

November 18, 2019

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 CRR Exchange Agreement with TANC
Docket No. ER20-____-000**

Dear Secretary Bose:

The California Independent System Operator Corporation (“CAISO”) submits for filing and Commission acceptance the Congestion Revenue Rights Exchange Agreement (“Agreement”) between the CAISO and the Transmission Agency of Northern California (“TANC”).¹ The Agreement provides TANC the opportunity to exchange transmission capacity on the California-Oregon Transmission Project (“COTP”) for “option” congestion revenue rights (“CRRs”).² The option CRRs will provide compensation based on the difference between the prices at the sink and the source locations.³ In exchange, CAISO market participants will have the opportunity to schedule transactions using the capability made available by TANC’s election to convert its capacity to CRRs. This election will be voluntary, *i.e.*, TANC may choose to provide the CAISO with COTP capacity in exchange for option CRRs on a month-to-month basis. The CAISO requests that the Commission accept the Agreement effective as of February 1, 2020.

¹ The Agreement is designated as CAISO Rate Schedule No. 6008 and is provided in Attachment A hereto. The CAISO submits the Agreement pursuant to Section 205 of the Federal Power Act, 16 U.S.C. § 824d. Capitalized terms not otherwise defined herein have the meanings set forth in the Master Definition Supplement, Appendix A to the CAISO Tariff.

² The CAISO has a similar contractual arrangement with PacifiCorp that the Commission accepted for filing in Docket No. ER13-794-000 (the “PacifiCorp Proceeding”). *See Cal. Indep. Sys. Operator Corp.* 142 FERC ¶ 61,246 (2013).

³ The option CRRs will provide a positive revenue stream to the holder. This contrasts with “obligation” CRRs, which can provide either a positive or negative revenue stream to the holder. *See* CAISO Tariff, Sections 11.2.4 *et seq.* and 36.2 – 36.2.2; CAISO Tariff Appendix A, definitions of “CRR Obligation” and “CRR Option”.

I. Background

The COTP was constructed by the COTP participants to operate in parallel with the Pacific AC Intertie (“PACI”). The Balancing Authority of Northern California (“BANC”) is the transmission operator of the COTP, which is located in the BANC balancing authority area. The COTP and PACI constitute the California Oregon Intertie (“COI”). The CAISO is the path operator for the COI.

In 2012, the CAISO and PacifiCorp reached an agreement to provide PacifiCorp with the opportunity to exchange transmission capacity on the PACI for option CRRs.⁴ During the PacifiCorp Proceeding regarding that agreement, TANC raised concerns that other transmission owners should be allowed to contract with the CAISO to voluntarily convert transmission capacity to CRRs. As discussed below, the Agreement filed in the instant proceeding will provide TANC with the same opportunity on the COTP that PacifiCorp has on the PACI, and addresses TANC’s earlier concerns.

II. Description of the Agreement

Pursuant to the Agreement, at least thirty (30) days prior to the beginning of a calendar month, TANC will notify the CAISO of the TANC Capacity on the COTP that TANC will release for conversion to CRRs.⁵ The TANC Capacity will be released on a directional basis (*i.e.*, as north-to-south or south-to-north transmission capacity).⁶

The Agreement will allow TANC to elect the optional treatment described below. If it makes such an election, TANC must release a portion of its COTP capacity for use by the CAISO, in exchange for receiving option CRRs (“TANC CRRs”). Any schedules using TANC COTP rights not converted to TANC CRRs will be unaffected, *i.e.*, they will remain as transactions using TANC’s rights in accordance with TANC’s Open Access Transmission Tariff (“OATT”) for the COTP. The following summarizes the proposed procedures concerning TANC CRRs (see Section 4.1 of the Agreement):

- On a monthly basis, prior to the CAISO’s CRR auction period, TANC may instruct the CAISO to release a quantity of the TANC CRRs for use by the CAISO. In exchange, TANC will receive an equivalent quantity of TANC CRRs.

⁴ See *supra* note 2.

⁵ Agreement, Sections 4.1.1 and 4.1.3. TANC Capacity means the TANC COTP transmission capacity in megawatts (MW) that TANC chooses to release to the CAISO market in exchange for TANC CRRs with the provision for CRR options as provided for in the Agreement. *Id.*, Section 1.3.

