

November 22, 2011

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 First Revised Service Agreement No. 118
Docket No. ER12-____-000**

Dear Secretary Bose:

The California Independent System Operator Corporation submits for Commission filing and acceptance an amended Scheduling Coordinator Agreement (“Amended SCA”) between the CAISO and the Bonneville Power Administration (BPA).¹ The CAISO submits the instant filing in order to revise those contractual arrangements to reflect the changes in the CAISO tariff following implementation of the new market and to update information in the schedules consistent with current practices. The CAISO proposes that the Amended SCA be made effective on November 25, 2011.

I. Background and purpose of the SCA

The SCA sets forth the terms and conditions on which BPA as a scheduling coordinator submits bids for energy and ancillary services on the CAISO controlled grid under the terms of the CAISO tariff. BPA has provided scheduling coordinator services with regard to the CAISO markets since April 30, 1998, the effective date of the original SCA between BPA and the CAISO.²

II. Proposed changes to the SCA

The Amended SCA includes two sets of proposed changes to the terms and conditions between the CAISO and BPA regarding scheduling coordinator services. The first category of changes update the SCA to be consistent with

¹ The CAISO submits the updated Scheduling Coordinator Agreement 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).

² See FERC Docket No. ER98-295-000 (letter order accepting the SCA as filed).

changes to the CAISO's *pro forma* SCA previously accepted by the Commission as part of the CAISO's new market.³

The CAISO tariff now includes updated terminology, including the terms "Bids" and "Settlement". These updated terms have been incorporated in the Amended SCA along with other updated terms. In addition, the *pro forma* scheduling coordinator agreement "boilerplate provisions" contained in Appendix B.1 to the CAISO tariff have been updated. These updated provisions are now reflected in the Amended SCA, including provisions regarding: (i) rules of interpretation, (ii) covenant of the scheduling coordinator, (iii) term and termination, (iv) settlement account, (v) penalties and sanctions, (vi) costs, (vii) dispute resolution, (viii) representation and warranties, (ix) liability, (x) uncontrollable forces, (xi) miscellaneous, (xii) notices, (xiii) waivers, (xiv) governing law and forum, (xv) consistency with federal laws and regulations, (xvi) merger, (xvii) severability, (xviii) amendments, and (xix) counterparts. Several of the schedules to the *pro forma* scheduling coordinator agreement were also updated in the CAISO's tariff clarifications filing, and these updates have been made in the Amended SCA as well. All of these changes, along with other miscellaneous changes such as referring to "CAISO" instead of "ISO," represent the totality of changes necessary to update the currently effective scheduling coordinator agreement between the CAISO and BPA to the *pro forma* scheduling coordinator agreement currently included in the CAISO tariff. The Amended SCA also contains changes to Schedule 1, Contacts for Notices, to update the contact information for BPA and the CAISO.

In addition, the parties agreed to non conforming language to reflect BPA's jurisdiction under federal law. The provision remains largely consistent with the *pro forma* language except that the SCA is no longer governed and construed in accordance with California law or subject to the jurisdiction of California courts. This provision is reflected below:

- **"13.4 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, Federal Law. 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, any federal court of the United States of America, or, where subject to its jurisdiction, before the Federal Energy Regulatory Commission."

³ See *California Independent System Operator Corporation*, 125 FERC ¶ 61,262 (2008) (accepting revisions to the *pro forma* SCA and other agreements, among other revisions, filed in connection with the CAISO's new market, subject to compliance filing regarding unrelated matters).

The provisions of the Amended SCA are of immediate significance only to the CAISO and BPA and are agreed to by the parties. The CAISO requests that the Commission accept the Amended SCA as filed as the first revised service agreement no. 118.

III. Effective Date and Request for Waiver

The CAISO requests that the Amended SCA included in the instant filing be made effective on November 25, 2011. The CAISO 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 CAISO 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 25, 2011 is an effective date that the CAISO and BPA have agreed upon and will allow the parties to update additional agreements effective as of the same date. Granting the requested effective date and waiver, therefore, is appropriate.

