

November 14, 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 the Amended and Restated Participating Load  
Agreement, Service Agreement No. 660  
Docket No. ER14-\_\_\_\_-000**

Dear Secretary Bose:

The California Independent System Operator Corporation (“ISO”) submits for Commission filing and acceptance an Amended and Restated Participating Load Agreement (“Amended and Restated PLA”) between the ISO and the California Department of Water Resources (“CDWR”).<sup>1</sup> The ISO and CDWR have been working collaboratively to develop revisions to the PLA that benefit CDWR and the ISO market and that reflect principles developed over the years in recognition of CDWR’s primary water delivery obligations as recognized by the ISO tariff, Commission precedent and state law. CDWR has been providing reliable demand response since 2001 and this agreement ensures that will continue and that CDWR will receive resource adequacy credit accordingly. The ISO respectfully requests waiver of the 60 day notice requirement so that the Amended and Restated PLA may be made effective as of November 15, 2013, which is the date the current agreement expires. The ISO is authorized to state that CDWR supports ISO’s request for waiver of the 60 day notice requirement to support the November 15, 2013 effective date.

## **I. Background**

The Participating Load Agreement sets forth the terms and conditions that govern the provision of ancillary services and energy by participating load resources in a manner analogous to the participating generator agreement with

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<sup>1</sup> The ISO submits the Amended PLA 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).

regard to generating resources. The purpose of the agreement is to allow load resources to participate in the ISO's markets.

The ISO filed the original Participating Load Agreement with CDWR on July 20, 2001 in Docket No. ER01-2632-000, and the Commission accepted the agreement by a letter order issued on September 13, 2001. The ISO filed Amendment No. 1 to the Participating Load Agreement on May 24, 2006 in Docket No. ER06-1045-000, which the Commission accepted by letter order dated July 13, 2006, subject to certain non-substantive changes to be made in a compliance filing.<sup>2</sup>

The ISO filed the First Revised Service Agreement No. 660 on July 1, 2008, reflecting Amendment No. 2 to the Participating Load Agreement and requesting Commission acceptance effective as 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 Participating Load Agreement. 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 Participating Load Agreement to permit the right of CDWR to immediately withdraw resources from the Participating Load Agreement 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 Participating Load Agreement. The revised tariff sheets constituted the Second Revised Service Agreement No. 660 in compliance with the April 1, 2009 order.

The ISO thereafter filed Amendment No. 4 through Amendment No. 9 to extend the term of the Participating Load Agreement and allow additional time for discussions with CDWR that led to the Amended and Restated PLA. Each of these extensions was accepted by Commission letter order.<sup>3</sup> The last such order

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<sup>2</sup> The ISO filed the Participating Load Agreement 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.

<sup>3</sup> Amendment No. 4 was filed on September 8, 2011 in Docket No. ER11-4480-000, which was accepted by Commission letter order dated November 2, 2011. Amendment No. 5 was filed on March 9, 2012 in Docket No. ER12-1237-000, which was accepted by Commission letter order dated April 13, 2012. Amendment No. 6 was filed on July 10, 2012 in Docket No. ER12-2224-000, which was accepted by Commission letter order dated August 7, 2012. Amendment No. 7 was filed on October 31, 2012 in Docket No. ER13-258-000, which was accepted by Commission letter order dated November 26, 2012. Amendment No. 8 was filed on April 30, 2013 in Docket No. ER13-1365-000, which was accepted by Commission letter order dated May 31, 2013. Amendment No. 9 was filed on June 28, 2013 in Docket No. ER13-1858-000, which was accepted by Commission letter order dated August 22, 2013.

extended the term of the Participating Load Agreement through November 15, 2013.

## **II. Amended and Restated PLA**

The Amended and Restated PLA continues to rely on the ISO tariff with respect to participation of the identified CDWR resources and does not change the way CDWR participates in the ISO markets. The Amended and Restated PLA includes several non-conforming provisions that reflect existing practices, procedures and precedent with respect to such participation that have been developed over time in recognition of CDWR's primary water delivery obligations. These changes provide CDWR with the assurance that the practices are consistent with the ISO tariff. The Amended and Restated PLA also provides CDWR assurance that any amendment to the ISO tariff would not upset the current balance of benefits and burdens without CDWR first having the opportunity to determine whether or not such proposed change would be consistent with its water management responsibilities. The specifics of these proposed non-conforming provisions are described in more detail below.

### **A. Existing Practices, Procedures and Precedent**

The Amended and Restated PLA recognizes the Commission precedent that allows CDWR to immediately withdraw resources in the event such withdrawal is necessary to carry out the agency's water management responsibilities.<sup>4</sup> The Amended and Restated PLA also requires that the ISO provide CDWR with the procedures concerning their treatment in the ISO markets consistent with current practice.<sup>5</sup> In addition, CDWR resources that are participating load resources do not also participate in any utility distribution company's interruptible load program. The current ISO tariff would not allow them to submit bids if they were, so the Amended and Restated PLA reflects this as well.<sup>6</sup>

The ISO treats participating load bids and schedules submitted by CDWR comparably to other resources. The corollary of this principle means that when CDWR has not submitted a bid for participating load, the ISO will treat CDWR wholesale load schedules similar to those submitted by other load serving entities. This principle is reflected in the Amended and Restated PLA.<sup>7</sup>

The ISO tariff allows resources to be registered as use limited resources and allows resources with ancillary services capacity to submit contingency only

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<sup>4</sup> Amended and Restated PLA, Section 4.4.1; see *also* Docket No. ER06-1045-001 (accepting similar proposed changes by Commission letter order dated on August 23, 2006).

<sup>5</sup> *Id.* at 4.2.1.

<sup>6</sup> *Id.* at 4.3.

<sup>7</sup> *Id.* at 4.5.1.

bids in the ISO markets for that capacity. The ISO does not generate must offer bids for resources registered as use limited, and the Amended and Restated PLA incorporates these principles.<sup>8</sup> In addition, the Amended and Restated PLA clarifies under what conditions the ISO may issue a dispatch instruction to CDWR, and specifies that CDWR is authorized to decline the dispatch instruction if it conflicts with its obligation to carry out their water management responsibilities or presents other similar conflicts.<sup>9</sup> CDWR is required to notify the ISO of its intent to decline such a dispatch instruction.

CDWR, as a load serving entity and local regulatory authority, may develop a supply plan and resource adequacy plan for its use limited resources consistent with the ISO tariff.<sup>10</sup> However, the ISO tariff contemplates that CDWR would self-schedule or bid energy for the resource adequacy capacity from the participating load resource in the day-ahead market to satisfy its plans, but participating loads are not at present able to submit day-ahead energy bids due to current software limitations.<sup>11</sup> The Amended and Restated PLA confirms that CDWR may self-provide or bid ancillary services in the day-ahead market in satisfaction of this requirement.<sup>12</sup>

## **B. Further Assurances**

The Amended and Restated PLA introduces a definition for “Participating Load Services” to provide context for its incorporation of the ISO tariff, which controls to the extent of any inconsistency.<sup>13</sup> The term “Participating Load Services” acknowledges that the non-conforming terms discussed above are consistent with the ISO tariff. In addition, the parties have established a mechanism to resolve any concern about future amendments to the ISO tariff that may present possible inconsistencies with these provisions.<sup>14</sup>

The Amended and Restated PLA contemplates that the ISO tariff should generally not be amended in a manner that would impose additional obligations or limitations on “Participating Load Services” unless the agreement is also amended.<sup>15</sup> This is in recognition of CDWR’s primary water management responsibility. The Amended and Restated PLA requires the ISO to consider impacts on CDWR when proposing changes to the ISO tariff that would impact “Participating Load Services.” In the event the parties are unable to reach agreement on an amendment or the ISO is unable to amend the agreement under Section 205 of the Federal Power Act, the ISO or CDWR would have the

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<sup>8</sup> See CAISO Tariff Section 40.6.

<sup>9</sup> Amended and Restated PLA, Sections 4.5.2 and 4.5.3.

