery Upgrades voluntary at generator's discretion). This approach has some merit in light of the continuing concerns regarding the continuing development and implementation of MD02

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and resource adequacy. However, such an approach does not address concerns that the Amendment No. 39 pricing provisions have failed to result in proper (efficient) expansion of the grid.

Summary of Features

- One Interconnection Service Offered
- Generator must fund Reliability Upgrades
- No deliverability requirement – i.e., Delivery Upgrades “voluntary”
- Credit Back to Generator
- CRR to Generator

Pros:

- Tariff language, procedures largely already in effect;
- Avoids creating completely new products in a short time given continuing implementation of MD02, CRRs, and development of resource adequacy policy by the state;
- For all Reliability Upgrades and Delivery Upgrades pursued at the generator's discretion, not inconsistent with FERC's Final Rule (i.e. continue credit back for Reliability Upgrades and FTRs for Delivery Upgrades, if applicable);
- Mitigates risk of stranded transmission investment through generator funding of Network Upgrades (Reliability or Delivery);
- Can be integrated with MD02.

Cons:

- Especially for the interim period prior to the implementation of either MD02 or resource adequacy rules (i.e., when Intra-Zonal Congestion continues to result in operational and economic efficiency problems), would continue to make Delivery Upgrades *optional* at the interconnection customer's discretion, which could result in new generation being added to the grid but insufficient transmission available to deliver the generation for a specified set of system conditions, even though the generator has a contract to sell energy to an LSE;
- Requires justification to FERC under an “independent entity standard” why NR Interconnection Service should not be offered by the ISO at this time;
- Lack of a NR Interconnection Service product creates uncertainty as to how deliverability will be addressed in context of a resource adequacy requirement.

Option 3: Recognize current practice and existing markets in California, and modify Final Rule service definitions accordingly.

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It is unclear what it means to “qualify as a Network Resource” in the current California market. Nevertheless, there can exist the notion of two different levels or quality of interconnection service, as described below. Requests for Interconnection Service in California currently do not include an initial choice of differentiated levels or quality of interconnection service. Rather, system impact studies identify the Network Upgrades necessary to accommodate the generating facility at full output, with the Transmission System at peak load, and under a variety of specified severely stressed system conditions. This “deliverability” variant could be the basis for modifying the Final Rule definition for “Network Resource Interconnection Service.”

A PTO could, at a developer’s request, determine the feasibility of allowing fewer Network Upgrades than would be required to accept full output of the generating facility during all hours of the year for a specified set of system conditions. It would be understood that these fewer Network Upgrades would increase the likelihood that the interconnecting generating facility would have to be curtailed, for purposes of congestion management, during certain of the specified set of system conditions. With the approval of the ISO, the Interconnection Customer could be given the option of moving forward with the less-than-full-output interconnection. If the Interconnection Customer opted for the less-than-full-output interconnection, the likelihood that the generator output could be curtailed increases. Note, Assumption 4 however, that the Interconnection Customer’s price/quantity bid, in comparison to all other bids, will determine whether or not the Interconnection Customer, or some other user of the grid, is ultimately curtailed, for purposes of congestion management, subject to any other operating constraints agreed to by the generator and the ISO. Such operating constraints would, by necessity, be detailed in the Participating Generator Agreement (PGA) between the ISO and the generator. Under this approach, the ISO would monitor and enforce and agreed-to operating constraints on the resource.

If codifying this approach to two levels of service were acceptable, the parties in the Order 2003 compliance process would need to articulate the steps in the process where less-than-full-output interconnection solutions might be identified (most likely during the system impact study process), approved by the ISO as acceptable operating constraints, and selected by the generator before undertaking the facilities study. Further, the parties would need to modify the definitions of “Network Resource Interconnection Service” and “Energy Resource Interconnection Service” accordingly.

This Option 3 would be compatible with several pricing variants. For example, the interconnecting generator could be provided with credited-back refunds within 5-years. Or, it could be provided with CRRs associated with the network upgrades. Or, it could be provided with a partial refunds and a partial CRR allocation as described in the pricing variation detailed below.

Summary of Features

- One base-level service offered but generators could elect a low quality service by not paying for certain transmission upgrades

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- Deliverability not required but could be assured for a specified set of system conditions by sponsoring upgrades
- Credit Back to Generator
- CRR to Generator

Pros:

- Avoids creating completely new products in a short time given the continuing implementation of MD02, CRRs, and continuing development of a resource adequacy policy;
- Provides direction for conducting interconnection studies that specifically contemplate a less-than-full-output, ER Interconnection Service;
- Does not require development of a "deliverability" standard for Network interconnection service as part of the compliance filing;
- Allows the option of generator funding to mitigate the risk that ratepayers will have to pay for the development of transmission facilities that do not get constructed because the generator does not proceed with interconnection;
- NR Interconnection Service provides generator greater certainty that curtailments, for purposes of congestion management and under a specified set of system conditions, will not be required once the unit become operational;
- Can be integrated with MD02 (LMP, CRRs) and a capacity requirement when they are developed/implemented;
- Works with or without a Reliability/Delivery upgrade distinction.

Cons:

- 5-year credit back (to the extent that the CA-ISO adopts it) may be viewed as not providing appropriate signal for new generator siting decisions.
- Especially for the interim period prior to the implementation of either MD02 or resource adequacy rules (i.e., when Intra-Zonal Congestion continues to result in operational and economic efficiency problems), would continue to make Delivery Upgrades optional at the interconnection customer's discretion, which could result in new generation being added to the grid but insufficient transmission available to deliver the generation for a specified set of system conditions, even though the generator has a contract to sell energy to an LSE.

Possible Pricing Variation - Optional Uneconomic Network Upgrade Test

In order to address concerns that ratepayers may be required to fund Network Upgrades that do not provide them an economic benefit, a cost/benefit test could be administered by the ISO to determine the amount of benefits a ratepayer would receive from certain Network Upgrades. Under this approach, the ISO

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would provide credits for the portion of the Network Upgrades funded by an interconnection customer if the ISO determines the overall costs of the Network Upgrade necessitated by their interconnection exceeds the benefits to customers. This pricing variation is compatible with one or two-service approach and with or without a deliverability requirement. Under this pricing variation, any credit back or CRR to a Generator would but subject to a cost/benefit test

Under this option, following the completion of an Interconnection Facilities Study, if the estimated Network Upgrade costs exceed \$20 million, any party could formally request that the ISO perform an economic analysis for the Network Upgrades identified in the Study. The ISO would perform such a study, and would publish the results of the analysis in order that the results could be used as evidence in formal regulatory forums.

In paragraph 695, FERC recognizes that its crediting policy that generators be repaid for network upgrades within 5-years with interest mutes the generators incentive to make efficient siting decisions thus providing generators an improper subsidy. FERC then states:

Independently administered participant funding for network upgrades offers the potential to provide efficient price signals and more equitable allocation of costs than the crediting approach. The Commission notes that the transmission pricing policies that the Commission has permitted for an RTO or ISO with locational pricing, in which the Interconnection Customers bears the cost of all facilities and upgrades that would not be needed but for the interconnection of the new generating facility and receives valuable transmission rights in return, are acceptable forms of participant funding.

This option addresses the potential for uneconomic transmission expansion under the crediting proposal by leveraging the deference that FERC has granted independent entities such as the CAISO. This option safeguards against uneconomic transmission expansion in the interim while development of capacity rules by the state continues and MD02 implementation progresses.

Pros:

- Addresses concern that uneconomic Network Upgrades would get rolled-into consumer rates.
- Under this approach, any consideration of the merits in a specific generator interconnection docket at FERC would require evidence, e.g., a cost/benefit analysis. The analysis is likely to be very technical, and FERC will likely be more receptive to independent analysis by the ISO. Such a FERC case is likely to occur long before the CPUC gets a CPCN application to hear; and the CEC may want to hear about the cost and environmental impacts of the Network Upgrades when it hears the generator's AFC. Moreover, FERC has suggested that the ISO has the authority and responsibility to perform

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cost/benefit analyses. See 10/25/02 Order in ER02-1330. At Paragraph 42, FERC rejected PG&E's proposed reservation of a right to deny credits if a project is found to be not cost-effective, on the ground that PG&E's proposal was not well defined, and also because the ISO already has this authority.

Cons:

- Since the ISO is still developing a standard "economic test", any project that warrants an economic review in the interim will be evaluated on a case-by-case basis until the ISO completes its economic methodology.
- Uncertainty as to how a FERC determination of just and reasonable transmission costs, based on their acceptance of a signed LGIA, would be considered in the CPUC/CEC permitting processes for new construction.

Stakeholder Comments

Calpine opposes the Uneconomic Network Upgrade Test. Calpine suggests the small risk of uneconomic projects does not justify the creation of a new test for determining pricing.

Calpine suggests FERC is unlikely to permit the CAISO to deviate from the *pro forma* pricing terms.

Coral finds flaws in all three options and reiterates its support for the pricing and service provisions in the Final Rule. Coral specifically disagrees with the discussion in Option 1 stating that a 5-year credit back does not provide sufficient price signals in generator siting decisions. Coral believes reliance on a locational pricing signal is unfair and discriminatory to new generators, and is impractical because there aren't enough sites for new power plants.

Coral opposes Options 2 and 3 because they deviate from the Final Rule and continue to rely on existing practices.

The Department of Water Resources – State Water Project (SWP) urges clear definition of the "Point of Interconnection" as the point at which the facility interconnects with the ISO Controlled Grid, whose costs are included in the TAC.

SWP favors a participant funding approach rather than a crediting policy for network upgrades.

SWP also supports an economic cost-benefit analysis for all network upgrades.

FPL Energy supports continued awarding of FTRs/CRRs for transmission enhancements funded by third parties and not credited back to generators. The allocation of CRRs for these Transmission-Only interconnections should not be subject to CAISO cost/benefit test.

Mirant initially supports Option 3, which explicitly ensures resources that don't pay for deliverability upgrades must accept "operating constraints." Option 1 is Mirant's next choice, or its first choice if there is misunderstanding about Option 3. Mirant argues against a pricing variant that employs a cost/benefit test.

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PG&E favors Option 3. PG&E believes the “default” interconnection service would be NR, but that the ISO can offer the option of ER with possible curtailment of output for purposes of congestion management.

PG&E supports the proposed pricing variation for uneconomic upgrades. PG&E supports the concept for allowing any party to request an ISO cost/benefit analysis if estimated Network Upgrades exceed \$20 million.

SCE comments that it’s premature for the CAISO to offer Network Interconnection Service without a fully developed Resource Adequacy requirement. SCE believes the criteria for qualifying as a “capacity” resource and a deliverability standard should continue to be part of the CPUC’s long-term procurement process.

SCE believes that Reliability Upgrades, and Deliverability Upgrades found to be cost-effective by the ISO, should be constructed by the PTO and the costs should be recovered through the TAC. SCE suggests that Delivery Upgrades that are not found cost-effective would not be rolled-in to the TAC, but the generator should be allowed to fund the upgrade if it chooses and would then receive FTRs/CRRs. SCE believes the PTO should own all Network Facilities, regardless of who funds the Upgrade.

Sempra Energy Resources (SER) supports Option 1.

