

July 29, 2014

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

**Re: California Independent System Operator Corporation
Filing of Non-Conforming Service Agreement No. 625
Docket No. ER14-____-000**

Dear Secretary Bose:

The California Independent System Operator Corporation (“CAISO”) submits for Commission filing and acceptance an Amendment No. 1 to the Second Amended and Restated City of Anaheim MSS Agreement (“Amendment”) between the CAISO and the City of Anaheim¹. This Amendment aligns with the CAISO Tariff changes to implement the Order 764 approved by the Commission’s orders issued on March 20, 2014.² The CAISO requests that the Amendment be made effective on September 28, 2014.

I. Background

The CAISO filed the original MSS Agreement (“MSSA”) between the CAISO and City of Anaheim on October 14, 2005 in Docket No. ER06-39-000. By letter order issued December 9, 2005, the Commission conditionally accepted it as Original Service Agreement No. 625 under the currently effective CAISO Tariff. In response to that order, the CAISO submitted a compliance filing on January 9, 2006 in Docket No. ER06-39-001. The Commission accepted the compliance filing by letter order issued February 17, 2006. As described in the CAISO’s filing in that proceeding, the MSSA provides for special treatment of City of Anaheim as an MSS Operator in relation to the terms of the CAISO Tariff. The CAISO filed an amended and restated metered subsystem agreement between

¹ The CAISO submits the Amendment pursuant to Section 205 of the Federal Power Act, 16 U.S.C. § 824d (2012).

² See *Calif. Ind. System Op.*, 146 FERC ¶ 61,204 (2014) and *Calif. Ind. System Op.*, 146 FERC ¶ 61,205 (2014).

the CAISO and City of Anaheim on November 24, 2008 in Docket No. ER09-332-000 to be effective upon implementation of the CAISO's new market, which was accepted by letter order of the Commission issued on January 23, 2009. Subsequently the parties twice amended this MSSA.³ On December 16, 2011 the CAISO submitted a second amended and restated MSSA in Docket ER12-627-000 which the Commission accepted by letter order issued on February 8, 2012. This is the currently effective version on file with the Commission.

II. Purpose of the Amendment No. 1 of the Second Amended and Restated City of Anaheim MSSA

The primary purpose of the Amendment is to align the current MSSA with the modifications to charge types associated with the Order 764 to replace "HASP" with "FMM" Self Scheduled Energy and provide clarity regarding charges that are based on MSS elections. These modifications include amendments to:

- a) Section 12.8: Allocation of Net Real-Time Market (RTM) Bid Cost Uplift,
- b) Section 12.9: Grid Management Charges Based on Market Services,
- c) Section 12.15: MSS Net Negative Uninstructed Deviation, and
- d) Section 12.18: Emissions Costs.

The CAISO is making these changes to align all five of its metered subsystem agreements, although these charge types only have an immediate relevance for those metered subsystems that are load following, which the City of Anaheim is not. Accordingly, there is no need for this Amendment to be effective as of the May 1, 2014 implementation of Order 764.

III. Request for Privileged Treatment

Included in a confidential attachment to this Second Amended and Restated City of Anaheim MSSA, pursuant to Commission Order Nos. 630 and 630-A, is a copy of the non-public portions of the Second Amended and Restated City of Anaheim MSSA. Specifically, all of schedules 1, 14 and 15.1, and a portion of schedule 17 are designated as confidential. The CAISO is seeking privileged treatment of these materials under 18 C.F.R. § 388.112 as their public disclosure could impair system operations, unnecessarily reveal sensitive information, and pose significant security problems as to the facilities referenced therein. For these reasons, the CAISO submits that these materials should be exempt from public exposure and should be granted privileged treatment. This request is consistent with past treatment of this information in prior filings.

³ See Letter Order dated July 29, 2009 in Docket No. ER09-1385-000 and ER09-1385-001; Letter Order dated July 6, 2011 in Docket No. ER11-3675-000.

IV. Effective Date

The CAISO requests that the Amendment included in the instant filing be made effective as of September 28, 2014, 61 days from the date of this filing.

V. Service

Copies of this filing have been served upon City of Anaheim, the California Public Utilities Commission, and all parties on the official service list for Docket No. ER06-39-000. In addition, the filing has been posted on the CAISO Website.

Enclosed for filing is each of the following:

- (1) this letter of transmittal;
- (2) Amendment No. 1 to the Second Amended and Restated City of Anaheim MSSA (Attachment A);
- (3) Clean version of the Public version of the MSSA;
- (4) Black lined version of the Public version of the MSSA;
- (5) Clean version of the Confidential version of the MSSA; and
- (6) Black lined version of the Confidential version of the MSSA.

VI. Correspondence

The CAISO requests that all correspondence, pleadings, and other communications concerning this filing be served upon the following:

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

* Individual designated for service pursuant to Rule 203(b)(3),
18 C.F.R. § 203(b)(3).

VII. Conclusion

The CAISO respectfully requests that the Commission accept this filing and permit the CAISO's submittal of the Amendment to be effective as of the date requested. If there are any questions concerning this filing, please contact

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the undersigned.

Respectfully submitted,
By: /s/ John C. Anders

Roger Collanton

General Counsel

Sidney M. Davies

Assistant General Counsel

John C. Anders

Lead Counsel

California Independent System

Operator Corporation

250 Outcropping Way

Folsom, CA 95630

Tel: (916) 608-7287

Fax: (916) 608-7222

janders@caiso.com

Attorneys for the California Independent
System Operator Corporation

Attachment A
Amendment No. 1
to the
Second Amended and Restated City of Anaheim MSSA

AGR-3712.2.1

**CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
AND**

CITY OF ANAHEIM

**Amendment No. 1 to the Second Amended and Restated
City of Anaheim MSS Agreement**

THIS AMENDMENT NO. 1 is dated this 3 day of July, 2014 and is entered into, by and between:

(1) **The City of Anaheim**, a municipal corporation of the State of California, which owns and operates a municipal electric utility system engaged in the Generation, transmission, distribution, purchase and sale of electric power and Energy at wholesale and retail, having its registered and principal place of business located at 200 South Anaheim Boulevard, Anaheim, California 92805 ("Anaheim");

and

(2) **California Independent System Operator Corporation**, a California non-profit public benefit corporation having its principal place of business located in such place in the State of California as the CAISO Governing Board may from time to time designate, 250 Outcropping Way, Folsom, California 95630 (the "CAISO").

Anaheim and the CAISO are hereinafter referred to individually as "Party" or collectively as the "Parties."

Whereas:

A. The Parties are signatories to the Second Amended and Restated Anaheim MSS Agreement ("MSSA"), which was effective January 1, 2012. The Second Amended and Restated MSSA replaced the original MSSA effective December 1, 2005, and the First Amended and Restated MSSA which was effective March 31, 2009.

B. The Parties desire to amend the Second Amended and Restated MSSA to align with the CAISO's Order 764 initiative: Fifteen Minute Market (FMM) at the interties to include amendments to: a) Section 12.8: Allocation of Net Real-Time Market (RTM) Bid Cost Uplift, b) Sections 12.9: Grid Management Charges Based on Market Services, 12.15: MSS Net Negative Uninstructed Deviation, and 12.18: Emission Costs to replace "HASP" with "FMM" Self Scheduled Energy.

- C. In all other respects, the Parties intend that the Second Amended and Restated MSSA remain in full force and effect in accordance with its terms.

NOW THEREFORE, **THE PARTIES AGREE** as follows:

1. **Effective Date.** This Amendment No. 1 shall be effective on the date made effective by FERC.
2. **Termination.** The provisions of this Amendment No. 1 shall remain in full force and effect, unless subsequently amended, until the termination of the Second Amended and Restated MSSA.
3. **Amendment to the Agreement.** The Second Amended and Restated MSSA shall be amended as follows:
 - 3.1 Section 12.8 specifying “Allocation of Net RTM Bid Cost Uplift” is deleted in its entirety and replaced with the follow:

12.8 Allocation of Net RTM Bid Cost Uplift. The allocation of Net RTM Bid Cost Uplift is based on the MSS elections as specified in Section 4.9.13 of the CAISO Tariff. The hourly RTM Bid Cost Uplift is allocated to the Scheduling Coordinator for Anaheim as an MSS Operator that has elected to not follow its Load and gross Settlement, in proportion to Anaheim’s Measured Demand for the Trading Hour plus any FMM reductions not associated with valid and balanced ETCs or TORs Self –Schedules in the Day-Ahead Market for the Trading Hour. For the Scheduling Coordinator for Anaheim as an MSS Operator that has elected to not follow its Load and net Settlement, the hourly RTM Bid Cost Uplift is allocated in proportion to Anaheim’s MSS Aggregation Net Measured Demand plus any FMM reductions not associated with valid and balanced ETCs or TORs Self – Schedules in the Day-Ahead Market for the Trading Hour. For the Scheduling Coordinator for Anaheim as an MSS Operator that elected to Load follow, the hourly RTM Bid Cost Uplift is allocated in proportion to Anaheim’s MSS Net Negative Uninstructed Deviation with MSS Load Following Energy and FMM Self-Scheduled Energy from Load following resources identified in Schedule 14 A of this Agreement and associated Operational Adjustments included in the netting, plus any FMM reductions not associated with valid and balanced ETC or TOR Self Schedules in the Day-Ahead Market and plus any FMM reductions not associated with FMM Self-Scheduled Energy from Load following resources listed in Schedule 14 A of this Agreement. Any real-time reductions to HASP Intertie Schedules after HASP results are published to HASP Block Intertie Schedules in response to Dispatch Instructions or real-time scheduling curtailments are not allocated any Net RTM Bid Cost Uplift.

- 3.2** Section 12.9 specifying “Grid Management Charges Based on Market Services” is deleted in its entirety and replaced with the following:

12.9 Grid Management Charges Based on Market Services. If the CAISO is charging Grid Management Charges for Market Services Charge, and should Anaheim elect, in accordance with Section 4.9.13 of the CAISO Tariff to perform Load-following, Anaheim’s Scheduling Coordinator will not be assessed Grid Management Charges for Market Services Charge associated with MSS Load Following Energy and FMM Self-Scheduled Energy from Load following resources identified in Schedule 14 A of this Agreement and associated Operational.

- 3.3** Section 12.15 specifying “MSS Net Negative Uninstructed Deviation” is deleted in its entirety and replaced with the follow:

12.15 MSS Net Negative Uninstructed Deviation. The calculation of MSS Net Negative Uninstructed Deviation must include MSS Load Following Energy and FMM Self-Scheduled Energy from Load following resources identified in Schedule 14 A of this Agreement and associated Operational Adjustments as part of the calculation of Net Negative Uninstructed Deviation quantities when used for purposes of applicable CAISO Settlement allocation. MSS Load Following Energy and FMM Self-Scheduled Energy from Load following resources identified in Schedule 14 A of this Agreement and associated Operational Adjustments shall be netted against Uninstructed Imbalance Energy to properly account for the actual quantity of Net Negative Uninstructed Deviation.

- 3.4** Section 12.18 specifying “Emissions Costs” is deleted in its entirety and replaced with the follow:

12.18 Emissions Costs. Unless specified otherwise in this Agreement, if the CAISO is compensating Generating Units for Emissions Costs, and if Anaheim elects to charge the CAISO for the Emissions Costs of the Generating Units serving Load of Anaheim’s System, then Anaheim’s Scheduling Coordinator shall bear its proportionate share of the total amount of those costs incurred by the CAISO based on Anaheim’s gross Measured Demand excluding out-of-state exports and the Generating Units shall be made available to the CAISO through the submittal of Energy Bids. If Anaheim elects not to charge the CAISO for the Emissions Costs of the Generating Units serving Load of Anaheim’s System, then Anaheim’s Scheduling Coordinator shall bear its proportionate share of the total amount of those costs incurred by the CAISO based on Anaheim’s net Measured Demand excluding out-of-state exports. If Anaheim elects to follow its Load, in accordance with Section 4.9.13 of the CAISO Tariff, and if Anaheim elects not to charge the CAISO

for Emissions Costs of the Generating Units serving the Load of Anaheim's System, then Anaheim's Scheduling Coordinator shall bear its proportionate share of the total amount of those costs incurred by the CAISO based on Anaheim's Net Negative Uninstructed Deviations with MSS Load Following Energy and FMM Self-Scheduled Energy from Load following resources identified in Schedule 14 A of this Agreement and associated Operational Adjustments included in the netting. Anaheim shall make the election of whether to charge the CAISO for these costs on an annual basis on November 1 for the following calendar year.

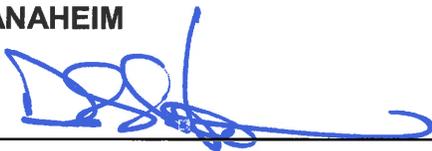
4. This Amendment No. 1 constitutes the complete and final agreement of the Parties with respect to the purpose of this Amendment No. 1 as described in the Recitals hereto and supersedes all prior understandings, whether written or oral, with respect to such subject matter.
5. Except as expressly modified in this Amendment No. 1, the Second Amended and Restated MSSA shall remain in full force and effect in accordance with its terms, and the unmodified provisions of the Second Amended and Restated MSSA shall apply to any new rights and/or obligations established by this Amendment No.1.
6. This Amendment No. 1 may be executed in one or more counterparts at different times, each of which shall be regarded as an original and all of which, taken together, shall constitute one and the same agreement.

IN WITNESS WHEREOF, the Parties have caused this Amendment No. 1 to be duly executed by and through their respective authorized representatives as of the date hereinabove written.

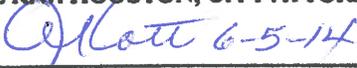
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

By: 
Name: Steve Berberich
Title: Pres + CEO
Date: 7/3/14

CITY OF ANAHEIM

By: 
Name: Dukku Lee
Title: Public Utilities General Manager
Date: June 2014

APPROVED AS TO FORM:
MICHAEL R. W. HOUSTON, CITY ATTORNEY

BY  6-5-14
Alison M. Kott, Assistant City Attorney

ATTEST:

By 
Linda N. Andai
City Clerk

Attachment B
Clean PUBLIC Version
of the
Second Amended and Restated City of Anaheim MSSA

**CALIFORNIA INDEPENDENT SYSTEM
OPERATOR CORPORATION**

AND

CITY OF ANAHEIM

SECOND AMENDED & RESTATED

METERED SUBSYSTEM AGREEMENT

SECOND AMENDED AND RESTATED METERED SUBSYSTEM AGREEMENT

THIS AGREEMENT is dated this _____ day of _____, 20____, and is entered into, by and between:

- (1) The **City of Anaheim**, a municipal corporation of the State of California, which owns and operates a municipal electric utility system engaged in the Generation, transmission, distribution, purchase and sale of electric power and Energy at wholesale and retail, having its registered and principal place of business located at 200 South Anaheim Boulevard, Anaheim, California 92805 (“Anaheim”);

and
- (2) **California Independent System Operator Corporation**, a California non-profit public benefit corporation having its principal place of business located in such place in the State of California as the CAISO Governing Board may from time to time designate, currently 250 Outcropping Way, Folsom California 95630 (the “CAISO”).

Anaheim and the CAISO are hereinafter referred to individually as “Party” or collectively as the “Parties.”

Whereas:

- A.** The City of Anaheim is a MSS Operator of a Metered Subsystem (“MSS”) engaged in, among other things, generating, transmitting and distributing electric power in the Anaheim Service Area;
- B.** The CAISO operates the CAISO Balancing Authority Area and is engaged in, among other things, exercising Operational Control over certain electric transmission facilities forming the CAISO Controlled Grid, including transmission facilities owned by Southern California Edison Company (hereinafter referred to as “SCE”) and Anaheim’s transmission Entitlements, scheduling transactions that utilize those transmission facilities and Entitlements, and operating certain markets, including markets for Energy and Ancillary Services, pursuant to the terms of the CAISO Tariff and has certain statutory obligations under California law to maintain the reliability of the CAISO Controlled Grid, as well as certain responsibilities mandated by the North American Electric Reliability Corporation (“NERC”) and Western Electricity Coordinating Council (“WECC”) or its successor to ensure the reliable operation of the entire electric grid within the CAISO Balancing Authority Area;
- C.** Anaheim is a Local Publicly Owned Electric Utility under the Constitution of the State of California and utilizes, either directly or indirectly through the Southern

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- California Public Power Authority ("SCPPA"), tax-exempt financing for one or more of its projects that restricts the amount of private use of such projects;
- D.** Anaheim's System is within the CAISO Balancing Authority Area and is directly interconnected to the CAISO Controlled Grid;
- E.** Anaheim desires to continue to operate its generating resources, its transmission, and the distribution resources of Anaheim's System in an integrated manner to reliably serve Anaheim's Loads and also desires, as or through a Scheduling Coordinator, to submit Bids, including Self-Schedules, to use the CAISO Controlled Grid and participate in the CAISO Markets as a buyer and a seller;
- F.** The Parties are entering into this Metered Subsystem Agreement ("Agreement") in order to establish the terms and conditions on which (1) Anaheim will operate Anaheim's Generating Units within the CAISO Balancing Authority Area; (2) Anaheim will, as or through its Scheduling Coordinator, submit Bids, including Self-Schedules, into the CAISO Balancing Authority Area and participate in the CAISO Markets; and (3) the Parties will meet their obligations under the CAISO Tariff, as may be modified by this Agreement, in connection therewith;
- G.** Anaheim desires to have the option at some future date to elect to utilize Anaheim's System resources, System Resources and Resource Specific System Resources, and imports into its MSS, approved in advance by the CAISO as not causing an undue operational burden, to follow Anaheim's Load and exports from its MSS;
- H.** The intent of the Parties is that any CAISO charges will be charged to Anaheim's Scheduling Coordinator based on the principle of cost causation, with due regard for historic considerations, timing and transition issues, and other relevant factors;
- I.** In order to maintain the reliability of the interconnected electric systems encompassed by the WECC, the Parties are required to comply with the NERC and WECC Reliability Standards, and the WECC RMS Agreement to the extent it remains in effect, applicable to the functional entity types for which the Parties are registered with NERC and WECC. Should any Party fail to meet its respective obligations, such Party shall be responsible for payment of any monetary sanctions assessed against it in accordance with the CAISO Tariff;
- J.** The Parties acknowledge that Anaheim's Generation resources are dedicated first and foremost to serve Anaheim's retail Native Load within Anaheim's Service Area and that such resources are, except for times of System Emergency or Anaheim's voluntary participation in CAISO Markets or other circumstances, as specified in this Agreement, not subject to CAISO Dispatch; and

- K.** The Parties acknowledge that the CAISO is responsible for the efficient use and reliable operation of the CAISO Controlled Grid and the operation of the CAISO's Balancing Authority Area consistent with achievement of planning and Operating Reserve criteria no less stringent than those established by the WECC and NERC and in accordance with the CAISO Tariff. The Parties acknowledge that the CAISO may not be able to satisfy fully these responsibilities if parties to agreements with the CAISO, including Anaheim, fail to comply fully with all of their obligations under those agreements. The Parties further acknowledge that Anaheim may not be able to satisfy fully its native Load responsibilities in the event the CAISO fails to comply fully with all of its obligations under this Agreement and the CAISO Tariff.

NOW THEREFORE, in consideration of the mutual covenants set forth herein, **THE PARTIES AGREE** as follows:

ARTICLE I DEFINITIONS AND INTERPRETATION

- 1.1 Master Definitions Supplement.** Unless defined in the introduction or Section 1.2 of this Agreement, all terms used in this Agreement with initial capitalization shall have the same meaning as those contained in Appendix A, the Master Definitions Supplement, to the CAISO Tariff.
- 1.2 Special Definitions for this Agreement.** In this Agreement, the following terms shall have the meanings set opposite them:
- “Anaheim's System”** means all transmission facilities, distribution facilities and Generating Units owned or controlled by Anaheim on Anaheim's side of the Points of MSS Interconnection for its MSS, as listed in Schedule 1. A description of the Generating Units and Point of MSS Interconnection facilities comprising Anaheim's System is set forth in Schedule 1.
- “Point of MSS Interconnection”** means any point at which Anaheim's System is directly interconnected with the CAISO Controlled Grid or with any other portion of the interconnected electric grid in the CAISO Balancing Authority Area. The initial Points of MSS Interconnection are described in Section 4.1.
- 1.3 Rules of Interpretation.** The following rules of interpretation and conventions shall apply to this Agreement:
- (a) the singular shall include the plural and vice versa;
 - (b) the masculine shall include the feminine and neutral and vice versa;

- (c) “includes” or “including” shall mean “including without limitation”;
- (d) references to a Section, Article or Schedule shall mean a Section, Article or a Schedule of this Agreement, as the case may be, unless the context otherwise requires;
- (e) any reference to the CAISO Tariff or any provision of the CAISO Tariff will mean a reference to the CAISO Tariff or provision then in effect as modified during the term of this Agreement, unless otherwise specifically provided;
- (f) unless the context otherwise requires, references to any law shall be deemed references to such law as it may be amended, replaced or restated from time to time;
- (g) unless the context otherwise requires, any reference to a “person” includes any individual, partnership, firm, company, corporation, joint venture, trust, association, organization or other entity, in each case whether or not having separate legal personality;
- (h) unless the context otherwise requires, any reference to a Party includes a reference to its permitted successors and assigns;
- (i) any reference to a day, week, month or year is to a calendar day, week, month or year; and
- (j) the captions and headings in this Agreement are inserted solely to facilitate reference and shall have no bearing upon the interpretation of any of the terms and conditions of this Agreement.

ARTICLE II TERM AND TERMINATION

2.1 Effective Date. This Agreement shall be effective as of the later of: (1) the date this Agreement is accepted for filing and made effective by FERC, or (2) the date the version of the CAISO Tariff implementing the CAISO’s Market Redesign and Technology Upgrade (“MRTU”) market design becomes effective, and shall remain in full force and effect until terminated pursuant to Section 2.2, or upon such other date as the Parties shall mutually agree. Upon the effective date of this Agreement, all prior versions will be superseded, provided that if this Agreement has become effective, but the CAISO exercises its rights under Section 44 of the CAISO Tariff and returns its operations and settlements to the pre-MRTU ISO Tariff, the Parties will use the terms of the version of the Metered Subsystem Agreement in existence prior to this Agreement during such period

that the CAISO returns to the previously effective ISO Tariff, except that the updates to the Schedules attached to this Agreement will remain in effect.

2.2 Termination

2.2.1 Termination by Default. Either Party (the terminating Party) may terminate this Agreement by giving written notice of termination in the event that the other Party (the defaulting Party) commits any default under this Agreement or the applicable provisions of the CAISO Tariff which, if capable of being remedied, is not remedied within 30 days after the terminating Party has given the defaulting Party written notice of the default, unless excused by reason of Uncontrollable Forces under Article XVII.

2.2.2 Termination for Cause. Anaheim may terminate this Agreement by giving ninety (90) days written notice of termination in the event that: (i) any changes to the CAISO Tariff or state or federal law are approved or implemented that substantially alter Anaheim's rights or obligations under this Agreement; (ii) the CAISO fails to maintain reliable system operations as required by Good Utility Practice and NERC and WECC Reliability Standards; or (iii) non-payment by the CAISO for services rendered by Anaheim.

2.2.3 Termination for Tax Reasons. Anaheim may terminate this Agreement immediately on the loss or threatened loss in whole or in part of exemption from taxation for bonds used directly or indirectly by Anaheim for generation, transmission, and distribution projects as a result of Anaheim's obligations under this Agreement.

2.2.4 Termination on Notice. Either Party shall have the right to terminate this Agreement in accordance with this Section 2.2.4, subject to the procedural requirements set forth in Section 2.2.5. Either Party may terminate this Agreement by giving the other Party written notice at least six (6) months in advance of the intended effective date of termination.

2.2.5 Filing. With respect to any notice of termination given pursuant to this Section, the CAISO must file a timely notice of termination with FERC. The filing of the notice of termination by the CAISO will be considered timely if: (1) the request to file a notice of termination is made after the preconditions for termination set forth in Sections 2.2.1, 2.2.2, 2.2.3, or 2.2.4 have been met, and (2) the CAISO files the notice of termination within 30 days of receipt of such request from Anaheim or issuance of its own notice of termination. This Agreement shall terminate upon the date on which the notice of termination is permitted by FERC to become effective; provided, however, that if Anaheim is the terminating Party, Anaheim shall be relieved of its obligations and shall forego its rights herein as of the termination effective date associated with the provision of this Agreement pursuant to which Anaheim has provided its notice of termination, regardless of action or inaction by the CAISO or FERC, provided that Anaheim shall cease taking any service provided under this Agreement by the CAISO as of the

effective date associated with Anaheim's notice of termination and provided further that any outstanding charges or settlements that arose under this Agreement shall survive until they are satisfied.

ARTICLE III GENERAL TERMS AND CONDITIONS

- 3.1 Scope of Agreement.** Except as specifically provided otherwise, the provisions of this Agreement will apply only with respect to the facilities comprising Anaheim's System and to Loads and Generating Units that comprise or are directly connected only to Anaheim's System. Subject to the terms of Article II, this Agreement shall not affect Anaheim's ability to join or establish another Balancing Authority Area or Anaheim's right to exercise any available legal recourse to obtain or confirm that it possesses other forms of transmission rights.
- 3.2 [NOT USED]**
- 3.3 Relationship Between Agreement and CAISO Tariff**
- 3.3.1** If and to the extent a matter is specifically addressed by a provision of this Agreement (including any schedules or other attachments to this Agreement), the provision of this Agreement shall govern notwithstanding any inconsistent provision of the CAISO Tariff and, except as provided in Section 3.3.2, any CAISO Tariff provision that is referenced in this Agreement.
- 3.3.2** If and to the extent this Agreement provides that a matter shall be determined in accordance with the applicable provisions of the CAISO Tariff, the applicable provisions of the CAISO Tariff shall govern.
- 3.3.3** Except as provided in Section 3.3.1, Anaheim shall, with respect to the operation of the Metered Subsystem, comply with the requirements applicable to Metered Subsystems under Section 4.9 of the CAISO Tariff and all other provisions of the CAISO Tariff governing Metered Subsystems, including but not limited to Sections 31.5, 34.12, and 36.10 of the CAISO Tariff.
- 3.3.4** Except as provided in Section 3.3.1, Anaheim shall, with respect to the operation of any of its Generating Units listed in Schedule 14, comply with the requirements applicable to Participating Generators under Section 4.6 of the CAISO Tariff and all other provisions of the CAISO Tariff governing Participating Generators. Nothing in this Agreement shall obligate Anaheim to execute a Participating Generator Agreement with respect to any Anaheim Generating Units.
- 3.3.5** Except as provided in Section 3.3.1, Anaheim shall, with respect to the operation of any Load listed in Schedule 14, comply with the requirements applicable to Participating Loads under Section 4.7 of the CAISO Tariff and all other provisions

of the CAISO Tariff governing Participating Loads. Nothing in this Agreement shall obligate Anaheim to execute a Participating Load Agreement with respect to any Anaheim Load.

- 3.3.6** Except as provided in Section 3.3.1, Anaheim shall, with respect to the operation of any Resource Specific System Resource listed in Schedule 14 A, comply with the requirements applicable to Resource Specific System Resources under Section 4.12 of the CAISO Tariff and all other provisions of the CAISO Tariff governing Resource Specific System Resources. Nothing in this Agreement shall obligate Anaheim to execute a Resource Specific System Resource Agreement with respect to any Anaheim Resource Specific System Resource.
- 3.3.7** Except as provided in Section 3.3.1, Anaheim shall, with respect to the operation of the distribution facilities of Anaheim's System, comply with the requirements applicable to Utility Distribution Companies under Section 4.4 of the CAISO Tariff. Nothing in this Agreement shall obligate Anaheim to execute a UDC Operating Agreement.
- 3.3.8** The applicability of any provision of the CAISO Tariff to Anaheim, including as provided in Sections 3.3.1 through 3.3.7, inclusive, shall, in the event of a dispute between the Parties, be determined through the CAISO ADR Procedures in accordance with Article 13 of the CAISO Tariff.
- 3.3.9** So long as Anaheim remains a Participating TO, Anaheim shall comply with the requirements applicable to Participating TOs under Section 4.3 of the CAISO Tariff.
- 3.3.10** This Agreement shall serve, with respect to Anaheim, as the written agreements required by Sections 4.4.1, 4.6, 4.7, and 10.1.4 of the CAISO Tariff.