⁶ *Id.*, Section 4.1.2.

- Timing of a release of the TANC Capacity must follow the CRR timeline, and the amount must remain unchanged for the monthly election.
- The TANC CRRs associated with the release of a portion of the TANC Capacity will be unavailable to another purchaser or candidate CRR holder during the full period that the capacity has been released to the CAISO. However, once the CAISO issues the TANC CRRs, they may be transferred consistent with the CAISO Tariff provisions applicable to the secondary registration system during the period such rights have been released.
- The CAISO will allocate the TANC CRRs to TANC, now a CRR holder, with the source at the Captain Jack scheduling point or the Tracy 500 kV scheduling point, and the sink at the Tracy 500 kV scheduling point or the Captain Jack scheduling point, respectively.
- The TANC Capacity will be reduced by an amount of capacity equivalent to the quantity of TANC CRRs, and TANC will update its Open Access Same-Time Information System (“OASIS”) accordingly to remove the released portion of the TANC Capacity as available for use, consistent with the CAISO Tariff.
- The CAISO will update the available system transfer capability on its OASIS to include the TANC Capacity, as new firm use.
- Schedules associated with the quantity of the TANC Capacity released in exchange for TANC CRRs will have the same priority as other schedule requests on unreserved capacity at the Captain Jack or Tracy 500 kV scheduling points.
- The CAISO will settle TANC CRRs as option CRR payments when there is a congestion price difference in the day-ahead market between the source and the sink, regardless of whether TANC submits a schedule. The CAISO will not provide CRR payments for real-time congestion differences between the source and the sink.

In the event of a derate of the COI, the quantity of congestion revenue will be determined by TANC’s pro-rata share of remaining capacity on the COTP.⁷ The CAISO will assess the market participants using the COTP transmission losses consistent with Section 27.1.1.2 of the CAISO Tariff and return such losses to the Western Area Power Administration – Sierra Nevada Region, the

⁷ *Id.*, Section 5.3.

operating agent for the COTP, consistent with the existing COTP losses payback procedure.⁸

The balance of the Agreement consists of standard terms that are not specifically discussed herein.

III. Benefits of the Agreement and Next Steps

For the reasons explained below, the Commission should accept the Agreement for filing. The Agreement benefits both parties (the CAISO and TANC) and the CAISO market generally. To the extent that TANC releases portions of the TANC Capacity on the COTP for use by the CAISO, the ability of CAISO market participants to schedule transactions on the COI will increase and the CAISO will be able to address congestion more efficiently and reliably. The Agreement provides CAISO market participants more transfer capability from the Pacific Northwest and an alternate path to the PACI. This is a more efficient outcome that increases flexibility. In exchange, TANC CRRs will provide TANC with additional returns through congestion revenues. Alternatively, TANC can continue to schedule transactions through its OASIS and receive revenues under its OATT.

The Agreement will increase the transmission capacity available to CAISO market participants without affecting other CRR holders. The total amount of capacity that potentially could become TANC CRRs is equal to the total amount of capacity reserved for the TANC Capacity. The Agreement simply makes the available capacity easier to use by the entire CAISO market. Moreover, the CAISO has taken the step of mitigating the potential opportunity to draw on the congestion revenue account under derated conditions on the COI by derating the quantity of congestion revenue payments associated with TANC CRRs. The congestion revenues will always correlate to the actual quantity of capacity associated with the TANC CRRs, just as they do with respect to the TANC Capacity that has been derated.

The CAISO acknowledges that the Commission contemplated that the CAISO would conduct a stakeholder process to consider the issues raised by TANC in the PacifiCorp Proceeding.⁹ However, the CAISO subsequently discovered that there was no need to conduct a stakeholder process for this arrangement, due to a lack of interest beyond that expressed by TANC. The CAISO would be willing to work with any similarly situated entity that expresses an interest in developing a similar CRR exchange agreement.¹⁰

⁸ *Id.*, Sections 5.4.1 – 5.4.2.

⁹ See 142 FERC ¶ 61,246, at P 22.