Preliminary ISO Response

The ISO’s initial proposal most resembles Option 3 in that it features a base level of interconnection service with varying levels of network upgrades, and a 5-year credit back for the cost of those upgrades. This proposal appears to fit best with California’s current situation and offers the most flexibility for market participants now and in the future.

The ISO also proposes to conduct a cost-benefit test for large-scale network upgrades. The ISO believes a transparent and unbiased methodology should be in place to guard against egregiously expensive projects, especially since the generator would recover the full cost of network upgrades within five years regardless of the location of the plant or the availability of other sites that might require less expensive upgrades. Without some locational price signal, a reasonable backstop is needed to assure that all ratepayers aren’t paying for uneconomic projects. However, such an economic analysis is not intended to delay or create obstacles to new generation, and its application would be limited to large projects beyond a certain threshold level (\$20 million.)

VI. Major Pricing and Service Issues

The above discussion identifies a number – but not all - of key policy questions that must be addressed in order to prepare the Order 2003 compliance filing. The following list, once again not to the exclusion of other issues, attempts to capture the salient policy issues and questions as partly outlined above.

- 1) **Crediting Policy** -- ¶ 693-697 - Both PG&E and Edison are under FERC directives to provide credits for "but for" Network Upgrades initially funded by new generators. The Commission continues to require such treatment for "non-independent" transmission providers. They afford RTOs and ISO's greater discretion. FERC cites to the policies in place in PJM where generators must pay for "but for" Network Upgrades, but also receive the FTRs (financial instrument) associated with those upgrades (PJM also has some kind of "Capacity Interconnection Rights."). The ISO must decide whether to continue crediting until we have LMP in place (MD02) and after. Of course, under the ISO's current zonal pricing system, there are no FTRs if a generator's upgrades are limited to "Intra-Zonal" facilities and thus the need to "offer" crediting as compensation for initially funding Network Upgrades.

Stakeholder Comments

Calpine favors awarding transmission credits to generators for network upgrades.

Coral believes the ISO must implement the five-year crediting policy mandated in the Final Rule.

The Department of Water Resources – State Water Project (SWP) warns that a 5-year crediting policy would make suppliers indifferent to the costs of upgrades. As an alternative to crediting, SWP urges the participant funding approach.

Mirant supports the five-year crediting policy or an alternative award of FTRs/CRRs as long as the funding entity makes the choice.

SCE supports the construction of Reliability Upgrades and cost-effective Deliverability Upgrades. The applicable PTO should either fund the upgrade itself and recover costs through the TAC, or require upfront funding by the generator and then provide credits (plus interest) to the generator.

For Delivery Upgrades that are not found to be cost-effective, SCE argues that the generator should be allowed to fund the upgrade and then receive FTRs/CRRs for its investment.

SCE opposes credits for generator funding of gen-tie or direct assignment facilities. SCE argues that crediting policy should be the same before and after MD02 is fully implemented.

Sempra Energy Resources supports the need to offer crediting as compensation for Network Upgrades until MD02 is in place due to the fact that FTRs are not available for Intra-Zonal congestion upgrades, as demonstrated in the Mexican Generation case study.

Preliminary ISO Response

The ISO proposes to continue the existing crediting policy whereby the Generator can receive transmission credits over a five-year period for its investment in network upgrades. This is the current FERC practice for two major California utilities, as well as nationwide, and in the current pre-MD02 environment, where the ISO is not able to offer FTRs with measurable value within transmission zones, the ISO agrees with many stakeholders this crediting policy is the best way for now to compensate developers for transmission grid improvements that benefit everyone. Regular assessments of plant retirements and new generation construction indicate that California might face low reserve levels or possibly resource shortages in the near future, and these and other assessments also persuade the ISO that the five-year payback to generators for upgrades is appropriate.

However, the ISO does propose to retain the option for assessing the costs and benefits of specific projects to ensure that upgrades are reasonably efficient and beneficial. In addition, the ISO will re-consider this crediting policy once LMP is implemented to ensure that new generators consider locational price signals and cost reimbursement for transmission upgrades is more integrated with the benefits of that market design.

- 2) **Regional State Committees (RSCs)** – ¶ 698 - FERC invites RSCs “to establish criteria that an independent entity would use to determine which Transmission System upgrades, including those required for generator interconnections, should be participant funded and which should not.” Even in the absence of a formal RSC, should the ISO establish criteria to determine which upgrades should be participant (generator) funded? The ISO will need to coordinate with the CPUC on this matter.

Stakeholder Comments

Calpine believes that FERC envisions RSCs to involve multiple states and that an RSC comprised of the CAISO by itself, or with the CPUC, does not meet the letter or spirit of FERC’s intent.

The Department of Water Resources – State Water Project (SWP) recommends the ISO work with the RSC to develop a standard of interconnection upgrades for all stakeholders to use.

Mirant urges the ISO to create explicit and detailed criteria for participant funding, and to re-evaluate these criteria if and when a RSC address the issue.

SDG&E recommends that, absent direction from a formal RSC, the ISO should only require an interconnecting generator to fund Network Upgrades when the ISO finds the cost of the Network Upgrade is not fully offset by benefits, i.e. the Network Upgrade fails the ISO’s cost-benefit analysis.

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SCE agrees the ISO should coordinate with the CPUC in developing these interconnection pricing and service policies.

ISO Preliminary Response

The ISO does not intend to establish criteria for participant funded upgrades. The ISO considers that a cost/benefit study on all individual projects may not be necessary. Rather, a defined cost threshold or screen could be utilized to define those projects where an economic study would be appropriate.

In the absence of clearer direction for what constitutes a Regional State Committee in the context of a one-state ISO, the ISO will continue to work closely with the CPUC and other state agencies.

- 3) **Network Service** – Should the ISO offer NR Interconnection service? Now or in the future?

The FERC rule provides that Transmission Providers offer two forms of interconnection service, NR Interconnection Service and ER Interconnection Service. ER Interconnection Service is an “as available” service that does not necessarily require transmission upgrades to ensure the deliverability of new generators. NR Interconnection Service however does contemplate that the new generator electing that service is available to serve system load for a specified set of system conditions and is thus deliverable. In order to satisfy such a requirement, NR Interconnection Service requires new generators to fund the transmission upgrades necessary to ensure their deliverability. The provision of NR Interconnection Service also contemplates that once designated as a Network Resource, a new generator will then count towards satisfying the capacity needs of the planning region (see paragraph 784).

Stakeholder Comments

Mirant does not have a definitive position on NR but looks forward to the dialogue.

Mirant sees no distinguishable difference between the current Deliverability Upgrades and the possible creation of some formal “Network Service.” Mirant suggests the most accurate terms in the California context would be:

- “Unrestricted Interconnection” – including resources that are currently attached or new resources that either pay for or don’t require deliverability upgrades, or
- “Restricted Interconnection” -- those projects that agree to operating constraints.

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PG&E supports NR as the “default” interconnection service that integrates the new generator into the transmission system in a manner comparable to the service provided to native load customers.

SCE argues that without a fully developed resource adequacy requirement, it is premature for the CAISO to offer Network Interconnection Service.

Sempra Energy Resources supports NR service under Option 1 and prefers to modify the Amendment 39 terms “Deliverability” and “Reliability” Upgrades to conform to the NR service with the crediting mechanism.

Preliminary ISO Response

The ISO sees no real purpose for offering Network Service at this time because there is no currently effective state resource adequacy program and thus no formal requirement for meeting capacity needs, including a requirement for new generators to meet deliverability standards that would qualify as Network Service. The ISO intends to offer technical studies regarding deliverability which should provide useful information on the range of Network Upgrades that a generator may choose.

A generic interconnection service would offer flexibility in the current situation and allows each new Generator to tailor its needs and future plans for that interconnecting facility.

- 4) **Transmission Credits and CRRs** – Should the ISO continue to offer transmission credits to those that pay for Network Upgrades? Should the ISO continue to offer CRRs to customers that pay for upgrades? Should the ISO offer both and whose decision is it as to which option is elected?

Stakeholder Comments

Calpine favors the continued awarding of transmission credits to generators for network upgrades.

Calpine suggests that, since non-independent Transmission Owners perform the technical studies that determine Network Upgrade costs, California should adhere to FERC’s policy for transmission credit-backs.

Coral believes that until FTRs/CRRs are fully developed and implemented, the ISO has no choice but to offer transmission credits as contemplated in the Final Rule.

The Department of Water Resources – State Water Project (SWP) opposes offering FTRs or CRRs as credits for transmission upgrades. SWP believes these financial instruments are designed for load to hedge against uncertain costs, and not for generators to collect revenues.

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FPL Energy supports continued awarding of FTR/CRRS for Transmission-Only enhancements funded by third parties and not credited back to generators.

Mirant supports credits and believes FTRs/CRRs are acceptable alternatives as long as the generator can choose either option.

SDG&E believes generators who pay for Network Upgrades could choose to receive either CRRs or credit-backs for advancing the funding of Network Upgrades. SDG&E argues that Transmission Owners would retain the CRRs if the generator chooses the credit-back option.

SCE supports the construction of Reliability Upgrades and cost-effective Deliverability Upgrades. The applicable PTO should either fund the upgrade itself and recover costs through the TAC, or require upfront funding by the generator and then provide credits (plus interest) to the generator.

For Delivery Upgrades that are not found to be cost-effective, SCE argues that the generator should be allowed to fund the upgrade and then receive FTRs/CRRs for its investment.

Sempra Energy Resources supports the ISO offering both options (credits or CRRs) for return on the transmission upgrade investment.

Preliminary ISO Response

The ISO proposes to let new Generators choose the form of cost recovery for Network Upgrades: either transmission credits or applicable CRRs. On a long-term basis, this credit back policy may be reconsidered as property rights associated with new transmission investments are more clearly defined. In addition, in instances where a Generator has elected to receive transmission credits and an economic evaluation determines that the overall costs of the proposed Network Upgrade exceed the benefits, the ISO proposes that the Generator only receive credits up to the level of benefits and that the Generator receive, if applicable, the FTRs/CRRs for any costs incurred above the level of benefits.

The ISO clarifies that financial rights would continue to be allocated for merchant transmission projects as provided under section 3 of the ISO Tariff.

- 5) **Deliverability** - The current ISO Tariff and the Final Rule differ on the scope of required Network Upgrades. The Final Rule offers a Network Interconnection Service product that requires Network Upgrades for deliverability under a specified set of system conditions, and Energy Resource service that, consistent with the current ISO Tariff does not

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require the same magnitude of delivery upgrades for the same set of specified system conditions.

More specifically, the FERC rule provides two options to new generator owners to address the situation where there may be insufficient transmission capacity on the system to ensure delivery of their resource's output. First, the new generator could elect NR Interconnection Service and thus be required to pay for the transmission upgrades necessary to deliver the resource's output to load under a specified set of system conditions (under the FERC rule, the new resource owner would receive a credit so that the cost of the network upgrades are refunded to the generator owner within five years). Second, the new generator could elect ER Interconnection Service and thus not agree to upgrade the transmission system to the same level and face potentially more significant limitations on the output of its plant or unit. Should the ISO require that resources be "deliverable"?

