



California Independent
System Operator Corporation

REDACTED VERSION FOR PUBLIC RELEASE

PRIVILEGED INFORMATION CONTAINED IN CONFIDENTIAL ATTACHMENT

December 30, 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 Non-Conforming Service Agreement No. 798
Docket No. ER12-____-000**

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act ("FPA"), 16 U.S.C. § 824d, the California Independent System Operator Corporation ("CAISO") submits for Commission filing and acceptance a fully executed Second Amended and Restated City of Riverside Metered Subsystem Agreement ("MSSA") among the CAISO and the City of Riverside. The CAISO respectfully requests an effective date for this Second Amended and Restated MSSA of January 1, 2012 to coincide with the effective date of the CAISO tariff to implement the CAISO's 2012 grid management charge approved by the Commission's order issued on September 30, 2011 in Docket No. ER11-4000-000.

I. Background

The CAISO filed the original MSS Agreement between the CAISO and City of Riverside on May 18, 2007 in Docket No. ER07-923-000. By letter order issued July 11, 2007, the Commission accepted it as Original Service Agreement No. 798 under the currently effective CAISO Tariff.¹ As described in the CAISO's filing in that proceeding, the MSS Agreement provides for special treatment of City of Riverside as an MSS Operator in relation to the terms of the CAISO Tariff.

The CAISO filed an amended and restated metered subsystem agreement between the CAISO and City of Riverside on October 31, 2008 in Docket No. ER09-188-000 to be effective upon implementation of the CAISO's new market, which was accepted by letter order of the Commission issued on January 23, 2009. Subsequently the parties twice amended this MSSA. See Letter Order dated July 19, 2010 in Docket No. ER10-1289-000; Letter Order dated October 25, 2010 in Docket No. ER10-2525-000.

A. Purpose of the Second Amended and Restated City of Riverside MSSA

The primary purpose of the Second Amended and Restated City of Riverside MSSA is to align the current MSSA with the new provisions of the 2012 grid management charge. This amendment also incorporates load following system resources' self-schedules and associated operational adjustments as load following energy to more fully account for City of Riverside load following resources, should the City of Riverside elect to load follow. At this time the City of Riverside has not elected to follow their load. The CAISO is undertaking both sets of changes to more fully align all five of its metered subsystem agreements, although only the grid management charge provisions would have any immediate relevance for four of the five metered subsystems ("MSS") since these four metered subsystems, including the City of Riverside, are not load following. The Commission recently approved these same provisions in the MSS Aggregator Agreement among the CAISO and Northern California Power Agency (NCPA) and NCPA's members in Docket No. ER12-332-000, letter order dated December 14, 2011.

The CAISO and City of Riverside have agreed to the modifications reflected in the Second Amended and Restated MSSA that are described in Sections I.B and I.C, below, in order to best accomplish the foregoing purposes.

¹ The effective CAISO Tariff at the time of the Commission's original acceptance of the MSS Agreement was designated as CAISO FERC Electric Tariff, First Replacement Volume Nos. I and II. The currently effective CAISO Tariff is designated as CAISO FERC Electric Tariff, Third Replacement Volume Nos. I and II. The MRTU Tariff is designated as CAISO FERC Electric Tariff, Fourth Replacement Volume Nos. I and II.

B. Metered Subsystem Load Following Energy

After the start of the new market in April 2009, questions arose related to the assessment of load following deviation based allocations to metered subsystems. Specifically, the CAISO was asked to consider whether incremental and decremental energy schedule changes from the day ahead market for non-dynamic system resources should be considered load following energy when deriving the deviations based allocation quantities. Two points were considered by the CAISO in assessing this question.

First, prior to the start of the new market the incremental and decremental energy schedule changes of non-dynamic system resources were calculated as uninstructed imbalance energy and not operational adjustments. As uninstructed imbalance energy, the non-dynamic system resource energy schedule changes were indirectly being considered as load following when deriving deviation based allocation quantities. After the start of the new market with the introduction of the day ahead market, all changes to non-dynamic system resource schedules are in response to or directly related to the load forecasts changes between day ahead market and real time market. However, as provided in the MSSA, not all resources eligible for load following were included in these calculations.

After much consideration and discussion, the CAISO concluded that it should consider hour ahead scheduling process ("HASP") self-scheduled energy and operational adjustments as load following energy for those non-dynamic system resources which have been designated as load following resources within the MSSA. This will be accomplished on a going forward basis as follows:

- HASP self-scheduled energy will be calculated as the incremental or decremental self-scheduled change in the real-time market from day-ahead scheduled energy for non-dynamic system resources.
- The HASP MSS load following self-scheduled energy is therefore defined as HASP self-scheduled energy for those non-dynamic system resources that are designated as MSS load following resources.
- MSS load following operational adjustments is defined as operation adjustments of non-dynamic system resources that are designated as MSS load following resources.

In addition, the CAISO will consider HASP MSS load following self-scheduled energy and MSS load following operational adjustments when deriving deviation based allocation quantities and related grid management charges as specified in the MSSA.

C. Differences between the Currently Effective MSSA and the Second Amended and Restated City of Riverside MSSA

The Second Amended and Restated MSSA contains a number of changes and additions to the currently effective MSSA, including the following:

1. Changes necessary to recognize the CAISO grid management charge structure effective January 1, 2012:
 - **Section 13.9:** Grid management charges based on uninstructed imbalance energy is deleted as it terminates on December 31, 2011 and replaced with the 2012 grid management charge based on market services, such that City of Riverside's scheduling coordinator will not be assessed market service charges associated with MSS load following energy and HASP self-scheduled energy from load following system resources and associated operational adjustments;
 - **Section 13.10:** Grid management charges based on instructed imbalance energy is deleted as this charge terminates on December 31, 2011;
2. Changes necessary to incorporate external resources' HASP self-schedules and associated operational adjustments as part of City of Riverside's load following portfolio and associated calculations should City of Riverside elect to load follow:
 - **Whereas, Section G:** Acknowledge that system resources and resource specific system resources will be utilized to load follow;
 - **Section 3.2.6 (new):** Recognize that City of Riverside will comply with the CAISO tariff with regard to the operation of the resource specific system resources;
 - **Sections 13.8:** Recognize that the hourly RTM bid cost uplift is allocated in proportion to City of Riverside's MSS net negative uninstructed deviation with MSS load following energy and HASP self-scheduled energy from load following system resources and associated operational adjustments included in the netting, plus any HASP reductions not associated with the HASP self-scheduled energy from load following system resources;

- **Section 13.11:** Modify load following deviation band compliance to recognize that load following resources include self-scheduled system resources and self-scheduled resource specific system resources;
 - **Section 13.15:** MSS net negative uninstructed deviation incorporates the HASP self-scheduled energy from load following system resources and associated operational adjustments into the calculation of the MSS net negative uninstructed deviation, and the HASP self-scheduled energy from load following system resources and associated operational adjustments will be netted against uninstructed imbalance energy to account for the actual quantity of net negative uninstructed deviation;
 - **Section 13.17:** Incorporate the HASP self-scheduled energy from load following system resources and associated operational adjustments in the netting for net negative uninstructed deviations with MSS load following energy that may be associated with emissions costs; and
 - **Schedule 14 B (new):** Include a schedule to identify the load following system resources.
- 3. Section 5.4:** Modify requirement for a single point of contact and delete schedule 6 to recognize that the Parties will update operational contact information as this information changes from time to time;
- 4. Miscellaneous:** General informational updates to schedule 17: contacts for notices.

II. Effective Date and Conditional Request for Waiver

The CAISO respectfully requests that the Second Amended and Restated City of Riverside MSSA included in the instant filing be made effective on January 1, 2012. 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. January 1, 2012 is the effective date that the CAISO and City of Riverside have agreed upon and it is important these changes to be made effective coincident with the changes to the CAISO grid management charges.

III. Request for Privileged Treatment

Included in a confidential attachment to this Second Amended and Restated City of Riverside MSSA, pursuant to Commission Order Nos. 630 and

630-A,² is a copy of the non-public portions of the Second Amended and Restated City of Riverside MSSA. Specifically, a portion of schedule 8 that contains contact information and a spreadsheet regarding Riverside's Underfrequency Load Shedding Plan, a portion of schedule 10 that includes Riverside's Standard Practice Nos. 190.001 and 190.002, schedule 11 that includes Riverside's Electrical Emergency Plan, all of schedule 14 and 15.1, and a portion of schedule 17 are designated as confidential. The CAISO is seeking privileged treatment of these materials under 18 C.F.R. § 388.112 as their public disclosure could impair system operations, unnecessarily reveal sensitive information, and pose significant security problems as to the facilities referenced therein. For these reasons, the CAISO submits that these materials should be exempt from public exposure and should be granted privileged treatment. This request is consistent with past treatment of this information in prior filings.

IV. 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.

V. Service

Copies of this filing have been served upon City of Riverside, the California Public Utilities Commission, and all parties on the official service list for Docket No. ER07-923-000. In addition, the filing has been posted on the CAISO Website.

Enclosed for filing is each of the following:

- (1) this letter of transmittal;
- (2) the public version of the Second Amended and Restated City of Riverside MSSA (Attachment A);
- (3) the public version of the Second Amended and Restated City of Riverside MSSA showing the differences between it and the current version of the MSSA (Attachment B);
- (4) the confidential version of the Second Amended and Restated City of Riverside MSSA (Attachment C);

² *Critical Energy Infrastructure Information*, Order No. 630, FERC Stats. and Regs. ¶ 31,140, *order on reh'g*, Order No. 630-A, FERC Stats. and Regs. ¶ 31,147 (2003).

- (5) the confidential version of the Second Amended and Restated City of Riverside MSSA showing the differences between it and the current confidential version of the MSSA (Attachment D);

VI. Correspondence

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

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18 C.F.R. § 203(b)(3).

VI. Conclusion

The CAISO respectfully requests that the Commission accept this filing and permit the CAISO's submittal of the Second Amended and Restated City of Riverside MSSA to be effective as of the date requested. If there are any questions concerning this filing, please contact the undersigned.

Respectfully submitted,
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The Honorable Kimberly D. Bose
December 30, 2011
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Attorneys for the California Independent
System Operator Corporation

Attachment A
PUBLIC VERSION
Second Amended and Restated Riverside MSSA

[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]

**CALIFORNIA INDEPENDENT SYSTEM
OPERATOR CORPORATION**

AND

CITY OF RIVERSIDE

**SECOND AMENDED & RESTATED
METERED SUBSYSTEM AGREEMENT**

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SECOND AMENDED AND RESTATED METERED SUBSYSTEM AGREEMENT

THIS AGREEMENT is dated this _____ day of _____, 20____ and is entered into, by and between:

- (1) The **City of Riverside**, a municipal corporation of the State of California, which owns and operates a municipal electric utility system engaged in the Generation, transmission, distribution, purchase and sale of electric power and Energy at wholesale and retail, having its registered and principal place of business located at 3900 Main Street, Riverside, California 92522 ("Riverside");

and
- (2) **California Independent System Operator Corporation**, a California non-profit public benefit corporation having its principal place of business located in 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").

Riverside and the CAISO are hereinafter referred to individually as "Party" or collectively as the "Parties."

Whereas:

- A.** The City of Riverside is a MSS Operator of a Metered Subsystem ("MSS") engaged in, among other things, generating, transmitting and distributing electric power in the Riverside Service Area;
- B.** The CAISO operates the CAISO Balancing Authority Area and is engaged in, among other things, exercising Operational Control over certain electric transmission facilities forming the CAISO Controlled Grid, including transmission facilities owned by Southern California Edison Company (hereinafter referred to as "SCE") and Riverside's transmission Entitlements, scheduling transactions that utilize those transmission facilities and Entitlements, and operating certain markets, including markets for Energy and Ancillary Services, pursuant to the terms of the CAISO Tariff and has certain statutory obligations under California law to maintain the reliability of the CAISO Controlled Grid, as well as certain responsibilities mandated by the North American Electric Reliability Corporation ("NERC") and Western Electricity Coordinating Council ("WECC") or its successor to ensure the reliable operation of the entire electric grid within the CAISO Balancing Authority Area;
- C.** Riverside is a municipal electric utility formed under Article XII of the Riverside City Charter and utilizes, either directly or indirectly through the Southern

- California Public Power Authority ("SCPPA"), tax-exempt financing for one or more of its projects that restricts the amount of private use of such projects;
- D.** Riverside's System is within the CAISO Balancing Authority Area, is indirectly interconnected to the CAISO Controlled Grid, and is directly interconnected to the SCE Distribution System through the Wholesale Distribution Access Tariff ("WDAT");
 - E.** Riverside desires to continue to operate its generating resources, its transmission, and the distribution resources of Riverside's System in an integrated manner to reliably serve Riverside's Loads and also desires, as or through a Scheduling Coordinator, to submit Bids, including Self-Schedules, to use the CAISO Controlled Grid and participate in the CAISO Markets as a buyer and a seller;
 - F.** The Parties are entering into this Metered Subsystem Agreement ("Agreement") in order to establish the terms and conditions on which (1) Riverside will operate Riverside's Generating Units within the CAISO Balancing Authority Area; (2) Riverside will, as or through its Scheduling Coordinator, submit Bids, including Self-Schedules, into the CAISO Balancing Authority Area and participate in the CAISO Markets; and (3) the Parties will meet their obligations under the CAISO Tariff, as may be modified by this Agreement, in connection therewith;
 - G.** Riverside desires to have the option at some future date to elect to utilize Riverside's System resources, System Resources and Resource Specific System Resources, and imports into its MSS to follow Riverside's Loads and exports from its MSS;
 - H.** The intent of the Parties is that any CAISO charges will be charged to Riverside's Scheduling Coordinator based on the principle of cost causation, with due regard for historic considerations, timing and transition issues, and other relevant factors;
 - I.** In order to maintain the reliability of the interconnected electric systems encompassed by the WECC, the Parties are required to comply with the NERC and WECC Reliability Standards, and the WECC RMS Agreement to the extent it remains in effect, applicable to the functional entity types for which the Parties are registered with NERC and WECC. Should any Party fail to meet its respective obligations, such Party shall be responsible for payment of any monetary sanctions assessed against it in accordance with Section 10.3;
 - J.** Riverside represents that it has a responsibility to serve its customer Loads pursuant to the Riverside City Charter. Consistent with that responsibility, the Parties acknowledge that Riverside's Generation resources are dedicated first and foremost to service Riverside's retail native Load within Riverside's Service Area and that such resources are, except for times of System Emergency as

specified in and consistent with Section 7.1.5 or Riverside's voluntary participation in CAISO Markets or other circumstances, as specified in this Agreement, not subject to CAISO Dispatch; and

- K. The Parties acknowledge that the CAISO is responsible for the efficient use and reliable operation of the CAISO Controlled Grid and the operation of the CAISO's Balancing Authority Area consistent with achievement of planning and Operating Reserve criteria no less stringent than those established by the WECC and NERC and in accordance with the CAISO Tariff. The Parties acknowledge that the CAISO may not be able to satisfy fully these responsibilities if parties to agreements with the CAISO, including Riverside, fail to comply fully with all of their obligations under those agreements. The Parties further acknowledge that Riverside may not be able to satisfy fully its native Load responsibilities in the event the CAISO fails to comply fully 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.** Unless defined in the introduction or Section 1.2, all terms used in this Agreement with initial capitalization shall have the same meaning as those contained in Appendix A, the Master Definitions Supplement to the CAISO Tariff.
- 1.2 **Special Definitions for this Agreement.** In this Agreement, the following terms shall have the meanings set opposite them:
- "Point of Delivery"** means any point at which Riverside's System interfaces with the CAISO Controlled Grid for transactions into CAISO Markets. The Point of Delivery is described in Schedule 1.
- "Point of MSS Interconnection"** means any point at which the City of Riverside may in the future be directly interconnected with the CAISO Controlled Grid in the CAISO Balancing Authority Area. The initial Points of MSS Interconnection are described in Section 4.1.
- "Riverside's System"** means all transmission facilities, distribution facilities and Generating Units owned or controlled by Riverside on Riverside's side of the Points of MSS Interconnection or Points of Delivery for its MSS, as listed in Schedule 1. A description of the generating facilities and any Point of MSS Interconnection facilities comprising Riverside's System is set forth in Schedule 1.

1.3 Rules of Interpretation. The following rules of interpretation and conventions shall apply to this Agreement:

- (a) the singular shall include the plural and vice versa;
- (b) the masculine shall include the feminine and neutral and vice versa;
- (c) “includes” or “including” shall mean “including without limitation”;
- (d) 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;
- (e) any reference to the CAISO Tariff or any provision of the CAISO Tariff will mean a reference to the CAISO Tariff or provision then in effect as modified during the term of this Agreement, unless otherwise specifically provided;
- (f) 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;
- (g) 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;
- (h) unless the context otherwise requires, any reference to a Party includes a reference to its permitted successors and assigns;
- (i) any reference to a day, week, month or year is to a calendar day, week, month or year; and
- (j) 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 later of: (1) the date this Agreement is accepted for filing and made effective by FERC, or (2) the date the version of the CAISO Tariff implementing the CAISO’s Market Redesign and Technology Upgrade (“MRTU”) market design becomes effective, and shall remain in full force and effect until terminated pursuant to Section 2.2 or upon such other date as the Parties shall mutually agree. Upon the effective date of

this Agreement, all prior versions will be superseded, provided that if this Agreement has become effective, but the CAISO exercises its rights under Section 44 of the CAISO Tariff and returns its operations and settlements to the pre-MRTU ISO Tariff, the Parties will use the terms of the version of the Metered Subsystem Agreement in existence prior to this Agreement during such period that the CAISO returns to the previously effective ISO Tariff, except that the updates to the Schedules attached to this Agreement will remain in effect.

2.2 Termination

2.2.1 Termination by Default. Either Party (the terminating Party) may terminate this Agreement by giving written notice of termination in the event that the other Party (the defaulting Party) commits any default under this Agreement or the applicable provisions of the CAISO Tariff which, if capable of being remedied, is not remedied within 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 XVIII.

2.2.2 Termination for Cause. Riverside may terminate this Agreement by giving ninety (90) days written notice of termination in the event that: (i) any changes to the CAISO Tariff or state or federal law are approved or implemented that substantially alter Riverside's rights or obligations under this Agreement; (ii) the CAISO fails to maintain reliable system operations as required by Good Utility Practice and NERC and WECC Reliability Standards; or (iii) non payment by the CAISO for services rendered by Riverside.

2.2.3 Termination for Tax Reasons. Riverside may terminate this Agreement immediately on the loss or threatened loss in whole or in part of exemption from taxation for bonds used directly or indirectly by Riverside for generation, transmission, and distribution projects as a result of Riverside's obligations under this Agreement.

2.2.4 Termination on Notice. Either Party shall have the right to terminate this Agreement in accordance with this Section 2.2.4, subject to the procedural requirements set forth in Section 2.2.5.

2.2.4.1 Either Party may terminate this Agreement by giving the other Party written notice at least six (6) months in advance of the intended effective date of termination.

2.2.4.2 Riverside shall have the right to terminate this Agreement as provided for in Section 11.1.1.

2.2.5 Filing. With respect to any notice of termination given pursuant to this Section, the CAISO must file a timely notice of termination with FERC. The filing of the notice of termination by the CAISO will be considered timely if: (1) the request

to file a notice of termination is made after the preconditions for termination set forth in Sections 2.2.1, 2.2.2, 2.2.3 or 2.2.4 have been met, and (2) the CAISO files the notice of termination within 30 days of receipt of such request from Riverside or issuance of its own notice of termination. This Agreement shall terminate upon the date on which the notice of termination is permitted by FERC to become effective; provided, however, that if Riverside is the terminating Party, Riverside shall be relieved of its obligations and shall forego its rights herein as of the termination effective date associated with the provision of this Agreement pursuant to which Riverside has provided its notice of termination, regardless of action or inaction by the CAISO or FERC, provided that Riverside shall cease taking any service pursuant to this Agreement as of the effective date associated with Riverside's notice of termination and provided further that any outstanding charges or settlements that arose under this Agreement shall survive until they are satisfied.

ARTICLE III – GENERAL TERMS AND CONDITIONS

3.1 Scope of Agreement. Except as specifically provided otherwise, the provisions of this Agreement will apply only with respect to the facilities comprising Riverside's System and to Loads and Generating Units that comprise or are directly connected only to Riverside's System. Subject to the terms of Article II, this Agreement shall not affect Riverside's ability to join or establish another Balancing Authority Area or Riverside's right to exercise any available legal recourse to obtain or confirm that it possesses other forms of transmission rights.

3.2 Relationship Between Agreement and CAISO Tariff

3.2.1 Precedence of Agreement. 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 provision of this Agreement shall govern notwithstanding any inconsistent provision of the CAISO Tariff and, except as provided in Section 3.2.2, any CAISO Tariff provision that is referenced in this Agreement.

- 3.2.2 Precedence of CAISO Tariff.** 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.
- 3.2.3 Metered Subsystems.** Except as provided in Section 3.2.1, Riverside shall, with respect to the operation of the Metered Subsystem, comply with the requirements applicable to Metered Subsystems under Section 4.9 of the CAISO Tariff and all other provisions of the CAISO Tariff governing Metered Subsystems including but not limited to Sections 31.5, 34.12, and 36.10 of the CAISO Tariff.
- 3.2.4 Participating Generators.** Except as provided in Section 3.2.1, Riverside shall, with respect to the operation of any of its Generating Units listed in Schedule 14, comply with the requirements applicable to Participating Generators under Section 4.6 of the CAISO Tariff and all other provisions of the CAISO Tariff governing Participating Generators. Nothing in this Agreement shall obligate Riverside to execute a Participating Generator Agreement with respect to any Riverside Generating Units.
- 3.2.5 Participating Loads.** Except as provided in Section 3.2.1, Riverside shall, with respect to the operation of any Load listed in Schedule 14, comply with the requirements applicable to Participating Loads under Section 4.7 of the CAISO Tariff and all other provisions of the CAISO Tariff governing Participating Loads. Nothing in this Agreement shall obligate Riverside to execute a Participating Load Agreement with respect to any Riverside Load.
- 3.2.6 Resource Specific System Resources.** Except as provided in Section 3.2.1, Riverside shall, with respect to the operation of any Resource Specific System Resource listed in Schedule 14 B, comply with the requirements applicable to Resource Specific System Resources under Section 4.12 of the CAISO Tariff and all other provisions of the CAISO Tariff governing Resource Specific System Resources. Nothing in this Agreement shall obligate Riverside to execute a Resource Specific System Resource Agreement with respect to any Riverside Resource Specific System Resource.
- 3.2.7 Utility Distribution Companies.** Except as provided in Section 3.2.1, Riverside shall, with respect to the operation of the distribution facilities of Riverside's System, comply with the requirements applicable to Utility Distribution Companies under Section 4.4 of the CAISO Tariff and all other provisions of the CAISO Tariff governing Utility Distribution Companies. Nothing in this Agreement shall obligate Riverside to execute a UDC Operating Agreement.
- 3.2.8 Disputes.** The applicability of any provision of the CAISO Tariff to Riverside, including as provided in Sections 3.2.1 through 3.2.7, inclusive, shall, in the

event of a dispute between the Parties, be determined through the CAISO ADR Procedures in accordance with Article 13 of the CAISO Tariff.

3.2.9 Participating TO. So long as Riverside remains a Participating Transmission Owner (“TO”), Riverside shall comply with the requirements applicable to Participating TOs under Section 4.3 of the CAISO Tariff and all other provisions of the CAISO Tariff governing Participating TOs.

3.2.10 Written Agreements. This Agreement shall serve, with respect to Riverside, as the written agreements required by Sections 4.4.1, 4.6, 4.7, and 10.1.4 of the CAISO Tariff.

3.3 Amendment to Agreement

3.3.1 Amendments. Riverside and the CAISO shall retain all rights under Section 206 of the Federal Power Act. Except with respect to the CAISO’s rights set forth in Section 3.3.2 and the Parties’ rights under Section 206 of the Federal Power Act, this Agreement may be modified only by mutual written agreement between the Parties. Amendments that require FERC approval shall not take effect until FERC has accepted such amendments for filing and made them effective.

3.3.2 Section 205 Rights. The CAISO shall have the right to apply unilaterally under Section 205 of the Federal Power Act to change the rates, terms, and conditions under this Agreement for services provided to Riverside. In proposing any changes, unless in response to a FERC order as provided in Section 3.6, the CAISO will consider the principles in this Agreement as detailed in Section 3.4.2. Additionally, unless in response to a FERC order as provided in Section 3.6, any changes proposed by the CAISO shall be subject to the following:

3.3.2.1 The CAISO shall provide Riverside 30 days advance written notice of such change.

3.3.2.2 The CAISO shall meet and confer with Riverside regarding the change, provided that the scheduling of such meeting shall not be unreasonably delayed.

3.3.2.3 Riverside’s representative designated in Schedule 17 may waive these requirements upon written request by the CAISO.

3.3.2.4 The CAISO shall provide Riverside with a copy of the FERC filing if, and when, made.

3.3.3 Operational Changes. In addition to changes that may otherwise be contemplated by Section 3.5 or Section 3.6, the Parties recognize that the

CAISO's responsibilities and operations, as set forth in the CAISO Tariff, and that Riverside's responsibilities and operations may change during the term of this Agreement. The Parties agree that, in the event any such change substantially affects the allocation of rights, responsibilities and obligations between the Parties under this Agreement, the Parties, while continuing to honor the terms and conditions of this Agreement, will make good faith efforts to negotiate an appropriate amendment to this Agreement and shall endeavor in that process to restore that allocation. Schedules to this Agreement may be revised by agreement of the authorized representatives of the Parties designated in Schedule 17. Revisions to Schedules other than with regard to the contact information in Schedules 6 and 17 shall be filed by the CAISO with FERC.

3.4 Amendment to CAISO Tariff.

3.4.1 CAISO Tariff Amendments. Nothing in this Agreement shall affect in any way the authority of the CAISO to modify unilaterally the CAISO Tariff in accordance with Section 15 of the CAISO Tariff or of the CAISO and Riverside to exercise their rights under the Federal Power Act or any other law, or to pursue any legal remedies.