¹⁰ The CAISO envisions that any such similarly situated entity would own or have entitlements to network transmission facilities located in the CAISO balancing authority area or

IV. Effective Date

The CAISO requests that the Commission accept the Agreement effective as of February 1, 2020. In addition, the CAISO will accept requests from TANC in accordance with the Agreement such that the election discussed above can be made effective in the CRR auction beginning 30 days afterwards, on March 1, 2020. However, the CAISO will not allow conversion of any portion of the TANC Capacity on the COTP into a TANC CRR without first having received the requested Commission acceptance of the Agreement.

V. Service

The CAISO has served copies of this filing upon all parties to the PacifiCorp Proceeding, the California Public Utilities Commission, and the California Energy Commission. In addition, the CAISO has posted the filing on the CAISO website.

VI. Correspondence

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

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

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

VII. Conclusion

The CAISO respectfully requests that the Commission accept the Agreement effective as of February 1, 2020. If there are any questions

contiguous with the CAISO balancing authority area. In addition, the CAISO would need to confirm that CAISO market participants scheduling transactions with the CAISO balancing authority area would receive a corresponding benefit from the increased scheduling capability.

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concerning this filing, please contact the undersigned.

Respectfully submitted,

By: /s/ John C. Anders

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**CALIFORNIA INDEPENDENT SYSTEM
OPERATOR CORPORATION**

AND

**TRANSMISSION AGENCY OF
NORTHERN CALIFORNIA**

**CONGESTION REVENUE RIGHTS
EXCHANGE AGREEMENT**



Congestion Revenue Rights Exchange Agreement

THIS AGREEMENT is dated this 30th day of October, 2019, and is entered into, by and between:

- (1) **Transmission Agency of Northern California (“TANC”)**, a joint powers agency organized under the laws of the State of California, having a registered and principal place of business located at P.O. Box 15129, Sacramento, California 95851;

and

- (2) **California Independent System Operator Corporation (“CAISO”)**, 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.

Whereas:

- A.** The California Oregon Transmission Project (“COTP”) was constructed by the COTP Participants to operate in parallel with the Pacific AC Intertie (“PACI”), between Malin and Tesla Substations; the Balancing Authority of Northern California (“BANC”) is the transmission operator of COTP, and COTP is located in the BANC balancing authority area.
- B.** Pacific Gas and Electric Company (“PG&E”) constructed and owns most of the portions of the PACI between Malin and Tesla Substations (“PACI-P”), which was turned over to the operational control of the CAISO and is located in the CAISO balancing authority area.
- C.** Western Area Power Administration – Sierra Nevada Region (“WAPA”) owns a portion of the PACI (“PACI-W”), which is coordinated with the PACI-P pursuant to the Western Operating Agreement with the CAISO.
- D.** PacifiCorp owns a portion of the PACI (“PACI-PC”), which is coordinated with the PACI-P pursuant to the PacifiCorp Operating Agreement with the CAISO.
- E.** The Second Amended Owners Coordinated Operation Agreement (“OCO”) among PG&E, PacifiCorp, Transmission Agency of Northern California (“TANC”) on behalf of COTP Participants, and WAPA governing the coordinated operation of the PACI and COTP, became effective January 1, 2012.
- F.** The California-Oregon Intertie Path Operating Agreement and the COI Path Operator Agreement with the CAISO (“COI-POA”) provide for the path management of the California-Oregon Intertie (“COI”), dated July 19, 2011.



- G.** Under the amended PacifiCorp Operating Agreement, an option related to the scheduling of PacifiCorp's share of reserved transmission capacity allows a holder of reserved transmission capacity to receive a congestion credit, provided the transmission capacity is released to the CAISO. The CAISO and TANC would like to make a similar arrangement available to TANC.
- H.** TANC owns transmission capacity on the COTP. TANC Commission Resolution 2019-18 approved on October 23, 2019 authorizes TANC to execute this Agreement in order to provide TANC Capacity to the CAISO Market under the terms of this Agreement.