Stakeholder Comments

Mirant conceptually supports the possibility of "operating constraints" based on agreements reached in the interconnection process. However, there is some concern that interconnection approval could be unreasonably withheld to force agreement on "operating constraints." Mirant suggests some "default" terms that guarantee interconnection approval if certain minimum criteria is met.

Mirant also questions how agreed to "operating constraints" are recognized by the LMP-dispatch algorithms. Mirant offer the dispatch software probably should include restrictions on ER units, rather than dispatching purely in economic merit order.

SCE believes that resource adequacy issues, including the criteria for a deliverability standard, should continue to be addressed as part of the CPUC's long-term procurement process, with CAISO participation.

Sempra Energy Resources opposes requiring a resource to be deliverable.

ISO Preliminary Response

The ISO believes deliverability should not be *required* at this time because there is no resource adequacy requirement that would provide a clear benefit or economic incentive for the generator to build the necessary upgrades to achieve deliverability. However, the ISO proposes to offer a benchmark deliverability study as part of the series of technical studies that assess the system impact of a new interconnection. This analysis would provide Generator developers a benchmark to understand the available transmission capacity during system peak conditions. In addition, a deliverability study should provide useful information to assess

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the likelihood of the facility to deliver energy at varying levels of output during off-peak system conditions.

- 6) **Economic Methodology** – Does the ISO need to finalize and implement a cost-benefit methodology in order to move forward with defining an interconnection policy? Should the ISO apply such a methodology when evaluating Network Upgrades necessitated by interconnection requests?

Stakeholder Comments

Calpine encourages the CAISO to avoid creating new, expensive and time-consuming barriers to investment that are outside of the Final Rule.

The Department of Water Resources – State Water Project (SWP) supports a cost-benefit analysis for all network upgrades.

FPL Energy believes Transmission-Only interconnections should not be subject to CAISO cost/benefit test. FPL Energy seeks clarification that the ISO will continue to award FTR/CRR for these types of projects.

Mirant argues against cost/benefit analysis. Mirant believes that implementation of a cost-benefit methodology that is perceived to be fair by all parties will be very long, drawn out and contentious.

PG&E supports a cost-benefit methodology and urges the development of such a test as soon as possible.

SDG&E argues the ISO does not need to finalize a cost-benefit methodology in order to comply with Order 2003. SDG&E believes it is impractical to develop a single economic methodology for all upgrades.

SCE argues the CAISO should develop a method to determine the cost-effectiveness of Delivery Upgrades. SCE supports the basic elements of the CAISO/London Economics methodology, but flexibility in the economic analysis is essential for particular transmission projects.

Sempra Energy Resources supports development of guidelines for workable methodologies to analyze the cost-benefits of a potential network upgrade. Sempra supports current tariff language that allows flexibility for any party to sponsor/present a cost-benefit analysis.

Preliminary ISO Response

The ISO favors the development and application of a cost-benefit test to be applied to projects requiring significant network upgrades. The purpose of an ISO applied cost-benefit test would be to determine whether transmission customers would receive benefits commensurate with the costs they would be crediting back to the generator and, ultimately, paying through rates. The ISO emphasizes this economic analysis should

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be limited to large cost upgrades and should not unreasonably delay or obstruct worthy projects. The ISO welcomes stakeholder input on the methodology and process for such a cost-benefit test.

- 7) **Cost-Responsibility Allocation** - To the extent that multiple Transmission Owners would need to participate in installing system Network Upgrades, would a cost/benefit analysis include a cost reallocation mechanism among the participants such that all entities receive a net benefit?

Stakeholder Comments

Calpine encourages the CAISO to avoid creating new, expensive and time-consuming barriers to investment that are outside of the Final Rule.

SCE argues that all Network Upgrades should be recovered through the CAISO's TAC methodology, and there is no need for a cost-benefit analysis to reallocate transmission costs among PTOs.

Sempra Energy Resources supports the general idea that those who pay for the upgrade will receive the benefits. Cost reallocation to multiple owners should apply if net benefits are demonstrated.

Preliminary ISO Response

Consistent with cost-causation, the ISO believes the costs incurred for the upgrades on each Transmission Owners system should be the basis on which to determine the proportional benefits after the overall project passes the cost/benefit test.

- 8) **Phase-In Approach** – Should the ISO adopt a phase-in approach wherein one policy is in place for the interim period until MD02 is further implemented and the state establishes a resource adequacy policy. The interim interconnection policy and rules would then be updated to reflect whatever changes are required pursuant to the market design and state policy.

Specifically, in the near term, prior to implementation of either MD02 or a resource adequacy program in California, a number of issues need to be addressed. Because LMP will not have been implemented, Intra-Zonal Congestion will continue to be managed in real-time and entities will continue to be able to submit infeasible day-ahead schedules. [We note, however, the financial impact of managing the Intra-Zonal Congestion will in part be mitigated by the recent FERC ruling regarding Amendment No. 50, i.e., application of “dec”-bid reference prices]. Since Intra-Zonal Congestion will continue to be managed in real-time, it appears that the best means to mitigate the Intra-Zonal Congestion resulting from the

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interconnection of new generators is through expansion of the transmission system. That is, since there will be no effective way to manage Intra-Zonal Congestion in the forward markets prior to the implementation of LMP, the next best solution may be upfront expansion of the transmission system. In this instance then, expansion of the grid to accommodate new generation could serve a dual purpose, mitigate resulting Intra-Zonal Congestion and increase the likelihood that the full output of the new resources can be delivered.

Stakeholder Comments

Calpine prefers consistency in market rules over frequent disruptions. Even some initial delay in Final Rule implementation is preferable to interim modifications that hinge on the MD02 process.

Mirant sees no need for a phased-in approach. Mirant believes the "operating constraint" approach should solve the Intra-Zonal Congestion issue for new interconnections.

SDG&E suggests a phased in approach need not be an explicit part of the compliance filings. Future tariff changes can be made to reflect MD02 and/or a resource adequacy policy implementation.

SCE argues that pricing policy should be the same before and after MD02 is fully implemented. SCE urges the CAISO to move forward with revising its pricing policy to ensure that cost-effective Delivery Upgrades are constructed.

Sempra Energy Resources believes that Option 1 appears to encompass the phased-in approach for incorporating MD02 elements and resource adequacy components.

Preliminary ISO Response

This ISO is sympathetic to the view that establishing one consistent interconnection policy for the long-term is preferable, but the linkages among resource adequacy, the development of property rights within an LMP environment, and new generator interconnections suggest that possible changes to interconnection policy will likely need to be considered in the future.

However, at this time the ISO does not intend to declare specifically an "interim" period for implementation of this Final Rule. The ISO expects its Compliance Filing to be suited for the current situation, and that future events may require additional stakeholder participation and re-examination of the ISO's interconnection processes and policy.

- 9) **Allocation of CRRs** – What is the relationship between the CRR allocation process contemplated under MD02 and the proposal to allocate

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CRRs to interconnection customers that fund Network Upgrades? What types of facilities qualify for CRR allocation (e.g., Reliability Upgrades, Delivery Upgrades, both, FAQs, capacitor installations, etc?).

Stakeholder Comments

The Department of Water Resources – State Water Project (SWP) opposes the allocation of CRRs to generators. To the extent a crediting policy is in place, SWP believes credits should be in the form of transmission credits only, and that CRRs should be allocated to load only.

FPL Energy supports continued awarding of FTR/CRRS for Transmission-Only interconnections. FPLE believes the allocation of CRRs for transmission enhancements that are funded by third parties and not credited back to generators should not be subject to CAISO cost/benefit test.

Mirant offers support for the basic concept: funders of upgrades that increase capacity should be eligible for CRRs corresponding to that increase.

SDG&E believes that CRR allocation should only apply to existing transmission. CRRs associated with new transmission should be awarded to those that fund the upgrade. Any type of facility that results in a change in transfer capability should be awarded the associated new CRRs.

SCE argues that CRRs associated with Reliability Upgrades and cost-effective Delivery Upgrades should be allocated to LSEs based on the LSE load and resource delivery requirements (as contemplated in MD02).

SCE suggests that CRRs associated with Delivery Upgrades that are not found to be cost-effective should be allocated to the entity that pays for the Delivery Upgrade.

Sempra Energy Resources favors allocation of the corresponding CRRs for any equipment used to upgrade the transmission transfer capability.

Preliminary ISO Response

The ISO initially proposes to allow the generator the choice of transmission credits or CRRs to compensate for investments in network upgrades that increase transmission capacity (delivery upgrades). The ISO will continue to consider how this policy would relate to CRR allocation process under MD02.

10) **Other Issues...**

Stakeholder Comments

Calpine inquires about issues not addressed in this White Paper – specifically, queue positions; scope, timing, costs and clustering of

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technical studies; dynamic scheduling; construction of facilities or upgrades; confidentiality; dispute resolution. Calpine asks whether the ISO will file *pro forma* language or modified language related to these issues.

Calpine requests red-lined documents showing where the proposed ISO compliance language does not conform with the Final Rule's *pro forma* interconnection policy and agreements.

Coral supports provisions in the crediting policy for network upgrades to allow tax-related payments, assignable rights of credits, interest at the FERC rate and credits for service taken anywhere on the transmission system.

Mirant suggests minimum "default" conditions whereby interconnection approval is guaranteed, so that agreement on potential "operating constraints" is the result of mutual agreement, not coercion.

Mirant raises the issue of compensation to generators for VARs, and suggests the new Interconnection Agreements should change the approach of the current PGAs with regard to Reactive Power.

SDG&E recommends the ISO and PTO compliance filings conform their terminology to that used in Order 2003 to the extent possible.

Preliminary ISO Response

Many of the additional issues raised by stakeholders will be addressed in the specific tariff language the ISO will provide in its compliance filing. As stated in assumption number one above, the ISO intends to start with the *pro forma* interconnection agreement and interconnection procedures adopted by FERC in the final rule. Therefore, issues such as queuing, study scope and timing, and tax-related payments will be consistent with the final rule.

The ISO greatly appreciates the time and effort stakeholders have devoted thus far in this process. All of these written comments as well as informal comments expressed at the October 21st stakeholder meeting have been very helpful. The ISO hopes and encourages continued participation in the next stakeholder meeting scheduled for November 12th, as well the second and third round of written comments.

VII. Case Studies

In order to lay a better foundation for discussing and vetting the policy issues raised by, and the implications of, Order 2003, we discuss below a case study in the interconnection process. The case study is based on a historical example that highlights some of the issues with which we will have to grapple and resolve,

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especially in the near-term. The case study is for illustrative purposes only and is intended to stimulate discussion and shape each party's response to this paper.

Case Study - The Mexican Generation Situation

Background

In 2001, a number of developers requested interconnection of new generation facilities in Northern Mexico, near the California border. In total, approximately 1660 MWs of new generation was proposed to be interconnected in the area of the Imperial Valley 230 kV bus (including AES and AEP there was actually 2000-3000 MW in the queues). While located in Mexico, a significant reason for developing the new generation was to sell into the California market (most of the LRPP was committed to CFE under long-term sale). In fact, while located in Mexico, electrically, the plants were designed and built in a fashion to, in part, directly interconnect to the ISO system and thus become part of the ISO Control Area. The plants include InterGen's La Rosita plant interconnected into the Mexican system (four units, 750 MW combined, however only one 170 MW unit capable of being interconnected to the Imperial Valley substation via transfer switches at the plant; the La Rosita Expansion Project (two units, 310 MW combined) facilities and Sempra's Termoelectrica De Mexicali or "TDM" facility (three units, 600 MW combined). A portion of the La Rosita Plant that is interconnected to CFE can be scheduled through the Inter-Zonal path between CFE and the ISO.