VI. Expenses

No expense or cost associated with this filing has been alleged or judged in any judicial or administrative proceeding to be illegal, duplicative, unnecessary, or demonstratively the product of discriminatory employment practices.

VII. Service

The CAISO has served copies of this filing upon BPA, the California Public Utilities Commission, and the California Energy Commission. In addition, the CAISO has posted the filing on the CAISO website.

Enclosed for filing is each of the following:

- (1) This letter of transmittal;
- (2) The executed Amended SCA (Attachment A); and
- (3) The Amended SCA with revisions to the prior version shown in marked format (Attachment B).

VIII. Correspondence

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

John C. Anders*
Senior Counsel
California Independent System
Operator Corporation
250 Outcropping Way
Folsom, CA 95630
Tel: (916) 608-7287
Fax: (916) 608-7222
E-mail: janders@caiso.com

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

Respectfully submitted,
By: /s/ John C. Anders

Nancy Saracino

General Counsel

Sidney M. Davies

Assistant General Counsel

John C. Anders

Senior Counsel

California Independent System

Operator Corporation

250 Outcropping Way

Folsom, CA 95630

Tel: (916) 608-7287

Fax: (916) 608-7222

janders@caiso.com

Attorneys for the California Independent
System Operator Corporation

Attachment A

Amended Scheduling Coordinator Agreement

**CALIFORNIA INDEPENDENT SYSTEM
OPERATOR CORPORATION**

AND

BONNEVILLE POWER ADMINISTRATION

**SCHEDULING COORDINATOR
AGREEMENT**

Scheduling Coordinator Agreement

THIS AGREEMENT is made this 12TH day of OCTOBER, 2011, and is entered into, by and between:

- (1) **Bonneville Power Administration** having a registered or principal executive office at **905 NE 11th Avenue, Portland, Oregon 97232** (the "Scheduling Coordinator");

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").

(the "CAISO").

The Scheduling Coordinator and the CAISO are hereinafter referred to as the "Parties".

Whereas:

- A. The Scheduling Coordinator has applied for certification by the CAISO under the certification procedure referred to in Section 4.5.1 of the CAISO Tariff.
- B. The Scheduling Coordinator wishes to submit Bids for Energy and Ancillary Services on the CAISO Controlled Grid under the terms and conditions set forth in the CAISO Tariff.

NOW IT IS HEREBY AGREED as follows:

- 1. Definitions and Interpretation.**
- 1.1 Master Definitions Supplement.** Terms and expressions used in this Agreement shall have the same meanings as those contained in the Master Definitions Supplement to the CAISO Tariff.
- 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;
- (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 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;
- (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.

2. Covenant of the Scheduling Coordinator.

2.1 The Scheduling Coordinator agrees that:

2.1.1 The CAISO Tariff governs all aspects of bidding and scheduling of Energy and Ancillary Services on the CAISO Controlled Grid, including (without limitation), the financial and technical criteria for Scheduling Coordinators, bidding, Settlement, information reporting requirements and confidentiality restrictions;

2.1.2 It will abide by, and will perform all of the obligations under the CAISO Tariff placed on Scheduling Coordinators in respect of all matters set forth therein including, without limitation, all matters relating to the bidding and scheduling of Energy and Ancillary Services on the CAISO Controlled Grid, obligations regarding Resource Adequacy Plans and other requirements of Section 40 of the CAISO Tariff applicable to Scheduling Coordinators for affected Load Serving Entities, ongoing obligations in respect of scheduling, Settlement, system security policy and procedures to be developed by the CAISO from time to time, billing and payments, confidentiality and dispute resolution;

2.1.3 It shall ensure that each UDC, over whose Distribution System Energy or Ancillary Services are to be transmitted in accordance with Bids submitted to the CAISO by the Scheduling Coordinator, enters into a UDC Operating Agreement in accordance with Section 4.4 of the CAISO Tariff;

2.1.4 It shall ensure that each Generator for which it submits Bids enters into a Participating Generator Agreement in accordance with Section 4.6 of the CAISO Tariff;

2.1.5 It shall have the primary responsibility to the CAISO, as principal, for all Scheduling Coordinator payment obligations under the CAISO Tariff;

2.1.6 Its status as a Scheduling Coordinator is at all times subject to the CAISO Tariff.

3. Term and Termination.

3.1 This Agreement shall commence on the later of (a) _____ or (b) the date the Scheduling Coordinator is certified by the CAISO as a Scheduling Coordinator.

