

June 28, 2013

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 Extension of Service Agreement No. 660
Docket No. ER13-____-000**

Dear Secretary Bose:

The California Independent System Operator Corporation (“ISO”)¹ submits for Commission filing and acceptance an amendment (“Amendment No. 9”) to the Participating Load Agreement (“PLA”) between the ISO and the California Department of Water Resources (“CDWR”).² Amendment No. 9 extends the PLA from July 1, 2013 to November 15, 2013, without any other change. This further extension will allow additional time for the parties to complete their negotiation of other substantive changes to the PLA, which will subsequently be filed with the Commission for acceptance. The ISO respectfully requests that the PLA as amended by Amendment No. 9 be made effective on July 1, 2013.

I. Background

The PLA sets forth the terms and conditions that govern the provision by load resources of ancillary services and supply of energy, in a manner analogous to the participating generator agreement with regard to generating resources. The purpose of the PLA is to increase participation of Load resources in the ISO’s markets.

¹ The ISO is also sometimes referred to as the CAISO. Capitalized terms not otherwise defined herein have the meanings set forth in the Master Definitions Supplement, Appendix A to the ISO Tariff.

² The ISO submits Amendment No. 9 pursuant to Section 205 of the Federal Power Act, 16 U.S.C. § 824d and Part 35 of the Commission’s regulations, 18 C.F.R. Part 35, and in compliance with Order No. 714, *Electronic Tariff Filings*, FERC Stats. & Regs. ¶ 31,276 (2009).

The ISO filed the original PLA with CDWR on July 20, 2001 in Docket No. ER01-2632-000, and it was accepted by a Commission letter order issued on September 13, 2001. Amendment No. 1 to the PLA was filed on May 24, 2006 in Docket No. ER06-1045-000 and accepted by a Commission letter order issued on July 13, 2006, subject to certain non-substantive changes. The ISO filed the PLA with the required changes on July 28, 2006 in Docket No. ER06-1045-001, and the ISO's filing was accepted by a Commission letter order issued on August 23, 2006.³

The ISO filed the First Revised Service Agreement No. 660 on July 1, 2008, reflecting an Amendment No. 2 to the PLA and requesting Commission acceptance of the amendment to the PLA and an effective date of August 31, 2008. On August 28, 2008, the Commission issued an order accepting the First Revised Service Agreement No. 660 to extend the term of the PLA. This order also initiated a paper hearing to consider the justness and reasonableness of the request for waiver of the 60 day notice period in the PLA to permit the right of CDWR to immediately withdraw Load from the PLA in the event such withdrawal was necessary to carry out the agency's water management responsibilities. In an April 1, 2009 order, the Commission determined that such waiver was just and reasonable, and further ordered the ISO to file revised tariff sheets reflecting changes to section 4.4 of the PLA. The revised tariff sheets constituted the Second Revised Service Agreement No. 660 in compliance with the April 1, 2009 order.

The ISO filed Amendment No. 4 to the PLA on September 8, 2011, Docket No. ER11-4480-000, to extend the termination date from September 10, 2011 to March 10, 2012, which was accepted by Commission letter order dated November 2, 2011. The ISO filed Amendment No. 5 to the PLA on March 9, 2012 to again extend the PLA, Docket No. ER12-1237-000, which was accepted by Commission letter order dated April 13, 2012. The ISO filed Amendment No. 6 to the PLA on July 10, 2012 to further extend the PLA, Docket No. ER12-2224-000, which was accepted by Commission letter order dated August 7, 2012. The ISO filed Amendment No. 7 to the PLA on October 31, 2012 to further extend the PLA, Docket No. ER13-258-000, which was accepted by Commission letter order dated November 26, 2012. The ISO filed Amendment No. 8 to the PLA on April 30, 2013 to again extend the PLA, Docket No. ER13-1365-000, which was accepted by Commission letter order dated May 31, 2013.

³ Pursuant to these non-substantive changes, the PLA the Commission accepted on August 23, 2006 was designated as Original Service Agreement No. 660. The current version of Section 3.2 of the PLA contains the same provisions, except that it states that the latest the PLA will terminate is July 1, 2013.

II. Amendment No. 9

The purpose of Amendment No. 9 is to extend the termination date from July 1, 2013 to November 15, 2013 by revising Section 3.2 of the PLA to state that the PLA will terminate on November 15, 2013 or upon such earlier date as may be permitted pursuant to Section 3.2.1 or 3.2.2, subject to Commission acceptance of a timely notice of termination.⁴ The ISO and CDWR agree that the benefits of the PLA and the need to provide additional time for the parties to complete their negotiation of substantive changes justify extending its term pursuant to Amendment No. 9. The parties have been working towards resolution and remain hopeful that this matter will be resolved in the timeframe provided by Amendment No. 9.

III. Effective Date and Request for Waiver

The ISO requests that Amendment No. 9 included in the instant filing be made effective on July 1, 2013. The ISO requests waiver, pursuant to Section 35.11 of the Commission's regulations (18 C.F.R. § 35.11), of the 60-day notice requirement set forth in Section 35.3 of the Commission's regulations (18 C.F.R. § 35.3), and to the extent necessary, the ISO respectfully requests that the Commission grant any other waivers of Part 35 of its regulations that may be required in connection with the requested effective date. July 1, 2013 is the date the currently effective PLA will expire and the ISO and CDWR require additional time to complete the negotiation process of a revised agreement. Granting the requested effective date and waiver, therefore, is appropriate.

IV. Service

The ISO has served copies of this filing upon CDWR, the California Public Utilities Commission, and the California Energy Commission. In addition, the ISO has posted the filing on the ISO website.

Enclosed for filing is each of the following:

- (1) this letter of transmittal;
- (2) Amendment No. 9 (Attachment A);
- (3) the PLA as modified by Amendment No. 9 (Attachment B); and
- (4) a black-lined document showing the modifications made to the PLA pursuant to Amendment No. 9 (Attachment C).

⁴ The ISO takes this opportunity to update the eTariff records associated with Schedules 1 and 3 of the PLA to reflect the currently agreed upon versions of these schedules. Changes to these schedules do not constitute an amendment to the PLA in accordance with its terms. See Participating Load Agreement, Sections 4.4, 11.2, and 11.9 (providing for changes to these schedules without amendment by the parties).

V. Correspondence

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

John C. Anders*
Senior 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).

VI. Conclusion

The ISO respectfully requests that the Commission accept this filing and permit the ISO's submittal of this revision to the Fourth Revised Service Agreement No. 660 to be effective as of the date requested. If there are any questions concerning this filing, please contact the undersigned.

Respectfully submitted,

By: /s/ John C. Anders

Nancy Saracino
General Counsel
Sidney M. Davies
Assistant General Counsel
John C. Anders
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250 Outcropping Way
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Attorneys for the California Independent
System Operator Corporation

Attachment A -

CDWR PLA - Amendment No. 9

California Independent System Operator Corporation

June 28, 2013

1 AMENDMENT NO. 9

2 to the

3 PARTICIPATING LOAD AGREEMENT

4 BETWEEN

5 THE DEPARTMENT OF WATER RESOURCES OF THE STATE OF CALIFORNIA AND

6 THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

7
8
9 1. PARTIES: The parties to this Amendment No. 9 to the Participating Load Agreement between the
10 California Independent System Operator Corporation and the State of California, Department of Water
11 Resources, dated September 10, 2000, as amended (“Agreement”) are the State of California,
12 Department of Water Resources (“DWR”) and the California Independent System Operator Corporation
13 (“ISO”), hereinafter sometimes referred to individually as “Party” and collectively as “Parties.”
14

15 2. RECITALS: Amendment No. 9 to the Agreement is made with reference to the following facts:

16 2.1 The Parties are signatories to the Agreement, dated September 10, 2000, which was
17 amended by Amendments No. 1, executed on February 6, 2006; No. 2, executed on May 29,
18 2008; No. 3, executed on November 16, 2009; No. 4, executed August 25, 2011; No.5,
19 executed March 8, 2012; No. 6, executed July 9, 2012; No. 7, executed October 30, 2012;
20 and No. 8, executed April 29, 2013.