3.4.2 MSS Principles. In making amendments to the CAISO Tariff as provided in Section 3.4.1, the CAISO will consider the impact on Metered Subsystems and the principles reached in this Agreement, including but not limited to:

3.4.2.1 Cost Causation: The intent of the Parties is that CAISO charges will be charged to Riverside or Riverside's Scheduling Coordinator based on the principle of cost causation, with due regard for historic considerations, timing and transition issues, and other relevant factors.

3.4.2.2 Load Following Capability: Riverside desires the option to elect to implement Load following capability, through its Scheduling Coordinator, to match Riverside's Load and exports from its MSS with Riverside's resources and imports into its MSS approved in advance by the CAISO as not causing an undue operational burden, including not having the potential to exacerbate Congestion or otherwise adversely affect reliable operation of the CAISO Balancing Authority Area, and to make economic resource decisions with the resources in Riverside's portfolio.

3.4.2.3 Compatibility of Market Participants: For efficient use of transmission facilities and to decrease Congestion, the CAISO desires that all Market Participants operate using similar rules and scheduling timelines.

3.4.2.4 Private Use Restrictions: Riverside has financed, either directly or indirectly through SCPPA, one or more projects with tax-exempt bonds, which bond indentures require limitations on operational control of such projects.

- 3.4.2.5 Obligation to Serve and Voluntary Participation in CAISO Markets:** In order to preserve Riverside's ability to meet its obligation to serve its customers within its Service Area, the CAISO shall recognize the principle that the CAISO should minimize to the extent practicable any interference with Riverside's use of its resources to meet its obligation to serve. The CAISO shall recognize the principles that Riverside's participation in CAISO Markets should be strictly voluntary and that the CAISO's right to request surplus Generation from Riverside above that which is submitted under Bids or Self-Schedules into the CAISO Markets shall be limited to occurrence of System Emergencies consistent with Section 7.1.5 and other contingencies recognized in Sections 7.1 and 8.2.
- 3.4.2.6 Protection Against Load Shedding:** An MSS Operator that has sufficient resources to meet applicable resource adequacy standards and schedules sufficient resources to meet its own Load obligations, as specified in Section 7.7.11.4 of the CAISO Tariff and its firm energy obligations to third parties shall not be subject to Load Shedding that results from deficiencies by other Market Participants as to such requirements.

- 3.4.2.7 Affected Generating Units:** Riverside's generating resources subject to provisions of this Agreement applicable to Generating Units, and that are to be listed in Schedule 14, are those generating resources in the CAISO Balancing Authority Area over which Riverside has operational control.
- 3.5 Changes to CAISO Markets.** To the extent possible, any subsequent changes to the CAISO Markets that impact Metered Subsystems will be incorporated in this Agreement. If and when components of the CAISO Markets design necessitate a revision to this Agreement, the CAISO will amend this Agreement in accordance with Section 3.3 and consistent with the principles in Section 3.4.2.
- 3.6 Changes to Conform to FERC Orders.** Nothing in this Article III shall be interpreted to limit the CAISO's right to modify the CAISO Tariff or this Agreement to comply with or conform to any FERC order or to limit Riverside's right to challenge such a proposed modification.
- 3.7 Facilities Financed by Local Furnishing Bonds or Other Tax-Exempt Bonds.** This Section 3.7 applies only to facilities which are under the Operational Control of the CAISO and are owned by a MSS Operator with Local Furnishing Bonds or other tax-exempt bonds. Nothing in this Agreement shall compel (and the CAISO is not authorized to request) any MSS Operator with Local Furnishing Bonds, or other tax-exempt bonds, to violate restrictions applicable to facilities which are part of a system that was financed in whole or in part with Local Furnishing Bonds or other tax-exempt bonds.

ARTICLE IV - INTERCONNECTION

- 4.1 Points of MSS Interconnection.** The Points of MSS Interconnection are described in Schedule 1. Additional Points of MSS Interconnection may be established only by mutual agreement of the authorized representatives of the Parties pursuant to Section 3.3.3, which agreement shall not be unreasonably withheld.
- 4.2 Interconnection Operation Standards.** The CAISO and Riverside shall maintain stable established operating parameters and control power and reactive flow within standards stated in Schedule 2.
- 4.3 Operation, Maintenance, and Load Serving Responsibilities.** Riverside shall operate and maintain all facilities under Riverside control forming any part of Riverside's System, and shall be responsible for the supply, including any purchases, of the Energy and Ancillary Services required to reliably provide electric service to the Loads connected to Riverside's System in accordance with Applicable Reliability Criteria, including WECC and NERC Reliability Standards

and criteria. The Parties acknowledge that Riverside is responsible for compliance with the WECC and NERC Reliability Standards and criteria applicable to the functions for which Riverside has registered with NERC. The references to WECC and NERC Reliability Standards throughout this Agreement do not make any alteration or enlargement of the requirements or standards applicable to Riverside beyond its registrations with NERC.

4.4 Expansion, Retirement, and Modification of Facilities. The Parties shall coordinate with each other in the planning and implementation of any expansion, retirement, or modification of those facilities forming or interconnected to parts of Riverside's System that are identified in Schedule 1, proposed replacements for such facilities, and other facilities forming parts of Riverside's System that serve similar functions or that otherwise will or may significantly affect the Points of MSS Interconnection, and shall provide sufficient advance notice to enable the CAISO or Riverside to conduct any necessary studies. To the extent the CAISO determines studies are required, those studies will be performed in a reasonable period of time. The authorized representatives of Parties will amend Schedule 1 pursuant to Section 3.3.3, as necessary, should any new Point(s) of MSS Interconnection be established in accordance with Section 4.1.

4.5 Installation of Facilities and Rights of Access

4.5.1 Equipment Installation. Pursuant to Schedule 3, the Parties shall permit one another, on reasonable notice and with mutual agreement in each case, to install equipment or have installed equipment or other facilities on the property of the other Party to enable the installing Party to meet its service obligations, unless doing so would negatively impact the reliability of service provided by the owning Party. Unless otherwise agreed, all costs of installation shall be borne by the installing Party.

4.5.2 Rights of Access. A Party installing equipment on the property of the other Party shall be granted, free of charge, reasonable rights of access to inspect, repair, maintain and upgrade that equipment. Access shall be provided only on prior notice and such access shall not be unreasonably withheld.

4.5.3 Request for Access. Notwithstanding any other provision in this Section 4.5, Riverside shall provide, subject to any contractual limitations concerning Riverside's entitlements to facilities, the CAISO with access for inspection or audit, to any equipment or other facilities of Riverside's System, the operation of which affects any Point of MSS Interconnection or the CAISO Controlled Grid. Riverside will allow access during normal working hours with no prior notice, provided that Riverside shall have the right to delay access to any personnel for no longer than the minimum amount of time required for Riverside to verify their identity, business purpose, and right of access. For access during times outside of normal working hours, the CAISO shall provide Riverside with one (1) Business Day advance notice. A shorter advance notice

time may be attained subject to mutual agreement of the Parties' representatives.

ARTICLE V - OPERATIONS

5.1 Outages

- 5.1.1 Outage Coordination.** Riverside shall coordinate Outages of its Generating Units and of transmission facilities, including the Points of MSS Interconnection, constituting parts of Riverside's System with the owners of the transmission or distribution facilities with which Riverside's System is interconnected so that each of those owners can take those Outages into account in coordinating maintenance of its transmission facilities with the CAISO in accordance with the CAISO Tariff.
- 5.1.2 Scheduling Outages.** Riverside shall schedule with the CAISO on an annual basis pursuant to Schedule 4, with updates submitted as required under the CAISO Tariff Section 9.3.6, any Maintenance Outages of the equipment included in Schedule 1, and shall coordinate the Outage requirements of Riverside's System with the Participating TO with which Riverside's System is interconnected.
- 5.1.3 Application of Law.** Without waiving the right to terminate this Agreement in accordance with the terms of Section 2.2, Riverside shall coordinate Outages of its Generating Units, and of transmission facilities constituting parts of Riverside's System, with the CAISO, pursuant to any generally applicable program established by the CAISO to the extent required by the applicable sections of the CAISO Tariff or as required by any law, regulation or order applicable to Riverside where such law, regulation, or order applies to entities that have executed a written undertaking required by Section 4.6 of the CAISO Tariff.
- 5.2 Safety and Reliability.** Riverside shall operate and maintain Riverside's System in accordance with applicable safety standards and Reliability Standards pursuant to WECC and NERC requirements, regulatory requirements, operating guidelines, and Good Utility Practice so as to avoid any material unplanned-for adverse impact on the CAISO Controlled Grid. The CAISO shall operate and maintain the CAISO Controlled Grid and the operation of the CAISO Balancing Authority Area in accordance with applicable Reliability Standards pursuant to WECC and NERC requirements as applicable, regulatory requirements, operating guidelines, and Good Utility Practice so as to avoid any material unplanned-for adverse impact on Riverside's System. Without limiting the foregoing, Riverside shall operate and maintain Riverside's System, during normal and System Emergency conditions, in compliance with Riverside's Electric Emergency Plan ("EEP") and the requirements applicable to Utility

Distribution Companies in the CAISO Operating Procedures and standards. In the event any such CAISO Operating Procedure or standard is revised to modify the requirements applicable to Utility Distribution Companies, the Parties shall comply with such revision.

- 5.3 Critical Protective Systems.** Riverside will coordinate with the CAISO, SCE, and any Generators on Riverside's System to ensure that CAISO Controlled Grid Critical Protective Systems, including relay systems and other systems described in Schedule 5, are installed and maintained in order to function in a coordinated and complementary fashion with protective devices installed by Riverside, SCE, and Generators. Riverside shall notify the CAISO as soon as is reasonably possible of any condition that it becomes aware of that may compromise or affect the operating safety and reliability of the CAISO Controlled Grid Critical Protective Systems, including the systems described in Schedule 5.
- 5.4 Single Point of Contact.** Riverside shall provide a single point of contact and, maintain and operate a control center that is staffed "at all hours" and shall, together with the CAISO, establish appropriate communications facilities and procedures between Riverside's control center and the CAISO Control Center. The Parties agree to exchange operational contact information for insuring reliable communication in a format agreed to by the Parties. Each Party shall provide the other Party ten (10) calendar days advanced notice of updates to its operational contact information as that information is expected to change.
- 5.5 Transmission Losses, Outages, and Congestion.** Riverside shall be responsible for transmission losses within Riverside's System and to any Points of MSS Interconnection. In addition, Riverside shall be responsible for transmission line Outages and transmission Congestion within Riverside's System and at the Points of MSS Interconnection as specified in the CAISO Tariff Section 4.9.4.6. Congestion within Riverside's System will be managed in accordance with the CAISO Tariff, including CAISO Tariff Section 31.3.3.

ARTICLE VI – INFORMATION SHARING

- 6.1 Forecasts.** Riverside shall provide to the CAISO annually its ten-year forecasts of the MSS Demand growth, internal Generation, and expansions of or replacements for those transmission facilities that are part of Riverside's System identified in Schedule 1 and other transmission facilities that are part of Riverside's System that serve similar functions or that otherwise will or may significantly affect any Point of MSS Interconnection. Such forecast shall be provided on the date that Utility Distribution Companies are required to provide similar forecasts and shall be provided in accordance with the CAISO Tariff and the Business Practice Manual for the Transmission Planning Process. Peak

MSS Demand Forecasts for Riverside's System shall be submitted by Riverside's Scheduling Coordinator in accordance with the CAISO Tariff and the Business Practice Manual for Market Instruments, and biannually as part of the CAISO's summer and winter assessment process as agreed by the Parties.

- 6.2 System Surveys and Inspections.** Riverside and the CAISO shall cooperate to perform system surveys and inspections of facilities at or near the Points of MSS Interconnection that may significantly affect the facilities of the other Party.
- 6.3 Maintenance Schedules.** Riverside shall provide the CAISO on an annual basis with a schedule of planned maintenance of those Generation and transmission facilities identified in Schedule 1, in accordance with Schedule 4. Riverside and the CAISO shall also maintain records of the Maintenance Outages scheduled by Riverside on such facilities and their actual duration. Riverside shall coordinate maintenance of its transmission facilities with the CAISO in accordance with the Transmission Control Agreement. Should Riverside withdraw any of its transmission facilities from CAISO Operational Control pursuant to the Transmission Control Agreement, it shall coordinate maintenance of its transmission facilities within the CAISO Balancing Authority Area with the CAISO in accordance with this Agreement.
- 6.4 Reliability Information.** Riverside and the CAISO shall each have the obligation to inform the other Party, as promptly as possible, of any circumstance of which it becomes aware (including, but not limited to, abnormal temperatures, storms, floods, earthquakes, and equipment depletions and malfunctions and deviations from Registered Data and operating characteristics) that is reasonably likely to threaten the reliability of the CAISO Controlled Grid or the integrity of Riverside's System respectively. Riverside and the CAISO each shall also inform the other Party as promptly as possible of any incident of which it becomes aware (including, but not limited to, equipment Outages, over-loads or alarms) which, in the case of Riverside, is reasonably likely to threaten the reliability of the CAISO Controlled Grid, or, in the case of the CAISO, is reasonably likely to adversely affect Riverside's System. Such information shall be provided in a form and content which is reasonable in all the circumstances, sufficient to provide timely warning to the other Party of the potential threat and, in the case of the CAISO, not unduly discriminatory with respect to the CAISO's provision of similar information to other entities.
- 6.5 Major Outage Reports.** Riverside shall promptly provide such information as the CAISO may reasonably request concerning Riverside's operation of Riverside's System to enable the CAISO to meet its responsibility under the CAISO Tariff to conduct reviews and prepare reports following major Outages. Where appropriate, the CAISO will provide appropriate assurances that the confidentiality of commercially sensitive information shall be protected. The CAISO shall have no responsibility to prepare reports on Outages that affect customers on Riverside's System, unless the Outage also affects customers

connected to the system of another entity within the CAISO Balancing Authority Area. Riverside shall be solely responsible for the preparation of any reports required by any governmental entity or the WECC with respect to any Outage that affects solely customers on Riverside's System.

6.6 Annual Reviews and Reports

6.6.1 CAISO Annual Reviews and Reports. The CAISO shall make available to Riverside any public annual reviews or reports regarding performance standards, measurements or incentives relating to the CAISO Controlled Grid that the CAISO makes available to MSS Operators and Participating TOs.

6.6.2 Riverside Annual Reviews and Reports. Riverside shall make available to the CAISO any public annual reviews or reports regarding performance standards, measurements or incentives relating to Riverside's System that may affect the CAISO Balancing Authority Area.

6.6.3 Joint Reporting. The CAISO and Riverside shall jointly develop any necessary forms and procedures for collection, study, treatment, and transmittal of system data, information, reports and forecasts.

6.7 Direct Telemetry. Riverside shall cause to be installed and cause to be maintained direct telemetry links from facilities comprising Riverside's System to the CAISO's EMS system to provide real-time data to the CAISO, subject to any exemption available in accordance with the CAISO Tariff. Such data points may include without limitation: output of Generating Units under Riverside control; Riverside's line and transformer power flows at any Riverside Points of MSS Interconnection; and bus voltages at each Generating Unit and any Point of MSS Interconnection. With regard to Generating Units in the CAISO Balancing Authority Area in which Riverside has an entitlement, and at each Point of Delivery over which Riverside does not have legal authority to exercise control, Riverside shall, at a minimum, support the installation and maintenance of direct telemetry links to the CAISO's EMS system from those Generating Units and Points of Delivery before the appropriate bodies of the projects and/or Points of Delivery pursuant to the individual related agreements to the full extent allowed by such agreements and applicable laws and regulations. Additional data points to be transmitted to the CAISO EMS system will be as mutually agreed by the CAISO and Riverside representatives.

ARTICLE VII – EMERGENCY OPERATIONS

7.1 In General.

Except with respect to Sections 7.4.1, 7.4.3, 7.4.4, 7.5.1, and 7.5.2, or unless Riverside is short of resources to meet its forecasted MSS Demand and exports, as determined in accordance with Section 7.7.11.4 of the CAISO Tariff, the terms of this Article VII shall only apply during a System Emergency that is not a result of a deficiency of resources to serve Loads in the CAISO Balancing Authority Area but instead occurs due to operating contingencies, which may include but not be limited to forced loss of resources and/or transmission components or may otherwise be caused by an Uncontrollable Force. In the event a System Emergency occurs or the CAISO determines that a System Emergency is threatened or imminent, Riverside shall, in accordance with Section 7.7.2 of the CAISO Tariff and Good Utility Practice and subject to the terms of this Article VII: (a) comply with all directions from the CAISO concerning the management and alleviation of a threatened or actual System Emergency, which may include shutting down or starting a Generating Unit, altering the scheduled delivery of Energy or Ancillary Services throughout the CAISO Balancing Authority Area, or disconnecting Riverside Load; and (b) comply with all procedures concerning System Emergencies set out in the Riverside EEP, CAISO applicable Business Practice Manuals, and CAISO Operating Procedures, in accordance with the applicable provisions of this Agreement. Without limiting the generality of the foregoing:

(1) Applicability. Subsequent to the declaration by the CAISO of a threatened and imminent System Emergency in accordance with the CAISO's Operating Procedure applicable to System Emergencies, in the event Riverside has chosen not to follow its Load in accordance with Section 4.9.13 of the CAISO Tariff, and otherwise during a System Emergency, the CAISO may issue Dispatch Instructions or request additional output from Riverside's Generating Units in addition to the Energy and Ancillary Services for which Riverside has submitted Self-Schedules with the CAISO or Bids into the CAISO Markets. Unless the request or Dispatch Instruction is issued by the CAISO to implement a FERC approved market mitigation measure applicable to MSS Operators consistent with Section 7.1.5.1, Riverside shall not be required by this Agreement to comply with such requests or Dispatch Instructions, although it may consent to do so in a particular case (without prejudice to Riverside's right to direct its Scheduling Coordinator to decline any such requests or instructions thereafter), if: (i) the CAISO has not exhausted market resources prior to calling on Riverside's resources and such market resources, if dispatched, would have had a similar operational effect as dispatching Riverside's Generating Unit in alleviating the System Emergency; or (ii) the System Emergency is a result of insufficient resources to meet Load and/or inability to meet Operating Reserve obligations (as defined by WECC or its successor and implemented by the CAISO), as

determined in accordance with Section 7.7.11.4 of the CAISO Tariff. If Riverside or its Scheduling Coordinator chooses not to follow such a request or Dispatch Instruction, it shall notify the CAISO as soon as possible that it will not follow the request or Dispatch Instruction due to one of the reasons set forth above.

(2) Operating Limitations/Conditions. Any Dispatch Instructions, including Exceptional Dispatch Instructions, or requests for output from Riverside's Generating Unit(s) by the CAISO during System Emergencies shall be subject to the terms of Section 10.2.

7.1.1 Generating Unit Availability. When requested by the CAISO subsequent to the declaration by the CAISO of an alert regarding a threatened or imminent System Emergency in accordance with the CAISO's Operating Procedure applicable to System Emergencies in the event Riverside has chosen not to follow its Load in accordance with Section 4.9.13 of the CAISO Tariff, and otherwise during a System Emergency, Riverside shall operate all of its Generating Units listed in Schedule 14 to supply the CAISO with generating capacity and/or Energy that can be made available by those Generating Units in order to make available as much generating capacity and/or Energy as possible to the CAISO during the term of any System Emergency, consistent with: (a) maintaining an adequate Supply of Energy to serve Loads on Riverside's System, other than in accordance with Section 7.4; and (b) due consideration for Riverside obligations specified in the EEP attached to Schedule 11 or limitations specified in Schedule 14 resulting from, but not necessarily limited to: (1) licenses/permits related to Generating Units (including air emission constraints), (2) water release constraints imposed by regulatory agencies, (3) internal policies related to fuel and contract management, and (4) abnormal Generating Unit and transmission maintenance, provided that Riverside shall provide the CAISO with advance notice of any changes to the limitations in Schedule 14 that Riverside's obligations impose on the operation of its Generating Units, and any such changes agreed to by the CAISO shall be amendments to this Agreement. Such agreement by the CAISO shall not be unreasonably withheld. For that purpose, Riverside shall provide the CAISO with any change in Schedule 14 with regard to the limitations on the operation of its Generating Units. Riverside shall provide the CAISO updates regarding the status of the limitations in Schedule 14 promptly whenever it becomes aware of factors that affect such limitations, provided that updates shall be provided at least quarterly and no updates may be provided later than the deadline for the submission by other Generators of changes in limitations on the operation of Generating Units, which is the deadline for the submission into the Real-Time Market, except when a change is due to a Forced Outage. In making as much generating capacity and/or Energy available that can be made available by its Generating Units to the CAISO as possible for use subsequent to the declaration by the CAISO of an alert regarding a threatened or imminent System Emergency in accordance with the CAISO's Operating Procedure applicable to System

Emergencies and during System Emergency conditions, subject to the foregoing, Riverside shall:

- 7.1.1.1** Schedule, reschedule, Bid and operate, to the maximum extent possible, the Generating Units, within the limits set forth in Schedule 14 and, to the extent possible, other Riverside resources within and outside the CAISO's Balancing Authority Area to maximize the amount of generating capacity and/or Energy available that can be made available by those Generating Units and other resources to the CAISO, provided that Riverside shall not be required to terminate any firm sales of generating capacity or Energy that it is committed to provide pursuant to contracts in effect at the time of the System Emergency; and
- 7.1.1.2** Reschedule Maintenance Outages of equipment and facilities, including Generating Units and facilities which impact the operation of Generating Units, to maximize the amount of generating capacity and/or Energy that can be made available by those Generating Units to the CAISO.
- 7.1.2 CAISO Dispatch Instructions.** In the event that the CAISO issues a Dispatch Instruction, including an Exceptional Dispatch Instruction, that contravenes the Riverside EEP attached to Schedule 11 or any limitation set forth in Schedule 14 duly communicated in accordance with Section 7.1.1, Riverside or its Scheduling Coordinator shall not be required to follow that instruction, although it may consent to do so in a particular case (without prejudice to Riverside's right to direct its Scheduling Coordinator to decline any such instructions thereafter). If Riverside or its Scheduling Coordinator chooses not to follow such an instruction, it shall notify the CAISO as soon as possible that it will not follow the Dispatch Instruction, including an Exceptional Dispatch Instruction, due to the previously communicated limitation.
- 7.1.3 Compensation.** Riverside's Scheduling Coordinator shall receive compensation for generating capacity and/or Energy supplied in response to System Emergency Dispatch Instructions, including Exceptional Dispatch Instructions, issued by the CAISO in accordance with the CAISO Tariff.
- 7.1.4 Communication.** During a System Emergency, the CAISO and Riverside shall communicate through their respective control centers and in accordance with procedures established in this Agreement and the CAISO Tariff.
- 7.1.5 System Emergency Due to Deficiencies.** Notwithstanding anything to the contrary in Articles V, VII, VIII, IX, or X, or any CAISO Tariff provision, Riverside shall not be expected or required to curtail Load or offer to the CAISO generating capacity or Energy from its Generating Units in a System Emergency that is due to the failure of other Load Serving Entities to provide resources adequate to serve Load and maintain Operating Reserves in

accordance with the CAISO Tariff or meet the credit requirements of Section 12 of the CAISO Tariff.

- 7.1.5.1** Nothing in this Section 7.1.5 or this Agreement is intended to affect Riverside's obligation to comply with any market mitigation requirement, including any must-offer requirement, that the FERC may impose on MSS Operators such as Riverside.
- 7.2 Notice.** When a System Emergency occurs, the CAISO shall notify Riverside's control center as part of the process by which it notifies all Utility Distribution Companies and MSS Operators of System Emergency conditions. To the extent practical, such notices shall include sufficient information for Riverside to determine which conditions of Article VII may apply. Details of the notification process are set forth in Schedule 7.
- 7.3 Records.** Riverside and the CAISO shall maintain all appropriate records with respect to operations during a System Emergency in accordance with the CAISO Tariff.
- 7.4 Load Shedding**
- 7.4.1 Automatic Load Shedding.** Riverside shall implement and have at all times operational an automatic Underfrequency Load Shedding ("UFLS") program, or shall be included in another MSS's or UDC's WECC-compliant UFLS program, as described in Schedule 8, and any undervoltage relay protection program that may be described in Schedule 9.
- 7.4.2 Manual Load Shedding.**
- 7.4.2.1 Applicability.** Riverside shall not be subject to manual Load Shedding if: (i) it has sufficient resources to meet its forecasted Demand, as determined in accordance with Section 7.7.11.4 of the CAISO Tariff; and (ii) the Load Shedding is required solely due to insufficient resources to meet Load and/or inability to meet Operating Reserve obligations (as defined by WECC or its successor and implemented by the CAISO), as determined in accordance with Section 7.7.11.4 of the CAISO Tariff.
- 7.4.2.2 Verification of MSS Resource Sufficiency.** Riverside shall provide the CAISO with detailed real time information, in graphical or tabular format for those contracts and resources that do not have direct telemetry, demonstrating its full resource sufficiency during any time that the CAISO interrupted firm Load within the CAISO Balancing Authority Area or during which time a CAISO direction to interrupt firm Load was in force, like other MSS Operators and UDCs seeking similar exclusion from firm Load Shedding obligations, and Riverside and its Scheduling Coordinator shall be subject to

- the provisions of Section 7.7.11.4 of the CAISO Tariff for any failure to make such demonstration.
- 7.4.2.3 Implementation.** When called upon to do so by the CAISO in accordance with Section 7.4.2 to avert, manage, or alleviate a System Emergency, Riverside shall implement the manual Load Shedding program described in Schedule 10. The CAISO shall notify Riverside when conditions exist that would require Riverside to implement the Load curtailment and interruptible Load programs described in Schedules 10, 10A, and 10B. Subject to the provisions of Sections 7.1.2 and 7.4.2, if the CAISO determines that manual Load curtailment is required to manage a System Emergency, the CAISO shall determine the amount and location of Load to be reduced and, to the extent practicable, shall allocate a portion of the required Demand reduction to Riverside and each UDC and MSS Operator based on the ratio of its Demand at the time of the CAISO Balancing Authority Area annual peak Demand for the previous year to total CAISO Balancing Authority Area annual peak Demand for the previous year, taking into account system considerations and Riverside's curtailment rights.
- 7.4.2.4 Audit.** In the event the CAISO calls upon Riverside to implement manual Load Shedding, Riverside shall have the right to request an audit, in accordance with the provisions of CAISO Tariff Section 22.1.2.4, of the CAISO's implementation of manual Load Shedding to verify the CAISO's compliance with the conditions set forth in Section 7.4.2. The CAISO shall cooperate fully with such audits. Riverside shall bear the full cost of any such audit, including the cost of CAISO activities in cooperation with the audit.
- 7.4.3 Load Restoration.** Load shed in accordance with Section 7.4.1, 7.4.2, and 7.4.2.3 shall be restored pursuant to Schedule 12.
- 7.4.4 Coordination.** The CAISO shall use reasonable efforts to coordinate Riverside's Underfrequency Load Shedding program with the Underfrequency Load Shedding programs of other MSS Operators and Utility Distribution Companies, and the implementation of all such other programs, so that no one entity bears a disproportionate share of Underfrequency Load Shedding in the CAISO Balancing Authority Area. Riverside warrants that its UFLS program does and will continue to fully adhere to the applicable WECC plans and requirements governing such programs, in accordance with Schedule 8.
- 7.4.5 Supply Levels.** To the extent Riverside reduces Riverside's System Load in response to a System Emergency, it shall exercise its best efforts to maintain the same level of Generation and imports as was scheduled prior to the Load reduction in order to provide the CAISO with Energy, subject to the provisions of Section 7.1.2. Riverside's Scheduling Coordinator shall receive compensation for any Energy or Ancillary Services made available to the CAISO as a result of such Load Shedding in accordance with the CAISO Tariff

and CAISO Operating Procedures and, in accordance with Section 11.23(a) of the CAISO Tariff, shall not be subject to any Uninstructed Deviation Penalty for positive Uninstructed Imbalance Energy for so long as the System Emergency condition exists.