3.2 This Agreement may be terminated in accordance with the provisions of Section 4.5.4.4 and 4.5.4.5 of the CAISO Tariff; provided, however, any outstanding financial right or obligation or any other right or obligation under the CAISO Tariff of the Scheduling Coordinator that may have arisen under this Agreement, and any provision of this Agreement necessary to give effect to such right or obligation, shall survive such termination until satisfied. The CAISO shall timely file any notice of termination with FERC, if this Agreement has been filed with FERC, or must otherwise comply with the requirements of FERC rules regarding termination.

4. Settlement Account.

4.1 The Scheduling Coordinator shall maintain at all times an account with a bank capable of Fed-Wire transfer to which credits or debits shall be made in accordance with the billing and Settlement provisions of Section 11 of the CAISO Tariff. Such account shall be the account as notified by the Scheduling Coordinator to the CAISO from time to time by giving at least 20 days written notice before the new account becomes operational, together with all information necessary for the CAISO's processing of a change in that account.

5. Agreement to be bound by CAISO Tariff.

5.1 The CAISO Tariff is incorporated herein and made a part hereof. In the event of a conflict between the terms and conditions of this Agreement and any other terms and conditions set forth in the CAISO Tariff, the terms and conditions of the CAISO Tariff shall prevail.

6. Electronic Contracting.

6.1 All submitted applications, schedules, Bids, confirmations, changes to information on file with the CAISO and other communications conducted via electronic transfer (e.g. direct computer link, FTP file transfer, bulletin board, e-mail, facsimile or any other means established by the CAISO) shall have the same legal rights, responsibilities, obligations and other implications as set forth in the terms and conditions of the CAISO Tariff as if executed in written format.

7. Penalties and Sanctions.

7.1 The Scheduling Coordinator shall be subject to all penalties made applicable to Scheduling Coordinators set forth in the CAISO Tariff.

8. Costs.

8.1 The Scheduling Coordinator shall be responsible for all its costs incurred for the purpose of meeting its obligations under this Agreement.

9. Dispute Resolution.

9.1 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 Scheduling Coordinator and references to the CAISO Tariff shall be read as references to this Agreement.

10. Representation and Warranties.

10.1 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.

11. Liability.

11.1 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 Scheduling Coordinator and references to the CAISO Tariff shall be read as references to this Agreement.

12. Uncontrollable Forces.

12.1 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 Scheduling Coordinator and references to the CAISO Tariff shall be read as references to this Agreement.

13. Miscellaneous.

13.1 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.

- 13.2 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 Scheduling Coordinator 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.
- 13.3 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 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.
- 13.4 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, Federal Law. 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, any federal court of the United States of America, or, where subject to its jurisdiction, before the Federal Energy Regulatory Commission.
- 13.5 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.
- 13.6 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.
- 13.7 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.

13.8 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 Scheduling Coordinator 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.

13.9 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 have caused this Agreement to be executed by their respective authorized officials.

California Independent System Operator Corporation

By: 
Name: ERIC T SCHMITT
Title: VICE PRESIDENT, OPERATIONS
Date: OCTOBER 12, 2011



Bonneville Power Administration

By: 
Name: GREGORY K DELWICHE
Title: SUP, POWER SERVICES
Date: SEPTEMBER 30, 2011

SCHEDULE 1**NOTICES****[Section 13.2]****Scheduling Coordinator**

Name of Primary Representative: Leslie J. Pompel
Title: Public Utilities Specialist
Company: Bonneville Power Administration
Address: 905 NE 11th Ave.
P.O. Box 3621
City/State/Zip Code: Portland, OR 97232 (P.O. Box Zip: 97208-3621)
Email Address: ljpompe**l**@bpa.gov
Phone: (503) 230-5048
Fax No: (503) 230-7463