3.4 Amendment to Agreement

- 3.4.1** Anaheim and the CAISO shall retain all rights under Section 206 of the Federal Power Act. Except with respect to the CAISO's rights set forth in Section 3.4.2 of this Agreement and the Parties' rights under Section 206 of the Federal Power Act, this Agreement may be modified only by mutual written agreement between the Parties. Amendments that require FERC approval shall not take effect until FERC has accepted such amendments for filing and made them effective.
- 3.4.2** The CAISO shall have the right to apply unilaterally under Section 205 of the Federal Power Act to change the rates, terms, and conditions under this Agreement for services provided to Anaheim. In proposing any changes, unless in response to a FERC order as provided in Section 3.7, the CAISO will consider the principles in this Agreement as detailed in Section 3.5.2. Additionally, unless in response to a FERC order as provided in Section 3.7, any changes proposed by the CAISO shall be subject to the following:

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- 3.4.2.1** The CAISO shall provide Anaheim 30 days advance written notice of such change.
- 3.4.2.2** The CAISO shall meet and confer with Anaheim regarding the change, provided that the scheduling of such meeting shall not be unreasonably delayed.
- 3.4.2.3** Anaheim's representative designated in Schedule 17 may waive these requirements upon written request by the CAISO.
- 3.4.2.4** The CAISO shall provide Anaheim with a copy of the FERC filing if, and when, made.
- 3.4.3** Schedules to this Agreement may be revised by agreement of the authorized representatives of the Parties designated in Schedule 17. Revisions to Schedules other than with regard to the contact information in Schedule 17 shall be filed by the CAISO with FERC.
- 3.4.4** In addition to changes that may otherwise be contemplated by Section 3.6 or Section 3.7, the Parties recognize that the CAISO's responsibilities and operations, as set forth in the CAISO Tariff, and Anaheim's responsibilities and operations may change during the term of this Agreement. The Parties agree that, in the event any such change substantially affects the allocation of rights, responsibilities and obligations between the Parties under this Agreement, the Parties, while continuing to honor the terms and conditions of this Agreement, will make good faith efforts to negotiate an appropriate amendment to this Agreement and shall endeavor in that process to restore that allocation.
- 3.5 Amendment to CAISO Tariff**
- 3.5.1** Nothing in this Agreement shall affect in any way the authority of the CAISO to modify unilaterally the CAISO Tariff in accordance with Section 15 of the CAISO Tariff or of the CAISO and Anaheim to exercise their rights under the Federal Power Act or any other law, or to pursue any legal remedies.
- 3.5.2** In making amendments to the CAISO Tariff as provided in Section 3.5.1, the CAISO will consider the impact on Metered Subsystems and the principles reached in this Agreement, including but not limited to:
- 3.5.2.1** Cost Causation: The intent of the Parties is that CAISO charges will be charged to Anaheim or Anaheim's Scheduling Coordinator based on the principle of cost causation, with due regard for historic considerations, timing and transition issues, and other relevant factors.
- 3.5.2.2** Load Following Capability: Anaheim desires the option to elect to implement Load following capability, through its Scheduling Coordinator, to match Anaheim's Load and exports from its MSS with Anaheim's resources and

imports into its MSS approved in advance by the CAISO as not causing an undue operational burden, including not having the potential to exacerbate Congestion or otherwise adversely affect reliable operation of the CAISO Balancing Authority Area, and to make economic resource decisions with the resources in Anaheim's portfolio.

- 3.5.2.3** Compatibility of Market Participants: For efficient use of transmission facilities and to decrease Congestion, the CAISO desires that all Market Participants operate using similar rules and scheduling timelines.
- 3.5.2.4** Private Use Restrictions: Anaheim has financed, either directly or indirectly through SCPPA, one or more projects with tax-exempt bonds, which bond indentures require limitations on operational control of such projects.
- 3.5.2.5** Obligation to Serve and Voluntary Participation in CAISO Markets: In order to preserve Anaheim's ability to meet its obligation to serve its customers within its Service Area, the CAISO shall recognize the principle that the CAISO should minimize to the extent practicable any interference with Anaheim's use of its resources to meet its obligation to serve. The CAISO shall recognize the principles that Anaheim's participation in CAISO Markets should be strictly voluntary and that the CAISO's right to request surplus Generation from Anaheim above that which is submitted under Bids or Self-Schedules into the CAISO Markets shall be limited to occurrence of System Emergencies and other contingencies recognized in Sections 7.1 and 8.2.
- 3.5.2.6** Protection Against Load Shedding: An MSS Operator that has sufficient resources to meet applicable resource adequacy standards and schedules sufficient resources to meet its own Load obligations, as specified in Section 7.7.11.4 of the CAISO Tariff and its firm energy obligations to third parties shall not be subject to Load Shedding that results from deficiencies by other Market Participants as to such requirements.
- 3.5.2.7** Affected Generating Units: Anaheim's generating resources subject to provisions of this Agreement applicable to Generating Units, and that are to be listed in Schedule 14, are those generating resources in the CAISO Balancing Authority Area over which Anaheim has operational control.
- 3.6** **Changes to CAISO Markets.** To the extent possible, any subsequent changes to the CAISO Markets that impact Metered Subsystems will be incorporated in this Agreement. If and when components of the CAISO Markets design necessitate a revision to this Agreement, the CAISO will propose an amendment to this Agreement in accordance with Section 3.4 and consistent with the principles in Section 3.5.2.
- 3.7** **Changes to Conform to FERC Orders.** Nothing in this Article III shall be interpreted to limit the CAISO's right to modify the CAISO Tariff or this

Agreement to comply with or conform to any FERC order or to limit Anaheim's right to challenge such a proposed modification.

3.8 Facilities Financed by Local Furnishing Bonds or Other Tax-Exempt Bonds.

This Section 3.8 applies only to facilities which are under the Operational Control of the CAISO and are owned by a MSS Operator with Local Furnishing Bonds or other tax-exempt bonds. Nothing in this Agreement shall compel (and the CAISO is not authorized to request) any MSS Operator with Local Furnishing Bonds, or other tax-exempt bonds, to violate restrictions applicable to facilities which are part of a system that was financed in whole or in part with Local Furnishing Bonds or other tax-exempt bonds.

**ARTICLE IV
INTERCONNECTION**

- 4.1 Points of MSS Interconnection.** The Points of MSS Interconnection are described in Schedule 1. Additional Points of MSS Interconnection may be established only by mutual agreement of the authorized representatives of the Parties pursuant to Section 3.4.3, which agreement shall not be unreasonably withheld.
- 4.2 Interconnection Operation Standards.** The CAISO and Anaheim shall maintain stable established operating parameters and control power and reactive flow within standards stated in Schedule 2.
- 4.3 Operation, Maintenance, and Load Serving Responsibilities.** Anaheim shall operate and maintain all facilities under Anaheim control forming any part of Anaheim's System, and shall be responsible for the supply, including any purchases, of the Energy and Ancillary Services required to reliably provide electric service to the Loads connected to Anaheim's System in accordance with Applicable Reliability Criteria, including WECC and NERC Reliability Standards and criteria. The Parties acknowledge that Anaheim is responsible for compliance with the WECC and NERC Reliability Standards and criteria applicable to the functions for which Anaheim has registered with NERC. The references to WECC and NERC Reliability Standards throughout this Agreement do not make any alteration or enlargement of the requirements or standards applicable to Anaheim beyond its registrations with NERC.
- 4.4 Expansion, Retirement, and Modification of Facilities.** The Parties shall coordinate with each other in the planning and implementation of any expansion, retirement, or modification of those facilities forming or interconnected to parts of Anaheim's System that are identified in Schedule 1, proposed replacements for such facilities, and other facilities forming parts of Anaheim's System that serve similar functions or that otherwise will or may significantly affect the Points of MSS Interconnection, and shall provide sufficient advance notice to enable the

CAISO or Anaheim to conduct any necessary studies. To the extent the CAISO determines studies are required, those studies will be performed in a reasonable period of time. The authorized representatives of Parties will amend Schedule 1 pursuant to Section 3.4.3, as necessary, should any new Point(s) of MSS Interconnection be established in accordance with Section 4.1.

4.5 Installation of Facilities and Rights of Access

- 4.5.1** Pursuant to Schedule 3, the Parties shall permit one another, on reasonable notice and with mutual agreement in each case, to install equipment or have installed equipment or other facilities on the property of the other Party to enable the installing Party to meet its service obligations, unless doing so would negatively impact the reliability of service provided by the owning Party. Unless otherwise agreed, all costs of installation shall be borne by the installing Party.
- 4.5.2** A Party installing equipment on the property of the other Party shall be granted, free of charge, reasonable rights of access to inspect, repair, maintain and upgrade that equipment. Access shall be provided only on prior notice and such access shall not be unreasonably withheld.
- 4.5.3** Notwithstanding any other provision in this Section 4.5, Anaheim shall provide, subject to any contractual limitations concerning Anaheim's entitlements to facilities, the CAISO with access for inspection or audit, to any equipment or other facilities of Anaheim's System, the operation of which affects any Point of MSS Interconnection or the CAISO Controlled Grid. Anaheim will allow access during normal working hours with no prior notice, provided that Anaheim shall have the right to delay access to any personnel for no longer than the minimum amount of time required for Anaheim to verify their identity, business purpose, and right of access. For access during times outside of normal working hours, the CAISO shall provide Anaheim with one (1) Business Day advance notice. A shorter advance notice time may be attained subject to mutual agreement of the Parties' representatives.

ARTICLE V OPERATIONS

5.1 Outages

- 5.1.1** Anaheim shall coordinate Outages of its Generating Units and of transmission facilities, including the Points of MSS Interconnection, constituting parts of Anaheim's System with the owners of the transmission or distribution facilities with which Anaheim's System is interconnected so that each of those owners can take those Outages into account in coordinating maintenance of its transmission facilities with the CAISO in accordance with the CAISO Tariff.

- 5.1.2** Anaheim shall schedule with the CAISO on an annual basis pursuant to Schedule 4, with updates submitted as required under CAISO Tariff Section 9.3.6, any Maintenance Outages of the equipment included in Schedule 1, and shall coordinate the Outage requirements of Anaheim's System with the Participating TO with which Anaheim's System is interconnected.
- 5.1.3** Without waiving the right to terminate this Agreement in accordance with the terms of Section 2.2, Anaheim shall coordinate Outages of its Generating Units, and of transmission facilities constituting parts of Anaheim's System, with the CAISO, pursuant to any generally applicable program established by the CAISO to the extent required by the applicable sections of the CAISO Tariff or as required by any law, regulation or order applicable to Anaheim where such law, regulation, or order applies to entities that have executed a written undertaking required by Section 4.6 of the CAISO Tariff.
- 5.2 Safety and Reliability.** Anaheim shall operate and maintain Anaheim's System in accordance with applicable safety standards and Reliability Standards pursuant to WECC and NERC requirements, regulatory requirements, operating guidelines, and Good Utility Practice so as to avoid any material unplanned-for adverse impact on the CAISO Controlled Grid. The CAISO shall operate and maintain the CAISO Controlled Grid and the operation of the CAISO Balancing Authority Area in accordance with applicable Reliability Standards pursuant to WECC and NERC requirements as applicable, regulatory requirements, operating guidelines, and Good Utility Practice so as to avoid any material unplanned-for adverse impact on Anaheim's System. Without limiting the foregoing, Anaheim shall operate and maintain Anaheim's System, during normal and System Emergency conditions, in compliance with Anaheim's Electric Emergency Plan ("EEP") and the requirements applicable to Utility Distribution Companies in the CAISO Operating Procedures and standards. In the event any such CAISO Operating Procedure or standard is revised to modify the requirements applicable to Utility Distribution Companies, the Parties shall comply with such revision.
- 5.3 Critical Protective Systems.** Anaheim will coordinate with the CAISO, SCE, and any Generators on Anaheim's System to ensure that CAISO Controlled Grid Critical Protective Systems, including relay systems and other systems described in Schedule 5, are installed and maintained in order to function in a coordinated and complementary fashion with protective devices installed by Anaheim, SCE, and Generators. Anaheim shall notify the CAISO as soon as is reasonably possible of any condition that it becomes aware of that may compromise or affect the operating safety and reliability of the CAISO Controlled Grid Critical Protective Systems, including the systems described in Schedule 5.
- 5.4 Single Point of Contact.** Anaheim shall provide a single point of contact and maintain and operate a control center that is staffed "at all hours" and shall, together with the CAISO, establish appropriate communications facilities and

procedures between Anaheim's control center and the CAISO Control Center. The Parties agree to exchange operational contact information for insuring reliable communication in a format agreed to by the Parties. Each Party shall provide the other Party ten (10) calendar days advanced notice of updates to its operational contact information as that information is expected to change.

- 5.5 Transmission Losses, Outages, and Congestion.** Anaheim shall be responsible for transmission losses within Anaheim's System and to any Points of MSS Interconnection. In addition, Anaheim shall be responsible for transmission line Outages and transmission Congestion within Anaheim's System and at the Points of MSS Interconnection as specified in CAISO Tariff Section 4.9.4.6. Congestion within Anaheim's System will be managed in accordance with the CAISO Tariff, including CAISO Tariff Section 31.3.3.

ARTICLE VI INFORMATION SHARING

- 6.1 Forecasts.** Anaheim shall provide to the CAISO annually its ten-year forecasts of the MSS Demand growth, internal Generation, and expansions of or replacements for those transmission facilities that are part of Anaheim's System identified in Schedule 1 and other transmission facilities that are part of Anaheim's System that serve similar functions or that otherwise will or may significantly affect any Point of MSS Interconnection. Such forecast shall be provided on the date that Utility Distribution Companies are required to provide similar forecasts and shall be provided in accordance with the CAISO Tariff and the Business Practice Manual for the Transmission Planning Process. Peak MSS Demand Forecasts for Anaheim's System shall be submitted by Anaheim's Scheduling Coordinator in accordance with the CAISO Tariff and the Business Practice Manual for Market Instruments, and biannually as part of the CAISO's summer and winter assessment process as agreed by the Parties.
- 6.2 System Surveys and Inspections.** Anaheim and the CAISO shall cooperate to perform system surveys and inspections of facilities at or near the Points of MSS Interconnection that may significantly affect the facilities of the other Party.
- 6.3 Maintenance Schedules.** Anaheim shall provide the CAISO on an annual basis with a schedule of planned maintenance of those Generating Units identified in Schedule 1, in accordance with Schedule 4. Anaheim and the CAISO shall also maintain records of the Maintenance Outages scheduled by Anaheim on such facilities and their actual duration. Anaheim shall coordinate maintenance of its transmission facilities with the CAISO in accordance with the Transmission Control Agreement. Should Anaheim withdraw any of its transmission facilities from CAISO Operational Control pursuant to the Transmission Control Agreement, it shall coordinate maintenance of its transmission facilities within the CAISO Balancing Authority Area with the CAISO in accordance with this Agreement.

- 6.4 Reliability Information.** Anaheim and the CAISO shall each have the obligation to inform the other Party, as promptly as possible, of any circumstance of which it becomes aware (including, but not limited to, abnormal temperatures, storms, floods, earthquakes, and equipment depletions and malfunctions and deviations from Registered Data and operating characteristics) that is reasonably likely to threaten the reliability of the CAISO Controlled Grid or the integrity of Anaheim's System, respectively. Anaheim and the CAISO each shall also inform the other Party as promptly as possible of any incident of which it becomes aware (including, but not limited to, equipment Outages, over-loads or alarms) which, in the case of Anaheim, is reasonably likely to threaten the reliability of the CAISO Controlled Grid, or, in the case of the CAISO, is reasonably likely to adversely affect Anaheim's System. Such information shall be provided in a form and content which is reasonable in all the circumstances, sufficient to provide timely warning to the other Party of the potential threat and, in the case of the CAISO, not unduly discriminatory with respect to the CAISO's provision of similar information to other entities.
- 6.5 Major Outage Reports.** Anaheim shall promptly provide such information as the CAISO may reasonably request concerning Anaheim's operation of Anaheim's System to enable the CAISO to meet its responsibility under the CAISO Tariff to conduct reviews and prepare reports following major Outages. Where appropriate, the CAISO will provide appropriate assurances that the confidentiality of commercially sensitive information shall be protected. The CAISO shall have no responsibility to prepare reports on Outages that affect customers on Anaheim's System, unless the Outage also affects customers connected to the system of another entity within the CAISO Balancing Authority Area. Anaheim shall be solely responsible for the preparation of any reports required by any governmental entity or the WECC with respect to any Outage that affects solely customers on Anaheim's System.
- 6.6 Annual Reviews and Reports**
- 6.6.1** The CAISO shall make available to Anaheim any public annual reviews or reports regarding performance standards, measurements or incentives relating to the CAISO Controlled Grid that the CAISO makes available to MSS Operators and Participating TOs.
- 6.6.2** Anaheim shall make available to the CAISO any public annual reviews or reports regarding performance standards, measurements or incentives relating to Anaheim's System that may affect the CAISO Balancing Authority Area.
- 6.6.3** The CAISO and Anaheim shall jointly develop any necessary forms and procedures for collection, study, treatment, and transmittal of system data, information, reports and forecasts.

- 6.7** Anaheim shall install and maintain direct telemetry links from facilities comprising Anaheim's System to the CAISO's EMS system to provide real-time data to the CAISO, subject to any exemption available in accordance with the CAISO Tariff. Such data points may include without limitation: output of Generating Units under Anaheim control; line and transformer flows at the Anaheim Points of MSS Interconnection; and bus voltages at the Anaheim Points of MSS Interconnection and at each Generating Unit. With regard to Generating Units in the CAISO Balancing Authority Area in which Anaheim has an entitlement over which Anaheim does not have legal authority to exercise control, Anaheim shall, at a minimum, support the installation and maintenance of direct telemetry links to the CAISO's EMS system from those Generating Units before the appropriate bodies of the projects pursuant to the individual project agreements to the full extent allowed by such agreements and applicable laws and regulations. Additional data points to be transmitted to the CAISO EMS system will be as mutually agreed by the CAISO and Anaheim representatives.

ARTICLE VII EMERGENCY OPERATIONS

7.1 In General.

Except with respect to Sections 7.4.1, 7.4.3, 7.4.4, 7.5.1 and 7.5.2 or unless Anaheim is short of resources to meet its forecasted MSS Demand and exports, as determined in accordance with Section 7.7.11.4 of the CAISO Tariff, the terms of this Article VII shall only apply during a System Emergency that is not a result of a deficiency of resources to serve Loads in the CAISO Balancing Authority Area but instead occurs due to operating contingencies, which may include but not be limited to forced loss of resources and/or transmission components or may otherwise be caused by an Uncontrollable Force. In the event a System Emergency occurs or the CAISO determines that a System Emergency is threatened or imminent, Anaheim shall, in accordance with Section 7.7.2 of the CAISO Tariff and Good Utility Practice and subject to the terms of this Article VII: (a) comply with all directions from the CAISO concerning the management and alleviation of a threatened or actual System Emergency, which may include shutting down or starting a Generating Unit, altering the scheduled delivery of Energy or Ancillary Services throughout the CAISO Balancing Authority Area, or disconnecting Anaheim Load; and (b) comply with all procedures concerning System Emergencies set out in the Anaheim EEP, CAISO applicable Business Practice Manuals, and CAISO Operating Procedures, in accordance with the applicable provisions of this Agreement. Without limiting the generality of the foregoing:

- 7.1.1** Notwithstanding anything to the contrary in Articles V, VII, VIII, IX, or X of this Agreement, or any CAISO Tariff provision, Anaheim shall not be expected or required to curtail Load or offer to the CAISO generating capacity or Energy from

its Generating Units in a System Emergency that is due to the failure of other Load Serving Entities to provide resources adequate to serve Load and maintain Operating Reserves in accordance with the CAISO Tariff or meet the credit requirements of Section 12 of the CAISO Tariff.

7.1.2 During a System Emergency, the CAISO and Anaheim shall communicate through their respective control centers and in accordance with procedures established in this Agreement and the CAISO Tariff.

7.2 Notice. When a System Emergency occurs, the CAISO shall notify Anaheim's control center as part of the process by which it notifies all Utility Distribution Companies and MSS Operators of System Emergency conditions. To the extent practical, such notices shall include sufficient information for Anaheim to determine which conditions of Article VII may apply. Details of the notification process are set forth in Schedule 7.

7.3 Generation Operations.

7.3.1 Applicability. Subsequent to the declaration by the CAISO of an alert regarding a threatened or imminent System Emergency in accordance with the CAISO's Operating Procedure applicable to System Emergencies and during a System Emergency, the CAISO may issue Dispatch Instructions or request additional output from Anaheim's Generating Units in addition to the Energy and Ancillary Services for which Anaheim has submitted Self-Schedules with the CAISO or Bids into the CAISO Markets. Unless the request or Dispatch Instruction is issued by the CAISO to implement a FERC approved market mitigation measure applicable to MSS Operators in accordance with Section 7.3.5, Anaheim shall not be required by this Agreement to comply with such requests or Dispatch Instructions, although it may consent to do so in a particular case (without prejudice to Anaheim's right to direct its Scheduling Coordinator to decline any such requests or instructions thereafter), if: (i) the CAISO has not exhausted market resources prior to calling on Anaheim's resources and such market resources, if dispatched, would have had a similar operational effect as dispatching Anaheim's Generating Units in alleviating the System Emergency; or (ii) the System Emergency is a result of insufficient resources to meet Load and/or inability to meet Operating Reserve obligations (as defined by WECC or its successor and implemented by the CAISO), as determined in accordance with Section 7.7.11.4 of the CAISO Tariff. If Anaheim or its Scheduling Coordinator chooses not to follow such a request or Dispatch Instruction, it shall notify the CAISO as soon as possible that it will not follow the request or Dispatch Instruction due to one of the reasons set forth above.

7.3.2 Operating Limitations/Conditions. Any Dispatch Instructions, including Exceptional Dispatch Instructions, or requests for output from Anaheim's Generating Units by the CAISO during System Emergencies shall be subject the terms of Section 10.2.

7.3.3 Implementing Dispatch Instructions and Requests for Additional Energy.

When requested by the CAISO subsequent to the declaration by the CAISO of an alert regarding a threatened or imminent System Emergency in accordance with the CAISO's Operating Procedure applicable to System Emergencies and during a System Emergency, Anaheim shall operate its Generating Units listed in Schedule 14 and, to the extent possible, other Anaheim resources, to supply the CAISO with generating capacity and/or Energy that can be made available by those Generating Units and other Anaheim resources in order to make available as much generating capacity and/or Energy as possible to the CAISO during the term of any System Emergency, consistent with the following: (i) maintaining the supply of Energy to Loads on Anaheim's System, other than in accordance with Section 7.4 of this Agreement; and (ii) due consideration for Anaheim obligations specified in the EEP attached to Schedule 11; and (iii) terms and limitations specified in Sections 7.3.1 and 7.3.2. In making as much generating capacity and/or Energy available that can be made available by its Generating Units and, to the extent possible, other Anaheim resources to the CAISO as possible for use subsequent to the declaration by the CAISO of an alert regarding a threatened or imminent System Emergency in accordance with the CAISO's Operating Procedure applicable to System Emergencies and during System Emergency conditions, subject to the foregoing, Anaheim shall:

- 7.3.3.1** Schedule, reschedule, Bid and operate, to the maximum extent possible, the Generating Units and other sources of power of Anaheim's System and, to the extent possible, other Anaheim resources within and outside the CAISO's Balancing Authority Area to maximize the amount of generating capacity and/or Energy available that can be made available by those Generating Units and other resources to the CAISO, provided that Anaheim shall not be required to terminate any firm sales of generating capacity or Energy that it is committed to provide pursuant to contracts in effect at the time of the System Emergency; and
 - 7.3.3.2** Reschedule Maintenance Outages of equipment and facilities, including Generating Units and facilities which impact the operation of Generating Units, to maximize the amount of generating capacity and/or Energy that can be made available by those Generating Units to the CAISO.
- 7.3.4** Anaheim's Scheduling Coordinator shall receive compensation in accordance with the CAISO Tariff for generating capacity and/or Energy supplied in response to System Emergency Dispatch Instructions, including Exceptional Dispatch Instructions, or requests for Energy issued by the CAISO with respect to Anaheim's resources in addition to the Energy and Ancillary Services from those resources self-scheduled with the CAISO or Bid into the CAISO's Markets, provided that such compensation shall be in accordance with the provisions of the CAISO Tariff.

7.3.5 Nothing in this Agreement is intended to affect Anaheim's obligation to comply with any market mitigation requirement, including any must-offer requirement, that the FERC may impose on MSS Operators such as Anaheim.

7.4 Load Shedding

7.4.1 Automatic Load Shedding. Anaheim shall implement and have at all times operational an automatic Underfrequency Load Shedding ("UFLS") program, or shall be included in another MSS's or UDC's WECC-compliant UFLS program, as described in Schedule 8, and any undervoltage relay protection program that may be described in Schedule 9.

7.4.2 Manual Load Shedding

7.4.2.1 Applicability. Anaheim shall not be subject to manual Load Shedding if: (i) it has sufficient resources to meet its forecasted Demand, as determined in accordance with Section 7.7.11.4 of the CAISO Tariff; and (ii) the Load Shedding is required solely due to insufficient resources to meet Load and/or inability to meet Operating Reserve obligations (as defined by WECC or its successor and implemented by the CAISO), as determined in accordance with Section 7.7.11.4 of the CAISO Tariff.

7.4.2.2 Verification of MSS Resource Sufficiency. Anaheim shall provide the CAISO with detailed real time information, in graphical or tabular format for those contracts and resources that do not have direct telemetry, demonstrating its full resource sufficiency during any time that the CAISO interrupted firm Load within the CAISO Balancing Authority Area or during which time a CAISO direction to interrupt firm Load was in force, like other MSS Operators and UDCs seeking similar exclusion from firm Load Shedding obligations, and Anaheim and its Scheduling Coordinator shall be subject to the provisions of Section 7.7.11.4 of the CAISO Tariff for any failure to make such demonstration.

7.4.2.3 Implementation. When called upon to do so by the CAISO in accordance with Section 7.4.2 to avert, manage, or alleviate a System Emergency, Anaheim shall implement the manual Load Shedding program described in Schedule 10. The CAISO shall notify Anaheim when conditions exist that would require Anaheim to implement the Load curtailment and interruptible Load programs described in Schedules 10, 10A, and 10B. Subject to the provisions of Sections 7.1 and 7.4.2, if the CAISO determines that manual Load curtailment is required to manage a System Emergency, the CAISO shall determine the amount and location of Load to be reduced and, to the extent practicable, shall allocate a portion of the required Demand reduction to Anaheim and each UDC and MSS Operator based on the ratio of its Demand at the time of the CAISO Balancing Authority Area annual peak Demand for the previous year to total CAISO Balancing Authority Area

annual peak Demand for the previous year, taking into account system considerations and Anaheim's curtailment rights.

- 7.4.2.4 Audit.** In the event the CAISO calls upon Anaheim to implement manual Load Shedding, Anaheim shall have the right to request an audit, in accordance with the provisions of CAISO Tariff Section 22.1.2.4, of the CAISO's implementation of manual Load Shedding to verify the CAISO's compliance with the conditions set forth in Section 7.4.2. The CAISO shall cooperate fully with such audits. Anaheim shall bear the full cost of any such audit, including the cost of CAISO activities in cooperation with the audit.
- 7.4.3 Load Restoration.** Load shed in accordance with Section 7.4.1 and 7.4.2 of this Agreement shall be restored pursuant to Schedule 12.
- 7.4.4** The CAISO shall use reasonable efforts to coordinate Anaheim's Underfrequency Load Shedding program with the Underfrequency Load Shedding programs of other MSS Operators and Utility Distribution Companies, and the implementation of all such other programs, so that no one entity bears a disproportionate share of Underfrequency Load Shedding in the CAISO Balancing Authority Area. Anaheim warrants that its UFLS program does and will continue to fully adhere to the applicable WECC plans and requirements governing such programs, in accordance with Schedule 8.
- 7.4.5** To the extent Anaheim reduces Anaheim's System Load in response to a System Emergency, it shall exercise its best efforts to maintain the same level of Generation and imports as was scheduled prior to the Load reduction in order to provide the CAISO with Energy, subject to the provisions of Sections 7.3 and 10.2.3. Anaheim's Scheduling Coordinator shall receive compensation for any Energy or Ancillary Services made available to the CAISO as a result of such Load Shedding in accordance with the CAISO Tariff and CAISO Operating Procedures and, in accordance with Section 11.23(a) of the CAISO Tariff, shall not be subject to any Uninstructed Deviation Penalty for positive Uninstructed Imbalance Energy for so long as Anaheim is subject to an order to maintain Load Shedding and not to restore its allocated share of Load reduction.
- 7.5 Electrical Emergency Plan**
- 7.5.1** Anaheim shall cooperate with the CAISO's implementation of the Electrical Emergency Plan ("CAISO EEP") developed by the CAISO in accordance with Section 7.7.5 of the CAISO Tariff. Anaheim shall implement Anaheim's EEP attached to Schedule 11 of this Agreement and filed with FERC for informational purposes, and the CAISO shall cooperate with Anaheim's implementation of Anaheim's EEP.

- 7.5.2** Anaheim shall notify its customers pursuant to its EEP of any requests for voluntary Load curtailments of which the CAISO notifies Anaheim pursuant to the CAISO EEP.
- 7.5.3** When the CAISO allocates an amount of Load curtailment to Anaheim pursuant to Section 7.4 of this Agreement and to the CAISO EEP to manage a System Emergency, Anaheim shall cause customers to curtail that amount of Load.
- 7.6** **Records.** Anaheim and the CAISO shall maintain all appropriate records with respect to operations during a System Emergency in accordance with the CAISO Tariff.