7.5 Electrical Emergency Plan

7.5.1 Coordination of Electric Emergency Plans. Riverside shall cooperate with the CAISO's implementation of the Electrical Emergency Plan ("CAISO EEP") developed by the CAISO in accordance with Section 7.7.5 of the CAISO Tariff. Riverside shall implement Riverside's EEP attached to Schedule 11 and filed with FERC for informational purposes, and the CAISO shall cooperate with Riverside's implementation of Riverside's EEP.

7.5.2 Notification of Voluntary Load Curtailment. Riverside shall notify its customers pursuant to its EEP of any requests for voluntary Load curtailments of which the CAISO notifies Riverside pursuant to the CAISO EEP.

7.5.3 Notification of Required Load Curtailment. When the CAISO allocates an amount of Load curtailment to Riverside pursuant to Section 7.4 and to the CAISO EEP to manage a System Emergency, Riverside shall cause customers to curtail that amount of Load.

7.6 Records. Riverside and the CAISO shall maintain all appropriate records with respect to operations during a System Emergency in accordance with the CAISO Tariff.

ARTICLE VIII - LOCAL AND REGIONAL RELIABILITY

8.1 Reliability Within Riverside's System

8.1.1 Riverside System Reliability. Riverside shall be solely responsible for maintaining the reliability of electric service to customers in Riverside's System in accordance with Applicable Reliability Criteria, WECC and NERC Reliability Standards and requirements, regulatory requirements, and Good Utility Practice, subject to the responsibilities of the CAISO as the Balancing Authority for the Balancing Authority Area in which Riverside's System is located.

8.1.2 Reliability Generation. Riverside shall be responsible for any reliability Generation, Voltage Support, and Black Start service requirements within Riverside's System. At the Points of MSS Interconnection, Voltage Support shall be managed in accordance with the CAISO Tariff.

8.1.3 Reliability Support Cost. If and to the extent the NERC or WECC criteria change or Riverside does not maintain sufficient Generation to meet the reliability criteria in Schedule 16, as may be amended, as applied to Riverside's System and thus avoid adverse impacts on the CAISO Controlled Grid, then Riverside's Scheduling Coordinator may be assessed costs incurred by the CAISO to support the reliability of Riverside's System. The CAISO will notify Riverside that the reliability criteria have not been met and the Parties shall negotiate in good faith over necessary modifications and, if they cannot reach agreement, submit the dispute to dispute resolution in accordance with Article XV.

8.2 Balancing Authority Area Reliability. For the costs specified in this Article VIII, Riverside, through its Scheduling Coordinator, shall be responsible for supplying or bearing its proportionate share of the costs of generating resources required for the reliability of electric service to Loads in the CAISO Balancing Authority Area, except for (i) Reliability Must-Run ("RMR") Generation costs on the CAISO Controlled Grid, where such costs are the responsibility of the Participating TO where the RMR Unit is interconnected and Riverside is not the applicable Participating TO, and (ii) any other costs of generating resources required for the reliability of electric service to Loads in the CAISO Balancing Authority Area that FERC may order to be inapplicable to Riverside. Riverside, through its Scheduling Coordinator, may meet such obligation from resources it owns or with respect to which it has contractual entitlements to the Energy and Ancillary Services, or it may purchase those products through the CAISO Markets in accordance with the terms of the CAISO Tariff.

8.3 Voltage Support.

8.3.1 Prior to Direct Interconnection. Until such time as Riverside may become directly interconnected with the CAISO Controlled Grid, Riverside shall maintain stable operating parameters and control of real and reactive power flows in accordance with Attachment B Technical and Operational Implementation of the Tariff for Wholesale Distribution Load of the SCE Wholesale Distribution Access Tariff ("WDAT") and the Service Agreement for Wholesale Distribution Service between SCE and Riverside (or a replacement agreement, provided that any replacement agreement preserves Riverside's obligations in accordance with this Section 8.3 and Schedule 2), which are incorporated herein by reference.

8.3.2 Direct Interconnection. If Riverside becomes directly interconnected with the CAISO Controlled Grid, Riverside shall maintain stable operating parameters and control of real and reactive power flows in accordance with the CAISO Tariff and the operation standards set forth in Schedule 2, and the responsibilities described below and in Schedule 2 shall apply at each Point of MSS Interconnection, if any, with the CAISO Controlled Grid. Riverside shall maintain the voltage on Riverside's System so that reactive flows at the Points

of MSS Interconnection are at the level specified by the CAISO within the power factor band of 0.97 lag to 0.99 lead. Riverside shall not be compensated for maintaining the power factor at the levels required by the CAISO within this bandwidth. If Riverside fails to maintain the power factor at the levels specified by the CAISO, Riverside's Scheduling Coordinator shall bear a portion of the CAISO's Voltage Support costs in accordance with Section 4.9.4.4 of the CAISO Tariff.

- 8.4 Black Start.** Riverside shall either provide its own share of CAISO Balancing Authority Area Black Start capability or, through its Scheduling Coordinator, shall bear a portion of the CAISO's Black Start costs in accordance with Section 4.9.4.5 of the CAISO Tariff.
- 8.5 Ancillary Services.** The CAISO is entrusted with the responsibility of ensuring adequate Ancillary Services for the CAISO Balancing Authority Area. Riverside's responsibility for the CAISO Balancing Authority Area requirements of Ancillary Services shall be determined in accordance with the CAISO Tariff. If Riverside's Scheduling Coordinator's Submission to Self-Provide an Ancillary Service is sufficient to meet Riverside's Ancillary Service Obligation, which capacity is committed to the various required Ancillary Services, and the Ancillary Service capacity remains available to the CAISO for that purpose, Riverside's Scheduling Coordinator shall not be required to purchase capacity in the CAISO's Ancillary Service markets. To the extent Riverside's Scheduling Coordinator does not self-provide sufficient capacity for this purpose, Riverside may, through its Scheduling Coordinator, purchase the required capacity in the CAISO's Ancillary Service markets. To the extent Riverside's Scheduling Coordinator does not maintain the availability of capacity committed to the CAISO for Ancillary Services for that purpose, the Scheduling Coordinator shall be responsible for the applicable charges under the CAISO Tariff.
- 8.6 MSS Aggregator.** Riverside may elect to have its Load and exports from Riverside's System, including losses, included in the aggregated Load and exports of its MSS Aggregator and reflected in Bids submitted by the MSS Aggregator's Scheduling Coordinator. The terms and conditions of the MSS Aggregator's agreement with the CAISO shall govern the inclusion of Riverside's Load and exports in the portfolio of the MSS Aggregator's Scheduling Coordinator regarding charges, Load following, Imbalance Energy and any application of a MSS Deviation Band provided for in the context of Load following.
- 8.7 Ratings and Limits.** At no time shall the power flow between the CAISO and Riverside at the Points of MSS Interconnection be allowed to cause any circuit or equipment at the Points of MSS Interconnection to exceed the allowable applicable ampacity rating or to exceed the simultaneous transfer limit between the CAISO and Riverside (such simultaneous transfer limit shall be studied and established by the authorized representatives of the Parties). If the actual or

anticipated power flow between the CAISO and Riverside causes a circuit at any Point of MSS Interconnection to exceed its applicable ampacity rating or such flow exceeds or is anticipated to exceed the agreed to allowable simultaneous transfer limit between the CAISO and Riverside, and further if the CAISO determines and Riverside concurs with the CAISO's determination, in accordance with Good Utility Practice, that Riverside is the cause of such exceedance or anticipated exceedance, Riverside retains the right, and the CAISO shall have the right to require Riverside, to take immediate action to reduce such flow on the overloaded circuit or reduce such simultaneous power flow between the CAISO and Riverside by one or more actions (as determined by Riverside), including, but not limited to, increasing internal Generation within Riverside or curtailing Riverside Load as necessary. If the CAISO determines, in accordance with Good Utility Practice, that Riverside is not the cause of the existing or anticipated exceedance, the CAISO may require third parties to take necessary action to reduce flows on overloaded circuits or reduce simultaneous power flows between the CAISO and Riverside if applicable and allowable through arrangements that the CAISO may have with such third parties or pursuant to the CAISO's authority under the CAISO Tariff or its delegated jurisdictional authority through WECC or NERC. If the CAISO is unable to determine a) whether Riverside caused, or b) to what extent Riverside may have caused, such exceedance or anticipated exceedance, or c) the Parties do not agree on the causation determination, the Parties agree, in accordance with Good Utility Practice, to confer and mutually decide what actions shall be taken.

- 8.8 SILT.** Riverside's implementation of the WECC Southern Island Load Tripping ("SILT") program shall fully adhere to applicable WECC plans and requirements governing such program, in accordance with Schedule 8.

ARTICLE IX – ACCESS TO THE CAISO CONTROLLED GRID AND MARKETS

9.1 Existing Contracts and Encumbrances and Access to the CAISO Controlled Grid

- 9.1.1 Existing Contracts or Encumbrances.** Nothing in this Agreement shall be construed or interpreted in any manner that would interfere with the terms and conditions of any Existing Contract or Encumbrance or relieve the CAISO of its obligation to honor such Existing Contracts and Encumbrances.
- 9.1.2 Open Access to CAISO Controlled Grid.** Riverside shall have open and non-discriminatory access to the CAISO Controlled Grid for the scheduling of transactions that do not utilize Existing Contracts and Encumbrances in accordance with the CAISO Tariff and for other transmission services the CAISO may provide in the future under the CAISO Tariff, or under any other appropriate regulatory avenue.

9.1.3 Use of CAISO Controlled Grid. Riverside may use the CAISO Controlled Grid in accordance with the CAISO Tariff to buy and sell electric products in the CAISO Markets and in bilateral transactions with other Market Participants.

9.1.4 Open Access to Riverside System. Riverside shall afford open and non-discriminatory access to the transmission facilities included in Riverside's System to any entity qualified to obtain an order under Section 211 of the Energy Policy Act of 1992 that affords such access to the transmission facilities that such entity owns or controls.

9.2 Access to CAISO Markets and CAISO Controlled Grid

9.2.1 Bids to Supply Energy, Ancillary Services and RUC Capacity. Energy, Ancillary Services and RUC Capacity provided by Riverside's Generating Units and Loads listed in Schedule 14 may be sold in the CAISO Markets on the terms applicable under the CAISO Tariff to Participating Generators and Participating Loads, respectively, and further applicable to MSS Operators or MSS Aggregators in accordance with the CAISO Tariff.

9.2.2 Self-Provided Ancillary Services and Self-Scheduled Energy. Riverside may self-provide and self-schedule all or any portion of its obligation for Ancillary Services and Energy. Whether or not Riverside engages in such self-provision, Riverside's Scheduling Coordinator shall include the gross output, less auxiliary load, of each Generating Unit and import from which Riverside meets that obligation and the gross Load served on Riverside's System and gross exports from Riverside's System in Bids, including Self-Schedules, submitted to the CAISO. If the CAISO amends the CAISO Tariff to relieve Scheduling Coordinators of the obligation to Bid and Self-Schedule gross Generation, imports, Loads, and exports, and the amendment would have applied to Riverside in the absence of this Agreement, the Parties shall negotiate an amendment to this Agreement to conform the obligations of this section to the modified procedures.

9.2.3 Scheduling Timelines. Riverside's Scheduling Coordinator shall submit all Bids and Self-Schedules, including Self-Schedules for the use of its Existing Contracts and Encumbrances, Bids and Self-Schedules for the use of the CAISO Controlled Grid as a new firm use, and Bids, including but not limited to Self-Schedules for the delivery of Energy and Ancillary Services, within the timelines established by the CAISO Tariff.

9.2.4 Black Start and Voltage Support. Riverside or its Scheduling Coordinator shall be entitled to Bid its Generating Units and the resources on Riverside's System in any open solicitation held by the CAISO for Black Start or Voltage Support services, provided that the supply of any service by Riverside shall not impair its ability to provide the service it is required by Article VIII to provide for Riverside's System, and, if the services are sold to the CAISO, Riverside or its

Scheduling Coordinator shall provide such services in accordance with the CAISO Tariff.

- 9.3 Congestion Revenue Rights.** Riverside as a Load Serving Entity is eligible to participate in and receive an allocation of CRRs through the CRR Allocation in accordance with Section 36 of the CAISO Tariff. Riverside, in order to participate in the CRR Allocation, must execute a pro forma CRR Entity Agreement in accordance with the CAISO Tariff.

ARTICLE X – GENERATING UNITS AND MARKET-PARTICIPATING LOADS

- 10.1 Identification of Resources.** Riverside has identified in Schedule 14 the individual Generating Units and Loads proposed for participation in the CAISO Markets that it owns, operates or to which it has a contractual entitlement that are included in Riverside's System.
- 10.1.1 Technical Characteristics.** Riverside has provided to the CAISO in Schedule 14 the required information regarding the capacity and operating characteristics of each of the Generating Units and market-participating Loads listed in that schedule. The CAISO may verify, inspect, and test the capacity and operating characteristics provided in Schedule 14, and any changes thereto made pursuant to Section 10.1.2 in accordance with Section 8.10 of the CAISO Tariff.
- 10.1.2 Notification of Changes.** Riverside shall notify the CAISO sixty (60) days prior to any change to the information provided in Schedule 14, provided that such notice shall not be required for changes to parameters of operating limitations set forth in Schedule 14, which shall be made in accordance with the CAISO's Operating Procedures. The Parties shall amend Schedule 14, as applicable, to reflect that change. Subject to such notification, and verification, inspection, and testing in accordance with Section 10.1.1, but without waiting for the execution and effectiveness of an amended Schedule 14, the Parties shall implement any new information for a Generating Unit or market-participating Load identified in Schedule 14 upon the effective date for the next scheduled update to the CAISO's Master File.
- 10.1.3 Generating Unit Limitations.** Nothing in this section shall preclude Riverside from informing the CAISO of changes in limitations on the operation of a Generating Unit, as provided in Section 7.1, or to comply with environmental laws and regulations, provided that Riverside provides the CAISO with advance notice of any changes in such limitations.

10.2 Generating Unit Operation

10.2.1 Generating Unit Telemetry. Riverside shall install and maintain direct telemetry links to the CAISO's EMS system for each Generating Unit under Riverside's control that enables the CAISO to view the status, voltage, and output of the Generating Unit and CAISO certified meters that transmits data automatically to the CAISO's Revenue Meter Data Acquisition and Processing System. Riverside shall calculate and specify to the CAISO any distribution loss factor applicable to its Generating Units.

10.2.2 Regulation Ancillary Service. If Riverside, through its Scheduling Coordinator, chooses to Bid Regulation or make a Submission to Self-Provide an Ancillary Service for Regulation from a Generating Unit, it must provide the CAISO with control over the Generating Unit providing Regulation and place the Generating Unit on Automatic Generation Control ("AGC") responsive to the CAISO's Regulation signal. Regulation service shall be provided in accordance with the CAISO Tariff. Riverside or its Scheduling Coordinator may adjust output of the Generating Units under Riverside's control, in response to Riverside's Load following needs, if elected in accordance with Section 4.9.13 of the CAISO Tariff, provided that, if Riverside is providing Regulation to the CAISO from any Generating Unit, it may not adjust the output of that Generating Unit unless the integrity of the CAISO's Regulation signal, and the continuous responsiveness of such Generating Unit, via AGC, to the CAISO's Regulation signal, is not compromised. If the CAISO determines that the integrity of the CAISO's Regulation signal or the continuous responsiveness to the CAISO's Regulation signal is compromised, the Generating Unit under Riverside's control shall be deemed not to have provided the Regulation, and Riverside shall be subject to the provisions of the CAISO Tariff applicable to failure to provide Regulation. To the extent that Riverside chooses not to provide Regulation from a Generating Unit under Riverside's control, the CAISO shall not control the Generating Unit via a direct link between the CAISO and the Generating Unit without Riverside's consent.

10.2.3 CAISO Authority to Dispatch Riverside Resources. The CAISO's authority to issue Dispatch Instructions, including Exceptional Dispatch Instructions, for any portion of the capacity of any Generating Unit under Riverside's control, other than in accordance with a Bid submitted to the CAISO by Riverside's Scheduling Coordinator, is set forth in and subject to Section 7.1.

10.3 WECC Requirements Applicable to Participating Generators

- 10.3.1 Reliability Criteria.** Riverside shall comply with the requirements of Section 4.6.5 of the CAISO Tariff applicable to Participating Generators.
- 10.3.2 Payment of WECC Sanctions.** Riverside shall be responsible for payment directly to the WECC of any monetary sanction assessed against Riverside by the WECC, as provided in Section 4.6.5.3 of the CAISO Tariff.

10.4 Market-Participating Load Operation

- 10.4.1 Technical Characteristics.** As required by Section 8.4 of the CAISO Tariff, Riverside shall provide the CAISO with all technical and operational information requested in Schedule 14 for each Curtailable Demand that it owns, operates, or has a contractual entitlement to. For those Loads designated by Riverside as providing Curtailable Demand, Schedule 14 requires Riverside to indicate in Schedule 14 whether the Load can submit a Bid or self-provide as Non-Spinning Reserve. Pursuant to Section 8.10 of the CAISO Tariff, the CAISO may verify, inspect and test the capacity and operating characteristics provided in Schedule 14 for Curtailable Demands.
- 10.4.2 Metering and Communication.** Pursuant to Sections 8.4.5 and 8.4.6 of the CAISO Tariff, Curtailable Demand that is Bid or self-provided as Non-Spinning Reserve is required to comply with the CAISO's communication and metering requirements.
- 10.4.3 UDC Interruptible Load Programs.** Due to the CAISO's reliance on interruptible Loads to relieve System Emergencies and its contractual relationship with each UDC, the CAISO will not accept, and Riverside shall not submit Energy Bids, or Ancillary Services Bids or Submissions to Self-Provide an Ancillary Service from interruptible Loads which are subject to curtailment criteria established under existing retail tariffs, except under such conditions as may be specified in the CAISO Tariff.
- 10.4.4 Incentive Mitigation.** For individual Loads or aggregated Loads receiving incentives for interruption under existing programs approved by a Local Regulatory Authority as identified in Schedule 14, Riverside shall not receive a capacity payment or credit for Ancillary Service Bids or Submission to Self-Provide an Ancillary Service for the time, if any, that there exists an overlap between such Ancillary Services Bids or Submission to Self-Provide an Ancillary Service and the time during which such individual or aggregated Loads have been interrupted pursuant to the existing program approved by a Local Regulatory Authority to which it is subject. This provision shall in no way be interpreted to limit the authority of the CAISO under the CAISO Tariff in any other respect.

ARTICLE XI – RESOURCES

- 11.1 Load Following Resources.** Schedule 14A identifies each power resource authorized for use by Riverside’s Scheduling Coordinator in following Riverside’s Load if Riverside elects to Load follow.
- 11.1.1 Resource Adversely Affecting Grid Reliability.** The CAISO may file with the FERC to remove a resource from Schedule 14A if the CAISO determines that a resource identified in Schedule 14A adversely affects the reliable operation of the CAISO Balancing Authority Area. The CAISO shall provide notice to Riverside at least 60 days in advance of such a filing. Such notice to Riverside shall be accompanied by a CAISO explanation of the grounds on which the CAISO asserts that the resource adversely affects the reliable operation of the CAISO Balancing Authority Area. To the extent the CAISO makes such a filing pursuant to this Section 11.1.1, Riverside shall have the right to terminate this agreement upon 60 days notice to the CAISO.
- 11.1.2 Additional Resources by Riverside.** Riverside may add additional resources to Schedule 14A through the following procedures. Riverside shall provide notice to the CAISO 60 days in advance of the proposed date of a CAISO filing at FERC to implement the addition of a resource to Schedule 14A. Within 60 days of such notice, the CAISO must file at the FERC to add the resource to Schedule 14A unless, within that 60 day period, the CAISO determines and notifies Riverside that such resource would adversely affect reliable operation of the CAISO Balancing Authority Area. Notice of such determination shall be accompanied by a CAISO explanation of the grounds on which the CAISO asserts that such resource would adversely affect the reliable operation of the CAISO Balancing Authority Area. If Riverside disagrees with a CAISO determination that a resource Riverside proposes to add to Schedule 14A, would adversely affect reliable operation of the CAISO Balancing Authority Area, Riverside may bring a complaint at the FERC for a FERC determination of whether the resource would adversely affect reliable operation of the CAISO Balancing Authority Area, and thus whether the resource is to be added to Schedule 14A.
- 11.1.3 Resources Within Riverside’s System.** In no case shall resources located within Riverside’s System be removed by the CAISO from Schedule 14A or be rejected by the CAISO for addition to Schedule 14A.

ARTICLE XII - METERING

- 12.1 CAISO Certified Revenue Quality Metering.** Riverside shall ensure installation of CAISO-certified revenue quality meters and associated equipment at or near (a) the Points of Delivery, (b) Points of MSS Interconnection, and (c) at each bus to which one or more Generating Units is connected.

- 12.2 Metering Requirements.** The provisions of the CAISO Tariff applicable to CAISO Metered Entities shall apply to Riverside, subject to the particular rights and obligations of the Parties with respect to metering set forth in Schedule 15, including access to and testing of Riverside's meters.
- 12.3 Riverside SQMD Calculation.** The calculation of Riverside's Settlement Quality Meter Data shall be in accordance with Schedule 15.

ARTICLE XIII - CHARGES

- 13.1 Charges Generally.** Riverside's Scheduling Coordinator shall be responsible for charges incurred in accordance with Sections 4.9 and 11 of the CAISO Tariff, provided that nothing in this Agreement shall prohibit Riverside from challenging the allocation of any new charge under the CAISO Tariff to Riverside on the ground that the proposed charge is not appropriately assessed against a MSS Operator, or on any other ground. CAISO and Riverside recognize that the CAISO Tariff provisions on which Section 13.7.2 is based are currently before the FERC and subject to modification based on a prospective FERC order. The Parties recognize that the FERC is expected to rule on the CAISO's Request for Clarification or Rehearing filed on July 21, 2008 and that such ruling could impact Section 13.7.2. To the extent that the anticipated FERC order requires a change to the existing language of Section 13.7.2, the Parties will promptly meet to amend this Agreement consistent with the FERC order.
- 13.2 Congestion Management.** Riverside shall be responsible for the cost of managing and relieving Congestion within Riverside's System, as specified in Section 5.5, only to the extent that the cause of Congestion is attributed to Riverside's System operations. If the cause of Congestion is not directly attributed to Riverside's System operations, and the CAISO utilizes Exceptional Dispatch Instructions to resolve the identified Congestion, the resulting costs shall be allocated pursuant to the provisions specified in Section 11.5.6.2.5.2 of the CAISO Tariff, and will not be solely allocated to Riverside.
- 13.3 Unaccounted-For Energy Costs.** Riverside's System shall be treated as a Utility Distribution Company Service Area for purposes of allocating responsibility for Unaccounted for Energy costs in accordance with the CAISO Tariff.
- 13.4 Reliability Generation.** Riverside shall be responsible for the costs of maintaining the reliability of transmission facilities in Riverside's System, including costs of Generating Units operated by or on behalf of Riverside for that purpose. If and to the extent Riverside does not maintain sufficient Generation to meet the reliability criteria in Schedule 16 as applied to Riverside's System and thus avoid material adverse impacts on the CAISO Controlled Grid, then

Riverside may be assessed costs incurred by the CAISO to support the reliability of Riverside's System.