21 2.2 By entering into this Amendment No. 9, the Parties intend to extend the term of the
22 Agreement, from the Agreement’s current termination date of July 1, 2013, in order to
23 continue the terms and conditions established in the Agreement; and

24 2.3 In all other respects, the Parties intend that the Agreement remain in full force and effect in
25 accordance with its terms.

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3. AGREEMENT: The Parties agree to modify Section 3.2 of the Agreement by replacing the existing July 1, 2013 termination date with a new termination date of November 15, 2013, as follows:

3.2 Termination. This Agreement shall terminate on November 15, 2013 or upon such earlier date as may be permitted pursuant to Section 3.2.1 or 3.2.2. Termination of this Agreement shall be contingent upon acceptance by FERC of a notice of termination. The ISO shall timely file any notice of termination with FERC.

4. EFFECTIVE DATE: This Amendment No. 9 shall be effective on July 1, 2013, if duly executed by the Parties, and accepted for filing and made effective by the Federal Energy Regulatory Commission (“FERC”), or on such other date as FERC may designate.

5. EFFECT ON AGREEMENT: Except as specifically modified in this Amendment No. 9, no other section in the Agreement has been modified, and the Agreement, as amended, shall remain in full force and effect in its entirety.

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6. SIGNATURE CLAUSE: The signatories represent that they have been appropriately authorized to enter into this Amendment No. 9 on behalf of their respective Party.

CALIFORNIA INDEPENDENT
SYSTEM OPERATOR CORPORATION

By: 
Name: Eric Schmitt
Title: VP, Operations
Date: 6/26/13

STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES

By: 
Name: Veronica Hicks
Title: Chief, SWP Power and Risk Office
Date: 6-26-13

Approved as to legal form and sufficiency:


Peggy Bernardy
Department of Water Resources
Staff Counsel IV
Date: 6-26-13

Attachment C - Marked

CDWR PLA as Modified by Amendment No. 9

California Independent System Operator Corporation

June 28, 2013

California Independent System Operator Corporation
Non-Conforming Service Agreements
Fourth Revised Service Agreement No. 660

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
AND
CALIFORNIA DEPARTMENT OF WATER RESOURCES

PARTICIPATING LOAD AGREEMENT

Proposed Effective Date: July 1, 2013
Version Number: 5.0.0
Option Code: A

**CALIFORNIA INDEPENDENT SYSTEM
OPERATOR**

AND

**CALIFORNIA DEPARTMENT OF WATER
RESOURCES**

PARTICIPATING LOAD AGREEMENT

PARTICIPATING LOAD AGREEMENT (PLA)

THIS AGREEMENT is dated this 10th day of September, 2000 and is entered into, by and between:

(1) **California Department of Water Resources**, having its registered and principal place of business located at 1416 Ninth Street, Sacramento, CA 95814-5515 (the "Participating Load");

and

(2) **California Independent System Operator Corporation**, a California nonprofit public benefit corporation having a principal executive office located at such place in the State of California as the ISO Governing Board may from time to time designate, initially 151 Blue Ravine Road, Folsom, California 95630 (the "ISO").

The Participating Load and the ISO are hereinafter referred to as the "Parties".

Whereas:

- A.** The ISO Tariff provides that the ISO shall not schedule Ancillary Services from a Load interconnected to the ISO Controlled Grid, or to the Distribution System of a Participating TO or of a UDC otherwise than through a Scheduling Coordinator.
- B.** The ISO Tariff further provides that Curtailable Demand or Dispatchable Load services shall be provided by Participating Loads.
- C.** The Participating Load desires to provide Curtailable Demand or Dispatchable Load services, intends to submit Adjustment Bids, Supplemental Energy bids or Ancillary Services bids, or self-provided schedules to the ISO through a Scheduling Coordinator and, therefore, represents to the ISO that it will comply with the applicable provisions of the ISO Tariff.
- D.** The Parties are entering into this Agreement in order to establish the terms and conditions on which the ISO and the Participating Load will discharge their respective duties and responsibilities under the ISO 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.** All terms and expressions used in this Agreement shall have the same meaning as those contained in the Master Definitions Supplement to the ISO Tariff.
- 1.2 Rules of Interpretation.** The following rules of interpretation and conventions shall apply to this Agreement:
- (a) if there is any inconsistency between this Agreement and the ISO Tariff, the ISO Tariff will prevail to the extent of the inconsistency;
 - (b) the singular shall include the plural and vice versa;
 - (c) the masculine shall include the feminine and neutral and vice versa;
 - (d) “includes” or “including” shall mean “including without limitation”;
 - (e) references to a Section, Article or Schedule shall mean a Section, Article or a Schedule of this Agreement, as the case may be, unless the context otherwise requires;
 - (f) a reference to a given agreement or instrument shall be a reference to that agreement or instrument as modified, amended, supplemented or restated through the date as of which such reference is made;
 - (g) unless the context otherwise requires, references to any law shall be deemed references to such law as it may be amended, replaced or restated from time to time;
 - (h) unless the context otherwise requires, any reference to a “person” includes any individual, partnership, firm, company, corporation, joint venture, trust, association, organization or other entity, in each case whether or not having separate legal personality;
 - (i) unless the context otherwise requires, any reference to a Party includes a reference to its permitted successors and assigns;
 - (j) any reference to a day, week, month or year is to a calendar day, week, month or year; and
 - (k) the captions and headings in this Agreement are inserted solely to facilitate reference and shall have no bearing upon the interpretation of any of the terms and conditions of this Agreement.

ARTICLE II ACKNOWLEDGEMENTS OF PARTICIPATING LOAD AND ISO

- 2.1 ISO Responsibility.** The Parties acknowledge that the ISO is responsible for the efficient use and reliable operation of the ISO Controlled Grid consistent with achievement of planning and operating reserve criteria no less stringent than those established by the Western Systems Coordinating Council and the North American Electric Reliability Council and further acknowledge that the ISO may not be able to satisfy fully these responsibilities if the Participating Load fails to fully comply with all of its obligations under this Agreement and the ISO Tariff.
- 2.2 Scope of Application to Parties.** The Participating Load and ISO acknowledge that all Loads which desire to submit Adjustment Bids, Supplemental Energy bids, or Ancillary Services bids or self-provided schedules to the ISO through a Scheduling Coordinator must be included in Schedule 1 to this Agreement. The Participating Load warrants that it owns, operates, or has sufficient contractual entitlement to provide Curtailable Demand and Dispatchable Load services from such Loads in accordance with the ISO Tariff.

ARTICLE III TERM AND TERMINATION

- 3.1 Effective Date.** This Agreement shall be effective as of the later of the date it is executed by the Parties, the date of approval by the California Department of General Services, or the date accepted for filing and made effective by FERC, and shall remain in full force and effect until terminated pursuant to Section 3.2 of this Agreement.
- 3.1.1 Partial Effectiveness Contingency.** With regard to individual Loads or aggregated Loads receiving incentives for interruption under an existing program approved by a Local Regulatory Authority as identified in Schedule 1, this Agreement shall not be effective pursuant to Section 3.1 with regard to those individual or aggregated Loads' participation in the ISO's Ancillary Services markets unless the Local Regulatory Authority has authorized participation in the ISO's Ancillary Services markets by Loads receiving incentives for interruption under such an existing program.
- 3.2 Termination.** This Agreement shall terminate on November 15, 2013 or upon such earlier date as may be permitted pursuant to Section 3.2.1 or 3.2.2. Termination of this Agreement shall be contingent upon acceptance by FERC of a notice of termination. The ISO shall timely file any notice of termination with FERC.
- 3.2.1 Termination by ISO.** Subject to Section 5.2, the ISO may terminate this Agreement by giving written notice of termination in the event that the

Participating Load commits any material default under this Agreement and/or the ISO Tariff which, if capable of being remedied, is not remedied within thirty (30) days after the ISO has given, to the Participating Load, written notice of the default, unless excused by reason of Uncontrollable Forces in accordance with Article X of this Agreement. With respect to any notice of termination given pursuant to this Section, the ISO must file a timely notice of termination with FERC. The filing of the notice of termination by the ISO will be considered timely if: (1) the request to file a notice of termination is made after the preconditions for termination have been met, and (2) the ISO files the notice of termination within thirty (30) days of receipt of such request. This Agreement shall terminate upon acceptance by FERC of such a notice of termination.

