MARKET EFFICIENCY
ENHANCEMENT AGREEMENT
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

AND

[MARKET EFFICIENCY ENHANCEMENT AGREEMENT ENTITY]

MARKET EFFICIENCY ENHANCEMENT AGREEMENT
MARKET EFFICIENCY ENHANCEMENT AGREEMENT ("MEEA")

THIS AGREEMENT is dated this _____ day of ______________, ______ and is entered into, by and between:

(1) [Full Legal Name] having its registered and principal place of business located at [Address] (the "MEEA Entity");

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, initially 151 Blue Ravine Road, Folsom, California 95630 (the “CAISO”).

The MEEA Entity and the CAISO are hereinafter referred to as the “Parties”.

Whereas:

A. The CAISO seeks to model and price Interchange transactions between the CAISO Balancing Authority Area and the integrated Sacramento Municipal Utility District and Turlock Irrigation District Balancing Authority Areas collectively known as an Integrated Balancing Authority Area ("IBAA") in a manner that reflects the resources that support those Interchange transactions. The CAISO needs certain information in order to perform this modeling and pricing.

B. The MEEA Entity seeks alternative pricing for Interchange transactions. Accordingly, the MEEA Entity agrees to provide the CAISO with certain information.

C. The Parties are entering into this Agreement in order to establish the terms and conditions on which the CAISO and the MEEA Entity will discharge their respective duties and responsibilities under the CAISO Tariff, namely the modeling and pricing for imports or exports between the IBAA and the CAISO Balancing Authority Area.

D. The Parties acknowledge that the CAISO is responsible for the efficient use and reliable operation of the CAISO Controlled Grid and CAISO Balancing Authority Area consistent with achievement of planning and Operating Reserve criteria no less stringent than those established by the Western Electricity Coordinating Council and the North American Electric Reliability
Corporation and further acknowledge that the CAISO may not be able to satisfy fully these responsibilities if the MEEA Entity fails to fully comply with all of its obligations under this Agreement and the CAISO Tariff.

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

ARTICLE I
DEFINITIONS AND INTERPRETATION

1.1 Master Definitions Supplement. All capitalized terms and expressions used in this Agreement shall have the same meaning as those contained in the Master Definitions Supplement to the CAISO Tariff unless otherwise defined in this Agreement.

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 (including any schedules or other attachments to this Agreement), the provisions of this Agreement shall govern notwithstanding any inconsistent provision of the CAISO Tariff or any CAISO Business Practice Manual (including, except as provided in Section 3.3.2, any CAISO Tariff or CAISO Business Practice Manual provision that is referenced in this Agreement).

(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) 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.

ARTICLE II
TERM AND TERMINATION

2.1 Effective Date. This Agreement shall be effective as of the date set forth above, unless accepted for filing and made effective by FERC on some other date, if FERC filing is required, and shall remain in full force and effect for ___ years from the effective date or until terminated pursuant to Section 2.2 of this Agreement. This Agreement may, upon mutual agreement between the Parties and according to the terms of the existing Agreement, be renewed for ___ additional years.

2.2 Termination

2.2.1 Termination by CAISO. Subject to Section 2.2.2, the CAISO may terminate this Agreement by giving written notice of termination in the event that the MEEA Entity 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, to the MEEA Entity, written notice of the default, unless excused by reason of Uncontrollable Forces in accordance with Article VIII of this Agreement. With respect to any notice of termination given pursuant to this Section, the CAISO must file a timely notice of termination with FERC. This
Agreement shall terminate upon acceptance by FERC of such a notice of termination.

2.2.2 Termination by MEEA Entity. In the event that the MEEA Entity no longer wishes to be eligible for MEEA pricing, it may terminate this Agreement, on giving the CAISO not less than ninety (90) days written notice. With respect to any notice of termination given pursuant to this Section, the CAISO must file a timely notice of termination with FERC. However, the MEEA Entity’s obligation shall terminate ninety (90) days after it provides written notice to the ISO.

ARTICLE III
GENERAL TERMS AND CONDITIONS

3.1 Information Required to Develop this Agreement. The MEEA Entity shall provide historical hourly metered generation data for the supply resources specified in Schedule 1 to this Agreement. The MEEA Entity shall provide historical metered load data for loads specified in Schedule 1 to this Agreement in accordance with CAISO Tariff Section 27.5.3.2.1. The provided data shall be formatted to comply with one of the CAISO’s existing meter data exchange formats, Meter Data Exchange Format, which may include comma separated value file format.