- 13.5 Neutrality Costs.** Riverside's Scheduling Coordinator's obligation to pay neutrality adjustments and Existing Contracts cash neutrality charges (or collect refunds) shall be based on Riverside's net metered MSS Demand and exports from the CAISO Balancing Authority Area irrespective of Riverside's MSS settlement election as specified in Section 4.9.13 of the CAISO Tariff.
- 13.6 CAISO Balancing Authority Area Summer Reliability Costs.** Riverside, through its Scheduling Coordinator, shall have the option to avoid any share of the CAISO's costs for any summer Demand reduction program or for any summer reliability Generation procurement program pursuant to CAISO Tariff Section 42.1.8. In order to avoid such costs, Riverside shall secure capacity reserves on an annual basis at least equal to one hundred and fifteen percent (115%) of the peak MSS Demand responsibility, and provide documentation to the CAISO of the resources proposed to meet that MSS peak Demand. Such capacity reserves may include on-demand rights to Energy, peaking resources, and MSS Demand reduction programs. For the purposes of this Section 13.6, the MSS peak Demand responsibility shall be equal to the forecasted annual coincident MSS peak Demand Forecast plus any firm power sales by the MSS plus any MSS on-demand obligations to third parties, less interruptible Loads, and less any firm power purchases. Firm power for the purposes of this Section 13.6 shall be Energy that is intended to be available to the purchaser without being subject to interruption or curtailment by the supplier except for Uncontrollable Forces or emergency, and for which the supplier carries WECC-required operating reserves. To the extent that Riverside demonstrates its provision of capacity reserves in accordance with this Section 13.6, Riverside's Scheduling Coordinator shall not be obligated to bear any share of the CAISO's costs for any summer Demand reduction program or for any summer reliability Generation procurement program pursuant to CAISO Tariff Section 42.1.8.
- 13.7 Allocation of Net IFM Bid Cost Recovery Uplift.** Riverside's Scheduling Coordinator's obligation to pay Net IFM Bid Cost Uplift charges shall be based on the following two tier structure:
- 13.7.1 Tier 1 IFM Bid Cost Recovery Uplift.** The hourly Net IFM Bid Cost Uplift is allocated to Riverside's Scheduling Coordinator in proportion to Riverside's non-negative IFM Load Uplift Obligation, but with an IFM Bid Cost Uplift rate not exceeding the ratio of the hourly Net IFM Bid Cost Uplift for the Trading Hour divided by the sum of all hourly Generation scheduled in the Day-Ahead Schedule and IFM upward AS Awards for all Scheduling Coordinators from CAISO-committed Bid Cost Recovery Eligible Resources in that Trading Hour. The IFM Load Uplift Obligation for Riverside's Scheduling Coordinator is the difference between the total Demand scheduled in the Day-Ahead Schedule of that Scheduling Coordinator and the sum of the scheduled Generation and

scheduled imports from Self-Schedules in the Day-Ahead Schedule of that Scheduling Coordinator, adjusted by any applicable Inter-SC Trades of IFM Load Uplift Obligations.

- 13.7.2 Tier 2 IFM Bid Cost Recovery Uplift.** The Scheduling Coordinator for Riverside as an MSS Operator that has elected both to not follow its Load and gross Settlement will be charged for an amount equal to any remaining hourly Net IFM Bid Cost Uplift for the Trading Hour in proportion to the MSS Operator's Scheduling Coordinator's Measured Demand. The Scheduling Coordinator for Riverside as an MSS Operator that has elected to follow its Load or net Settlement, or both, will be charged for an amount equal to any remaining hourly Net IFM Bid Cost Uplift for the Trading Hour in proportion to Riverside's MSS Aggregation Net Measured Demand.
- 13.8 Allocation of Net RTM Bid Cost Recovery Uplift.** The allocation of Net RTM Bid Cost Recovery Uplift is based on the MSS elections as specified in Section 4.9.13 of the CAISO Tariff. The hourly RTM Bid Cost Uplift is allocated to the Scheduling Coordinator for Riverside as an MSS Operator that has elected to not follow their Load and gross Settlement, in proportion to Riverside's Measured Demand for the Trading Hour. For the Scheduling Coordinator for Riverside as an MSS Operator that has elected to not follow its Load and net Settlement, the hourly RTM Bid Cost Uplift is allocated in proportion to Riverside's MSS Aggregation Net Measured Demand. For the Scheduling Coordinator for Riverside as an MSS Operator that elected to Load follow, the hourly RTM Bid Cost Uplift is allocated in proportion to Riverside's MSS Net Negative Uninstructed Deviation with Load-following Energy and HASP Self-Scheduled Energy from Load following resources identified in Schedule 14 B of this Agreement and associated Operational Adjustments included in the netting, plus any HASP reductions not associated with the HASP Self-Scheduled Energy from Load following resources listed in Schedule 14 B of this Agreement.
- 13.9 Grid Management Charges Based on Market Services.** If the CAISO is charging Grid Management Charges for Market Services Charge, and should Riverside elect, in accordance with Section 4.9.13 of the CAISO Tariff, to perform Load-following, Riverside's Scheduling Coordinator will not be assessed Grid Management Charges for Market Services Charge associated with MSS Load Following Energy and HASP Self-Scheduled Energy from Load following resources identified in Schedule 14 B of this Agreement and associated Operational Adjustments.
- 13.10 MSS Deviation Band.** The amount by which a Load following MSS Operator can deviate from Expected Energy without incurring a Load Following Deviation Penalty, as defined in Section 13.12 and Schedule 19, is equal to three percent (3%) of an MSS Operator's gross metered MSS Demand in the MSS and exports from the MSS, adjusted for Forced Outages and any CAISO directed firm Load Shedding from the MSS's portfolio as a whole.

13.11 Load Following Deviation Band Compliance. To the extent that sufficient Energy for the purposes of serving Riverside's MSS Demand and exports from the MSS, including losses, is not reflected in Bids, including Self-Schedules, submitted by Riverside's Scheduling Coordinator and delivered in real time, Riverside shall be deemed (through its Scheduling Coordinator) to have purchased or sold Imbalance Energy in the CAISO's Real-Time Market. The CAISO will settle with Riverside's Scheduling Coordinator with regard to Imbalance Energy in accordance with the CAISO Tariff. However, should Riverside elect, in accordance with Section 4.9.13 of the CAISO Tariff to follow Riverside MSS Demand and exports from the MSS with Riverside's System resources and imports into the MSS, including Self-Scheduled System Resources and Self-Scheduled Resource Specific System Resources listed in Schedule 14 B, to the extent that the net Imbalance Energy for all of Riverside's MSS Demand and exports from the MSS, and Riverside's System resources and imports into the MSS, including Self-Scheduled System Resources and Self-Scheduled Resource Specific System Resources listed in Schedule 14 B, is within Riverside's portfolio MSS Deviation Band, as specified in Section 13.10 and Schedule 19, Riverside's Scheduling Coordinator will not be subject to the Load Following Deviation Penalty, as specified in Section 13.12, or costs other than the cost of the Imbalance Energy itself. Schedule 19 of this Agreement describes the process for calculating the applicable amount of net Imbalance Energy, which is referred to as deviation energy within Schedule 19. To the extent that Riverside's Scheduling Coordinator is operating outside of its portfolio MSS Deviation Band, Riverside's Scheduling Coordinator shall be subject to the Load Following Deviation Penalty. In following Load, Riverside's Scheduling Coordinator may utilize any resource available to it regardless of whether, or at what level, the resource is reflected in Schedules submitted by Riverside's Scheduling Coordinator, submitted in the form of a Bid or Self-Schedule, except with respect to any portion of the capacity of a resource for which Riverside's Scheduling Coordinator has scheduled to provide an Ancillary Service and or RUC Capacity to the CAISO for that resource or to the extent the CAISO has issued a System Emergency operating order consistent with Section 7.1.1.

13.12 Deviation Band Penalties Calculation. Riverside's Scheduling Coordinator will pay the Load Following Deviation Penalties for (i) excess MSS Generation supplied to the CAISO Markets and (ii) excess MSS Demand relying on CAISO Markets and not served by Riverside resources. To the extent that Riverside's Scheduling Coordinator has provided excess MSS Generation outside of the MSS Deviation Band to the CAISO Markets, measured as defined in Section 11.7.1.1 of the CAISO Tariff, then the payment for excess Energy outside of the MSS Deviation Band shall be rescinded and thus Riverside's Scheduling Coordinator will pay the CAISO an amount equal to one hundred percent (100%) of the product of the highest LMP paid to the MSS Operator for its Generation in the Settlement Interval for the amount of the Imbalance Energy that is supplied in excess of the MSS Deviation Band. To the extent that Riverside's Scheduling

Coordinator has excess MSS Demand outside of the MSS Deviation Band that is relying on CAISO Markets that is not served by Riverside resources, measured as provided in Section 11.7.1.2 of the CAISO Tariff, then Riverside's Scheduling Coordinator shall pay the CAISO an amount equal to the product of the Default LAP price for the Settlement Interval and two hundred percent (200%) of the shortfall that is outside of the MSS Deviation Band. The two hundred percent (200%) penalty is in addition to the charges for the Imbalance Energy that serves the excess MSS Demand relying on CAISO Markets.

13.13 Operating and Maintenance Costs. Riverside shall be responsible for all its costs incurred in connection with procuring, installing, operating, and maintaining Riverside's facilities, including the Generating Units and Loads listed in Schedule 14, for the purpose of meeting its obligations under this Agreement.

13.14 Billing and Payment. Billing and payment will be in accordance with the CAISO Tariff.

13.15 MSS Net Negative Uninstructed Deviation. The calculation of MSS Net Negative Uninstructed Deviation must include MSS Load Following Energy and HASP Self-Scheduled Energy from Load following resources identified in Schedule 14 B of this Agreement and associated Operational Adjustments as part of the calculation of Net Negative Uninstructed Deviation quantities when used for purposes of applicable CAISO settlement allocation. MSS Load Following Energy and HASP Self-Scheduled Energy from Load following resources identified in Schedule 14 B of this Agreement and associated Operational Adjustments shall be netted against Uninstructed Imbalance Energy to properly account for the actual quantity of Net Negative Uninstructed Deviation.

13.16 Residual Unit Commitment. Should Riverside elect, in accordance with Section 4.9.13 of the CAISO Tariff, to perform Load-following, Riverside will be considered to have automatically opted-out of RUC participation, and Riverside's Scheduling Coordinator will be exempt from costs associated with RUC and Bid Cost Recovery for RUC.

13.17 Emissions Costs. Unless specified otherwise in this Agreement, if the CAISO is compensating Generating Units for Emissions Costs, and if Riverside elects to charge the CAISO for the Emissions Costs of the Generating Units serving Load of Riverside's System, then Riverside's Scheduling Coordinator shall bear its proportionate share of the total amount of those costs incurred by the CAISO based on Riverside's gross Measured Demand excluding out of state exports and the Generating Units shall be made available to the CAISO through the submittal of Energy Bids. If Riverside elects not to charge the CAISO for the Emissions Costs of the Generating Units serving Load of Riverside's System, then Riverside's Scheduling Coordinator shall bear its proportionate share of the total amount of those costs incurred by the CAISO based on Riverside's net

Measured Demand excluding out-of-state exports. If Riverside elects to follow its Load, in accordance with Section 4.9.13 of the CAISO Tariff, and if Riverside elects not to charge the CAISO for Emissions Costs of the Generating Units serving the Load of Riverside's System, then Riverside's Scheduling Coordinator shall bear its proportionate share of the total amount of those costs incurred by the CAISO based on Riverside's Net Negative Uninstructed Deviations with Load Following Energy and HASP Self-Scheduled Energy from Load following resources identified in Schedule 14 B of this Agreement and associated Operational Adjustments included in the netting. Riverside shall make the election of whether to charge the CAISO for these costs on an annual basis on November 1 for the following calendar year.

ARTICLE XIV – PENALTIES AND SANCTIONS

- 14.1 Penalties.** Riverside or its Scheduling Coordinator shall be subject to penalties and/or sanctions for failure to comply with any provisions of this Agreement only to the extent that (a) the penalty or sanction is set forth in the CAISO Tariff and has been approved by FERC; and (b) the CAISO Tariff provides for the imposition of the same penalty or sanction on a UDC, MSS Operator, or Participating Generator, or Participating Load in the same circumstances. Nothing in this Agreement, with the exception of the provisions of Article XV, shall be construed as waiving the rights of Riverside to oppose or protest any penalty or sanction proposed by the CAISO to the FERC or the specific imposition by the CAISO of any FERC-approved penalty or sanction on Riverside.
- 14.2 Corrective Measures.** If Riverside fails to meet or maintain the requirements set forth in this Agreement or in the applicable provisions of the CAISO Tariff, the CAISO shall be permitted to take any of the measures, contained or referenced herein or in the applicable provisions of the CAISO Tariff, that the CAISO deems to be necessary to correct the situation.

ARTICLE XV – DISPUTE RESOLUTION

- 15.1 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 Riverside and references to the CAISO Tariff shall be read as references to this Agreement.

ARTICLE XVI – REPRESENTATIONS AND WARRANTIES

- 16.1 Representations 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.
- 16.2 Necessary Approvals.** Each Party represents that all necessary leases, approvals, licenses, permits, easements, rights of way or access to install, own and/or operate its facilities subject to this Agreement have been or will be obtained prior to the effective date of this Agreement.

ARTICLE XVII – LIABILITY AND INDEMNIFICATION

- 17.1 Liability and Indemnification.** The provisions of Section 14 of the CAISO Tariff will apply to liability and indemnification arising under this Agreement, except that all references in Section 14 of the CAISO Tariff to Market Participants shall be read as references to Riverside and references to the CAISO Tariff shall be read as references to this Agreement.

ARTICLE XVIII – UNCONTROLLABLE FORCES

- 18.1 Uncontrollable Forces.** 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 Riverside and references to the CAISO Tariff shall be read as references to this Agreement.

ARTICLE XIX - MISCELLANEOUS


- 19.1 Notices.** Any notice, demand or request which may be given to or made upon either Party regarding this Agreement shall be made in writing to the employee or official identified in Schedule 17, and shall be deemed properly given: (a) upon delivery, if delivered in person, (b) five (5) days after deposit in the mail if sent by first class United States mail, postage prepaid, (c) upon receipt of confirmation by return facsimile if sent by facsimile, or (d) upon delivery if delivered by prepaid commercial courier service. A Party must update the information in Schedule 17 as the information changes. Such changes shall not constitute an amendment to this Agreement.
- 19.2 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.
- 19.3 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 laws provisions. The Parties agree 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 one 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.
- 19.4 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 the provisions of this Agreement.
- 19.5 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.
- 19.6 Consistency with Federal Laws and Regulations.** Nothing in this Agreement shall compel either Party to violate federal statutes or regulations, or orders lawfully promulgated thereunder. If any provision of this Agreement is inconsistent with any obligation imposed on a Party by such federal statute, regulation or order, to that extent, it shall be inapplicable to that Party. No Party shall incur any liability by failing to comply with a provision of this Agreement that is inapplicable to it by reason of being inconsistent with any such federal statutes,

regulations, or orders lawfully promulgated thereunder; provided, however, that such Party shall use its best efforts to comply with this Agreement, to the extent that applicable federal laws, regulations, and orders lawfully promulgated thereunder permit it to do so.


- 19.7 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.
- 19.8 Assignments.** Either Party may assign its rights and obligations under this Agreement, with the other Party's prior written consent, in accordance with Section 22.2 of the CAISO Tariff, which is incorporated by reference into this Agreement. Such consent shall not be unreasonably withheld.
- 19.9 No Regional Transmission Organization or Participating TO Obligation.** Nothing in this Agreement shall obligate or commit Riverside to become a member of any regional transmission organization (RTO) or to remain a Participating TO.
- 19.10 FERC Jurisdiction over Riverside.** Riverside is not a "public utility" as currently defined in the Federal Power Act and by entering into this Agreement does not consent to FERC jurisdiction or waive its rights to object to FERC asserting jurisdiction over Riverside.

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: KEITH E. GABEY, PH.D., VICE-PRESIDENT
Title: MARKET & INFRASTRUCTURE DEVELOPMENT
Date: 12/12/11

City of Riverside

By: 
Name: Belinda J. Graham
Title: Assistant City Manager
Date: December 16, 2011

Attest: 
City Clerk

APPROVED AS TO FORM

DEPUTY CITY ATTORNEY

SCHEDULE 1 - RIVERSIDE'S SYSTEM FACILITIES**[Section 1.2]**

The following facilities form Riverside's System, including the Points of MSS Interconnection, except as noted in B) Point of Delivery, Load and Generation.

For Riverside:

A) Point of MSS Interconnection: Not applicable at the present time.

B) Point of Delivery: Vista Substation 220_kV bus

The interface between the City of Riverside and the CAISO Controlled Grid is at the Vista Substation 220_kV bus, which is the Point of Delivery for transactions in the CAISO wholesale market.

The Vista Substation 220_kV bus is not part of Riverside's System.

C) Point of Delivery: Mira Loma Substation 220 kV bus

The interface between the Clearwater Power Plant and the CAISO Controlled Grid is at the Mira Loma Substation 220 kV bus, which is the Point of Delivery for transactions in the CAISO wholesale market.

The Mira Loma Substation 220 kV bus is not part of Riverside's System.

D) Riverside Load

E) Generation Facilities

Spring Units 1, 2, 3, & 4

Riverside Energy Resource Center ("RERC") Units 1, 2, 3, & 4

Clearwater Power Plant CT Unit 1 & ST Unit 2

SCHEDULE 2 - INTERCONNECTED OPERATION STANDARDS**[Section 4.2]**

The CAISO shall maintain stable operating parameters and control of real and reactive power flows in accordance with the following Operation Standards. Until such time as Riverside may become directly interconnected with the CAISO Controlled Grid, Riverside shall maintain stable operating parameters and control of real and reactive power flows in accordance with Attachment B Technical and Operational Implementation of the Tariff for Wholesale Distribution Load of the SCE Wholesale Distribution Access Tariff ("WDAT") which is attached hereto and the Service Agreement for Wholesale Distribution Service between SCE and Riverside which is incorporated herein by reference (or a replacement agreement, provided that any replacement agreement preserves Riverside's obligations in accordance with Section 8.3 of this Agreement and this Schedule 2). If Riverside becomes directly interconnected with the CAISO Controlled Grid, Riverside shall maintain stable operating parameters and control of real and reactive power flows in accordance with the CAISO Tariff and the following Operation Standards, and the responsibilities described below shall apply at each Point of MSS Interconnection, if any, with the CAISO Controlled Grid.

Riverside Responsibilities

- 1.0 Riverside shall operate the facilities of Riverside's System in such manner as to avoid any material or adverse impact on the CAISO Balancing Authority Area. In accordance with this performance goal, Riverside shall:
 - 1.1 Operate the facilities of Riverside's System within established operating parameters including normal ratings, emergency ratings, voltage limits, and balance of Load between electrical phases.
 - 1.2 Maintain primary and backup protective systems such that faults on Riverside's System facilities will be cleared within the timeframe specified by SCE, the Participating TO and Riverside with minimal impact on the CAISO Controlled Grid.
 - 1.3 Maintain Load power factor at each Point of MSS Interconnection, if any, with the CAISO Controlled Grid in accordance with Section 8.3 of this Agreement.
 - 1.4 Operate the facilities of Riverside's System at each Point of MSS Interconnection, if any, in accordance with the requirements applicable to Utility Distribution Companies in the CAISO Operating Procedures and standards, except as otherwise provided in this Agreement.

CAISO Responsibilities

- 2.0 The CAISO shall operate the CAISO Controlled Grid in such manner as to avoid any material or adverse impact on Riverside facilities. In accordance with this performance goal, the CAISO shall:
 - 2.1 Participate with Riverside and SCE in the development of joint power quality performance standards and jointly maintain compliance with such standards.
 - 2.2 Observe Riverside grid voltage limits specified in Attachment 1 including requirements for reduced voltage on CAISO Controlled Grid facilities which apply during heavy fog (or other unusual operating conditions) as needed to minimize the risk of insulator flashover. Any anticipated reduction in operating voltages on CAISO Controlled Grid facilities shall be studied and established by Riverside and the CAISO.
 - 2.3 Approve Riverside's maintenance requests in a timely manner for transmission facilities that impact the CAISO Controlled Grid, and shall not unreasonably withhold approval of such requests for authorization to perform energized insulator washing work or to take planned Outages needed to replace or insul-grease insulators.
 - 2.4 Support Riverside investigation of power quality incidents, and provide related data to Riverside in a timely manner.
 - 2.5 Support installation of apparatus on the CAISO Controlled Grid to improve power quality, and take all reasonable measures to investigate and mitigate power quality concerns caused by actions or events in neighboring systems or Balancing Authority Areas.
 - 2.6 Maintain Load power factor at any future direct Point of MSS Interconnection, if any, with Riverside's System in accordance with Section 8.3.

ATTACHMENT B

TECHNICAL AND OPERATIONAL IMPLEMENTATION OF THE TARIFF FOR
WHOLESALE DISTRIBUTION LOAD

1. Metering And Communications Equipment: Data retrieval requirements, procedures, and schedules shall generally be consistent with ISO requirements. The Distribution Provider shall not impose metering and communication equipment requirements pursuant to the Tariff and the Service Agreement that are more stringent than the ISO's metering and communication requirements.

1.1 Distribution Provider shall install, own, and maintain revenue quality meters at the point of interconnection between the Distribution Provider's Distribution System and the Distribution Customer's Wholesale Distribution Load. If feasible, such meters shall be installed at the high voltage bus at each such point of interconnection. The meters shall measure and record real power (watts) and reactive power (vars) flow, if applicable, in both directions and shall meet the requirements of the ISO. Meters not installed at the high voltage bus or at the point of interconnection shall be compensated for line losses and transformation losses to the point of interconnection, if applicable.

1.1.1 Distribution Provider shall read or retrieve meter data on the first normal business day after the end of each billing cycle or such other time as may be required to carry out the provisions of Section 10 of the ISO Tariff.

Distribution Provider shall use the meter data for determining accounting

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1 and billing information and shall report the data to the ISO, Distribution
2 Customer's scheduling coordinator and Distribution Provider's scheduling
3 coordinator, as applicable.

4 1.1.2 The revenue meters shall be tested by the Distribution Provider at least
5 once a year and within ten normal business days after a request by the
6 Distribution Customer. The Distribution Customer shall pay for the cost
7 of the requested test if the meter has been tested within the previous
8 twelve months. The Distribution Customer will be afforded the
9 opportunity to be present during any meter test. The Distribution Provider
10 shall immediately repair, adjust, or replace any meter or associated
11 equipment found to be defective or inaccurate.

12 1.1.3 The Distribution Provider shall adjust the recorded data to compensate for
13 the effect of an inaccurate meter. Such adjustment shall be made for the
14 period during which such inaccuracy may be determined to have existed,
15 or if such period cannot be determined or reasonably estimated, for a
16 period thirty days prior to the date of the test. In no event shall the period
17 of adjustment exceed six months. Should any meter fail to register, the
18 Distribution Provider shall estimate, from the best information available,
19 the demand created, energy flow, and var flows during the period of the
20 failure. The Distribution Provider shall, as soon as possible, correct the
21 bills rendered to the Distribution Customer by the Distribution Provider
22 which are affected by the inaccurate meter. That correction, when made,

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Manager, FERC Rates & Regulation
Issued on: December 23, 2002

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shall constitute full adjustment of any claim arising out of the inaccurate meter for the period of the correction.

1.2 The Distribution Customer and the Distribution Provider shall install communications facilities, equipment, and software to schedule and monitor the Distribution Customer's Wholesale Distribution Load connected to the Distribution Provider's Distribution System, to exchange data, and for any other purpose as reasonably required to implement the Service Agreement and the Tariff in accordance with Good Utility Practice.

1.3 All metering, communications, and data exchanges required to implement the Service Agreement and the Tariff shall be automated to the greatest extent practical. The Operating Representatives shall coordinate standards and specifications for metering and communications equipment as well as any related hardware and software required to implement the Service Agreement and the Tariff, provided such metering and communications equipment and any related hardware and software shall, if possible, be compatible with the Distribution Provider's existing or planned facilities or software, meet all applicable ISO, Western Systems Coordinating Council ("WSCC") and North American Electric Reliability Council ("NERC") requirements, and be consistent with Good Utility Practice.

1.4 The Distribution Customer shall procure, install and maintain, at its sole expense, communications equipment, and any related hardware and software required to be installed on its system in accordance with Section 1. The Distribution Customer shall reimburse the Distribution Provider for all expenses incurred by the

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1 Distribution Provider for any metering and communications equipment, and
2 related hardware and software, including any modifications to existing facilities
3 or software required for the Distribution Provider to provide service in accordance
4 with the Service Agreement and the Tariff.

5 2. Interconnection of Distribution Customer's Wholesale Distribution Load:

6 2.1 Facilities for the interconnection of the Distribution Customer's Wholesale
7 Distribution Load to the Distribution Provider's Distribution System shall be
8 installed, operated and maintained in accordance with Good Utility Practice.
9 2.2 The Distribution Customer shall specify: (i) the voltage level of service desired,
10 provided such voltage shall be compatible with standard voltages used on the
11 Distribution Provider's system, and (ii) any applicable service criteria of the
12 Distribution Customer, including, but not limited to, any redundancy desired in
13 elements available to service Wholesale Distribution Load from Distribution
14 Provider's Distribution System. If technically feasible, the Distribution Provider
15 shall provide service at such voltage and in accordance with such criteria,
16 conditioned on the Distribution Provider obtaining any necessary regulatory
17 permits and complying with any other federal, state, or local requirements for the
18 construction of any such facilities.

19 2.3 The Distribution Customer shall keep the Distribution Provider informed on a
20 timely basis of changes in Wholesale Distribution Load and cooperate in planning
21 any addition to or upgrade of interconnection facilities to accommodate load
22 growth or additions. The Distribution Customer shall provide to the Distribution
23 Provider by September 1 of each year an update of the information set forth in

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Sections 4 and 5 of the Specifications For Wholesale Distribution Service for the following five calendar years.

2.4 The Distribution Provider shall own, operate, and maintain all interconnection facilities on the Distribution Provider's side of the Point of Delivery. The Distribution Customer shall pay all costs and expenses for such interconnection facilities that are used exclusively to provide Distribution Service to the Distribution Customer including, but not limited to, the costs of permitting, planning, procuring, constructing, owning, maintaining, and operating any such facilities. The Distribution Provider may, where circumstances warrant and on a non-discriminatory basis, elect to permit the Distribution Customer to own exclusive use facilities within the Distribution Customer's Service Area constructed after [insert day after FERC decision], pursuant to an Application for Distribution Service under this Tariff.