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

ARTICLE I

DEFINITIONS AND INTERPRETATION

- 1.1 Master Definitions Supplement.** Except as otherwise defined in Section 1.3 of this Agreement, all terms and expressions used in this Agreement with initial capitalization shall have the same meaning as those contained in the Master Definitions Supplement in Appendix A of the CAISO Tariff.
- 1.2 Rules of Interpretation.** The following rules of interpretation and conventions shall apply to this Agreement:
- (a) if and to the extent a matter is specifically addressed by a provision of this Agreement, the provision of this Agreement shall govern notwithstanding any inconsistent provisions of the CAISO Tariff;
 - (b) if and to the extent this Agreement provides that a matter shall be determined in accordance with the applicable provisions of the CAISO Tariff, the applicable provisions of the CAISO Tariff shall govern;
 - (c) the singular shall include the plural and vice versa;
 - (d) the masculine shall include the feminine and neutral and vice versa;
 - (e) "includes" or "including" shall mean "including without limitation";
 - (f) references to a Section, Article or Schedule shall mean a Section, Article or a Schedule of this Agreement, as the case may be, unless the context otherwise requires;
 - (g) except as otherwise provided, 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;

- (h) 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;
- (i) 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;
- (j) unless the context otherwise requires, any reference to a Party includes a reference to its permitted successors and assigns;
- (k) any reference to a day, week, month, or year is to a calendar day, week, month, or year; and
- (l) 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.

1.3 Special Agreement Definitions. In addition to terms defined in the beginning of this Agreement and in Section 1.1 of this Agreement, for purposes of this Agreement the following terms shall have the meanings set forth below.

Available System Transfer Capability (“ASTC”) means the portion of Rated System Transfer Capability (“RSTC”) that is physically capable of transmitting power based on operating conditions, other than Unscheduled Flow, existing at a given time as determined in accordance with Section 8.5 and 11.1 of the OCOA.

Balancing Authority and Balancing Authority Area have the meaning given them in the “Glossary of Terms Used in Reliability Standards” adopted by the North American Electric Reliability Corporation (“NERC”) on November 1, 2006, and revised thereafter from time to time.

BANC means the Balancing Authority of Northern California.

COI means the two 500-kV transmission lines between Malin Substation and Round Mountain Substation and the one 500-kV transmission line between Captain Jack Substation and Olinda Substation.

COTP means the California-Oregon Transmission Project, a 500-kV transmission line and associated facilities between the Captain Jack substation near California – Oregon border and the eastern boundary of the existing right-of-way of the Tesla-Tracy 500 kV transmission line, at which the COTP’s conductors extending from the Tracy Substation meet PG&E’s conductors extending from PG&E’s Tesla Substation.

COTP Participants means WAPA, TANC, City of Redding, Carmichael Water District, PG&E, San Juan Suburban Water District, and their successors and assigns.

Curtailement means a temporary reduction in schedules across COI in accordance with Section 11 of the OCOA.

Electric System means all physically connected properties and other assets, now or hereafter existing, owned or controlled by a single entity, and used for, or pertaining to, the generation, transmission, transformation, distribution, or sale of electric power and energy, including all additions, extensions, expansions, and improvements, but excluding subsidiaries and their properties and assets. To the extent that an entity is not the sole owner of an asset or property, only that entity's ownership interest in such asset or property shall be considered to be part of its Electric System.

OCO means the contract among the owners of the PACI and COTP transmission facilities governing the coordinated operation of the PACI and the COTP, as it may be amended from time to time.

PACI means that portion of the 500 kV AC Pacific Intertie consisting of two 500 kV lines, the PACI No. 1 and the PACI No. 2 located between Malin Substation and PG&E's Tesla Substation, associated 500 kV facilities at Tesla Substation and that portion of the Tesla-Tracy 500 kV AC transmission line between Tesla Substation and the eastern boundary of the existing right-of-way of the Tesla-Tracy 500 kV transmission line, at which the COTP's conductors extending from the Tracy Substation meet PG&E's conductors extending from PG&E's Tesla Substation, including lines, substations, and associated facilities.

SMUD means the Sacramento Municipal Utility District.

System means the combined COTP, PACI-P and PACI-W.

TANC means the Transmission Agency of Northern California, a joint powers agency organized under the laws of the State of California, who is the project manager and majority owner of the COTP, whose members include the cities of Alameda, Healdsburg, Lodi, Lompoc, Palo Alto, Redding, Roseville, Santa Clara, and Ukiah, the Modesto and Turlock Irrigation Districts, Sacramento Municipal Utility District, and the Plumas-Sierra Rural Electric Cooperative.

TANC Capacity means the TANC COTP transmission capacity in MW that TANC chooses to release to the CAISO Market in exchange for TANC CRRs with the provision for CRR Options as provided for in this Agreement.