ARTICLE VIII LOCAL AND REGIONAL RELIABILITY

8.1 Reliability Within Anaheim's System

- 8.1.1** Anaheim shall be solely responsible for maintaining the reliability of electric service to customers in Anaheim's System in accordance with Applicable Reliability Criteria, WECC and NERC Reliability Standards and requirements, regulatory requirements, and Good Utility Practice, subject to the responsibilities of the CAISO as the Balancing Authority for the Balancing Authority Area in which Anaheim's System is located.
- 8.1.2** Anaheim shall be responsible for any reliability Generation, Voltage Support, and Black Start service requirements within Anaheim's System. At the Points of MSS Interconnection, Voltage Support shall be managed in accordance with the CAISO Tariff.
- 8.1.3** If and to the extent the NERC or WECC criteria change or Anaheim does not maintain sufficient Generation to meet the reliability criteria in Schedule 16, as may be amended, as applied to Anaheim's System and thus avoid adverse impacts on the CAISO Controlled Grid, then Anaheim's Scheduling Coordinator may be assessed costs incurred by the CAISO to support the reliability of Anaheim's System. The CAISO will notify Anaheim that the reliability criteria have not been met and the Parties shall negotiate in good faith over necessary modifications and, if they cannot reach agreement, submit the dispute to dispute resolution in accordance with Article XIV of this Agreement.
- 8.2** **Balancing Authority Area Reliability.** For the costs specified in this Article VIII, Anaheim, through its Scheduling Coordinator, shall be responsible for supplying or bearing its proportionate share of the costs of generating resources required for the reliability of electric service to Loads in the CAISO Balancing Authority Area, except for Reliability Must-Run ("RMR") Generation costs on the CAISO Controlled Grid, where such costs are the responsibility of the Participating TO where the RMR Unit is interconnected and Anaheim is not the applicable

Participating TO, and for any other costs of generating resources required for the reliability of electric service to Loads in the CAISO Balancing Authority Area that FERC may order to be inapplicable to Anaheim. Anaheim, through its Scheduling Coordinator, may meet such obligation from resources it owns or with respect to which it has contractual entitlements to the Energy and Ancillary Services, or it may purchase those products through the CAISO Markets in accordance with the terms of the CAISO Tariff.

8.2.1 [INTENTIONALLY LEFT BLANK]

8.3 Voltage Support. Except as otherwise agreed by the Parties, Anaheim shall maintain the voltage on Anaheim's System so that reactive flows at the Points of MSS Interconnection are at the level specified by the CAISO within the power factor band of 0.97 lag to 0.99 lead. Anaheim shall not be compensated for maintaining the power factor at the levels required by the CAISO within this bandwidth. If Anaheim fails to maintain the power factor at the levels specified by the CAISO, Anaheim's Scheduling Coordinator shall bear a portion of the CAISO's Voltage Support costs in accordance with Section 4.9.4.4 of the CAISO Tariff.

8.4 Black Start. Anaheim shall either provide its own share of CAISO Balancing Authority Area Black Start capability or, through its Scheduling Coordinator, shall bear a portion of the CAISO's Black Start costs in accordance with Section 4.9.4.5 of the CAISO Tariff.

8.5 Ancillary Services. The CAISO is entrusted with the responsibility of procuring Ancillary Services for the CAISO Balancing Authority Area. Anaheim's responsibility for the CAISO Balancing Authority Area requirements of Ancillary Services shall be determined in accordance with the CAISO Tariff. If Anaheim's Scheduling Coordinator's Submission to Self-Provide an Ancillary Service is sufficient to meet Anaheim's Ancillary Service Obligation, which capacity is committed to the various required Ancillary Services, and the Ancillary Service capacity remains available to the CAISO for that purpose, Anaheim's Scheduling Coordinator shall not be required to purchase capacity in the CAISO's Ancillary Service markets. To the extent Anaheim's Scheduling Coordinator does not self-provide sufficient capacity for this purpose, Anaheim may, through its Scheduling Coordinator, purchase the required capacity in the CAISO's Ancillary Service markets. To the extent Anaheim's Scheduling Coordinator does not maintain the availability of capacity committed to the CAISO for Ancillary Services for that purpose, the Scheduling Coordinator shall be responsible for the applicable charges under the CAISO Tariff.

8.6 MSS Aggregator. Anaheim may elect to have its Load and exports from Anaheim's System, including losses, included in the aggregated Load and exports of its MSS Aggregator and reflected in Bids submitted by the MSS Aggregator's Scheduling Coordinator. The terms and conditions of the MSS

Aggregator's agreement with the CAISO shall govern the inclusion of Anaheim's Load and exports in the portfolio of the MSS Aggregator's Scheduling Coordinator regarding charges, Load following, Imbalance Energy and any application of a MSS Deviation Band provided for in the context of Load following.

- 8.7 Ratings and Limits.** At no time shall the power flow between the CAISO and Anaheim at the Points of MSS Interconnection be allowed to cause any circuit or equipment at the Points of MSS Interconnection to exceed the allowable applicable ampacity rating or to exceed the simultaneous transfer limit between the CAISO and Anaheim (such simultaneous transfer limit shall be studied and established by the authorized representatives of the Parties). If the actual or anticipated power flow between the CAISO and Anaheim causes a circuit at a Point of MSS Interconnection to exceed its applicable ampacity rating or such flow exceeds or is anticipated to exceed the agreed to allowable simultaneous transfer limit between the CAISO and Anaheim, and further if the CAISO determines and Anaheim concurs with the CAISO's determination, in accordance with Good Utility Practice, that Anaheim is the cause of such exceedance or anticipated exceedance, Anaheim retains the right, and the CAISO shall have the right to require Anaheim, to take immediate action to reduce such flow on the overloaded circuit or reduce such simultaneous power flow between the CAISO and Anaheim by one or more actions (as determined by Anaheim), including, but not limited to, increasing internal Generation within Anaheim or curtailing Anaheim Load as necessary. If the CAISO determines, in accordance with Good Utility Practice, that Anaheim is not the cause of the existing or anticipated exceedance, the CAISO may require third parties to take necessary action to reduce flows on overloaded circuits or reduce simultaneous power flows between the CAISO and Anaheim if applicable and allowable through arrangements that the CAISO may have with such third parties or pursuant to the CAISO's authority under the CAISO Tariff or its delegated jurisdictional authority through WECC or NERC. If the CAISO is unable to determine a) whether Anaheim caused, or b) to what extent Anaheim may have caused, such exceedance or anticipated exceedance, or c) the Parties do not agree on the causation determination, the Parties agree, in accordance with Good Utility Practice, to confer and mutually decide what actions shall be taken.
- 8.8 SILT.** Anaheim's implementation of the WECC Southern Island Load Tripping ("SILT") program shall fully adhere to applicable WECC plans and requirements governing such program, in accordance with Schedule 8.

ARTICLE IX
ACCESS TO THE CAISO CONTROLLED GRID AND MARKETS

9.1 Existing Contracts and Encumbrances and Access to the CAISO Controlled Grid

9.1.1 Nothing in this Agreement shall be construed or interpreted in any manner that would interfere with the terms and conditions of any Existing Contract or Encumbrance or relieve the CAISO of its obligation to honor such Existing Contracts and Encumbrances.

9.1.2 Anaheim shall have open and non-discriminatory access to the CAISO Controlled Grid for the scheduling of transactions that do not utilize Existing Contracts and Encumbrances in accordance with the CAISO Tariff and for other transmission services the CAISO may provide in the future under the CAISO Tariff, or under any other appropriate regulatory avenue.

9.1.3 Anaheim may use the CAISO Controlled Grid in accordance with the CAISO Tariff to buy and sell electric products in the CAISO Markets and in bilateral transactions with other Market Participants.

9.1.4 Anaheim shall afford open and non-discriminatory access to the transmission facilities included in Anaheim's System to any entity qualified to obtain an order under Section 211 of the Energy Policy Act of 1992 that affords such access to the transmission facilities that such entity owns or controls.

9.2 Access to CAISO Markets

9.2.1 Bids to Supply Energy, Ancillary Services and RUC Capacity. Energy, Ancillary Services and RUC Capacity provided by Anaheim's Generating Units and Loads listed in Schedule 14 may be sold in the CAISO Markets on the terms applicable under the CAISO Tariff to Participating Generators and Participating Loads, respectively, and further applicable to MSS Operators or MSS Aggregators in accordance with the CAISO Tariff.

9.2.2 Self-Provided Ancillary Services and Self-Scheduled Energy. Anaheim may self-provide and self-schedule all or any portion of its obligation for Ancillary Services and Energy. Whether or not Anaheim engages in such self-provision, Anaheim's Scheduling Coordinator shall include the gross output, less auxiliary load, of each Generating Unit and import from which Anaheim meets that obligation and the gross Load served on Anaheim's System and gross exports from Anaheim's System in Bids, including Self-Schedules, submitted to the CAISO. If the CAISO amends the CAISO Tariff to relieve Scheduling Coordinators of the obligation to submit Bids and Self-Schedules for gross Generation, imports, Loads, and exports, and the amendment would have applied to Anaheim in the absence of this Agreement, the Parties shall negotiate

an amendment to this Agreement to conform the obligations of this section to the modified procedures.

- 9.2.3 Scheduling Timelines.** Anaheim's Scheduling Coordinator shall submit all Bids and Self-Schedules, including Self-Schedules for the use of its Existing Contracts, Bids and Self-Schedules for the use of the CAISO Controlled Grid as a new firm use, and Bids, including but not limited to Self-Schedules, for the delivery of Energy and Ancillary Services, within the timelines established by the CAISO Tariff.
- 9.2.4 Black Start and Voltage Support.** Anaheim or its Scheduling Coordinator shall be entitled to Bid its Generating Units and the resources on Anaheim's System in any open solicitation held by the CAISO for Black Start or Voltage Support services, provided that the supply of any service by Anaheim shall not impair its ability to provide the service it is required by Article VIII of this Agreement to provide for Anaheim's System, and, if the services are sold to the CAISO, Anaheim or its Scheduling Coordinator shall provide such services in accordance with the CAISO Tariff.
- 9.3 Congestion Revenue Rights.** Anaheim as a Load Serving Entity is eligible to participate in and receive an allocation of CRRs through the CRR Allocation in accordance with Section 36 of the CAISO Tariff. Anaheim, in order to participate in the CRR Allocation, must execute a pro forma CRR Entity Agreement in accordance with the CAISO Tariff.

ARTICLE X GENERATING UNITS AND MARKET-PARTICIPATING LOADS

- 10.1 Identification of Resources.** Anaheim has identified in Schedule 14 the individual Generating Units and Loads proposed for participation in the CAISO Markets that it owns, operates or to which it has a contractual entitlement that are included in Anaheim's System.
- 10.1.1 Technical Characteristics.** Anaheim has provided to the CAISO in Schedule 14 the required information regarding the capacity and operating characteristics of each of the Generating Units and market-participating Loads listed in that schedule. The CAISO may verify, inspect, and test the capacity and operating characteristics provided in Schedule 14, and any changes thereto, in accordance with Section 8.10 of the CAISO Tariff.
- 10.1.2 Notification of Changes.** Except as provided in Section 10.2.3, Anaheim shall notify the CAISO sixty (60) days prior to any change to the information provided in Schedule 14, provided that such notice shall not be required for changes to parameters of operating limitations set forth in Schedule 14, which shall be made in accordance with the CAISO's Operating Procedures. The Parties shall amend Schedule 14, as applicable, to reflect that change. Subject to such notification,

and verification, inspection, and testing in accordance with Section 10.1.1, but without waiting for the execution and effectiveness of an amended Schedule 14, the Parties shall implement any new information for a Generating Unit or market-participating Load identified in Schedule 14 upon the effective date for the next scheduled update to the CAISO's Master File.

10.1.3 Nothing in this section shall preclude Anaheim from informing the CAISO of changes in limitations on the operation of a Generating Unit, as provided in Section 10.2.3 of this Agreement, or to comply with environmental laws and regulations, provided that Anaheim provides the CAISO with advance notice of any changes in such limitations.

10.2 Generating Unit Operation

10.2.1 Anaheim shall install and maintain direct telemetry links to the CAISO's EMS system for each Anaheim Generating Unit under Anaheim control that enables the CAISO to view the status, voltage, and output of the Generating Unit and CAISO certified meters that transmits data automatically to the CAISO's Revenue Meter Data Acquisition and Processing System. Anaheim shall calculate and specify to the CAISO any distribution loss factor applicable to its Generating Units.

10.2.2 If Anaheim, through its Scheduling Coordinator, chooses to submit Bids to supply Regulation or to make a Submission to Self-Provide an Ancillary Service for Regulation from a Generating Unit, it must provide the CAISO with control over the Generating Unit providing Regulation and place the Generating Unit on Automatic Generation Control ("AGC") responsive to the CAISO's Regulation signal. Regulation service shall be provided in accordance with the CAISO Tariff. Anaheim or its Scheduling Coordinator may adjust output of Anaheim's Generating Units, in response to Anaheim's Load following needs, if elected in accordance with Section 4.9.13 of the CAISO Tariff, provided that, if Anaheim is providing Regulation to the CAISO from any Generating Unit, it may not adjust the output of that Generating Unit unless the integrity of the CAISO's Regulation signal, and the continuous responsiveness of such Generating Unit, via AGC, to the CAISO's Regulation signal, is not compromised. If the CAISO determines that the integrity of the CAISO's Regulation signal or the continuous responsiveness to the CAISO's Regulation signal is compromised, Anaheim's Generating Unit shall be deemed not to have provided the Regulation, and Anaheim shall be subject to the provisions of the CAISO Tariff applicable to failure to provide Regulation. To the extent that Anaheim chooses not to provide Regulation from an Anaheim Generating Unit, the CAISO shall not control the Generating Unit via a direct link between the CAISO and the Generating Unit without Anaheim's consent.

10.2.3 Operating Limitations. Anaheim or its Scheduling Coordinator shall not be required to comply with, although it may consent to do so in a particular case (without prejudice to Anaheim's right to direct its Scheduling Coordinator to

decline any such instructions thereafter), and shall not be subject to penalties when not complying with, Generating Unit Dispatch Instructions, including Exceptional Dispatch Instructions, that are not in accordance with limitations specified in Schedule 14 resulting from, but not necessarily limited to: (i) licenses/permits related to Generating Units (including air emission constraints), (ii) water release constraints imposed by regulatory agencies, (iii) internal policies related to fuel and contract management, or (iv) abnormal Generating Unit and transmission maintenance, provided that Anaheim shall provide the CAISO with advance notice of any changes to the limitations in Schedule 14 that Anaheim's obligations impose on the operation of its Generating Units. For that purpose, Anaheim shall provide the CAISO with any change in Schedule 14 with regard to the limitations on the operation of its Generating Units, and any appropriate amendment to Schedule 14 shall be agreed upon by the authorized representatives of the Parties pursuant to Section 3.4.3. Anaheim shall provide the CAISO updates regarding the status of the limitations in Schedule 14 promptly whenever it becomes aware of factors that affect such limitations, provided that updates shall be provided at least quarterly and no updates may be provided later than the deadline for the submission by other Generators of changes in limitations on the operation of Generating Units, which is currently the deadline for the submission of Bids into the Real-Time Market, except when a change is due to an Uncontrollable Force. If Anaheim or its Scheduling Coordinator chooses not to follow such a Dispatch Instruction, including an Exceptional Dispatch Instruction, it shall notify the CAISO as soon as possible that it will not follow the Dispatch Instruction, including an Exceptional Dispatch Instruction, due to the previously communicated limitation.

10.3 CAISO Authority to Dispatch Anaheim Resources. The CAISO's authority to issue Dispatch Instructions, including Exceptional Dispatch Instructions, for any portion of the capacity of any Generating Unit under Anaheim's control, other than in accordance with a Bid submitted to the CAISO by Anaheim's Scheduling Coordinator, is set forth in and subject to Article VII.

10.4 WECC Requirements Applicable to Participating Generators

10.4.1 Reliability Criteria. Anaheim shall comply with the requirements of Section 4.6.5 of the CAISO Tariff applicable to Participating Generators.

10.4.2 Payment of WECC Sanctions. Anaheim shall be responsible for payment directly to the WECC of any monetary sanction assessed against Anaheim by the WECC, as provided in Section 4.6.5.3 of the CAISO Tariff.

10.5 Market-Participating Load Operation

10.5.1 Technical Characteristics. As required by Section 8.4 of the CAISO Tariff, Anaheim shall provide the CAISO with all technical and operational information requested in Schedule 14 for each Curtailable Demand that it owns, operates, or has a contractual entitlement to. For those Loads designated by Anaheim as

providing Curtailable Demand, Schedule 14 requires Anaheim to indicate in Schedule 14 whether the Load can submit a Bid or self-provide as Non-Spinning Reserve. Pursuant to Section 8.10 of the CAISO Tariff, the CAISO may verify, inspect and test the capacity and operating characteristics provided in Schedule 14 for Curtailable Demands.

10.5.2 Metering and Communication. Pursuant to Sections 8.4.5 and 8.4.6 of the CAISO Tariff, Curtailable Demand that is Bid or self-provided as Non-Spinning Reserve is required to comply with the CAISO's communication and metering requirements.

10.5.3 UDC Interruptible Load Programs. Due to the CAISO's reliance on interruptible Loads to relieve System Emergencies and its contractual relationship with each UDC, the CAISO will not accept, and Anaheim shall not submit, Energy Bids, Ancillary Service Bids or Submissions to Self-Provide an Ancillary Service from interruptible Loads which are subject to curtailment criteria established under existing retail tariffs, except under such conditions as may be specified in the CAISO Tariff.

10.5.4 Incentive Mitigation. For individual Loads or aggregated Loads receiving incentives for interruption under existing programs approved by a Local Regulatory Authority as identified in Schedule 14, Anaheim shall not receive a capacity payment or credit for Ancillary Service Bids or Submission to Self-Provide an Ancillary Service for the time, if any, that there exists an overlap between such Ancillary Services Bids or Submission to Self-Provide an Ancillary Service and the time during which such individual or aggregated Loads have been interrupted pursuant to the existing program approved by a Local Regulatory Authority to which it is subject. This provision shall in no way be interpreted to limit the authority of the CAISO under the CAISO Tariff in any other respect.

ARTICLE XI METERING

11.1 Anaheim shall ensure installation of CAISO-certified revenue quality meters and associated equipment at (a) the Points of MSS Interconnection, and (b) for each Generating Unit listed in Schedule 14, at each bus to which one or more Generating Units is connected, provided that the Demand of any Load at that bus, other than a Generating Unit auxiliary Load, is separately metered.

11.2 The provisions of the CAISO Tariff applicable to CAISO Metered Entities shall apply to Anaheim, subject to the particular rights and obligations of the Parties with respect to metering set forth in Schedule 15, including access to and testing of Anaheim's meters.

- 11.3** The calculation of Anaheim's Settlement Quality Meter Data shall be in accordance with Schedule 15.

ARTICLE XII CHARGES

- 12.1 Charges Generally.** Except as may be provided otherwise in the provisions contained within Article XII or other sections of this Agreement, Anaheim's Scheduling Coordinator shall be responsible for charges incurred in accordance with Sections 4.9 and 11 of the CAISO Tariff, provided that nothing in this Agreement shall prohibit Anaheim from challenging the allocation of any new charge under the CAISO Tariff to Anaheim on the ground that the proposed charge is not appropriately assessed against a MSS Operator, or on any other ground. Further, except as specifically provided in this Agreement, Anaheim shall only be responsible for charges allocated by the CAISO Tariff to Participating TOs if it is a Participating TO, as recognized in Section 3.3.8. The CAISO and Anaheim recognize that the CAISO Tariff provisions on which Section 12.7.2 is based are currently before the FERC and subject to modification based on a prospective FERC order. The Parties recognize that the FERC is expected to rule on the CAISO's Request for Clarification or Rehearing filed on July 21, 2008 and that such ruling could impact Section 12.7.2. To the extent that the anticipated FERC order requires a change to the existing language of Section 12.7.2, the Parties will promptly meet to amend this Agreement consistent with the FERC order.
- 12.2 Congestion Management.** Anaheim shall be responsible for the cost of managing and relieving Congestion within Anaheim's System, as specified in Section 5.5, only to the extent that the cause of Congestion is attributed to Anaheim's System operations. If the cause of Congestion is not directly attributed to Anaheim's System operations, and the CAISO utilizes Exceptional Dispatch Instructions to resolve the identified Congestion, the resulting costs shall be allocated pursuant to the provisions specified in Section 11.5.6.2.5.2 of the CAISO Tariff, and will not be solely allocated to Anaheim.
- 12.3 Unaccounted for Energy Costs.** Anaheim's System shall be treated as a Utility Distribution Company Service Area for purposes of allocating responsibility for Unaccounted for Energy costs in accordance with the CAISO Tariff.
- 12.4 Reliability Generation.** Anaheim shall be responsible for the costs of maintaining the reliability of transmission facilities in Anaheim's System, including costs of Generating Units operated by or on behalf of Anaheim for that purpose. If and to the extent Anaheim does not maintain sufficient Generation to meet the reliability criteria in Schedule 16 as applied to Anaheim's System and thus avoid material adverse impacts on the CAISO Controlled Grid, then Anaheim may be

assessed costs incurred by the CAISO to support the reliability of Anaheim's System.

12.5 Neutrality Costs. Anaheim's Scheduling Coordinator's obligation to pay neutrality adjustments and Existing Contracts cash neutrality charges (or collect refunds) shall be based on Anaheim's net metered MSS Demand and exports from the CAISO Balancing Authority Area irrespective of Anaheim's MSS Settlement election as specified in Section 4.9.13 of the CAISO Tariff.

12.6 CAISO Balancing Authority Area Summer Reliability Costs. Anaheim, through its Scheduling Coordinator, shall have the option to avoid any share of the CAISO's costs for any summer Demand reduction program or for any summer reliability Generation procurement program pursuant to CAISO Tariff Section 42.1.8. In order to avoid such costs, Anaheim shall secure capacity reserves on an annual basis at least equal to one hundred fifteen percent (115%) of the peak MSS Demand responsibility, and provide documentation to the CAISO of the resources proposed to meet that MSS peak Demand. Such capacity reserves may include on-demand rights to Energy, peaking resources, and MSS Demand reduction programs. For the purposes of this Section 12.6, the MSS peak Demand responsibility shall be equal to the forecasted annual coincident MSS peak Demand Forecast plus any firm power sales by the MSS plus any MSS on-demand obligations to third parties, less interruptible Loads, and less any firm power purchases. Firm power for the purposes of this Section 12.6 shall be Energy that is intended to be available to the purchaser without being subject to interruption or curtailment by the supplier except for Uncontrollable Forces or emergency, and for which the supplier carries WECC-required operating reserves. To the extent that Anaheim demonstrates its provision of capacity reserves in accordance with this Section 12.6, Anaheim's Scheduling Coordinator shall not be obligated to bear any share of the CAISO's costs for any summer Demand reduction program or for any summer reliability Generation procurement program pursuant to CAISO Tariff Section 42.1.8.

12.7 Allocation of Net IFM Bid Cost Uplift. Anaheim's Scheduling Coordinator's obligation to pay Net IFM Bid Cost Uplift charges shall be based on the following two tier structure:

12.7.1 Tier 1 IFM Bid Cost Uplift. The hourly Net IFM Bid Cost Uplift is allocated to Anaheim's Scheduling Coordinator in proportion to Anaheim's non-negative IFM Load Uplift Obligation, but with an IFM Bid Cost Uplift rate not exceeding the ratio of the hourly Net IFM Bid Cost Uplift for the Trading Hour divided by the sum of all hourly Generation scheduled in the Day-Ahead Schedule and IFM upward AS Awards for all Scheduling Coordinators from CAISO-committed Bid Cost Recovery Eligible Resources in that Trading Hour. The IFM Load Uplift Obligation for Anaheim's Scheduling Coordinator is the difference between the total Demand scheduled in the Day-Ahead Schedule of that Scheduling Coordinator and the sum of the scheduled Generation and scheduled imports

from Self-Schedules in the Day-Ahead Schedule of that Scheduling Coordinator, adjusted by any applicable Inter-SC Trades of IFM Load Uplift Obligations.

- 12.7.2 Tier 2 IFM Bid Cost Uplift.** The Scheduling Coordinator for Anaheim as an MSS Operator that has elected both to not follow its Load and gross Settlement will be charged for an amount equal to any remaining hourly Net IFM Bid Cost Uplift for the Trading Hour in proportion to Anaheim's Measured Demand. The Scheduling Coordinator for Anaheim as an MSS Operator that has elected to follow its Load or net Settlement, or both, will be charged for an amount equal to any remaining hourly Net IFM Bid Cost Uplift for the Trading Hour in proportion to Anaheim's MSS Aggregation Net Measured Demand.
- 12.8 Allocation of Net RTM Bid Cost Uplift.** The allocation of Net RTM Bid Cost Uplift is based on the MSS elections as specified in Section 4.9.13 of the CAISO Tariff. The hourly RTM Bid Cost Uplift is allocated to the Scheduling Coordinator for Anaheim as an MSS Operator that has elected to not follow its Load and gross Settlement, in proportion to Anaheim's Measured Demand for the Trading Hour plus any FMM reductions not associated with valid and balanced ETCs or TORs Self-Schedules in the Day-Ahead Market for the Trading Hour. For the Scheduling Coordinator for Anaheim as an MSS Operator that has elected to not follow its Load and net Settlement, the hourly RTM Bid Cost Uplift is allocated in proportion to Anaheim's MSS Aggregation Net Measured Demand plus any FMM reductions not associated with valid and balanced ETCs or TORs Self-Schedules in the Day-Ahead Market for the Trading Hour. For the Scheduling Coordinator for Anaheim as an MSS Operator that elected to Load follow, the hourly RTM Bid Cost Uplift is allocated in proportion to Anaheim's MSS Net Negative Uninstructed Deviation with MSS Load Following Energy and FMM Self-Scheduled Energy from Load following resources identified in Schedule 14 A of this Agreement and associated Operational Adjustments included in the netting, plus any FMM reductions not associated with valid and balanced ETC or TOR Self Schedules in the Day-Ahead Market and plus any FMM reductions not associated with FMM Self-Scheduled Energy from Load following resources listed in Schedule 14 A of this Agreement. Any real-time reductions to HASP Intertie Schedules after HASP results are published to HASP Block Intertie Schedules in response to Dispatch Instructions or real-time scheduling curtailments are not allocated any Net RTM Bid Cost Uplift.
- 12.9 Grid Management Charges Based on Market Services.** If the CAISO is charging Grid Management Charges for Market Services Charge, and should Anaheim elect, in accordance with Section 4.9.13 of the CAISO Tariff to perform Load-following, Anaheim's Scheduling Coordinator will not be assessed Grid Management Charges for Market Services Charge associated with MSS Load Following Energy and FMM Self-Scheduled Energy from Load following resources identified in Schedule 14 A of this Agreement and associated Operational.

12.10 MSS Deviation Band. The amount by which a Load following MSS Operator can deviate from Expected Energy without incurring a Load Following Deviation Penalty, as defined in Section 12.12 and Schedule 19, is equal to three percent (3%) of an MSS Operator's gross metered MSS Demand in the MSS and exports from the MSS, adjusted for Forced Outages and any CAISO directed firm Load Shedding from the MSS's portfolio as a whole.

12.11 Load Following Deviation Band Compliance. To the extent that sufficient Energy for the purposes of serving Anaheim's MSS Demand and exports from the MSS, including losses, is not reflected in Bids, including Self-Schedules, submitted by Anaheim's Scheduling Coordinator and delivered in real time, Anaheim shall be deemed (through its Scheduling Coordinator) to have purchased or sold Imbalance Energy in the CAISO's Real-Time Market. The CAISO will settle with Anaheim's Scheduling Coordinator with regard to Imbalance Energy in accordance with the CAISO Tariff. However, should Anaheim elect, in accordance with Section 4.9.13 of the CAISO Tariff, to follow Anaheim MSS Demand and exports from the MSS with Anaheim's System resources and imports into the MSS, including Self-Scheduled System Resources and Self-Scheduled Resource Specific System Resources listed in Schedule 14 A, to the extent that the net Imbalance Energy for all of Anaheim's MSS Demand and exports from the MSS, and Anaheim's System resources and imports into the MSS, including Self-Scheduled System Resources and Self-Scheduled Resource Specific System Resources listed in Schedule 14 A, is within Anaheim's portfolio MSS Deviation Band, as specified in Section 12.10 and Schedule 19, Anaheim's Scheduling Coordinator will not be subject to the Load Following Deviation Penalty, as specified in Section 12.12, or costs other than the cost of the Imbalance Energy itself. Schedule 19 of this Agreement describes the process for calculating the applicable amount of net Imbalance Energy, which is referred to as deviation energy within Schedule 19. To the extent that Anaheim's Scheduling Coordinator is operating outside of its portfolio MSS Deviation Band, Anaheim's Scheduling Coordinator shall be subject to the Load Following Deviation Penalty. In following Load, Anaheim's Scheduling Coordinator may utilize any resource available to it regardless of whether, or at what level, the resource is reflected in Schedules submitted by Anaheim's Scheduling Coordinator, submitted in the form of a Bid or Self-Schedule, except with respect to any portion of the capacity of a resource for which Anaheim's Scheduling Coordinator has scheduled to provide an Ancillary Service and or RUC Capacity to the CAISO for that resource or to the extent the CAISO has issued a System Emergency operating order consistent with Section 7.1.1.

12.12 Deviation Band Penalties Calculation. Anaheim's Scheduling Coordinator will pay the Load Following Deviation Penalties for (i) excess MSS Generation supplied to the CAISO Markets and (ii) excess MSS Demand relying on CAISO Markets and not served by Anaheim resources. To the extent that Anaheim's Scheduling Coordinator has provided excess MSS Generation outside of the

MSS Deviation Band to the CAISO Markets, measured as defined in Section 11.7.1.1 of the CAISO Tariff, then the payment for excess Energy outside of the MSS Deviation Band shall be rescinded and thus Anaheim's Scheduling Coordinator will pay the CAISO an amount equal to one hundred percent (100%) of the product of the highest LMP paid to the MSS Operator for its Generation in the Settlement Interval for the amount of the Imbalance Energy that is supplied in excess of the MSS Deviation Band. To the extent that Anaheim's Scheduling Coordinator has excess MSS Demand outside of the MSS Deviation Band that is relying on CAISO Markets that is not served by Anaheim resources, measured as provided in Section 11.7.1.2 of the CAISO Tariff, then Anaheim's Scheduling Coordinator shall pay the CAISO an amount equal to the product of the Default LAP price for the Settlement Interval and two hundred percent (200%) of the shortfall that is outside of the MSS Deviation Band. The two hundred percent (200%) penalty is in addition to the charges for the Imbalance Energy that serves the excess MSS Demand relying on CAISO Markets.