Concurrent with these plants interconnection requests to the ISO grid, there was significant generation addition activities in Arizona (Palo Verde Area). The generation addition in Arizona was proceeding independent of the ISO-established or governed interconnection policy or procedure. Over 6,000 MW of generation has been added in the Palo Verde area, the southern terminus of the Palo Verde to Devers and the Palo Verde to Miguel 500 kV lines. This has resulted in increased power flow on the Arizona to California, East of the Colorado Rive (EOR) path resulting in Inter-Zonal congestion. This Inter-Zonal congestion is contributing to the congestion at Miguel.

Consistent with the ISO interconnection policy and procedures that existed at the time, the generators' interconnection request was studied by San Diego Gas & Electric Company in close coordination with the ISO through a work group effort which consisted of Plant owners and other impacted entities. Interconnection study results indicated that the system could accommodate the interconnection of the full capacity of the new generators, but that delivery would be limited to an as available basis subject to the existing ISO congestion management procedures.

Consequences of Interconnection of the Mexican Generation and Generation additions in Arizona

There were two direct consequences to that determination:

- 1) **Increased Inter / Intra-Zonal Congestion** – As a result of the interconnection and subsequent operation of the new generation addition

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in Mexico and Arizona, there has been a significant increase in congestion at the Miguel Substation. Thus, because the new generation results in an increase in a "Hybrid" (Inter and Intra-Zonal) Congestion the congestion cannot be managed through the ISO's bid-based day-ahead congestion management process but instead has to be managed by mitigating the Congestion in real time, pursuant to the ISO's existing Intra-Zonal congestion management process. This is a well-known consequence and deficiency of the ISO's existing congestion management process. The existing design effectively permits entities to submit "infeasible" day-ahead schedules that cause congestion; congestion that can only be managed in real time and the cost to relieve is imposed on all loads in the affected zone. Such an outcome is problematic for three reasons. First, the increase in real-time Inter/Intra-Zonal Congestion causes operational/reliability problems because the ISO's operators have to dispatch resources in real time to relieve the congestion. Second, because the entity that causes the congestion is not held financially responsible for it and thus the costs of relieving the congestion is spread to others. Third, because the generators have to be curtailed to mitigate congestion, they are in a position to exercise local market power by submitting a low decremental bid to relieve congestion (i.e., exercise the "DEC" game).

- 2) **The Energy is Undeliverable to Load** – A further consequence of the method by which the new Mexican generation was interconnected to the grid is that the energy from the plant may not be delivered depending on the new Mexican generations' dec' bids as compared to other suppliers' competing dec bids, and the relative effectiveness of those bids in mitigating the intra-zonal congestion. That is, because the network transmission facilities in the area around the plant are of insufficient capacity to carry both the output of the plants as well as other flows on the lines, the lines are frequently congested and the system does not have the full benefit of the plants' capacity. In many circumstances, the output of the plant has to be reduced to address Intra-Zonal Congestion and is thus unavailable for dispatch and to serve load. Clearly, all can agree that going forward, this situation is best avoided. In the future, upon the implementation of the ISO's proposed Market Design 2002 ("MD02") and Locational Marginal Pricing ("LMP"), all congestion will be managed in the day-ahead market where all entities' Final Schedules will be physically feasible and each entity will pay for their use of the grid including all associated congestion. Therefore, implementation of MD02 and adoption of a resource adequacy program by the State should eliminate a number of the adverse consequences identified above.

However, prior to the implementation of MD02 and a resource adequacy requirement in California, near-term solutions must be identified to address the issues discussed above.

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Feedback Requested: The ISO requests feedback on what near-term options are available to address the issues identified above and, specifically, whether a deliverability requirement for new generators is appropriate and required both for the interim period as well as on a long-term basis, and if so, how "deliverability" should be defined.

Stakeholder Comments

Coral objects to the title of this case study and suggests that generation from the Palo Verde area is as much responsible for the Miguel substation congestion as the Mexicali generators.

Coral argues that a fundamental problem with a deliverability requirement is that necessary transmission upgrades typically have longer permitting processes and construction timelines than power plants. Coral suggests that power plant developers cannot complete the transmission upgrades necessary to deliver the plant's output in the same timeframe as completion of the power plant, and therefore new generation would be discouraged inappropriately.

SDG&E does not believe an ISO-enforced "deliverability requirement" is either appropriate or practical. SDG&E prefers to let the contract counter-parties work out "Deliverability" issues on terms that make commercial sense for each party.

SDG&E believes the only rational, fair and efficient way to decide who gets to use the grid when all desired uses of the grid can't be simultaneously accommodated is through bids in the ISO's day-ahead, hour-ahead and/or real-time markets.

Preliminary ISO Response

As acknowledged in the above case study, the ISO agrees with Coral that imports from Palo Verde also contributed to the resulting congestion at Miguel. In the ISO's view, this fact further highlights the problems with current distinction between Inter and Intra-Zonal Congestion.

The ISO shares Coral's concerns regarding the mismatch between generation and transmission infrastructure development lead times. On the one hand, the long lead times associated with getting new transmission sited and built argues for a proactive transmission planning policy that *anticipates* the needs of both generation developers as well as the larger system needs (i.e., capacity for the region). However, such a policy could also result in stranded transmission investment if the market (and related generation development) signals no new generation is needed and the planned generation fails to materialize. Alternatively, and of equal concern, would be to let actual generation development drive transmission expansion. Under this scenario, it is likely that transmission infrastructure development may not keep pace with new generation, thus resulting in constrained-out generation pockets. Such an outcome would reduce prices in the constrained area and may result in generation exiting the market or not developing. A prudent approach may be to develop and apply interconnection-transmission planning processes that rely on both market signals and a more centralized but proactive transmission planning process that

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anticipates generation development to ensure that there is sufficient transmission to support new generation. A key component of such a process would be a robust economic evaluation methodology.

Appendix A

Preliminary ISO Positions on FERC Large Generator Interconnection Rule

Purpose: The purpose of this document is to provide Market Participants with the ISO's position on a number of the issues raised by the FERC's Order 2003. The statements in this paper do not represent the formal position of the ISO and the ISO's position on each of the identified issues is therefore likely to evolve.

Interconnection Service

- Define and establish a *generic* interconnection service under which Market Participants could elect varying levels or quality of service, depending on the level and amount of transmission upgrades they are willing to sponsor

At this juncture, the ISO recommends that the ISO and Participating Transmission Owners (PTOs) develop and offer one form of interconnection service. That is, the ISO would develop a "generic" form of interconnection service that would allow each new Generator to specify the *level* or *quality* of interconnection service it desires, based in part on the level of transmission upgrades it is willing to *sponsor* as part of its interconnection request. Thus, the ISO would not define and offer "Network Resource Interconnection Service" as explicitly defined and proposed by FERC. The ISO may later define and establish such a service once the state has defined its rules for capacity resources and associated requirements.

The significance of this position is that the ISO will offer to Market Participants the *flexibility* inherent in the two-service approach proffered by FERC. Moreover, it will allow the ISO to defer having to represent the comprehensive benefits of – and develop and implement all of the associated policy changes and ISO Tariff amendments that would be necessary to facilitate - "Network Resource Interconnection Service," as that service and construct is defined under the FERC rule (i.e., resources that are fully integrated into the system). Any such characterization at this time would be premature until the California Public Utilities Commission ("CPUC") and, more generally, the state, establish a state resource adequacy requirement or framework. Such a framework would hopefully clarify the type and nature of the resources necessary to satisfy the state's procurement rules and, related to that, whether those resources are "deliverable" (i.e., whether, under a specific set of conditions, the energy – at full output - from a resource can be delivered to load).

Alternatively, should the ISO proceed to offer "network" service, the ISO would, by necessity, be required to more broadly explain or define what it means to be a Network Resource, which, as discussed above, would be premature and problematic without knowing the salient features of an underlying resource adequacy program.

Deliverability

- Define, for purposes of studying interconnection requests, a generic *deliverability* standard

Notwithstanding the ISO's preliminary position outlined above regarding not providing Network Resource Interconnection Service, the ISO does recommend that a "deliverability" standard be defined. That is, the ISO would proceed to define the set of study parameters (e.g., system conditions, resource assumptions, etc.) necessary to assess whether a resource – at full output – can deliver its output to load (either on a system-aggregated basis or on a more localized basis). However, the ISO would not *require*, as FERC does in defining the requirements of its proposed Network Resource Interconnection Service, that deliverability be an inherent element of its "generic" interconnection service, i.e., that Generators fund the upgrades necessary to integrate their resource in a manner comparable to other *network* resources.

At this juncture, the ISO recommends that the "deliverability" standard inherent in FERC's rule be the starting point for establishing the quality of the "generic" interconnection service that the ISO would offer. Specifically, for Network Resource Interconnection Service, the FERC rule outlines a System Impact Study process wherein the ISO would

"...study the Transmission System at peak load, under a variety of severely stressed conditions, to determine whether, with the facility at full output, the aggregate of generation in the local area can be delivered to the aggregate of load, thus allowing the Generating Facility to qualify as a Network Resource".

By defining deliverability, the ISO can then offer Market Participants a *benchmark* from which to assess their "deliverability risk" when scheduling a unit's output to the aggregate of load. While the ISO would not *require* that resources be deliverable, the ISO would enable Market Participants to assess and elect a level of interconnection service that will provide them greater assurances that they could satisfy future established requirements for "network" resources, i.e., resources that satisfy the state's requirements for *capacity* resources. Obviously, any definition of deliverability ultimately adopted and employed by the ISO may have to be revisited (redefined) once the state establishes specific requirements for capacity resources.

Payment for Interconnection Facilities and Network Upgrades

- If necessary, Generators will be required to fund Network Upgrades necessary as a result of their interconnection but in return receive either a *credit* – as defined by FERC – or, if applicable, financial *property rights* in the form of FTRs/CRRs.

A key issue for resolution with respect to the interconnection process is the cost-responsibility for Network Upgrades, be they reliability or deliverability related. (With respect to Interconnection Facilities/Direct Assignment Facilities, there is no disagreement that the Generator is responsible for the cost of these facilities,

without being entitled to receive financial credit or FTRs/CRRs in return for such costs; the Generator would have to rely on its market revenues for recovery of such costs.)

A prerequisite for determining cost-responsibility is, of course, determining who benefits from new transmission facilities. In FERC's view, the benefits from the addition of any Network Upgrade accrue to all users of the system and thus, fundamentally, all load served off of the system. Therefore, in the absence of clearly defined property rights, while FERC allows or provides that Generators can be required to initially *fund* a Network Upgrade, the Transmission Owner/Provider must refund all costs (including interest) within five years. In the end, therefore, ratepayers (load) pay for the Network Upgrade costs as the Transmission Owners include the costs of the facilities in their transmission rate base and revenue requirement. However, in instances where there are clearly defined property rights (most likely financial), FERC has allowed or permitted Transmission Owners to require new Generators to pay for Network Upgrades. The ISO understands that this is the policy in place currently in PJM.