<sup>10</sup> See, e.g., CAISO Tariff, Section 40.1.1

<sup>11</sup> *Id.* at 40.6.4.3.2.

<sup>12</sup> Amended and Restated PLA, Section 4.6.3.

<sup>13</sup> *Id.* at 1.1.4, 1.2, and 4.8.

<sup>14</sup> *Id.*

<sup>15</sup> *Id.* at 4.8.

right to terminate the agreement. These provisions appropriately balance the ISO need for flexibility and CDWR's need for certainty.

### **III. Effective Date and Request for Waiver**

The ISO requests that the Amended and Restated PLA included in the instant filing be made effective on November 15, 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. November 15, 2013 is the date the currently effective Participating Load Agreement will expire, and there are no settlement implications or system impacts to the parties or other market participants. As noted above, CDWR supports the ISO's request for the waiver of the 60 day notice requirement. Granting the requested effective date and waiver will allow seamless transition from the expiring agreement to the new Amended and Restated PLA. Accordingly, good cause exists to grant the waiver request.

### **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) the Amended and Restated PLA (Attachment A); and
- (3) a black-lined document showing the modifications made to the Participating Load Agreement (Attachment B).

## 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  
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\* 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 the Amended and Restated PLA, 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**

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Attorneys for the California Independent  
System Operator Corporation

**Attachment A – First Amended and Restated Participating Load Agreement**

**California Department of Water Resources**

**California Independent System Operator Corporation**

**November 14, 2013**

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**CALIFORNIA INDEPENDENT SYSTEM  
OPERATOR CORPORATION**

**AND**

**CALIFORNIA DEPARTMENT OF WATER  
RESOURCES  
STATE WATER PROJECT**

**FIRST AMENDED AND RESTATED  
PARTICIPATING LOAD AGREEMENT**

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## TABLE OF CONTENTS

PARTICIPATING LOAD AGREEMENT (PLA-AR1) .....	1
ARTICLE 1. DEFINITIONS AND INTERPRETATION.....	2
1.1    Master Definitions Supplement.....	2
1.2    Rules of Interpretation. ....	2
ARTICLE 2. ACKNOWLEDGEMENTS OF DWR AND CAISO .....	3
2.1    CAISO and DWR Responsibilities.....	3
2.2    Scope of Application to Parties.....	4
ARTICLE 3. TERM AND TERMINATION .....	4
3.1    Effective Date. ....	4
3.2    Termination.....	4
ARTICLE 4. GENERAL TERMS AND CONDITIONS.....	5
4.1    Technical Information for Participating Loads. ....	5
4.2    Metering and Communication.....	6
4.3    UDC Interruptible Load Programs. ....	6
4.4    Notification of Changes. ....	6
4.5    Dispatch of Participating Load by CAISO.....	7
4.6    Requirements Relating to Ancillary Services. ....	8
4.7    Obligations Relating to Major Incidents.....	9
4.8    Agreement Subject to CAISO Tariff. ....	9
4.9    Amendment to CAISO Tariff.....	9
ARTICLE 5. PENALTIES AND SANCTIONS .....	9
5.1    Penalties. ....	9
5.2    Corrective Measures. ....	10
ARTICLE 6. COSTS.....	10
6.1    Operating and Maintenance Costs.....	10
ARTICLE 7. DISPUTE RESOLUTION.....	10
7.1    Dispute Resolution. ....	10
ARTICLE 8. REPRESENTATIONS AND WARRANTIES.....	10
8.1    Representation and Warranties.....	10
8.2    Necessary Approvals.....	10
ARTICLE 9. LIABILITY.....	11
9.1    Liability.....	11
ARTICLE 10. UNCONTROLLABLE FORCES.....	11
10.1    Uncontrollable Forces Tariff Provisions.....	11

ARTICLE 11. MISCELLANEOUS .....	11
11.1    Assignments. ....	11
11.2    Notices.....	11
11.3    Waivers.....	11
11.4    Governing Law and Forum. ....	12
11.5    Consistency with Federal Laws and Regulations.....	12
11.6    Merger. ....	12
11.7    Severability. ....	12
11.8    Amendments.....	13
11.9    Counterparts. ....	13
SCHEDULE 1.....	15
SCHEDULE 2.....	16
SCHEDULE 3.....	17
APPENDIX A.....	19

**CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**  
**AND**  
**CALIFORNIA DEPARTMENT OF WATER RESOURCES STATE WATER PROJECT**  
**AMENDED AND RESTATED**  
**PARTICIPATING LOAD AGREEMENT (PLA-AR1)**

**THIS AGREEMENT** is dated this \_\_\_\_\_ day of November, 2013, and is entered into, by and between:

- (1) California Department of Water Resources, acting as the State Water Resources Development System commonly known as the State Water Project, a state-owned multi-facility hydropower generation and water delivery system, having its registered and principal place of business located at 1416 Ninth Street, Sacramento, CA 95814-5515 (“DWR”);  
  
and
- (2) California Independent System Operator Corporation, a California nonprofit public benefit corporation having a principal executive office located at such place in the State of California as the CAISO Governing Board may from time to time designate, currently 250 Outcropping Way, Folsom, California 95630 (the “CAISO”).

DWR and the CAISO are hereinafter sometimes referred to individually as “Party” and collectively as the “Parties.”

**Whereas:**

- A.** DWR, a state agency charged with constructing, owning and operating the State Water Project (California Water Section 12900 et seq.), is Party to an existing Participating Load Agreement with the CAISO;
- B.** The CAISO, a California nonprofit public benefit corporation charged with managing the electrical grid in the CAISO Balancing Authority Area, is Party to an existing Participating Load Agreement with DWR;

- C.** Inasmuch as the current Participating Load Agreement is scheduled to terminate on November 15, 2013, the Parties wish to amend and restate the Participating Load Agreement as defined herein;

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

### **ARTICLE 1. DEFINITIONS AND INTERPRETATION**

- 1.1 Master Definitions Supplement.** All terms and expressions used in this Agreement and not otherwise defined shall have the same meaning as those contained in Appendix A Master Definitions Supplement to the CAISO Tariff.
- 1.1.1** “DWR’s Primary Needs” means DWR’s primary responsibilities for managing and protecting State Water Project water supplies.
- 1.1.2** “Agreement” means this Participating Load Agreement between the Parties and any amendment thereto.
- 1.1.3** “Participating Load” for the purposes of this Agreement, means those Pumped-Storage Hydro Units, Pumping Loads, and Aggregated Participating Loads identified in Schedule 1 of this Agreement.
- 1.1.4** “Participating Load Services” means the provision of services from Participating Loads as described in Sections 4.4, 4.5, and 4.6 of this Agreement, including Curtailable Demand and other eligible services that may be provided under the CAISO Tariff and agreed to by the Parties.
- 1.2 Rules of Interpretation.** The following rules of interpretation and conventions shall apply to this Agreement:
- (a) if there is any inconsistency between this Agreement and the CAISO Tariff, the CAISO Tariff will prevail to the extent of the inconsistency, provided however this Agreement, including the provisions set forth in Sections 2.1, 4.4, 4.5, and 4.6, is deemed consistent with the CAISO Tariff;
  - (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, Appendix, 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) references to any law shall be deemed references to such law as it may be amended, replaced or restated from time to time, unless the new version is inconsistent with this Agreement;
- (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;
- (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; and
- (l) a reference to DWR includes DWR acting as Scheduling Coordinator and any Scheduling Coordinator acting on DWR’s behalf.

## **ARTICLE 2. ACKNOWLEDGEMENTS OF DWR AND CAISO**

### **2.1 CAISO and DWR Responsibilities.**

- 2.1.1** The Parties acknowledge that the CAISO is responsible for the efficient use and reliable operation of the CAISO Controlled Grid consistent with achievement of planning and Operating Reserve criteria and that DWR owns and operates the State Water Project. Each Party must comply with the applicable reliability

requirements established by the Western Electricity Coordinating Council (WECC) and the North American Electric Reliability Corporation (NERC).