- 12.13 Operating and Maintenance Costs.** Anaheim shall be responsible for all its costs incurred in connection with procuring, installing, operating, and maintaining the facilities, Generating Units, and market-participating Loads of Anaheim's System for the purpose of meeting its obligations under this Agreement.
- 12.14 Billing and Payment.** Billing and payment will be in accordance with the CAISO Tariff.
- 12.15 MSS Net Negative Uninstructed Deviation.** The calculation of MSS Net Negative Uninstructed Deviation must include MSS Load Following Energy and FMM Self-Scheduled Energy from Load following resources identified in Schedule 14 A of this Agreement and associated Operational Adjustments as part of the calculation of Net Negative Uninstructed Deviation quantities when used for purposes of applicable CAISO Settlement allocation. MSS Load Following Energy and FMM Self-Scheduled Energy from Load following resources identified in Schedule 14 A of this Agreement and associated Operational Adjustments shall be netted against Uninstructed Imbalance Energy to properly account for the actual quantity of Net Negative Uninstructed Deviation.
- 12.16 Residual Unit Commitment.** Should Anaheim elect, in accordance with Section 4.9.13 of the CAISO Tariff, to perform Load-following, Anaheim will be considered to have automatically opted-out of RUC participation, and Anaheim's Scheduling Coordinator will be exempt from costs associated with RUC and Bid Cost Recovery for RUC.
- 12.18 Emissions Costs.** Unless specified otherwise in this Agreement, if the CAISO is compensating Generating Units for Emissions Costs, and if Anaheim elects to charge the CAISO for the Emissions Costs of the Generating Units serving Load of Anaheim's System, then Anaheim's Scheduling Coordinator shall bear its

proportionate share of the total amount of those costs incurred by the CAISO based on Anaheim's gross Measured Demand excluding out-of-state exports and the Generating Units shall be made available to the CAISO through the submittal of Energy Bids. If Anaheim elects not to charge the CAISO for the Emissions Costs of the Generating Units serving Load of Anaheim's System, then Anaheim's Scheduling Coordinator shall bear its proportionate share of the total amount of those costs incurred by the CAISO based on Anaheim's net Measured Demand excluding out-of-state exports. If Anaheim elects to follow its Load, in accordance with Section 4.9.13 of the CAISO Tariff, and if Anaheim elects not to charge the CAISO for Emissions Costs of the Generating Units serving the Load of Anaheim's System, then Anaheim's Scheduling Coordinator shall bear its proportionate share of the total amount of those costs incurred by the CAISO based on Anaheim's Net Negative Uninstructed Deviations with MSS Load Following Energy and FMM Self-Scheduled Energy from Load following resources identified in Schedule 14 A of this Agreement and associated Operational Adjustments included in the netting. Anaheim shall make the election of whether to charge the CAISO for these costs on an annual basis on November 1 for the following calendar year.

ARTICLE XIII PENALTIES AND SANCTIONS

- 13.1 Penalties.** Anaheim or its Scheduling Coordinator shall be subject to penalties and/or sanctions for failure to comply with any provisions of this Agreement only to the extent that (a) the penalty or sanction is set forth in the CAISO Tariff and has been approved by FERC; and (b) the CAISO Tariff provides for the imposition of the same penalty or sanction on a UDC, MSS Operator, or Participating Generator, or Participating Load in the same circumstances. Nothing in this Agreement, with the exception of the provisions of Article XIV, shall be construed as waiving the rights of Anaheim to oppose or protest any penalty or sanction proposed by the CAISO to the FERC or the specific imposition by the CAISO of any FERC-approved penalty or sanction on Anaheim.
- 13.2 Corrective Measures.** If Anaheim fails to meet or maintain the requirements set forth in this Agreement or in the applicable provisions of the CAISO Tariff, the CAISO shall be permitted to take any of the measures, contained or referenced herein or in the applicable provisions of the CAISO Tariff, that the CAISO deems to be necessary to correct the situation.

ARTICLE XIV DISPUTE RESOLUTION

- 14.1 Dispute Resolution.** The Parties shall make reasonable efforts to settle all disputes arising out of or in connection with this Agreement. In the event any

dispute is not settled, the Parties shall adhere to the CAISO ADR Procedures set forth in Section 13 of the CAISO Tariff, which is incorporated by reference, except that any reference in Section 13 of the CAISO Tariff to Market Participants shall be read as a reference to Anaheim and references to the CAISO Tariff shall be read as references to this Agreement.

**ARTICLE XV
REPRESENTATIONS AND WARRANTIES**

- 15.1 Representations and Warranties.** Each Party represents and warrants that the execution, delivery and performance of this Agreement by it has been duly authorized by all necessary corporate and/or governmental actions, to the extent authorized by law.
- 15.2 Necessary Approvals.** Each Party represents that all necessary leases, approvals, licenses, permits, easements, rights of way or access to install, own and/or operate its facilities subject to this Agreement have been or will be obtained prior to the effective date of this Agreement.

**ARTICLE XVI
LIABILITY AND INDEMNIFICATION**

- 16.1 Liability and Indemnification.** The provisions of Section 14 of the CAISO Tariff will apply to liability and indemnification arising under this Agreement, except that all references in Section 14 of the CAISO Tariff to Market Participants shall be read as references to Anaheim and references to the CAISO Tariff shall be read as references to this Agreement.

**ARTICLE XVII
UNCONTROLLABLE FORCES**

- 17.1** Section 14.1 of the CAISO Tariff shall be incorporated by reference into this Agreement, except that all references in Section 14.1 of the CAISO Tariff to Market Participants shall be read as a reference to Anaheim and references to the CAISO Tariff shall be read as references to this Agreement.

**ARTICLE XVIII
MISCELLANEOUS**

- 18.1 Notices.** Any notice, demand or request which may be given to or made upon either Party regarding this Agreement shall be made in writing to the employee or official identified in Schedule 17 of this Agreement, and shall be deemed properly given: (a) upon delivery, if delivered in person, (b) five (5) days after deposit in

the mail if sent by first class United States mail, postage prepaid, (c) upon receipt of confirmation by return facsimile if sent by facsimile, or (d) upon delivery if delivered by prepaid commercial courier service. A Party must update the information in Schedule 17 as the information changes. Such changes shall not constitute an amendment to this Agreement.

- 18.2 Waivers.** Any waiver at any time by either Party of its rights with respect to any default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not constitute or be deemed a waiver with respect to any subsequent default or other matter arising in connection with this Agreement. Any delay, short of the statutory period of limitations, in asserting or enforcing any right under this Agreement shall not constitute or be deemed a waiver of such right.
- 18.3 Governing Law and Forum.** This Agreement shall be deemed to be a contract made under, and for all purposes shall be governed by and construed in accordance with, the laws of the State of California, except its conflict of laws provisions. The Parties agree that any legal action or proceeding arising under or relating to this Agreement to which the CAISO ADR Procedures do not apply shall be brought in one of the following forums as appropriate: any court of the State of California, any federal court of the United States of America located in the State of California, or, where subject to its jurisdiction, before the Federal Energy Regulatory Commission.
- 18.4 Merger.** This Agreement constitutes the complete and final agreement of the Parties with respect to the subject matter hereof and supersedes all prior agreements, whether written or oral, with respect to the provisions of this Agreement.
- 18.5 Counterparts.** This Agreement may be executed in one or more counterparts at different times, each of which shall be regarded as an original and all of which, taken together, shall constitute one and the same Agreement.
- 18.6 Consistency with Federal Laws and Regulations.** Nothing in this Agreement shall compel either Party to violate federal statutes or regulations, or orders lawfully promulgated thereunder. If any provision of this Agreement is inconsistent with any obligation imposed on a Party by such federal statute, regulation or order, to that extent, it shall be inapplicable to that Party. No Party shall incur any liability by failing to comply with a provision of this Agreement that is inapplicable to it by reason of being inconsistent with any such federal statutes, regulations, or orders lawfully promulgated thereunder; provided, however, that such Party shall use its best efforts to comply with this Agreement, to the extent that applicable federal laws, regulations, and orders lawfully promulgated thereunder permit it to do so.
- 18.7 Severability.** If any term, covenant, or condition of this Agreement or the application or effect of any such term, covenant, or condition is held invalid as to

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

- 18.8 Assignments.** Either Party may assign its rights and obligations under this Agreement, with the other Party's prior written consent, in accordance with Section 22.2 of the CAISO Tariff, which is incorporated by reference into this Agreement. Such consent shall not be unreasonably withheld.
- 18.9 No Regional Transmission Organization or Participating TO Obligation:** Nothing in this Agreement shall obligate or commit Anaheim to become a member of any regional transmission organization (RTO) or to remain a Participating TO.
- 18.10 No FERC Jurisdiction over Anaheim.** Anaheim is not a "public utility" as currently defined in the Federal Power Act and by entering into this Agreement does not consent to FERC jurisdiction or waive its rights to object to FERC asserting jurisdiction over Anaheim.

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

California Independent System Operator Corporation

By: _____

Name: Keith Casey, PH.D

Title: Vice President, Market & Infrastructure Development

Date: 12/12/11

City Of Anaheim

By: _____

Name: _____

Title: _____

Date: _____

SCHEDULE 1

[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]

SCHEDULE 2
INTERCONNECTED OPERATION STANDARDS
[Section 4.2]

The CAISO and Anaheim shall jointly maintain stable operating parameters and control of real and reactive power flows in accordance with the following Interconnected Operation Standards.

Anaheim Responsibilities

- 1.0 Anaheim shall operate the facilities of Anaheim's System in such manner as to avoid any material or adverse impact on the CAISO Balancing Authority Area. In accordance with this performance goal, Anaheim shall:
 - 1.1 Operate the facilities of Anaheim's System at each Point of MSS Interconnection within established operating parameters including normal ratings, emergency ratings, voltage limits, and balance of Load between electrical phases.
 - 1.2 Maintain primary and backup protective systems such that faults on Anaheim's System facilities will be cleared within the timeframe specified by SCE and Anaheim with minimal impact on the CAISO Controlled Grid.
 - 1.3 Maintain Load power factor at each Point of MSS Interconnection with the CAISO Controlled Grid in accordance with Section 8.3 of this Agreement.
 - 1.4 Operate the facilities of Anaheim's System at each Point of MSS Interconnection in accordance with the requirements applicable to Utility Distribution Companies in the CAISO Operating Procedures and standards, except as otherwise provided in this Agreement.

CAISO Responsibilities

- 2.0 The CAISO shall operate the CAISO Controlled Grid at each Point of MSS Interconnection with Anaheim in such manner as to avoid any material or adverse impact on Anaheim facilities. In accordance with this performance goal, the CAISO shall:
 - 2.1 Participate with Anaheim and SCE in the development of joint power quality performance standards and jointly maintain compliance with such standards.
 - 2.2 Observe Anaheim grid voltage limits specified in Attachment 1 including requirements for reduced voltage on CAISO Controlled Grid facilities which apply during heavy fog (or other unusual operating conditions) as needed to minimize the risk of insulator flashover. Any anticipated reduction in operating voltages on

CAISO Controlled Grid facilities shall be studied and established by Anaheim and the CAISO.

- 2.3 Approve Anaheim's maintenance requests in a timely manner for transmission facilities that impact the CAISO Controlled Grid, and shall not unreasonably withhold approval of such requests for authorization to perform energized insulator washing work or to take planned Outages needed to replace or insul-grease insulators.
- 2.4 Support Anaheim investigation of power quality incidents, and provide related data to Anaheim in a timely manner.
- 2.5 Support installation of apparatus on the CAISO Controlled Grid to improve power quality, and take all reasonable measures to investigate and mitigate power quality concerns caused by actions or events in neighboring systems or Balancing Authority Areas.
- 2.6 Maintain Load power factor at each Point of MSS Interconnection with Anaheim's System in accordance with Section 8.3 of this Agreement.

**SCHEDULE 2
ATTACHMENT 1**

ANAHEIM GRID VOLTAGE LIMITS

There are no Anaheim grid voltage limitations at the present time.

SCHEDULE 3**RIGHTS OF ACCESS TO FACILITIES**
[Section 4.5.1]

- 1.0 Equipment Installation.** In order to give effect to this Agreement, a Party that requires use of particular equipment (the equipment owner) may require installation of such equipment on property owned by the other Party (the property owner), provided that the equipment is necessary to meet the equipment owner's service obligations and that the equipment shall not have a negative impact on the reliability of the service provided, nor prevent the property owner from performing its own obligations or exercising its rights under this Agreement.
- 1.1 Free Access.** The property owner shall grant to the equipment owner free of charge reasonable installation rights and rights of access to accommodate equipment inspection, maintenance, repair, upgrading, or removal for the purposes of this Agreement, subject to the property owner's reasonable safety, operational, and future expansion needs.
- 1.2 Notice.** The equipment owner shall provide reasonable notice to the property owner when requesting access for site assessment, equipment installation, or other relevant purposes. Such access shall not be provided unless the parties mutually agree to the date, time, and purpose of each access. Agreement on the terms of the access shall not be unreasonably withheld or delayed.
- 1.3 Removal of Installed Equipment.** Following reasonable notice, the equipment owner shall be required, at its own expense, to remove or relocate equipment, at the request of the property owner, provided that the equipment owner shall not be required to do so if it would have a negative impact on the reliability of the service provided, or would prevent the equipment owner from performing its own obligations or exercising its rights under this Agreement.
- 1.4 Costs.** The equipment owner shall repair at its own expense any property damage it causes in exercising its rights and shall reimburse the property owner for any other reasonable costs that it may be required to incur to accommodate the equipment owner's exercise of its rights under Section 4.5 of this Agreement.
- 2.0 Rights to Assets.** The Parties shall not interfere with each other's assets, without prior written agreement.
- 3.0 Inspection of Facilities.** In order to meet their respective obligations under this Agreement, each Party may view or inspect facilities owned by the other Party. Provided that reasonable notice is given, a Party shall not

unreasonably deny access to relevant facilities for viewing or inspection by the requesting Party.

SCHEDULE 4

MAINTENANCE COORDINATION

[Section 5.1.2]

Anaheim shall exchange with the CAISO a provisional planned Outage program for all lines and equipment in Schedule 1 in accordance with the CAISO Tariff. That document will be updated quarterly and as changes occur to the proposed schedule.

The CAISO shall approve all proposed Outages on equipment and lines listed on Schedule 1 unless a proposed Outage would cause the CAISO to violate Applicable Reliability Criteria. Approval of Outages shall not be unreasonably withheld.

Applications for scheduled work shall be submitted to the CAISO by Anaheim via means to be agreed to by both Parties. The documents submitted by Anaheim shall record the details for all work and become the database for reporting and recording Outage information.

SCHEDULE 5**CRITICAL PROTECTIVE SYSTEMS****[Section 5.3]**

Distribution protective relay schemes affecting the CAISO Controlled Grid are those associated with transformers that would trip transmission breakers and/or busses when activated. These would include any of the following:

1. High Side Overcurrent Relays
2. Differential Overcurrent Relays
3. Sudden Pressure Relays
4. Low Oil Relays
5. Neutral Ground Overcurrent Relays
6. On fuse protected transformers, it would be the high-side fuses.

Following is a brief description of the relaying schemes at Lewis Substation:

The Local Breaker Failure Back-up (LBFB) protection for Anaheim's "A" banks and the Lewis/Vermont 220KV transmission line are hard wired, thereby tripping all electrically adjacent breakers to a breaker that fails to open on a fault. If the failed (stuck) breaker were associated with a 220KV bus, it would trip Anaheim's breakers associated with that bus and all SCE breakers associated with the same bus.

SCHEDULE 6
[Not Used]

SCHEDULE 7**EMERGENCIES****[Section 7.2]**

The CAISO shall notify Anaheim's System Operator of the emergency, including information regarding the cause, nature, extent, and potential duration of the emergency. Depending on the nature of the emergency and the particular response required, such notification shall be made to Anaheim either directly by the CAISO or through the Area Control Center (ACC) specified by the CAISO, currently the SCE ACC. The Anaheim System Operator shall make the appropriate notifications within the Anaheim organization. The Anaheim System Operator shall then take such actions as are appropriate for the emergency in accordance with Section 7 of this Agreement.

Anaheim shall make requests for real-time information from the CAISO regarding emergencies through contacts to the CAISO's Operations Shift Supervisor, by Anaheim's System Operator, or Anaheim's Communication Coordinator may coordinate public information with the CAISO Communication Coordinator.

Anaheim is required to estimate service restoration by geographic areas, and shall use its call center and the media to communicate with customers during service interruptions. Anaheim will communicate necessary information to appropriate state, local governmental entities, and its customers as needed. For Anaheim Outages that may be caused by events affecting the transmission system, the Anaheim System Operator will make appropriate notifications to the CAISO of any information related to the Outage such as cause, nature, extent, potential duration and customers affected.

Anaheim and CAISO Grid Control Center logs, Electric Switching Orders and Energy Management System temporal database will be used in preparation of Outage reviews. These documents are defined as the chronological record of the operation of the activities which occur with the portion of the electrical system assigned to that control center. The log shall contain all pertinent information, including orders received and transmitted, relay operations, messages, clearances, accidents, trouble reports, daily switching program, etc.

Anaheim and the CAISO shall retain records in accordance with their standard practices for record retention for not less than six years.

SCHEDULE 8**UNDERFREQUENCY LOAD SHEDDING****[Section 7.4.1]**

The objective of the Underfrequency Load Shedding (“UFLS”) program is to provide security and protection to the interconnected bulk power network by arresting frequency decay during periods of insufficient resources.

This plan establishes Underfrequency Load Shedding objectives consistent with the Load Shedding policies of the Western Electricity Coordinating Council, the North American Electric Reliability Corporation, and City of Anaheim. City of Anaheim’s Load Shedding program will be in accordance with the WECC Coordinated Off-Nominal Frequency Load Shedding and Restoration Plan (Final Report November 25, 1997, as revised December 5, 2003 or as it may be amended by the WECC from time to time). The Anaheim UFLS program shall utilize WECC planning criteria in this area. Per WECC requirements, UFLS shall be on the feeder side of the transformer.

City of Anaheim currently maintains an Underfrequency Load Shedding Plan under Electric System Order No. 2518, as revised June 30, 2006, which is attached hereto and incorporated herein by reference. This plan establishes UFLS objectives consistent with the Load Shedding policies of the WECC, the NERC, and City of Anaheim as set forth in the referenced documents incorporated in this Schedule 8. Anaheim shall notify the CAISO of any changes to its existing UFLS program prior to implementation of such changes. At no time shall Anaheim be exempt from either participating in an CAISO-sanctioned third party UFLS program (currently with SCE) or implementing such plan independently in full compliance with WECC requirements.

Anaheim shall also comply with the WECC Southern Island Load Tripping Plan (July 22, 1997, or as it may be amended by the WECC from time to time) (“SILT”). To the extent Anaheim chooses to comply with the SILT by means of UFLS, Anaheim’s SILT program shall be coordinated with Anaheim’s UFLS program.

SCHEDULE 9

OTHER AUTOMATIC LOAD SHEDDING

[Section 7.4.1]

There are no other automatic Load Shedding plans at the present time.

SCHEDULE 10

MANUAL LOAD SHEDDING

[Section 7.4.3]

City of Anaheim maintains a manual Load Shedding program under Electric System Order No. 7514, Emergency Load Drop Procedure, as revised June 30, 2006, which is attached hereto and incorporated herein by reference.

SCHEDULE 10A

ROTATING LOAD CURTAILMENT PROCEDURES

[Section 7.4.3]

Anaheim rotating Load curtailment procedures are described in Schedule 10. To maintain the required amount of continuously interrupted Load, as directed by the CAISO in accordance with the provisions of Article VII for an extended amount of time, no portion of Anaheim's interrupted Load shall be restored unless an equal or greater amount of Load is interrupted first, as necessary to maintain the required amount of interrupted Load.

SCHEDULE 10B

INTERRUPTIBLE LOAD

[Section 7.4.3]

Anaheim has not implemented a program for interruptible Loads.

Should Anaheim seek to implement any interruptible Load program, Anaheim shall provide a complete description of the program to the CAISO at least sixty (60) days prior to the incorporation of the program into the Anaheim EEP and all applicable Operating Procedures shall be followed.

SCHEDULE 11**ELECTRICAL EMERGENCY PLAN****[Section 7.5.1]**

The CAISO specifications will outline the basic criteria for the development, coordination, and implementation of the Anaheim EEP and the requirements for coordination with the CAISO EEP. Schedule 11 includes the Anaheim EEP as coordinated with the CAISO EEP.

City of Anaheim maintains an Electrical Emergency Plan which is consistent with the CPUC's Standards for Operation, Reliability, and Safety During Emergencies and Disasters, and as reflected in the City of Anaheim Electric System Order No. 2518, which is incorporated herein by reference pursuant to Schedule 8; and City of Anaheim Electric System Order No. 7514, which are incorporated herein by reference pursuant to Schedule 10.

For purposes of this Agreement, Anaheim and the CAISO agree that the Anaheim EEP shall be interpreted to provide that:

- 1) Anaheim shall continue to act upon CAISO instructions in accordance with the provisions of Article VII and cause the required amount of Anaheim firm Load to be interrupted during any hour of any day (24 x 7);
- 2) Anaheim shall satisfy its requirement to interrupt the required amount of firm Load within ten minutes from the time of notification by the CAISO dispatcher;
- 3) the implementation of any substitution of back-up generation and "voluntary" Load interruptions, on an "as-available" basis, for the required amount of firm Load interruption, as set out in the Anaheim EEP and incorporated herein by reference, shall not obviate or interfere with required timely compliance;
- 4) should Anaheim use, wholly or partially, any combination of back-up generation or "voluntary" Load interruption to substitute for an amount of its firm Load interruption obligation, the effects of such substitution shall be no different than those that would have resulted from an equivalent amount of firm Load interruption without such back-up generation or voluntary Load interruption, and the actual cumulative effect(s) of such substitution shall be subject to the same rules of verifiability and reporting as those for the firm Load conventionally interrupted on such occasions; and
- 5) should rotation of Anaheim's firm Load blocks be required to maintain a minimum amount of continuously interrupted Load, as defined by the CAISO dispatcher in accordance with the provisions of Article VII, for an extended amount of time, no block of Anaheim's firm Load shall be restored unless an equal or greater amount of another block of Load is interrupted first, and in the event Anaheim uses any combination of substitutions for its firm Load interruption obligation as permitted in

section 4) above, any rotation of, or changes to, such substitutions shall be made such that the equivalent required Load relief level is maintained during the entire applicable time.

SCHEDULE 12**LOAD RESTORATION****[Section 7.4.4]**

Anaheim shall follow the procedures set forth below in this Schedule 12 in promoting orderly, coordinated restoration of electric systems after a major system disturbance has occurred which resulted in Load Shedding by frequency relays in California.

1. Immediately after Load Shedding by frequency relay(s) has occurred in Anaheim's System, Anaheim shall remain in contact with the Area Control Center (ACC) specified by the CAISO, currently the SCE ACC, until normal frequency has been restored throughout the CAISO Balancing Authority Area or the CAISO Shift Supervisor has concluded that such full-time communications can be terminated. Emergency communications over the California ACC Hot-line will be under the direction of the CAISO Shift Supervisor and the senior dispatcher present at the SCE ACC(s).
2. Manual Load restoration shall not normally be initiated until the California ACC Hot Line is attended. No Load is to be manually restored unless directed by the CAISO, either directly or through its assignee, provided that the procedure for the CAISO's designation of any assignee is agreed to by Anaheim, after the frequency has recovered and there is indication that the frequency can be maintained. Anaheim shall await direction from the CAISO or its assignee, who will be in contact with the CAISO Shift Supervisor. The CAISO Shift Supervisor shall determine whether adequate Generation resources are available on line to support the Load to be restored consistent with the provisions of Article VII.
3. Anaheim's automatic Load restoration will be consistent with the WECC Coordinated Off-Nominal Frequency Load Shedding and Restoration Plan.
4. If the CAISO cannot meet the WECC and NERC Balancing Authority Area Disturbance Control Standard or the Control Performance Standard post disturbance, no manual Load restoration shall be permitted. If the frequency is such that automatic Load restoration occurs under these conditions, if Anaheim has restored Load automatically, it will manually shed an equivalent amount of Load to offset the Load which was automatically restored consistent with the provisions of Article VII.
5. Restoration of ties and off-site power supply to nuclear generating facilities should be given top priority. Manual Load restoration will be deferred during periods of tie restoration. Anaheim should be equipped and prepared to drop Load manually when necessary to allow frequency recovery sufficient to re-establish CAISO intra-area ties and Interties between the CAISO Balancing Authority Area and outside systems. Where manual Load Shedding is required, the CAISO shall make reasonable efforts to allocate the Load Shedding requirement equitably

among Anaheim, UDCs, and MSS Operators where Load Shedding shall be beneficial, and such Load Shedding shall be made in accordance with Section 7.4.

6. Anaheim shall use its existing plans and priorities to restore Load within the parameters given by the CAISO, giving the appropriate priority to essential services such as military, public safety agencies, water treatment plants, sewage treatment plants, etc.

SCHEDULE 13

[RESERVED]

SCHEDULE 14

[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]

SCHEDULE 14 A - LOAD FOLLOWING SYSTEM RESOURCES DESCRIPTION

[Section 3.3.6, 12.8, 12.9, 12.11, 12.15, 13.18, and Schedule 19]

System Resources

Currently the City of Anaheim has elected not to follow its Load.

SCHEDULE 15**METERING OBLIGATIONS****[Section 11.2 and 11.3]****Obligations and Rights of Anaheim**

- 1.0 Submission of Meter Data through the CAISO’s Settlement Quality Meter Data Systems (“SQMDS”) and Revenue Meter Data Acquisition and Processing System (“RMDAPS”).** Anaheim agrees to make available to the CAISO through SQMDS and RMDAPS its Meter Data in accordance with the CAISO Tariff. The CAISO’s requirements regarding the frequency with which it requires Meter Data to be made available to it through SQMDS and RMDAPS by Anaheim are referred to in the CAISO Tariff and the Business Practice Manual for Metering.
- 1.1 Meter Information.** Anaheim shall provide in the format prescribed by Schedule 15.1 the required information with respect to all of its meters used to provide Meter Data to the CAISO. Anaheim must immediately notify the CAISO of any changes to the information provided to the CAISO in accordance with this Section and provide the CAISO with any information in relation to such change as reasonably requested by the CAISO. Anaheim shall have the right to modify Schedule 15.1, although such modification shall not constitute an amendment to this Agreement.
- 1.2 Transformer and Line Loss Correction Factor.** If Anaheim uses low voltage side metering, it shall use the CAISO approved Transformer and Line Loss Correction Factor referred to in the CAISO Tariff and the Business Practice Manual for Metering.
- 1.3 Rights to Access Metering Facilities.** Anaheim shall use its best efforts to procure any rights necessary for the CAISO to access all Metering Facilities of Anaheim to fulfill its obligations under the CAISO Tariff, and its obligations under this Agreement. If, after using its best efforts, Anaheim is unable to provide the CAISO with such access rights, Anaheim shall ensure that one of its employees is an CAISO Authorized Inspector and such employee undertakes, at the CAISO’s request, the certification, testing, inspection and/or auditing of those Metering Facilities in accordance with the procedures established pursuant to the CAISO Tariff and the Business Practice Manual for Metering, including the requirement to complete and provide to the CAISO all necessary documentation. The CAISO acknowledges that it will not be prevented from fulfilling its obligations under the CAISO Tariff or this Agreement by reason of the fact that it is provided with escorted access to the Metering Facilities of Anaheim.

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- 1.4 Security and Validation Procedures.** The security measures and the validation, editing, and estimation procedures that the CAISO shall apply to Meter Data made available to the CAISO by Anaheim shall be as referred to in the CAISO Tariff and the Business Practice Manual for Metering.
- 1.5 Authorized Users.** In addition to the persons referred to in the CAISO Tariff, including Anaheim and the relevant Scheduling Coordinator, as being entitled to access Meter Data on SQMDS, Anaheim may set forth in Schedule 15.2 of this Agreement any additional authorized users that shall be entitled to access Anaheim's Settlement Quality Meter Data held by the CAISO. Anaheim shall include in Schedule 15.2 as authorized users the relevant UDCs and TOs. The CAISO shall provide the authorized users with any password or other information necessary to access Anaheim's Settlement Quality Meter Data held by the CAISO on SQMDS. Any amendment or addition to Schedule 15.2 shall not constitute an amendment to this Agreement.
- 1.6 Certification, Inspection, and Auditing of Meters.** Anaheim shall be responsible for all reasonable costs incurred by the CAISO or a CAISO Authorized Inspector in connection with them carrying out the certification, inspection, testing or auditing of the meters identified in Schedule 15.1 from which Anaheim provides Meter Data to the CAISO. The CAISO or CAISO Authorized Inspector shall furnish Anaheim, upon request, an itemized bill for such costs.

Obligations and Rights of the CAISO

- 2.0 Direct Polling of Revenue Quality Meter Data.** The CAISO shall allow the Scheduling Coordinator representing Anaheim and all authorized users to directly poll CAISO certified meters for the Meter Data relating to Anaheim in accordance with the procedures referred to in the CAISO Tariff and the Business Practice Manual for Metering.
- 2.1 CAISO as a Third-Party Beneficiary.** The CAISO shall be a third-party beneficiary to any future agreement between Anaheim and any other party relating to the Metering Facilities of Anaheim for the purpose of granting the CAISO access to any relevant information, records and facilities as needed by the CAISO to fulfill its obligations under the CAISO Tariff and its obligations under this Agreement.
- 2.2 Remote and Local Access to Metering Data.** The CAISO shall provide Anaheim any password or other requirements necessary for Anaheim to access its Meter Data remotely or locally at the meter.