At present, the ISO can only offer clearly definable property rights – Firm Transmission Rights – over its established Inter-Zonal Interfaces. Thus, under most circumstances where a new Generator is interconnecting to the system, the ISO is unable to provide FTRs (i.e., because the impacted transmission facilities are intra-Zonal facilities). Thus, under both FERC's existing as well as proposed policy, it appears that under most circumstances the ISO/PTOs will be required to provide a *credit* to Generators that fund Network Upgrades.

Based on this assessment of the circumstances, the ISO is prepared to support a policy wherein Generators fund, if the Transmission Owner chooses not to, all Network Upgrades necessary as a result of their interconnection, but receive either *credits*, or, if applicable and elected by the Generator, existing property rights (at present, FTRs, and in the future, Congestion Revenue Rights or "CRRs").

On a long-term basis, once there are clearly defined property rights associated with new transmission investments, the ISO envisions *only* offering property rights as compensation for funding the transmission upgrades associated with new Generator interconnection requests. One exception to this concept would be in circumstances where there are no assignable property rights (e.g., circuit breakers and other primarily reliability-driven upgrades where there is not an increase in transmission transfer capability).

Economic (Cost/Benefit) Analysis

- The ISO supports development and application of general guidelines for performing an economic evaluation of transmission upgrades associated with new Generator interconnection requests.

The ISO supports development and application of a cost-benefit test or evaluation for purposes of determining the beneficiaries of, and cost-

responsibilities for, the Network Upgrades associated with new interconnection requests.

The ISO's rationale for supporting such an analysis is to, in part, mitigate concerns about "uneconomic expansion" of the transmission system. As the ISO has repeatedly stated throughout FERC's rulemaking process, the ISO is concerned that FERC's proposed crediting policy may undermine or moot the locational price signals the ISO is otherwise attempting to establish with respect to use of the transmission system (e.g., locational marginal prices). Specifically, the ISO is concerned that new generators may be indifferent to the impact on the grid from their interconnection if they receive a complete refund of the monies necessary to fund the required upgrades and, in the end, ratepayers pay for the upgrades. On a long-term basis, this issue should be addressed once there are clearly-defined property rights associated with new transmission investments and thus individual investors (new generators in this case) will face the consequences of their investment decisions. However, in the interim, prior to the development of such property rights and in acknowledgement of FERC's established crediting policy, the ISO supports conducting an "economic" analysis of the transmission upgrades necessitated by new interconnection requests. As a general matter, the ISO supports the approach outlined in the ISO's October 1, 2003, White Paper, referred to as the "*Optional Uneconomic Network Upgrade Test*." As described in the White Paper, the objective of performing such an analysis would be to determine the extent of the benefits resulting from an upgrade and using that as a *de facto* cap on the level of credits offered to the Generator. In instances where the costs of the upgrade exceed this cap, the Generator would receive, if applicable, the associated property rights.

The ISO does not support development and application of a specific "economic methodology" at this time. Instead, the ISO proposes to establish general guidelines for such an analysis and specifically reserve the flexibility to study appropriately each proposed transmission upgrade or project.

Reliability and Deliverability Upgrades

At this juncture, the ISO recommends retaining the distinction between reliability-driven and deliverability-driven Network Upgrades. The ISO recommends retaining such a distinction because Reliability Upgrades define the minimum upgrades necessary to interconnect any new Generator's unit to the transmission system. That is, regardless of the *level* of interconnection service elected above, each new Generator would be obligated to initially fund, if the applicable PTO does not, all reliability-related Network Upgrades associated with the new Generator's request. While the ISO does not offer here a detailed description of what types of upgrades/facilities constitute Reliability Upgrades, at a minimum such facilities would include all facilities identified as necessary, under a typical short-circuit analysis, to interconnect the new Generator's unit at zero output under stressed system conditions (either on-peak or off-peak, as appropriate).

On the other hand, Deliverability Upgrades represent those Network Upgrades necessary to satisfy, in whole or in part, the ISO's proposed *baseline*

deliverability test, as discussed above. These upgrades would be the transmission upgrades necessary to deliver the full output of the new Generator's unit under peak-load conditions and under stressed system conditions to the aggregate of load. (However, it is important to reiterate that even though a Generator funds and the applicable PTO constructs such deliverability-related Network Upgrades, the Generator will still be subject to the ISO's bid-based Congestion Management protocols and, on any given day/hour, may be unable to deliver the full output of its plant or unit.).

However, for purposes of further aligning these definitions with those proposed by FERC under Order 2003, the ISO would propose to establish revised definitions for Reliability *Network* Upgrades and Deliverability *Network* Upgrades.

**Summary of
Final Round of Stakeholder Comments on Order 2003**
(Received November 20th)

General Issues

- SCE – Concerned that ISO balance between pricing and service may delay construction of some upgrades
- PG&E – ISO should proceed with its proposal even with Resource Adequacy program not yet completed
- SDG&E – ISO should proceed expeditiously to meet the filing deadline
- Calpine – Cautions against deviations from the pro forma language in Order 2003
- Oversight Board – ISO needs to coordinate with the CPUC Procurement proceeding
- SEMPRA – Concerned that ISO resists industry move towards standardization; ISO should consider requesting a time extension to make its filing due to the Resource Adequacy proceeding

Interconnection Service

- SCE – Agrees it is premature to offer Network Interconnection Service, but urges ISO to require that Delivery Upgrades that are necessary and cost effective be constructed by PTO
- PG&E – Supports ISO proposal
- SDG&E – ISO should offer only Energy Resource interconnection service
- Calpine – Generally supports ISO recommendation
- Oversight Board – Supports ISO proposal
- CDWR – Supports ISO proposal
- SEMPRA – Does not support ISO proposal

Retaining distinction between Reliability and Deliverability Network Upgrades

- SCE, PG&E, SDG&E, and Oversight Board – Support ISO proposal
- Calpine – Generally supports the concept
- CDWR – Proposed distinction should be expanded

Payment/Pricing Policy for Interconnection Facilities and Network Upgrades

- SCE, PG&E, SDG&E, Calpine, Oversight Board – Support ISO proposal
- CDWR – Property rights awarded should expire at a certain point
- SEMPRA – Supports FERC Order 2003 rules

Deliverability Test

- SCE – Agrees that ISO should work with stakeholders and CPUC on deliverability standard
- PG&E – Supports development of a deliverability standard
- SDG&E – Premature to establish a "generic deliverability standard"
- Calpine – Generally supports the concept
- Oversight Board – Agrees there should be a deliverability standard
- CDWR – Agrees
- SEMPRA – Supports the concept; deliverability should be optional

**Summary of
Final Round of Stakeholder Comments on Order 2003**

Economic (Cost/Benefit) Test

- SCE – Agrees with ISO preliminary recommendation
- PG&E – Supports ISO economic test
- SDG&E – Supports the development of general guidelines
- Calpine – Generally supports ISO proposal; suggests threshold of \$20 million or \$80/kW.
- Oversight Board, CDWR, SEMPRA – Supports

Interconnection Application and System Study Process

- Calpine – Generally supports; concerned about losing position in queue if developer agrees to modify its proposal after ISO and PTO technical review
- SEMPRA – ISO should adopt Order 2003 and proceed with minimal deviation

Other Elements/Issues

- PG&E – LGIA should designate representatives for operating communications
- Calpine – Compliance Filing should conform to pro forma procedures and agreements as much as possible
- CDWR – ISO should adopt FERC definition of Interconnection Facilities

The Following are Comments as submitted by Stakeholders

Southern California Edison Company

Date Comments Submitted: November 20, 2003
Name of Person: David Schiada
Name of Organization: Southern California Edison

The issues and recommendations outlined below are those identified in the ISO's "Preliminary ISO Positions on Large Generator Interconnection Rule", as issued October 28, 2003, as well as other documents posted to the following site

<http://www.caiso.com/docs/2003/10/01/200310011700457483.html>

General Issues

(e.g., interrelationship between Interconnection process and CPUC Procurement proceeding; comments on ISO Governing Board-FERC compliance process)

Comments:

SCE appreciates the opportunity to submit comments on the CAISO's "Preliminary ISO Positions on FERC Large Generator Interconnection Rule" paper dated October 28, 2003. In general, it appears that in its preliminary positions on FERC's Large Generator Interconnection Rule, the CAISO has attempted to strike a balance between the pricing and service policies in FERC's Final Rule and the uncertainty associated with how those policies will interface with the state's development of a resource adequacy proposal. In attempting to strike this balance, however, SCE believes that the CAISO's preliminary positions will, in essence, continue the status quo and not ensure that necessary and cost effective Delivery Upgrades will get constructed. In addition, we are concerned that the CAISO's recommendation to offer varying levels of interconnection service, at the interconnecting customer's discretion, could unnecessarily delay the processing of interconnection requests if the interconnection study procedures do not require the interconnecting customer to commit to a level of service at the appropriate time in the interconnection process. SCE provides additional comments and recommendations below to address these concerns.

Interconnection Service

The ISO proposes to "Define and establish a generic interconnection service under which Market Participants could elect varying levels or quality of service, depending on the level and amount of transmission upgrades they are willing to sponsor"

Comments:

It appears that the CAISO's preliminary recommendation to establish a generic interconnection service under which an interconnection customers could elect varying levels or quality of service depending on the amount of transmission upgrades they are willing to sponsor is very similar (if not the same) to the existing interconnection service under the CAISO's current tariff. Under the current tariff, an interconnection customer is required to pay for Reliability Upgrades and can elect to pay for Deliverability Upgrades at its discretion. It appears that under the CAISO's preliminary recommendation, the same policy would apply.

While SCE agrees with the CAISO it is premature for the CAISO to offer Network Interconnection Service until a resource adequacy requirement is established, SCE is concerned that the CAISO's preliminary recommendation

will continue the status quo that is not resulting in needed transmission expansion to provide deliverability for new generation. SCE urges the CAISO to modify its preliminary recommendation to ensure that Delivery Upgrades that are "necessary and cost-effective" are identified in the interconnection studies. Delivery Upgrades that are found to be necessary and cost-effective by the CAISO should be constructed by the applicable PTO and the costs should be recovered through the TAC. The applicable PTO should be able to either fund the upgrade itself or require upfront funding by the generator and then provide credits (plus interest) to the generator.

Retaining distinction between Reliability and Deliverability Network Upgrades

Comments:

SCE supports the CAISO's preliminary recommendation to retain the distinction between reliability and deliverability driven upgrades.