3.2.2 Termination by Participating Load. In the event that the Participating Load no longer wishes to submit Adjustment Bids, Supplemental Energy bids, or Ancillary Service bids or self-provided schedules over the ISO Controlled Grid, it may terminate this Agreement, on giving the ISO ninety (90) days written notice, provided, however, that in accordance with Section 4.4, the Participating Load may modify Schedule 1 to eliminate Load which it no longer provides for and such modification shall be effective upon receipt by the ISO. With respect to any notice of termination given pursuant to this Section, the ISO must file a timely notice of termination with FERC. The filing of the notice of termination by the ISO will be considered timely if: (1) the request to file a notice of termination is made after the preconditions for termination have been met, and (2) the ISO files the notice of termination within thirty (30) days of receipt of such request. This Agreement shall terminate upon acceptance by FERC of such a notice of termination.

ARTICLE IV GENERAL TERMS AND CONDITIONS

4.1 Technical Characteristics.

4.1.1 Curtailable Demand. As required by Section 2.5.6.1 of the ISO Tariff, the Participating Load shall provide the ISO with all technical and operational information requested in Schedule 1 for each Curtailable Demand that it owns, operates, or has a contractual entitlement to. For those Loads designated by the Participating Load as providing Curtailable Demand, Schedule 1 requires the Participating Load to indicate in Schedule 1 whether the Load can be scheduled or bid as Non-Spinning Reserve or Replacement Reserve. Pursuant to Section 2.5.25 of the ISO Tariff, the ISO may verify, inspect and test the capacity and operating characteristics provided in Schedule 1 for Curtailable Demands.

4.1.2 Dispatchable Load. The Participating Load shall provide the ISO that information required in Schedule 1 which is relevant to the Dispatchable Load that it owns, operates, or has a contractual entitlement to for the provision of Adjustment Bids.

4.2 Metering and Communication.

- 4.2.1 Curtailable Demand.** Pursuant to Sections 2.5.6.2 and 2.5.6.3 of the ISO Tariff, Curtailable Demand that is scheduled or bid as Non-Spinning Reserve or Replacement Reserve is required to comply with the ISO's communication and metering requirements.
- 4.2.2 Dispatchable Load.** The Participating Load shall schedule Dispatchable Load pursuant to Section 2.2.11.1 of the ISO Tariff. Dispatchable Load shall comply with the ISO's communication and metering requirements.
- 4.3 UDC Interruptible Load Programs.** Due to the ISO's reliance on interruptible Loads to relieve System Emergencies and its contractual relationship with each UDC, the ISO will not accept, and the Participating Load shall not submit Adjustment Bids, Supplemental Energy bids, or Ancillary Services bids or self-provided Ancillary Service Schedules from interruptible Loads which are subject to curtailment criteria established under existing retail tariffs, except under such conditions as may be specified in the ISO Tariff.
- 4.4 Notification of Changes.** Sixty (60) days prior to changing any technical information in Schedule 1, the Participating Load shall notify the ISO of the proposed change(s). Pursuant to Section 2.5.25 of the ISO Tariff, the ISO may verify, inspect and test the capacity and operating characteristics provided in the revised Schedule 1. The ISO shall post on the ISO Home Page a schedule showing, for at least one year in advance: (i) the proposed dates on which the ISO's Master File will be updated; (ii) the dates on which the information contained in the revised Master File will become effective; and (iii) the deadlines by which changed technical information must be submitted to the ISO in order to be tested and included in the next scheduled update of the ISO's Master File. Unless the Load fails to test at the values in the proposed change(s), the Participating Load's proposed change(s) will become effective upon the effective date for the next scheduled update of the Master File, provided that the Participating Load submits the changed information by the applicable deadline and is tested by the deadline. Subject to such notification this Agreement shall not apply to any Loads identified in Schedule 1 which the Participating Load no longer owns or no longer has a contractual entitlement to. Notwithstanding the foregoing, the Participating Load may immediately withdraw any Loads identified in Schedule 1, when the California Department of Water Resources reasonably determines that such immediate withdrawal is necessary to carry out its water management responsibilities, but such Load withdrawal shall extend only to the extent necessary to carry out such responsibilities. In the event of such determination and withdrawal, the requirement in this section for the Participating Load to notify the ISO of the proposed change(s) in Schedule 1 sixty (60) days prior to changing the information in Schedule 1 shall be waived. Rather, within seven calendar days after such withdrawal, the Participating Load shall provide the ISO with written notice of such immediate withdrawal of Load due to water management responsibilities, shall include a detailed description of the reasons for such withdrawal, and shall include, as necessary, an updated Schedule 1 identifying those Loads which are subject to the withdrawal and such technical information as is necessary to effectuate such withdrawal.

- 4.5 Agreement Subject to ISO Tariff.** The Parties will comply with all applicable provisions of the ISO Tariff, including Sections 2.3.2, 2.5 and 10, except that for the period June 15, 2000 through October 15, 2000 the Participating Load that has responded to a Dispatch instruction will be exempt from the requirements of ISO Tariff Section 2.5.26.2.3 in the hour of the Dispatch and for the following two (2) hours. This Agreement shall be subject to the ISO Tariff, which shall be deemed to be incorporated herein.
- 4.6 Obligations Relating to Ancillary Services**
- 4.6.1 Submission of Bids and Self-provided Schedules.** When the Scheduling Coordinator on behalf of the Participating Load submits a bid or self-provided schedule for Ancillary Services, the Participating Load will, by the operation of this Section 4.6.1, warrant to the ISO that it has the capability to provide that service in accordance with the ISO Tariff and that it will comply with ISO Dispatch instructions for the provision of the service in accordance with the ISO Tariff.
- 4.6.2 Certification.** The Participating Load shall not use a Scheduling Coordinator to submit a bid for the provision of an Ancillary Service or submit a schedule for the self provision of an Ancillary Service unless the Scheduling Coordinator serving that Participating Load is in possession of a current Ancillary Service certificate pursuant to Sections 2.5.6 and 2.5.24 of the ISO Tariff.
- 4.7 Obligations relating to Major Incidents.** The Participating Load shall promptly provide such information as the ISO may reasonably require in relation to the ISO's investigations of operating situations or events, or for the ISO's reporting to the authorities such as the FERC, California Public Utilities Commission, Western Systems Coordinating Council, or North American Electric Reliability Council.

ARTICLE V PENALTIES AND SANCTIONS

- 5.1 Penalties.** If the Participating Load fails to comply with any provisions of this Agreement, the ISO shall be entitled to impose penalties and sanctions on the Participating Load, including the penalties set forth in Section 2.5.26 of the ISO Tariff. No penalties or sanctions may be imposed under this Agreement unless a Schedule providing for such penalties or sanctions has first been filed with and made effective by FERC. Nothing in this Agreement, with the exception of the provisions relating to ADR, shall be construed as waiving the rights of the Participating Load to oppose or protest any penalty proposed by the ISO to the FERC or the specific imposition by the ISO of any FERC-approved penalty on the Participating Load.
- 5.2 Corrective Measures.** If the Participating Load fails to meet or maintain the requirements set forth in this Agreement and/or the ISO Tariff, the ISO shall be permitted to take any of the measures, contained or referenced in the ISO Tariff, which the ISO deems to be necessary to correct the situation.

ARTICLE VI COSTS

- 6.1 Operating and Maintenance Costs.** The Participating Load shall be responsible for all its costs incurred in meeting its obligations under this Agreement for the Load identified in Schedule 1.

ARTICLE VII DISPUTE RESOLUTION

- 7.1 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 ISO ADR Procedures set forth in Section 13 of the ISO Tariff, which is incorporated by reference, except that any reference in Section 13 of the ISO Tariff to Market Participants shall be read as a reference to the Participating Load and references to the ISO Tariff shall be read as references to this Agreement.