Calculation of Anaheim Settlement Quality Meter Data

The calculation of Anaheim's Settlement Quality Meter Data ("SQMD") shall be made in accordance with a calculation procedure that is mutually agreed by the Parties, which calculation procedure will generally be as follows:

Anaheim SQMD (Gross Load) = MSS Meter Data at the Points of MSS Interconnection
+ Meter Data for Generation from Generating Units
within the MSS

SCHEDULE 15.1

[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]

SCHEDULE 15.2

**ACCESS TO METER DATA
AND AUTHORIZED USERS**

Authorized users under this Schedule are permitted to use such Meter Data solely for purposes of complying with applicable Reliability Standards or fulfilling obligations or verifying performance under agreements between the authorized user and Anaheim, the authorized user and the CAISO, or Anaheim and the CAISO.

Authorized User:

Southern California Edison Company

SCHEDULE 16

TRANSMISSION RELIABILITY CRITERIA

[Section 12.4]

For transmission reliability, Anaheim shall abide by all NERC and WECC Planning Criteria and the following:

Power Flow Assessment:

	Criteria	
Contingencies	Thermal ³	Voltage ⁴
Generating Unit ¹	A/R	A/R
Transmission line ¹	A/R	A/R
Transformer ¹	A/R ⁵	A/R ⁵
Overlapping ²	A/R	A/R

- 1 All single contingency Outages (i.e. Generating Unit, transmission line or transformer) will be simulated on Participating Transmission Owners' local area systems.
- 2 Key Generating Unit out, system readjusted, followed by a line Outage.
- 3 Applicable Rating – Based on CAISO Transmission Register or facility upgrade plans.
- 4 Applicable Rating – CAISO Grid Planning Criteria or facility owner criteria as appropriate.
- 5 Based on judgment of CAISO and facility owner, a thermal or voltage criterion violation resulting from a transformer Outage may not be cause for Reliability Must-Run Generation solution if the violation is considered marginal (e.g. acceptable loss of life or low voltage), otherwise (e.g. unacceptable loss of life or voltage collapse) a Reliability Must-Run Generation solution would be indicated.

Post Transient Load Flow Assessment:

Contingencies	Reactive Margin Criteria ²
Selected ¹	A/R

- 1 If power flow results indicate significant low voltages for a given power flow contingency, simulate that Outage using the post transient load flow program. The post-transient assessment will develop appropriate Q/V and/or P/V curves.
- 2 Applicable Rating – positive margin based on 105% of 1 in 2 year Load forecast.

Stability Assessment:

Contingencies

Stability Criteria ²

Selected ¹ A/R

- 1 If power flow or post transient study results indicate significant low voltages or marginal reactive margin for a given contingency, simulate that Outage using the dynamic stability program.
- 2 Applicable Rating – CAISO Grid Planning Criteria or facility owner criteria as appropriate.

SCHEDULE 17
CONTACTS FOR NOTICES

[Section 18.1 and 3.4.3]

Anaheim

Name of Primary Representative: Stephen J. Sciortino
Title: Assistant General Manager, Joint Services
Address: 201 South Anaheim Blvd., Suite 1101
City/State/Zip Code: Anaheim, CA 92805
Email Address: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**
Phone: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**
Fax No: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**

Name of Alternative Representative: Graham A. Bowen
Title: Principal Integrated Resources Planner
Address: 201 South Anaheim Blvd., Suite 802
City/State/Zip Code: Anaheim, CA 92805
Email Address: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**
Phone: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**
Fax No: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**

Anaheim Representative Designated Pursuant to Section 3.4.3:
Name: Marcie L. Edwards
Title: Public Utilities General Manager
Address: 201 South Anaheim Blvd., Suite 1101
City/State/Zip Code: Anaheim, CA 92805
Email Address: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**
Phone: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**
Fax No: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**

CAISO

Name of Primary Representative: Roni L. Reese
Title: Senior Contracts Analyst
Address: 250 Outcropping Way
City/State/Zip Code: Folsom, CA 95630
Email Address: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**
Phone: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**
Fax No: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**

Name of Alternative Representative: Christopher J. Sibley
Title: Lead Contract Negotiator
Address: 250 Outcropping Way
City/State/Zip Code: Folsom, CA 95630
Email Address: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**
Phone: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**
Fax No: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**

CAISO Representative Designated Pursuant to Section 3.4.3:

Name: Eric Schmitt
Title: Vice President, Operations
Address: 250 Outcropping Way
City/State/Zip Code: Folsom, CA 95630
Email Address: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**
Phone: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**

SCHEDULE 19

MSS LOAD FOLLOWING DEVIATION ENERGY FORMULA

[Section 12.12]

Currently the City of Anaheim has elected not to follow its Load

Attachment D
Marked PUBLIC Version
of the
Second Amended and Restated City of Anaheim MSSA

**CALIFORNIA INDEPENDENT SYSTEM
OPERATOR CORPORATION**

AND

CITY OF ANAHEIM

SECOND AMENDED & RESTATED

METERED SUBSYSTEM AGREEMENT

SECOND AMENDED AND RESTATED METERED SUBSYSTEM AGREEMENT

THIS AGREEMENT is dated this _____ day of _____, 20____, and is entered into, by and between:

- (1) The **City of Anaheim**, a municipal corporation of the State of California, which owns and operates a municipal electric utility system engaged in the Generation, transmission, distribution, purchase and sale of electric power and Energy at wholesale and retail, having its registered and principal place of business located at 200 South Anaheim Boulevard, Anaheim, California 92805 (“Anaheim”);

and
- (2) **California Independent System Operator Corporation**, a California non-profit public benefit corporation having its principal place of business located in such place in the State of California as the CAISO Governing Board may from time to time designate, currently 250 Outcropping Way, Folsom California 95630 (the “CAISO”).

Anaheim and the CAISO are hereinafter referred to individually as “Party” or collectively as the “Parties.”

Whereas:

- A.** The City of Anaheim is a MSS Operator of a Metered Subsystem (“MSS”) engaged in, among other things, generating, transmitting and distributing electric power in the Anaheim Service Area;
- B.** The CAISO operates the CAISO Balancing Authority Area and is engaged in, among other things, exercising Operational Control over certain electric transmission facilities forming the CAISO Controlled Grid, including transmission facilities owned by Southern California Edison Company (hereinafter referred to as “SCE”) and Anaheim’s transmission Entitlements, scheduling transactions that utilize those transmission facilities and Entitlements, and operating certain markets, including markets for Energy and Ancillary Services, pursuant to the terms of the CAISO Tariff and has certain statutory obligations under California law to maintain the reliability of the CAISO Controlled Grid, as well as certain responsibilities mandated by the North American Electric Reliability Corporation (“NERC”) and Western Electricity Coordinating Council (“WECC”) or its successor to ensure the reliable operation of the entire electric grid within the CAISO Balancing Authority Area;
- C.** Anaheim is a Local Publicly Owned Electric Utility under the Constitution of the State of California and utilizes, either directly or indirectly through the Southern

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- California Public Power Authority ("SCPPA"), tax-exempt financing for one or more of its projects that restricts the amount of private use of such projects;
- D.** Anaheim's System is within the CAISO Balancing Authority Area and is directly interconnected to the CAISO Controlled Grid;
- E.** Anaheim desires to continue to operate its generating resources, its transmission, and the distribution resources of Anaheim's System in an integrated manner to reliably serve Anaheim's Loads and also desires, as or through a Scheduling Coordinator, to submit Bids, including Self-Schedules, to use the CAISO Controlled Grid and participate in the CAISO Markets as a buyer and a seller;
- F.** The Parties are entering into this Metered Subsystem Agreement ("Agreement") in order to establish the terms and conditions on which (1) Anaheim will operate Anaheim's Generating Units within the CAISO Balancing Authority Area; (2) Anaheim will, as or through its Scheduling Coordinator, submit Bids, including Self-Schedules, into the CAISO Balancing Authority Area and participate in the CAISO Markets; and (3) the Parties will meet their obligations under the CAISO Tariff, as may be modified by this Agreement, in connection therewith;
- G.** Anaheim desires to have the option at some future date to elect to utilize Anaheim's System resources, System Resources and Resource Specific System Resources, and imports into its MSS, approved in advance by the CAISO as not causing an undue operational burden, to follow Anaheim's Load and exports from its MSS;
- H.** The intent of the Parties is that any CAISO charges will be charged to Anaheim's Scheduling Coordinator based on the principle of cost causation, with due regard for historic considerations, timing and transition issues, and other relevant factors;
- I.** In order to maintain the reliability of the interconnected electric systems encompassed by the WECC, the Parties are required to comply with the NERC and WECC Reliability Standards, and the WECC RMS Agreement to the extent it remains in effect, applicable to the functional entity types for which the Parties are registered with NERC and WECC. Should any Party fail to meet its respective obligations, such Party shall be responsible for payment of any monetary sanctions assessed against it in accordance with the CAISO Tariff;
- J.** The Parties acknowledge that Anaheim's Generation resources are dedicated first and foremost to serve Anaheim's retail Native Load within Anaheim's Service Area and that such resources are, except for times of System Emergency or Anaheim's voluntary participation in CAISO Markets or other circumstances, as specified in this Agreement, not subject to CAISO Dispatch; and

- K.** The Parties acknowledge that the CAISO is responsible for the efficient use and reliable operation of the CAISO Controlled Grid and the operation of the CAISO's Balancing Authority Area consistent with achievement of planning and Operating Reserve criteria no less stringent than those established by the WECC and NERC and in accordance with the CAISO Tariff. The Parties acknowledge that the CAISO may not be able to satisfy fully these responsibilities if parties to agreements with the CAISO, including Anaheim, fail to comply fully with all of their obligations under those agreements. The Parties further acknowledge that Anaheim may not be able to satisfy fully its native Load responsibilities in the event the CAISO fails to comply fully with all of its obligations under this Agreement and the CAISO Tariff.

NOW THEREFORE, in consideration of the mutual covenants set forth herein, **THE PARTIES AGREE** as follows:

ARTICLE I DEFINITIONS AND INTERPRETATION

- 1.1 Master Definitions Supplement.** Unless defined in the introduction or Section 1.2 of this Agreement, all terms used in this Agreement with initial capitalization shall have the same meaning as those contained in Appendix A, the Master Definitions Supplement, to the CAISO Tariff.
- 1.2 Special Definitions for this Agreement.** In this Agreement, the following terms shall have the meanings set opposite them:
- “Anaheim's System”** means all transmission facilities, distribution facilities and Generating Units owned or controlled by Anaheim on Anaheim's side of the Points of MSS Interconnection for its MSS, as listed in Schedule 1. A description of the Generating Units and Point of MSS Interconnection facilities comprising Anaheim's System is set forth in Schedule 1.
- “Point of MSS Interconnection”** means any point at which Anaheim's System is directly interconnected with the CAISO Controlled Grid or with any other portion of the interconnected electric grid in the CAISO Balancing Authority Area. The initial Points of MSS Interconnection are described in Section 4.1.
- 1.3 Rules of Interpretation.** The following rules of interpretation and conventions shall apply to this Agreement:
- (a) the singular shall include the plural and vice versa;
 - (b) the masculine shall include the feminine and neutral and vice versa;

- (c) “includes” or “including” shall mean “including without limitation”;
- (d) references to a Section, Article or Schedule shall mean a Section, Article or a Schedule of this Agreement, as the case may be, unless the context otherwise requires;
- (e) any reference to the CAISO Tariff or any provision of the CAISO Tariff will mean a reference to the CAISO Tariff or provision then in effect as modified during the term of this Agreement, unless otherwise specifically provided;
- (f) unless the context otherwise requires, references to any law shall be deemed references to such law as it may be amended, replaced or restated from time to time;
- (g) unless the context otherwise requires, any reference to a “person” includes any individual, partnership, firm, company, corporation, joint venture, trust, association, organization or other entity, in each case whether or not having separate legal personality;
- (h) unless the context otherwise requires, any reference to a Party includes a reference to its permitted successors and assigns;
- (i) any reference to a day, week, month or year is to a calendar day, week, month or year; and
- (j) the captions and headings in this Agreement are inserted solely to facilitate reference and shall have no bearing upon the interpretation of any of the terms and conditions of this Agreement.

ARTICLE II TERM AND TERMINATION

2.1 Effective Date. This Agreement shall be effective as of the later of: (1) the date this Agreement is accepted for filing and made effective by FERC, or (2) the date the version of the CAISO Tariff implementing the CAISO’s Market Redesign and Technology Upgrade (“MRTU”) market design becomes effective, and shall remain in full force and effect until terminated pursuant to Section 2.2, or upon such other date as the Parties shall mutually agree. Upon the effective date of this Agreement, all prior versions will be superseded, provided that if this Agreement has become effective, but the CAISO exercises its rights under Section 44 of the CAISO Tariff and returns its operations and settlements to the pre-MRTU ISO Tariff, the Parties will use the terms of the version of the Metered Subsystem Agreement in existence prior to this Agreement during such period

that the CAISO returns to the previously effective ISO Tariff, except that the updates to the Schedules attached to this Agreement will remain in effect.

2.2 Termination

2.2.1 Termination by Default. Either Party (the terminating Party) may terminate this Agreement by giving written notice of termination in the event that the other Party (the defaulting Party) commits any default under this Agreement or the applicable provisions of the CAISO Tariff which, if capable of being remedied, is not remedied within 30 days after the terminating Party has given the defaulting Party written notice of the default, unless excused by reason of Uncontrollable Forces under Article XVII.

2.2.2 Termination for Cause. Anaheim may terminate this Agreement by giving ninety (90) days written notice of termination in the event that: (i) any changes to the CAISO Tariff or state or federal law are approved or implemented that substantially alter Anaheim's rights or obligations under this Agreement; (ii) the CAISO fails to maintain reliable system operations as required by Good Utility Practice and NERC and WECC Reliability Standards; or (iii) non-payment by the CAISO for services rendered by Anaheim.

2.2.3 Termination for Tax Reasons. Anaheim may terminate this Agreement immediately on the loss or threatened loss in whole or in part of exemption from taxation for bonds used directly or indirectly by Anaheim for generation, transmission, and distribution projects as a result of Anaheim's obligations under this Agreement.

2.2.4 Termination on Notice. Either Party shall have the right to terminate this Agreement in accordance with this Section 2.2.4, subject to the procedural requirements set forth in Section 2.2.5. Either Party may terminate this Agreement by giving the other Party written notice at least six (6) months in advance of the intended effective date of termination.

2.2.5 Filing. With respect to any notice of termination given pursuant to this Section, the CAISO must file a timely notice of termination with FERC. The filing of the notice of termination by the CAISO will be considered timely if: (1) the request to file a notice of termination is made after the preconditions for termination set forth in Sections 2.2.1, 2.2.2, 2.2.3, or 2.2.4 have been met, and (2) the CAISO files the notice of termination within 30 days of receipt of such request from Anaheim or issuance of its own notice of termination. This Agreement shall terminate upon the date on which the notice of termination is permitted by FERC to become effective; provided, however, that if Anaheim is the terminating Party, Anaheim shall be relieved of its obligations and shall forego its rights herein as of the termination effective date associated with the provision of this Agreement pursuant to which Anaheim has provided its notice of termination, regardless of action or inaction by the CAISO or FERC, provided that Anaheim shall cease taking any service provided under this Agreement by the CAISO as of the

effective date associated with Anaheim's notice of termination and provided further that any outstanding charges or settlements that arose under this Agreement shall survive until they are satisfied.

ARTICLE III GENERAL TERMS AND CONDITIONS

- 3.1 Scope of Agreement.** Except as specifically provided otherwise, the provisions of this Agreement will apply only with respect to the facilities comprising Anaheim's System and to Loads and Generating Units that comprise or are directly connected only to Anaheim's System. Subject to the terms of Article II, this Agreement shall not affect Anaheim's ability to join or establish another Balancing Authority Area or Anaheim's right to exercise any available legal recourse to obtain or confirm that it possesses other forms of transmission rights.
- 3.2 [NOT USED]**
- 3.3 Relationship Between Agreement and CAISO Tariff**
- 3.3.1** If and to the extent a matter is specifically addressed by a provision of this Agreement (including any schedules or other attachments to this Agreement), the provision of this Agreement shall govern notwithstanding any inconsistent provision of the CAISO Tariff and, except as provided in Section 3.3.2, any CAISO Tariff provision that is referenced in this Agreement.
- 3.3.2** If and to the extent this Agreement provides that a matter shall be determined in accordance with the applicable provisions of the CAISO Tariff, the applicable provisions of the CAISO Tariff shall govern.
- 3.3.3** Except as provided in Section 3.3.1, Anaheim shall, with respect to the operation of the Metered Subsystem, comply with the requirements applicable to Metered Subsystems under Section 4.9 of the CAISO Tariff and all other provisions of the CAISO Tariff governing Metered Subsystems, including but not limited to Sections 31.5, 34.12, and 36.10 of the CAISO Tariff.
- 3.3.4** Except as provided in Section 3.3.1, Anaheim shall, with respect to the operation of any of its Generating Units listed in Schedule 14, comply with the requirements applicable to Participating Generators under Section 4.6 of the CAISO Tariff and all other provisions of the CAISO Tariff governing Participating Generators. Nothing in this Agreement shall obligate Anaheim to execute a Participating Generator Agreement with respect to any Anaheim Generating Units.
- 3.3.5** Except as provided in Section 3.3.1, Anaheim shall, with respect to the operation of any Load listed in Schedule 14, comply with the requirements applicable to Participating Loads under Section 4.7 of the CAISO Tariff and all other provisions

of the CAISO Tariff governing Participating Loads. Nothing in this Agreement shall obligate Anaheim to execute a Participating Load Agreement with respect to any Anaheim Load.

- 3.3.6** Except as provided in Section 3.3.1, Anaheim shall, with respect to the operation of any Resource Specific System Resource listed in Schedule 14 A, comply with the requirements applicable to Resource Specific System Resources under Section 4.12 of the CAISO Tariff and all other provisions of the CAISO Tariff governing Resource Specific System Resources. Nothing in this Agreement shall obligate Anaheim to execute a Resource Specific System Resource Agreement with respect to any Anaheim Resource Specific System Resource.
- 3.3.7** Except as provided in Section 3.3.1, Anaheim shall, with respect to the operation of the distribution facilities of Anaheim's System, comply with the requirements applicable to Utility Distribution Companies under Section 4.4 of the CAISO Tariff. Nothing in this Agreement shall obligate Anaheim to execute a UDC Operating Agreement.
- 3.3.8** The applicability of any provision of the CAISO Tariff to Anaheim, including as provided in Sections 3.3.1 through 3.3.7, inclusive, shall, in the event of a dispute between the Parties, be determined through the CAISO ADR Procedures in accordance with Article 13 of the CAISO Tariff.
- 3.3.9** So long as Anaheim remains a Participating TO, Anaheim shall comply with the requirements applicable to Participating TOs under Section 4.3 of the CAISO Tariff.
- 3.3.10** This Agreement shall serve, with respect to Anaheim, as the written agreements required by Sections 4.4.1, 4.6, 4.7, and 10.1.4 of the CAISO Tariff.

3.4 Amendment to Agreement

- 3.4.1** Anaheim and the CAISO shall retain all rights under Section 206 of the Federal Power Act. Except with respect to the CAISO's rights set forth in Section 3.4.2 of this Agreement and the Parties' rights under Section 206 of the Federal Power Act, this Agreement may be modified only by mutual written agreement between the Parties. Amendments that require FERC approval shall not take effect until FERC has accepted such amendments for filing and made them effective.
- 3.4.2** The CAISO shall have the right to apply unilaterally under Section 205 of the Federal Power Act to change the rates, terms, and conditions under this Agreement for services provided to Anaheim. In proposing any changes, unless in response to a FERC order as provided in Section 3.7, the CAISO will consider the principles in this Agreement as detailed in Section 3.5.2. Additionally, unless in response to a FERC order as provided in Section 3.7, any changes proposed by the CAISO shall be subject to the following:

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- 3.4.2.1** The CAISO shall provide Anaheim 30 days advance written notice of such change.
- 3.4.2.2** The CAISO shall meet and confer with Anaheim regarding the change, provided that the scheduling of such meeting shall not be unreasonably delayed.
- 3.4.2.3** Anaheim's representative designated in Schedule 17 may waive these requirements upon written request by the CAISO.
- 3.4.2.4** The CAISO shall provide Anaheim with a copy of the FERC filing if, and when, made.
- 3.4.3** Schedules to this Agreement may be revised by agreement of the authorized representatives of the Parties designated in Schedule 17. Revisions to Schedules other than with regard to the contact information in Schedule 17 shall be filed by the CAISO with FERC.
- 3.4.4** In addition to changes that may otherwise be contemplated by Section 3.6 or Section 3.7, the Parties recognize that the CAISO's responsibilities and operations, as set forth in the CAISO Tariff, and Anaheim's responsibilities and operations may change during the term of this Agreement. The Parties agree that, in the event any such change substantially affects the allocation of rights, responsibilities and obligations between the Parties under this Agreement, the Parties, while continuing to honor the terms and conditions of this Agreement, will make good faith efforts to negotiate an appropriate amendment to this Agreement and shall endeavor in that process to restore that allocation.
- 3.5 Amendment to CAISO Tariff**
- 3.5.1** Nothing in this Agreement shall affect in any way the authority of the CAISO to modify unilaterally the CAISO Tariff in accordance with Section 15 of the CAISO Tariff or of the CAISO and Anaheim to exercise their rights under the Federal Power Act or any other law, or to pursue any legal remedies.
- 3.5.2** In making amendments to the CAISO Tariff as provided in Section 3.5.1, the CAISO will consider the impact on Metered Subsystems and the principles reached in this Agreement, including but not limited to:
- 3.5.2.1** Cost Causation: The intent of the Parties is that CAISO charges will be charged to Anaheim or Anaheim's Scheduling Coordinator based on the principle of cost causation, with due regard for historic considerations, timing and transition issues, and other relevant factors.
- 3.5.2.2** Load Following Capability: Anaheim desires the option to elect to implement Load following capability, through its Scheduling Coordinator, to match Anaheim's Load and exports from its MSS with Anaheim's resources and

imports into its MSS approved in advance by the CAISO as not causing an undue operational burden, including not having the potential to exacerbate Congestion or otherwise adversely affect reliable operation of the CAISO Balancing Authority Area, and to make economic resource decisions with the resources in Anaheim's portfolio.

- 3.5.2.3** Compatibility of Market Participants: For efficient use of transmission facilities and to decrease Congestion, the CAISO desires that all Market Participants operate using similar rules and scheduling timelines.
- 3.5.2.4** Private Use Restrictions: Anaheim has financed, either directly or indirectly through SCPPA, one or more projects with tax-exempt bonds, which bond indentures require limitations on operational control of such projects.
- 3.5.2.5** Obligation to Serve and Voluntary Participation in CAISO Markets: In order to preserve Anaheim's ability to meet its obligation to serve its customers within its Service Area, the CAISO shall recognize the principle that the CAISO should minimize to the extent practicable any interference with Anaheim's use of its resources to meet its obligation to serve. The CAISO shall recognize the principles that Anaheim's participation in CAISO Markets should be strictly voluntary and that the CAISO's right to request surplus Generation from Anaheim above that which is submitted under Bids or Self-Schedules into the CAISO Markets shall be limited to occurrence of System Emergencies and other contingencies recognized in Sections 7.1 and 8.2.
- 3.5.2.6** Protection Against Load Shedding: An MSS Operator that has sufficient resources to meet applicable resource adequacy standards and schedules sufficient resources to meet its own Load obligations, as specified in Section 7.7.11.4 of the CAISO Tariff and its firm energy obligations to third parties shall not be subject to Load Shedding that results from deficiencies by other Market Participants as to such requirements.
- 3.5.2.7** Affected Generating Units: Anaheim's generating resources subject to provisions of this Agreement applicable to Generating Units, and that are to be listed in Schedule 14, are those generating resources in the CAISO Balancing Authority Area over which Anaheim has operational control.
- 3.6** **Changes to CAISO Markets.** To the extent possible, any subsequent changes to the CAISO Markets that impact Metered Subsystems will be incorporated in this Agreement. If and when components of the CAISO Markets design necessitate a revision to this Agreement, the CAISO will propose an amendment to this Agreement in accordance with Section 3.4 and consistent with the principles in Section 3.5.2.
- 3.7** **Changes to Conform to FERC Orders.** Nothing in this Article III shall be interpreted to limit the CAISO's right to modify the CAISO Tariff or this

Agreement to comply with or conform to any FERC order or to limit Anaheim's right to challenge such a proposed modification.

3.8 Facilities Financed by Local Furnishing Bonds or Other Tax-Exempt Bonds.

This Section 3.8 applies only to facilities which are under the Operational Control of the CAISO and are owned by a MSS Operator with Local Furnishing Bonds or other tax-exempt bonds. Nothing in this Agreement shall compel (and the CAISO is not authorized to request) any MSS Operator with Local Furnishing Bonds, or other tax-exempt bonds, to violate restrictions applicable to facilities which are part of a system that was financed in whole or in part with Local Furnishing Bonds or other tax-exempt bonds.

**ARTICLE IV
INTERCONNECTION**

- 4.1 Points of MSS Interconnection.** The Points of MSS Interconnection are described in Schedule 1. Additional Points of MSS Interconnection may be established only by mutual agreement of the authorized representatives of the Parties pursuant to Section 3.4.3, which agreement shall not be unreasonably withheld.
- 4.2 Interconnection Operation Standards.** The CAISO and Anaheim shall maintain stable established operating parameters and control power and reactive flow within standards stated in Schedule 2.
- 4.3 Operation, Maintenance, and Load Serving Responsibilities.** Anaheim shall operate and maintain all facilities under Anaheim control forming any part of Anaheim's System, and shall be responsible for the supply, including any purchases, of the Energy and Ancillary Services required to reliably provide electric service to the Loads connected to Anaheim's System in accordance with Applicable Reliability Criteria, including WECC and NERC Reliability Standards and criteria. The Parties acknowledge that Anaheim is responsible for compliance with the WECC and NERC Reliability Standards and criteria applicable to the functions for which Anaheim has registered with NERC. The references to WECC and NERC Reliability Standards throughout this Agreement do not make any alteration or enlargement of the requirements or standards applicable to Anaheim beyond its registrations with NERC.
- 4.4 Expansion, Retirement, and Modification of Facilities.** The Parties shall coordinate with each other in the planning and implementation of any expansion, retirement, or modification of those facilities forming or interconnected to parts of Anaheim's System that are identified in Schedule 1, proposed replacements for such facilities, and other facilities forming parts of Anaheim's System that serve similar functions or that otherwise will or may significantly affect the Points of MSS Interconnection, and shall provide sufficient advance notice to enable the

CAISO or Anaheim to conduct any necessary studies. To the extent the CAISO determines studies are required, those studies will be performed in a reasonable period of time. The authorized representatives of Parties will amend Schedule 1 pursuant to Section 3.4.3, as necessary, should any new Point(s) of MSS Interconnection be established in accordance with Section 4.1.

4.5 Installation of Facilities and Rights of Access

- 4.5.1** Pursuant to Schedule 3, the Parties shall permit one another, on reasonable notice and with mutual agreement in each case, to install equipment or have installed equipment or other facilities on the property of the other Party to enable the installing Party to meet its service obligations, unless doing so would negatively impact the reliability of service provided by the owning Party. Unless otherwise agreed, all costs of installation shall be borne by the installing Party.
- 4.5.2** A Party installing equipment on the property of the other Party shall be granted, free of charge, reasonable rights of access to inspect, repair, maintain and upgrade that equipment. Access shall be provided only on prior notice and such access shall not be unreasonably withheld.
- 4.5.3** Notwithstanding any other provision in this Section 4.5, Anaheim shall provide, subject to any contractual limitations concerning Anaheim's entitlements to facilities, the CAISO with access for inspection or audit, to any equipment or other facilities of Anaheim's System, the operation of which affects any Point of MSS Interconnection or the CAISO Controlled Grid. Anaheim will allow access during normal working hours with no prior notice, provided that Anaheim shall have the right to delay access to any personnel for no longer than the minimum amount of time required for Anaheim to verify their identity, business purpose, and right of access. For access during times outside of normal working hours, the CAISO shall provide Anaheim with one (1) Business Day advance notice. A shorter advance notice time may be attained subject to mutual agreement of the Parties' representatives.

ARTICLE V OPERATIONS

5.1 Outages

- 5.1.1** Anaheim shall coordinate Outages of its Generating Units and of transmission facilities, including the Points of MSS Interconnection, constituting parts of Anaheim's System with the owners of the transmission or distribution facilities with which Anaheim's System is interconnected so that each of those owners can take those Outages into account in coordinating maintenance of its transmission facilities with the CAISO in accordance with the CAISO Tariff.