2.5 The Distribution Customer shall provide and maintain, at its sole expense, facilities on its side of the Point of Delivery in accordance with Good Utility Practice. The Distribution Customer shall install protective equipment on its system and take any other reasonable measures to protect the safe and reliable operation of the Distribution Provider's system from disturbances on the Distribution Customer's system in accordance with Good Utility Practice.

2.6 If the Distribution Customer, by reason of its action or inaction, does not maintain its power factor pursuant to Section 20.4 of the Tariff for any reason other than following an operating instruction directly given by the ISO, then the Distribution Provider may, if required by Good Utility Practice, install the necessary

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1 distribution capacitors or other power factor correction devices. The Distribution
2 Provider shall file with the Commission under Section 205 of the Federal Power
3 Act to recover the associated costs attributable to the Distribution Customer,
4 including the installation costs of such equipment and the on-going costs of
5 ownership.

6 2.7 The Parties shall cooperate with one another in scheduling maintenance to any
7 interconnection facility or in taking any interconnection facility out of service,
8 provided that in an emergency the Distribution Provider may take facilities out of
9 service if necessary to protect the Distribution Provider's system.

10 3. Each party shall appoint an Operating Representative for the purpose of facilitating
11 communication between the parties, exchanging data on forecasted Wholesale Distribution Load
12 necessary for long-term planning, coordinating operating criteria and activities, developing
13 detailed operating procedures as necessary, and addressing other technical and operational
14 considerations required for implementation of the Service Agreement and Tariff. The Operating
15 Representatives shall not have any authority to modify, amend, terminate, or supersede any
16 provision of the Service Agreement or Tariff; or to require any expansion of or addition to the
17 Distribution Provider's Distribution System. The Distribution Provider shall have the authority
18 to adopt rules or procedures for the implementation of the Service Agreement and the Tariff that
19 are consistent with such Service Agreement and Tariff, provided that the Distribution Customer
20 shall not be deemed to have waived any right it may have to contest such rules or procedures
21 before the Commission or any other forum having jurisdiction over the Service Agreement.

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4. Each Party shall, upon request, provide the other Party with such reports and information concerning its operation as are reasonably necessary to enable each Party to operate its distribution system safely and efficiently.

5. Load Shedding and Curtailment Procedures:

5.1 If a system contingency requires Curtailment of ISO schedules, the Distribution Customer shall curtail its ISO schedules as requested by the Distribution Provider. Such ISO schedule Curtailments shall be implemented only to the extent that they effectively relieve the constraint or that they are directed by the ISO, and to the extent practical, shall be made on a pro-rata basis, based on the share of the total load served from the constrained facility, with all other distribution service users of the affected path, including the Distribution Provider.

5.2 The Parties shall implement Load Shedding programs to maintain the reliability and integrity of the electric system, as provided in Section 12.7 of the Tariff.

5.2.1 Load Shedding shall include any combination of the following: (i) automatic Load Shedding; (ii) manual Load Shedding; and (iii) rotating interruption of customer load. The Distribution Provider will order Load Shedding to maintain the relative sizes of load served within the area requiring Load Shedding to the extent practicable, unless otherwise required by circumstances beyond the control of the Distribution Provider or the Distribution Customer or unless otherwise directed by the ISO.

5.2.2 Automatic load shedding devices will operate without notice. When manual load shedding or rotating interruptions are necessary, the Distribution Provider shall notify the Distribution Customer's dispatchers

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1 or schedulers of the required action and the Distribution Customer shall
2 comply as directed by the Distribution Provider.

3 5.2.3 Where reasonably necessary in accordance with Good Utility Practice to
4 maintain reliability of service to other customers receiving distribution
5 service from the Distribution Provider, and where consistent with the
6 prevailing practices of the Distribution Provider, the Distribution
7 Customer may, on a nondiscriminatory basis, be required, at its own
8 expense, to provide, operate, and maintain in service high-speed, digital
9 under-frequency load-shedding equipment. The Distribution Customer's
10 equipment shall be: (i) compatible and coordinate with the Distribution
11 Provider's load shedding equipment; and (ii) set for the amount of load to
12 be shed, with frequency trips and tripping time as determined by the
13 Distribution Provider on a nondiscriminatory basis in accordance with
14 Good Utility Practice. The Distribution Provider shall coordinate and
15 consult with the Distribution Customer with respect to any changes in the
16 load-shedding system that would affect service to the Distribution
17 Customer. In the event the Distribution Provider modifies the load-
18 shedding system following such consultation, the Distribution Customer
19 shall, at the Distribution Customer's expense, make changes to the
20 Distribution Customer's equipment and setting of such equipment, as may
21 be required to comply with (i) and (ii) above. The Distribution Customer
22 shall test and inspect any required load-shedding equipment within ninety
23 days of taking Distribution Service under the Tariff or within ninety days

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1 after the installation of such equipment, whichever is later, and at least
2 once every two years thereafter and promptly provide a written report to
3 the Distribution Provider of the results of such test. The Distribution
4 Provider may request a test of any load-shedding equipment with
5 reasonable notice.

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Manager, FERC Rates & Regulation
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Southern California Edison Company
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Original Sheet No. 1

SERVICE AGREEMENT FOR WHOLESALE DISTRIBUTION SERVICE

1. This Service Agreement, dated as of March 17, 1998, is entered into, by and between Southern California Edison Company ("Distribution Provider"), and City of Riverside ("Distribution Customer").

2. The Distribution Customer has been determined by the Distribution Provider to have a Completed Application for Distribution Service under the Tariff.

3. The Distribution Customer has provided to the Distribution Provider an Application deposit in the amount of \$ (waived), in accordance with the provisions of Section 15.2 of the Tariff.

4. Service under this Service Agreement shall commence on the later of (1) the effective date of the Restructuring Agreement, or (2) the date on which construction of any Direct Assignment Facilities and/or Distribution System Upgrades specified in Sections 7.0 and 8.0 of the attached Specifications For Wholesale Distribution Service are completed and all additional requirements are met pursuant to Section 13.5 of the Tariff, or (3) such other date as it is permitted to become effective by the Commission. Service under this Service Agreement shall terminate on one year's advance written notice by the Distribution Customer.

5. The Distribution Provider agrees to provide and the Distribution Customer agrees to take and pay for Distribution Service in accordance with the provisions of the Tariff and this Service Agreement.

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6. Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Distribution Provider:

Southern California Edison Company

Manager, Grid Contracts

P. O. Box 800

2244 Walnut Grove Avenue

Rosemead, California 91770

Telefax No. (626) 302-1152

Telephone No. (626) 302-1771

Distribution Customer:

City of Riverside

Attention: Public Utilities Director

3900 Main Street

Riverside, California 92522

Telephone No. (909) 782-5781

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7. The Tariff and attached Specifications For Wholesale Distribution Service are incorporated herein and made a part hereof.

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

Distribution Provider:

By: /s/ Richard M. Rosenblum Senior Vice President Feb. 27, 1998

Name

Title

Date

Distribution Customer:

By: /s/ John E. Holmes City Manager March 17, 1998

Name

Title

Date

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SPECIFICATIONS FOR WHOLESALE DISTRIBUTION SERVICE

1. Term of Transaction: Continuous until terminated in accordance with the Service Agreement. Such service, including any rules or procedures implementing such service, shall be consistent with and rendered in accordance with the provisions of the Restructuring Agreement, which is incorporated herein and made a part hereof, the Tariff and this Service Agreement. During the term of this service, the provisions of Section 7.5 of the Tariff shall be mutual; i.e. the Distribution Provider shall have the same indemnification obligations to the Distribution Customer as the Distribution Customer has to the Distribution Provider. In the event a conflict arises between the terms and conditions of the Restructuring Agreement, this Service Agreement, and the Tariff, the controlling terms and conditions shall be determined in the following sequence: (i) the Restructuring Agreement, (ii) this Service Agreement, and (iii) the Tariff.
Service Commencement Date: As specified in Section 4 of the Service Agreement.
Termination Date: On one year's advance written notice by the Distribution Customer.
2. For a Resource connected to the Distribution Provider's Distribution System, a description of capacity and energy to be transmitted by Distribution Provider and a five year forecast of monthly Generation. (waived)

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3. Point of Receipt: The ISO Controlled Grid at Distribution Provider's Vista Substation 230 kV bus.

Point of Delivery: Distribution Provider's 66kV conductors from its Vista Substation where energy is delivered to the City of Riverside at 66kV.

Receiving Party: City of Riverside

4. Description of Wholesale Distribution Load at the Point of Delivery (including a five year forecast of monthly load requirements): Electrical energy delivered by the Distribution Provider at 66 KV for the use of Distribution Customer for End-Use Customers connected to the Distribution Customer's distribution system. (Forecast to be provided by the Distribution Customer by September 1 of each year.)

5. Interruptible Load amount (summer and winter), location and conditions/limitations (five year forecast): Not Applicable

6. For Resources, the maximum amount of capacity and energy to be transmitted. For Wholesale Distribution Load, the estimated peak load for informational purposes only: Actual level of Wholesale Distribution Load as recorded on Distribution Provider's meters at the Point of Delivery. Corrections to bills affected by inaccurate meters may be submitted to dispute resolution pursuant to Section 9 of the Tariff. The Distribution Provider will abide by the ISO Tariff and Metering Protocol provisions related to the Distribution Provider's obligations for maintenance, testing, and certification of the ISO metering facilities constructed by the Distribution Provider for Distribution Customer at Vista Substation. Notwithstanding Section 12.11 of the Tariff, in the event of a conflict between the requirements of Section 1 of Attachment B of the Tariff and the ISO Tariff and Metering Protocol, the applicable ISO Tariff and Metering Protocol shall govern. In

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1 addition, the Distribution Provider will grant to the Distribution Customer and the ISO
2 reasonable escorted access to the ISO metering facilities at Vista Substation.

3 7. Direct Assignment Facilities: Those facilities existing as of the date of this service
4 agreement which have been constructed by the Distribution Provider for the sole
5 use/benefit of the Distribution Customer, as such facilities are replaced, or modified. The
6 rights and obligations concerning interconnection facilities set forth in Sections 2.5 and 2.7
7 of Attachment B of the Tariff shall be mutual.

8 8. Distribution System Upgrades required prior to the commencement of service:
9 None

10 9. Real Power Loss Factors: 0.41%

11 10. Power Factor: The Distribution Customer is required to maintain its power factor within a
12 range of 0.95 lagging to 0.95 leading (or, if so specified in the Service Agreement, a
13 greater range), pursuant to Good Utility Practice. This provision recognizes that a
14 Distribution Customer may provide reactive power support in accordance with Section
15 12.10 (Self Provision of Ancillary Services), of this Tariff.

16 11. Distribution Service under this Agreement will be subject to the charges detailed below.

17 11.1 Customer Charge: \$7.24/month

18
19 11.2 Demand Charge: None

20
21 11.3 Facilities Charge: \$106,806.00/month plus the applicable monthly charge
22 under the Interconnection Facilities Agreement (WDAT Service Agreement No.
23 27) plus \$1,342/month for California Independent System Operator ("ISO")

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1 Metering Facilities. Additionally, the Distribution Customer shall make a
2 payment of \$102,308 (estimated total installed cost of ISO Metering Facilities
3 plus 35% gross-up for income tax on such contribution) on February 23, 2006.

4 For purpose of this Service Agreement, the ISO Metering Facilities shall
5 include seven Seimens Model 2510 ISO approved meters, seven test switches,
6 fourteen short-haul modems, one Cisco router, 1000 feet of communication
7 cable and associated equipment and minor components. The installation cost
8 associated with telecommunication service for such meters, provided by the ISO
9 telecommunication provider, is also included in the cost of the ISO Metering
10 Facilities.

11 The monthly charge for ISO Metering Facilities is determined based on the total
12 installed costs of such customer-financed ISO Metering Facilities. The initial
13 monthly charge for ISO Metering Facilities is based on the estimated total
14 installed costs of such facilities. The estimated total installed costs of the ISO
15 Metering Facilities installed shall be subject to true-up based on actual recorded
16 costs.

17 The Distribution Customer shall pay all costs and expenses for such ISO
18 Metering Facilities that are used to provide service to the Distribution Customer
19 including, but not limited to, the costs of permitting, planning, procuring,
20 construction, owning, maintaining, and operating such ISO Metering Facilities.

21 Upon completion of ISO Metering Facilities installation, the Distribution
22 Provider shall perform final work order cost reconciliation and issue an invoice
23 to the Distribution Customer for the actual recorded costs of the ISO Metering

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1 Facilities. The monthly charge shall be adjusted retroactively to reflect actual
2 recorded total installed costs of the ISO Metering Facilities. In the event that
3 Distribution Customer's payment for the estimated costs of the ISO Metering
4 Facilities exceeds the amount of Distribution Provider's costs and expenses.
5 Distribution Provider shall return the excess amount, without interest, to
6 Distribution Customer within thirty (30) days after the date of such invoice. In
7 the event that Distribution Customer's payment for the estimated costs of the
8 ISO Metering Facilities is less than the amount of Distribution Provider's costs
9 and expenses, Distribution Customer shall pay the difference, without interest,
10 as stated in the invoice, within thirty (30) days after the date of such invoice,
11 without offset for any amount that may be in dispute.
12 The Distribution Customer shall have the right, upon reasonable notice, at a
13 reasonable time at Distribution Provider's offices and at its own expense, to
14 audit Distribution Provider's records and accounts as necessary and as
15 appropriate in order to verify costs incurred by Distribution Provider in
16 installing the ISO Metering Facilities. Any audit requested by Distribution
17 Customer shall be limited to the costs reflected in the final invoice for the ISO
18 Metering Facilities. Any audit with respect to the ISO Metering Facilities shall
19 be completed, and written notice of any audit dispute provided to Distribution
20 Provider pursuant to Section 6 of this Service Agreement, within one hundred
21 eighty (180) calendar days following receipt by Distribution Customer of the
22 final invoice for the ISO Metering Facilities. Any dispute arising from any
23 audit of the ISO Metering Facilities installation shall be resolved pursuant to the
24 Dispute Resolution Procedures set forth in Section 9 of the WDAT.

Original Sheet No. 9

12. Letter of credit or alternative form of security to be provided and maintained by Distribution Customer pursuant to Sections 8 and 16.4 of the Tariff: (waived)

Effective: February 3, 2006

SCHEDULE 2 - ATTACHMENT 1
RIVERSIDE GRID VOLTAGE LIMITS

There are no Riverside grid voltage limitations at the present time.

SCHEDULE 3 - RIGHTS OF ACCESS TO FACILITIES

[Section 4.5.1]

- 1.0 Equipment Installation.** In order to give effect to this Agreement, a Party that requires use of particular equipment (the equipment owner) may require installation of such equipment on property owned by the other Party (the property owner), provided that the equipment is necessary to meet the equipment owner's service obligations and that the equipment shall not have a negative impact on the reliability of the service provided, nor prevent the property owner from performing its own obligations or exercising its rights under this Agreement.
- 1.1 Free Access.** The property owner shall grant to the equipment owner free of charge reasonable installation rights and rights of access to accommodate equipment inspection, maintenance, repair, upgrading, or removal for the purposes of this Agreement, subject to the property owner's reasonable safety, operational, and future expansion needs.
- 1.2 Notice.** The equipment owner shall provide reasonable notice to the property owner when requesting access for site assessment, equipment installation, or other relevant purposes. Such access shall not be provided unless the parties mutually agree to the date, time, and purpose of each access. Agreement on the terms of the access shall not be unreasonably withheld or delayed.
- 1.3 Removal of Installed Equipment.** Following reasonable notice, the equipment owner shall be required, at its own expense, to remove or relocate equipment, at the request of the property owner, provided that the equipment owner shall not be required to do so if it would have a negative impact on the reliability of the service provided, or would prevent the equipment owner from performing its own obligations or exercising its rights under this Agreement.
- 1.4 Costs.** The equipment owner shall repair at its own expense any property damage it causes in exercising its rights and shall reimburse the property owner for any other reasonable costs that it may be required to incur to accommodate the equipment owner's exercise of its rights under Section 4.5 of this Agreement.
- 2.0 Rights to Assets.** The Parties shall not interfere with each other's assets, without prior written agreement.
- 3.0 Inspection of Facilities.** In order to meet their respective obligations under this Agreement, each Party may view or inspect facilities owned by the other

Party. Provided that reasonable notice is given, a Party shall not unreasonably deny access to relevant facilities for viewing or inspection by the requesting Party.

SCHEDULE 4 - MAINTENANCE COORDINATION

[Section 5.1.2]

Riverside shall exchange with the CAISO a provisional planned Outage program for all lines and equipment in Schedule 1 in accordance with the CAISO Tariff. That document will be updated quarterly and as changes occur to the proposed schedule.

The CAISO shall approve all proposed Outages on equipment and lines listed on Schedule 1 unless a proposed Outage would cause the CAISO to violate Applicable Reliability Criteria. Approval of Outages shall not be unreasonably withheld.

Applications for scheduled work shall be submitted to the CAISO by Riverside via means to be agreed to by both Parties. The documents submitted by Riverside shall record the details for all work and become the database for reporting and recording Outage information.

SCHEDULE 5 - CRITICAL PROTECTIVE SYSTEMS

[Section 5.3]

Distribution protective relay schemes affecting the CAISO Controlled Grid are those associated with transformers that would trip transmission breakers and/or busses when activated. These would include any of the following:

1. High Side Overcurrent Relays
2. Differential Overcurrent Relays
3. Sudden Pressure Relays
4. Low Oil Relays
5. Neutral Ground Overcurrent Relays
6. On fuse protected transformers, it would be the high-side fuses.

With respect to Riverside, operational control and maintenance responsibilities related to the facilities described above reside with SCE.

Riverside does not have any systems that meet these criteria.

SCHEDULE 6 - RESERVED

SCHEDULE 7 - EMERGENCIES

[Section 7.2]

The CAISO shall notify Riverside's Electric System Dispatcher of the emergency, including information regarding the cause, nature, extent, and potential duration of the emergency. Depending on the nature of the emergency and the particular response required, such notification shall be made to Riverside directly by the CAISO. The Riverside Electric System Dispatcher shall make the appropriate notifications within the Riverside organization. The Riverside Electric System Dispatcher shall then take such actions as are appropriate for the emergency in accordance with Section 7.

Riverside shall make requests for real-time information from the CAISO regarding emergencies through contacts to the CAISO's Operations Shift Supervisor, by Riverside's Electric System Dispatcher, and may coordinate public information with the CAISO Communication Coordinator.

Riverside is required to estimate service restoration by geographic areas, and shall use its call center and the media to communicate with customers during service interruptions. Riverside will communicate necessary information to appropriate state, local governmental entities, and its customers as needed. For Riverside Outages that may be caused by events affecting the transmission system, the Riverside Electric System Dispatcher will make appropriate notifications to the CAISO of any information related to the Outage such as cause, nature, extent, potential duration and customers affected.

Riverside and CAISO Grid Control Center logs, Electric Switching Orders and Energy Management System temporal database will be used in preparation of Outage reviews. These documents are defined as the chronological record of the operation of the activities which occur with the portion of the electrical system assigned to that control center. The log shall contain all pertinent information, including orders received and transmitted, relay operations, messages, clearances, accidents, trouble reports, daily switching program, etc.

Riverside and the CAISO shall retain records in accordance with their respective standard practices for record retention for not less than six years.

SCHEDULE 8 - UNDERFREQUENCY LOAD SHEDDING

[Section 7.4.1]

The objective of the Underfrequency Load Shedding (“UFLS”) program is to provide security and protection to the interconnected bulk power network by arresting frequency decay during periods of insufficient resources

Riverside’s UFLS program set forth in this Schedule 8 establishes Underfrequency Load Shedding objectives consistent with the Load Shedding policies of the Western Electricity Coordinating Council, the North American Electric Reliability Corporation and Riverside. Riverside’s Load Shedding program will be in accordance with the WECC Coordinated Off-Nominal Frequency Load Shedding and Restoration Plan (Final Report November 25, 1997, as revised December 5, 2003 or as it may be amended by the WECC from time to time) and acknowledge Riverside’s compliance with the WECC Off-Nominal Frequency Load Shedding and Restoration Plan survey of 2008 which is attached hereto. The Riverside UFLS program shall utilize WECC planning criteria in this area. Per WECC requirements, UFLS shall be on the feeder side of the transformer.

Riverside currently maintains an Underfrequency Load Shedding Plan under Standard Practice No.190.002, as revised February 8, 2008, and spreadsheet listing frequency trip points and identifying circuits tripped, as revised April 01, 2007 which are attached hereto. This plan establishes UFLS objectives consistent with the Load Shedding policies of the WECC, the NERC, and Riverside as set forth in the referenced documents incorporated in this Schedule 8. Riverside shall notify the CAISO of any changes to its existing UFLS program prior to implementation of such changes. At no time shall Riverside be exempt from either participating in an CAISO-sanctioned third party UFLS program or implementing such plan independently in full compliance with WECC requirements.

Riverside shall also comply with the WECC Southern Island Load Tripping Plan (July 22, 1997, or as it may be amended by the WECC from time to time) (“SILT”). To the extent Riverside chooses to comply with the SILT by means of UFLS, Riverside’s SILT program shall be coordinated with Riverside’s UFLS program.

Riverside’s Underfrequency Load Shedding Plan
[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]

SCHEDULE 9 - OTHER AUTOMATIC LOAD SHEDDING

[Section 7.4.1]

Riverside does not employ any other automatic Load Shedding programs. If other automatic Load Shedding plans are developed in the future they will be identified in this Schedule 9 before implementation.

SCHEDULE 10 - MANUAL LOAD SHEDDING**[Section 7.4.2]**

City of Riverside Standard Practices No. 190.001 and No. 190.002 which are attached hereto, provides the procedures for Riverside's rotating service interruptions to nonessential distribution circuits when required by the CAISO to implement manual Load Shedding in accordance with the relevant applicable CAISO Emergency Procedures. Riverside shall continue to operate in accordance with its Standard Practices No. 190.001 and No. 190.002.

For purposes of this Agreement, Riverside and the CAISO agree that City of Riverside Standard Practices No. 190.001 and No. 190.002 shall be interpreted to provide that:

- 1) Riverside shall act upon the CAISO's instructions and cause the required amount of Riverside's firm Load to be interrupted during any hour of any day (24 x 7);
- 2) Riverside shall satisfy its requirement to interrupt the required amount of firm Load within ten minutes from the time of notification by the CAISO;
- 3) the implementation of any substitution of back-up generation and "voluntary" Load interruptions, on an "as-available" basis, for the required amount of firm Load interruption, as set out in Standard Practices No. 190.001 and No. 190.002, shall not obviate or interfere with required timely compliance;
- 4) should Riverside use, wholly or partially, any combination of back-up generation or "voluntary" Load interruption to substitute for an amount of its firm Load interruption obligation, the effects of such substitution shall be no different than those that would have resulted from an equivalent amount of firm Load interruption without such back-up generation or voluntary Load interruption, and the actual cumulative effect(s) of such substitution shall be subject to the same rules of verifiability and reporting as those for the firm Load conventionally interrupted on such occasions; and
- 5) should rotation of Riverside's firm Load blocks be required to maintain a minimum amount of continuously interrupted Load, as defined by the CAISO, for an extended amount of time, no block of Riverside's firm Load shall be restored unless an equal or greater amount of another block of Load is interrupted first, and in the event Riverside uses any combination of substitutions for its firm Load interruption obligation as permitted in section 4) above, any rotation of, or changes to, such substitutions shall be made such that the equivalent required Load relief level is maintained during the entire applicable time.

The information to be contained in this Schedule may be subject to additional filing due to subsequent revisions as these may be required from time to time.

Riverside's Standard Practice Nos. 190.001 and 190.002

[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]

SCHEDULE 10A – ROTATING LOAD CURTAILMENT PROCEDURES**[Section 7.4.2]**

Riverside rotating Load curtailment procedures are set forth in the Riverside EEP attached to Schedule 11. To maintain the required amount of continuously interrupted Load, as directed by the CAISO, for an extended amount of time, no portion of Riverside's interrupted Load shall be restored unless an equal or greater amount of Load is interrupted first, as necessary to maintain the required amount of interrupted Load.

SCHEDULE 10B – INTERRUPTIBLE LOAD**[Section 7.4.2]**

Riverside has not implemented a program for interruptible Loads.

Should Riverside seek to implement any interruptible Load program, Riverside shall provide a complete description of the program to the CAISO at least sixty (60) days prior to the incorporation of the program into the Riverside EEP and all applicable Operating Procedures shall be followed.

SCHEDULE 11 – ELECTRICAL EMERGENCY PLAN**[Section 7.5.1]**

See City of Riverside Electric Emergency Plan dated May 03, 2007, attached hereto.

The information to be contained in this Schedule may be subject to additional filing due to subsequent revisions as these may be required from time to time.

Electrical Emergency Plan

[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]

SCHEDULE 12 - LOAD RESTORATION

[Section 7.4.3]

Riverside shall follow the procedures set forth below in this Schedule 12 in promoting orderly, coordinated restoration of electric systems after a major system disturbance has occurred which resulted in Load Shedding by frequency relays in California.

1. Immediately after Load Shedding by frequency relay(s) has occurred in Riverside's System, Riverside shall remain in contact with the CAISO, until normal frequency has been restored throughout the CAISO Balancing Authority Area or the CAISO Shift Supervisor has concluded that such full-time communications can be terminated. Emergency communications will be under the direction of the CAISO Shift Supervisor.
2. Manual Load restoration shall not normally be initiated without the direction of the CAISO. No Load is to be manually restored unless directed by the CAISO after the frequency has recovered and there is indication that the frequency can be maintained. Riverside shall await direction from the CAISO, who will be in contact with the CAISO Shift Supervisor. The CAISO Shift Supervisor shall determine whether adequate Generation resources are available on line to support the Load to be restored.
3. Riverside's automatic Load restoration will be consistent with the WECC Coordinated Off-Nominal Frequency Load Shedding and Restoration Plan.
4. If the CAISO cannot meet the WECC and NERC Balancing Authority Area Disturbance Control Standard or the Control Performance Standard post disturbance, no manual Load restoration shall be permitted. If the frequency is such that automatic Load restoration occurs under these conditions, if Riverside has restored Load automatically, it will manually shed an equivalent amount of Load to offset the Load which was automatically restored.
5. Restoration of ties and off-site power supply to nuclear generating facilities should be given top priority. Manual Load restoration will be deferred during periods of tie restoration. Riverside should be equipped and prepared to drop Load manually when necessary to allow frequency recovery sufficient to re-establish CAISO intra-area ties and Interties between the CAISO Balancing Authority Area and outside systems. Where manual Load Shedding is required, the CAISO shall make reasonable efforts to allocate the Load Shedding requirement equitably among Riverside, UDCs, and MSS Operators where Load Shedding shall be beneficial, and such Load Shedding shall be made in accordance with Section 7.4.