**ARTICLE VIII
REPRESENTATIONS AND WARRANTIES**

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

**ARTICLE IX
LIABILITY**

- 9.1 Liability.** The provisions of Section 14 of the ISO Tariff will apply to liability arising under this Agreement, except that all references in Section 14 of the ISO Tariff to Market Participants shall be read as references to the Participating Load and references to the ISO Tariff shall be read as references to this Agreement.

**ARTICLE X
UNCONTROLLABLE FORCES**

- 10.1 Uncontrollable Forces Tariff Provisions.** Section 15 of the ISO Tariff shall be incorporated by reference into this Agreement except that all references in Section 15 of the ISO Tariff to Market Participants shall be read as a reference to the Participating Load and references to the ISO Tariff shall be read as references to this Agreement.

**ARTICLE XI
MISCELLANEOUS**

- 11.1 Assignments.** Either Party may assign or transfer any or all of its rights and/or obligations under this Agreement with the other Party's prior written consent in accordance with Section 17 of the ISO Tariff. Such consent shall not be unreasonably withheld. Any such transfer or assignment shall be conditioned upon the successor in interest accepting the rights and/or obligations under this Agreement as if said successor in interest was an original Party to this Agreement.
- 11.2 Notices.** Any notice, demand, or request which may be given to or made upon either Party regarding this Agreement shall be made in accordance with Section 20.1 of the ISO Tariff. A Party must update the information in Schedule 3 of this

Agreement as information changes. Such changes shall not constitute an amendment to this Agreement.

- 11.3 Waivers.** Any waivers 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.
- 11.4 Governing Law and Forum.** This Agreement shall be deemed to be a contract made under, and for all purposes shall be governed by and construed in accordance with, the laws of the State of California, except its conflict of law provisions. The Parties irrevocably consent that any legal action or proceeding arising under or relating to this Agreement to which the ISO ADR Procedures do not apply, shall be brought in any of the following forums, as appropriate: any court of the State of California, any federal court of the United States of America located in the State of California, or, where subject to its jurisdiction, before the Federal Energy Regulatory Commission.
- 11.5 Consistency with Federal Laws and Regulations.** This Agreement shall incorporate by reference Section 20.8 of the ISO Tariff as if the references to the ISO Tariff were referring to this Agreement.
- 11.6 Merger.** This Agreement, including Appendix A, which is hereby incorporated by reference and made a part of this Agreement, constitutes the complete and final agreement of the Parties with respect to the subject matter hereto and supersedes all prior agreements, whether written or oral, with respect to such subject matter.
- 11.7 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.
- 11.8 Section Headings.** Section headings provided in this Agreement are for ease of reading and are not meant to interpret the text in each Section.
- 11.9 Amendments.** This Agreement and the Schedules attached hereto may be amended from time to time by the mutual agreement of the Parties in writing. Amendments that require FERC approval shall not take effect until FERC has

accepted such amendments for filing and made them effective. If the amendment does not require FERC approval, the amendment will be filed with FERC for information. Nothing contained herein shall be construed as affecting in any way the right of the ISO to unilaterally make application to the Federal Energy Regulatory Commission for a change in the rates, terms and conditions under section 205 of the Federal Power Act and pursuant to the Commission's Rules and Regulations promulgated thereunder.

11.10 Counterparts. This Agreement may be executed in one or more counterparts at different times, each of which shall be regarded as an original and all of which, taken together, shall constitute one and the same Agreement.

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

California Independent System Operator Corporation

By: _____
Name: _____
Title: _____
Date: _____

California Department of Water Resources

By: _____
Name: _____
Title: _____
Date: _____

SCHEDULE 1

Technical Characteristics of Individual or Aggregated Loads Participating under Participating Load Agreement California Department of Water Resources

Name of ALMDS Facility or Individual Load	CAISO Resource ID	Present Scheduling Point (i.e. PNODE, LAP, or Custom LAP)	Capacity Available ¹ (MW)	Minimum Operating Level ¹ (MW)	Maximum Operating Level ^{1,2} (MW)	Decremental Ramp Rate ^{1,2} (MW/Min)	Ancillary Service Provider (Yes or No)	Participant in UDC Interruptible Program (Yes or No)	Limitations ³ (Yes or No)
Delta (Banks) Pumping Plant	CLAP_BANKPP_CDWR	CLAP_BANKPP	257	-275	0	25	Yes	No	Yes
Dos Amigos Pumping Plant	CLAP_DOSMGO_CDWR	CLAP_DOSMGO	159	-174	0	16	Yes	No	Yes
Buena Vista Pumping Plant	CLAP_CDWR07_CDWR	CLAP_CDWR07	42	-59	0	10	Yes	No	Yes
			52	-52	0	29	Yes	No	Yes
Wheeler Ridge (Teerink) Pumping Plant	CLAP_CDWR07_CDWR	CLAP_CDWR07	54	-61	0	9	Yes	No	Yes
			60	-69	0	7	Yes	No	Yes
Wind Gap (Chrisman) Pumping Plant	CLAP_CDWR07_CDWR	CLAP_CDWR07	110	-124	0	10	Yes	No	Yes
			128	-145	0	11	Yes	No	Yes
Edmonston Pumping Plant	CLAP_EDMONS_CDWR	CLAP_EDMONS	854	-787	0	31	Yes	No	Yes
Oso Pumping Plant	CLAP_OSO_CDWR	CLAP_OSO	72	-74	0	11	Yes	No	Yes

Name of ALMDS Facility or Individual Load	CAISO Resource ID	Present Scheduling Point (i.e. PNODE, LAP, or Custom LAP)	Capacity Available¹	Minimum Operating Level¹	Maximum Operating Level^{1,2}	Decremental Ramp Rate^{1,2}	Ancillary Service Provider	Participant in UDC Interruptible Program	Limitations³
Pearblossom Pumping Plant	CLAP_PEARBL_CDWR	CLAP_PEARBL	137	-145	0	15	Yes	No	Yes
Hyatt/Thermolito P/G	CLAP_HYTTHM_CDWR	CLAP_HYTTHM	933	-475	950	100	Yes	No	Yes

¹ Current effective values for purposes of bidding to provide Energy and/or Ancillary Services in CAISO markets may differ from those set forth in this Schedule 1, depending on the results of CAISO performance testing pursuant to Sections 8.9 and 8.10 of the CAISO Tariff.

² These values are subject to certification by the CAISO in accordance with Section 4.6.2 of the Participating Load Agreement.

³ If “Yes,” limitations should be specified in the Participating Load’s implementation plan.

SCHEDULE 2**ISO IMPOSED PENALTIES AND SANCTIONS
[Section 5.1]**

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 1, the Participating Load shall not receive a capacity payment or credit for Ancillary Services bids or self-provided Ancillary Service Schedules for the time, if any, that there exists an overlap between such Ancillary Services bids or self-provided Ancillary Service Schedules 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 ISO under the ISO Tariff in any other respect.

SCHEDULE 3

**NOTICES
(Section 10.2)**

Participating Load

Name of Authorized
Representative

For Operation Issues: Terry Dennis

Title: Chief Water & Power Dispatcher

Company California Department of Water Resources

Address: 3310 El Camino Avenue

City/State/Zip Code: Sacramento, CA 95821

Email Address: TDENNIS@WATER.CA.GOV

Phone: (916) 574-2693

Fax No: (916) 574-2785

Name of Authorized
Representative

For Contract Issues: Chi Doan

Title: Chief Power Contracts Branch

Address: 3310 El Camino Avenue Suite LL-

City/State/Zip Code: Sacramento, CA 95821

Email Address: CHI@WATER.CA.GOV

Phone: (916) 574-0612

Fax No: (916) 574-0660

ISO

Name of Primary

Representative: Roni L. Reese
Title: Senior Contracts Analyst
Address: 151 Blue Ravine Road
City/State/Zip Code: Folsom, CA 95630
Email Address: rreese@caiso.com
Phone: (916) 608-7027
Fax No: (916) 608-7292

Name of Alternative

Representative: Phillip D. Pettingill
Title: Manager of Infrastructure Policy & Contracts
Address: 151 Blue Ravine Road
City/State/Zip Code: Folsom, CA 95630
Email Address: ppettingill@caiso.com
Phone: (916) 608-7241
Fax No: (916) 608-7292