**2.1.2** The CAISO acknowledges that DWR's obligations created by this Agreement are limited to its voluntary participation in CAISO Markets by Participating Loads, either through its submission of Bids, Self-Schedules, Self-Provided Ancillary Services, or response to Exceptional Dispatch or System Emergency obligations.

**2.1.3** DWR acknowledges that its offer and provision of Participating Load will be in accordance with this Agreement and applicable provisions of the CAISO Tariff.

**2.2 Scope of Application to Parties.** The Parties acknowledge that all Participating Loads for which DWR desires to submit Bids to the CAISO must be included in Schedule 1 of this Agreement. DWR warrants that it owns, operates, or has sufficient contractual entitlement to provide services from such Participating Loads in accordance with this Agreement and applicable provisions of the CAISO Tariff.

### **ARTICLE 3. TERM AND TERMINATION**

**3.1 Effective Date.** This Agreement is effective as of the later of the date it is executed by the Parties or the date accepted for filing and made effective by FERC, if such FERC filing is required, 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 Participating Loads receiving incentives for interruption under an existing program approved by a Local Regulatory Authority (LRA), this Agreement shall not be effective pursuant to Section 3.1 with regard to those Participating Loads' participation in the CAISO's Ancillary Services markets unless the LRA has authorized such participation.

**3.2 Termination.** This Agreement shall terminate on July 1, 2015 or upon such earlier date made effective under Subsection 3.2.3.

**3.2.1 Termination by CAISO.** Subject to Section 5.2, the CAISO may terminate this Agreement by giving written notice of termination in the event that DWR commits any material default under this Agreement and/or the CAISO Tariff which, if capable of being remedied, is not remedied within thirty (30) days after the

CAISO has given DWR written notice of the default, unless excused by reason of Uncontrollable Forces in accordance with Article 10 of this Agreement.

**3.2.2 Termination by DWR.** DWR may terminate this Agreement by giving the CAISO not less than sixty (60) days advance written notice. In addition, DWR may terminate this Agreement by giving written notice of termination in the event that the CAISO commits any material default under this Agreement and/or the CAISO Tariff, unless such default is excused by reason of Uncontrollable Forces in accordance with Article 10 of this Agreement.

**3.2.3 Termination Timeliness.** With respect to any notice of termination given pursuant to this Section 3.2, the CAISO must file a timely notice of termination with FERC. The filing of the notice of termination by the CAISO with FERC will be considered timely if the filing of the notice of termination is made after the preconditions for termination have been met, and the CAISO files the notice of termination within thirty (30) days after issuance of the notice of default or receipt of DWR's notice. This Agreement shall terminate upon acceptance by FERC of such a notice of termination, if filed with FERC, provided, however, that if DWR delivers advance notice to CAISO under Section 3.2.2, DWR's obligations under this Agreement and the designation of facilities as Participating Load shall terminate upon completion of DWR's advance notice period to the CAISO, except with respect to DWR Bids or Schedules of Participating Loads, if any, made after notice of default or DWR's advance notice.

**3.2.4 Effect of Expiration or Termination.** Expiration or termination of this Agreement shall not affect the rights and obligations of either Party that arose under this Agreement prior to its termination or expiration, even if such rights extend beyond the termination of the Agreement.

## **ARTICLE 4. GENERAL TERMS AND CONDITIONS**

**4.1 Technical Information for Participating Loads.** As required by Sections 8.3.4 and 8.4 of the CAISO Tariff, DWR shall provide the CAISO with all technical and operational information requested for each Participating Load designated in Schedule 1. DWR shall indicate in Schedule 1 whether the Participating Load desires to provide Ancillary Services. Pursuant to Sections 8.9 and 8.10 of the CAISO Tariff, the CAISO will test such Participating Load to determine its Ancillary Service capability and may subsequently verify, inspect, and test the

capacity and operating characteristics of each Participating Load, so long as it complies with DWR safety and security requirements.

- 4.2 Metering and Communication.** Pursuant to Section 8.4 of the CAISO Tariff, Participating Loads that are Bid as Ancillary Services or Self-Provided Ancillary Services are required to comply with the CAISO's communication and metering requirements.
- 4.2.1 Operating Procedures.** The CAISO shall provide DWR with CAISO Operating Procedures or other CAISO documents, when created or amended, which authorize or guide CAISO dispatchers with respect to the treatment of Participating Loads in accordance with Section 22.11.3 of the CAISO Tariff, subject to appropriate nondisclosure provisions as necessary.
- 4.3 UDC Interruptible Load Programs.** DWR does not currently participate in any UDC interruptible Load programs. Due to the fact interruptible Loads are a measure by which to relieve System Emergencies and the CAISO's contractual relationship with each UDC, the CAISO will not accept, and DWR shall not submit, Bids or Self-Provided Ancillary Services from Participating Loads which are subject to curtailment criteria established under existing retail tariffs, except under such conditions as may be specified in the CAISO Tariff and agreed to in the future by the applicable UDC and CAISO.
- 4.4 Notification of Changes.** DWR may modify Schedule 1 to add or withdraw Participating Loads, which in case of withdrawal will no longer be a Participating Load for purposes of this Agreement, or to change the technical information therein, and such modification shall not constitute an amendment of this Agreement. Sixty (60) days prior to such modification, DWR shall notify the CAISO of the proposed change(s). The modification to Schedule 1 is subject to CAISO verification under Section 4.1.1, and unless the tested facility fails to meet the values specified in the proposed change(s), DWR's proposed change(s) will become effective upon the effective date for the next scheduled update of the Master File, provided that DWR submits the changed information by the applicable deadline and is tested by the applicable deadline. Subject to such notification, this Agreement shall not apply to any Participating Loads that DWR no longer owns or no longer has a contractual entitlement to.
- 4.4.1 Immediate Withdrawal of Participating Loads.** Notwithstanding Section 4.4 and any other provision in this Agreement, DWR may immediately modify

Schedule 1 to withdraw any Participating Loads if DWR determines that such immediate withdrawal is necessary to meet DWR's Primary Needs; provided, however, that DWR shall not Bid or schedule such withdrawn Participating Loads as Participating Load Services and any participation in the CAISO Markets by any withdrawn facility shall be settled in accordance with the CAISO Tariff. In the event of such determination and withdrawal, the sixty (60) days notification requirement in Section 4.4 shall be waived. Instead, within seven (7) days after such withdrawal, DWR shall provide the CAISO with written notice, which shall include a detailed description of the reasons for such withdrawal and, as necessary, an updated Schedule 1 identifying those facilities that are subject to the withdrawal and technical information as is necessary to document such withdrawal.

**4.5 Dispatch of Participating Load by CAISO.** Subject to this Agreement, CAISO shall Dispatch a Participating Load by delivering a Dispatch Instruction to DWR's Scheduling Coordinator in accordance with the CAISO Tariff. Settlement of Dispatch Instructions will be in accordance with the CAISO Tariff.

**4.5.1 CAISO's Obligation to Honor Schedules.** The CAISO shall treat Schedules submitted by DWR comparably to those of other Market Participants and consistent with this Agreement; that is, when not providing Participating Load Bids or Self-Provided Ancillary Services on any given Trading Day, DWR's Participating Load is entitled to treatment (other than provisions related to Scheduling and Settlement at Custom Load Aggregation Points) comparable to other Bids for Demand within the applicable TAC Area for that corresponding Trading Day.

**4.5.2 Use-Limited.** DWR at its sole discretion may elect to register its Participating Loads as Use-Limited in accordance with the CAISO Tariff. If registered as Use-Limited, then such Participating Loads shall be eligible to submit Bids for Contingency Only reserves and the CAISO will not create Bids or impose any other requirement to Bid or offer services equivalent to a must-offer requirement.

**4.5.3 Contingency Only Bids.** The CAISO shall be authorized to issue Dispatch Instructions to DWR's Contingency Only Participating Loads only in the event of an unplanned Outage, a Contingency or an imminent or actual System Emergency in accordance with the CAISO Tariff. The CAISO shall not be authorized to Dispatch Participating Load that is a Use-Limited resource and that has Bid in the CAISO Markets on a Contingency Only basis for economic or

other non-contingency reasons, provided that all submitted Bids will remain subject to the CAISO Tariff.