3.1.1 Use of Information Required to Develop this Agreement. The CAISO shall use the information specified in Schedule 1 to model and price imports and exports between the IBAA and the CAISO Balancing Authority Area in accordance with CAISO Tariff Section 27.5.3.2 and as described in Schedule 2 of this Agreement.

3.1.2 Updates of Information Provided to Develop this Agreement. Either Party may request in writing an update to the historical hourly metered load or metered generation data for the supply resources and loads specified in Schedule 1 to this Agreement. The Parties agree to confer within thirty (30) days of any such request for an information update to discuss and resolve any such request.

3.2 Agreement-Specific Price. The CAISO shall calculate an LMP specific to this Agreement that reflects the nodes where the supply resources and loads are located as specified in Schedule 1 in accordance with CAISO Tariff Section 27.5.3.2.

3.3 Information Needed to Determine Application of Agreement-Specific Pricing in any Settlement Interval or Settlement Period. The MEEA Entity shall provide information for each Settlement Interval for which the MEEA Entity seeks an Agreement-specific LMP in accordance with
CAISO Tariff Section 27.5.3.2.2. The information described in this Section shall be provided to the CAISO by the MEEA Entity for the MEEA Entity and its Affiliates or any other organization under its control. The provided information shall be in the form of historical, hourly, Settlement Quality Meter Data as specified in CAISO Tariff Section 10.3.2.2. The data shall be formatted to comply with one of the CAISO’s existing meter data exchange formats, Meter Data Exchange Format, which may include comma separated value file format. Data submitted shall meet the timelines established in the CAISO Payments Calendar as provided in the applicable Business Practice Manual. More specifically, the MEEA Entity shall provide to the CAISO the following information:

(a) total hourly metered generation owned or under the control of the MEEA Entity within the IBAA;

(b) total hourly metered load served by the MEEA Entity within the IBAA;

(c) total gross Energy scheduled by the MEEA Entity into the IBAA from other Balancing Authority Areas (exclusive of the CAISO Balancing Authority Area);

(d) total gross Energy purchases made by the MEEA Entity within the IBAA, including:
   (i) purchases from third parties, and
   (ii) exchanges acquiring Energy from third parties;

(e) total gross Energy sales made by the MEEA Entity within the IBAA, including:
   (i) sales to third parties, and
   (ii) exchanges providing Energy to third parties; and

(f) total gross Energy sales by the MEEA Entity out of the IBAA into other Balancing Authority Areas (exclusive of the CAISO Balancing Authority Area).

3.4 Application of Agreement-Specific LMPs for Import Bids into the CAISO Balancing Authority Area Cleared through the CAISO Market.
The CAISO shall apply an Agreement-specific LMP, as identified in Schedule 2, for any portion of an Import Bid to the CAISO Balancing Authority Area when the CAISO 1) can verify that the resources identified in Schedule 1 were dispatched and operated to support the Import Bid submitted and cleared in the CAISO Market and 2) the MEEA Entity
provided the information pursuant to Section 3.3 in accordance with CAISO Tariff Section 27.5.3.2.2.1.

3.5 Application of Agreement-Specific LMPs for Export Bids from the CAISO Balancing Authority Area Cleared through the CAISO Market. The CAISO shall apply an Agreement-specific LMP, as identified in Schedule 2, for any portion of an Export Bid from the CAISO Balancing Authority Area when the CAISO 1) can verify that the resources identified in Schedule 1 were dispatched and operated to support the Export Bid submitted and cleared in the CAISO Market and 2) the MEEA Entity provided the information pursuant to 3.3 in accordance with CAISO Tariff Section 27.5.3.2.2.2.

3.6 Application of Default IBAA Pricing for either Import Bids into or Export Bids from the CAISO Balancing Authority Area Cleared through the CAISO Market. The CAISO shall apply the default IBAA price specified in Appendix C, Section G.1.1 of the CAISO Tariff for any portion of an Import Bid into or Export Bid from the CAISO Balancing Authority Area when the CAISO cannot verify that the resources identified in Schedule 1 were dispatched and operated to support the Import Bid into the CAISO Balancing Authority Area or Export Bid from the CAISO Balancing Authority Area submitted and cleared in the CAISO Market.