APPENDIX A

- 1. NONDISCRIMINATION** During the performance of this Agreement, the Parties shall not deny the Agreement's benefits to any person on the basis of religion, color, ethnic group identification, sex, age, physical or mental disability nor shall they discriminate unlawfully against any employee or applicant for employment because of race, religion, color, national origin, ancestry, physical handicap, mental disability, medical condition, marital status, age (over 40), or sex. Each Party shall insure that the evaluation and treatment of employees and applicants for employment are free of such discrimination in accordance with the provisions of the Fair Employment and Housing Act (Government Code Section 12900 et seq.), the regulations promulgated thereunder (California Code Sections 11135 – 1139.5), and the regulations or standards adopted by the awarding State agency to implement such article.
- 2. AUDIT** Each Party, in addition to the audit required in Section 12 of the ISO Tariff, agrees that the Agreement is subject to the examination and audit of the California State Auditor for a period of three years after final payment is made under this Agreement.
- 3. DRUG FREE WORKPLACE CERTIFICATION** The Parties hereby certify, under penalty of perjury under the laws of the State of California, that the Parties will comply with the requirements of the Drug-Free Workplace Act of 1990 (Government Code Section 8350 et seq.) and will provide a drug-free workplace by taking the following actions:

 - A. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.
 - B. Establish a Drug-Free Awareness Program to inform employees about all of the following:
 - (a) the dangers of drug use in the workplace;
 - (b) the policy of maintaining a drug-free workplace;
 - (c) available counseling, rehabilitation, and employee assistance programs; and
 - (d) penalties that may be imposed upon employees for drug abuse violations.

C. The Parties:

- (a) will provide every employee who works in the performance of the Agreement a copy of the company's drug-free policy statement;
and
- (b) agree that their respective employees shall abide by the terms of their respective drug-free workplace policy as a condition of employment.

Attachment C - Marked

CDWR PLA as Modified by Amendment No. 9

California Independent System Operator Corporation

June 28, 2013

California Independent System Operator Corporation
Non-Conforming Service Agreements
Fourth Revised Service Agreement No. 660

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
AND
CALIFORNIA DEPARTMENT OF WATER RESOURCES

PARTICIPATING LOAD AGREEMENT

Proposed Effective Date: ~~May~~July 1, 2013
Version Number: ~~4~~5.0.0
Option Code: A

**CALIFORNIA INDEPENDENT SYSTEM
OPERATOR**

AND

**CALIFORNIA DEPARTMENT OF WATER
RESOURCES**

PARTICIPATING LOAD AGREEMENT

PARTICIPATING LOAD AGREEMENT (PLA)

THIS AGREEMENT is dated this 10th day of September, 2000 and is entered into, by and between:

(1) **California Department of Water Resources**, having its registered and principal place of business located at 1416 Ninth Street, Sacramento, CA 95814-5515 (the "Participating Load");

and

(2) **California Independent System Operator Corporation**, a California nonprofit public benefit corporation having a principal executive office located at such place in the State of California as the ISO Governing Board may from time to time designate, initially 151 Blue Ravine Road, Folsom, California 95630 (the "ISO").

The Participating Load and the ISO are hereinafter referred to as the "Parties".

Whereas:

- A.** The ISO Tariff provides that the ISO shall not schedule Ancillary Services from a Load interconnected to the ISO Controlled Grid, or to the Distribution System of a Participating TO or of a UDC otherwise than through a Scheduling Coordinator.
- B.** The ISO Tariff further provides that Curtailable Demand or Dispatchable Load services shall be provided by Participating Loads.
- C.** The Participating Load desires to provide Curtailable Demand or Dispatchable Load services, intends to submit Adjustment Bids, Supplemental Energy bids or Ancillary Services bids, or self-provided schedules to the ISO through a Scheduling Coordinator and, therefore, represents to the ISO that it will comply with the applicable provisions of the ISO Tariff.
- D.** The Parties are entering into this Agreement in order to establish the terms and conditions on which the ISO and the Participating Load will discharge their respective duties and responsibilities under the ISO 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.** All terms and expressions used in this Agreement shall have the same meaning as those contained in the Master Definitions Supplement to the ISO Tariff.
- 1.2 Rules of Interpretation.** The following rules of interpretation and conventions shall apply to this Agreement:
- (a) if there is any inconsistency between this Agreement and the ISO Tariff, the ISO Tariff will prevail to the extent of the inconsistency;
 - (b) the singular shall include the plural and vice versa;
 - (c) the masculine shall include the feminine and neutral and vice versa;
 - (d) “includes” or “including” shall mean “including without limitation”;
 - (e) references to a Section, Article or Schedule shall mean a Section, Article or a Schedule of this Agreement, as the case may be, unless the context otherwise requires;
 - (f) a reference to a given agreement or instrument shall be a reference to that agreement or instrument as modified, amended, supplemented or restated through the date as of which such reference is made;
 - (g) unless the context otherwise requires, references to any law shall be deemed references to such law as it may be amended, replaced or restated from time to time;
 - (h) unless the context otherwise requires, any reference to a “person” includes any individual, partnership, firm, company, corporation, joint venture, trust, association, organization or other entity, in each case whether or not having separate legal personality;
 - (i) unless the context otherwise requires, any reference to a Party includes a reference to its permitted successors and assigns;
 - (j) any reference to a day, week, month or year is to a calendar day, week, month or year; and
 - (k) the captions and headings in this Agreement are inserted solely to facilitate reference and shall have no bearing upon the interpretation of any of the terms and conditions of this Agreement.

ARTICLE II ACKNOWLEDGEMENTS OF PARTICIPATING LOAD AND ISO

- 2.1 ISO Responsibility.** The Parties acknowledge that the ISO is responsible for the efficient use and reliable operation of the ISO Controlled Grid consistent with achievement of planning and operating reserve criteria no less stringent than those established by the Western Systems Coordinating Council and the North American Electric Reliability Council and further acknowledge that the ISO may not be able to satisfy fully these responsibilities if the Participating Load fails to fully comply with all of its obligations under this Agreement and the ISO Tariff.
- 2.2 Scope of Application to Parties.** The Participating Load and ISO acknowledge that all Loads which desire to submit Adjustment Bids, Supplemental Energy bids, or Ancillary Services bids or self-provided schedules to the ISO through a Scheduling Coordinator must be included in Schedule 1 to this Agreement. The Participating Load warrants that it owns, operates, or has sufficient contractual entitlement to provide Curtailable Demand and Dispatchable Load services from such Loads in accordance with the ISO Tariff.

ARTICLE III TERM AND TERMINATION

- 3.1 Effective Date.** This Agreement shall be effective as of the later of the date it is executed by the Parties, the date of approval by the California Department of General Services, or the date accepted for filing and made effective by FERC, and shall remain in full force and effect until terminated pursuant to Section 3.2 of this Agreement.
- 3.1.1 Partial Effectiveness Contingency.** With regard to individual Loads or aggregated Loads receiving incentives for interruption under an existing program approved by a Local Regulatory Authority as identified in Schedule 1, this Agreement shall not be effective pursuant to Section 3.1 with regard to those individual or aggregated Loads' participation in the ISO's Ancillary Services markets unless the Local Regulatory Authority has authorized participation in the ISO's Ancillary Services markets by Loads receiving incentives for interruption under such an existing program.
- 3.2 Termination.** This Agreement shall terminate on ~~July 1~~November 15, 2013 or upon such earlier date as may be permitted pursuant to Section 3.2.1 or 3.2.2. Termination of this Agreement shall be contingent upon acceptance by FERC of a notice of termination. The ISO shall timely file any notice of termination with FERC.
- 3.2.1 Termination by ISO.** Subject to Section 5.2, the ISO may terminate this Agreement by giving written notice of termination in the event that the

Participating Load commits any material default under this Agreement and/or the ISO Tariff which, if capable of being remedied, is not remedied within thirty (30) days after the ISO has given, to the Participating Load, written notice of the default, unless excused by reason of Uncontrollable Forces in accordance with Article X of this Agreement. With respect to any notice of termination given pursuant to this Section, the ISO must file a timely notice of termination with FERC. The filing of the notice of termination by the ISO will be considered timely if: (1) the request to file a notice of termination is made after the preconditions for termination have been met, and (2) the ISO files the notice of termination within thirty (30) days of receipt of such request. This Agreement shall terminate upon acceptance by FERC of such a notice of termination.