- 5.1.2** Anaheim shall schedule with the CAISO on an annual basis pursuant to Schedule 4, with updates submitted as required under CAISO Tariff Section 9.3.6, any Maintenance Outages of the equipment included in Schedule 1, and shall coordinate the Outage requirements of Anaheim's System with the Participating TO with which Anaheim's System is interconnected.
- 5.1.3** Without waiving the right to terminate this Agreement in accordance with the terms of Section 2.2, Anaheim shall coordinate Outages of its Generating Units, and of transmission facilities constituting parts of Anaheim's System, with the CAISO, pursuant to any generally applicable program established by the CAISO to the extent required by the applicable sections of the CAISO Tariff or as required by any law, regulation or order applicable to Anaheim where such law, regulation, or order applies to entities that have executed a written undertaking required by Section 4.6 of the CAISO Tariff.
- 5.2 Safety and Reliability.** Anaheim shall operate and maintain Anaheim's System in accordance with applicable safety standards and Reliability Standards pursuant to WECC and NERC requirements, regulatory requirements, operating guidelines, and Good Utility Practice so as to avoid any material unplanned-for adverse impact on the CAISO Controlled Grid. The CAISO shall operate and maintain the CAISO Controlled Grid and the operation of the CAISO Balancing Authority Area in accordance with applicable Reliability Standards pursuant to WECC and NERC requirements as applicable, regulatory requirements, operating guidelines, and Good Utility Practice so as to avoid any material unplanned-for adverse impact on Anaheim's System. Without limiting the foregoing, Anaheim shall operate and maintain Anaheim's System, during normal and System Emergency conditions, in compliance with Anaheim's Electric Emergency Plan ("EEP") and the requirements applicable to Utility Distribution Companies in the CAISO Operating Procedures and standards. In the event any such CAISO Operating Procedure or standard is revised to modify the requirements applicable to Utility Distribution Companies, the Parties shall comply with such revision.
- 5.3 Critical Protective Systems.** Anaheim will coordinate with the CAISO, SCE, and any Generators on Anaheim's System to ensure that CAISO Controlled Grid Critical Protective Systems, including relay systems and other systems described in Schedule 5, are installed and maintained in order to function in a coordinated and complementary fashion with protective devices installed by Anaheim, SCE, and Generators. Anaheim shall notify the CAISO as soon as is reasonably possible of any condition that it becomes aware of that may compromise or affect the operating safety and reliability of the CAISO Controlled Grid Critical Protective Systems, including the systems described in Schedule 5.
- 5.4 Single Point of Contact.** Anaheim shall provide a single point of contact and maintain and operate a control center that is staffed "at all hours" and shall, together with the CAISO, establish appropriate communications facilities and

procedures between Anaheim's control center and the CAISO Control Center. The Parties agree to exchange operational contact information for insuring reliable communication in a format agreed to by the Parties. Each Party shall provide the other Party ten (10) calendar days advanced notice of updates to its operational contact information as that information is expected to change.

- 5.5 Transmission Losses, Outages, and Congestion.** Anaheim shall be responsible for transmission losses within Anaheim's System and to any Points of MSS Interconnection. In addition, Anaheim shall be responsible for transmission line Outages and transmission Congestion within Anaheim's System and at the Points of MSS Interconnection as specified in CAISO Tariff Section 4.9.4.6. Congestion within Anaheim's System will be managed in accordance with the CAISO Tariff, including CAISO Tariff Section 31.3.3.

ARTICLE VI INFORMATION SHARING

- 6.1 Forecasts.** Anaheim shall provide to the CAISO annually its ten-year forecasts of the MSS Demand growth, internal Generation, and expansions of or replacements for those transmission facilities that are part of Anaheim's System identified in Schedule 1 and other transmission facilities that are part of Anaheim's System that serve similar functions or that otherwise will or may significantly affect any Point of MSS Interconnection. Such forecast shall be provided on the date that Utility Distribution Companies are required to provide similar forecasts and shall be provided in accordance with the CAISO Tariff and the Business Practice Manual for the Transmission Planning Process. Peak MSS Demand Forecasts for Anaheim's System shall be submitted by Anaheim's Scheduling Coordinator in accordance with the CAISO Tariff and the Business Practice Manual for Market Instruments, and biannually as part of the CAISO's summer and winter assessment process as agreed by the Parties.
- 6.2 System Surveys and Inspections.** Anaheim and the CAISO shall cooperate to perform system surveys and inspections of facilities at or near the Points of MSS Interconnection that may significantly affect the facilities of the other Party.
- 6.3 Maintenance Schedules.** Anaheim shall provide the CAISO on an annual basis with a schedule of planned maintenance of those Generating Units identified in Schedule 1, in accordance with Schedule 4. Anaheim and the CAISO shall also maintain records of the Maintenance Outages scheduled by Anaheim on such facilities and their actual duration. Anaheim shall coordinate maintenance of its transmission facilities with the CAISO in accordance with the Transmission Control Agreement. Should Anaheim withdraw any of its transmission facilities from CAISO Operational Control pursuant to the Transmission Control Agreement, it shall coordinate maintenance of its transmission facilities within the CAISO Balancing Authority Area with the CAISO in accordance with this Agreement.

- 6.4 Reliability Information.** Anaheim and the CAISO shall each have the obligation to inform the other Party, as promptly as possible, of any circumstance of which it becomes aware (including, but not limited to, abnormal temperatures, storms, floods, earthquakes, and equipment depletions and malfunctions and deviations from Registered Data and operating characteristics) that is reasonably likely to threaten the reliability of the CAISO Controlled Grid or the integrity of Anaheim's System, respectively. Anaheim and the CAISO each shall also inform the other Party as promptly as possible of any incident of which it becomes aware (including, but not limited to, equipment Outages, over-loads or alarms) which, in the case of Anaheim, is reasonably likely to threaten the reliability of the CAISO Controlled Grid, or, in the case of the CAISO, is reasonably likely to adversely affect Anaheim's System. Such information shall be provided in a form and content which is reasonable in all the circumstances, sufficient to provide timely warning to the other Party of the potential threat and, in the case of the CAISO, not unduly discriminatory with respect to the CAISO's provision of similar information to other entities.
- 6.5 Major Outage Reports.** Anaheim shall promptly provide such information as the CAISO may reasonably request concerning Anaheim's operation of Anaheim's System to enable the CAISO to meet its responsibility under the CAISO Tariff to conduct reviews and prepare reports following major Outages. Where appropriate, the CAISO will provide appropriate assurances that the confidentiality of commercially sensitive information shall be protected. The CAISO shall have no responsibility to prepare reports on Outages that affect customers on Anaheim's System, unless the Outage also affects customers connected to the system of another entity within the CAISO Balancing Authority Area. Anaheim shall be solely responsible for the preparation of any reports required by any governmental entity or the WECC with respect to any Outage that affects solely customers on Anaheim's System.
- 6.6 Annual Reviews and Reports**
- 6.6.1** The CAISO shall make available to Anaheim any public annual reviews or reports regarding performance standards, measurements or incentives relating to the CAISO Controlled Grid that the CAISO makes available to MSS Operators and Participating TOs.
- 6.6.2** Anaheim shall make available to the CAISO any public annual reviews or reports regarding performance standards, measurements or incentives relating to Anaheim's System that may affect the CAISO Balancing Authority Area.
- 6.6.3** The CAISO and Anaheim shall jointly develop any necessary forms and procedures for collection, study, treatment, and transmittal of system data, information, reports and forecasts.

- 6.7** Anaheim shall install and maintain direct telemetry links from facilities comprising Anaheim's System to the CAISO's EMS system to provide real-time data to the CAISO, subject to any exemption available in accordance with the CAISO Tariff. Such data points may include without limitation: output of Generating Units under Anaheim control; line and transformer flows at the Anaheim Points of MSS Interconnection; and bus voltages at the Anaheim Points of MSS Interconnection and at each Generating Unit. With regard to Generating Units in the CAISO Balancing Authority Area in which Anaheim has an entitlement over which Anaheim does not have legal authority to exercise control, Anaheim shall, at a minimum, support the installation and maintenance of direct telemetry links to the CAISO's EMS system from those Generating Units before the appropriate bodies of the projects pursuant to the individual project agreements to the full extent allowed by such agreements and applicable laws and regulations. Additional data points to be transmitted to the CAISO EMS system will be as mutually agreed by the CAISO and Anaheim representatives.

ARTICLE VII EMERGENCY OPERATIONS

7.1 In General.

Except with respect to Sections 7.4.1, 7.4.3, 7.4.4, 7.5.1 and 7.5.2 or unless Anaheim is short of resources to meet its forecasted MSS Demand and exports, as determined in accordance with Section 7.7.11.4 of the CAISO Tariff, the terms of this Article VII shall only apply during a System Emergency that is not a result of a deficiency of resources to serve Loads in the CAISO Balancing Authority Area but instead occurs due to operating contingencies, which may include but not be limited to forced loss of resources and/or transmission components or may otherwise be caused by an Uncontrollable Force. In the event a System Emergency occurs or the CAISO determines that a System Emergency is threatened or imminent, Anaheim shall, in accordance with Section 7.7.2 of the CAISO Tariff and Good Utility Practice and subject to the terms of this Article VII: (a) comply with all directions from the CAISO concerning the management and alleviation of a threatened or actual System Emergency, which may include shutting down or starting a Generating Unit, altering the scheduled delivery of Energy or Ancillary Services throughout the CAISO Balancing Authority Area, or disconnecting Anaheim Load; and (b) comply with all procedures concerning System Emergencies set out in the Anaheim EEP, CAISO applicable Business Practice Manuals, and CAISO Operating Procedures, in accordance with the applicable provisions of this Agreement. Without limiting the generality of the foregoing:

- 7.1.1** Notwithstanding anything to the contrary in Articles V, VII, VIII, IX, or X of this Agreement, or any CAISO Tariff provision, Anaheim shall not be expected or required to curtail Load or offer to the CAISO generating capacity or Energy from

its Generating Units in a System Emergency that is due to the failure of other Load Serving Entities to provide resources adequate to serve Load and maintain Operating Reserves in accordance with the CAISO Tariff or meet the credit requirements of Section 12 of the CAISO Tariff.

7.1.2 During a System Emergency, the CAISO and Anaheim shall communicate through their respective control centers and in accordance with procedures established in this Agreement and the CAISO Tariff.

7.2 Notice. When a System Emergency occurs, the CAISO shall notify Anaheim's control center as part of the process by which it notifies all Utility Distribution Companies and MSS Operators of System Emergency conditions. To the extent practical, such notices shall include sufficient information for Anaheim to determine which conditions of Article VII may apply. Details of the notification process are set forth in Schedule 7.

7.3 Generation Operations.

7.3.1 Applicability. Subsequent to the declaration by the CAISO of an alert regarding a threatened or imminent System Emergency in accordance with the CAISO's Operating Procedure applicable to System Emergencies and during a System Emergency, the CAISO may issue Dispatch Instructions or request additional output from Anaheim's Generating Units in addition to the Energy and Ancillary Services for which Anaheim has submitted Self-Schedules with the CAISO or Bids into the CAISO Markets. Unless the request or Dispatch Instruction is issued by the CAISO to implement a FERC approved market mitigation measure applicable to MSS Operators in accordance with Section 7.3.5, Anaheim shall not be required by this Agreement to comply with such requests or Dispatch Instructions, although it may consent to do so in a particular case (without prejudice to Anaheim's right to direct its Scheduling Coordinator to decline any such requests or instructions thereafter), if: (i) the CAISO has not exhausted market resources prior to calling on Anaheim's resources and such market resources, if dispatched, would have had a similar operational effect as dispatching Anaheim's Generating Units in alleviating the System Emergency; or (ii) the System Emergency is a result of insufficient resources to meet Load and/or inability to meet Operating Reserve obligations (as defined by WECC or its successor and implemented by the CAISO), as determined in accordance with Section 7.7.11.4 of the CAISO Tariff. If Anaheim or its Scheduling Coordinator chooses not to follow such a request or Dispatch Instruction, it shall notify the CAISO as soon as possible that it will not follow the request or Dispatch Instruction due to one of the reasons set forth above.

7.3.2 Operating Limitations/Conditions. Any Dispatch Instructions, including Exceptional Dispatch Instructions, or requests for output from Anaheim's Generating Units by the CAISO during System Emergencies shall be subject the terms of Section 10.2.

7.3.3 Implementing Dispatch Instructions and Requests for Additional Energy.

When requested by the CAISO subsequent to the declaration by the CAISO of an alert regarding a threatened or imminent System Emergency in accordance with the CAISO's Operating Procedure applicable to System Emergencies and during a System Emergency, Anaheim shall operate its Generating Units listed in Schedule 14 and, to the extent possible, other Anaheim resources, to supply the CAISO with generating capacity and/or Energy that can be made available by those Generating Units and other Anaheim resources in order to make available as much generating capacity and/or Energy as possible to the CAISO during the term of any System Emergency, consistent with the following: (i) maintaining the supply of Energy to Loads on Anaheim's System, other than in accordance with Section 7.4 of this Agreement; and (ii) due consideration for Anaheim obligations specified in the EEP attached to Schedule 11; and (iii) terms and limitations specified in Sections 7.3.1 and 7.3.2. In making as much generating capacity and/or Energy available that can be made available by its Generating Units and, to the extent possible, other Anaheim resources to the CAISO as possible for use subsequent to the declaration by the CAISO of an alert regarding a threatened or imminent System Emergency in accordance with the CAISO's Operating Procedure applicable to System Emergencies and during System Emergency conditions, subject to the foregoing, Anaheim shall:

- 7.3.3.1** Schedule, reschedule, Bid and operate, to the maximum extent possible, the Generating Units and other sources of power of Anaheim's System and, to the extent possible, other Anaheim resources within and outside the CAISO's Balancing Authority Area to maximize the amount of generating capacity and/or Energy available that can be made available by those Generating Units and other resources to the CAISO, provided that Anaheim shall not be required to terminate any firm sales of generating capacity or Energy that it is committed to provide pursuant to contracts in effect at the time of the System Emergency; and
 - 7.3.3.2** Reschedule Maintenance Outages of equipment and facilities, including Generating Units and facilities which impact the operation of Generating Units, to maximize the amount of generating capacity and/or Energy that can be made available by those Generating Units to the CAISO.
- 7.3.4** Anaheim's Scheduling Coordinator shall receive compensation in accordance with the CAISO Tariff for generating capacity and/or Energy supplied in response to System Emergency Dispatch Instructions, including Exceptional Dispatch Instructions, or requests for Energy issued by the CAISO with respect to Anaheim's resources in addition to the Energy and Ancillary Services from those resources self-scheduled with the CAISO or Bid into the CAISO's Markets, provided that such compensation shall be in accordance with the provisions of the CAISO Tariff.

7.3.5 Nothing in this Agreement is intended to affect Anaheim's obligation to comply with any market mitigation requirement, including any must-offer requirement, that the FERC may impose on MSS Operators such as Anaheim.

7.4 Load Shedding

7.4.1 Automatic Load Shedding. Anaheim shall implement and have at all times operational an automatic Underfrequency Load Shedding ("UFLS") program, or shall be included in another MSS's or UDC's WECC-compliant UFLS program, as described in Schedule 8, and any undervoltage relay protection program that may be described in Schedule 9.

7.4.2 Manual Load Shedding

7.4.2.1 Applicability. Anaheim shall not be subject to manual Load Shedding if: (i) it has sufficient resources to meet its forecasted Demand, as determined in accordance with Section 7.7.11.4 of the CAISO Tariff; and (ii) the Load Shedding is required solely due to insufficient resources to meet Load and/or inability to meet Operating Reserve obligations (as defined by WECC or its successor and implemented by the CAISO), as determined in accordance with Section 7.7.11.4 of the CAISO Tariff.

7.4.2.2 Verification of MSS Resource Sufficiency. Anaheim shall provide the CAISO with detailed real time information, in graphical or tabular format for those contracts and resources that do not have direct telemetry, demonstrating its full resource sufficiency during any time that the CAISO interrupted firm Load within the CAISO Balancing Authority Area or during which time a CAISO direction to interrupt firm Load was in force, like other MSS Operators and UDCs seeking similar exclusion from firm Load Shedding obligations, and Anaheim and its Scheduling Coordinator shall be subject to the provisions of Section 7.7.11.4 of the CAISO Tariff for any failure to make such demonstration.

7.4.2.3 Implementation. When called upon to do so by the CAISO in accordance with Section 7.4.2 to avert, manage, or alleviate a System Emergency, Anaheim shall implement the manual Load Shedding program described in Schedule 10. The CAISO shall notify Anaheim when conditions exist that would require Anaheim to implement the Load curtailment and interruptible Load programs described in Schedules 10, 10A, and 10B. Subject to the provisions of Sections 7.1 and 7.4.2, if the CAISO determines that manual Load curtailment is required to manage a System Emergency, the CAISO shall determine the amount and location of Load to be reduced and, to the extent practicable, shall allocate a portion of the required Demand reduction to Anaheim and each UDC and MSS Operator based on the ratio of its Demand at the time of the CAISO Balancing Authority Area annual peak Demand for the previous year to total CAISO Balancing Authority Area

annual peak Demand for the previous year, taking into account system considerations and Anaheim's curtailment rights.

- 7.4.2.4 Audit.** In the event the CAISO calls upon Anaheim to implement manual Load Shedding, Anaheim shall have the right to request an audit, in accordance with the provisions of CAISO Tariff Section 22.1.2.4, of the CAISO's implementation of manual Load Shedding to verify the CAISO's compliance with the conditions set forth in Section 7.4.2. The CAISO shall cooperate fully with such audits. Anaheim shall bear the full cost of any such audit, including the cost of CAISO activities in cooperation with the audit.
- 7.4.3 Load Restoration.** Load shed in accordance with Section 7.4.1 and 7.4.2 of this Agreement shall be restored pursuant to Schedule 12.
- 7.4.4** The CAISO shall use reasonable efforts to coordinate Anaheim's Underfrequency Load Shedding program with the Underfrequency Load Shedding programs of other MSS Operators and Utility Distribution Companies, and the implementation of all such other programs, so that no one entity bears a disproportionate share of Underfrequency Load Shedding in the CAISO Balancing Authority Area. Anaheim warrants that its UFLS program does and will continue to fully adhere to the applicable WECC plans and requirements governing such programs, in accordance with Schedule 8.
- 7.4.5** To the extent Anaheim reduces Anaheim's System Load in response to a System Emergency, it shall exercise its best efforts to maintain the same level of Generation and imports as was scheduled prior to the Load reduction in order to provide the CAISO with Energy, subject to the provisions of Sections 7.3 and 10.2.3. Anaheim's Scheduling Coordinator shall receive compensation for any Energy or Ancillary Services made available to the CAISO as a result of such Load Shedding in accordance with the CAISO Tariff and CAISO Operating Procedures and, in accordance with Section 11.23(a) of the CAISO Tariff, shall not be subject to any Uninstructed Deviation Penalty for positive Uninstructed Imbalance Energy for so long as Anaheim is subject to an order to maintain Load Shedding and not to restore its allocated share of Load reduction.
- 7.5 Electrical Emergency Plan**
- 7.5.1** Anaheim shall cooperate with the CAISO's implementation of the Electrical Emergency Plan ("CAISO EEP") developed by the CAISO in accordance with Section 7.7.5 of the CAISO Tariff. Anaheim shall implement Anaheim's EEP attached to Schedule 11 of this Agreement and filed with FERC for informational purposes, and the CAISO shall cooperate with Anaheim's implementation of Anaheim's EEP.

- 7.5.2** Anaheim shall notify its customers pursuant to its EEP of any requests for voluntary Load curtailments of which the CAISO notifies Anaheim pursuant to the CAISO EEP.
- 7.5.3** When the CAISO allocates an amount of Load curtailment to Anaheim pursuant to Section 7.4 of this Agreement and to the CAISO EEP to manage a System Emergency, Anaheim shall cause customers to curtail that amount of Load.
- 7.6** **Records.** Anaheim and the CAISO shall maintain all appropriate records with respect to operations during a System Emergency in accordance with the CAISO Tariff.

ARTICLE VIII LOCAL AND REGIONAL RELIABILITY

8.1 Reliability Within Anaheim's System

- 8.1.1** Anaheim shall be solely responsible for maintaining the reliability of electric service to customers in Anaheim's System in accordance with Applicable Reliability Criteria, WECC and NERC Reliability Standards and requirements, regulatory requirements, and Good Utility Practice, subject to the responsibilities of the CAISO as the Balancing Authority for the Balancing Authority Area in which Anaheim's System is located.
- 8.1.2** Anaheim shall be responsible for any reliability Generation, Voltage Support, and Black Start service requirements within Anaheim's System. At the Points of MSS Interconnection, Voltage Support shall be managed in accordance with the CAISO Tariff.
- 8.1.3** If and to the extent the NERC or WECC criteria change or Anaheim does not maintain sufficient Generation to meet the reliability criteria in Schedule 16, as may be amended, as applied to Anaheim's System and thus avoid adverse impacts on the CAISO Controlled Grid, then Anaheim's Scheduling Coordinator may be assessed costs incurred by the CAISO to support the reliability of Anaheim's System. The CAISO will notify Anaheim that the reliability criteria have not been met and the Parties shall negotiate in good faith over necessary modifications and, if they cannot reach agreement, submit the dispute to dispute resolution in accordance with Article XIV of this Agreement.
- 8.2** **Balancing Authority Area Reliability.** For the costs specified in this Article VIII, Anaheim, through its Scheduling Coordinator, shall be responsible for supplying or bearing its proportionate share of the costs of generating resources required for the reliability of electric service to Loads in the CAISO Balancing Authority Area, except for Reliability Must-Run ("RMR") Generation costs on the CAISO Controlled Grid, where such costs are the responsibility of the Participating TO where the RMR Unit is interconnected and Anaheim is not the applicable

Participating TO, and for any other costs of generating resources required for the reliability of electric service to Loads in the CAISO Balancing Authority Area that FERC may order to be inapplicable to Anaheim. Anaheim, through its Scheduling Coordinator, may meet such obligation from resources it owns or with respect to which it has contractual entitlements to the Energy and Ancillary Services, or it may purchase those products through the CAISO Markets in accordance with the terms of the CAISO Tariff.

8.2.1 [INTENTIONALLY LEFT BLANK]

- 8.3 Voltage Support.** Except as otherwise agreed by the Parties, Anaheim shall maintain the voltage on Anaheim's System so that reactive flows at the Points of MSS Interconnection are at the level specified by the CAISO within the power factor band of 0.97 lag to 0.99 lead. Anaheim shall not be compensated for maintaining the power factor at the levels required by the CAISO within this bandwidth. If Anaheim fails to maintain the power factor at the levels specified by the CAISO, Anaheim's Scheduling Coordinator shall bear a portion of the CAISO's Voltage Support costs in accordance with Section 4.9.4.4 of the CAISO Tariff.
- 8.4 Black Start.** Anaheim shall either provide its own share of CAISO Balancing Authority Area Black Start capability or, through its Scheduling Coordinator, shall bear a portion of the CAISO's Black Start costs in accordance with Section 4.9.4.5 of the CAISO Tariff.
- 8.5 Ancillary Services.** The CAISO is entrusted with the responsibility of procuring Ancillary Services for the CAISO Balancing Authority Area. Anaheim's responsibility for the CAISO Balancing Authority Area requirements of Ancillary Services shall be determined in accordance with the CAISO Tariff. If Anaheim's Scheduling Coordinator's Submission to Self-Provide an Ancillary Service is sufficient to meet Anaheim's Ancillary Service Obligation, which capacity is committed to the various required Ancillary Services, and the Ancillary Service capacity remains available to the CAISO for that purpose, Anaheim's Scheduling Coordinator shall not be required to purchase capacity in the CAISO's Ancillary Service markets. To the extent Anaheim's Scheduling Coordinator does not self-provide sufficient capacity for this purpose, Anaheim may, through its Scheduling Coordinator, purchase the required capacity in the CAISO's Ancillary Service markets. To the extent Anaheim's Scheduling Coordinator does not maintain the availability of capacity committed to the CAISO for Ancillary Services for that purpose, the Scheduling Coordinator shall be responsible for the applicable charges under the CAISO Tariff.
- 8.6 MSS Aggregator.** Anaheim may elect to have its Load and exports from Anaheim's System, including losses, included in the aggregated Load and exports of its MSS Aggregator and reflected in Bids submitted by the MSS Aggregator's Scheduling Coordinator. The terms and conditions of the MSS

Aggregator's agreement with the CAISO shall govern the inclusion of Anaheim's Load and exports in the portfolio of the MSS Aggregator's Scheduling Coordinator regarding charges, Load following, Imbalance Energy and any application of a MSS Deviation Band provided for in the context of Load following.

- 8.7 Ratings and Limits.** At no time shall the power flow between the CAISO and Anaheim at the Points of MSS Interconnection be allowed to cause any circuit or equipment at the Points of MSS Interconnection to exceed the allowable applicable ampacity rating or to exceed the simultaneous transfer limit between the CAISO and Anaheim (such simultaneous transfer limit shall be studied and established by the authorized representatives of the Parties). If the actual or anticipated power flow between the CAISO and Anaheim causes a circuit at a Point of MSS Interconnection to exceed its applicable ampacity rating or such flow exceeds or is anticipated to exceed the agreed to allowable simultaneous transfer limit between the CAISO and Anaheim, and further if the CAISO determines and Anaheim concurs with the CAISO's determination, in accordance with Good Utility Practice, that Anaheim is the cause of such exceedance or anticipated exceedance, Anaheim retains the right, and the CAISO shall have the right to require Anaheim, to take immediate action to reduce such flow on the overloaded circuit or reduce such simultaneous power flow between the CAISO and Anaheim by one or more actions (as determined by Anaheim), including, but not limited to, increasing internal Generation within Anaheim or curtailing Anaheim Load as necessary. If the CAISO determines, in accordance with Good Utility Practice, that Anaheim is not the cause of the existing or anticipated exceedance, the CAISO may require third parties to take necessary action to reduce flows on overloaded circuits or reduce simultaneous power flows between the CAISO and Anaheim if applicable and allowable through arrangements that the CAISO may have with such third parties or pursuant to the CAISO's authority under the CAISO Tariff or its delegated jurisdictional authority through WECC or NERC. If the CAISO is unable to determine a) whether Anaheim caused, or b) to what extent Anaheim may have caused, such exceedance or anticipated exceedance, or c) the Parties do not agree on the causation determination, the Parties agree, in accordance with Good Utility Practice, to confer and mutually decide what actions shall be taken.
- 8.8 SILT.** Anaheim's implementation of the WECC Southern Island Load Tripping ("SILT") program shall fully adhere to applicable WECC plans and requirements governing such program, in accordance with Schedule 8.

**ARTICLE IX
ACCESS TO THE CAISO CONTROLLED GRID AND MARKETS**

9.1 Existing Contracts and Encumbrances and Access to the CAISO Controlled Grid

9.1.1 Nothing in this Agreement shall be construed or interpreted in any manner that would interfere with the terms and conditions of any Existing Contract or Encumbrance or relieve the CAISO of its obligation to honor such Existing Contracts and Encumbrances.

9.1.2 Anaheim shall have open and non-discriminatory access to the CAISO Controlled Grid for the scheduling of transactions that do not utilize Existing Contracts and Encumbrances in accordance with the CAISO Tariff and for other transmission services the CAISO may provide in the future under the CAISO Tariff, or under any other appropriate regulatory avenue.

9.1.3 Anaheim may use the CAISO Controlled Grid in accordance with the CAISO Tariff to buy and sell electric products in the CAISO Markets and in bilateral transactions with other Market Participants.

9.1.4 Anaheim shall afford open and non-discriminatory access to the transmission facilities included in Anaheim's System to any entity qualified to obtain an order under Section 211 of the Energy Policy Act of 1992 that affords such access to the transmission facilities that such entity owns or controls.

9.2 Access to CAISO Markets

9.2.1 Bids to Supply Energy, Ancillary Services and RUC Capacity. Energy, Ancillary Services and RUC Capacity provided by Anaheim's Generating Units and Loads listed in Schedule 14 may be sold in the CAISO Markets on the terms applicable under the CAISO Tariff to Participating Generators and Participating Loads, respectively, and further applicable to MSS Operators or MSS Aggregators in accordance with the CAISO Tariff.

9.2.2 Self-Provided Ancillary Services and Self-Scheduled Energy. Anaheim may self-provide and self-schedule all or any portion of its obligation for Ancillary Services and Energy. Whether or not Anaheim engages in such self-provision, Anaheim's Scheduling Coordinator shall include the gross output, less auxiliary load, of each Generating Unit and import from which Anaheim meets that obligation and the gross Load served on Anaheim's System and gross exports from Anaheim's System in Bids, including Self-Schedules, submitted to the CAISO. If the CAISO amends the CAISO Tariff to relieve Scheduling Coordinators of the obligation to submit Bids and Self-Schedules for gross Generation, imports, Loads, and exports, and the amendment would have applied to Anaheim in the absence of this Agreement, the Parties shall negotiate

an amendment to this Agreement to conform the obligations of this section to the modified procedures.

- 9.2.3 Scheduling Timelines.** Anaheim's Scheduling Coordinator shall submit all Bids and Self-Schedules, including Self-Schedules for the use of its Existing Contracts, Bids and Self-Schedules for the use of the CAISO Controlled Grid as a new firm use, and Bids, including but not limited to Self-Schedules, for the delivery of Energy and Ancillary Services, within the timelines established by the CAISO Tariff.
- 9.2.4 Black Start and Voltage Support.** Anaheim or its Scheduling Coordinator shall be entitled to Bid its Generating Units and the resources on Anaheim's System in any open solicitation held by the CAISO for Black Start or Voltage Support services, provided that the supply of any service by Anaheim shall not impair its ability to provide the service it is required by Article VIII of this Agreement to provide for Anaheim's System, and, if the services are sold to the CAISO, Anaheim or its Scheduling Coordinator shall provide such services in accordance with the CAISO Tariff.
- 9.3 Congestion Revenue Rights.** Anaheim as a Load Serving Entity is eligible to participate in and receive an allocation of CRRs through the CRR Allocation in accordance with Section 36 of the CAISO Tariff. Anaheim, in order to participate in the CRR Allocation, must execute a pro forma CRR Entity Agreement in accordance with the CAISO Tariff.