Payment/Pricing Policy for Interconnection Facilities and Network Upgrades

The ISO proposes to *"If necessary, Generators will be required to fund Network Upgrades necessary as a result of their interconnection but in return receive either a credit – as defined by FERC – or, if applicable, financial property rights in the form of FTRs/CRRs."*

Comments:

The CAISO preliminary recommendation states that, if necessary, Generators will be required to fund Network Upgrades necessary as a result of their interconnection but in return receive either a credit – as defined by FERC – or, if applicable, financial property rights in the form of FTRs/CRRs. SCE generally supports the CAISO's recommendation, subject to the following qualifications. First, as described in the comments on service and pricing, the necessary Network Upgrades associated with interconnection should not only include Reliability Upgrades but should also include Delivery Upgrades that are "necessary and cost-effective". Second, SCE's support is contingent upon the CAISO continuing to support its position that Generators should fund, if the Transmission Owner chooses not to, all Network Upgrades necessary as a result of their interconnection. Third, generators should receive FTRs/CRRs in the case where Delivery Upgrades are not found to be cost-effective by the CAISO (generators that fund Reliability Upgrades or Delivery Upgrades that are found to be necessary and cost-effective should receive credits if they fund such upgrades). Finally, SCE does not believe the CAISO's policy on payment for interconnection facilities and network upgrades should change post MD02.

Deliverability Test

The ISO proposes to *"Define, for purposes of studying interconnection requests, a generic deliverability standard"*

Comments:

In this section, the CAISO proposes to define, for purposes of studying interconnection requests, a generic deliverability standard. Although the interconnection studies would identify transmission network upgrades necessary for a generator to meet this deliverability standard, the generator would not be required to pay for such upgrades (although the generator could elect to pay for such upgrades). SCE agrees that the CAISO should be working with stakeholders and the CPUC to ensure that a deliverability standard is developed as it is a necessary component of a resource adequacy requirement. However, it is unclear how generators or load-serving entities would benefit from the CAISO including a deliverability standard in its Order 2003 compliance filing with FERC given that the CPUC is addressing resource adequacy issues in its own proceeding. If the CAISO identifies network upgrades required to meet the CAISO's deliverability standard, and a generator elects to fund those

upgrades (subject to receiving credits back over five years), will the generator be able to qualify as a capacity resource under the CPUC's resource adequacy proposal? It doesn't seem like the answer to that question is known at this time. Therefore, without a fully developed resource adequacy requirement, SCE believes that resource adequacy issues, including the criteria for qualifying as a "capacity" resource and a deliverability standard, should continue to be addressed as part of the CPUC's long-term procurement proceeding with CAISO participation.

Economic (Cost/Benefit) Test

The ISO supports development and application of general guidelines for performing an economic evaluation of transmission upgrades associated with new Generator interconnection requests.

Comments:

In its preliminary recommendation, the CAISO supports development and application of general guidelines for performing an economic evaluation of transmission upgrades associated with new Generator interconnection requests. SCE agrees with the CAISO's preliminary recommendation. However, SCE urges the CAISO to work with stakeholders to develop more details on these general guidelines so they can be utilized after the January 20, 2004 compliance filing. Also, SCE again urges the CAISO to revise its preliminary recommendation on service and pricing to ensure that Delivery Upgrades that are found by the CAISO to be necessary and cost-effective based on application of the general economic guidelines are actually constructed.

Interconnection Application and System Study Process

Comments:

No comments at this time.

Other Elements/Issues

Comments:

No additional comments.

Pacific Gas and Electric Company

Date Comments Submitted: 11-20-2003
Name of Person: Jason Yan
Name of Organization: Pacific Gas and Electric Company

The issues and recommendations outlined below are those identified in the ISO's "Preliminary ISO Positions on Large Generator Interconnection Rule", as issued October 28, 2003, as well as other documents posted to the following site

<http://www.caiso.com/docs/2003/10/01/200310011700457483.html>

General Issues

(e.g., interrelationship between Interconnection process and CPUC Procurement proceeding; comments on ISO Governing Board-FERC compliance process)

Comments:

CPUC Procurement Proceeding. The November 18, 2003 draft decision of ALJ Walwyn on PG&E's Edison's and SDG&E's short and long-term procurement plans leaves many of the important details of a resource adequacy proposal (including criteria for qualifying as a "capacity" resource and development of a deliverability standard) to future workshops and proceedings. Thus, it is not yet possible to determine what a resource adequacy program will look like for California or what impacts such a program will have on large generator interconnection policies or practices. PG&E believes the ISO should proceed to develop the proposals outlined in the ISO's October 28, 2003 Appendix A to the ISO White Paper and the ISO and IOUs should continue their active involvement in the CPUC's procurement proceedings to ensure that issues regarding resource adequacy and deliverability are adequately addressed.

Interconnection Service

The ISO proposes to *"Define and establish a generic interconnection service under which Market Participants could elect varying levels or quality of service, depending on the level and amount of transmission upgrades they are willing to sponsor"*

Comments:

PG&E supports the ISO proposal to offer one generic interconnection service in which Market Participants could elect varying levels of service. PG&E strongly supports the ISO's proposal to impose, in certain limited circumstances, operating constraints on Market Participants that elect not to sponsor upgrades that are considered to be deliverability network upgrades. Further, PG&E believes that any operating constraints will need to be included in the LGIA (between the Interconnection Customer, PTO and ISO) and the PGA (between the Interconnection Customer and the ISO).

Retaining distinction between Reliability and Deliverability Network Upgrades

Comments:

While PG&E supports retaining the distinction between the two types of upgrades, PG&E realizes that their definitions may need some fine-tuning. Specifically, the definition of a Deliverability Network Upgrade must refer to

the deliverability standard, which is currently being developed by multiple California parties. PG&E will discuss the deliverability standard in further detail below.

Payment/Pricing Policy for Interconnection Facilities and Network Upgrades

The ISO proposes to *"If necessary, Generators will be required to fund Network Upgrades necessary as a result of their interconnection but in return receive either a credit – as defined by FERC – or, if applicable, financial property rights in the form of FTRs/CRRs."*

Comments:

Currently, PG&E supports providing credits/payments over a five-year period, as defined by FERC, subject to the ISO's proposed cost/benefit test for expensive upgrades and the ISO's proposal that the generator fund (i.e., not receive credits for) any uneconomic portion of an upgrade. PG&E needs more information about how providing FTRs/CRRs would be implemented in an LMP (MD02) regime before it can fully comment.

Deliverability Standard

The ISO proposes to *"Define, for purposes of studying interconnection requests, a generic deliverability standard"*

Comments:

PG&E supports the development of a deliverability standard or benchmark. However, PG&E does not believe that a comprehensive standard need be completed for this compliance filing, but merely referenced in ISO Tariff language and in the LGIA and LGIP. Any deliverability standard must itself be tested on the existing system and then adjusted as needed to give reasonable results before it is finalized and filed at FERC for approval.

Economic (Cost/Benefit) Test

The ISO supports development and application of general guidelines for performing an economic evaluation of transmission upgrades associated with new Generator interconnection requests.

Comments:

PG&E supports the ISO's economic (cost/benefit) test proposal and the ISO's proposal that the generator fund (i.e., not receive credits for) any uneconomic portion of an upgrade. PG&E believes that the ratepayers should only be responsible to pay (provide credits) for upgrades to the extent that such upgrades benefit them. Furthermore, PG&E believes that a cost/benefit test will encourage better siting practices among new Generators.

Interconnection Application and System Study Process

Comments:

Other Elements/Issues

Comments:

The LGIA should contain language that specifies designated representatives from the IC, PTO and ISO for operating communications. It could be an appendix or part of Article 8 of the LGIA. PG&E's current Generator Interconnection Agreement contains this information in Section 8.1.

San Diego Gas and Electric Company

Date Comments Submitted: November 20, 2003
Name of Person: Linda Brown
Name of Organization: San Diego Gas & Electric

The issues and recommendations outlined below are those identified in the ISO's "Preliminary ISO Positions on Large Generator Interconnection Rule", as issued October 28, 2003, as well as other documents posted to the following site

<http://www.caiso.com/docs/2003/10/01/200310011700457483.html>

General Issues

(e.g., interrelationship between Interconnection process and CPUC Procurement proceeding; comments on ISO Governing Board-FERC compliance process)

Comments:

Although there is some overlap with the Interconnection process and the CPUC Procurement proceeding, SDG&E recommends that the ISO and PTOs continue to move expeditiously to meet the Order 2003 compliance filing deadline of January 20th, 2004. The recently issued CPUC Proposed Decision on Long-Term Energy Plans for Utilities issued on November 18th, 2003 sets forth a resource adequacy requirement that each utility will conduct in its integrated resource planning process, but at first glance appears to lack the necessary detail as to how capacity resources and deliverability requirements will be defined and applied by the CPUC. Moreover, it is unclear from the proposed CPUC decisions how the ISO would incorporate such requirements into the ISO's broader responsibilities for grid-wide reliability (e.g., which includes non-Investor Owned Utilities). As these mechanisms are better defined, the ISO's tariff language can be modified as required. Realistically, SDG&E does not see this happening for some time.

Interconnection Service

The ISO proposes to *"Define and establish a generic interconnection service under which Market Participants could elect varying levels or quality of service, depending on the level and amount of transmission upgrades they are willing to sponsor"*

Comments:

Absent a clearly defined resource adequacy mechanism, SDG&E believes there is no reason in the ISO's and IOUs' January 20, 2004 compliance filings to offer Network Resource Interconnection Service. Instead the ISO should offer only Energy Resource Interconnection Service but include an upgrade study methodology which allows the ISO to identify a range of upgrades (including no upgrades) that would provide the interconnecting generator with varying exposure to possible congestion costs (i.e., the more significant the upgrades, the lower the interconnecting generator's likely exposure to congestion would be). Note that there is no upgrade that will absolutely guarantee that an interconnecting generator could avoid congestion costs: Actual grid conditions will always be different than the grid conditions assumed for purposes of the upgrade studies.

Retaining distinction between Reliability and Deliverability Network Upgrades

Comments:

SDG&E believes it is important to maintain the distinction of reliability and deliverability upgrades. Reliability upgrades have to be built while deliverability upgrades--at the current stage of development of a resource adequacy proposal--are discretionary based on the commercial motivations of the requesting party.

Payment/Pricing Policy for Interconnection Facilities and Network Upgrades

The ISO proposes to *"If necessary, Generators will be required to fund Network Upgrades necessary as a result of their interconnection but in return receive either a credit – as defined by FERC – or, if applicable, financial property rights in the form of FTRs/CRRs."*

Comments:

The statement as written above is too vague. SDG&E seeks clarification on what constitutes "if necessary". SDG&E generally supports the ISO's proposed crediting policy over a period up to five-years whereby generators have the option to choose either transmission credits or property rights equivalent to the network upgrades that are constructed.

Deliverability Test

The ISO proposes to *"Define, for purposes of studying interconnection requests, a generic deliverability standard"*

Comments:

SDG&E believes that it is premature to establish a "generic deliverability standard" without a clearly defined and implemented capacity market. For example, what does it mean commercially for a new or existing generator to have established "deliverability"? Would deliverability give those generators chosen to meet a "capacity requirement" some sort of priority to grid access? Deliverability boils down to the question of who gets to use the grid when not all desired uses of the grid are simultaneously feasible without compromising grid reliability. The ISO's day-ahead, hour-ahead and/or real time markets are designed to express each users' willingness to pay for use of the grid through a bid based congestion management system. It continues to be unclear how a "deliverability" provision could be over-layed on this bid-based system.