TANC CRR means the amount of TANC Capacity on the COTP released to the CAISO Market and eligible for a congestion credit as a CRR consistent with the provision for CRR Options pursuant to this Agreement. Any revenues derived from the TANC CRR are to be allocated by the CAISO to TANC.

ARTICLE II

SCOPE OF AGREEMENT

This Agreement governs the requirements of the CAISO with respect to the TANC Capacity and the TANC CRRs and the obligations of TANC as the CRR Holder.

ARTICLE III

TERM AND TERMINATION

- 3.1 Effective Date and Term.** This Agreement shall become effective _____, 2019 or the date this Agreement is accepted for filing and made effective by FERC without modifications unacceptable to either Party (“Effective Date”). This Agreement is expressly conditioned upon FERC acceptance, without any material change or new condition, of this Agreement. If any material modification or condition is ordered by FERC that is unacceptable to a Party, such Party shall communicate its lack of consent to such modification or condition to the other Party within ten (10) business days after the date on which FERC issues its order, and the Parties shall use best efforts to negotiate mutually acceptable revisions to this Agreement to address the modification or condition.
- 3.2 Termination.** This Agreement may be terminated at the earliest of:
- a) January 1, 2025,
 - b) upon two years’ advance written notice by a Party;
 - c) three months after mutual agreement of the Parties; or
 - (d) the termination of the OCOA or the COI-POA.

With respect to any notice of termination given pursuant to this Section, the CAISO shall file a notice of termination with FERC as soon as practicable but no later than thirty (30) days after its issuance or receipt of such advance written notice of termination or the date of one of the events cited above. This Agreement shall terminate upon acceptance by FERC of such a notice of termination. Any outstanding charges or settlements that arose under this Agreement shall survive until they are satisfied.

ARTICLE IV

CONGESTION REVENUE RIGHTS AND

USE OF AVAILABLE TRANSMISSION CAPACITY

- 4.1 CRR Exchange.** TANC may release TANC Capacity for use by the CAISO in exchange for TANC CRRs consistent with the following:
- 4.1.1 On a monthly basis, prior to the CAISO’s CRR Auction period, TANC may instruct CAISO to release a quantity of TANC Capacity for use by the CAISO. The TANC Capacity shall not be released for CRR Allocation or CRR Auction to other CRR participants, other than those satisfying the requirements herein.

- 4.1.2 TANC Capacity is released to the CAISO on a directional basis (north-to-south or south-to-north transmission capacity).
 - 4.1.3 Timing of TANC release of the TANC Capacity must follow the CAISO's CRR Allocation timeline, with elections received by the CAISO at least thirty (30) calendar days before the start of the calendar month. The amount of TANC CRRs must remain unchanged for the month.
 - 4.1.4 The TANC Capacity converted to TANC CRRs will not be available to TANC or otherwise made available under the TANC Open Access Transmission Tariff for the full period such rights have been released to the CAISO. However, once converted, TANC CRRs may be transferred by TANC consistent with the CAISO Tariff provisions associated with the Secondary Registration System for the full period such rights have been released to the CAISO.
 - 4.1.5 TANC CRRs will be allocated to TANC with the source of Captain Jack 500 kV ("Source") and a sink of Tracy 500 kV ("Sink") for north to south capacity, or with the source of Tracy 500 kV ("Source") and a sink of Captain Jack 500 kV ("Sink") for south to north capacity.
 - 4.1.6 The CAISO shall account for a reduction in TANC Capacity equal to the quantity of TANC CRRs held by TANC following the monthly election process through adjustments in the CAISO systems. CAISO will update ASTC and its posting on its Open Access Same-Time Information System accordingly to include the released TANC Capacity. TANC shall update ASTC and its posting on its Open Access Same-Time Information System accordingly to include the released portion of the TANC Capacity.
 - 4.1.7 CAISO schedules associated with the quantity of the TANC Capacity converted to TANC CRRs will have the same priority as other schedule requests on unreserved CAISO capacity on the COTP.
 - 4.1.8 TANC CRRs shall be settled as Option CRR payments when there is a congestion price difference in the Day Ahead Market between Source and Sink regardless of whether TANC or the purchaser of TANC CRRs schedules on the COTP. No congestion settlement will be made for real-time congestion differences between the Source and Sink.
 - 4.1.9 TANC must register and qualify as a Candidate CRR Holder in order to convert TANC Capacity for TANC CRRs or to acquire TANC CRRs in the Secondary Registration System. Once TANC is a CRR Holder, all rights and obligations pertaining to a CRR Holder in the CAISO Tariff shall apply to TANC.
- 4.2 TANC Capacity Exchange.** The CAISO shall make available all TANC Capacity converted as provided in section 4.1 of this Agreement for the purpose of

scheduling transactions for Market Participants in accordance with the CAISO Tariff.