ARTICLE X GENERATING UNITS AND MARKET-PARTICIPATING LOADS

- 10.1 Identification of Resources.** Anaheim has identified in Schedule 14 the individual Generating Units and Loads proposed for participation in the CAISO Markets that it owns, operates or to which it has a contractual entitlement that are included in Anaheim's System.
- 10.1.1 Technical Characteristics.** Anaheim has provided to the CAISO in Schedule 14 the required information regarding the capacity and operating characteristics of each of the Generating Units and market-participating Loads listed in that schedule. The CAISO may verify, inspect, and test the capacity and operating characteristics provided in Schedule 14, and any changes thereto, in accordance with Section 8.10 of the CAISO Tariff.
- 10.1.2 Notification of Changes.** Except as provided in Section 10.2.3, Anaheim shall notify the CAISO sixty (60) days prior to any change to the information provided in Schedule 14, provided that such notice shall not be required for changes to parameters of operating limitations set forth in Schedule 14, which shall be made in accordance with the CAISO's Operating Procedures. The Parties shall amend Schedule 14, as applicable, to reflect that change. Subject to such notification,

and verification, inspection, and testing in accordance with Section 10.1.1, but without waiting for the execution and effectiveness of an amended Schedule 14, the Parties shall implement any new information for a Generating Unit or market-participating Load identified in Schedule 14 upon the effective date for the next scheduled update to the CAISO's Master File.

10.1.3 Nothing in this section shall preclude Anaheim from informing the CAISO of changes in limitations on the operation of a Generating Unit, as provided in Section 10.2.3 of this Agreement, or to comply with environmental laws and regulations, provided that Anaheim provides the CAISO with advance notice of any changes in such limitations.

10.2 Generating Unit Operation

10.2.1 Anaheim shall install and maintain direct telemetry links to the CAISO's EMS system for each Anaheim Generating Unit under Anaheim control that enables the CAISO to view the status, voltage, and output of the Generating Unit and CAISO certified meters that transmits data automatically to the CAISO's Revenue Meter Data Acquisition and Processing System. Anaheim shall calculate and specify to the CAISO any distribution loss factor applicable to its Generating Units.

10.2.2 If Anaheim, through its Scheduling Coordinator, chooses to submit Bids to supply Regulation or to make a Submission to Self-Provide an Ancillary Service for Regulation from a Generating Unit, it must provide the CAISO with control over the Generating Unit providing Regulation and place the Generating Unit on Automatic Generation Control ("AGC") responsive to the CAISO's Regulation signal. Regulation service shall be provided in accordance with the CAISO Tariff. Anaheim or its Scheduling Coordinator may adjust output of Anaheim's Generating Units, in response to Anaheim's Load following needs, if elected in accordance with Section 4.9.13 of the CAISO Tariff, provided that, if Anaheim is providing Regulation to the CAISO from any Generating Unit, it may not adjust the output of that Generating Unit unless the integrity of the CAISO's Regulation signal, and the continuous responsiveness of such Generating Unit, via AGC, to the CAISO's Regulation signal, is not compromised. If the CAISO determines that the integrity of the CAISO's Regulation signal or the continuous responsiveness to the CAISO's Regulation signal is compromised, Anaheim's Generating Unit shall be deemed not to have provided the Regulation, and Anaheim shall be subject to the provisions of the CAISO Tariff applicable to failure to provide Regulation. To the extent that Anaheim chooses not to provide Regulation from an Anaheim Generating Unit, the CAISO shall not control the Generating Unit via a direct link between the CAISO and the Generating Unit without Anaheim's consent.

10.2.3 Operating Limitations. Anaheim or its Scheduling Coordinator shall not be required to comply with, although it may consent to do so in a particular case (without prejudice to Anaheim's right to direct its Scheduling Coordinator to

decline any such instructions thereafter), and shall not be subject to penalties when not complying with, Generating Unit Dispatch Instructions, including Exceptional Dispatch Instructions, that are not in accordance with limitations specified in Schedule 14 resulting from, but not necessarily limited to: (i) licenses/permits related to Generating Units (including air emission constraints), (ii) water release constraints imposed by regulatory agencies, (iii) internal policies related to fuel and contract management, or (iv) abnormal Generating Unit and transmission maintenance, provided that Anaheim shall provide the CAISO with advance notice of any changes to the limitations in Schedule 14 that Anaheim's obligations impose on the operation of its Generating Units. For that purpose, Anaheim shall provide the CAISO with any change in Schedule 14 with regard to the limitations on the operation of its Generating Units, and any appropriate amendment to Schedule 14 shall be agreed upon by the authorized representatives of the Parties pursuant to Section 3.4.3. Anaheim shall provide the CAISO updates regarding the status of the limitations in Schedule 14 promptly whenever it becomes aware of factors that affect such limitations, provided that updates shall be provided at least quarterly and no updates may be provided later than the deadline for the submission by other Generators of changes in limitations on the operation of Generating Units, which is currently the deadline for the submission of Bids into the Real-Time Market, except when a change is due to an Uncontrollable Force. If Anaheim or its Scheduling Coordinator chooses not to follow such a Dispatch Instruction, including an Exceptional Dispatch Instruction, it shall notify the CAISO as soon as possible that it will not follow the Dispatch Instruction, including an Exceptional Dispatch Instruction, due to the previously communicated limitation.

10.3 CAISO Authority to Dispatch Anaheim Resources. The CAISO's authority to issue Dispatch Instructions, including Exceptional Dispatch Instructions, for any portion of the capacity of any Generating Unit under Anaheim's control, other than in accordance with a Bid submitted to the CAISO by Anaheim's Scheduling Coordinator, is set forth in and subject to Article VII.

10.4 WECC Requirements Applicable to Participating Generators

10.4.1 Reliability Criteria. Anaheim shall comply with the requirements of Section 4.6.5 of the CAISO Tariff applicable to Participating Generators.

10.4.2 Payment of WECC Sanctions. Anaheim shall be responsible for payment directly to the WECC of any monetary sanction assessed against Anaheim by the WECC, as provided in Section 4.6.5.3 of the CAISO Tariff.

10.5 Market-Participating Load Operation

10.5.1 Technical Characteristics. As required by Section 8.4 of the CAISO Tariff, Anaheim shall provide the CAISO with all technical and operational information requested in Schedule 14 for each Curtailable Demand that it owns, operates, or has a contractual entitlement to. For those Loads designated by Anaheim as

providing Curtailable Demand, Schedule 14 requires Anaheim to indicate in Schedule 14 whether the Load can submit a Bid or self-provide as Non-Spinning Reserve. Pursuant to Section 8.10 of the CAISO Tariff, the CAISO may verify, inspect and test the capacity and operating characteristics provided in Schedule 14 for Curtailable Demands.

10.5.2 Metering and Communication. Pursuant to Sections 8.4.5 and 8.4.6 of the CAISO Tariff, Curtailable Demand that is Bid or self-provided as Non-Spinning Reserve is required to comply with the CAISO's communication and metering requirements.

10.5.3 UDC Interruptible Load Programs. Due to the CAISO's reliance on interruptible Loads to relieve System Emergencies and its contractual relationship with each UDC, the CAISO will not accept, and Anaheim shall not submit, Energy Bids, Ancillary Service Bids or Submissions to Self-Provide an Ancillary Service from interruptible Loads which are subject to curtailment criteria established under existing retail tariffs, except under such conditions as may be specified in the CAISO Tariff.

10.5.4 Incentive Mitigation. For individual Loads or aggregated Loads receiving incentives for interruption under existing programs approved by a Local Regulatory Authority as identified in Schedule 14, Anaheim shall not receive a capacity payment or credit for Ancillary Service Bids or Submission to Self-Provide an Ancillary Service for the time, if any, that there exists an overlap between such Ancillary Services Bids or Submission to Self-Provide an Ancillary Service and the time during which such individual or aggregated Loads have been interrupted pursuant to the existing program approved by a Local Regulatory Authority to which it is subject. This provision shall in no way be interpreted to limit the authority of the CAISO under the CAISO Tariff in any other respect.

ARTICLE XI METERING

11.1 Anaheim shall ensure installation of CAISO-certified revenue quality meters and associated equipment at (a) the Points of MSS Interconnection, and (b) for each Generating Unit listed in Schedule 14, at each bus to which one or more Generating Units is connected, provided that the Demand of any Load at that bus, other than a Generating Unit auxiliary Load, is separately metered.

11.2 The provisions of the CAISO Tariff applicable to CAISO Metered Entities shall apply to Anaheim, subject to the particular rights and obligations of the Parties with respect to metering set forth in Schedule 15, including access to and testing of Anaheim's meters.

- 11.3** The calculation of Anaheim's Settlement Quality Meter Data shall be in accordance with Schedule 15.

ARTICLE XII CHARGES

- 12.1 Charges Generally.** Except as may be provided otherwise in the provisions contained within Article XII or other sections of this Agreement, Anaheim's Scheduling Coordinator shall be responsible for charges incurred in accordance with Sections 4.9 and 11 of the CAISO Tariff, provided that nothing in this Agreement shall prohibit Anaheim from challenging the allocation of any new charge under the CAISO Tariff to Anaheim on the ground that the proposed charge is not appropriately assessed against a MSS Operator, or on any other ground. Further, except as specifically provided in this Agreement, Anaheim shall only be responsible for charges allocated by the CAISO Tariff to Participating TOs if it is a Participating TO, as recognized in Section 3.3.8. The CAISO and Anaheim recognize that the CAISO Tariff provisions on which Section 12.7.2 is based are currently before the FERC and subject to modification based on a prospective FERC order. The Parties recognize that the FERC is expected to rule on the CAISO's Request for Clarification or Rehearing filed on July 21, 2008 and that such ruling could impact Section 12.7.2. To the extent that the anticipated FERC order requires a change to the existing language of Section 12.7.2, the Parties will promptly meet to amend this Agreement consistent with the FERC order.
- 12.2 Congestion Management.** Anaheim shall be responsible for the cost of managing and relieving Congestion within Anaheim's System, as specified in Section 5.5, only to the extent that the cause of Congestion is attributed to Anaheim's System operations. If the cause of Congestion is not directly attributed to Anaheim's System operations, and the CAISO utilizes Exceptional Dispatch Instructions to resolve the identified Congestion, the resulting costs shall be allocated pursuant to the provisions specified in Section 11.5.6.2.5.2 of the CAISO Tariff, and will not be solely allocated to Anaheim.
- 12.3 Unaccounted for Energy Costs.** Anaheim's System shall be treated as a Utility Distribution Company Service Area for purposes of allocating responsibility for Unaccounted for Energy costs in accordance with the CAISO Tariff.
- 12.4 Reliability Generation.** Anaheim shall be responsible for the costs of maintaining the reliability of transmission facilities in Anaheim's System, including costs of Generating Units operated by or on behalf of Anaheim for that purpose. If and to the extent Anaheim does not maintain sufficient Generation to meet the reliability criteria in Schedule 16 as applied to Anaheim's System and thus avoid material adverse impacts on the CAISO Controlled Grid, then Anaheim may be

assessed costs incurred by the CAISO to support the reliability of Anaheim's System.

12.5 Neutrality Costs. Anaheim's Scheduling Coordinator's obligation to pay neutrality adjustments and Existing Contracts cash neutrality charges (or collect refunds) shall be based on Anaheim's net metered MSS Demand and exports from the CAISO Balancing Authority Area irrespective of Anaheim's MSS Settlement election as specified in Section 4.9.13 of the CAISO Tariff.

12.6 CAISO Balancing Authority Area Summer Reliability Costs. Anaheim, through its Scheduling Coordinator, shall have the option to avoid any share of the CAISO's costs for any summer Demand reduction program or for any summer reliability Generation procurement program pursuant to CAISO Tariff Section 42.1.8. In order to avoid such costs, Anaheim shall secure capacity reserves on an annual basis at least equal to one hundred fifteen percent (115%) of the peak MSS Demand responsibility, and provide documentation to the CAISO of the resources proposed to meet that MSS peak Demand. Such capacity reserves may include on-demand rights to Energy, peaking resources, and MSS Demand reduction programs. For the purposes of this Section 12.6, the MSS peak Demand responsibility shall be equal to the forecasted annual coincident MSS peak Demand Forecast plus any firm power sales by the MSS plus any MSS on-demand obligations to third parties, less interruptible Loads, and less any firm power purchases. Firm power for the purposes of this Section 12.6 shall be Energy that is intended to be available to the purchaser without being subject to interruption or curtailment by the supplier except for Uncontrollable Forces or emergency, and for which the supplier carries WECC-required operating reserves. To the extent that Anaheim demonstrates its provision of capacity reserves in accordance with this Section 12.6, Anaheim's Scheduling Coordinator shall not be obligated to bear any share of the CAISO's costs for any summer Demand reduction program or for any summer reliability Generation procurement program pursuant to CAISO Tariff Section 42.1.8.

12.7 Allocation of Net IFM Bid Cost Uplift. Anaheim's Scheduling Coordinator's obligation to pay Net IFM Bid Cost Uplift charges shall be based on the following two tier structure:

12.7.1 Tier 1 IFM Bid Cost Uplift. The hourly Net IFM Bid Cost Uplift is allocated to Anaheim's Scheduling Coordinator in proportion to Anaheim's non-negative IFM Load Uplift Obligation, but with an IFM Bid Cost Uplift rate not exceeding the ratio of the hourly Net IFM Bid Cost Uplift for the Trading Hour divided by the sum of all hourly Generation scheduled in the Day-Ahead Schedule and IFM upward AS Awards for all Scheduling Coordinators from CAISO-committed Bid Cost Recovery Eligible Resources in that Trading Hour. The IFM Load Uplift Obligation for Anaheim's Scheduling Coordinator is the difference between the total Demand scheduled in the Day-Ahead Schedule of that Scheduling Coordinator and the sum of the scheduled Generation and scheduled imports

from Self-Schedules in the Day-Ahead Schedule of that Scheduling Coordinator, adjusted by any applicable Inter-SC Trades of IFM Load Uplift Obligations.

12.7.2 Tier 2 IFM Bid Cost Uplift. The Scheduling Coordinator for Anaheim as an MSS Operator that has elected both to not follow its Load and gross Settlement will be charged for an amount equal to any remaining hourly Net IFM Bid Cost Uplift for the Trading Hour in proportion to Anaheim's Measured Demand. The Scheduling Coordinator for Anaheim as an MSS Operator that has elected to follow its Load or net Settlement, or both, will be charged for an amount equal to any remaining hourly Net IFM Bid Cost Uplift for the Trading Hour in proportion to Anaheim's MSS Aggregation Net Measured Demand.

12.8 Allocation of Net RTM Bid Cost Uplift. ~~The allocation of Net RTM Bid Cost Uplift is based on the MSS elections as specified in Section 4.9.13 of the CAISO Tariff. The hourly RTM Bid Cost Uplift is allocated to the Scheduling Coordinator for Anaheim as an MSS Operator that has elected to not follow its Load and gross Settlement, in proportion to Anaheim's Measured Demand for the Trading Hour plus any FMM reductions not associated with valid and balanced ETCs or TORs Self –Schedules in the Day-Ahead Market for the Trading Hour. For the Scheduling Coordinator for Anaheim as an MSS Operator that has elected to not follow its Load and net Settlement, the hourly RTM Bid Cost Uplift is allocated in proportion to Anaheim's MSS Aggregation Net Measured Demand plus any FMM reductions not associated with valid and balanced ETCs or TORs Self – Schedules in the Day-Ahead Market for the Trading Hour. For the Scheduling Coordinator for Anaheim as an MSS Operator that elected to Load follow, the hourly RTM Bid Cost Uplift is allocated in proportion to Anaheim's MSS Net Negative Uninstructed Deviation with MSS Load Following Energy and FMM Self-Scheduled Energy from Load following resources identified in Schedule 14 A of this Agreement and associated Operational Adjustments included in the netting, plus any FMM reductions not associated with valid and balanced ETC or TOR Self Schedules in the Day-Ahead Market and plus any FMM reductions not associated with FMM Self-Scheduled Energy from Load following resources listed in Schedule 14 A of this Agreement. Any real-time reductions to HASP Intertie Schedules after HASP results are published to HASP Block Intertie Schedules in response to Dispatch Instructions or real-time scheduling curtailments are not allocated any Net RTM Bid Cost Uplift.~~**Allocation of Net RTM Bid Cost Uplift.**—The allocation of Net RTM Bid Cost Uplift is based on the MSS elections as specified in Section 4.9.13 of the CAISO Tariff. The hourly RTM Bid Cost Uplift is allocated to the Scheduling Coordinator for Anaheim as an MSS Operator that has elected to not follow its Load and gross Settlement, in proportion to Anaheim's Measured Demand for the Trading Hour. For the Scheduling Coordinator for Anaheim as an MSS Operator that has elected to not follow its Load and net Settlement, the hourly RTM Bid Cost Uplift is allocated in proportion to Anaheim's MSS Aggregation Net Measured Demand. For the Scheduling Coordinator for Anaheim as an MSS Operator that elected to Load follow, the hourly RTM Bid Cost Uplift is allocated in proportion to Anaheim's

~~MSS Net Negative Uninstructed Deviation with MSS Load Following Energy and HASP Self-Scheduled Energy from Load following resources identified in Schedule 14 A of this Agreement and associated Operational Adjustments included in the netting, plus any HASP reductions not associated with the HASP Self-Scheduled Energy from Load following resources listed in Schedule 14 A of this Agreement.~~

12.9 Grid Management Charges Based on Market Services. If the CAISO is charging Grid Management Charges for Market Services Charge, and should Anaheim elect, in accordance with Section 4.9.13 of the CAISO Tariff to perform Load-following, Anaheim's Scheduling Coordinator will not be assessed Grid Management Charges for Market Services Charge associated with MSS Load Following Energy and FMM Self-Scheduled Energy from Load following resources identified in Schedule 14 A of this Agreement and associated Operational. ~~**Grid Management Charges Based on Market Services.** If the CAISO is charging Grid Management Charges for Market Services Charge, and should Anaheim elect, in accordance with Section 4.9.13 of the CAISO Tariff to perform Load-following, Anaheim's Scheduling Coordinator will not be assessed Grid Management Charges for Market Services Charge associated with MSS Load Following Energy and HASP Self-Scheduled Energy from Load following resources identified in Schedule 14 A of this Agreement and associated Operational.~~

12.10 MSS Deviation Band. The amount by which a Load following MSS Operator can deviate from Expected Energy without incurring a Load Following Deviation Penalty, as defined in Section 12.12 and Schedule 19, is equal to three percent (3%) of an MSS Operator's gross metered MSS Demand in the MSS and exports from the MSS, adjusted for Forced Outages and any CAISO directed firm Load Shedding from the MSS's portfolio as a whole.

12.11 Load Following Deviation Band Compliance. To the extent that sufficient Energy for the purposes of serving Anaheim's MSS Demand and exports from the MSS, including losses, is not reflected in Bids, including Self-Schedules, submitted by Anaheim's Scheduling Coordinator and delivered in real time, Anaheim shall be deemed (through its Scheduling Coordinator) to have purchased or sold Imbalance Energy in the CAISO's Real-Time Market. The CAISO will settle with Anaheim's Scheduling Coordinator with regard to Imbalance Energy in accordance with the CAISO Tariff. However, should Anaheim elect, in accordance with Section 4.9.13 of the CAISO Tariff, to follow Anaheim MSS Demand and exports from the MSS with Anaheim's System resources and imports into the MSS, including Self-Scheduled System Resources and Self-Scheduled Resource Specific System Resources listed in Schedule 14 A, to the extent that the net Imbalance Energy for all of Anaheim's MSS Demand and exports from the MSS, and Anaheim's System resources and imports into the MSS, including Self-Scheduled System Resources and Self-

Scheduled Resource Specific System Resources listed in Schedule 14 A, is within Anaheim's portfolio MSS Deviation Band, as specified in Section 12.10 and Schedule 19, Anaheim's Scheduling Coordinator will not be subject to the Load Following Deviation Penalty, as specified in Section 12.12, or costs other than the cost of the Imbalance Energy itself. Schedule 19 of this Agreement describes the process for calculating the applicable amount of net Imbalance Energy, which is referred to as deviation energy within Schedule 19. To the extent that Anaheim's Scheduling Coordinator is operating outside of its portfolio MSS Deviation Band, Anaheim's Scheduling Coordinator shall be subject to the Load Following Deviation Penalty. In following Load, Anaheim's Scheduling Coordinator may utilize any resource available to it regardless of whether, or at what level, the resource is reflected in Schedules submitted by Anaheim's Scheduling Coordinator, submitted in the form of a Bid or Self-Schedule, except with respect to any portion of the capacity of a resource for which Anaheim's Scheduling Coordinator has scheduled to provide an Ancillary Service and or RUC Capacity to the CAISO for that resource or to the extent the CAISO has issued a System Emergency operating order consistent with Section 7.1.1.

12.12 Deviation Band Penalties Calculation. Anaheim's Scheduling Coordinator will pay the Load Following Deviation Penalties for (i) excess MSS Generation supplied to the CAISO Markets and (ii) excess MSS Demand relying on CAISO Markets and not served by Anaheim resources. To the extent that Anaheim's Scheduling Coordinator has provided excess MSS Generation outside of the MSS Deviation Band to the CAISO Markets, measured as defined in Section 11.7.1.1 of the CAISO Tariff, then the payment for excess Energy outside of the MSS Deviation Band shall be rescinded and thus Anaheim's Scheduling Coordinator will pay the CAISO an amount equal to one hundred percent (100%) of the product of the highest LMP paid to the MSS Operator for its Generation in the Settlement Interval for the amount of the Imbalance Energy that is supplied in excess of the MSS Deviation Band. To the extent that Anaheim's Scheduling Coordinator has excess MSS Demand outside of the MSS Deviation Band that is relying on CAISO Markets that is not served by Anaheim resources, measured as provided in Section 11.7.1.2 of the CAISO Tariff, then Anaheim's Scheduling Coordinator shall pay the CAISO an amount equal to the product of the Default LAP price for the Settlement Interval and two hundred percent (200%) of the shortfall that is outside of the MSS Deviation Band. The two hundred percent (200%) penalty is in addition to the charges for the Imbalance Energy that serves the excess MSS Demand relying on CAISO Markets.

12.13 Operating and Maintenance Costs. Anaheim shall be responsible for all its costs incurred in connection with procuring, installing, operating, and maintaining the facilities, Generating Units, and market-participating Loads of Anaheim's System for the purpose of meeting its obligations under this Agreement.

12.14 Billing and Payment. Billing and payment will be in accordance with the CAISO Tariff.

- 12.15 MSS Net Negative Uninstructed Deviation.** The calculation of MSS Net Negative Uninstructed Deviation must include MSS Load Following Energy and FMM Self-Scheduled Energy from Load following resources identified in Schedule 14 A of this Agreement and associated Operational Adjustments as part of the calculation of Net Negative Uninstructed Deviation quantities when used for purposes of applicable CAISO Settlement allocation. MSS Load Following Energy and FMM Self-Scheduled Energy from Load following resources identified in Schedule 14 A of this Agreement and associated Operational Adjustments shall be netted against Uninstructed Imbalance Energy to properly account for the actual quantity of Net Negative Uninstructed Deviation.~~**MSS Net Negative Uninstructed Deviation.** The calculation of MSS Net Negative Uninstructed Deviation must include MSS Load Following Energy and HASP Self-Scheduled Energy from Load following resources identified in Schedule 14 A of this Agreement and associated Operational Adjustments as part of the calculation of Net Negative Uninstructed Deviation quantities when used for purposes of applicable CAISO Settlement allocation. MSS Load Following Energy and HASP Self-Scheduled Energy from Load following resources identified in Schedule 14 A of this Agreement and associated Operational Adjustments shall be netted against Uninstructed Imbalance Energy to properly account for the actual quantity of Net Negative Uninstructed Deviation.~~
- 12.16 Residual Unit Commitment.** Should Anaheim elect, in accordance with Section 4.9.13 of the CAISO Tariff, to perform Load-following, Anaheim will be considered to have automatically opted-out of RUC participation, and Anaheim's Scheduling Coordinator will be exempt from costs associated with RUC and Bid Cost Recovery for RUC.
- 12.18 Emissions Costs.** Unless specified otherwise in this Agreement, if the CAISO is compensating Generating Units for Emissions Costs, and if Anaheim elects to charge the CAISO for the Emissions Costs of the Generating Units serving Load of Anaheim's System, then Anaheim's Scheduling Coordinator shall bear its proportionate share of the total amount of those costs incurred by the CAISO based on Anaheim's gross Measured Demand excluding out-of-state exports and the Generating Units shall be made available to the CAISO through the submittal of Energy Bids. If Anaheim elects not to charge the CAISO for the Emissions Costs of the Generating Units serving Load of Anaheim's System, then Anaheim's Scheduling Coordinator shall bear its proportionate share of the total amount of those costs incurred by the CAISO based on Anaheim's net Measured Demand excluding out-of-state exports. If Anaheim elects to follow its Load, in accordance with Section 4.9.13 of the CAISO Tariff, and if Anaheim elects not to charge the CAISO for Emissions Costs of the Generating Units serving the Load of Anaheim's System, then Anaheim's Scheduling Coordinator shall bear its proportionate share of the total amount of those costs incurred by the CAISO based on Anaheim's Net Negative Uninstructed Deviations with MSS Load

~~Following Energy and FMM Self-Scheduled Energy from Load following resources identified in Schedule 14 A of this Agreement and associated Operational Adjustments included in the netting. Anaheim shall make the election of whether to charge the CAISO for these costs on an annual basis on November 1 for the following calendar year. **Emissions Costs.** Unless specified otherwise in this Agreement, if the CAISO is compensating Generating Units for Emissions Costs, and if Anaheim elects to charge the CAISO for the Emissions Costs of the Generating Units serving Load of Anaheim's System, then Anaheim's Scheduling Coordinator shall bear its proportionate share of the total amount of those costs incurred by the CAISO based on Anaheim's gross Measured Demand excluding out-of-state exports and the Generating Units shall be made available to the CAISO through the submittal of Energy Bids. If Anaheim elects not to charge the CAISO for the Emissions Costs of the Generating Units serving Load of Anaheim's System, then Anaheim's Scheduling Coordinator shall bear its proportionate share of the total amount of those costs incurred by the CAISO based on Anaheim's net Measured Demand excluding out-of-state exports. If Anaheim elects to follow its Load, in accordance with Section 4.9.13 of the CAISO Tariff, and if Anaheim elects not to charge the CAISO for Emissions Costs of the Generating Units serving the Load of Anaheim's System, then Anaheim's Scheduling Coordinator shall bear its proportionate share of the total amount of those costs incurred by the CAISO based on Anaheim's Net Negative Uninstructed Deviations with MSS Load Following Energy and HASP Self-Scheduled Energy from Load following resources identified in Schedule 14 A of this Agreement and associated Operational Adjustments included in the netting. Anaheim shall make the election of whether to charge the CAISO for these costs on an annual basis on November 1 for the following calendar year.~~

ARTICLE XIII PENALTIES AND SANCTIONS

- 13.1 Penalties.** Anaheim or its Scheduling Coordinator shall be subject to penalties and/or sanctions for failure to comply with any provisions of this Agreement only to the extent that (a) the penalty or sanction is set forth in the CAISO Tariff and has been approved by FERC; and (b) the CAISO Tariff provides for the imposition of the same penalty or sanction on a UDC, MSS Operator, or Participating Generator, or Participating Load in the same circumstances. Nothing in this Agreement, with the exception of the provisions of Article XIV, shall be construed as waiving the rights of Anaheim to oppose or protest any penalty or sanction proposed by the CAISO to the FERC or the specific imposition by the CAISO of any FERC-approved penalty or sanction on Anaheim.
- 13.2 Corrective Measures.** If Anaheim fails to meet or maintain the requirements set forth in this Agreement or in the applicable provisions of the CAISO Tariff, the CAISO shall be permitted to take any of the measures, contained or referenced

herein or in the applicable provisions of the CAISO Tariff, that the CAISO deems to be necessary to correct the situation.

**ARTICLE XIV
DISPUTE RESOLUTION**

- 14.1 Dispute Resolution.** The Parties shall make reasonable efforts to settle all disputes arising out of or in connection with this Agreement. In the event any dispute is not settled, the Parties shall adhere to the CAISO ADR Procedures set forth in Section 13 of the CAISO Tariff, which is incorporated by reference, except that any reference in Section 13 of the CAISO Tariff to Market Participants shall be read as a reference to Anaheim and references to the CAISO Tariff shall be read as references to this Agreement.

**ARTICLE XV
REPRESENTATIONS AND WARRANTIES**

- 15.1 Representations and Warranties.** Each Party represents and warrants that the execution, delivery and performance of this Agreement by it has been duly authorized by all necessary corporate and/or governmental actions, to the extent authorized by law.
- 15.2 Necessary Approvals.** Each Party represents that all necessary leases, approvals, licenses, permits, easements, rights of way or access to install, own and/or operate its facilities subject to this Agreement have been or will be obtained prior to the effective date of this Agreement.

**ARTICLE XVI
LIABILITY AND INDEMNIFICATION**

- 16.1 Liability and Indemnification.** The provisions of Section 14 of the CAISO Tariff will apply to liability and indemnification arising under this Agreement, except that all references in Section 14 of the CAISO Tariff to Market Participants shall be read as references to Anaheim and references to the CAISO Tariff shall be read as references to this Agreement.