Name of Alternative Representative: Robert C. Johnson
Title: Manager, Day Ahead & Real-time Marketing
Company: Bonneville Power Administration
Address: 905 NE 11th Ave.
P.O. Box 3621
City/State/Zip Code: Portland, OR 97232 (P.O. Box Zip: 97208-3621)
Email Address: rcjohnson@bpa.gov
Phone: (503) 230-3183
Fax No: (503) 230-7463

CAISO

Name of Primary

Representative: Ms. Roni L. Reese
Title: Sr. Contracts Analyst
Address: 250 Outcropping Way
City/State/Zip Code: Folsom, CA 95630
Email address: rreese@caiso.com
Phone: (916) 608-7027
Fax: (916) 608-7292

Name of Alternative
Representative:

Christopher J. Sibley
Title: Lead Contract Negotiator
Address: 250 Outcropping Way
City/State/Zip Code: Folsom, CA 95630
Email address: csibley@caiso.com
Phone: (916) 608-7030
Fax: (916) 608-7292

Attachment B
Amended Scheduling Coordinator Agreement
with Revisions to the Prior Versions Shown in Marked Format

* * *

**CALIFORNIA INDEPENDENT SYSTEM
OPERATOR CORPORATION**

AND

**~~THE~~ BONNEVILLE POWER
ADMINISTRATION**

**SCHEDULING COORDINATOR
AGREEMENT**

Scheduling Coordinator Agreement

THIS AGREEMENT is made this ____ day of _____, _____, and is entered into, by and between:

(1) ~~The Bonneville Power Administration~~ having a registered or principal executive office at **905 NE 111th Avenue, Portland, Oregon 97208-3621-97232** (the "Scheduling Coordinator");

and

(2) **CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**, a California nonprofit public benefit ~~Corporation~~ corporation having a principal executive office located at such place in the State of California as the ISOCAISO Governing Board may from time to time designate, currently 250 Outcropping Way, Folsom, California 95630 (the "ISOCAISO").

(the "CAISO").

The Scheduling Coordinator and the CAISO are hereinafter referred to as the "Parties".

Whereas:

- A. The Scheduling Coordinator has applied for certification by the ISOCAISO under the certification procedure referred to in Section ~~2.2.34.5.1~~ of the ISOCAISO Tariff.
- B. The Scheduling Coordinator wishes to ~~schedule~~ submit Bids for Energy and Ancillary Services on the ISOCAISO Controlled Grid under the terms and conditions set forth in the ISOCAISO Tariff.

NOW IT IS HEREBY AGREED as follows:

1. Definitions and Interpretation.

1.1 Master Definitions Supplement. Terms and expressions used in this Agreement shall have the same meanings as those contained in the Master Definitions Supplement to the ISOCAISO Tariff.

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;
- (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 the ISO Operating Agreement and Tariff “including without limitation”;
- (e) 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;
- (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, together with any Appendices or attachments thereto.;
- (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.

2. Covenant of the Scheduling Coordinator.

2.1 The Scheduling Coordinator agrees that:

~~the ISO~~2.1.1 The CAISO Tariff governs all aspects of bidding and scheduling of Energy and Ancillary Services on the ISO/CAISO Controlled Grid, including (without limitation), the financial and technical criteria for Scheduling Coordinators, bidding,

~~settlement~~Settlement, information reporting requirements and confidentiality restrictions;

~~it~~2.1.2 It will abide by, and will perform all of the obligations under the ISOCAISO Tariff placed on Scheduling Coordinators in respect of all matters set forth therein including, without limitation, all matters relating to the bidding and scheduling of Energy and Ancillary Services on the ISOCAISO Controlled Grid, obligations regarding Resource Adequacy Plans and other requirements of Section 40 of the CAISO Tariff applicable to Scheduling Coordinators for affected Load Serving Entities, ongoing obligations in respect of scheduling, Settlement, system security policy and procedures to be developed by the ISOCAISO from time to time, billing and payments, confidentiality and dispute resolution;

