

**BLACKLINED
AMENDMENT NO. 1
TO THE
INTERIM BLACK START AGREEMENT**

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

(1) Southern California Edison Company having its registered and principal executive office located in 2444 Walnut Grove Ave., Rosemead, CA 91770 ("SCE");

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").

SCE and the ISO are hereinafter referred to as the "Amending Parties."

Whereas:

- A. The Amending Parties entered into the Interim Black Start Agreement dated December 5, 1997 (the "Principal Agreement").
- B. By orders issued on December 17, 1997, and February 25, 1998, the Federal Energy Regulatory Commission required that the Interim Black Start 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) Section 1.1 is amended as follows :

1.1 Master Definitions Supplement. ~~Unless the context otherwise requires,~~ The terms and expressions used in this Agreement shall have the same meaning as those contained in the Master Definitions Supplement to the ISO Tariff.

b) Section 1.2 is amended as follows :

1.2 Special Definitions for this Agreement. In this Agreement, ~~unless the context otherwise requires,~~ the following words and expressions shall have the meanings set forth below :

“ASRP” means the Ancillary Services Requirement Protocol of the ISO Tariff.

“Black Start Facility” means a power station owned, or operated, or under contract to the Black Start Generator Agreement signee from which the Black Start Service is to be provided under this Agreement, and details of which are contained in Schedule 2.

“Black Start Generating Unit” means a Generating Unit at a Black Start Facility or a contract which provides equivalent services, by or through which Black Start Services can be provided, and operating details of such a unit or contract are contained in Schedule 2.

“Black Start Service” means the Ancillary Service of Black Start capability in accordance with ASRP and Appendix D of the ISO Tariff.

“Commencement Date” means the date upon which this Agreement comes into effect pursuant to Section 2.1 hereof.

“Expiry Date” means the one year anniversary of the Commencement Date or where this Agreement has been extended pursuant to Section 2.1, the one year anniversary of the previous Expiry Date.

“Party” means a party to this Agreement.

“Performance Test” means any of the performance tests for Black Start capability which the ISO may periodically undertake in accordance with the ISO Tariff, ~~and/or including the~~ ASRP.

c) Section 1.3 (a) is amended as follows:

(a) ~~unless the context otherwise requires,~~ if there is any inconsistency between this Agreement and the ISO Tariff ~~or any applicable ISO Protocol~~, the ISO Tariff ~~or applicable ISO Protocol~~ will prevail to the extent of the inconsistency;

d) Section 2.1 is amended as follows:

2.1 ~~Effective Date. This Agreement shall be effective as of the later of (i) acceptance by the ISO of the rates, terms and conditions of this Agreement by notice to the Black Start Generator owner or contract holder under Section 14.2 by a duly authorized person, provided that such acceptance shall not limit the ISO's right to dispute before FERC whether any rate, term or condition is just and reasonable, or (ii) the date it is permitted to become effective by FERC, and shall, subject to Section 2.2, remain in full force and effect until whichever is the earlier of (i) the date which the ISO notifies the Black Start Generator as the date when the ISO's Black Start auction will come into effect and at 00.01 hours on or (ii) the Expiry Date. The ISO may, upon giving at least ninety (90) days written notice prior to the Expiry Date, extend the term of this Agreement for a further period of 12 calendar months from the Expiry Date. Such extension shall not limit or affect in any way the rights of either Party to terminate this Agreement in accordance with Section 2.2.~~

e) Section 2.2.1 is amended as follows:

2.2.1 ~~Termination by ISO due to Default under the Black Start Agreement. The ISO may terminate this Agreement by giving written notice of termination in the event that the Black Start Generator or service provider commits any material default under this Agreement, and/or the ISO Tariff and/or the ISO Protocols~~ which, if capable of being remedied, is not remedied within thirty (30) days after the ISO has given it written notice

of the default, unless excused by reason of Uncontrollable Force in accordance with Section 15 of the ISO Tariff. With respect to anyAny notice of termination given pursuant to this Section, 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. must also be filed at the FERC. Pending acceptance by the FERC of such termination the operation of the terms of this Agreement and of the ISO Tariff shall be suspended.

f) Section 2.2.2 is amended as follows:

