

**BLACKLINED
AMENDMENT NO. 1
TO THE
RESPONSIBLE PARTICIPATING TRANSMISSION OWNER AGREEMENT**

THIS AMENDMENT is dated this ___ day of April, 1998 and is entered into, by and between:

(1) Pacific Gas and Electric Company having its registered and principal place of business located in 77 Beale St., San Francisco, CA 94177 ("PG&E");

and

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

PG&E and the ISO are hereinafter referred to as the "Amending Parties."

Whereas:

- A. The Amending Parties entered into the Responsible Participating Transmission Owner Agreement dated December 10, 1997 (the "Principal Agreement").
- B. By orders issued on December 17, 1997, and February 25, 1998, the Federal Energy Regulatory Commission required that the Responsible Participating Transmission Owner Agreement be amended.

NOW THEREFORE, THE AMENDING PARTIES AGREE as follows:

- 1) **Effective Date.** This Amendment shall be effective as of the effective date of the Principal Agreement and shall remain in full force and effect until the termination of the Principal Agreement.

- 2) Amendment to the Principal Agreement. The Principal Agreement shall be amended as set out below:
- a) Recital D is amended as follows:
 - D. All terms and conditions of the Existing Contracts will continue to be honored by the Responsible PTO as contemplated by the ISO Tariff, Sections 2.4.3 and 2.4.4 ~~and the ISO Protocols~~.
 - b) Recital E is amended as follows:
 - E. The purpose of this Agreement is to enable the Parties to implement Sections 2.4.3 and 2.4.4 of the ISO Tariff and the ~~ISO Protocols~~ of the ISO Tariff as they relate to Existing Contracts and to describe the details of the way in which the Responsible PTO will operate under the ISO Tariff, ~~the ISO Protocols~~ and SC Agreement so as to enable it to honor its Existing Contracts as contemplated by Sections 2.4.3 and 2.4.4 of the ISO Tariff.
 - c) Section 1.1 is amended as follows:
 - 1.1 Master Definitions Supplement. Unless defined in Section 1.2 of this Agreement ~~elsewhere herein~~, all terms and expressions used in this Agreement shall have the same meaning as those contained in the Master Definitions Supplement to the ISO Operating Agreement and Tariff.
 - d) Section 1.3 (a) is amended as follows:
 - (a) if there is any inconsistency between this Agreement, and either the SC Agreement, or any other agreement to which the ISO and a Responsible PTO are parties that affects the Responsible PTO in its capacity as such, ~~or the ISO Tariff, or any applicable ISO Protocol~~, this Agreement will prevail to the extent of the inconsistency; in the case of any inconsistency between this Agreement and the ISO Tariff, the ISO Tariff will prevail to the extent of the inconsistency except as expressly provided otherwise in this Agreement;
 - e) Section 2.1 is amended as follows:
 - 2.1 Honoring of Existing Contracts. The ISO will enable Existing Rightholders represented by the Responsible PTO to exercise their rights under Existing Contracts as contemplated by Sections 2.4.3 and 2.4.4 of the ISO Tariff notwithstanding any inconsistency with the other provisions of the ISO Tariff.

~~applicable ISO Protocols~~ and the SC Agreement. The Responsible PTO will not amend the Existing Contract in any way that may affect the ISO in its operation of the ISO Controlled Grid without first consulting the ISO as Control Area operator. The Parties will use reasonable efforts to ensure that, to the extent possible, the honoring of Existing Contracts does not (a) adversely affect the safe and reliable operation of the ISO Controlled Grid or (b) degrade ISO Control Area performance.