3.2.2 Termination by Participating Load. In the event that the Participating Load no longer wishes to submit Adjustment Bids, Supplemental Energy bids, or Ancillary Service bids or self-provided schedules over the ISO Controlled Grid, it may terminate this Agreement, on giving the ISO ninety (90) days written notice, provided, however, that in accordance with Section 4.4, the Participating Load may modify Schedule 1 to eliminate Load which it no longer provides for and such modification shall be effective upon receipt by the ISO. With respect to any notice of termination given pursuant to this Section, the ISO must file a timely notice of termination with FERC. The filing of the notice of termination by the ISO will be considered timely if: (1) the request to file a notice of termination is made after the preconditions for termination have been met, and (2) the ISO files the notice of termination within thirty (30) days of receipt of such request. This Agreement shall terminate upon acceptance by FERC of such a notice of termination.

ARTICLE IV GENERAL TERMS AND CONDITIONS

4.1 Technical Characteristics.

4.1.1 Curtailable Demand. As required by Section 2.5.6.1 of the ISO Tariff, the Participating Load shall provide the ISO with all technical and operational information requested in Schedule 1 for each Curtailable Demand that it owns, operates, or has a contractual entitlement to. For those Loads designated by the Participating Load as providing Curtailable Demand, Schedule 1 requires the Participating Load to indicate in Schedule 1 whether the Load can be scheduled or bid as Non-Spinning Reserve or Replacement Reserve. Pursuant to Section 2.5.25 of the ISO Tariff, the ISO may verify, inspect and test the capacity and operating characteristics provided in Schedule 1 for Curtailable Demands.

4.1.2 Dispatchable Load. The Participating Load shall provide the ISO that information required in Schedule 1 which is relevant to the Dispatchable Load that it owns, operates, or has a contractual entitlement to for the provision of Adjustment Bids.

4.2 Metering and Communication.

- 4.2.1 Curtailable Demand.** Pursuant to Sections 2.5.6.2 and 2.5.6.3 of the ISO Tariff, Curtailable Demand that is scheduled or bid as Non-Spinning Reserve or Replacement Reserve is required to comply with the ISO's communication and metering requirements.
- 4.2.2 Dispatchable Load.** The Participating Load shall schedule Dispatchable Load pursuant to Section 2.2.11.1 of the ISO Tariff. Dispatchable Load shall comply with the ISO's communication and metering requirements.
- 4.3 UDC Interruptible Load Programs.** Due to the ISO's reliance on interruptible Loads to relieve System Emergencies and its contractual relationship with each UDC, the ISO will not accept, and the Participating Load shall not submit Adjustment Bids, Supplemental Energy bids, or Ancillary Services bids or self-provided Ancillary Service Schedules from interruptible Loads which are subject to curtailment criteria established under existing retail tariffs, except under such conditions as may be specified in the ISO Tariff.
- 4.4 Notification of Changes.** Sixty (60) days prior to changing any technical information in Schedule 1, the Participating Load shall notify the ISO of the proposed change(s). Pursuant to Section 2.5.25 of the ISO Tariff, the ISO may verify, inspect and test the capacity and operating characteristics provided in the revised Schedule 1. The ISO shall post on the ISO Home Page a schedule showing, for at least one year in advance: (i) the proposed dates on which the ISO's Master File will be updated; (ii) the dates on which the information contained in the revised Master File will become effective; and (iii) the deadlines by which changed technical information must be submitted to the ISO in order to be tested and included in the next scheduled update of the ISO's Master File. Unless the Load fails to test at the values in the proposed change(s), the Participating Load's proposed change(s) will become effective upon the effective date for the next scheduled update of the Master File, provided that the Participating Load submits the changed information by the applicable deadline and is tested by the deadline. Subject to such notification this Agreement shall not apply to any Loads identified in Schedule 1 which the Participating Load no longer owns or no longer has a contractual entitlement to. Notwithstanding the foregoing, the Participating Load may immediately withdraw any Loads identified in Schedule 1, when the California Department of Water Resources reasonably determines that such immediate withdrawal is necessary to carry out its water management responsibilities, but such Load withdrawal shall extend only to the extent necessary to carry out such responsibilities. In the event of such determination and withdrawal, the requirement in this section for the Participating Load to notify the ISO of the proposed change(s) in Schedule 1 sixty (60) days prior to changing the information in Schedule 1 shall be waived. Rather, within seven calendar days after such withdrawal, the Participating Load shall provide the ISO with written notice of such immediate withdrawal of Load due to water management responsibilities, shall include a detailed description of the reasons for such withdrawal, and shall include, as necessary, an updated Schedule 1 identifying those Loads which are subject to the withdrawal and such technical information as is necessary to effectuate such withdrawal.

- 4.5 Agreement Subject to ISO Tariff.** The Parties will comply with all applicable provisions of the ISO Tariff, including Sections 2.3.2, 2.5 and 10, except that for the period June 15, 2000 through October 15, 2000 the Participating Load that has responded to a Dispatch instruction will be exempt from the requirements of ISO Tariff Section 2.5.26.2.3 in the hour of the Dispatch and for the following two (2) hours. This Agreement shall be subject to the ISO Tariff, which shall be deemed to be incorporated herein.
- 4.6 Obligations Relating to Ancillary Services**
- 4.6.1 Submission of Bids and Self-provided Schedules.** When the Scheduling Coordinator on behalf of the Participating Load submits a bid or self-provided schedule for Ancillary Services, the Participating Load will, by the operation of this Section 4.6.1, warrant to the ISO that it has the capability to provide that service in accordance with the ISO Tariff and that it will comply with ISO Dispatch instructions for the provision of the service in accordance with the ISO Tariff.
- 4.6.2 Certification.** The Participating Load shall not use a Scheduling Coordinator to submit a bid for the provision of an Ancillary Service or submit a schedule for the self provision of an Ancillary Service unless the Scheduling Coordinator serving that Participating Load is in possession of a current Ancillary Service certificate pursuant to Sections 2.5.6 and 2.5.24 of the ISO Tariff.
- 4.7 Obligations relating to Major Incidents.** The Participating Load shall promptly provide such information as the ISO may reasonably require in relation to the ISO's investigations of operating situations or events, or for the ISO's reporting to the authorities such as the FERC, California Public Utilities Commission, Western Systems Coordinating Council, or North American Electric Reliability Council.

ARTICLE V PENALTIES AND SANCTIONS

- 5.1 Penalties.** If the Participating Load fails to comply with any provisions of this Agreement, the ISO shall be entitled to impose penalties and sanctions on the Participating Load, including the penalties set forth in Section 2.5.26 of the ISO Tariff. No penalties or sanctions may be imposed under this Agreement unless a Schedule providing for such penalties or sanctions has first been filed with and made effective by FERC. Nothing in this Agreement, with the exception of the provisions relating to ADR, shall be construed as waiving the rights of the Participating Load to oppose or protest any penalty proposed by the ISO to the FERC or the specific imposition by the ISO of any FERC-approved penalty on the Participating Load.
- 5.2 Corrective Measures.** If the Participating Load fails to meet or maintain the requirements set forth in this Agreement and/or the ISO Tariff, the ISO shall be permitted to take any of the measures, contained or referenced in the ISO Tariff, which the ISO deems to be necessary to correct the situation.

ARTICLE VI COSTS

- 6.1 Operating and Maintenance Costs.** The Participating Load shall be responsible for all its costs incurred in meeting its obligations under this Agreement for the Load identified in Schedule 1.

ARTICLE VII DISPUTE RESOLUTION

- 7.1 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 ISO ADR Procedures set forth in Section 13 of the ISO Tariff, which is incorporated by reference, except that any reference in Section 13 of the ISO Tariff to Market Participants shall be read as a reference to the Participating Load and references to the ISO Tariff shall be read as references to this Agreement.