- 4.3 Other Transmission Services Not Affected.** Nothing in this Agreement is intended to affect CAISO or transmission service provider on the CAISO Controlled Grid or TANC transmission service provider on the COTP.
- 4.4 Availability to SMUD.** Nothing in this Agreement is intended to limit the ability of SMUD to enter into its own agreement under similar terms and conditions to this Agreement, or to work with the CAISO and TANC to participate under the terms of this Agreement.

ARTICLE V

SCHEDULING AND OPERATIONS

- 5.1** The TANC Capacity will be scheduled with the CAISO and BANC in accordance with applicable agreements, tariffs, standards and procedures.
- 5.2** The pro rata allocation of Available Scheduling Capacity in section 11.2.1 of the OCOA will be adjusted for the TANC Capacity converted to TANC CRRs in accordance with Article 4.
- 5.2.1** The TANC Capacity converted to TANC CRRs in accordance with Article 4 will be made available by the CAISO as an import or export at the Captain Jack Scheduling Point and an import or export at the Tracy Scheduling Point.
- 5.3** In the event of a Curtailment, the quantity of congestion revenue shall be based upon the TANC Capacity pro-rata share of remaining capacity on the COTP.
- 5.4 Loss Allocation and Return**
- 5.4.1 Loss Allocation.** For TANC Capacity converted to CRRs in accordance with Article 4, the CAISO shall assess the cost of Transmission Losses to Scheduling Coordinators in accordance with Section 27.1.1.2 of the CAISO Tariff.
- 5.4.2 Loss Return.** The CAISO will return losses allocated to Scheduling Coordinators to WAPA in accordance with the COTP Losses Payback Procedure agreed to by CAISO and WAPA, as it may change from time to time.

ARTICLE VI**DISPUTE RESOLUTION**

- 6.1 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 Alternative Dispute Resolution (“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 TANC and references to the CAISO Tariff shall be read as references to this Agreement.

ARTICLE VII**LIABILITY**

- 7.1 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 TANC and references to the CAISO Tariff shall be read as references to this Agreement.

ARTICLE VIII**UNCONTROLLABLE FORCES**

- 8.1 Uncontrollable Forces.** Section 14 of the CAISO Tariff shall be incorporated by reference into this Agreement except that all references in Section 14 of the CAISO Tariff to Market Participants shall be read as a reference to TANC and references to the CAISO Tariff shall be read as references to this Agreement.

ARTICLE IX**NO DEDICATION OF FACILITIES**

- 9.1 No Dedication of Facilities.** Any undertaking by a Party under any provision of this Agreement is rendered strictly as an accommodation and shall not constitute the dedication of its Electric System or any portion thereof by the undertaking Party to the public, to any other Party or to any third party, and any such undertaking by a Party shall cease upon the termination of such Party's obligations under this Agreement. The Electric System of a Party shall at all times be, and remain in the exclusive ownership, possession, and control of, that Party and nothing in this Agreement shall be construed to give any other Party any right of ownership, possession, or control of such Electric System.

ARTICLE X**REGULATORY AUTHORITY**

- 10.1 FERC Jurisdiction.** This Agreement is subject to acceptance for filing by, and the regulatory jurisdiction of, FERC.



- 10.2** Nothing contained herein shall be construed as affecting in any way the right of any party taking service under this Agreement to file a complaint under Section 206 of the Federal Power Act (“FPA”) and pursuant to the FERC’s Rules and Regulations promulgated thereunder.
- 10.3** Nothing contained herein shall be construed as affecting in any way the right of the CAISO unilaterally to make application to FERC for a change in the terms and conditions of this Agreement under Section 205 of the FPA and pursuant to the FERC’s Rules and Regulations promulgated thereunder.