- f) The Section 2.2 heading is amended as follows:
- 2.2 Inconsistencies Between Existing Contracts and the ISO Tariff, ~~ISO Protocols~~ and SC Agreement.
- g) Section 2.2.1 is amended as follows:
- 2.2.1 Existence of Inconsistencies. The Parties recognize that the terms of the Existing Contracts, the ISO Tariff, ~~the applicable ISO Protocols~~ and the SC Agreement may be inconsistent to varying degrees, as a result of which the Responsible PTO may be unable to require Existing Rightholders to vary their operations, install facilities, make other arrangements or take actions which will enable the Responsible PTO to meet all of the requirements specified for a Scheduling Coordinator under the ISO Tariff, ~~the ISO Protocols~~ or the applicable SC Agreement.
- h) Section 2.2.2 is amended as follows:
- 2.2.2 Variances Permitted in Certain Instances. After receiving a request from a Responsible PTO in accordance with Section 2.2.3 of this Agreement, the ISO will, to the extent necessary with respect to Section 2.1 of this Agreement, and as contemplated by Sections 2.4.3 and 2.4.4 of the ISO Tariff, permit variances from the provisions of the ISO Tariff, ~~the ISO Protocols~~ and the applicable SC Agreement, so as to allow the Responsible PTO to act as the Scheduling Coordinator for its Existing Rightholders without putting the ISO or the Responsible PTO in breach of any Existing Contract, the ISO Tariff, ~~the ISO Protocols~~ or the applicable SC Agreement. This provision shall not apply to the applicability of the Grid Management Charge or to the Ancillary Services provisions set forth in this Agreement.

- i) Section 2.3 is amended as follows:
- 2.3 Responsible PTO as Scheduling Coordinator for Existing Rightholders. The Responsible PTO will be the Scheduling Coordinator for the Existing Rightholders listed in Appendix A, notwithstanding anything to the contrary in the ISO Tariff, ~~ISO Protocols~~ or the SC Agreement, unless and until the Responsible PTO provides written notice to the ISO amending Appendix A in accordance with Section 2.6 of this Agreement; provided that the Responsible PTO must also ensure that the information required in accordance with the Scheduling Coordinator Application Protocol of the ISO Tariff is provided and accurately reflects the amendments to Appendix A. In the case of a deletion of an Existing Rightholder from Appendix A, the Responsible PTO need only provide the notice required by Section 2.6 of this Agreement.
- j) Section 2.5 is amended as follows:
- 2.5 The Responsible PTO to Enforce Existing Contracts. The Responsible PTO will endeavor diligently to have Existing Rightholders perform their obligations under Existing Contracts and act in such manner as may be necessary to facilitate the safe and reliable operation of the ISO Controlled Grid in accordance with the applicable ~~ISO~~ Protocols of the ISO Tariff.
- k) Section 3.2 is amended as follows:
- 3.2 Scheduling Timelines. The scheduling procedures and timelines for certain Existing Contracts, as specified in the Instructions (as defined in the ~~ISO~~ Schedules and Bids Protocol of the ISO Tariff) provided to the ISO by the Responsible PTO, may not be consistent with the ISO Day-Ahead and Hour-Ahead scheduling timelines. Therefore the Parties agree to establish mutually agreeable scheduling timelines for the Responsible PTO to submit a Balanced Schedule on behalf of the Existing Rightholders, consistent with the Responsible PTO's abilities to do so without violating any of the Existing Contracts.
- l) Section 3.5 is amended as follows:
- 3.5 Data Requirements. The Responsible PTO, as Scheduling Coordinator representing the Existing Rightholders, will be entitled to submit Schedules to the ISO on the basis referred to in Sections 3.1-3.4 provided that the Responsible PTO shall ensure that the Scheduling-related information specified in Appendix B, if not already submitted by the Responsible PTO

as Scheduling Coordinator in accordance with the SC Agreement and the ~~ISO's~~ Scheduling Coordinator Application Protocol of the ISO Tariff, is provided to the ISO. The Responsible PTO shall ensure that this information is provided, at such time and in such format as the ISO may reasonably require, and will notify the ISO of any changes to such data on a timely basis.

m) Section 5.1 is amended as follows:

5.1 Outage Coordination. The Responsible PTO will coordinate outages with the Existing Rightholder, pursuant to the provisions of the ~~ISO~~ Outage Coordination Protocol of the ISO Tariff, to the extent feasible and consistent with the provisions of the Existing Contracts.