~~it~~2.1.3 It shall ensure that each UDC, over whose Distribution System Energy or Ancillary Services are to be transmitted in accordance with ~~Schedules, Adjustment Bids or bids for Ancillary Services~~ submitted to the ISOCAISO by the Scheduling Coordinator, enters into a UDC ~~operating agreement~~Operating Agreement in accordance with Section 4.4 of the ISOCAISO Tariff;

~~it~~2.1.4 It shall ensure that each Generator for which it ~~schedules Energy or on whose behalf it~~ submits ~~to the ISO Adjustment Bids or bids for Ancillary Services~~ enters ~~in to~~ into a Participating Generator agreement in accordance with Section ~~5~~4.6 of the ISOCAISO Tariff;

~~it~~2.1.5 It shall have the primary responsibility to the ISOCAISO, as principal, for all Scheduling Coordinator payment obligations under the ISOCAISO Tariff;

~~its~~2.1.6 Its status as a Scheduling Coordinator is at all times subject to the ISOCAISO Tariff.

3. Term and Termination.

~~3.1~~ This Agreement shall commence on the later of (a) ~~the ISO Operations Date~~ _____ or (b) the date the Scheduling Coordinator is certified by the ISOCAISO as a Scheduling Coordinator.

~~3.2~~ This Agreement ~~shall terminate upon acceptance by FERC of a notice of termination. The ISO shall timely file any notice of termination with FERC~~ may be terminated in accordance with the provisions of Section 4.5.4.4 and 4.5.4.5 of the CAISO Tariff; provided, however, any outstanding financial right or obligation or any other right or obligation under the CAISO Tariff of the Scheduling Coordinator that may have arisen under this Agreement, and any provision of this Agreement

necessary to give effect to such right or obligation, shall survive such termination until satisfied. The CAISO shall timely file any notice of termination with FERC, if this Agreement has been filed with FERC, or must otherwise comply with the requirements of FERC rules regarding termination.

~~ASSIGNMENT~~

~~Either party may assign its obligations under this Agreement with the other party's consent, such consent shall not to be unreasonably withheld.~~

~~PARTIAL INVALIDITY~~

~~If any provision of this Agreement, or the application of such provision to any persons, circumstance or transaction, shall be held invalid, the remainder of this Agreement, or the application of such provision to other persons or circumstances or transactions, shall not be affected thereby.~~

4. Settlement Account.

4.1 The Scheduling Coordinator shall maintain at all times an account with a bank capable of Fed-Wire ~~Transfer~~transfer to which credits or debits shall be made in accordance with the billing and Settlement provisions of Section 11 of the ~~ISO~~CAISO Tariff. Such account shall be the account referred to in ~~Clause 7~~ hereof or as notified by the Scheduling Coordinator to the ~~ISO~~CAISO from time to time by giving at least ~~7~~20 days written notice before the new account becomes operational, together with all information necessary for the CAISO's processing of a change in that account.

~~NOTICES~~

~~Any notice, demand or request made to or by either party regarding this Agreement shall be made in accordance with the ISO Tariff and unless otherwise stated or agreed shall be made to the representative of the other party indicated below.~~

ISO:

Name of Primary Representative: ~~Don Fuller~~

Name of Alternative Representative: ~~Deborah A. Le Vine~~

~~Address: P.O. Box 639014~~

~~Folsom~~

~~State: CA Zip Code: 95763-9014~~

~~E-Mail Address: dfuller@caiso.com~~

~~Phone No: (916) 351-4445~~

~~Fax No: (916) 351-2263~~

Scheduling Coordinator:

~~Name of Primary Representative: Peggy Olds~~

~~Name of Alternative Representative: Lauren Nichols~~

~~Address: P.O. Box 3621~~

~~Portland~~

~~State: OR Zip Code: 97208-3621~~

~~E-Mail Address: paolds@bpa.gov~~

~~Phone No: (503) 230-5002~~

~~Fax No: (503) 230-5054~~

~~Settlement Account No: 89001401~~

~~Title: NA~~

~~Sort Code: ABA 021030004~~

~~Bank: Federal Reserve Bank of New York~~

8. Agreement to be bound by ISOCAISO Tariff.

5.1 The ISOCAISO Tariff is incorporated herein and made a part hereof. In the event of a conflict between the terms and conditions of this Agreement and any other terms and conditions set forth in the ISOCAISO Tariff, the terms and conditions of the ISOCAISO Tariff shall prevail, ~~provided, however,~~