- 4.5.3.1** The CAISO shall issue Dispatch Instructions in the market or through Exceptional Dispatch solely based on the DWR's Bids or, if not bid, through Exceptional Dispatch only upon prior consent of DWR in accordance with NERC communication reliability standards. The CAISO's Dispatch Instruction notice may not request DWR, and DWR shall not be obligated, to operate any facility in a manner that is not in compliance with Section 4.5.3 or that, in DWR's sole discretion, (1) is inconsistent with its Primary Needs; (2) is not in compliance with the provision of Participating Load Services or other communications between the Parties; (3) could result in damage or impair Participating Load facilities; or (4) may result in violation of any applicable law, regulation, license or permit.
- 4.5.3.2** DWR shall promptly notify the CAISO if DWR does not intend to follow a Dispatch Instruction based on one or more of the reasons specified above. DWR must provide such notice twenty minutes prior to the requested time of service, unless the Dispatch Instruction was given less than twenty minutes prior to the requested time of providing such service, in which case DWR may notify the CAISO up to the requested time of providing such service.
- 4.6 Requirements Relating to Ancillary Services.**
- 4.6.1 Bids and Self-Provided Ancillary Services.** When DWR submits a Bid or Submission to Self-Provide an Ancillary Service from a Participating Load, DWR will, by the operation of this Section 4.6.1, warrant to the CAISO that it has the capability to provide that service in accordance with the CAISO Tariff and that it will comply with CAISO Dispatch Instructions for the provision of the service in accordance with this Agreement and the applicable provisions of the CAISO Tariff.
- 4.6.2 Certification.** DWR shall not submit Bids or Submissions to Self-Provide an Ancillary Service unless DWR is in possession of a current Ancillary Service certificate for such Ancillary Service pursuant to Article 8 of the CAISO Tariff.
- 4.6.3 Resource Adequacy Capacity.** DWR shall submit a Supply Plan and a Resource Adequacy Plan that meets the requirements of DWR's Local Regulatory Authority to the extent permitted by the CAISO Tariff. When a Participating Load is a Resource Adequacy Resource used to meet a Resource

Adequacy obligation provided in DWR's monthly Resource Adequacy Plan, DWR must follow that plan for its Resource Adequacy Resources and may submit a Bid or Submission to Self-Provide an Ancillary Service in the Day-Ahead Market for such purpose.

- 4.7 Obligations Relating to Major Incidents.** Each Party shall promptly provide such information as the other Party may reasonably require in relation to the Party's investigations of operating situations or events, or for the Party's reporting to the authorities such as the FERC, California Public Utilities Commission (CPUC), WECC, or NERC consistent with the information sharing obligations of those authorities.
- 4.8 Agreement Subject to CAISO Tariff.** The Parties will comply with all applicable provisions of CAISO Tariff. This Agreement shall be subject to the CAISO Tariff, which shall be deemed to be incorporated herein; provided, however, DWR does not consent to any expansion or alteration of obligations of DWR to provide Participating Load Services to the CAISO solely by amendment to the CAISO Tariff. The Parties may expand or alter the obligations of DWR to provide Participating Load Services to the CAISO only as provided in Section 11.8 of this Agreement. In the event the CAISO Tariff is amended to be inconsistent with this Agreement with respect to Participating Load Services and the Parties are unable to resolve the inconsistency by amendment to this Agreement or the CAISO is unsuccessful in filing an unexecuted amendment to this Agreement as permitted under Section 11.8 of this Agreement, then either Party may provide notice of termination in accordance with Section 3.2 of this Agreement as though the other Party had committed a default.
- 4.9 Amendment to CAISO Tariff.** In making amendments to the CAISO Tariff that concern Participating Load Services, the CAISO will consider the impact on DWR and this Agreement.

## ARTICLE 5. PENALTIES AND SANCTIONS

- 5.1 Penalties.** If DWR fails to comply with any provisions of this Agreement, the CAISO shall be entitled to impose penalties and sanctions on DWR, including the penalties set forth in Sections 8.9.7 and 8.9.15 of the CAISO Tariff. No penalties or sanctions may be imposed under this Agreement unless a Schedule of the CAISO Tariff provision 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 the CAISO Alternative Dispute Resolution (ADR) Procedures, shall be construed as waiving the rights of DWR to oppose or protest any penalty proposed by the CAISO to the FERC or the specific imposition of any FERC-approved penalty on DWR.

- 5.2 Corrective Measures.** If either Party fails to meet or maintain the requirements set forth in this Agreement and/or the applicable sections of the CAISO Tariff, the other Party shall be permitted to take any lawful measures, including any of the measures contained or referenced in the CAISO Tariff that the non-defaulting Party deems to be necessary to correct the situation.

### **ARTICLE 6. COSTS**

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

### **ARTICLE 7. 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 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 DWR and references to the CAISO Tariff shall be read as references to this Agreement.

### **ARTICLE 8. 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.** DWR 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 DWR prior to the effective date of this Agreement.

## ARTICLE 9. LIABILITY

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

## ARTICLE 10. UNCONTROLLABLE FORCES

- 10.1 Uncontrollable Forces Tariff Provisions.** 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 DWR and references to the CAISO Tariff shall be read as references to this Agreement.

## ARTICLE 11. 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 22.2 of the CAISO Tariff. Such consent shall not be unreasonably withheld. Any such transfer or assignment shall be conditioned upon the successor in interest accepting the rights and/or obligations under this Agreement as if said successor in interest was an original Party to this Agreement.
- 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 Article 22.4 of the CAISO Tariff, provided that all references in Article 22.4 of the CAISO Tariff to Market Participants shall be read as references to DWR and references to the CAISO Tariff shall be read as references to this Agreement, and unless otherwise stated or agreed shall be made to the representative of the other Party indicated in Schedule 3. 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 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 that may arise in connection with this Agreement. Any delay, short of the statutory period of limitations, in

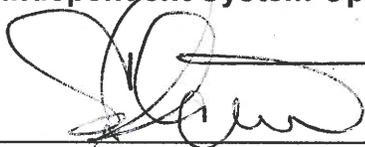
asserting or enforcing any right under this Agreement shall not constitute or be deemed a waiver of such right.

- 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, without reference to its conflict of law provisions. The Parties irrevocably consent that any legal action or proceeding arising under or relating to this Agreement to which the CAISO ADR Procedures do not apply, shall be brought in any of the following forums, as appropriate: any court of the State of California or, where subject to its jurisdiction, before the Federal Energy Regulatory Commission, provided that DWR shall not waive its rights under the Eleventh Amendment of the United States Constitution.
- 11.5 Consistency with Federal Laws and Regulations.** This Agreement shall incorporate by reference Section 22.9 of the CAISO Tariff as if the references to the CAISO Tariff were referring to this Agreement, provided that DWR shall not waive its rights under the Eleventh Amendment of the United States Constitution.
- 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 hereof 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 Amendments.** This Agreement may be amended from time to time by the mutual agreement of the Parties in writing. Amendments that require FERC approval shall not take effect until FERC has accepted such amendments for filing and made them effective. Nothing contained herein shall be construed as affecting in any way the right of the CAISO to unilaterally make application to FERC for a change in the rates, terms, and conditions under Section 205 of the Federal Power Act and pursuant to the Commission's Rules and Regulations promulgated thereunder, and DWR shall have the right to make a unilateral filing with FERC to modify this Agreement pursuant to Section 206 or any other applicable provision of the FPA and FERC's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of FERC under Sections 205 or 206 of the FPA and FERC's rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.
- 11.9 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 hereinabove written.

**California Independent System Operator Corporation**

By:  \_\_\_\_\_  
Name: Eric J. Schmitt  
Title: Vice President, Operations  
Date: 11/12/13

**California Department of Water Resources – State Water Project**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

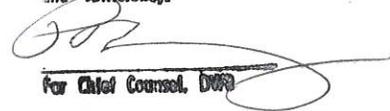
**IN WITNESS WHEREOF**, the Parties hereto have caused this Agreement to be duly executed on behalf of each by and through their authorized representatives as of the date hereinabove written.