2.2.2 Other Events Justifying Termination by ISO. The ISO may also terminate this Agreement:

- (a) in relation to Black Start Services, if it is determined not to have a Black Start ~~Capability~~capability available for more than 720 Settlement Periods or it fails persistently to provide Black Start ~~Capability~~capability in accordance with this Agreement;
- (b) if the Black Start Generator or service provider ceases to be a Market Participant; or
- (c) in relation to Black Start Services, if the Black Start Generator loses its certificate for the Black Start Generating Unit under the ASRP of the ISO Tariff, the contract associated with provision of Black Start Services is terminated, or the ISO withdraws the waiver of the requirement for such certificate referred to in Recital C.

g) Section 2.2.3 is amended as follows:

2.2.3 Termination by ISO on Notice. The ISO may terminate this Agreement either in whole, or in relation to any one or more Black Start Generating Units or service providers by giving ninety (90) days written notice to the Black Start Generator or service provider. With respect to anyAny notice of termination given pursuant to this Section, 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. must also be filed at the FERC. Pending acceptance by the FERC of such

~~termination the operation of the terms of this Agreement and of the ISO Tariff shall be suspended.~~

h) Section 2.2.4 is amended as follows:

2.2.4 ~~P~~etition to Terminate by Black Start Generator or Service Provider. The Black Start Generator or service provider may petition the ISO to terminate this Agreement in relation to a Black Start Generating Unit or contract and, provided that the ISO is able to procure Black Start Service from another Generating Unit providing equivalent reliability benefit to the ISO, the ISO will agree to such termination, which will take effect on the date accepted for filing and made effective by FERC, but not before the date when the ISO has the right to call upon such equivalent Black Start Service under a Black Start contract. With respect to any notice of termination given pursuant to this Section, the ISO must file a timely notice of termination with FERC. The ISO shall, on receipt of the Black Start Generator's or service provider's petition, use its best efforts to procure the equivalent Black Start Service as soon as is reasonably possible and at a reasonable price.

i) Section 2.2.5 is amended as follows:

2.2.5 Termination by Black Start Generator on Sale of Black Start Generating Unit. The Black Start Generator or service provider may terminate this Agreement in relation to a Black Start Generating Unit or contract if it sells the Unit to a purchaser who, if the ISO requires the Unit to continue to provide Black Start Service:

2.2.5.1 executes a contract with the ISO, or files a rate schedule with the same or substantially the same performance requirements as under this Agreement and cost of service based rates accepted by FERC, to provide the ISO with Black Start Service from the Black Start Generating Unit or contract; and

2.2.5.2 satisfies the ISO's reasonable requirements as to the technical and financial ability of the purchaser to meet its obligations under the contract or rate schedule, as the case may be.

Such termination shall not take effect prior to the effective date of all necessary regulatory approvals for termination. With respect to any notice of termination given pursuant to this Section, 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.

j) Section 2.2.6 is amended as follows:

2.2.6 Termination for Uncontrollable Forces. Either Party may terminate this Agreement in relation to any Black Start Facility by giving written notice to the other Party in the event that in relation to the Black Start Facility or contract concerned either Party is prevented from performing its obligations under this Agreement for a continuous period of 90 days by reason of Uncontrollable Forces as defined in Section 15 of the ISO Tariff. With respect to any notice of termination given pursuant to this Section, 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.

k) Section 4.1 is amended as follows:

4.1 Obligation to Maintain Black Start Capability. With effect from the Commencement Date and until the Expiry Date the Black Start Generator or service provider shall maintain Black Start Capability at its Black Start Facilities or contracts in an amount no less than that stated for each such Facility in Schedule 2.

l) Section 4.3 is amended as follows:

4.3 ISO Tariff ~~and ISO Protocols~~. The Black Start Generator service provider shall comply, with the obligations and requirements set out in the ISO Tariff, in particular Appendix D ~~requirements~~, and ~~ISO Protocols~~ Appendix L requirements in relation to Black Start Capability and services.

m) Section 5.2 is amended as follows:

5.2 Tests. The ISO may from time to time (and no less than once a month if the ISO determines it to be necessary) carry out a Performance Test on a Black Start Generating Unit in accordance with the provisions of the ISO Tariff, and including the ASRP. A Black Start Generator may carry out such tests as

it considers necessary on its Black Start Facilities, at no cost to the ISO.

n) Section 6.1 is amended as follows:

6.1 **Payment for Capability.** In consideration of the Black Start Generator or service provider maintaining Black Start Capability at the Black Start Generating capability in accordance with the terms of this Agreement, the ISO shall, subject to the terms and conditions of this Agreement, pay to the Black Start Generator or service provider the Black Start reservation fee, if any, calculated in accordance with Schedule 3 Part 1. The Black Start Generator or service provider may file rate schedules with the Federal Energy Regulatory Commission at any time to establish new rates for the reservation fee and/or energy payment.

o) Section 6.3 is amended as follows:

6.3 **Payment Withheld.** If a Black Start Generator or service provider is prevented from maintaining Black Start capability at any Black Start Facility by reason of Uncontrollable Forces defined in Section 15 of the ISO Tariff, it shall not be entitled to the Black Start reservation fee, if any, for the Black Start Facility concerned for the period during which the Black Start Facility is unable to maintain Black Start Capability by reason of such Uncontrollable Forces, but payment will not be withheld under this Section 6.3 to the extent that the Black Start Generator is prevented from providing a Black Start due to an Outage in the ISO Controlled Grid beyond the Black Start Generator's control.

p) Section 6.4 is amended as follows:

6.4 **Outages.** The Black Start Generator shall not be entitled to payment of the reservation fee, if any, for a Black Start Generating Unit for any period during which the Unit is undergoing an Outage of any kind. The ISO shall not be entitled to issue a Dispatch instruction for the Black Start Generating Unit to make a Black Start in the period of any Maintenance Outage which has been approved by the ISO under the Outage Coordination Protocol of the ISO Tariff.

q) Section 7.1 is amended as follows:

7.1 **Loss of Reservation Fee.** If a Black Start Generator or service provider fails to provide a Black Start in accordance with the terms of this Agreement or fails a Performance Test, then, unless the exception referred to in Section 7.2 applies, it shall not be entitled to any Black Start reservation fee, if any, for the period commencing with the beginning of the Settlement Period in which the Black Start facility last successfully passed a Performance Test or successfully provided a Black Start or in which the ISO reasonably determines, by reference to records in its own possession or provided by the Black Start Generator, that the Black Start Generating Facility first failed to have Black Start Capability (whichever is the latest), and expiring at the beginning of the Settlement Period in which the Black Start Facility is determined by a Performance Test to have its Black Start Capability restored. The Black Start Generator shall repay to the ISO, or the ISO may withhold future payment equivalent to any Black Start reservation fee payment, if any, that it has received for the period when it was not entitled under this Section 7.1 to receive them.

r) Section 8.2 is amended as follows:

8.2 The Black Start Generator or service provider shall establish and maintain a Settlement Account at a commercial bank located in the United States and acceptable to the ISO which can effect money transfers via Fed-Wire where payments to and from the ISO Clearing Account shall be made in accordance with the ISO Tariff, in particular the ISO Settlement and Billing Protocol, and this Agreement. The Black Start Generator or service provider shall notify the ISO of its account details upon entering into this Agreement and may notify the ISO from time to time of any changes to these details by giving at least 7 days prior written notice before the new account becomes operational.

s) Section 9.1.5 is amended as follows:

9.1.5 the Black Start Generator's documentation relating to the procedures used at the Black Start Generator's Black Start Facilities for the provision of Black Start Capability;

t) Section 14.1 is amended as follows:

14.1 Penalties. Any penalties to be levied under this Agreement shall be established in accordance with the ISO Tariff ~~and ISO Protocols~~ after consultation between the Black Start Generator or service provider and the ISO, acceptance by the FERC, and shall be set out in Schedule 4. No penalties or sanctions may be imposed under this Agreement unless a Schedule providing for such penalties or sanctions has first been filed with and made effective by FERC. Nothing in this Agreement, with the exception of the provisions relating to ADR, shall be construed as waiving the rights of the Black Start Generator or service provider to oppose or protest any penalty proposed by the ISO to the FERC or the specific imposition by the ISO of any FERC-approved penalty on the Black Start Generator or service provider.

u) Section 15.6 is amended as follows:

15.6 Agreement Subject to ISO Tariff ~~and ISO Protocols~~. This Agreement shall be subject to the provisions of the ISO Tariff ~~and ISO Protocols~~ which shall be deemed to be incorporated by reference herein, as the same may be changed or superseded from time to time pursuant to Sections 16.1 and 20.1.3 of the ISO Tariff.

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: _____

Southern California Edison Company

By: _____

Name: _____

Title: _____