~~that any suit or action to enforce this Agreement or the ISO Tariff as it applies to the Scheduling Coordinator shall be brought before FERC or, where jurisdictionally appropriate, a federal court of the United States of America with jurisdiction.~~

96. Electronic Contracting.

6.1 All submitted applications, schedules, ~~bids~~Bids, confirmations, changes to information on file with the ~~ISO~~CAISO and other communications conducted via electronic transfer (e.g. direct computer link, FTP file transfer, bulletin board, e-mail, facsimile or any other means established by the ~~ISO~~CAISO) shall have the same legal rights, responsibilities, obligations and other implications as set forth in the terms and conditions of the ~~ISO~~CAISO Tariff as if executed in written format.

7. Penalties and Sanctions.

7.1 The Scheduling Coordinator shall be subject to all penalties made applicable to Scheduling Coordinators set forth in the CAISO Tariff.

8. Costs.

8.1 The Scheduling Coordinator shall be responsible for all its costs incurred for the purpose of meeting its obligations under this Agreement.

9. Dispute Resolution.

9.1 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 Scheduling Coordinator and references to the CAISO Tariff shall be read as references to this Agreement.

10. Representation and Warranties.

10.1 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.

11. Liability.

11.1 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 Scheduling Coordinator and references to the CAISO Tariff shall be read as references to this Agreement.

12. Uncontrollable Forces.

12.1 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 Scheduling Coordinator and references to the CAISO Tariff shall be read as references to this Agreement.

13. Miscellaneous.

13.1 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.

13.2 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 Scheduling Coordinator 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.

13.3 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 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.

13.4 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, Federal Law. 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, any federal court of the United States of America, or, where subject to its jurisdiction, before the Federal Energy Regulatory Commission.

13.5 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.

13.6 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.

13.7 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.

13.8 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 Scheduling Coordinator 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.

13.9 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 have caused this Agreement to be executed by their respective authorized officials.

California Independent System Operator Corporation:

By: _____

Name: _____

Title: By: _____

Date: _____

Title: _____

Date: _____

The Bonneville Power Administration:

By: _____

Name: _____

Title: _____

Date: Title: _____

Date: _____

|

SCHEDULE 1

NOTICES

[Section 13.2]

Scheduling Coordinator

Name of Primary

Representative: Leslie J. Pompel

Title: Public Utilities Specialist

Company: Bonneville Power Administration

Address: 905 NE 11th Ave.

P.O. Box 3621

City/State/Zip Code: Portland, OR 97232 (P.O. Box Zip: 97208-3621)

Email Address: ljpompel@bpa.gov

Phone: (503) 230-5048

Fax No: (503) 230-7463

Name of Alternative

Representative: Robert C. Johnson

Title: Manager, Day Ahead & Real-time Marketing

Company: Bonneville Power Administration

Address: 905 NE 11th Ave.

P.O. Box 3621

City/State/Zip Code: Portland, OR 97232 (P.O. Box Zip: 97208-3621)

Email Address: rcjohnson@bpa.gov

Phone: (503) 230-3183

Fax No: (503) 230-7463

CAISO

Name of Primary

Representative: Ms. Roni L. Reese
Title: Sr. Contracts Analyst
Address: 250 Outcropping Way
City/State/Zip Code: Folsom, CA 95630
Email address: rreese@caiso.com
Phone: (916) 608-7027
Fax: (916) 608-7292

Name of Alternative

Representative: Christopher J. Sibley
Title: Lead Contract Negotiator
Address: 250 Outcropping Way
City/State/Zip Code: Folsom, CA 95630
Email address: csibley@caiso.com
Phone: (916) 608-7030
Fax: (916) 608-7292

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