**California Independent System Operator Corporation**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**California Department of Water Resources – State Water Project**

By: Michael Werner for Veronica Hicks  
Name: Michael Werner for Veronica Hicks  
Title: Chief, Power and Risk Office  
Date: Nov 13, 2013

Approved as to legal form  
and sufficiency:  
  
For Chief Counsel, DWR

## 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 <sup>1</sup>	Minimum Operating Level <sup>1</sup>  (MW)	Maximum Operating Level <sup>1,2</sup>  (MW)	Decremental Ramp Rate <sup>1,2</sup>  (MW/min)	Ancillary Service Provider  (Yes or No)	Participant in UDC Interruptible Program  (Yes or No)	Limitations <sup>3</sup>  (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
Pearblossom Pumping	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

<sup>1</sup> 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.

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

<sup>3</sup> If "Yes," limitations should be specified in the Participating Load's implementation plan.

**SCHEDULE 2**

**CAISO IMPOSED PENALTIES AND SANCTIONS**

**[Section 5.1]**

**TO BE INSERTED UPON FERC APPROVAL**

**SCHEDULE 3****NOTICES****(Section 11.2)****DWR****Participating Load**

Name of Authorized  
Representative For  
Operation Issues:

Glenn Solberg  
Chief Water & Power Dispatcher  
California Department of Water Resources  
3310 El Camino Avenue, Suite 300  
Sacramento, CA 95821  
[gsolberg@water.ca.gov](mailto:gsolberg@water.ca.gov)  
(916) 574-2693  
(916) 296-8255  
(916) 574-0613

Title:

Company:

Address:

City/State/Zip Code:

Email Address:

Phone:

Cell:

Fax No:

Name of Authorized  
Representative For  
Operation Issues:

Tuan Bui  
Supervising Engineer  
California Department of Water Resources  
3310 El Camino Avenue, Suite 300  
Sacramento, CA 95821  
[tbui@water.ca.gov](mailto:tbui@water.ca.gov)  
(916) 574-2663  
(916) 698-8357  
(916) 574-2782

Title:

Company:

Address:

City/State/Zip Code:

Email Address:

Phone:

Cell:

Fax No:

Name of Authorized  
Representative For  
Contract Issues:

Chi Doan  
Chief Power Contracts Branch  
California Department of Water Resources  
3310 El Camino Avenue, Suite LL-91  
Sacramento, CA 95821  
[chi@water.ca.gov](mailto:chi@water.ca.gov)  
(916) 574-0612  
(916) 574-0660

Title:

Company:

Address:

City/State/Zip Code:

Email Address:

Phone:

Fax No:

**CAISO**

Name of Primary

Representative: Regulatory Contracts  
Address: 250 Outcropping Way  
City/State/Zip Code: Folsom, CA 95630  
Email address: [regulatorycontracts@caiso.com](mailto:regulatorycontracts@caiso.com)  
Phone: (916) 351-4400  
Fax: (916) 608-5063

Name of Alternative

Representative: Christopher Sibley  
Title: Lead Contract Negotiator  
Address: 250 Outcropping Way  
City/State/Zip Code: Folsom, CA 95630  
Email address: [csibley@caiso.com](mailto:csibley@caiso.com)  
Phone: (916) 608-7030  
Fax: (916) 608-5063

## 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 – 11139.5), 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 22.1 of the CAISO 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 B – Marked**

**First Amended and Restated Participating Load Agreement**

**California Department of Water Resources**

**California Independent System Operator Corporation**

**November 14, 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**  
**STATE WATER PROJECT**

**FIRST AMENDED AND RESTATED**

**PARTICIPATING LOAD AGREEMENT**

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Proposed Effective Date:  
November 15, 2014~~July 1, 2013~~  
Version Number: 65.0.0  
Option Code: A

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

AND

CALIFORNIA DEPARTMENT OF WATER RESOURCES  
STATE WATER PROJECT

FIRST AMENDED AND RESTATED

PARTICIPATING LOAD AGREEMENT

## TABLE OF CONTENTS

PARTICIPATING LOAD AGREEMENT (PLA-AR1)	1
ARTICLE 1. DEFINITIONS AND INTERPRETATION	2
1.1 Master Definitions Supplement.	2
1.2 Rules of Interpretation.	2
ARTICLE 2. ACKNOWLEDGEMENTS OF DWR AND CAISO	3
2.1 CAISO and DWR Responsibilities.	3
2.2 Scope of Application to Parties.	4
ARTICLE 3. TERM AND TERMINATION	4
3.1 Effective Date.	4
3.2 Termination.	4
ARTICLE 4. GENERAL TERMS AND CONDITIONS	5
4.1 Technical Information for Participating Loads.	5
4.2 Metering and Communication.	6
4.3 UDC Interruptible Load Programs.	6
4.4 Notification of Changes.	6
4.5 Dispatch of Participating Load by CAISO.	7
4.6 Requirements Relating to Ancillary Services.	8
4.7 Obligations Relating to Major Incidents.	9
4.8 Agreement Subject to CAISO Tariff.	9
4.9 Amendment to CAISO Tariff.	9
ARTICLE 5. PENALTIES AND SANCTIONS	9
5.1 Penalties.	9
5.2 Corrective Measures.	10
ARTICLE 6. COSTS	10
6.1 Operating and Maintenance Costs.	10
ARTICLE 7. DISPUTE RESOLUTION	10
7.1 Dispute Resolution.	10
ARTICLE 8. REPRESENTATIONS AND WARRANTIES	10
8.1 Representation and Warranties.	10
8.2 Necessary Approvals.	10

<u>ARTICLE 9. LIABILITY</u>	<u>11</u>
<u>9.1 Liability.</u>	<u>11</u>
<u>ARTICLE 10. UNCONTROLLABLE FORCES</u>	<u>11</u>
<u>10.1 Uncontrollable Forces Tariff Provisions.</u>	<u>11</u>
<u>ARTICLE 11. MISCELLANEOUS</u>	<u>11</u>
<u>11.1 Assignments.</u>	<u>11</u>
<u>11.2 Notices.</u>	<u>11</u>
<u>11.3 Waivers.</u>	<u>11</u>
<u>11.4 Governing Law and Forum.</u>	<u>12</u>
<u>11.5 Consistency with Federal Laws and Regulations.</u>	<u>12</u>
<u>11.6 Merger.</u>	<u>12</u>
<u>11.7 Severability.</u>	<u>12</u>
<u>11.8 Amendments.</u>	<u>13</u>
<u>11.9 Counterparts.</u>	<u>13</u>
<u>SCHEDULE 1</u>	<u>15</u>
<u>SCHEDULE 2</u>	<u>16</u>
<u>SCHEDULE 3</u>	<u>17</u>
<u>APPENDIX A</u>	<u>19</u>

**CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**  
**AND**  
**CALIFORNIA DEPARTMENT OF WATER RESOURCES STATE WATER**  
**PROJECT**  
**AMENDED AND RESTATED**

**THIS AGREEMENT** is dated this \_\_\_\_\_<sup>40<sup>th</sup></sup> day of November, 2013, September, 2000 and is entered into, by and between:

(1) California Department of Water Resources, acting as the State Water Resources Development System commonly known as the State Water Project, a state-owned multi-facility hydropower generation and water delivery system, having its registered and principal place of business located at 1416 Ninth Street, Sacramento, CA -95814-5515 ("DWR(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 CAISO Governing Board may from time to time designate, currently 250 Outcropping Way initially 151 Blue Ravine Road, Folsom, California 95630 (the "CAISO").

DWR  
The Participating Load and the CAISO are hereinafter sometimes referred to individually as "Party" and collectively as the "Parties."