3.7 Measures to Preserve Confidentiality of Data. Data provided by the MEEA Entity to the CAISO pursuant to Sections 3.1 and 3.3 shall be treated as confidential data in accordance with CAISO Tariff Section 27.5.3.5.

3.8 Agreement Subject to CAISO Tariff. The Parties will comply with all applicable provisions of the CAISO Tariff. This Agreement shall be subject to the CAISO Tariff which shall be deemed to be incorporated herein.

ARTICLE IV

COSTS

4.1 Operating and Maintenance Costs. The MEEA Entity shall be responsible for all its costs incurred in connection with meeting its obligations under this Agreement.
ARTICLE V
DISPUTE RESOLUTION

5.1 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 the MEEA Entity and references to the CAISO Tariff shall be read as references to this Agreement.

ARTICLE VI
REPRESENTATIONS AND WARRANTIES

6.1 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.

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 the MEEA Entity and references to the CAISO Tariff shall be read as references to this Agreement.

ARTICLE VIII
UNCONTROLLABLE FORCES

8.1 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 the MEEA Entity and references to the CAISO Tariff shall be read as references to this Agreement.
ARTICLE IX

MISCELLANEOUS

9.1 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.

9.2 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 the MEEA Entity 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.

9.3 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.

9.4 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 the Federal Energy Regulatory Commission.

9.5 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.
9.6 **Merger.** This Agreement constitutes the complete and final agreement of the Parties with respect to the subject matter hereof and supersedes all prior agreements, whether written or oral, with respect to such subject matter.

9.7 **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.

9.8 **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. 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 of this Agreement under Section 205 of the FPA and pursuant to FERC’s rules and regulations promulgated thereunder, and the MEEA Entity 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.

9.9 **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.

9.10 **Audit Rights.** The CAISO reserves the right to audit data supplied pursuant to Section 3.1 for the limited purposes of verifying that the MEEA Entity accurately represented available resources and met the
requirements specified for Agreement-specific LMP pricing in accordance with CAISO Tariff Section 27.5.3.7.

**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: ____________________________________________

**[NAME OF MARKET EFFICIENCY ENHANCEMENT AGREEMENT ENTITY]**

By: ____________________________________________
Name: ____________________________________________
Title: ____________________________________________
Date: ____________________________________________
SCHEDULE 1
Placeholder for MEEA Entity Specific Information.

a. List of the supply resources and loads within the IBAA over which the MEEA Entity has control or serves.
b. The location of the resources identified in the MEEA for which non-default LMPs will be calculated.
c. The injection and withdrawal points for the resources identified in the MEEA.
d. The appropriate Resource IDs that apply for the MEEA transactions.
SCHEDULE 2
Calculation of MEEA-specific LMPs

a. Describe the process to develop the distribution factors of the supply resources and loads listed in Schedule 1. The distribution factors are the weights to be used to compute a weighted average of the LMPs paid to the supply resources and charged to the loads listed in Schedule 1. The weights applied to the constituent nodal LMPs will be determined for periods of time based on the ratio of the total output of each supply resource to the total aggregate output of the supply resources listed in Schedule 1, or the ratio of the total energy consumed by each load to the total energy consumed by the loads listed in Schedule 1, for the corresponding time period. The parties will base the development of the distribution factors on the information provided by the MEEA Entity listed in Schedule 1.

b. Describe the process used to develop the LMPs described in paragraph (a) for the supply resources and loads listed in Schedule 1. The CAISO will base its development of the LMPs on the information provided by the MEEA Entity listed in Schedule 1.

c. Identify distribution factors for each supply resource listed in Schedule 1

d. Identify locations for LMPs for each injection and withdrawal point listed in Schedule 1.

e. Describe the network model to be used to connect the supply resources and loads listed in Schedule 1 to the Full Network Model of the CAISO Controlled Grid.
# SCHEDULE 3
## NOTICES
[Section 9.2]

[Market Efficiency Enhancement Agreement Entity]

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| Fax No:                            |  

CAISO

Name of Primary Representative: _______________________________________
Title: _______________________________________
Address: _______________________________________
City/State/Zip Code: _______________________________________
Email Address: _______________________________________
Phone: _______________________________________
Fax No: _______________________________________

Name of Alternative Representative: _______________________________________
Title: _______________________________________
Address: _______________________________________
City/State/Zip Code: _______________________________________
Email Address: _______________________________________
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This Sample Is For Illustrative Purposes Only and Does Not Constitute An Offer.