6. Riverside shall use its existing plans and priorities to restore Load within the parameters given by the CAISO, giving the appropriate priority to essential services such as military, public safety agencies, water treatment plants, sewage treatment plants, etc.

SCHEDULE 13 - RESERVED

SCHEDULE 14 - GENERATING UNITS AND MARKET-PARTICIPATING LOADS**[Sections 10.1 and 10.5]****[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**

Schedule 14 Cont.

[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]

**SCHEDULE 14 A – GENERATING UNITS AND MARKET-PARTICIPATING
LOADS****[Section 11.1]**

City of Riverside has elected not to Load follow at this time

SCHEDULE 14 B - LOAD FOLLOWING SYSTEM RESOURCES DESCRIPTION**[Sections 3.2.6, 13.8, 13.9, 13.11, 13.15, 13.17, and Schedule 19]****System Resources**

SCHEDULE 15 - METERING OBLIGATIONS

[Section 12.2]

Obligations and Rights of Riverside

- 1.0 Submission of Meter Data through the CAISO's Settlement Quality Meter Data Systems ("SQMDS") and Revenue Meter Data Acquisition and Processing System ("RMDAPS").** Riverside agrees to make available to the CAISO through RMDAPS its Meter Data in accordance with the CAISO Tariff. The CAISO's requirements regarding the frequency with which it requires Meter Data to be made available to it through RMDAPS by Riverside are referred to in the CAISO Tariff and the Business Practice Manual for Metering.
- 1.1 Meter Information.** Riverside shall provide in the format prescribed by Schedule 15.1 the required information with respect to all of its meters used to provide Meter Data to the CAISO. Riverside must immediately notify the CAISO of any changes to the information provided to the CAISO in accordance with this Section and provide the CAISO with any information in relation to such change as reasonably requested by the CAISO. Riverside shall have the right to modify Schedule 15.1, although such modification shall not constitute an amendment to this Agreement.
- 1.2 Transformer and Line Loss Correction Factor.** If Riverside uses low voltage side metering, it shall use the CAISO approved Transformer and Line Loss Correction Factor referred to in the CAISO Tariff and the Business Practice Manual for Metering.
- 1.3 Rights to Access Metering Facilities.** Riverside shall use its best efforts to procure any rights necessary for the CAISO to access all Metering Facilities of Riverside to fulfill its obligations under the CAISO Tariff, and its obligations under this Agreement. If, after using its best efforts, Riverside is unable to provide the CAISO with such access rights, Riverside shall ensure that one of its employees is an CAISO Authorized Inspector and such employee undertakes, at the CAISO's request, the certification, testing, inspection and/or auditing of those Metering Facilities in accordance with the procedures established pursuant to the Business Practice Manual for Metering and the CAISO Tariff, including the requirement to complete and provide to the CAISO all necessary documentation. The CAISO acknowledges that it will not be prevented from fulfilling its obligations under the CAISO Tariff or this Agreement by reason of the fact that it is provided with escorted access to the Metering Facilities of Riverside.
- 1.4 Security and Validation Procedures.** The security measures and the validation, editing, and estimation procedures that the CAISO shall apply to

Meter Data made available to the CAISO by Riverside shall be as referred to in the CAISO Tariff and the Business Practice Manual for Metering.

- 1.5 Authorized Users.** In addition to the persons referred to in the CAISO Tariff, including Riverside and the relevant Scheduling Coordinator, as being entitled to access Meter Data on SQMDS, Riverside may set forth in Schedule 15.2 any additional authorized users that shall be entitled to access Riverside's Settlement Quality Meter Data held by the CAISO. Riverside shall include in Schedule 15.2 as authorized users the relevant UDCs and TOs. The CAISO shall provide the authorized users with any password or other information necessary to access Riverside's Settlement Quality Meter Data held by the CAISO on SQMDS. Any amendment or addition to Schedule 15.2 shall not constitute an amendment to this Agreement.
- 1.6 Certification, Inspection, and Auditing of Meters.** Riverside shall be responsible for all reasonable costs incurred by the CAISO or a CAISO Authorized Inspector in connection with them carrying out the certification, inspection, testing or auditing of the meters identified in Schedule 15.1 from which Riverside provides Meter Data to the CAISO. The CAISO or CAISO Authorized Inspector shall furnish Riverside, upon request, an itemized bill for such costs.

Obligations and Rights of the CAISO

- 2.0 Direct Polling of Revenue Quality Meter Data.** The CAISO shall allow the Scheduling Coordinator representing Riverside and all authorized users to directly poll CAISO certified meters for the Meter Data relating to Riverside in accordance with the procedures referred to in the CAISO Tariff and the Business Practice Manual for Metering.
- 2.1 CAISO as a Third-Party Beneficiary.** The CAISO shall be a third-party beneficiary to any future agreement between Riverside and any other party relating to the Metering Facilities of Riverside for the purpose of granting the CAISO access to any relevant information, records and facilities as needed by the CAISO to fulfill its obligations under the CAISO Tariff and its obligations under this Agreement.
- 2.2 Remote and Local Access to Metering Data.** The CAISO shall provide Riverside any password or other requirements necessary for Riverside to access its Meter Data remotely or locally at the meter.

Calculation of Riverside Settlement Quality Meter Data

The calculation of Riverside's Settlement Quality Meter Data ("SQMD") shall be made in accordance with a calculation procedure that is mutually agreed by the Parties, which calculation procedure will generally be as follows:

Riverside SQMD (Gross Load) = MSS Meter Data at the Points of MSS Interconnection or Points of Delivery + Meter Data for Generation from Generating Units within the MSS

SCHEDULE 15.1 – METER INFORMATION

[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]

Schedule 15.1 Cont.**[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**

SCHEDULE 15.2 - ACCESS TO METER DATA AND AUTHORIZED USERS

Authorized users under this Schedule are permitted to use such Meter Data solely for purposes of fulfilling obligations or verifying performance under agreements between the authorized user and Riverside, the authorized user and the CAISO, or Riverside and the CAISO.

Southern California Edison

SCHEDULE 16 - TRANSMISSION RELIABILITY CRITERIA

[Section 13.4]

For transmission reliability, Riverside shall abide by all applicable NERC and WECC Planning Criteria and the following:

Power Flow Assessment:

Contingencies	Criteria	
	Thermal ³	Voltage ⁴
Generating Unit ¹	A/R	A/R
Transmission line ¹	A/R	A/R
Transformer ¹	A/R ⁵	A/R ⁵
Overlapping ²	A/R	A/R

- 1 All single contingency Outages (i.e. Generating Unit, transmission line or transformer) will be simulated on Participating Transmission Owners' local area systems.
- 2 Key Generating Unit out, system readjusted, followed by a line Outage.
- 3 Applicable Rating – Based on CAISO Transmission Register or facility upgrade plans.
- 4 Applicable Rating – CAISO Grid Planning Criteria or facility owner criteria as appropriate.
- 5 Based on judgment of CAISO and facility owner, a thermal or voltage criterion violation resulting from a transformer Outage may not be cause for Reliability Must-Run Generation solution if the violation is considered marginal (e.g. acceptable loss of life or low voltage), otherwise (e.g. unacceptable loss of life or voltage collapse) a Reliability Must-Run Generation solution would be indicated.

Post Transient Load Flow Assessment:

Contingencies	Reactive Margin Criteria ²
Selected ¹	A/R

- 1 If power flow results indicate significant low voltages for a given power flow contingency, simulate that Outage using the post transient load flow program. The post-transient assessment will develop appropriate Q/V and/or P/V curves.
- 2 Applicable Rating – positive margin based on 105% of 1 in 2 year Load forecast.

Stability Assessment:

Contingencies

Stability Criteria ²Selected ¹

A/R

- 1 If power flow or post transient study results indicate significant low voltages or marginal reactive margin for a given contingency, simulate that Outage using the dynamic stability program.
- 2 Applicable Rating – CAISO Grid Planning Criteria or facility owner criteria as appropriate.

SCHEDULE 17 – CONTACTS FOR NOTICES**[Sections 3.3.3 and 19.1]****Riverside**

Name of Primary

Representative: David Wright
Title: Public Utilities General Manager
Address: 3901 Orange Street
City/State/Zip Code: Riverside, CA 92501
Email Address: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**
Phone: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**
Fax No: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**

Name of Alternative

Representative: Gary Nolff
Title: Utilities Assistant General Manager - Resources
Address: 3901 Orange Street
City/State/Zip Code: Riverside, CA 92501
Email Address: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**
Phone: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**
Fax No: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**

Authorized Representative (Section 3.3.3):

Representative: David Wright
Title: Public Utilities General Manager
Address: 3901 Orange Street
City/State/Zip Code: Riverside, CA 92501
Email Address: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**
Phone: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**
Fax No: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**

CAISO

Name of Primary

Representative: Roni L. Reese
Title: Senior Contracts Analyst
Address: 250 Outcropping Way
City/State/Zip Code: Folsom, CA 95630
Email Address: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**
Phone: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**
Fax No: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**

Name of Alternative

Representative: Christopher J. Sibley
Title: Lead Contract Negotiator
Address: 250 Outcropping Way
City/State/Zip Code: Folsom, CA 95630
Email Address: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**
Phone: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**
Fax No: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**

Authorized Representative (Section 3.3.3):

Representative: Eric Schmitt
Title: Vice President, Operations
Address: 250 Outcropping Way
City/State/Zip Code: Folsom, CA 95630
Email Address: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**
Phone: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**

SCHEDULE 18 - RESERVED

Schedule 19 – MSS AGREEMENT LOAD FOLLOWING DEVIATION ENERGY FORMULA

[Sections 13.11 and 13.12]

Currently the City of Riverside has elected not to follow its Load.

Attachment B
PUBLIC VERSION

Marked Second Amended and Restated Riverside MSSA

[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]

**CALIFORNIA INDEPENDENT SYSTEM
OPERATOR CORPORATION**

AND

CITY OF RIVERSIDE

**SECOND AMENDED & RESTATED
METERED SUBSYSTEM AGREEMENT**

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SECOND AMENDED AND RESTATED METERED SUBSYSTEM AGREEMENT

THIS AGREEMENT is dated this _____ day of _____, 20____ and is entered into, by and between:

- (1) The **City of Riverside**, a municipal corporation of the State of California, which owns and operates a municipal electric utility system engaged in the Generation, transmission, distribution, purchase and sale of electric power and Energy at wholesale and retail, having its registered and principal place of business located at 3900 Main Street, Riverside, California 92522 ("Riverside");

and
- (2) **California Independent System Operator Corporation**, a California non-profit public benefit corporation having its principal place of business located in such place in the State of California as the CAISO Governing Board may from time to time designate, ~~initially 151 Blue Ravine Road~~ currently 250 Outcropping Way, Folsom, California 95630 (the "CAISO").

Riverside and the CAISO are hereinafter referred to individually as "Party" or collectively as the "Parties."

Whereas:

- A.** The City of Riverside is a MSS Operator of a Metered Subsystem ("MSS") engaged in, among other things, generating, transmitting and distributing electric power in the Riverside Service Area;
- B.** The CAISO operates the CAISO Balancing Authority Area and is engaged in, among other things, exercising Operational Control over certain electric transmission facilities forming the CAISO Controlled Grid, including transmission facilities owned by Southern California Edison Company (hereinafter referred to as "SCE") and Riverside's transmission Entitlements, scheduling transactions that utilize those transmission facilities and Entitlements, and operating certain markets, including markets for Energy and Ancillary Services, pursuant to the terms of the CAISO Tariff and has certain statutory obligations under California law to maintain the reliability of the CAISO Controlled Grid, as well as certain responsibilities mandated by the North American Electric Reliability Corporation ("NERC") and Western Electricity Coordinating Council ("WECC") or its successor to ensure the reliable operation of the entire electric grid within the CAISO Balancing Authority Area;
- C.** Riverside is a municipal electric utility formed under Article XII of the Riverside City Charter and utilizes, either directly or indirectly through the Southern

California Public Power Authority ("SCPPA"), tax-exempt financing for one or more of its projects that restricts the amount of private use of such projects;

- D. Riverside's System is within the CAISO Balancing Authority Area, is indirectly interconnected to the CAISO Controlled Grid, and is directly interconnected to the SCE Distribution System through the Wholesale Distribution Access Tariff ("WDAT");
- E. Riverside desires to continue to operate its generating resources, its transmission, and the distribution resources of Riverside's System in an integrated manner to reliably serve Riverside's Loads and also desires, as or through a Scheduling Coordinator, to submit Bids, including Self-Schedules, to use the CAISO Controlled Grid and participate in the CAISO Markets as a buyer and a seller;
- F. The Parties are entering into this Metered Subsystem Agreement ("Agreement") in order to establish the terms and conditions on which (1) Riverside will operate Riverside's Generating Units within the CAISO Balancing Authority Area; (2) Riverside will, as or through its Scheduling Coordinator, submit Bids, including Self-Schedules, into the CAISO Balancing Authority Area and participate in the CAISO Markets; and (3) the Parties will meet their obligations under the CAISO Tariff, as may be modified by this Agreement, in connection therewith;
- G. Riverside desires to have the option at some future date to elect to utilize Riverside's System resources, System Resources and Resource Specific System Resources, and imports into its MSS to follow Riverside's Loads and exports from its MSS;
- H. The intent of the Parties is that any CAISO charges will be charged to Riverside's Scheduling Coordinator based on the principle of cost causation, with due regard for historic considerations, timing and transition issues, and other relevant factors;
- I. In order to maintain the reliability of the interconnected electric systems encompassed by the WECC, the Parties are required to comply with the NERC and WECC Reliability Standards, and the WECC RMS Agreement to the extent it remains in effect, applicable to the functional entity types for which the Parties are registered with NERC and WECC. Should any Party fail to meet its respective obligations, such Party shall be responsible for payment of any monetary sanctions assessed against it in accordance with Section 10.3;
- J. Riverside represents that it has a responsibility to serve its customer Loads pursuant to the Riverside City Charter. Consistent with that responsibility, the Parties acknowledge that Riverside's Generation resources are dedicated first and foremost to service Riverside's retail native Load within Riverside's Service Area and that such resources are, except for times of System Emergency as

specified in and consistent with Section 7.1.5 or Riverside's voluntary participation in CAISO Markets or other circumstances, as specified in this Agreement, not subject to CAISO Dispatch; and

- K. The Parties acknowledge that the CAISO is responsible for the efficient use and reliable operation of the CAISO Controlled Grid and the operation of the CAISO's Balancing Authority Area consistent with achievement of planning and Operating Reserve criteria no less stringent than those established by the WECC and NERC and in accordance with the CAISO Tariff. The Parties acknowledge that the CAISO may not be able to satisfy fully these responsibilities if parties to agreements with the CAISO, including Riverside, fail to comply fully with all of their obligations under those agreements. The Parties further acknowledge that Riverside may not be able to satisfy fully its native Load responsibilities in the event the CAISO fails to comply fully 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.** Unless defined in the introduction or Section 1.2, all terms used in this Agreement with initial capitalization shall have the same meaning as those contained in Appendix A, the Master Definitions Supplement to the CAISO Tariff.
- 1.2 **Special Definitions for this Agreement.** In this Agreement, the following terms shall have the meanings set opposite them:

"Point of Delivery" means any point at which Riverside's System interfaces with the CAISO Controlled Grid for transactions into CAISO Markets. The Point of Delivery is described in Schedule 1.

"Point of MSS Interconnection" means any point at which the City of Riverside may in the future be directly interconnected with the CAISO Controlled Grid in the CAISO Balancing Authority Area. The initial Points of MSS Interconnection are described in Section 4.1.

"Riverside's System" means all transmission facilities, distribution facilities and Generating Units owned or controlled by Riverside on Riverside's side of the Points of MSS Interconnection or Points of Delivery for its MSS, as listed in Schedule 1. A description of the generating facilities and any Point of MSS Interconnection facilities comprising Riverside's System is set forth in Schedule 1.

1.3 Rules of Interpretation. The following rules of interpretation and conventions shall apply to this Agreement:

- (a) the singular shall include the plural and vice versa;
- (b) the masculine shall include the feminine and neutral and vice versa;
- (c) “includes” or “including” shall mean “including without limitation”;
- (d) 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;
- (e) any reference to the CAISO Tariff or any provision of the CAISO Tariff will mean a reference to the CAISO Tariff or provision then in effect as modified during the term of this Agreement, unless otherwise specifically provided;
- (f) 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;
- (g) 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;
- (h) unless the context otherwise requires, any reference to a Party includes a reference to its permitted successors and assigns;
- (i) any reference to a day, week, month or year is to a calendar day, week, month or year; and
- (j) 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 later of: (1) the date this Agreement is accepted for filing and made effective by FERC, or (2) the date the version of the CAISO Tariff implementing the CAISO’s Market Redesign and

Technology Upgrade (“MRTU”) market design becomes effective, and shall remain in full force and effect until terminated pursuant to Section 2.2 or upon such other date as the Parties shall mutually agree. Upon the effective date of this Agreement, all prior versions will be superseded, provided that if this Agreement has become effective, but the CAISO exercises its rights under Section 44 of the CAISO Tariff and returns its operations and settlements to the pre-MRTU ISO Tariff, the Parties will use the terms of the version of the Metered Subsystem Agreement in existence prior to this Agreement during such period that the CAISO returns to the previously effective ISO Tariff, except that the updates to the Schedules attached to this Agreement will remain in effect.

2.2 Termination

2.2.1 Termination by Default. Either Party (the terminating Party) may terminate this Agreement by giving written notice of termination in the event that the other Party (the defaulting Party) commits any default under this Agreement or the applicable provisions of the CAISO Tariff which, if capable of being remedied, is not remedied within 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 XVIII.

2.2.2 Termination for Cause. Riverside may terminate this Agreement by giving ninety (90) days written notice of termination in the event that: (i) any changes to the CAISO Tariff or state or federal law are approved or implemented that substantially alter Riverside’s rights or obligations under this Agreement; (ii) the CAISO fails to maintain reliable system operations as required by Good Utility Practice and NERC and WECC Reliability Standards; or (iii) non payment by the CAISO for services rendered by Riverside.

2.2.3 Termination for Tax Reasons. Riverside may terminate this Agreement immediately on the loss or threatened loss in whole or in part of exemption from taxation for bonds used directly or indirectly by Riverside for generation, transmission, and distribution projects as a result of Riverside’s obligations under this Agreement.

2.2.4 Termination on Notice. Either Party shall have the right to terminate this Agreement in accordance with this Section 2.2.4, subject to the procedural requirements set forth in Section 2.2.5.

2.2.4.1 Either Party may terminate this Agreement by giving the other Party written notice at least six (6) months in advance of the intended effective date of termination.

2.2.4.2 Riverside shall have the right to terminate this Agreement as provided for in Section 11.1.1.

- 2.2.5 Filing.** With respect to any notice of termination given pursuant to this Section, the CAISO must file a timely notice of termination with FERC. The filing of the notice of termination by the CAISO will be considered timely if: (1) the request to file a notice of termination is made after the preconditions for termination set forth in Sections 2.2.1, 2.2.2, 2.2.3 or 2.2.4 have been met, and (2) the CAISO files the notice of termination within 30 days of receipt of such request from Riverside or issuance of its own notice of termination. This Agreement shall terminate upon the date on which the notice of termination is permitted by FERC to become effective; provided, however, that if Riverside is the terminating Party, Riverside shall be relieved of its obligations and shall forego its rights herein as of the termination effective date associated with the provision of this Agreement pursuant to which Riverside has provided its notice of termination, regardless of action or inaction by the CAISO or FERC, provided that Riverside shall cease taking any service pursuant to this Agreement as of the effective date associated with Riverside's notice of termination and provided further that any outstanding charges or settlements that arose under this Agreement shall survive until they are satisfied.

ARTICLE III – GENERAL TERMS AND CONDITIONS

- 3.1 Scope of Agreement.** Except as specifically provided otherwise, the provisions of this Agreement will apply only with respect to the facilities comprising Riverside's System and to Loads and Generating Units that comprise or are directly connected only to Riverside's System. Subject to the terms of Article II, this Agreement shall not affect Riverside's ability to join or establish another Balancing Authority Area or Riverside's right to exercise any available legal recourse to obtain or confirm that it possesses other forms of transmission rights.
- 3.2 Relationship Between Agreement and CAISO Tariff**
- 3.2.1 Precedence of Agreement.** 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 provision of this Agreement shall govern notwithstanding any inconsistent provision of the CAISO Tariff and, except as provided in Section 3.2.2, any CAISO Tariff provision that is referenced in this Agreement.
- 3.2.2 Precedence of CAISO Tariff.** 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.
- 3.2.3 Metered Subsystems.** Except as provided in Section 3.2.1, Riverside shall, with respect to the operation of the Metered Subsystem, comply with the requirements applicable to Metered Subsystems under Section 4.9 of the

CAISO Tariff and all other provisions of the CAISO Tariff governing Metered Subsystems including but not limited to Sections 31.5, 34.12, and 36.10 of the CAISO Tariff.

3.2.4 Participating Generators. Except as provided in Section 3.2.1, Riverside shall, with respect to the operation of any of its Generating Units listed in Schedule 14, comply with the requirements applicable to Participating Generators under Section 4.6 of the CAISO Tariff and all other provisions of the CAISO Tariff governing Participating Generators. Nothing in this Agreement shall obligate Riverside to execute a Participating Generator Agreement with respect to any Riverside Generating Units.

3.2.5 Participating Loads. Except as provided in Section 3.2.1, Riverside shall, with respect to the operation of any Load listed in Schedule 14, comply with the requirements applicable to Participating Loads under Section 4.7 of the CAISO Tariff and all other provisions of the CAISO Tariff governing Participating Loads. Nothing in this Agreement shall obligate Riverside to execute a Participating Load Agreement with respect to any Riverside Load.

~~3.2.6~~

~~3.2.6 Resource Specific System Resources.~~ Except as provided in Section 3.2.1, Riverside shall, with respect to the operation of any Resource Specific System Resource listed in Schedule 14 B, comply with the requirements applicable to Resource Specific System Resources under Section 4.12 of the CAISO Tariff and all other provisions of the CAISO Tariff governing Resource Specific System Resources. Nothing in this Agreement shall obligate Riverside to execute a Resource Specific System Resource Agreement with respect to any Riverside Resource Specific System Resource.

3.2.7 Utility Distribution Companies. Except as provided in Section 3.2.1, Riverside shall, with respect to the operation of the distribution facilities of Riverside's System, comply with the requirements applicable to Utility Distribution Companies under Section 4.4 of the CAISO Tariff and all other provisions of the CAISO Tariff governing Utility Distribution Companies. Nothing in this Agreement shall obligate Riverside to execute a UDC Operating Agreement.

3.2.8 Disputes. The applicability of any provision of the CAISO Tariff to Riverside, including as provided in Sections 3.2.1 through 3.2.6~~7~~, inclusive, shall, in the event of a dispute between the Parties, be determined through the CAISO ADR Procedures in accordance with Article 13 of the CAISO Tariff.

3.2.9 Participating TO. So long as Riverside remains a Participating Transmission Owner ("TO"), Riverside shall comply with the requirements applicable to Participating TOs under Section 4.3 of the CAISO Tariff and all other provisions of the CAISO Tariff governing Participating TOs.

3.2.10 Written Agreements. This Agreement shall serve, with respect to Riverside, as the written agreements required by Sections 4.4.1, 4.6, 4.7, and 10.1.4 of the CAISO Tariff.

3.3 _Amendment to Agreement

3.3.1 Amendments. Riverside and the CAISO shall retain all rights under Section 206 of the Federal Power Act. Except with respect to the CAISO's rights set forth in Section 3.3.2 and the Parties' rights under Section 206 of the Federal Power Act, this Agreement may be modified only by mutual written agreement between the Parties. Amendments that require FERC approval shall not take effect until FERC has accepted such amendments for filing and made them effective.

3.3.2 Section 205 Rights. The CAISO shall have the right to apply unilaterally under Section 205 of the Federal Power Act to change the rates, terms, and conditions under this Agreement for services provided to Riverside. In proposing any changes, unless in response to a FERC order as provided in Section 3.6, the CAISO will consider the principles in this Agreement as detailed in Section 3.4.2. Additionally, unless in response to a FERC order as provided in Section 3.6, any changes proposed by the CAISO shall be subject to the following:

3.3.2.1 The CAISO shall provide Riverside 30 days advance written notice of such change.

3.3.2.2 The CAISO shall meet and confer with Riverside regarding the change, provided that the scheduling of such meeting shall not be unreasonably delayed.

3.3.2.3 Riverside's representative designated in Schedule 17 may waive these requirements upon written request by the CAISO.

3.3.2.4 The CAISO shall provide Riverside with a copy of the FERC filing if, and when, made.

3.3.3 Operational Changes. In addition to changes that may otherwise be contemplated by Section 3.5 or Section 3.6, the Parties recognize that the CAISO's responsibilities and operations, as set forth in the CAISO Tariff, and that Riverside's responsibilities and operations may change during the term of this Agreement. The Parties agree that, in the event any such change substantially affects the allocation of rights, responsibilities and obligations between the Parties under this Agreement, the Parties, while continuing to honor the terms and conditions of this Agreement, will make good faith efforts to negotiate an appropriate amendment to this Agreement and shall endeavor in that process to restore that allocation. Schedules to this Agreement may be

revised by agreement of the authorized representatives of the Parties designated in Schedule 17. Revisions to Schedules other than with regard to the contact information in Schedules 6 and 17 shall be filed by the CAISO with FERC.