**Whereas:**

**A.** DWR, a state agency charged with constructing, owning and operating the State Water Project (California Water Section 12900 et seq.), is Party to an existing Participating Load Agreement with the CAISO; 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 CAISO, a California nonprofit public benefit corporation charged with managing the electrical grid in the CAISO Balancing Authority Area, is Party to an existing Participating Load Agreement with DWR; The ISO Tariff further provides that Curtailable Demand or Dispatchable Load services shall be provided by Participating Loads.~~

C. ~~Inasmuch as the current The Participating Load Agreement is scheduleddesires to terminate on November 15, 2013, 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 wish to amendare entering into this Agreement in order to establish the terms and restateconditions on which the ISO and the Participating Load Agreement as defined herein; 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 1.1**  
**DEFINITIONS AND INTERPRETATION**

**1.1 Master Definitions Supplement.** All terms and expressions used in this Agreement and not otherwise defined shall have the same meaning as those contained in Appendix A the Master Definitions Supplement to the CAISO Tariff.

**1.1.1** “DWR’s Primary Needs” means DWR’s primary responsibilities for managing and protecting State Water Project water supplies.

**1.1.2** “Agreement” means this Participating Load Agreement between the Parties and any amendment thereto.

**1.1.3** “Participating Load” for the purposes of this Agreement, means those Pumped-Storage Hydro Units, Pumping Loads, and Aggregated Participating Loads identified in Schedule 1 of this Agreement.

**1.1.4** “Participating Load Services” means the provision of services from Participating Loads as described in Sections 4.4, 4.5, and 4.6 of this Agreement, including Curtailable Demand and other eligible services that may be provided under the CAISO Tariff and agreed to by the Parties.

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

- (a) if there is any inconsistency between this Agreement and the CAISO Tariff, the CAISO Tariff will prevail to the extent of the inconsistency, provided however this Agreement, including the provisions set forth in Sections 2.1, 4.4, 4.5, and 4.6, is deemed consistent with the CAISO Tariff;
- (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, Appendix, 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, unless the new version is inconsistent with this Agreement;
- (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; ~~and-~~
- (l) a reference to DWR includes DWR acting as Scheduling Coordinator and any Scheduling Coordinator acting on DWR’s behalf.

## ARTICLE 2. ~~II~~

### ACKNOWLEDGEMENTS OF ~~DWR~~**PARTICIPATING LOAD** AND ~~CAISO~~**ISO**

#### 2.1 CAISO and DWR Responsibilities.

**2.1.1** ~~ISO Responsibility.~~ The Parties acknowledge that the ~~CAISO~~**ISO** is responsible for the efficient use and reliable operation of the ~~CAISO~~**ISO** Controlled Grid consistent with achievement of planning and Operating Reserve~~operating reserve~~ criteria and that DWR owns and operates the State Water Project. Each Party must comply with the applicable reliability requirements no less stringent than those established by the Western ~~Electricity Systems~~ Coordinating Council (WECC) and the North American Electric Reliability Corporation (NERC).

**2.1.2** The CAISO acknowledges that DWR’s 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 created by under this Agreement are limited to its voluntary participation in CAISO

Markets by Participating Loads, either through its submission of Bids, Self-Schedules, Self-Provided Ancillary Services, or response to Exceptional Dispatch or System Emergency obligations.

2.1.3 DWR acknowledges that its offer and provision of Participating Load will be in accordance with this Agreement and applicable provisions of and the CAISO's Tariff.

2.2 **Scope of Application to Parties.** The ~~Parties~~Participating Load and ISO acknowledge that all Participating Loads ~~for which DWR desires~~for which DWR desires to submit ~~Adjustment Bids, Supplemental Energy bids, or Ancillary Services bids or self-provided schedules~~ to the ~~CAISO~~ISO through a Scheduling Coordinator must be included in Schedule 1 ~~of~~of this Agreement. ~~DWR~~The Participating Load warrants that it owns, operates, or has sufficient contractual entitlement to provide ~~Curtable Demand and Dispatchable Load~~ services from such Participating Loads in accordance with this Agreement and applicable provisions of the CAISO's Tariff.

### ARTICLE 3. III TERM AND TERMINATION

3.1 **Effective Date.** This Agreement ~~is~~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, if such FERC filing is required, 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 ~~Participating individual Loads or aggregated~~ Loads receiving incentives for interruption under an existing program approved by a Local Regulatory Authority (LRA), ~~as identified in Schedule 1,~~ this Agreement shall not be effective pursuant to Section 3.1 with regard to those ~~Participating individual or aggregated~~ Loads' participation in the ~~CAISO's~~ISO's Ancillary Services markets unless the ~~LRA~~Local Regulatory Authority has authorized such 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, 2015~~November 15, 2013 or upon such earlier date made effective under Subsection as may be permitted pursuant to Section 3.2.3. 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 CAISO.** Subject to Section 5.2, the CAISO may terminate this Agreement by giving written notice of termination in the event that DWR the Participating Load commits any material default under this Agreement and/or the CAISO Tariff which, if capable of being remedied, is not remedied within thirty (30) days after the CAISO has given DWR, to the Participating Load, written notice of the default, unless excused by reason of Uncontrollable Forces in accordance with Article 10X of this Agreement.

**3.2.2 Termination by DWR.** DWR may terminate this Agreement by giving the CAISO not less than sixty (60) days advance written notice. In addition, DWR may terminate this Agreement by giving written notice of termination in the event that the CAISO commits any material default under this Agreement and/or the CAISO Tariff, unless such default is excused by reason of Uncontrollable Forces in accordance with Article 10 of this Agreement.

~~**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.~~

**3.2.3 Termination Timeliness.** With respect to any notice of termination given pursuant to this Section 3.2, the CAISO must file a timely notice of termination with FERC. The filing of the notice of termination by the CAISO with FERC 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~~ filing of the notice of termination is made after the

preconditions for termination have been met, and the CAISO files the notice of termination within thirty (30) days after issuance of the notice of default or receipt of DWR's notice such request. This Agreement shall terminate upon acceptance by FERC of such a notice of termination, if filed with FERC, provided, however, that if DWR delivers advance notice to CAISO under Section 3.2.2, DWR's obligations under this Agreement and the designation of facilities as Participating Load shall terminate upon completion of DWR's advance notice period to the CAISO, except with respect to DWR Bids or Schedules of Participating Loads, if any, made after notice of default or DWR's advance notice.

**3.2.4 Effect of Expiration or Termination.** Expiration or termination of this Agreement shall not affect the rights and obligations of either Party that arose under this Agreement prior to its termination or expiration, even if such rights extend beyond the termination of the Agreement.

## **ARTICLE 4. ARTICLE IV** **GENERAL TERMS AND CONDITIONS**

**4.1\_ Technical Information for Participating Loads**~~Characteristics.~~

**4.1.1 Curtailable Demand.** ~~As required by Sections 8.3.4 and 8.4~~Section 2.5.6.1 of the CAISO Tariff, DWR the Participating Load shall provide the CAISO with all technical and operational information requested in Schedule 1 for each Participating Load Curtailable Demand that it owns, operates, or has a contractual entitlement to. For those Loads designated in Schedule 1. DWR shall by the Participating Load as providing Curtailable Demand, Schedule 1 requires the Participating Load to indicate in Schedule 1 whether the Participating Load desires to provide Ancillary Services Load can be scheduled or bid as Non-Spinning Reserve or Replacement Reserve. Pursuant to Sections 8.9 and 8.10~~Section 2.5.25 of the CAISO Tariff, the CAISO will test such Participating Load to determine its Ancillary Service capability and may subsequently~~ISO may verify, inspect, and test the capacity and operating characteristics of each Participating Load, so long as it complies with DWR safety and security requirements. 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 ~~Section 8.4~~~~Sections 2.5.6.2 and 2.5.6.3~~ of the ~~CAISO~~~~ISO~~ Tariff, ~~Participating Loads~~~~Curtilable Demand~~ that ~~are Bid as Ancillary Services~~~~is scheduled~~ or ~~Self-Provided Ancillary Services~~ ~~are bid as Non-Spinning Reserve or Replacement Reserve~~ is required to comply with the ~~CAISO's~~~~ISO's~~ communication and metering requirements.