ARTICLE VIII REPRESENTATIONS AND WARRANTIES

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

ARTICLE IX LIABILITY

- 9.1 Liability.** The provisions of Section 14 of the ISO Tariff will apply to liability arising under this Agreement, except that all references in Section 14 of the ISO Tariff to Market Participants shall be read as references to the Participating Load and references to the ISO Tariff shall be read as references to this Agreement.

ARTICLE X UNCONTROLLABLE FORCES

- 10.1 Uncontrollable Forces Tariff Provisions.** Section 15 of the ISO Tariff shall be incorporated by reference into this Agreement except that all references in Section 15 of the ISO Tariff to Market Participants shall be read as a reference to the Participating Load and references to the ISO Tariff shall be read as references to this Agreement.

ARTICLE XI MISCELLANEOUS

- 11.1 Assignments.** Either Party may assign or transfer any or all of its rights and/or obligations under this Agreement with the other Party's prior written consent in accordance with Section 17 of the ISO Tariff. Such consent shall not be unreasonably withheld. Any such transfer or assignment shall be conditioned upon the successor in interest accepting the rights and/or obligations under this Agreement as if said successor in interest was an original Party to this Agreement.
- 11.2 Notices.** Any notice, demand, or request which may be given to or made upon either Party regarding this Agreement shall be made in accordance with Section 20.1 of the ISO Tariff. A Party must update the information in Schedule 3 of this

Agreement as information changes. Such changes shall not constitute an amendment to this Agreement.

- 11.3 Waivers.** Any waivers 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.
- 11.4 Governing Law and Forum.** This Agreement shall be deemed to be a contract made under, and for all purposes shall be governed by and construed in accordance with, the laws of the State of California, except its conflict of law provisions. The Parties irrevocably consent that any legal action or proceeding arising under or relating to this Agreement to which the ISO ADR Procedures do not apply, shall be brought in any of the following forums, as appropriate: any court of the State of California, any federal court of the United States of America located in the State of California, or, where subject to its jurisdiction, before the Federal Energy Regulatory Commission.
- 11.5 Consistency with Federal Laws and Regulations.** This Agreement shall incorporate by reference Section 20.8 of the ISO Tariff as if the references to the ISO Tariff were referring to this Agreement.
- 11.6 Merger.** This Agreement, including Appendix A, which is hereby incorporated by reference and made a part of this Agreement, constitutes the complete and final agreement of the Parties with respect to the subject matter hereto and supersedes all prior agreements, whether written or oral, with respect to such subject matter.
- 11.7 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.
- 11.8 Section Headings.** Section headings provided in this Agreement are for ease of reading and are not meant to interpret the text in each Section.
- 11.9 Amendments.** This Agreement and the Schedules attached hereto may be amended from time to time by the mutual agreement of the Parties in writing. Amendments that require FERC approval shall not take effect until FERC has

accepted such amendments for filing and made them effective. If the amendment does not require FERC approval, the amendment will be filed with FERC for information. Nothing contained herein shall be construed as affecting in any way the right of the ISO to unilaterally make application to the Federal Energy Regulatory Commission for a change in the rates, terms and conditions under section 205 of the Federal Power Act and pursuant to the Commission's Rules and Regulations promulgated thereunder.

11.10 Counterparts. This Agreement may be executed in one or more counterparts at different times, each of which shall be regarded as an original and all of which, taken together, shall constitute one and the same Agreement.

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

California Independent System Operator Corporation

By: _____
Name: _____
Title: _____
Date: _____

California Department of Water Resources

By: _____
Name: _____
Title: _____
Date: _____

SCHEDULE 1

Name of ALMDS Facility or Individual Load	ISO Resource ID	Present Scheduling Point (i.e. Take Out Point, Load Group, or Demand Zone)	Capacity Available¹ (MW)	Minimum Operating Level¹ (MW)	Maximum Operating Level^{1,2} (MW)	Decremental Ramp Rate^{1,2} (MW/min)	Ancillary Service Provider (Yes or No)	Participant in UDC Interruptible Program (Yes or No)	Limitations³ (Yes or No)
Delta (Banks) Pumping Plant	GWR4_LG {DELTSW_2_PUMP}	PGE3	257	-275	0	25	Yes	No	Yes
Des Amigos Pumping Plant	GWR4_LG {DOSMGO_2_PUMP}	PGE3	159	-174	0	16	Yes	No	Yes
Buena Vista Pumping Plant	CWR5_LG {BUENVS_2_PUMPA} {BUENVS_2_PUMPB}	PGE4	42	-59	0	10	Yes	No	Yes
		PGE4	52	-52	0	29	Yes	No	Yes
Wheeler Ridge (Teerink) Pumping Plant	CWR5_LG {WHELPP_2_PUMP1} {WHELPP_2_PUMP2}	PGE4	54	-61	0	9	Yes	No	Yes
		PGE4	60	-69	0	7	Yes	No	Yes
Wind Gap (Chrisman) Pumping Plant	CWR5_LG {WINDGPP_2_PUMP1} {WINDGPP_2_PUMP2}	PGE4	110	-124	0	10	Yes	No	Yes
		PGE4	128	-145	0	11	Yes	No	Yes

¹ Current effective values for purposes of scheduling Energy and bidding to provide Energy and/or Ancillary Services in ISO markets may differ from those set forth in this Schedule 1, depending on the results of ISO performance testing pursuant to Sections 2.5.24 and 2.5.25 of the ISO Tariff and Section 9 of the ISO Ancillary Services Requirements Protocol.

² These values are subject to certification by the ISO in accordance with Section 4.6.2 of the Participating Load Agreement.

³ If "Yes," the Participating Load's participation in the Non-Spinning Reserve market is contingent on a minimum duration time of thirty (30) minutes, followed by a minimum return to schedule time of 100 MW per five (5) minutes.

Name of ALMDS Facility or Individual Load	ISO Resource ID	Present Scheduling Point (i.e. Take-Out Point, Load Group, or Demand Zone)	Capacity Available¹ (MW)	Minimum Operating Level¹ (MW)	Maximum Operating Level^{1,2} (MW)	Decremental Ramp Rate^{1,2} (MW/min)	Ancillary Service Provider (Yes or No)	Participant in UDC Interruptible Program (Yes or No)	Limitations³ (Yes or No)
Edmonston Pumping Plant	CWR6_LG [EDMONS_7_PUMP]	SCE1	854	-787	0	34	Yes	No	Yes
Oso Pumping Plant	CWR6_LG [OSO_6_PUMP]	SCE1	72	-74	0	44	Yes	No	Yes
Pearplessom Pumping Plant	CWR6_LG [PEARBL_2_PUMP]	SCE1	137	-145	0	45	Yes	No	Yes
Hyatt/Thermolito P/G	HYTTHM_2_V200LD	HYTTHM_2_V200LD	933	-475	950	100	Yes	No	Yes
San Luis P/G	SLUISP_2_V200LD	SLUISP_2_V200LD	424	-410	424	100	Yes	No	Yes

SCHEDULE 1

**Technical Characteristics of Individual or Aggregated Loads Participating under Participating Load Agreement
California Department of Water Resources**

<u>Name of ALMDS Facility or Individual Load</u>	<u>CAISO Resource ID</u>	<u>Present Scheduling Point (i.e. PNODE, LAP, or Custom LAP)</u>	<u>Capacity Available¹ (MW)</u>	<u>Minimum Operating Level¹ (MW)</u>	<u>Maximum Operating Level^{1,2} (MW)</u>	<u>Decremental Ramp Rate^{1,2} (MW/Min)</u>	<u>Ancillary Service Provider (Yes or No)</u>	<u>Participant in UDC Interruptible Program (Yes or No)</u>	<u>Limitations³ (Yes or No)</u>
<u>Delta (Banks)</u>	<u>CLAP_BANKPP_CDWR</u>	<u>CLAP_BANKPP</u>	<u>257</u>	<u>-275</u>	<u>0</u>	<u>25</u>	<u>Yes</u>	<u>No</u>	<u>Yes</u>