ARTICLE XI

REPRESENTATIONS AND WARRANTIES

- 11.1 Representation and Warranties.** TANC represents and warrants that the execution, delivery and performance of this Agreement by it has been duly authorized by all necessary agency and/or governmental actions.

ARTICLE XII

MISCELLANEOUS

- 12.1 Assignments.** Either Party may assign or transfer any or all of its rights 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 or obligations under this Agreement as if said successor in interest was an original Party to this Agreement.
- 12.2 Notices.** Any notice, demand, or request which may be given to or made upon either Party regarding this Agreement shall be made in accordance with Section 22.4 of the CAISO Tariff, provided that all references in Section 22.4 of the CAISO Tariff to Market Participants shall be read as a reference to TANC 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 1. A Party must update the information in Schedule 1 of this Agreement as information changes. Such changes shall not constitute an amendment to this Agreement.
- 12.3 Waivers.** Any waivers at any time by either Party of its rights with respect to any default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not constitute or be deemed a waiver with respect to any subsequent default or other matter arising in connection with this Agreement. Any delay, short of the statutory period of limitations, in asserting or enforcing any right under this Agreement shall not constitute or be deemed a waiver of such right.

- 12.4 Governing Law and Forum.** This Agreement shall be deemed to be a contract made under, and for all purposes shall be governed by and construed in accordance with, the laws of the State of California, except its conflict of law provisions. The Parties irrevocably consent that any legal action or proceeding arising under or relating to this Agreement to which the CAISO ADR Procedures do not apply shall be brought in any of the following forums, as appropriate: any court of the State of California, any federal court of the United States of America located in the State of California, or, where subject to its jurisdiction, before FERC.
- 12.5 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.
- 12.6 Merger.** This Agreement constitutes the complete and final agreement of the Parties with respect to the subject matter hereto and supersedes all prior agreements, whether written or oral, with respect to such subject matter.
- 12.7 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.
- 12.8 Amendments.** This Agreement may be amended from time to time by the mutual agreement of the Parties in writing. The Schedule hereto may be modified from time to time by the Authorized Representatives in writing and such modification shall not constitute an amendment to this Agreement. Amendments shall not take effect until FERC has accepted such amendments for filing and made them effective.
- 12.9 Authorized Representatives.** The Parties hereby designate their respective initial Authorized Representatives listed in Schedule 1 as the persons authorized to represent such Party in carrying out the implementation and administration of this Agreement as specified herein.
- 12.10 Counterparts.** This Agreement may be executed in one or more counterparts at different times, each of which shall be regarded as an original and all of which, taken together, shall constitute one and the same Agreement.

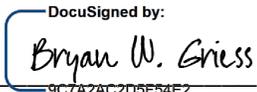


IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective authorized officials.

California Independent System Operator Corporation:

By: 
0971A84CB55B4B6...
Name: Eric Schmitt
Title: Vice President, Operations
Date: 10/24/2019

Transmission Agency of Northern California:

By: 
9C7A2AC2D5F54E2...
Name: Bryan Griess
Title: General Manager
Date: 10/30/2019

SCHEDULE 1

NOTICES

TANC

Name of Primary Representative: Keith Johnson
Title: TANC Staff
Address: P.O. Box 15129
City/State/Zip Code: Sacramento, CA 95851
Email Address: kjohnson@tanc.us
Phone: (916) 852-1673
Fax No: (916) 852-1073

Name of Alternative Representative: Amy Cuellar
Title: TANC Staff
Address: P.O. Box 15129
City/State/Zip Code: Sacramento, CA 95851
Email Address: acuellar@tanc.us
Phone: (916) 852-1673
Fax No: (916) 852-1073



CAISO

Name of Primary Representative: Regulatory Contracts
Title: N/A
Address: 250 Outcropping Way
City/State/Zip Code: Folsom, CA 95630
Email Address: RegulatoryContracts@caiso.com
Phone: (916) 351-4400

Name of Alternative Representative: Chris Sibley
Title: Regulatory Contracts Manager
Address: 250 Outcropping Way
City/State/Zip Code: Folsom, CA 95630
Email Address: csibley@caiso.com
Phone: (916) 608-7030