~~4.2.1 Operating Procedures.~~ The CAISO shall provide DWR with ~~CAISO Operating Procedures or other CAISO documents, when created or amended, which authorize or guide CAISO dispatchers with respect to the treatment of Participating Loads in accordance with Section 22.11.3 of the CAISO Tariff, subject to appropriate nondisclosure provisions as~~ necessary

~~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.~~ ~~DWR does not currently participate in any UDC~~ ~~Due to the ISO's reliance on~~ interruptible ~~Load programs.~~ ~~Due to the fact interruptible Loads are a measure by which Loads to~~ relieve System Emergencies and ~~the CAISO's~~ contractual relationship with each UDC, the ~~CAISO~~~~ISO~~ will not accept, and ~~DWR~~~~the Participating Load~~ shall not submit, ~~Adjustment Bids, Supplemental Energy bids, or Self-Provided Ancillary Services bids or self-provided Ancillary Service Schedules~~ from ~~Participating~~~~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 and agreed to in the future by the applicable UDC and CAISO.~~~~ISO Tariff.~~

~~4.4 Notification of Changes.~~ ~~DWR may modify~~ ~~Sixty (60) days prior to changing any technical information in~~ Schedule 1 ~~to add or withdraw Participating Loads, which in case of withdrawal will no longer be a~~, the ~~Participating Load~~ ~~for purposes of this Agreement, or to change the technical information therein, and such modification shall not constitute an amendment of this Agreement.~~ ~~Sixty (60) days prior to such modification, DWR shall~~ ~~shall~~ notify the ~~CAISO~~~~ISO~~ of the proposed change(s). ~~The modification~~~~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~~ Schedule 1 is subject to CAISO verification under Section 4.1.1, and unless the be-tested facility and included in the next scheduled update of the ISO's Master File. Unless the Load fails to meettest at the values specified in the proposed change(s), DWR'sthe Participating Load's proposed change(s) will become effective upon the effective date for the next scheduled update of the Master File, provided that DWR the Participating Load submits the changed information by the applicable deadline and is tested by the applicable deadline. Subject to such notification, this Agreement shall not apply to any Loads identified in Schedule 1 which the Participating Loads that DWRLoad no longer owns or no longer has a contractual entitlement to.

**4.4.1 Immediate Withdrawal of Participating Loads.** Notwithstanding Section 4.4 and any other provision in this Agreement, DWR the foregoing, the Participating Load may immediately modify Schedule 1 to withdraw any Participating Loads if DWR Loads identified in Schedule 1, when the California Department of Water Resources reasonably determines that such immediate withdrawal is necessary to meet DWR's Primary Needs; provided, however, that DWR carry out its water management responsibilities, but such Load withdrawal shall not Bid or schedule such withdrawn Participating Loads as Participating Load Services and any participation in the CAISO Markets by any withdrawn facility shall be settled in accordance with the CAISO Tariffextend 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 notification requirement in Section 4.4prior to changing the information in Schedule 1 shall be waived. ~~Instead~~ Rather, within seven ~~(7) calendar~~ calendar days after such withdrawal, ~~DWR the Participating Load shall provide the CAISOISO with written notice, which 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 facilities thatLoads which are subject to the withdrawal and ~~such~~ such technical information as is necessary to ~~documenteffectuate~~ documenteffectuate such withdrawal.

**4.5 Dispatch** — 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 by CAISO. Subject to this Agreement, CAISO shall 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 a Participating Load by delivering a Dispatch Instruction to DWR's and for the following two (2) hours. This Agreement shall be subject to the ISO Tariff, which shall be deemed to be incorporated herein.

**4.5.1 CAISO's Obligation to Honor Schedules.** The CAISO shall treat Schedules submitted by DWR comparably to those of other Market Participants and consistent with this Agreement; that is, when not providing Participating Load Bids or Self-Provided Ancillary Services on any given Trading Day, DWR's **4.6.2 — Certification.** The Participating Load is entitled to treatment (other than provisions related to shall not use a Scheduling and Settlement at Custom Load Aggregation Points) comparable to other Bids for Demand within the applicable TAC Area for that corresponding Trading Day.

**4.5.2 Use-Limited.** DWR at its sole discretion may elect to register its Participating Loads as Use-Limited in accordance with the CAISO Tariff. If registered as Use-Limited, then such Participating Loads shall be eligible Coordinator to submit Bids for Contingency Only reserves and the CAISO will not create Bids or impose any other requirement to Bid or offer services equivalent to a must-offer requirement.

**4.5.3 Contingency Only Bids.** The CAISO shall be authorized to issue Dispatch Instructions to DWR's Contingency Only Participating Loads only in the event of an unplanned Outage, a Contingency or an imminent or actual System Emergency in accordance with the CAISO Tariff. The CAISO shall not be authorized to Dispatch Participating Load that is a Use-Limited resource and that has Bid in the CAISO Markets on a Contingency Only basis for economic or other non-contingency reasons, provided that all submitted Bids will remain subject to the CAISO Tariff.

**4.5.3.1** The CAISO shall issue Dispatch Instructions in the market or through Exceptional Dispatch solely based on the DWR's Bids or, if not bid, through Exceptional Dispatch only upon prior consent of DWR in accordance with NERC communication reliability standards. The CAISO's Dispatch Instruction notice may not request DWR, and DWR shall not be obligated, to operate any facility in a manner that is not in compliance with

Section 4.5.3 or that, in DWR's sole discretion, (1) is inconsistent with its Primary Needs; (2) is not in compliance with bid for the provision of Participating Load Services or other communications between the Parties; (3) could result in damage or impair Participating Load facilities; or (4) may result in violation of any applicable law, regulation, license or permit.

4.5.3.2 DWR shall promptly notify the CAISO if DWR does not intend to follow a Dispatch Instruction based on one or more of the reasons specified above. DWR must provide such notice twenty minutes prior to the requested time of service, unless the Dispatch Instruction was given less than twenty minutes prior to the requested time of providing such service, in which case DWR may notify the CAISO up to the requested time of providing such service.

#### 4.6 Requirements Relating to Ancillary Services.

#### ~~4.6 Obligations Relating to Ancillary Services~~

4.6.1 Bids and Self-Provided Ancillary Services. When DWR submits a Bid or Submission to Self-Provide an Ancillary Service from a Participating Load, DWR will, by the operation of this Section 4.6.1, warrant to the CAISO that it has the capability to provide that service in accordance with the CAISO Tariff and that it will comply with CAISO Dispatch Instructions for the provision of the service in accordance with this Agreement and the applicable provisions of the CAISO Tariff.

~~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 CAISO ISO Tariff, Settlement of and that it will comply with ISO Dispatch Instructions will be instructions for the provision of the service in accordance with the CAISO ISO Tariff.

4.6.2 Certification. DWR shall not or submit Bids or Submissions to Self-Provide a schedule for the self-provision of an Ancillary Service unless DWR the Scheduling Coordinator serving that Participating Load is in possession of a current Ancillary Service certificate for such Ancillary Service pursuant to Article 8 Sections 2.5.6 and 2.5.24 of the CAISO ISO Tariff.

**4.6.3 Resource Adequacy Capacity.** DWR shall submit a Supply Plan and a Resource Adequacy Plan that meets the requirements of DWR's Local Regulatory Authority to the extent permitted by the CAISO Tariff. When a Participating Load is a Resource Adequacy Resource used to meet a Resource Adequacy obligation provided in DWR's monthly Resource Adequacy Plan, DWR must follow that plan for its Resource Adequacy Resources and may submit a Bid or Submission to Self-Provide an Ancillary Service in the Day-Ahead Market for such purpose.