<u>Name of ALMDS Facility or Individual Load</u>	<u>CAISO Resource ID</u>	<u>Present Scheduling Point (i.e. PNODE, LAP, or Custom LAP)</u>	<u>Capacity Available</u> ₁	<u>Minimum Operating Level</u> ¹	<u>Maximum Operating Level</u> ^{1,2}	<u>Decremental Ramp Rate</u> _{1,2}	<u>Ancillary Service Provider</u>	<u>Participant in UDC Interruptible Program</u>	<u>Limitations</u> ₃
<u>Pumping Plant</u>	-								-
<u>Dos Amigos Pumping Plant</u>	<u>CLAP_DOSMGO_CDWR</u>	<u>CLAP_DOSMGO</u>	<u>159</u>	<u>-174</u>	<u>0</u>	<u>16</u>	<u>Yes</u>	<u>No</u>	<u>Yes</u>
<u>Buena Vista Pumping Plant</u>	<u>CLAP_CDWR07_CDWR</u>	<u>CLAP_CDWR07</u>	<u>42</u>	<u>-59</u>	<u>0</u>	<u>10</u>	<u>Yes</u>	<u>No</u>	<u>Yes</u>
-	-	-	<u>52</u>	<u>-52</u>	<u>0</u>	<u>29</u>	<u>Yes</u>	<u>No</u>	<u>Yes</u>
<u>Wheeler Ridge (Teerink) Pumping Plant</u>	<u>CLAP_CDWR07_CDWR</u>	<u>CLAP_CDWR07</u>	<u>54</u>	<u>-61</u>	<u>0</u>	<u>9</u>	<u>Yes</u>	<u>No</u>	<u>Yes</u>
-	-	-	<u>60</u>	<u>-69</u>	<u>0</u>	<u>7</u>	<u>Yes</u>	<u>No</u>	<u>Yes</u>
<u>Wind Gap (Chrisman) Pumping Plant</u>	<u>CLAP_CDWR07_CDWR</u>	<u>CLAP_CDWR07</u>	<u>110</u>	<u>-124</u>	<u>0</u>	<u>10</u>	<u>Yes</u>	<u>No</u>	<u>Yes</u>
-	-	-	<u>128</u>	<u>-145</u>	<u>0</u>	<u>11</u>	<u>Yes</u>	<u>No</u>	<u>Yes</u>
<u>Edmonston Pumping Plant</u>	<u>CLAP_EDMONS_CDWR</u>	<u>CLAP_EDMONS</u>	<u>854</u>	<u>-787</u>	<u>0</u>	<u>31</u>	<u>Yes</u>	<u>No</u>	<u>Yes</u>
<u>Oso Pumping Plant</u>	<u>CLAP_OSO_CDWR</u>	<u>CLAP_OSO</u>	<u>72</u>	<u>-74</u>	<u>0</u>	<u>11</u>	<u>Yes</u>	<u>No</u>	<u>Yes</u>
<u>Pearblossom Pumping Plant</u>	<u>CLAP_PEARBL_CDWR</u>	<u>CLAP_PEARBL</u>	<u>137</u>	<u>-145</u>	<u>0</u>	<u>15</u>	<u>Yes</u>	<u>No</u>	<u>Yes</u>
<u>Hyatt/Thermolito P/G</u>	<u>CLAP_HYTTHM_CDWR</u>	<u>CLAP_HYTTHM</u>	<u>933</u>	<u>-475</u>	<u>950</u>	<u>100</u>	<u>Yes</u>	<u>No</u>	<u>Yes</u>

¹ Current effective values for purposes of bidding to provide Energy and/or Ancillary Services in CAISO markets may differ from those set forth in this Schedule 1, depending on the results of CAISO performance testing pursuant to Sections 8.9 and 8.10 of the CAISO Tariff.

² These values are subject to certification by the CAISO in accordance with Section 4.6.2 of the Participating Load Agreement.

³ If “Yes,” limitations should be specified in the Participating Load’s implementation plan.

SCHEDULE 2**ISO IMPOSED PENALTIES AND SANCTIONS
[Section 5.1]**

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 1, the Participating Load shall not receive a capacity payment or credit for Ancillary Services bids or self-provided Ancillary Service Schedules for the time, if any, that there exists an overlap between such Ancillary Services bids or self-provided Ancillary Service Schedules 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 ISO under the ISO Tariff in any other respect.

SCHEDULE 3**NOTICES
(Section 10.2)****Participating Load**

Name of Authorized
Representative

For Operation Issues: Terry Dennis~~Jim Blood~~

Title: Chief Water ~~and~~ & Power Dispatcher~~ing~~

Company California Department of Water Resources

Address: 3310 El Camino Avenue

City/State/Zip Code: Sacramento, CA 95821

Email Address: TDENNIS@WATER.CA.GOV~~jblood@water.ca.gov~~

Phone: (916) 574-~~2674~~2693

Fax No: (916) 574-27852

Name of Authorized
Representative

For Contract Issues: Chi Doan~~Michael Werner~~

Title: Chief Power Contracts Branch

Address: 3310 El Camino Avenue Suite LL-1416 Ninth St, PO Box
942836

City/State/Zip Code: Sacramento, CA ~~94236-0001~~95821

Email Address: CHI@WATER.CA.GOV~~mwerner@water.ca.gov~~

Phone: (916) 574-0612653-7337

Fax No: (916) 574-0660653-9295

ISO

Name of Primary

Representative: [Roni L. Reese](#)~~Byron Woertz~~

Title: [Senior Contracts Analyst](#)~~Director, Client Relations~~

Address: 151 Blue Ravine Road

City/State/Zip Code: Folsom, CA 95630

Email Address: rreese@caiso.com~~bwoertz@caiso.com~~

Phone: (916) 608-~~7066~~[7027](#)

Fax No: (916) 608-~~7074~~[7292](#)

Name of Alternative

Representative: [Phillip D. Pettingill](#)~~Deborah A. Le Vine~~

Title: [Manager of Infrastructure Policy & Contracts](#)~~Director of
Contracts & Compliance~~

Address: 151 Blue Ravine Road

City/State/Zip Code: Folsom, CA 95630

Email Address: ppettingill@caiso.com~~dlevine@caiso.com~~

Phone: (916) [608-7241351-2144](#)

Fax No: (916) [608-7292351-2487](#)

APPENDIX A

- 1. NONDISCRIMINATION** During the performance of this Agreement, the Parties shall not deny the Agreement's benefits to any person on the basis of religion, color, ethnic group identification, sex, age, physical or mental disability nor shall they discriminate unlawfully against any employee or applicant for employment because of race, religion, color, national origin, ancestry, physical handicap, mental disability, medical condition, marital status, age (over 40), or sex. Each Party shall insure that the evaluation and treatment of employees and applicants for employment are free of such discrimination in accordance with the provisions of the Fair Employment and Housing Act (Government Code Section 12900 et seq.), the regulations promulgated thereunder (California Code Sections 11135 – 1139.5), and the regulations or standards adopted by the awarding State agency to implement such article.
- 2. AUDIT** Each Party, in addition to the audit required in Section 12 of the ISO Tariff, agrees that the Agreement is subject to the examination and audit of the California State Auditor for a period of three years after final payment is made under this Agreement.
- 3. DRUG FREE WORKPLACE CERTIFICATION** The Parties hereby certify, under penalty of perjury under the laws of the State of California, that the Parties will comply with the requirements of the Drug-Free Workplace Act of 1990 (Government Code Section 8350 et seq.) and will provide a drug-free workplace by taking the following actions:

 - A. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.
 - B. Establish a Drug-Free Awareness Program to inform employees about all of the following:
 - (a) the dangers of drug use in the workplace;
 - (b) the policy of maintaining a drug-free workplace;
 - (c) available counseling, rehabilitation, and employee assistance programs; and
 - (d) penalties that may be imposed upon employees for drug abuse violations.

C. The Parties:

- (a) will provide every employee who works in the performance of the Agreement a copy of the company's drug-free policy statement;
and
- (b) agree that their respective employees shall abide by the terms of their respective drug-free workplace policy as a condition of employment.