3.4 Amendment to CAISO Tariff.

3.4.1 CAISO Tariff Amendments. Nothing in this Agreement shall affect in any way the authority of the CAISO to modify unilaterally the CAISO Tariff in accordance with Section 15 of the CAISO Tariff or of the CAISO and Riverside to exercise their rights under the Federal Power Act or any other law, or to pursue any legal remedies.

3.4.2 MSS Principles. In making amendments to the CAISO Tariff as provided in Section 3.4.1, the CAISO will consider the impact on Metered Subsystems and the principles reached in this Agreement, including but not limited to:

3.4.2.1 Cost Causation: The intent of the Parties is that CAISO charges will be charged to Riverside or Riverside's Scheduling Coordinator based on the principle of cost causation, with due regard for historic considerations, timing and transition issues, and other relevant factors.

3.4.2.2 Load Following Capability: Riverside desires the option to elect to implement Load following capability, through its Scheduling Coordinator, to match Riverside's Load and exports from its MSS with Riverside's resources and imports into its MSS approved in advance by the CAISO as not causing an undue operational burden, including not having the potential to exacerbate Congestion or otherwise adversely affect reliable operation of the CAISO Balancing Authority Area, and to make economic resource decisions with the resources in Riverside's portfolio.

3.4.2.3 Compatibility of Market Participants: For efficient use of transmission facilities and to decrease Congestion, the CAISO desires that all Market Participants operate using similar rules and scheduling timelines.

3.4.2.4 Private Use Restrictions: Riverside has financed, either directly or indirectly through SCPPA, one or more projects with tax-exempt bonds, which bond indentures require limitations on operational control of such projects.

3.4.2.5 Obligation to Serve and Voluntary Participation in CAISO Markets: In order to preserve Riverside's ability to meet its obligation to serve its customers within its Service Area, the CAISO shall recognize the principle that the CAISO should minimize to the extent practicable any interference with Riverside's use of its resources to meet its obligation to serve. The CAISO shall recognize the principles that Riverside's participation in CAISO Markets should be strictly voluntary and that the CAISO's right to request

surplus Generation from Riverside above that which is submitted under Bids or Self-Schedules into the CAISO Markets shall be limited to occurrence of System Emergencies consistent with Section 7.1.5 and other contingencies recognized in Sections 7.1 and 8.2.

- 3.4.2.6 Protection Against Load Shedding:** An MSS Operator that has sufficient resources to meet applicable resource adequacy standards and schedules sufficient resources to meet its own Load obligations, as specified in Section 7.7.11.4 of the CAISO Tariff and its firm energy obligations to third parties shall not be subject to Load Shedding that results from deficiencies by other Market Participants as to such requirements.
- 3.4.2.7 Affected Generating Units:** Riverside's generating resources subject to provisions of this Agreement applicable to Generating Units, and that are to be listed in Schedule 14, are those generating resources in the CAISO Balancing Authority Area over which Riverside has operational control.
- 3.5 Changes to CAISO Markets.** To the extent possible, any subsequent changes to the CAISO Markets that impact Metered Subsystems will be incorporated in this Agreement. If and when components of the CAISO Markets design necessitate a revision to this Agreement, the CAISO will amend this Agreement in accordance with Section 3.3 and consistent with the principles in Section 3.4.2.
- 3.6 Changes to Conform to FERC Orders.** Nothing in this Article III shall be interpreted to limit the CAISO's right to modify the CAISO Tariff or this Agreement to comply with or conform to any FERC order or to limit Riverside's right to challenge such a proposed modification.
- 3.7 Facilities Financed by Local Furnishing Bonds or Other Tax-Exempt Bonds.** This Section 3.7 applies only to facilities which are under the Operational Control of the CAISO and are owned by a MSS Operator with Local Furnishing Bonds or other tax-exempt bonds. Nothing in this Agreement shall compel (and the CAISO is not authorized to request) any MSS Operator with Local Furnishing Bonds, or other tax-exempt bonds, to violate restrictions applicable to facilities which are part of a system that was financed in whole or in part with Local Furnishing Bonds or other tax-exempt bonds.

ARTICLE IV - INTERCONNECTION

- 4.1 Points of MSS Interconnection.** The Points of MSS Interconnection are described in Schedule 1. Additional Points of MSS Interconnection may be established only by mutual agreement of the authorized representatives of the Parties pursuant to Section 3.3.3, which agreement shall not be unreasonably withheld.

- 4.2 Interconnection Operation Standards.** The CAISO and Riverside shall maintain stable established operating parameters and control power and reactive flow within standards stated in Schedule 2.
- 4.3 Operation, Maintenance, and Load Serving Responsibilities.** Riverside shall operate and maintain all facilities under Riverside control forming any part of Riverside's System, and shall be responsible for the supply, including any purchases, of the Energy and Ancillary Services required to reliably provide electric service to the Loads connected to Riverside's System in accordance with Applicable Reliability Criteria, including WECC and NERC Reliability Standards and criteria. The Parties acknowledge that Riverside is responsible for compliance with the WECC and NERC Reliability Standards and criteria applicable to the functions for which Riverside has registered with NERC. The references to WECC and NERC Reliability Standards throughout this Agreement do not make any alteration or enlargement of the requirements or standards applicable to Riverside beyond its registrations with NERC.
- 4.4 Expansion, Retirement, and Modification of Facilities.** The Parties shall coordinate with each other in the planning and implementation of any expansion, retirement, or modification of those facilities forming or interconnected to parts of Riverside's System that are identified in Schedule 1, proposed replacements for such facilities, and other facilities forming parts of Riverside's System that serve similar functions or that otherwise will or may significantly affect the Points of MSS Interconnection, and shall provide sufficient advance notice to enable the CAISO or Riverside to conduct any necessary studies. To the extent the CAISO determines studies are required, those studies will be performed in a reasonable period of time. The authorized representatives of Parties will amend Schedule 1 pursuant to Section 3.3.3, as necessary, should any new Point(s) of MSS Interconnection be established in accordance with Section 4.1.
- 4.5 Installation of Facilities and Rights of Access**
- 4.5.1 Equipment Installation.** Pursuant to Schedule 3, the Parties shall permit one another, on reasonable notice and with mutual agreement in each case, to install equipment or have installed equipment or other facilities on the property of the other Party to enable the installing Party to meet its service obligations, unless doing so would negatively impact the reliability of service provided by the owning Party. Unless otherwise agreed, all costs of installation shall be borne by the installing Party.
- 4.5.2 Rights of Access.** A Party installing equipment on the property of the other Party shall be granted, free of charge, reasonable rights of access to inspect, repair, maintain and upgrade that equipment. Access shall be provided only on prior notice and such access shall not be unreasonably withheld.

- 4.5.3 Request for Access.** Notwithstanding any other provision in this Section 4.5, Riverside shall provide, subject to any contractual limitations concerning Riverside's entitlements to facilities, the CAISO with access for inspection or audit, to any equipment or other facilities of Riverside's System, the operation of which affects any Point of MSS Interconnection or the CAISO Controlled Grid. Riverside will allow access during normal working hours with no prior notice, provided that Riverside shall have the right to delay access to any personnel for no longer than the minimum amount of time required for Riverside to verify their identity, business purpose, and right of access. For access during times outside of normal working hours, the CAISO shall provide Riverside with one (1) Business Day advance notice. A shorter advance notice time may be attained subject to mutual agreement of the Parties' representatives.

ARTICLE V - OPERATIONS

5.1 Outages

- 5.1.1 Outage Coordination.** Riverside shall coordinate Outages of its Generating Units and of transmission facilities, including the Points of MSS Interconnection, constituting parts of Riverside's System with the owners of the transmission or distribution facilities with which Riverside's System is interconnected so that each of those owners can take those Outages into account in coordinating maintenance of its transmission facilities with the CAISO in accordance with the CAISO Tariff.
- 5.1.2 Scheduling Outages.** Riverside shall schedule with the CAISO on an annual basis pursuant to Schedule 4, with updates submitted as required under the CAISO Tariff Section 9.3.6, any Maintenance Outages of the equipment included in Schedule 1, and shall coordinate the Outage requirements of Riverside's System with the Participating TO with which Riverside's System is interconnected.
- 5.1.3 Application of Law.** Without waiving the right to terminate this Agreement in accordance with the terms of Section 2.2, Riverside shall coordinate Outages of its Generating Units, and of transmission facilities constituting parts of Riverside's System, with the CAISO, pursuant to any generally applicable program established by the CAISO to the extent required by the applicable sections of the CAISO Tariff or as required by any law, regulation or order applicable to Riverside where such law, regulation, or order applies to entities that have executed a written undertaking required by Section 4.6 of the CAISO Tariff.

- 5.2 Safety and Reliability.** Riverside shall operate and maintain Riverside's System in accordance with applicable safety standards and Reliability Standards pursuant to WECC and NERC requirements, regulatory requirements, operating guidelines, and Good Utility Practice so as to avoid any material unplanned-for adverse impact on the CAISO Controlled Grid. The CAISO shall operate and maintain the CAISO Controlled Grid and the operation of the CAISO Balancing Authority Area in accordance with applicable Reliability Standards pursuant to WECC and NERC requirements as applicable, regulatory requirements, operating guidelines, and Good Utility Practice so as to avoid any material unplanned-for adverse impact on Riverside's System. Without limiting the foregoing, Riverside shall operate and maintain Riverside's System, during normal and System Emergency conditions, in compliance with Riverside's Electric Emergency Plan ("EEP") and the requirements applicable to Utility Distribution Companies in the CAISO Operating Procedures and standards. In the event any such CAISO Operating Procedure or standard is revised to modify the requirements applicable to Utility Distribution Companies, the Parties shall comply with such revision.
- 5.3 Critical Protective Systems.** Riverside will coordinate with the CAISO, SCE, and any Generators on Riverside's System to ensure that CAISO Controlled Grid Critical Protective Systems, including relay systems and other systems described in Schedule 5, are installed and maintained in order to function in a coordinated and complementary fashion with protective devices installed by Riverside, SCE, and Generators. Riverside shall notify the CAISO as soon as is reasonably possible of any condition that it becomes aware of that may compromise or affect the operating safety and reliability of the CAISO Controlled Grid Critical Protective Systems, including the systems described in Schedule 5.
- 5.4 Single Point of Contact.** Riverside shall provide a single point of contact and, maintain and operate a control center that is staffed "at all hours" and shall, together with the CAISO, establish appropriate communications facilities and procedures between Riverside's control center and the CAISO Control Center. ~~The initial points of contact are set forth in Schedule 6. A Party's representative must update the information in Schedule 6 as the information changes. Changes to Schedule 6 shall not constitute an amendment to this Agreement.~~ The Parties agree to exchange operational contact information for insuring reliable communication in a format agreed to by the Parties. Each Party shall provide the other Party ten (10) calendar days advanced notice of updates to its operational contact information as that information is expected to change.
- 5.5 Transmission Losses, Outages, and Congestion.** Riverside shall be responsible for transmission losses within Riverside's System and to any Points of MSS Interconnection. In addition, Riverside shall be responsible for transmission line Outages and transmission Congestion within Riverside's System and at the Points of MSS Interconnection as specified in the CAISO

Tariff Section 4.9.4.6. Congestion within Riverside's System will be managed in accordance with the CAISO Tariff, including CAISO Tariff Section 31.3.3.

ARTICLE VI – INFORMATION SHARING

- 6.1 Forecasts.** Riverside shall provide to the CAISO annually its ten-year forecasts of the MSS Demand growth, internal Generation, and expansions of or replacements for those transmission facilities that are part of Riverside's System identified in Schedule 1 and other transmission facilities that are part of Riverside's System that serve similar functions or that otherwise will or may significantly affect any Point of MSS Interconnection. Such forecast shall be provided on the date that Utility Distribution Companies are required to provide similar forecasts and shall be provided in accordance with the CAISO Tariff and the Business Practice Manual for the Transmission Planning Process. Peak MSS Demand Forecasts for Riverside's System shall be submitted by Riverside's Scheduling Coordinator in accordance with the CAISO Tariff and the Business Practice Manual for Market Instruments, and biannually as part of the CAISO's summer and winter assessment process as agreed by the Parties.
- 6.2 System Surveys and Inspections.** Riverside and the CAISO shall cooperate to perform system surveys and inspections of facilities at or near the Points of MSS Interconnection that may significantly affect the facilities of the other Party.
- 6.3 Maintenance Schedules.** Riverside shall provide the CAISO on an annual basis with a schedule of planned maintenance of those Generation and transmission facilities identified in Schedule 1, in accordance with Schedule 4. Riverside and the CAISO shall also maintain records of the Maintenance Outages scheduled by Riverside on such facilities and their actual duration. Riverside shall coordinate maintenance of its transmission facilities with the CAISO in accordance with the Transmission Control Agreement. Should Riverside withdraw any of its transmission facilities from CAISO Operational Control pursuant to the Transmission Control Agreement, it shall coordinate maintenance of its transmission facilities within the CAISO Balancing Authority Area with the CAISO in accordance with this Agreement.
- 6.4 Reliability Information.** Riverside and the CAISO shall each have the obligation to inform the other Party, as promptly as possible, of any circumstance of which it becomes aware (including, but not limited to, abnormal temperatures, storms, floods, earthquakes, and equipment depletions and malfunctions and deviations from Registered Data and operating characteristics) that is reasonably likely to threaten the reliability of the CAISO Controlled Grid or the integrity of Riverside's System respectively. Riverside and the CAISO each shall also inform the other Party as promptly as possible of any incident of which it becomes aware (including, but not limited to, equipment Outages, over-loads or alarms) which, in

the case of Riverside, is reasonably likely to threaten the reliability of the CAISO Controlled Grid, or, in the case of the CAISO, is reasonably likely to adversely affect Riverside's System. Such information shall be provided in a form and content which is reasonable in all the circumstances, sufficient to provide timely warning to the other Party of the potential threat and, in the case of the CAISO, not unduly discriminatory with respect to the CAISO's provision of similar information to other entities.

6.5 Major Outage Reports. Riverside shall promptly provide such information as the CAISO may reasonably request concerning Riverside's operation of Riverside's System to enable the CAISO to meet its responsibility under the CAISO Tariff to conduct reviews and prepare reports following major Outages. Where appropriate, the CAISO will provide appropriate assurances that the confidentiality of commercially sensitive information shall be protected. The CAISO shall have no responsibility to prepare reports on Outages that affect customers on Riverside's System, unless the Outage also affects customers connected to the system of another entity within the CAISO Balancing Authority Area. Riverside shall be solely responsible for the preparation of any reports required by any governmental entity or the WECC with respect to any Outage that affects solely customers on Riverside's System.

6.6 Annual Reviews and Reports

6.6.1 CAISO Annual Reviews and Reports. The CAISO shall make available to Riverside any public annual reviews or reports regarding performance standards, measurements or incentives relating to the CAISO Controlled Grid that the CAISO makes available to MSS Operators and Participating TOs.

6.6.2 Riverside Annual Reviews and Reports. Riverside shall make available to the CAISO any public annual reviews or reports regarding performance standards, measurements or incentives relating to Riverside's System that may affect the CAISO Balancing Authority Area.

6.6.3 Joint Reporting. The CAISO and Riverside shall jointly develop any necessary forms and procedures for collection, study, treatment, and transmittal of system data, information, reports and forecasts.

6.7 Direct Telemetry. Riverside shall cause to be installed and cause to be maintained direct telemetry links from facilities comprising Riverside's System to the CAISO's EMS system to provide real-time data to the CAISO, subject to any exemption available in accordance with the CAISO Tariff. Such data points may include without limitation: output of Generating Units under Riverside control; Riverside's line and transformer power flows at any Riverside Points of MSS Interconnection; and bus voltages at each Generating Unit and any Point of MSS Interconnection. With regard to Generating Units in the CAISO Balancing Authority Area in which Riverside has an entitlement, and at each Point of

Delivery over which Riverside does not have legal authority to exercise control, Riverside shall, at a minimum, support the installation and maintenance of direct telemetry links to the CAISO's EMS system from those Generating Units and Points of Delivery before the appropriate bodies of the projects and/or Points of Delivery pursuant to the individual related agreements to the full extent allowed by such agreements and applicable laws and regulations. Additional data points to be transmitted to the CAISO EMS system will be as mutually agreed by the CAISO and Riverside representatives.

ARTICLE VII – EMERGENCY OPERATIONS

7.1 In General.

Except with respect to Sections 7.4.1, 7.4.3, 7.4.4, 7.5.1, and 7.5.2, or unless Riverside is short of resources to meet its forecasted MSS Demand and exports, as determined in accordance with Section 7.7.11.4 of the CAISO Tariff, the terms of this Article VII shall only apply during a System Emergency that is not a result of a deficiency of resources to serve Loads in the CAISO Balancing Authority Area but instead occurs due to operating contingencies, which may include but not be limited to forced loss of resources and/or transmission components or may otherwise be caused by an Uncontrollable Force. In the event a System Emergency occurs or the CAISO determines that a System Emergency is threatened or imminent, Riverside shall, in accordance with Section 7.7.2 of the CAISO Tariff and Good Utility Practice and subject to the terms of this Article VII: (a) comply with all directions from the CAISO concerning the management and alleviation of a threatened or actual System Emergency, which may include shutting down or starting a Generating Unit, altering the scheduled delivery of Energy or Ancillary Services throughout the CAISO Balancing Authority Area, or disconnecting Riverside Load; and (b) comply with all procedures concerning System Emergencies set out in the Riverside EEP, CAISO applicable Business Practice Manuals, and CAISO Operating Procedures, in accordance with the applicable provisions of this Agreement. Without limiting the generality of the foregoing:

(1) Applicability. Subsequent to the declaration by the CAISO of a threatened and imminent System Emergency in accordance with the CAISO's Operating Procedure applicable to System Emergencies, in the event Riverside has chosen not to follow its Load in accordance with Section 4.9.13 of the CAISO Tariff, and otherwise during a System Emergency, the CAISO may issue Dispatch Instructions or request additional output from Riverside's Generating Units in addition to the Energy and Ancillary Services for which Riverside has submitted Self-Schedules with the CAISO or Bids into the CAISO Markets. Unless the request or Dispatch Instruction is issued by the CAISO to implement a FERC approved market mitigation measure applicable to MSS Operators consistent

with Section 7.1.5.1, Riverside shall not be required by this Agreement to comply with such requests or Dispatch Instructions, although it may consent to do so in a particular case (without prejudice to Riverside's right to direct its Scheduling Coordinator to decline any such requests or instructions thereafter), if: (i) the CAISO has not exhausted market resources prior to calling on Riverside's resources and such market resources, if dispatched, would have had a similar operational effect as dispatching Riverside's Generating Unit in alleviating the System Emergency; or (ii) the System Emergency is a result of insufficient resources to meet Load and/or inability to meet Operating Reserve obligations (as defined by WECC or its successor and implemented by the CAISO), as determined in accordance with Section 7.7.11.4 of the CAISO Tariff. If Riverside or its Scheduling Coordinator chooses not to follow such a request or Dispatch Instruction, it shall notify the CAISO as soon as possible that it will not follow the request or Dispatch Instruction due to one of the reasons set forth above.

(2) Operating Limitations/Conditions. Any Dispatch Instructions, including Exceptional Dispatch Instructions, or requests for output from Riverside's Generating Unit(s) by the CAISO during System Emergencies shall be subject to the terms of Section 10.2.

7.1.1 Generating Unit Availability. When requested by the CAISO subsequent to the declaration by the CAISO of an alert regarding a threatened or imminent System Emergency in accordance with the CAISO's Operating Procedure applicable to System Emergencies in the event Riverside has chosen not to follow its Load in accordance with Section 4.9.13 of the CAISO Tariff, and otherwise during a System Emergency, Riverside shall operate all of its Generating Units listed in Schedule 14 to supply the CAISO with generating capacity and/or Energy that can be made available by those Generating Units in order to make available as much generating capacity and/or Energy as possible to the CAISO during the term of any System Emergency, consistent with: (a) maintaining an adequate Supply of Energy to serve Loads on Riverside's System, other than in accordance with Section 7.4; and (b) due consideration for Riverside obligations specified in the EEP attached to Schedule 11 or limitations specified in Schedule 14 resulting from, but not necessarily limited to: (1) licenses/permits related to Generating Units (including air emission constraints), (2) water release constraints imposed by regulatory agencies, (3) internal policies related to fuel and contract management, and (4) abnormal Generating Unit and transmission maintenance, provided that Riverside shall provide the CAISO with advance notice of any changes to the limitations in Schedule 14 that Riverside's obligations impose on the operation of its Generating Units, and any such changes agreed to by the CAISO shall be amendments to this Agreement. Such agreement by the CAISO shall not be unreasonably withheld. For that purpose, Riverside shall provide the CAISO with any change in Schedule 14 with regard to the limitations on the operation of its Generating Units. Riverside shall provide the CAISO updates regarding the status of the limitations in

Schedule 14 promptly whenever it becomes aware of factors that affect such limitations, provided that updates shall be provided at least quarterly and no updates may be provided later than the deadline for the submission by other Generators of changes in limitations on the operation of Generating Units, which is the deadline for the submission into the Real-Time Market, except when a change is due to a Forced Outage. In making as much generating capacity and/or Energy available that can be made available by its Generating Units to the CAISO as possible for use subsequent to the declaration by the CAISO of an alert regarding a threatened or imminent System Emergency in accordance with the CAISO's Operating Procedure applicable to System Emergencies and during System Emergency conditions, subject to the foregoing, Riverside shall:

- 7.1.1.1** Schedule, reschedule, Bid and operate, to the maximum extent possible, the Generating Units, within the limits set forth in Schedule 14 and, to the extent possible, other Riverside resources within and outside the CAISO's Balancing Authority Area to maximize the amount of generating capacity and/or Energy available that can be made available by those Generating Units and other resources to the CAISO, provided that Riverside shall not be required to terminate any firm sales of generating capacity or Energy that it is committed to provide pursuant to contracts in effect at the time of the System Emergency; and
- 7.1.1.2** Reschedule Maintenance Outages of equipment and facilities, including Generating Units and facilities which impact the operation of Generating Units, to maximize the amount of generating capacity and/or Energy that can be made available by those Generating Units to the CAISO.
- 7.1.2 CAISO Dispatch Instructions.** In the event that the CAISO issues a Dispatch Instruction, including an Exceptional Dispatch Instruction, that contravenes the Riverside EEP attached to Schedule 11 or any limitation set forth in Schedule 14 duly communicated in accordance with Section 7.1.1, Riverside or its Scheduling Coordinator shall not be required to follow that instruction, although it may consent to do so in a particular case (without prejudice to Riverside's right to direct its Scheduling Coordinator to decline any such instructions thereafter). If Riverside or its Scheduling Coordinator chooses not to follow such an instruction, it shall notify the CAISO as soon as possible that it will not follow the Dispatch Instruction, including an Exceptional Dispatch Instruction, due to the previously communicated limitation.
- 7.1.3 Compensation.** Riverside's Scheduling Coordinator shall receive compensation for generating capacity and/or Energy supplied in response to System Emergency Dispatch Instructions, including Exceptional Dispatch Instructions, issued by the CAISO in accordance with the CAISO Tariff.

- 7.1.4 Communication.** During a System Emergency, the CAISO and Riverside shall communicate through their respective control centers and in accordance with procedures established in this Agreement and the CAISO Tariff.
- 7.1.5 System Emergency Due to Deficiencies.** Notwithstanding anything to the contrary in Articles V, VII, VIII, IX, or X, or any CAISO Tariff provision, Riverside shall not be expected or required to curtail Load or offer to the CAISO generating capacity or Energy from its Generating Units in a System Emergency that is due to the failure of other Load Serving Entities to provide resources adequate to serve Load and maintain Operating Reserves in accordance with the CAISO Tariff or meet the credit requirements of Section 12 of the CAISO Tariff.
- 7.1.5.1** Nothing in this Section 7.1.5 or this Agreement is intended to affect Riverside's obligation to comply with any market mitigation requirement, including any must-offer requirement, that the FERC may impose on MSS Operators such as Riverside.
- 7.2 Notice.** When a System Emergency occurs, the CAISO shall notify Riverside's control center as part of the process by which it notifies all Utility Distribution Companies and MSS Operators of System Emergency conditions. To the extent practical, such notices shall include sufficient information for Riverside to determine which conditions of Article VII may apply. Details of the notification process are set forth in Schedule 7.
- 7.3 Records.** Riverside and the CAISO shall maintain all appropriate records with respect to operations during a System Emergency in accordance with the CAISO Tariff.

7.4 Load Shedding

7.4.1 Automatic Load Shedding. Riverside shall implement and have at all times operational an automatic Underfrequency Load Shedding (“UFLS”) program, or shall be included in another MSS’s or UDC’s WECC-compliant UFLS program, as described in Schedule 8, and any undervoltage relay protection program that may be described in Schedule 9.

7.4.2 Manual Load Shedding.

7.4.2.1 Applicability. Riverside shall not be subject to manual Load Shedding if: (i) it has sufficient resources to meet its forecasted Demand, as determined in accordance with Section 7.7.11.4 of the CAISO Tariff; and (ii) the Load Shedding is required solely due to insufficient resources to meet Load and/or inability to meet Operating Reserve obligations (as defined by WECC or its successor and implemented by the CAISO), as determined in accordance with Section 7.7.11.4 of the CAISO Tariff.

7.4.2.2 Verification of MSS Resource Sufficiency. Riverside shall provide the CAISO with detailed real time information, in graphical or tabular format for those contracts and resources that do not have direct telemetry, demonstrating its full resource sufficiency during any time that the CAISO interrupted firm Load within the CAISO Balancing Authority Area or during which time a CAISO direction to interrupt firm Load was in force, like other MSS Operators and UDCs seeking similar exclusion from firm Load Shedding obligations, and Riverside and its Scheduling Coordinator shall be subject to the provisions of Section 7.7.11.4 of the CAISO Tariff for any failure to make such demonstration.