**ARTICLE XVII
UNCONTROLLABLE FORCES**

- 17.1** Section 14.1 of the CAISO Tariff shall be incorporated by reference into this Agreement, except that all references in Section 14.1 of the CAISO Tariff to

Market Participants shall be read as a reference to Anaheim and references to the CAISO Tariff shall be read as references to this Agreement.

ARTICLE XVIII MISCELLANEOUS

- 18.1 Notices.** Any notice, demand or request which may be given to or made upon either Party regarding this Agreement shall be made in writing to the employee or official identified in Schedule 17 of this Agreement, and shall be deemed properly given: (a) upon delivery, if delivered in person, (b) five (5) days after deposit in the mail if sent by first class United States mail, postage prepaid, (c) upon receipt of confirmation by return facsimile if sent by facsimile, or (d) upon delivery if delivered by prepaid commercial courier service. A Party must update the information in Schedule 17 as the information changes. Such changes shall not constitute an amendment to this Agreement.
- 18.2 Waivers.** Any waiver at any time by either Party of its rights with respect to any default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not constitute or be deemed a waiver with respect to any subsequent default or other matter arising in connection with this Agreement. Any delay, short of the statutory period of limitations, in asserting or enforcing any right under this Agreement shall not constitute or be deemed a waiver of such right.
- 18.3 Governing Law and Forum.** This Agreement shall be deemed to be a contract made under, and for all purposes shall be governed by and construed in accordance with, the laws of the State of California, except its conflict of laws provisions. The Parties agree that any legal action or proceeding arising under or relating to this Agreement to which the CAISO ADR Procedures do not apply shall be brought in one of the following forums as appropriate: any court of the State of California, any federal court of the United States of America located in the State of California, or, where subject to its jurisdiction, before the Federal Energy Regulatory Commission.
- 18.4 Merger.** This Agreement constitutes the complete and final agreement of the Parties with respect to the subject matter hereof and supersedes all prior agreements, whether written or oral, with respect to the provisions of this Agreement.
- 18.5 Counterparts.** This Agreement may be executed in one or more counterparts at different times, each of which shall be regarded as an original and all of which, taken together, shall constitute one and the same Agreement.
- 18.6 Consistency with Federal Laws and Regulations.** Nothing in this Agreement shall compel either Party to violate federal statutes or regulations, or orders lawfully promulgated thereunder. If any provision of this Agreement is

inconsistent with any obligation imposed on a Party by such federal statute, regulation or order, to that extent, it shall be inapplicable to that Party. No Party shall incur any liability by failing to comply with a provision of this Agreement that is inapplicable to it by reason of being inconsistent with any such federal statutes, regulations, or orders lawfully promulgated thereunder; provided, however, that such Party shall use its best efforts to comply with this Agreement, to the extent that applicable federal laws, regulations, and orders lawfully promulgated thereunder permit it to do so.

- 18.7 Severability.** If any term, covenant, or condition of this Agreement or the application or effect of any such term, covenant, or condition is held invalid as to any person, entity, or circumstance, or is determined to be unjust, unreasonable, unlawful, imprudent, or otherwise not in the public interest by any court or government agency of competent jurisdiction, then such term, covenant, or condition shall remain in force and effect to the maximum extent permitted by law, and all other terms, covenants, and conditions of this Agreement and their application shall not be affected thereby, but shall remain in force and effect and the Parties shall be relieved of their obligations only to the extent necessary to eliminate such regulatory or other determination unless a court or governmental agency of competent jurisdiction holds that such provisions are not separable from all other provisions of this Agreement.
- 18.8 Assignments.** Either Party may assign its rights and obligations under this Agreement, with the other Party's prior written consent, in accordance with Section 22.2 of the CAISO Tariff, which is incorporated by reference into this Agreement. Such consent shall not be unreasonably withheld.
- 18.9 No Regional Transmission Organization or Participating TO Obligation:** Nothing in this Agreement shall obligate or commit Anaheim to become a member of any regional transmission organization (RTO) or to remain a Participating TO.
- 18.10 No FERC Jurisdiction over Anaheim.** Anaheim is not a "public utility" as currently defined in the Federal Power Act and by entering into this Agreement does not consent to FERC jurisdiction or waive its rights to object to FERC asserting jurisdiction over Anaheim.

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

California Independent System Operator Corporation

By: _____

Name: Keith Casey, PH.D

Title: Vice President, Market & Infrastructure Development

Date: 12/12/11

City Of Anaheim

By: _____

Name: _____

Title: _____

Date: _____

SCHEDULE 1

[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]

SCHEDULE 2
INTERCONNECTED OPERATION STANDARDS
[Section 4.2]

The CAISO and Anaheim shall jointly maintain stable operating parameters and control of real and reactive power flows in accordance with the following Interconnected Operation Standards.

Anaheim Responsibilities

- 1.0 Anaheim shall operate the facilities of Anaheim's System in such manner as to avoid any material or adverse impact on the CAISO Balancing Authority Area. In accordance with this performance goal, Anaheim shall:
 - 1.1 Operate the facilities of Anaheim's System at each Point of MSS Interconnection within established operating parameters including normal ratings, emergency ratings, voltage limits, and balance of Load between electrical phases.
 - 1.2 Maintain primary and backup protective systems such that faults on Anaheim's System facilities will be cleared within the timeframe specified by SCE and Anaheim with minimal impact on the CAISO Controlled Grid.
 - 1.3 Maintain Load power factor at each Point of MSS Interconnection with the CAISO Controlled Grid in accordance with Section 8.3 of this Agreement.
 - 1.4 Operate the facilities of Anaheim's System at each Point of MSS Interconnection in accordance with the requirements applicable to Utility Distribution Companies in the CAISO Operating Procedures and standards, except as otherwise provided in this Agreement.

CAISO Responsibilities

- 2.0 The CAISO shall operate the CAISO Controlled Grid at each Point of MSS Interconnection with Anaheim in such manner as to avoid any material or adverse impact on Anaheim facilities. In accordance with this performance goal, the CAISO shall:
 - 2.1 Participate with Anaheim and SCE in the development of joint power quality performance standards and jointly maintain compliance with such standards.
 - 2.2 Observe Anaheim grid voltage limits specified in Attachment 1 including requirements for reduced voltage on CAISO Controlled Grid facilities which apply during heavy fog (or other unusual operating conditions) as needed to minimize the risk of insulator flashover. Any anticipated reduction in operating voltages on

CAISO Controlled Grid facilities shall be studied and established by Anaheim and the CAISO.

- 2.3 Approve Anaheim's maintenance requests in a timely manner for transmission facilities that impact the CAISO Controlled Grid, and shall not unreasonably withhold approval of such requests for authorization to perform energized insulator washing work or to take planned Outages needed to replace or insul-grease insulators.
- 2.4 Support Anaheim investigation of power quality incidents, and provide related data to Anaheim in a timely manner.
- 2.5 Support installation of apparatus on the CAISO Controlled Grid to improve power quality, and take all reasonable measures to investigate and mitigate power quality concerns caused by actions or events in neighboring systems or Balancing Authority Areas.
- 2.6 Maintain Load power factor at each Point of MSS Interconnection with Anaheim's System in accordance with Section 8.3 of this Agreement.

**SCHEDULE 2
ATTACHMENT 1**

ANAHEIM GRID VOLTAGE LIMITS

There are no Anaheim grid voltage limitations at the present time.

SCHEDULE 3**RIGHTS OF ACCESS TO FACILITIES**
[Section 4.5.1]

- 1.0 Equipment Installation.** In order to give effect to this Agreement, a Party that requires use of particular equipment (the equipment owner) may require installation of such equipment on property owned by the other Party (the property owner), provided that the equipment is necessary to meet the equipment owner's service obligations and that the equipment shall not have a negative impact on the reliability of the service provided, nor prevent the property owner from performing its own obligations or exercising its rights under this Agreement.
- 1.1 Free Access.** The property owner shall grant to the equipment owner free of charge reasonable installation rights and rights of access to accommodate equipment inspection, maintenance, repair, upgrading, or removal for the purposes of this Agreement, subject to the property owner's reasonable safety, operational, and future expansion needs.
- 1.2 Notice.** The equipment owner shall provide reasonable notice to the property owner when requesting access for site assessment, equipment installation, or other relevant purposes. Such access shall not be provided unless the parties mutually agree to the date, time, and purpose of each access. Agreement on the terms of the access shall not be unreasonably withheld or delayed.
- 1.3 Removal of Installed Equipment.** Following reasonable notice, the equipment owner shall be required, at its own expense, to remove or relocate equipment, at the request of the property owner, provided that the equipment owner shall not be required to do so if it would have a negative impact on the reliability of the service provided, or would prevent the equipment owner from performing its own obligations or exercising its rights under this Agreement.
- 1.4 Costs.** The equipment owner shall repair at its own expense any property damage it causes in exercising its rights and shall reimburse the property owner for any other reasonable costs that it may be required to incur to accommodate the equipment owner's exercise of its rights under Section 4.5 of this Agreement.
- 2.0 Rights to Assets.** The Parties shall not interfere with each other's assets, without prior written agreement.
- 3.0 Inspection of Facilities.** In order to meet their respective obligations under this Agreement, each Party may view or inspect facilities owned by the other Party. Provided that reasonable notice is given, a Party shall not

unreasonably deny access to relevant facilities for viewing or inspection by the requesting Party.

SCHEDULE 4

MAINTENANCE COORDINATION

[Section 5.1.2]

Anaheim shall exchange with the CAISO a provisional planned Outage program for all lines and equipment in Schedule 1 in accordance with the CAISO Tariff. That document will be updated quarterly and as changes occur to the proposed schedule.

The CAISO shall approve all proposed Outages on equipment and lines listed on Schedule 1 unless a proposed Outage would cause the CAISO to violate Applicable Reliability Criteria. Approval of Outages shall not be unreasonably withheld.

Applications for scheduled work shall be submitted to the CAISO by Anaheim via means to be agreed to by both Parties. The documents submitted by Anaheim shall record the details for all work and become the database for reporting and recording Outage information.

SCHEDULE 5**CRITICAL PROTECTIVE SYSTEMS****[Section 5.3]**

Distribution protective relay schemes affecting the CAISO Controlled Grid are those associated with transformers that would trip transmission breakers and/or busses when activated. These would include any of the following:

1. High Side Overcurrent Relays
2. Differential Overcurrent Relays
3. Sudden Pressure Relays
4. Low Oil Relays
5. Neutral Ground Overcurrent Relays
6. On fuse protected transformers, it would be the high-side fuses.

Following is a brief description of the relaying schemes at Lewis Substation:

The Local Breaker Failure Back-up (LBFB) protection for Anaheim's "A" banks and the Lewis/Vermont 220KV transmission line are hard wired, thereby tripping all electrically adjacent breakers to a breaker that fails to open on a fault. If the failed (stuck) breaker were associated with a 220KV bus, it would trip Anaheim's breakers associated with that bus and all SCE breakers associated with the same bus.

SCHEDULE 6
[Not Used]

SCHEDULE 7**EMERGENCIES****[Section 7.2]**

The CAISO shall notify Anaheim's System Operator of the emergency, including information regarding the cause, nature, extent, and potential duration of the emergency. Depending on the nature of the emergency and the particular response required, such notification shall be made to Anaheim either directly by the CAISO or through the Area Control Center (ACC) specified by the CAISO, currently the SCE ACC. The Anaheim System Operator shall make the appropriate notifications within the Anaheim organization. The Anaheim System Operator shall then take such actions as are appropriate for the emergency in accordance with Section 7 of this Agreement.

Anaheim shall make requests for real-time information from the CAISO regarding emergencies through contacts to the CAISO's Operations Shift Supervisor, by Anaheim's System Operator, or Anaheim's Communication Coordinator may coordinate public information with the CAISO Communication Coordinator.

Anaheim is required to estimate service restoration by geographic areas, and shall use its call center and the media to communicate with customers during service interruptions. Anaheim will communicate necessary information to appropriate state, local governmental entities, and its customers as needed. For Anaheim Outages that may be caused by events affecting the transmission system, the Anaheim System Operator will make appropriate notifications to the CAISO of any information related to the Outage such as cause, nature, extent, potential duration and customers affected.

Anaheim and CAISO Grid Control Center logs, Electric Switching Orders and Energy Management System temporal database will be used in preparation of Outage reviews. These documents are defined as the chronological record of the operation of the activities which occur with the portion of the electrical system assigned to that control center. The log shall contain all pertinent information, including orders received and transmitted, relay operations, messages, clearances, accidents, trouble reports, daily switching program, etc.

Anaheim and the CAISO shall retain records in accordance with their standard practices for record retention for not less than six years.

SCHEDULE 8**UNDERFREQUENCY LOAD SHEDDING****[Section 7.4.1]**

The objective of the Underfrequency Load Shedding (“UFLS”) program is to provide security and protection to the interconnected bulk power network by arresting frequency decay during periods of insufficient resources.

This plan establishes Underfrequency Load Shedding objectives consistent with the Load Shedding policies of the Western Electricity Coordinating Council, the North American Electric Reliability Corporation, and City of Anaheim. City of Anaheim’s Load Shedding program will be in accordance with the WECC Coordinated Off-Nominal Frequency Load Shedding and Restoration Plan (Final Report November 25, 1997, as revised December 5, 2003 or as it may be amended by the WECC from time to time). The Anaheim UFLS program shall utilize WECC planning criteria in this area. Per WECC requirements, UFLS shall be on the feeder side of the transformer.

City of Anaheim currently maintains an Underfrequency Load Shedding Plan under Electric System Order No. 2518, as revised June 30, 2006, which is attached hereto and incorporated herein by reference. This plan establishes UFLS objectives consistent with the Load Shedding policies of the WECC, the NERC, and City of Anaheim as set forth in the referenced documents incorporated in this Schedule 8. Anaheim shall notify the CAISO of any changes to its existing UFLS program prior to implementation of such changes. At no time shall Anaheim be exempt from either participating in an CAISO-sanctioned third party UFLS program (currently with SCE) or implementing such plan independently in full compliance with WECC requirements.

Anaheim shall also comply with the WECC Southern Island Load Tripping Plan (July 22, 1997, or as it may be amended by the WECC from time to time) (“SILT”). To the extent Anaheim chooses to comply with the SILT by means of UFLS, Anaheim’s SILT program shall be coordinated with Anaheim’s UFLS program.

SCHEDULE 9

OTHER AUTOMATIC LOAD SHEDDING

[Section 7.4.1]

There are no other automatic Load Shedding plans at the present time.

SCHEDULE 10

MANUAL LOAD SHEDDING

[Section 7.4.3]

City of Anaheim maintains a manual Load Shedding program under Electric System Order No. 7514, Emergency Load Drop Procedure, as revised June 30, 2006, which is attached hereto and incorporated herein by reference.

SCHEDULE 10A

ROTATING LOAD CURTAILMENT PROCEDURES

[Section 7.4.3]

Anaheim rotating Load curtailment procedures are described in Schedule 10. To maintain the required amount of continuously interrupted Load, as directed by the CAISO in accordance with the provisions of Article VII for an extended amount of time, no portion of Anaheim's interrupted Load shall be restored unless an equal or greater amount of Load is interrupted first, as necessary to maintain the required amount of interrupted Load.

SCHEDULE 10B

INTERRUPTIBLE LOAD

[Section 7.4.3]

Anaheim has not implemented a program for interruptible Loads.

Should Anaheim seek to implement any interruptible Load program, Anaheim shall provide a complete description of the program to the CAISO at least sixty (60) days prior to the incorporation of the program into the Anaheim EEP and all applicable Operating Procedures shall be followed.

SCHEDULE 11**ELECTRICAL EMERGENCY PLAN****[Section 7.5.1]**

The CAISO specifications will outline the basic criteria for the development, coordination, and implementation of the Anaheim EEP and the requirements for coordination with the CAISO EEP. Schedule 11 includes the Anaheim EEP as coordinated with the CAISO EEP.

City of Anaheim maintains an Electrical Emergency Plan which is consistent with the CPUC's Standards for Operation, Reliability, and Safety During Emergencies and Disasters, and as reflected in the City of Anaheim Electric System Order No. 2518, which is incorporated herein by reference pursuant to Schedule 8; and City of Anaheim Electric System Order No. 7514, which are incorporated herein by reference pursuant to Schedule 10.

For purposes of this Agreement, Anaheim and the CAISO agree that the Anaheim EEP shall be interpreted to provide that:

- 1) Anaheim shall continue to act upon CAISO instructions in accordance with the provisions of Article VII and cause the required amount of Anaheim firm Load to be interrupted during any hour of any day (24 x 7);
- 2) Anaheim shall satisfy its requirement to interrupt the required amount of firm Load within ten minutes from the time of notification by the CAISO dispatcher;
- 3) the implementation of any substitution of back-up generation and "voluntary" Load interruptions, on an "as-available" basis, for the required amount of firm Load interruption, as set out in the Anaheim EEP and incorporated herein by reference, shall not obviate or interfere with required timely compliance;
- 4) should Anaheim use, wholly or partially, any combination of back-up generation or "voluntary" Load interruption to substitute for an amount of its firm Load interruption obligation, the effects of such substitution shall be no different than those that would have resulted from an equivalent amount of firm Load interruption without such back-up generation or voluntary Load interruption, and the actual cumulative effect(s) of such substitution shall be subject to the same rules of verifiability and reporting as those for the firm Load conventionally interrupted on such occasions; and
- 5) should rotation of Anaheim's firm Load blocks be required to maintain a minimum amount of continuously interrupted Load, as defined by the CAISO dispatcher in accordance with the provisions of Article VII, for an extended amount of time, no block of Anaheim's firm Load shall be restored unless an equal or greater amount of another block of Load is interrupted first, and in the event Anaheim uses any combination of substitutions for its firm Load interruption obligation as permitted in

section 4) above, any rotation of, or changes to, such substitutions shall be made such that the equivalent required Load relief level is maintained during the entire applicable time.

SCHEDULE 12**LOAD RESTORATION****[Section 7.4.4]**

Anaheim shall follow the procedures set forth below in this Schedule 12 in promoting orderly, coordinated restoration of electric systems after a major system disturbance has occurred which resulted in Load Shedding by frequency relays in California.

1. Immediately after Load Shedding by frequency relay(s) has occurred in Anaheim's System, Anaheim shall remain in contact with the Area Control Center (ACC) specified by the CAISO, currently the SCE ACC, until normal frequency has been restored throughout the CAISO Balancing Authority Area or the CAISO Shift Supervisor has concluded that such full-time communications can be terminated. Emergency communications over the California ACC Hot-line will be under the direction of the CAISO Shift Supervisor and the senior dispatcher present at the SCE ACC(s).
2. Manual Load restoration shall not normally be initiated until the California ACC Hot Line is attended. No Load is to be manually restored unless directed by the CAISO, either directly or through its assignee, provided that the procedure for the CAISO's designation of any assignee is agreed to by Anaheim, after the frequency has recovered and there is indication that the frequency can be maintained. Anaheim shall await direction from the CAISO or its assignee, who will be in contact with the CAISO Shift Supervisor. The CAISO Shift Supervisor shall determine whether adequate Generation resources are available on line to support the Load to be restored consistent with the provisions of Article VII.
3. Anaheim's automatic Load restoration will be consistent with the WECC Coordinated Off-Nominal Frequency Load Shedding and Restoration Plan.
4. If the CAISO cannot meet the WECC and NERC Balancing Authority Area Disturbance Control Standard or the Control Performance Standard post disturbance, no manual Load restoration shall be permitted. If the frequency is such that automatic Load restoration occurs under these conditions, if Anaheim has restored Load automatically, it will manually shed an equivalent amount of Load to offset the Load which was automatically restored consistent with the provisions of Article VII.
5. Restoration of ties and off-site power supply to nuclear generating facilities should be given top priority. Manual Load restoration will be deferred during periods of tie restoration. Anaheim should be equipped and prepared to drop Load manually when necessary to allow frequency recovery sufficient to re-establish CAISO intra-area ties and Interties between the CAISO Balancing Authority Area and outside systems. Where manual Load Shedding is required, the CAISO shall make reasonable efforts to allocate the Load Shedding requirement equitably

among Anaheim, UDCs, and MSS Operators where Load Shedding shall be beneficial, and such Load Shedding shall be made in accordance with Section 7.4.

6. Anaheim shall use its existing plans and priorities to restore Load within the parameters given by the CAISO, giving the appropriate priority to essential services such as military, public safety agencies, water treatment plants, sewage treatment plants, etc.

SCHEDULE 13

[RESERVED]

SCHEDULE 14

[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]

SCHEDULE 14 A - LOAD FOLLOWING SYSTEM RESOURCES DESCRIPTION

[Section 3.3.6, 12.8, 12.9, 12.11, 12.15, 13.18, and Schedule 19]

System Resources

Currently the City of Anaheim has elected not to follow its Load.

SCHEDULE 15**METERING OBLIGATIONS****[Section 11.2 and 11.3]****Obligations and Rights of Anaheim**

- 1.0 Submission of Meter Data through the CAISO’s Settlement Quality Meter Data Systems (“SQMDS”) and Revenue Meter Data Acquisition and Processing System (“RMDAPS”).** Anaheim agrees to make available to the CAISO through SQMDS and RMDAPS its Meter Data in accordance with the CAISO Tariff. The CAISO’s requirements regarding the frequency with which it requires Meter Data to be made available to it through SQMDS and RMDAPS by Anaheim are referred to in the CAISO Tariff and the Business Practice Manual for Metering.
- 1.1 Meter Information.** Anaheim shall provide in the format prescribed by Schedule 15.1 the required information with respect to all of its meters used to provide Meter Data to the CAISO. Anaheim must immediately notify the CAISO of any changes to the information provided to the CAISO in accordance with this Section and provide the CAISO with any information in relation to such change as reasonably requested by the CAISO. Anaheim shall have the right to modify Schedule 15.1, although such modification shall not constitute an amendment to this Agreement.
- 1.2 Transformer and Line Loss Correction Factor.** If Anaheim uses low voltage side metering, it shall use the CAISO approved Transformer and Line Loss Correction Factor referred to in the CAISO Tariff and the Business Practice Manual for Metering.
- 1.3 Rights to Access Metering Facilities.** Anaheim shall use its best efforts to procure any rights necessary for the CAISO to access all Metering Facilities of Anaheim to fulfill its obligations under the CAISO Tariff, and its obligations under this Agreement. If, after using its best efforts, Anaheim is unable to provide the CAISO with such access rights, Anaheim shall ensure that one of its employees is an CAISO Authorized Inspector and such employee undertakes, at the CAISO’s request, the certification, testing, inspection and/or auditing of those Metering Facilities in accordance with the procedures established pursuant to the CAISO Tariff and the Business Practice Manual for Metering, including the requirement to complete and provide to the CAISO all necessary documentation. The CAISO acknowledges that it will not be prevented from fulfilling its obligations under the CAISO Tariff or this Agreement by reason of the fact that it is provided with escorted access to the Metering Facilities of Anaheim.

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- 1.4 Security and Validation Procedures.** The security measures and the validation, editing, and estimation procedures that the CAISO shall apply to Meter Data made available to the CAISO by Anaheim shall be as referred to in the CAISO Tariff and the Business Practice Manual for Metering.
- 1.5 Authorized Users.** In addition to the persons referred to in the CAISO Tariff, including Anaheim and the relevant Scheduling Coordinator, as being entitled to access Meter Data on SQMDS, Anaheim may set forth in Schedule 15.2 of this Agreement any additional authorized users that shall be entitled to access Anaheim's Settlement Quality Meter Data held by the CAISO. Anaheim shall include in Schedule 15.2 as authorized users the relevant UDCs and TOs. The CAISO shall provide the authorized users with any password or other information necessary to access Anaheim's Settlement Quality Meter Data held by the CAISO on SQMDS. Any amendment or addition to Schedule 15.2 shall not constitute an amendment to this Agreement.
- 1.6 Certification, Inspection, and Auditing of Meters.** Anaheim shall be responsible for all reasonable costs incurred by the CAISO or a CAISO Authorized Inspector in connection with them carrying out the certification, inspection, testing or auditing of the meters identified in Schedule 15.1 from which Anaheim provides Meter Data to the CAISO. The CAISO or CAISO Authorized Inspector shall furnish Anaheim, upon request, an itemized bill for such costs.

Obligations and Rights of the CAISO

- 2.0 Direct Polling of Revenue Quality Meter Data.** The CAISO shall allow the Scheduling Coordinator representing Anaheim and all authorized users to directly poll CAISO certified meters for the Meter Data relating to Anaheim in accordance with the procedures referred to in the CAISO Tariff and the Business Practice Manual for Metering.
- 2.1 CAISO as a Third-Party Beneficiary.** The CAISO shall be a third-party beneficiary to any future agreement between Anaheim and any other party relating to the Metering Facilities of Anaheim for the purpose of granting the CAISO access to any relevant information, records and facilities as needed by the CAISO to fulfill its obligations under the CAISO Tariff and its obligations under this Agreement.
- 2.2 Remote and Local Access to Metering Data.** The CAISO shall provide Anaheim any password or other requirements necessary for Anaheim to access its Meter Data remotely or locally at the meter.

Calculation of Anaheim Settlement Quality Meter Data

The calculation of Anaheim's Settlement Quality Meter Data ("SQMD") shall be made in accordance with a calculation procedure that is mutually agreed by the Parties, which calculation procedure will generally be as follows:

Anaheim SQMD (Gross Load) = MSS Meter Data at the Points of MSS Interconnection
+ Meter Data for Generation from Generating Units
within the MSS

SCHEDULE 15.1

[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]

SCHEDULE 15.2

**ACCESS TO METER DATA
AND AUTHORIZED USERS**

Authorized users under this Schedule are permitted to use such Meter Data solely for purposes of complying with applicable Reliability Standards or fulfilling obligations or verifying performance under agreements between the authorized user and Anaheim, the authorized user and the CAISO, or Anaheim and the CAISO.

Authorized User:

Southern California Edison Company

SCHEDULE 16

TRANSMISSION RELIABILITY CRITERIA

[Section 12.4]

For transmission reliability, Anaheim shall abide by all NERC and WECC Planning Criteria and the following:

Power Flow Assessment:

	Criteria	
Contingencies	Thermal ³	Voltage ⁴
Generating Unit ¹	A/R	A/R
Transmission line ¹	A/R	A/R
Transformer ¹	A/R ⁵	A/R ⁵
Overlapping ²	A/R	A/R

- 1 All single contingency Outages (i.e. Generating Unit, transmission line or transformer) will be simulated on Participating Transmission Owners' local area systems.
- 2 Key Generating Unit out, system readjusted, followed by a line Outage.
- 3 Applicable Rating – Based on CAISO Transmission Register or facility upgrade plans.
- 4 Applicable Rating – CAISO Grid Planning Criteria or facility owner criteria as appropriate.
- 5 Based on judgment of CAISO and facility owner, a thermal or voltage criterion violation resulting from a transformer Outage may not be cause for Reliability Must-Run Generation solution if the violation is considered marginal (e.g. acceptable loss of life or low voltage), otherwise (e.g. unacceptable loss of life or voltage collapse) a Reliability Must-Run Generation solution would be indicated.

Post Transient Load Flow Assessment:

Contingencies	Reactive Margin Criteria ²
Selected ¹	A/R

- 1 If power flow results indicate significant low voltages for a given power flow contingency, simulate that Outage using the post transient load flow program. The post-transient assessment will develop appropriate Q/V and/or P/V curves.
- 2 Applicable Rating – positive margin based on 105% of 1 in 2 year Load forecast.

Stability Assessment:

Contingencies

Stability Criteria ²

Selected ¹ A/R

- 1 If power flow or post transient study results indicate significant low voltages or marginal reactive margin for a given contingency, simulate that Outage using the dynamic stability program.
- 2 Applicable Rating – CAISO Grid Planning Criteria or facility owner criteria as appropriate.

SCHEDULE 17
CONTACTS FOR NOTICES

[Section 18.1 and 3.4.3]

Anaheim

Name of Primary Representative: Stephen J. Sciortino
Title: Assistant General Manager, Joint Services
Address: 201 South Anaheim Blvd., Suite 1101
City/State/Zip Code: Anaheim, CA 92805
Email Address: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**
Phone: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**
Fax No: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**

Name of Alternative Representative: Graham A. Bowen
Title: Principal Integrated Resources Planner
Address: 201 South Anaheim Blvd., Suite 802
City/State/Zip Code: Anaheim, CA 92805
Email Address: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**
Phone: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**
Fax No: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**

Anaheim Representative Designated Pursuant to Section 3.4.3:
Name: Marcie L. Edwards
Title: Public Utilities General Manager
Address: 201 South Anaheim Blvd., Suite 1101
City/State/Zip Code: Anaheim, CA 92805
Email Address: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**
Phone: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**
Fax No: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**

CAISO

Name of Primary Representative: Roni L. Reese
Title: Senior Contracts Analyst
Address: 250 Outcropping Way
City/State/Zip Code: Folsom, CA 95630
Email Address: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**
Phone: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**
Fax No: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**

Name of Alternative Representative: Christopher J. Sibley
Title: Lead Contract Negotiator
Address: 250 Outcropping Way
City/State/Zip Code: Folsom, CA 95630
Email Address: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**
Phone: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**
Fax No: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**

CAISO Representative Designated Pursuant to Section 3.4.3:

Name: Eric Schmitt
Title: Vice President, Operations
Address: 250 Outcropping Way
City/State/Zip Code: Folsom, CA 95630
Email Address: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**
Phone: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**

SCHEDULE 19

MSS LOAD FOLLOWING DEVIATION ENERGY FORMULA

[Section 12.12]

Currently the City of Anaheim has elected not to follow its Load