n) Section 6.1 is amended as follows:

6.1 Demand Forecasting. If the Responsible PTO does not receive weekly Demand forecasts from Existing Rightholders, the Responsible PTO will not be required under the ~~ISO~~ Protocol of the ISO Tariff on Demand forecasting to submit weekly peak demand forecasts in relation to the Demand of Existing Rightholders. However, the Responsible PTO will submit such Demand forecasts as the Existing Contract allows the Responsible PTO to obtain.

o) Section 7.1 is amended as follows:

7.1 Metering. The Responsible PTO will not be required to enter into a Scheduling Coordinator Meter Service Agreement with the ISO in respect of its Existing Rightholders. The existing revenue quality meters used in the settlements process between the Responsible PTO and the Existing Rightholders will be the source of Meter Data for Imbalance Energy Settlements between the Responsible PTO and the ISO, and shall be the subject of an exemption pursuant to Section 13.2(d) of the ~~ISO~~ Metering Protocol of the ISO Tariff. All certification and testing of these meters will be performed by the Responsible PTO and/or the Existing Rightholder pursuant to the provisions of the Existing Contracts.

p) The title of Article IX is amended as follows:

ARTICLE IX
SC APPLICATION AND SC APPLICATION PROTOCOL OF THE ISO TARIFF

- q) Section 9.1 is amended as follows:
- 9.1 No Obligation for Contracts. Section 2.6.2 of the Scheduling Coordinator Application Protocol [of the ISO Tariff](#) and Section V of the Scheduling Coordinator Application will not apply to the Responsible PTO because the Responsible PTO has no right under Existing Contracts to require that Existing Rightholders grant agency authority to the Responsible PTO or execute agreements with the ISO. These agreements include, but are not limited to:
- (a) Participating Generator Agreements;
 - (b) UDC Operating Agreements;
 - (c) ISO Meter Service Agreements; and
 - (d) Existing Operating Agreements.
- r) Section 9.2 is amended as follows:
- 9.2 Providing New Information. Section VI of the Scheduling Coordinator Application will not apply to the Responsible PTO because the Responsible PTO has no right under the Existing Contracts to require more information than is required under those contracts. The Responsible PTO will provide the ISO with any changes regarding the information provided by it referred to in the Scheduling Coordinator Application Protocol [of the ISO Tariff](#) and the Scheduling Coordinator Application within three (3) business days from the day the Responsible PTO is notified of such changes by the Existing Rightholders.
- s) Section 10.2 is amended as follows:
- 10.2 Termination by Notice. [Subject to Section 10.4 of this Agreement](#), ~~T~~this Agreement shall remain in full force and effect until such time as the Responsible PTO notifies the ISO in writing that it wishes to terminate this Agreement or until the date on which the last of the Existing Contracts expires and notice thereof is given by the Responsible PTO to the ISO, whichever is the sooner.
- t) Section 10.3 is amended as follows:

10.3 Termination for Default. Subject to Section 10.4 of this Agreement, ~~Either~~ Party (the terminating Party) may terminate this Agreement by giving written notice in the event that the other Party (the defaulting Party) commits any default under this Agreement, or, with respect to the honoring of Existing Contracts, the ISO Tariff, ~~the ISO Protocols,~~ and/or the SC Agreement which, if capable of being remedied, is not remedied within thirty (30) days after the terminating Party has given the defaulting Party written notice of the default, unless excused by reason of Uncontrollable Forces under Article XIV of this Agreement.

u) Section 10.4 is amended as follows:

10.4 FERC Acceptance. With respect to Aany notice of termination given pursuant to this Article X, ~~Section must be filed at the FERC and shall become effective when the FERC accepts the termination for filing.~~ the ISO must file a timely notice of termination with FERC. This Agreement shall terminate upon acceptance by FERC of such a notice of termination.

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

California Independent System Operator Corporation

By: _____

Name: _____

Title: _____

Pacific Gas and Electric Company

By: _____

Name: _____

Title: _____