Economic (Cost/Benefit) Test

The ISO supports development and application of general guidelines for performing an economic evaluation of transmission upgrades associated with new Generator interconnection requests.

Comments:

SDG&E continues to support a methodology that would allow a level of upgrade costs, (up to \$20 million) needed to interconnect the generator reliably to be rolled in automatically. Cost above that level should be rolled in if economically reasonable. Other upgrades, like those needed to relieve congestion, should be rolled in if the net benefits exceed the cost. We support development of general guidelines for an economic evaluation rather than implementation of a single, rigid, economic methodology.

Calpine Corporation

Date Comments Submitted: November 20, 2003
Name of Person: Linda Y. Sherif
Name of Organization: Calpine Corporation

The issues and recommendations outlined below are those identified in the ISO's "Preliminary ISO Positions on Large Generator Interconnection Rule", as issued October 28, 2003, as well as other documents posted to the following site

<http://www.caiso.com/docs/2003/10/01/200310011700457483.html>.

1. General Issues

(e.g., interrelationship between Interconnection process and CPUC Procurement proceeding; comments on ISO Governing Board-FERC compliance process)

Comments:

The views provided here are preliminary. In the absence of proposed tariff and agreement language, Calpine cannot definitively comment on the CAISO's proposal and its compliance with the FERC Final Rule. Nothing in these comments is intended to limit or waive Calpine's ability or right to raise issues in any FERC proceeding.

As a general matter, Calpine cautions that deviations from pro forma language must be approached with the utmost trepidation. It is essential to avoid idiosyncratic regional differences that unnecessarily magnify seams issues and reduce the potential efficiencies to be gained from standardization.

Moreover, the CAISO compliance filing must ensure that all legal and contractual rights of existing generators, including QF must-take generation, will be honored.

Lastly, in order to ensure consistent state and federal action relating to a generator's interconnection, the CAISO and Transmission Owners must take regulatory positions on transmission upgrades before state licensing agencies, such as the California Energy Commission, that are consistent with the requirements of the FERC-jurisdictional large generator interconnection process. In other words, local and state agency review should not become opportunities for parties to circumvent federal law.

2. Interconnection Service

The ISO proposes to "Define and establish a generic interconnection service under which Market Participants could elect varying levels or quality of service, depending on the level and amount of transmission upgrades they are willing to sponsor"

Comments:

Calpine supports the concept of different qualities or levels of interconnection service as outlined in the FERC Final Rule. Moreover, Calpine supports the concept of "partial Network Service." In other words, Interconnection Customers should have the flexibility to select from a portfolio of Network Deliverability upgrades to ensure the selective deliverability of generation to meet only certain contractual power sale obligations or during certain time periods/seasons. In all other situations, the Interconnection Customer would be considered an "Energy Resource."

Calpine appreciates the CAISO's difficulty in formalizing two levels of interconnection service prior to the CPUC's establishment of rules for capacity resources. Calpine is encouraged that, once the CPUC procurement proceeding is completed, the CAISO plans to revisit greater CAISO Tariff conformity with the FERC Final Rule.

In the interim, the CAISO's commitment to allow each Interconnection Customer to specify the level or quality of interconnection service it desires based in part on the level of transmission upgrades it is willing to sponsor is commendable. Calpine strongly believes that Interconnection Customers should have the flexibility to select from a portfolio of Network Deliverability upgrades to ensure the selective deliverability of generation to meet only certain contractual power sale obligations or during certain time periods/seasons. Mutually agreed upon operating constraints and deliverability assurances could be contained in a three-party agreement between the Interconnection Customer, the Transmission Owner, and the CAISO.

For this flexibility to be meaningful, it is essential that Interconnection Customers be provided with information to facilitate optimal generation siting. To ensure this, the compliance filing should clarify that the following information will be provided: power flow data, operating procedures, operating nomograms, area load profiles for the local area, detailed transmission maps for the California transmission grid, and a load profile for the CAISO system. Where appropriate or necessary for national security, the information can be provided to Interconnection Customers pursuant to a confidentiality order.

When "Network Resource" (or a similar system resource) concept is defined, all generators that have not previously performed Deliverability Upgrades should be permitted to select and perform Network Deliverability Upgrades in order to obtain Network Resource status.

3. Retaining distinction between Reliability and Deliverability Network Upgrades

Comments:

Please see comments on Interconnection Service.

4. Payment/Pricing Policy for Interconnection Facilities and Network Upgrades

The ISO proposes to "If necessary, Generators will be required to fund Network Upgrades necessary as a result of their interconnection but in return receive either a credit – as defined by FERC – or, if applicable, financial property rights in the form of FTRs/CRRs."

Comments:

Calpine is extremely pleased to hear that the CAISO will comply with the Final Rule and institute a five-year crediting policy whereby Interconnection Customers may choose either transmission credits or property rights equivalent to the Network upgrades that are constructed.

Calpine urges the CAISO to retain this option even after Locational Marginal Pricing (LMP) is implemented. In the interim, to ensure developer confidence sufficient to spur investment, at a minimum, the CAISO must clarify that Interconnection Customers that execute Interconnection Agreements with the expectation of receiving transmission credits will not have those credits involuntarily convert into FTRs or CRRs after LMP is implemented. Given the current uncertainty on CRRs, LMP implementation, and the development of Resource Adequacy Obligations, Interconnection Customers should be provided a grace period during which the Interconnection Customer at its option may convert its transmission credit (or FTRs) to CRRs, when and if CRRs become effective.

The Revised White Paper is silent on whether Customers may choose to receive a combination of credits and FTRs. Calpine believes that in many situations, a developer would be more willing to fund upgrades if it could select a combination of credits and FTRs, i.e. 80% credits and 20% FTRs. The CAISO is encouraged to permit such combination choices.

5. Deliverability Test

The ISO proposes to "Define, for purposes of studying interconnection requests, a generic deliverability standard"

Comments:

Calpine is very encouraged to hear that: "The ISO is mindful of stakeholder comments about information that may be beneficial for the generator in making decisions about the most appropriate degree of network upgrades. . . . The ISO is developing a methodology for a deliverability study and invites stakeholder comments on the assumptions and parameters for such a study." (Revised White Paper at 11.)

As an initial response, in order to evaluate transmission upgrades to fund, Interconnection Customers require: power flow data, operating procedures, operating nomograms, area load profiles for the local area, detailed transmission maps for the California transmission grid, and a load profile for the CAISO system. Where appropriate or necessary for national security, the information can be provided to Interconnection Customers pursuant to a confidentiality order.

On the more difficult issue of parameters and assumptions for a benchmark deliverability study, it is imperative that the CAISO sponsor a technical stakeholder process to permit Calpine and other parties to meaningfully provide input. Calpine is especially interested in further discussion on how the study will model (1) legacy generating units, especially in the context of heat rate dispatch; (2) RMR (Condition 1 units); and (3) RMR (Condition 2 units). A stakeholder-wide discussion on how the must-offer requirement intersects with deliverability is also needed.

6. Economic (Cost/Benefit) Test

The ISO supports development and application of general guidelines for performing an economic evaluation of transmission upgrades associated with new Generator interconnection requests.

Comments:

Calpine is extremely concerned about a time-consuming, bureaucratic hurdle to new investment in the form of an "Uneconomic Network Upgrade Test." Calpine is therefore very pleased to hear that the CAISO will only apply the test in situations where the Network upgrades are projected to exceed twenty million dollars. For large projects, however, this threshold test may not be fair. As a compromise, Calpine recommends modifying the threshold test to the GREATER of \$20 million dollars OR \$80/kW.

With regards to the methodology and process for the economic (cost/benefit) analysis, the CAISO should sponsor a technical stakeholder meeting focused on just this topic.

7. Interconnection Application and System Study Process

Comments:

An Interconnection Customer should not lose its queue position when it agrees to modify its proposal after (i) evaluating the information provided, including upgrades estimates; and (ii) in direct response to CAISO and Transmission Owner concerns about the Interconnection Customer's proposed generator effects in grid operation.

To facilitate optimal generation siting, Calpine further recommends that the CAISO issue an annual list of preferred generation locations throughout the CAISO Control Area, including estimates of available transmission capacity for each suggested site.

8. Other Elements/Issues

Comments:

The CAISO compliance filing should conform to the Final Rule's pro forma policy and agreements on all issues and matters not raised in the stakeholder process.

California Electricity Oversight Board

Date Comments Submitted: 11-20-03
Name of Person: Tony Lam
Name of Organization: CA Electricity Oversight Board

General Issues

(e.g., interrelationship between Interconnection process and CPUC Procurement proceeding; comments on ISO Governing Board-FERC compliance process)

Comments:

Agree that the ISO needs to coordinate the interconnection process with the CPUC Procurement proceeding.

Interconnection Service

The ISO proposes to *"Define and establish a generic interconnection service under which Market Participants could elect varying levels or quality of service, depending on the level and amount of transmission upgrades they are willing to sponsor"*

Comments:

Agree that the ISO not define or offer a Network Resource Interconnection Service until a Resource Adequacy is developed. The EOB is concerned that a Market Participant that elects a lower quality of service that tends to increase the likelihood of curtailment could affect the deliverability of resources that previously qualified under Resource Adequacy requirements.

Retaining distinction between Reliability and Deliverability Network Upgrades

Comments:

Agree in retaining distinction between the two types of upgrades. The ISO should include in its evaluation of reliability upgrades the real time operational concerns caused by increased congestion that may occur with new generation.

Payment/Pricing Policy for Interconnection Facilities and Network Upgrades

The ISO proposes: *"If necessary, Generators will be required to fund Network Upgrades necessary as a result of their interconnection but in return receive either a credit – as defined by FERC – or, if applicable, financial property rights in the form of FTRs/CRRs."*

Comments:

Agree. However, crediting should require that a cost/benefit analysis be completed to ensure that the upgrade results in net benefits to the transmission system.

Deliverability Test

The ISO proposes to *"Define, for purposes of studying interconnection requests, a generic deliverability standard."*

Comments:

Agree that there should be a deliverability standard. The standard should be used to determine what level or quality of interconnection service a new generator can qualify for without transmission upgrades.

Economic (Cost/Benefit) Test

The ISO supports development and application of general guidelines for performing an economic evaluation of transmission upgrades associated with new Generator interconnection requests.

Comments:

If an upgrade fails the criteria of this analysis, then the applicant should only receive CRRs for upgrades so that other users of the transmission system don't end up paying for upgrades for which they receive no benefit. If only part of a transmission upgrade passes the criteria, then that portion could be allowed a credit or CRR, at the applicant's option. These principles might also apply to reliability upgrades, such as when the interconnection might require a lot of equipment to be replaced for reliability at one location versus another location.

Interconnection Application and System Study Process

Comments:

Other Elements/Issues

Comments:

**California Department of Water Resources
State Water Project**

Date Comments Submitted: November 20, 2003
Name of Person: David Bonaly
Name of Organization: Department of Water Resources, State Water Project

General Issues

(e.g., interrelationship between Interconnection process and CPUC Procurement proceeding; comments on ISO Governing Board-FERC compliance process)

Comments:

No comments.