**4.7\_ Obligations ~~Relating~~relating to Major Incidents.** Each Party ~~The Participating Load~~ shall promptly provide such information as the ~~other Party~~ISO may reasonably require in relation to the ~~Party's~~ISO's investigations of operating situations or events, or for the ~~Party's~~ISO's reporting to the authorities such as the FERC, California Public Utilities Commission (CPUC), WECC, or NERC consistent with the information sharing obligations of those authorities, ~~Western Systems Coordinating Council, or North American Electric Reliability Council.~~

**4.8 Agreement Subject to CAISO Tariff.** The Parties will comply with all applicable provisions of CAISO Tariff. This Agreement shall be subject to the CAISO Tariff, which shall be deemed to be incorporated herein; provided, however, DWR does not consent to any expansion or alteration of obligations of DWR to provide Participating Load Services to the CAISO solely by amendment to the CAISO Tariff. The Parties may expand or alter the obligations of DWR to provide Participating Load Services to the CAISO only as provided in Section 11.8 of this Agreement. In the event the CAISO Tariff is amended to be inconsistent with this Agreement with respect to Participating Load Services and the Parties are unable to resolve the inconsistency by amendment to this Agreement or the CAISO is unsuccessful in filing an unexecuted amendment to this Agreement as permitted under Section 11.8 of this Agreement, then either Party may provide notice of termination in accordance with Section 3.2 of this Agreement as though the other Party had committed a default.

**4.9 Amendment to CAISO Tariff.** In making amendments to the CAISO Tariff that concern Participating Load Services, the CAISO will consider the impact on DWR and this Agreement.

**ARTICLE 5. V**  
**PENALTIES AND SANCTIONS**

**5.1\_ Penalties.** If ~~DWR the Participating Load~~ fails to comply with any provisions of this Agreement, the ~~CAISO~~ shall be entitled to impose penalties and sanctions on ~~DWR the Participating Load~~, including the penalties set forth in ~~Sections 8.9.7 and 8.9.15~~ ~~Section 2.5.26~~ of the ~~CAISO~~ Tariff. No penalties or sanctions may be imposed under this Agreement unless a Schedule ~~of the CAISO Tariff provision~~ 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 ~~the CAISO Alternative Dispute Resolution (ADR) Procedures~~, shall be construed as waiving the rights of ~~DWR the Participating Load~~ to oppose or protest any penalty proposed by the ~~CAISO~~ to the FERC or the specific imposition ~~by the ISO~~ of any FERC-approved penalty on ~~DWR the Participating Load~~.

**5.2\_ Corrective Measures.** If ~~either Party the Participating Load~~ fails to meet or maintain the requirements set forth in this Agreement and/or the ~~applicable sections of the CAISO~~ Tariff, the ~~other Party~~ shall be permitted to take any ~~lawful of the~~ measures, ~~including any of the measures~~ contained or referenced in the ~~CAISO~~ Tariff ~~that, which~~ the ~~non-defaulting Party~~ deems to be necessary to correct the situation.

**ARTICLE 6. VI**  
**COSTS**

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

**ARTICLE 7. 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 ~~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 ~~DWR the Participating Load~~ and references to the ~~CAISO~~ Tariff shall be read as references to this Agreement.

**ARTICLE ~~8.~~ 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.** ~~DWR 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 ~~DWR the Participating Load~~ prior to the effective date of this Agreement.

**ARTICLE ~~9.~~ IX**  
**LIABILITY**

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

**ARTICLE ~~10.~~ X**  
**UNCONTROLLABLE FORCES**

- 10.1 Uncontrollable Forces Tariff Provisions.** Section ~~14.145~~ of the ~~CAISO~~ Tariff shall be incorporated by reference into this Agreement except that all references in Section ~~14.145~~ of the ~~CAISO~~ Tariff to Market Participants shall be read as a reference to ~~DWR the Participating Load~~ and references to the ~~CAISO~~ Tariff shall be read as references to this Agreement.

**ARTICLE ~~11.~~ 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 ~~22.247~~ of the ~~CAISO~~ Tariff. Such consent shall not be unreasonably withheld. Any such transfer or assignment shall be conditioned upon the successor in interest accepting the rights and/or obligations under this Agreement as if said successor in interest was an original Party to this Agreement.

- 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 [Article 22.4 of the CAISO Tariff, provided that all references in Article 22.4 of the CAISO Tariff to Market Participants shall be read as references to DWR and references to the CAISO Tariff shall be read as references to this Agreement, and unless otherwise stated or agreed shall be made to the representative of the other Party indicated in Schedule 3.](#)~~Section 20.4 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 ~~waiver~~[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 ~~that may arise~~[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, [without reference to](#)~~except~~ its conflict of law provisions. The Parties irrevocably consent that any legal action or proceeding arising under or relating to this Agreement to which the ~~CAISO~~[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, [provided that DWR shall not waive its rights under the Eleventh Amendment of the United States Constitution.](#)
- 11.5\_ Consistency with Federal Laws and Regulations.** This Agreement shall incorporate by reference Section ~~22.920-8~~[22.920-8](#) of the ~~CAISO~~[ISO](#) Tariff as if the references to the ~~CAISO~~[ISO](#) Tariff were referring to this Agreement, [provided that DWR shall not waive its rights under the Eleventh Amendment of the United States Constitution.](#)
- 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 ~~hereof~~ 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 ~~CAISO~~ to unilaterally make application to ~~FERC for 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, and DWR shall have the right to make a unilateral filing with FERC to modify this Agreement pursuant to Section 206 or any other applicable provision of the FPA and FERC's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of FERC under Sections 205 or 206 of the FPA and FERC's rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.

**11.9** ~~40~~ **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 ~~hereinabove~~[herein-above](#) written.

**California Independent System Operator Corporation**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**California Department of Water Resources – [State Water Project](#)**

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 <sup>1</sup>	Minimum Operating Level <sup>1</sup>  (MW)	Maximum Operating Level <sup>1,2</sup>  (MW)	Decremental Ramp Rate <sup>1,2</sup>  (MW/min)	Ancillary Service Provider  (Yes or No)	Participant in UDC Interruptible Program (Yes or No)	Limitations <sup>3</sup>  (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
Pearblossom Pumping	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

<sup>1</sup> 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.

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

<sup>3</sup> If "Yes," limitations should be specified in the Participating Load's implementation plan.

## SCHEDULE 2

### CAISO **ISO IMPOSED PENALTIES AND SANCTIONS**

[Section 5.1]

#### TO BE INSERTED UPON FERC APPROVAL

**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 [1140.2](#))

**DWR**

**Participating Load**

Name of Authorized  
Representative

For

-Operation Issues: Glenn Solberg ~~Terry Dennis~~  
Title: Chief Water & Power Dispatcher  
Company: California Department of Water Resources  
Address: 3310 El Camino Avenue, Suite 300  
City/State/Zip Code: Sacramento, CA 95821  
Email Address: [gsolberg@water.ca.gov](mailto:gsolberg@water.ca.gov) ~~TDENNIS@WATER.CA.GOV~~  
Phone: (916) 574-2693  
Cell: (916) 296-8255  
Fax No: (916) 574-06132785

Name of Authorized  
Representative

For

Operation Issues: Tuan Bui  
Title: Supervising Engineer  
Company: California Department of Water Resources  
Address: 3310 El Camino Avenue, Suite 300  
City/State/Zip Code: Sacramento, CA 95821  
Email Address: [tbui@water.ca.gov](mailto:tbui@water.ca.gov)  
Phone: (916) 574-2663  
Cell: (916) 698-8357  
Fax No: (916) 574-2782

Name of Authorized  
Representative For

-Contract Issues: Chi Doan

Title: Chief Power Contracts Branch  
Company: California Department of Water Resources  
Address: 3310 El Camino Avenue, Suite LL-9194  
  
City/State/Zip Code: Sacramento, CA 95821  
  
Email Address: [chi@water.ca.gov](mailto:chi@water.ca.gov) ~~CHI@WATER.CA.GOV~~

Phone: (916) 574-0612

Fax No: (916) 574-0660

**CAISO**  
**ISO**

Name of Primary

Representative: Regulatory~~Roni L. Reese~~

Title: ~~Senior Contracts Analyst~~

Address: 250 Outcropping Way~~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: regulatorycontracts@caiso.com

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

Phone: (916) 351-4400

Fax: (916) 608-50637241

Name of Alternative

Representative: Christopher Sibley

Title: Lead Contract Negotiator

Address: 250 Outcropping Way

City/State/Zip Code: Folsom, CA 95630

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## 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 [22.1](#) of the [CAISO](#) 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.