Interconnection Service

The ISO proposes to *"Define and establish a generic interconnection service under which Market Participants could elect varying levels or quality of service, depending on the level and amount of transmission upgrades they are willing to sponsor"*

Comments:

The SWP supports varying levels of interconnection service but would like a clarification of the term "generic" in reference to interconnection service.

Retaining distinction between Reliability and Deliverability Network Upgrades

Comments:

No. The distinction between Reliability and Deliverability should be expanded to include that Delivery must be considered for upgrades and new connections that want full network service. Reinforcements or upgrades must be paid for by the new connecting entity or generation.

Payment/Pricing Policy for Interconnection Facilities and Network Upgrades

The ISO proposes to *"If necessary, Generators will be required to fund Network Upgrades necessary as a result of their interconnection but in return receive either a credit – as defined by FERC – or, if applicable, financial property rights in the form of FTRs/CRRs."*

Comments:

FTRs/CRRs are designed to offer load a hedge against transmission and congestion costs. Assigning FTRs or CRRs to generators conflicts with the purpose of the upgrade itself. The purpose of upgrades is to relieve congestion and not create CRR revenues for interconnecting generators. If FTRs or CRRs are issued for transmission upgrades, the revenues generated by the FTR/CRR should be tracked. Once the revenues collected are equivalent to the cost of the transmission upgrade, the CRR/FTR associated with the transmission upgrade should expire.

Deliverability Test

The ISO proposes to *"Define, for purposes of studying interconnection requests, a generic deliverability standard"*

Comments:

The SWP believes this is acceptable as the ISO cannot study every possible permutation of delivery.

Economic (Cost/Benefit) Test

The ISO supports development and application of general guidelines for performing an economic evaluation of transmission upgrades associated with new Generator interconnection requests.

Comments:

The State Water Project supports the development and application of an economic analysis for evaluating transmission upgrades. One benefit of an economic analysis is that it functions to limit uneconomic expansion of the transmission grid when siting generators

Interconnection Application and System Study Process

Comments:

No comments

Other Elements/Issues

Comments:

Direct Assignment Facilities are not transmission facilities. Defining Direct Assignment Facilities in the ISO Tariff Amendment 39 as transmission facilities conflicts with the FERC definition for Interconnection Facilities. The SWP proposes that the ISO adopts the FERC definition of Interconnection Facilities. This would also provide a clarification for where the point of interconnection is located.

Sempra Energy Global Enterprises

Date Comments Submitted: November 20, 2003
Name of Person: Barbara Clemenhagen
Name of Organization: Sempra Energy Global Enterprises

Pursuant to the November 14, 2003 Market Notice, Sempra Energy Resources ("SER") hereby submits the following comments in response to the CAISO on Order No. 2003 and the elements proposed by the California ISO for its January 20, 2004 Compliance Filing to the Federal Energy Regulatory Commission ("FERC").

I. Comments

General Issues

SER is concerned that after three years and innumerable meetings, conferences and working papers on Generation Interconnection the CAISO continues to resist the industry's movement towards standardization and, more recently, the rules established in FERC's Order No. 2003. The Order No. 2003 rules are the product of extensive stakeholder efforts and contributions, which included the CAISO. Order No. 2003 is well considered and superior to any California-only rules or nomenclature that the CAISO may propose to establish in a limited 3-month stakeholder process in which participation has been limited at best. That being said, SER is aware that certain Order No. 2003 rules have less relevance in this transitional market and it is likely that the nature and worth of a "network resource" will only be revealed through contractual valuations and/or the creation of a capacity market.

On November 18, 2003, California Public Utilities Commission ("CPUC") Administrative Law Judge Walwyn issued a Draft Decision (Interim Opinion) and concurrently Commissioner Peevey issued an Alternate Draft Decision under CPUC Rulemaking 01-10-024. 1 Both Drafts provided some illumination on the CPUC's perspective regarding future resource adequacy requirements; however, Commissioner Peevey's alternate establishes a reserve requirement for utilities' retail customer load only, and requests that the ISO, working with the CPUC, set overall planning reserves at the same level (17 percent) for other non-IOU load-serving entities. The inconsistent drafts have left significant uncertainties regarding how expansive the final rule will be on the resource adequacy issues. For example, the CPUC's draft decisions are unclear with regard to the CAISO's role in creating a robust resource adequacy forward market or strictly market reserve/adequacy assessment and evaluation. The CPUC's December 10th workshop should elucidate certain outstanding issues; however, SER is not confident that implementation issues related to the deliverability and capacity elements required to implement Order No. 2003 will be resolved by a single workshop.

SER, however, continues to believe that California's state agencies should continue to promote an expeditious increase in the CAISO's role in determining the State's forward resource adequacy market. Rather than expend limited 1 Order Instituting Rulemaking to Establish Policies and Cost Recovery Mechanisms for Generation Procurement and Renewable Resource Development resources on drafting temporary tariff language to comply with Order No. 2003, the CAISO should consider whether it would be more efficient and expedient to seek FERC approval for an extension of time to accommodate the CPUC's pending process and potential resolution of a long-term resource adequacy plan for the State. This will allow the CAISO to make a compliance filing that reflects the robust dialogue that formed Order No. 2003 and the "regional" differences that may justify a limited, tailored deviation from Order No. 2003's standardized requirements. In the interim, the current CAISO tariff (Amendment 39) procedures could remain in place.

Interconnection Service

SER does not support and considers the CAISO's "generic" service a poor substitute for a comprehensive Order No. 2003 compliance filing. Additionally, the CAISO's proposed justification for filing differences is not in the spirit of the FERC's intention to accommodate ISO/regional differences. If, however, the CAISO chooses to file temporary tariff language on January 20, 2004 as a transitional measure pending issuance of greater guidance from the CPUC regarding a final resource adequacy rule, the CAISO should advise FERC of the circumstances necessitating a temporary tariff and must demonstrate that the proposed implementation differences are superior to implementing Order No. 2003 until the CAISO determines the deviations that are necessary to address California-specific market issues.

The CAISO's "generic" interconnection service tariff filing will draw on the FERC process along with the current California-specific stakeholder dialogue to establish the criteria for upgrades for generation interconnection and determine the nature of "regional" differences that necessitate deviation from Order No. 2003. The FERC clearly stated that the Order No. 2003 criteria were to be established by the Regional State Entity (RSE) and employed by the "independent" entity. Setting aside the independence issue, California has yet to establish an RSE. Thus, it seems premature to consider deviation from Order No. 2003 rules.

The CAISO's current position seems to be offering an equivalent interconnection service with optional levels of interconnection service; a "Network" level is inherently included in the proposed "generic" service. SER understands the dichotomy; the State resource adequacy program is the horse to the proverbial cart. If the CAISO finds that a tariff filing is necessary, SER believes that every accommodation should be made to mirror the definitions and procedures in Order 2003. A faithful interpretation of Order 2003 with limited deviation to accommodate this transitional period should be the easiest to implement and result in the least issues when the final resource adequacy decision is made for the State. Furthermore, SER believes that California is best served by a single CAISO Generation Interconnection tariff rather than a CAISO tariff and three IOU conforming tariffs.

Payment/Pricing Policy for Upgrades

In the case of crediting or rights for upgrades, SER supports the FERC Order No. 2003 rules. If the Generator funds Network Upgrades that are identified and justified as a result of their interconnection, then the generator should receive either a refund or credit – as defined by FERC – or, if applicable, financial property rights in the form of FTRs/CRRs.

Deliverability Test

SER supports the CAISO's proposal to "Define, for purposes of studying [network service] interconnection requests, a generic deliverability standard". However, SER believes that the CAISO cannot develop such a definition in isolation and without a commitment to cooperate in a reasonable and timely manner from all state agencies that may need to review and/or approve deliverability related upgrade. The CAISO needs to engage stakeholders in a dialogue to develop fair and reasonable deliverability standards in concert with the regional dialogue on resource adequacy to determine the best means by which it can resolve issues and meld the requirements related to deliverability, resource adequacy, regulatory comity, and Order No. 2003 in California's energy market. The deliverability standard is unnecessary until the implementation of a resource adequacy standard. In any case, deliverability should be optional and market participants should be able to choose their level of Interconnection service.

Economic (Cost/Benefit) Test

SER supports the CAISO working with stakeholders to develop guidelines for workable methodologies for performance of economic evaluation of network upgrades associated with new Generator interconnection requests. Although, it may be impractical to develop a single, rigid, economic methodology that would apply in all cases market-wide, guidelines would be helpful. SER supports the current tariff language that allows the flexibility for any party to sponsor/present a cost-benefit analysis and associated recommended transmission upgrades.

Interconnection Application and System Study Process

The CAISO should adopt the Order No. 2003 Large Generator Interconnection Procedures ("LGIP") and propose to deviate from the LGIP only in those circumstances that justifiably address California-market specific issues in a manner superior to implementing Order No. 2003.

II. Conclusion

WHEREFORE, for the reasons explained above, SER respectfully submits these comments to the CAISO on Order 2003.

Respectfully submitted,
☐ *Via email*
Barbara L. Clemenhagen

Dated: Thursday, November 20, 2003

ATTACHMENT O

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

California Independent System
Operator Corporation

Docket No. ER04-____

NOTICE OF FILING

(_____)

Take notice that on January 20, 2004, California Independent System Operator Corporation (ISO) pursuant to Section 205 of the Federal Power Act and Section 35.13 of the Commission Regulations, submitted for filing its Standard Large Generator Interconnection Procedures compliance with Order No. 2003. The ISO included the related pro forma interconnection study agreements, which will not be part of the ISO Tariff, and related ISO Tariff amendments for Commission approval.. Pursuant to the January 8 Order the Standard Large Generator Interconnection Procedures will be effective upon approval by the Commission.

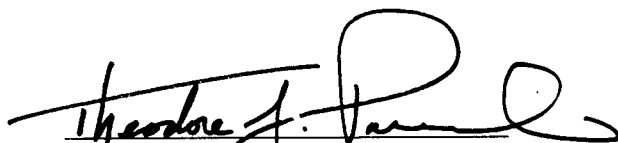
Any person desiring to intervene or to protest this filing should file with the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426, in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR 385.211 and 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a motion to intervene. All such motions or protests should be filed on or before the comment date, and, to the extent applicable, must be served on the applicant and on any other person designated on the official service list. This filing is available for review at the Commission or may be viewed on the Commission's web site at <http://www.ferc.gov>, using the eLibrary (FERRIS) link. Enter the docket number excluding the last three digits in the docket number field to access the document. For assistance, please contact FERC Online Support at FERCOnlineSupport@ferc.gov or toll-free at (866)208-3676, or for TTY, contact (202)502-8659. Protests and interventions may be filed electronically via the Internet in lieu of paper; see 18 CFR 385.2001(a)(1)(iii) and the instructions on the Commission's web site under the "e-Filing" link. The Commission strongly encourages electronic filings.

Comment Date:

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of this document on compact disc upon the Public Utilities Commission of California, the California Energy Corporation, the California Electricity Oversight Board, and upon all entities with effective Scheduling Coordinator Service Agreements under the California Independent System Operator Tariff.

Dated this 20th day of January in the year 2003 at Washington in the District of Columbia.


Theodore J. Paradise
(202) 424-7500