7.4.2.3 Implementation. When called upon to do so by the CAISO in accordance with Section 7.4.2 to avert, manage, or alleviate a System Emergency, Riverside shall implement the manual Load Shedding program described in Schedule 10. The CAISO shall notify Riverside when conditions exist that would require Riverside to implement the Load curtailment and interruptible Load programs described in Schedules 10, 10A, and 10B. Subject to the provisions of Sections 7.1.2 and 7.4.2, if the CAISO determines that manual Load curtailment is required to manage a System Emergency, the CAISO shall determine the amount and location of Load to be reduced and, to the extent practicable, shall allocate a portion of the required Demand reduction to Riverside and each UDC and MSS Operator based on the ratio of its Demand at the time of the CAISO Balancing Authority Area annual peak Demand for the previous year to total CAISO Balancing Authority Area annual peak Demand for the previous year, taking into account system considerations and Riverside's curtailment rights.

- 7.4.2.4 Audit.** In the event the CAISO calls upon Riverside to implement manual Load Shedding, Riverside shall have the right to request an audit, in accordance with the provisions of CAISO Tariff Section 22.1.2.4, of the CAISO's implementation of manual Load Shedding to verify the CAISO's compliance with the conditions set forth in Section 7.4.2. The CAISO shall cooperate fully with such audits. Riverside shall bear the full cost of any such audit, including the cost of CAISO activities in cooperation with the audit.
- 7.4.3 Load Restoration.** Load shed in accordance with Section 7.4.1, 7.4.2, and 7.4.2.3 shall be restored pursuant to Schedule 12.
- 7.4.4 Coordination.** The CAISO shall use reasonable efforts to coordinate Riverside's Underfrequency Load Shedding program with the Underfrequency Load Shedding programs of other MSS Operators and Utility Distribution Companies, and the implementation of all such other programs, so that no one entity bears a disproportionate share of Underfrequency Load Shedding in the CAISO Balancing Authority Area. Riverside warrants that its UFLS program does and will continue to fully adhere to the applicable WECC plans and requirements governing such programs, in accordance with Schedule 8.
- 7.4.5 Supply Levels.** To the extent Riverside reduces Riverside's System Load in response to a System Emergency, it shall exercise its best efforts to maintain the same level of Generation and imports as was scheduled prior to the Load reduction in order to provide the CAISO with Energy, subject to the provisions of Section 7.1.2. Riverside's Scheduling Coordinator shall receive compensation for any Energy or Ancillary Services made available to the CAISO as a result of such Load Shedding in accordance with the CAISO Tariff and CAISO Operating Procedures and, in accordance with Section 11.23(a) of the CAISO Tariff, shall not be subject to any Uninstructed Deviation Penalty for positive Uninstructed Imbalance Energy for so long as the System Emergency condition exists.

7.5 Electrical Emergency Plan

- 7.5.1 Coordination of Electric Emergency Plans.** Riverside shall cooperate with the CAISO's implementation of the Electrical Emergency Plan ("CAISO EEP") developed by the CAISO in accordance with Section 7.7.5 of the CAISO Tariff. Riverside shall implement Riverside's EEP attached to Schedule 11 and filed with FERC for informational purposes, and the CAISO shall cooperate with Riverside's implementation of Riverside's EEP.
- 7.5.2 Notification of Voluntary Load Curtailment.** Riverside shall notify its customers pursuant to its EEP of any requests for voluntary Load curtailments of which the CAISO notifies Riverside pursuant to the CAISO EEP.

- 7.5.3 Notification of Required Load Curtailment.** When the CAISO allocates an amount of Load curtailment to Riverside pursuant to Section 7.4 and to the CAISO EEP to manage a System Emergency, Riverside shall cause customers to curtail that amount of Load.
- 7.6 Records.** Riverside and the CAISO shall maintain all appropriate records with respect to operations during a System Emergency in accordance with the CAISO Tariff.

ARTICLE VIII - LOCAL AND REGIONAL RELIABILITY

8.1 Reliability Within Riverside's System

- 8.1.1 Riverside System Reliability.** Riverside shall be solely responsible for maintaining the reliability of electric service to customers in Riverside's System in accordance with Applicable Reliability Criteria, WECC and NERC Reliability Standards and requirements, regulatory requirements, and Good Utility Practice, subject to the responsibilities of the CAISO as the Balancing Authority for the Balancing Authority Area in which Riverside's System is located.
- 8.1.2 Reliability Generation.** Riverside shall be responsible for any reliability Generation, Voltage Support, and Black Start service requirements within Riverside's System. At the Points of MSS Interconnection, Voltage Support shall be managed in accordance with the CAISO Tariff.
- 8.1.3 Reliability Support Cost.** If and to the extent the NERC or WECC criteria change or Riverside does not maintain sufficient Generation to meet the reliability criteria in Schedule 16, as may be amended, as applied to Riverside's System and thus avoid adverse impacts on the CAISO Controlled Grid, then Riverside's Scheduling Coordinator may be assessed costs incurred by the CAISO to support the reliability of Riverside's System. The CAISO will notify Riverside that the reliability criteria have not been met and the Parties shall negotiate in good faith over necessary modifications and, if they cannot reach agreement, submit the dispute to dispute resolution in accordance with Article XV.
- 8.2 Balancing Authority Area Reliability.** For the costs specified in this Article VIII, Riverside, through its Scheduling Coordinator, shall be responsible for supplying or bearing its proportionate share of the costs of generating resources required for the reliability of electric service to Loads in the CAISO Balancing Authority Area, except for (i) Reliability Must-Run ("RMR") Generation costs on the CAISO Controlled Grid, where such costs are the responsibility of the Participating TO where the RMR Unit is interconnected and Riverside is not the applicable Participating TO, and (ii) any other costs of generating resources required for the

reliability of electric service to Loads in the CAISO Balancing Authority Area that FERC may order to be inapplicable to Riverside. Riverside, through its Scheduling Coordinator, may meet such obligation from resources it owns or with respect to which it has contractual entitlements to the Energy and Ancillary Services, or it may purchase those products through the CAISO Markets in accordance with the terms of the CAISO Tariff.

8.3 Voltage Support.

8.3.1 Prior to Direct Interconnection. Until such time as Riverside may become directly interconnected with the CAISO Controlled Grid, Riverside shall maintain stable operating parameters and control of real and reactive power flows in accordance with Attachment B Technical and Operational Implementation of the Tariff for Wholesale Distribution Load of the SCE Wholesale Distribution Access Tariff ("WDAT") and the Service Agreement for Wholesale Distribution Service between SCE and Riverside (or a replacement agreement, provided that any replacement agreement preserves Riverside's obligations in accordance with this Section 8.3 and Schedule 2), which are incorporated herein by reference.

8.3.2 Direct Interconnection. If Riverside becomes directly interconnected with the CAISO Controlled Grid, Riverside shall maintain stable operating parameters and control of real and reactive power flows in accordance with the CAISO Tariff and the operation standards set forth in Schedule 2, and the responsibilities described below and in Schedule 2 shall apply at each Point of MSS Interconnection, if any, with the CAISO Controlled Grid. Riverside shall maintain the voltage on Riverside's System so that reactive flows at the Points of MSS Interconnection are at the level specified by the CAISO within the power factor band of 0.97 lag to 0.99 lead. Riverside shall not be compensated for maintaining the power factor at the levels required by the CAISO within this bandwidth. If Riverside fails to maintain the power factor at the levels specified by the CAISO, Riverside's Scheduling Coordinator shall bear a portion of the CAISO's Voltage Support costs in accordance with Section 4.9.4.4 of the CAISO Tariff.

8.4 Black Start. Riverside shall either provide its own share of CAISO Balancing Authority Area Black Start capability or, through its Scheduling Coordinator, shall bear a portion of the CAISO's Black Start costs in accordance with Section 4.9.4.5 of the CAISO Tariff.

8.5 Ancillary Services. The CAISO is entrusted with the responsibility of ensuring adequate Ancillary Services for the CAISO Balancing Authority Area. Riverside's responsibility for the CAISO Balancing Authority Area requirements of Ancillary Services shall be determined in accordance with the CAISO Tariff. If Riverside's Scheduling Coordinator's Submission to Self-Provide an Ancillary Service is sufficient to meet Riverside's Ancillary Service Obligation, which capacity is

committed to the various required Ancillary Services, and the Ancillary Service capacity remains available to the CAISO for that purpose, Riverside's Scheduling Coordinator shall not be required to purchase capacity in the CAISO's Ancillary Service markets. To the extent Riverside's Scheduling Coordinator does not self-provide sufficient capacity for this purpose, Riverside may, through its Scheduling Coordinator, purchase the required capacity in the CAISO's Ancillary Service markets. To the extent Riverside's Scheduling Coordinator does not maintain the availability of capacity committed to the CAISO for Ancillary Services for that purpose, the Scheduling Coordinator shall be responsible for the applicable charges under the CAISO Tariff.

- 8.6 MSS Aggregator.** Riverside may elect to have its Load and exports from Riverside's System, including losses, included in the aggregated Load and exports of its MSS Aggregator and reflected in Bids submitted by the MSS Aggregator's Scheduling Coordinator. The terms and conditions of the MSS Aggregator's agreement with the CAISO shall govern the inclusion of Riverside's Load and exports in the portfolio of the MSS Aggregator's Scheduling Coordinator regarding charges, Load following, Imbalance Energy and any application of a MSS Deviation Band provided for in the context of Load following.
- 8.7 Ratings and Limits.** At no time shall the power flow between the CAISO and Riverside at the Points of MSS Interconnection be allowed to cause any circuit or equipment at the Points of MSS Interconnection to exceed the allowable applicable ampacity rating or to exceed the simultaneous transfer limit between the CAISO and Riverside (such simultaneous transfer limit shall be studied and established by the authorized representatives of the Parties). If the actual or anticipated power flow between the CAISO and Riverside causes a circuit at any Point of MSS Interconnection to exceed its applicable ampacity rating or such flow exceeds or is anticipated to exceed the agreed to allowable simultaneous transfer limit between the CAISO and Riverside, and further if the CAISO determines and Riverside concurs with the CAISO's determination, in accordance with Good Utility Practice, that Riverside is the cause of such exceedance or anticipated exceedance, Riverside retains the right, and the CAISO shall have the right to require Riverside, to take immediate action to reduce such flow on the overloaded circuit or reduce such simultaneous power flow between the CAISO and Riverside by one or more actions (as determined by Riverside), including, but not limited to, increasing internal Generation within Riverside or curtailing Riverside Load as necessary. If the CAISO determines, in accordance with Good Utility Practice, that Riverside is not the cause of the existing or anticipated exceedance, the CAISO may require third parties to take necessary action to reduce flows on overloaded circuits or reduce simultaneous power flows between the CAISO and Riverside if applicable and allowable through arrangements that the CAISO may have with such third parties or pursuant to the CAISO's authority under the CAISO Tariff or its delegated jurisdictional authority through WECC or NERC. If the CAISO is unable to

determine a) whether Riverside caused, or b) to what extent Riverside may have caused, such exceedance or anticipated exceedance, or c) the Parties do not agree on the causation determination, the Parties agree, in accordance with Good Utility Practice, to confer and mutually decide what actions shall be taken.

- 8.8 SILT.** Riverside's implementation of the WECC Southern Island Load Tripping ("SILT") program shall fully adhere to applicable WECC plans and requirements governing such program, in accordance with Schedule 8.

ARTICLE IX – ACCESS TO THE CAISO CONTROLLED GRID AND MARKETS

9.1 Existing Contracts and Encumbrances and Access to the CAISO Controlled Grid

- 9.1.1 Existing Contracts or Encumbrances.** Nothing in this Agreement shall be construed or interpreted in any manner that would interfere with the terms and conditions of any Existing Contract or Encumbrance or relieve the CAISO of its obligation to honor such Existing Contracts and Encumbrances.
- 9.1.2 Open Access to CAISO Controlled Grid.** Riverside shall have open and non-discriminatory access to the CAISO Controlled Grid for the scheduling of transactions that do not utilize Existing Contracts and Encumbrances in accordance with the CAISO Tariff and for other transmission services the CAISO may provide in the future under the CAISO Tariff, or under any other appropriate regulatory avenue.
- 9.1.3 Use of CAISO Controlled Grid.** Riverside may use the CAISO Controlled Grid in accordance with the CAISO Tariff to buy and sell electric products in the CAISO Markets and in bilateral transactions with other Market Participants.
- 9.1.4 Open Access to Riverside System.** Riverside shall afford open and non-discriminatory access to the transmission facilities included in Riverside's System to any entity qualified to obtain an order under Section 211 of the Energy Policy Act of 1992 that affords such access to the transmission facilities that such entity owns or controls.

9.2 Access to CAISO Markets and CAISO Controlled Grid

- 9.2.1 Bids to Supply Energy, Ancillary Services and RUC Capacity.** Energy, Ancillary Services and RUC Capacity provided by Riverside's Generating Units and Loads listed in Schedule 14 may be sold in the CAISO Markets on the terms applicable under the CAISO Tariff to Participating Generators and Participating Loads, respectively, and further applicable to MSS Operators or MSS Aggregators in accordance with the CAISO Tariff.

- 9.2.2 Self-Provided Ancillary Services and Self-Scheduled Energy.** Riverside may self-provide and self-schedule all or any portion of its obligation for Ancillary Services and Energy. Whether or not Riverside engages in such self-provision, Riverside's Scheduling Coordinator shall include the gross output, less auxiliary load, of each Generating Unit and import from which Riverside meets that obligation and the gross Load served on Riverside's System and gross exports from Riverside's System in Bids, including Self-Schedules, submitted to the CAISO. If the CAISO amends the CAISO Tariff to relieve Scheduling Coordinators of the obligation to Bid and Self-Schedule gross Generation, imports, Loads, and exports, and the amendment would have applied to Riverside in the absence of this Agreement, the Parties shall negotiate an amendment to this Agreement to conform the obligations of this section to the modified procedures.
- 9.2.3 Scheduling Timelines.** Riverside's Scheduling Coordinator shall submit all Bids and Self-Schedules, including Self-Schedules for the use of its Existing Contracts and Encumbrances, Bids and Self-Schedules for the use of the CAISO Controlled Grid as a new firm use, and Bids, including but not limited to Self-Schedules for the delivery of Energy and Ancillary Services, within the timelines established by the CAISO Tariff.
- 9.2.4 Black Start and Voltage Support.** Riverside or its Scheduling Coordinator shall be entitled to Bid its Generating Units and the resources on Riverside's System in any open solicitation held by the CAISO for Black Start or Voltage Support services, provided that the supply of any service by Riverside shall not impair its ability to provide the service it is required by Article VIII to provide for Riverside's System, and, if the services are sold to the CAISO, Riverside or its Scheduling Coordinator shall provide such services in accordance with the CAISO Tariff.
- 9.3 Congestion Revenue Rights.** Riverside as a Load Serving Entity is eligible to participate in and receive an allocation of CRRs through the CRR Allocation in accordance with Section 36 of the CAISO Tariff. Riverside, in order to participate in the CRR Allocation, must execute a pro forma CRR Entity Agreement in accordance with the CAISO Tariff.

ARTICLE X – GENERATING UNITS AND MARKET-PARTICIPATING LOADS

10.1 Identification of Resources. Riverside has identified in Schedule 14 the individual Generating Units and Loads proposed for participation in the CAISO Markets that it owns, operates or to which it has a contractual entitlement that are included in Riverside's System.

10.1.1 Technical Characteristics. Riverside has provided to the CAISO in Schedule 14 the required information regarding the capacity and operating characteristics of each of the Generating Units and market-participating Loads listed in that schedule. The CAISO may verify, inspect, and test the capacity and operating characteristics provided in Schedule 14, and any changes thereto made pursuant to Section 10.1.2 in accordance with Section 8.10 of the CAISO Tariff.

10.1.2 Notification of Changes. Riverside shall notify the CAISO sixty (60) days prior to any change to the information provided in Schedule 14, provided that such notice shall not be required for changes to parameters of operating limitations set forth in Schedule 14, which shall be made in accordance with the CAISO's Operating Procedures. The Parties shall amend Schedule 14, as applicable, to reflect that change. Subject to such notification, and verification, inspection, and testing in accordance with Section 10.1.1, but without waiting for the execution and effectiveness of an amended Schedule 14, the Parties shall implement any new information for a Generating Unit or market-participating Load identified in Schedule 14 upon the effective date for the next scheduled update to the CAISO's Master File.

10.1.3 Generating Unit Limitations. Nothing in this section shall preclude Riverside from informing the CAISO of changes in limitations on the operation of a Generating Unit, as provided in Section 7.1, or to comply with environmental laws and regulations, provided that Riverside provides the CAISO with advance notice of any changes in such limitations.

10.2 Generating Unit Operation

10.2.1 Generating Unit Telemetry. Riverside shall install and maintain direct telemetry links to the CAISO's EMS system for each Generating Unit under Riverside's control that enables the CAISO to view the status, voltage, and output of the Generating Unit and CAISO certified meters that transmits data automatically to the CAISO's Revenue Meter Data Acquisition and Processing System. Riverside shall calculate and specify to the CAISO any distribution loss factor applicable to its Generating Units.

10.2.2 Regulation Ancillary Service. If Riverside, through its Scheduling Coordinator, chooses to Bid Regulation or make a Submission to Self-Provide an Ancillary Service for Regulation from a Generating Unit, it must provide the CAISO with control over the Generating Unit providing Regulation and place the Generating Unit on Automatic Generation Control ("AGC") responsive to the

CAISO's Regulation signal. Regulation service shall be provided in accordance with the CAISO Tariff. Riverside or its Scheduling Coordinator may adjust output of the Generating Units under Riverside's control, in response to Riverside's Load following needs, if elected in accordance with Section 4.9.13 of the CAISO Tariff, provided that, if Riverside is providing Regulation to the CAISO from any Generating Unit, it may not adjust the output of that Generating Unit unless the integrity of the CAISO's Regulation signal, and the continuous responsiveness of such Generating Unit, via AGC, to the CAISO's Regulation signal, is not compromised. If the CAISO determines that the integrity of the CAISO's Regulation signal or the continuous responsiveness to the CAISO's Regulation signal is compromised, the Generating Unit under Riverside's control shall be deemed not to have provided the Regulation, and Riverside shall be subject to the provisions of the CAISO Tariff applicable to failure to provide Regulation. To the extent that Riverside chooses not to provide Regulation from a Generating Unit under Riverside's control, the CAISO shall not control the Generating Unit via a direct link between the CAISO and the Generating Unit without Riverside's consent.

- 10.2.3 CAISO Authority to Dispatch Riverside Resources.** The CAISO's authority to issue Dispatch Instructions, including Exceptional Dispatch Instructions, for any portion of the capacity of any Generating Unit under Riverside's control, other than in accordance with a Bid submitted to the CAISO by Riverside's Scheduling Coordinator, is set forth in and subject to Section 7.1.

10.3 WECC Requirements Applicable to Participating Generators

- 10.3.1 Reliability Criteria.** Riverside shall comply with the requirements of Section 4.6.5 of the CAISO Tariff applicable to Participating Generators.
- 10.3.2 Payment of WECC Sanctions.** Riverside shall be responsible for payment directly to the WECC of any monetary sanction assessed against Riverside by the WECC, as provided in Section 4.6.5.3 of the CAISO Tariff.

10.4 Market-Participating Load Operation

- 10.4.1 Technical Characteristics.** As required by Section 8.4 of the CAISO Tariff, Riverside shall provide the CAISO with all technical and operational information requested in Schedule 14 for each Curtailable Demand that it owns, operates, or has a contractual entitlement to. For those Loads designated by Riverside as providing Curtailable Demand, Schedule 14 requires Riverside to indicate in Schedule 14 whether the Load can submit a Bid or self-provide as Non-Spinning Reserve. Pursuant to Section 8.10 of the CAISO Tariff, the CAISO may verify, inspect and test the capacity and operating characteristics provided in Schedule 14 for Curtailable Demands.
- 10.4.2 Metering and Communication.** Pursuant to Sections 8.4.5 and 8.4.6 of the CAISO Tariff, Curtailable Demand that is Bid or self-provided as Non-Spinning

Reserve is required to comply with the CAISO's communication and metering requirements.

10.4.3 UDC Interruptible Load Programs. Due to the CAISO's reliance on interruptible Loads to relieve System Emergencies and its contractual relationship with each UDC, the CAISO will not accept, and Riverside shall not submit Energy Bids, or Ancillary Services Bids or Submissions to Self-Provide an Ancillary Service from interruptible Loads which are subject to curtailment criteria established under existing retail tariffs, except under such conditions as may be specified in the CAISO Tariff.

10.4.4 Incentive Mitigation. For individual Loads or aggregated Loads receiving incentives for interruption under existing programs approved by a Local Regulatory Authority as identified in Schedule 14, Riverside shall not receive a capacity payment or credit for Ancillary Service Bids or Submission to Self-Provide an Ancillary Service for the time, if any, that there exists an overlap between such Ancillary Services Bids or Submission to Self-Provide an Ancillary Service and the time during which such individual or aggregated Loads have been interrupted pursuant to the existing program approved by a Local Regulatory Authority to which it is subject. This provision shall in no way be interpreted to limit the authority of the CAISO under the CAISO Tariff in any other respect.

ARTICLE XI – RESOURCES

11.1 Load Following Resources. Schedule 14A identifies each power resource authorized for use by Riverside's Scheduling Coordinator in following Riverside's Load if Riverside elects to Load follow.

11.1.1 Resource Adversely Affecting Grid Reliability. The CAISO may file with the FERC to remove a resource from Schedule 14A if the CAISO determines that a resource identified in Schedule 14A adversely affects the reliable operation of the CAISO Balancing Authority Area. The CAISO shall provide notice to Riverside at least 60 days in advance of such a filing. Such notice to Riverside shall be accompanied by a CAISO explanation of the grounds on which the CAISO asserts that the resource adversely affects the reliable operation of the CAISO Balancing Authority Area. To the extent the CAISO makes such a filing pursuant to this Section 11.1.1, Riverside shall have the right to terminate this agreement upon 60 days notice to the CAISO.

11.1.2 Additional Resources by Riverside. Riverside may add additional resources to Schedule 14A through the following procedures. Riverside shall provide

notice to the CAISO 60 days in advance of the proposed date of a CAISO filing at FERC to implement the addition of a resource to Schedule 14A. Within 60 days of such notice, the CAISO must file at the FERC to add the resource to Schedule 14A unless, within that 60 day period, the CAISO determines and notifies Riverside that such resource would adversely affect reliable operation of the CAISO Balancing Authority Area. Notice of such determination shall be accompanied by a CAISO explanation of the grounds on which the CAISO asserts that such resource would adversely affect the reliable operation of the CAISO Balancing Authority Area. If Riverside disagrees with a CAISO determination that a resource Riverside proposes to add to Schedule 14A, would adversely affect reliable operation of the CAISO Balancing Authority Area, Riverside may bring a complaint at the FERC for a FERC determination of whether the resource would adversely affect reliable operation of the CAISO Balancing Authority Area, and thus whether the resource is to be added to Schedule 14A.

- 11.1.3 Resources Within Riverside's System.** In no case shall resources located within Riverside's System be removed by the CAISO from Schedule 14A or be rejected by the CAISO for addition to Schedule 14A.

ARTICLE XII - METERING

- 12.1 CAISO Certified Revenue Quality Metering.** Riverside shall ensure installation of CAISO-certified revenue quality meters and associated equipment at or near (a) the Points of Delivery, (b) Points of MSS Interconnection, and (c) at each bus to which one or more Generating Units is connected.
- 12.2 Metering Requirements.** The provisions of the CAISO Tariff applicable to CAISO Metered Entities shall apply to Riverside, subject to the particular rights and obligations of the Parties with respect to metering set forth in Schedule 15, including access to and testing of Riverside's meters.
- 12.3 Riverside SQMD Calculation.** The calculation of Riverside's Settlement Quality Meter Data shall be in accordance with Schedule 15.

ARTICLE XIII - CHARGES

- 13.1 Charges Generally.** Riverside's Scheduling Coordinator shall be responsible for charges incurred in accordance with Sections 4.9 and 11 of the CAISO Tariff, provided that nothing in this Agreement shall prohibit Riverside from challenging

the allocation of any new charge under the CAISO Tariff to Riverside on the ground that the proposed charge is not appropriately assessed against a MSS Operator, or on any other ground. CAISO and Riverside recognize that the CAISO Tariff provisions on which Section 13.7.2 is based are currently before the FERC and subject to modification based on a prospective FERC order. The Parties recognize that the FERC is expected to rule on the CAISO's Request for Clarification or Rehearing filed on July 21, 2008 and that such ruling could impact Section 13.7.2. To the extent that the anticipated FERC order requires a change to the existing language of Section 13.7.2, the Parties will promptly meet to amend this Agreement consistent with the FERC order.

- 13.2 Congestion Management.** Riverside shall be responsible for the cost of managing and relieving Congestion within Riverside's System, as specified in Section 5.5, only to the extent that the cause of Congestion is attributed to Riverside's System operations. If the cause of Congestion is not directly attributed to Riverside's System operations, and the CAISO utilizes Exceptional Dispatch Instructions to resolve the identified Congestion, the resulting costs shall be allocated pursuant to the provisions specified in Section 11.5.6.2.5.2 of the CAISO Tariff, and will not be solely allocated to Riverside.
- 13.3 Unaccounted-For Energy Costs.** Riverside's System shall be treated as a Utility Distribution Company Service Area for purposes of allocating responsibility for Unaccounted for Energy costs in accordance with the CAISO Tariff.
- 13.4 Reliability Generation.** Riverside shall be responsible for the costs of maintaining the reliability of transmission facilities in Riverside's System, including costs of Generating Units operated by or on behalf of Riverside for that purpose. If and to the extent Riverside does not maintain sufficient Generation to meet the reliability criteria in Schedule 16 as applied to Riverside's System and thus avoid material adverse impacts on the CAISO Controlled Grid, then Riverside may be assessed costs incurred by the CAISO to support the reliability of Riverside's System.
- 13.5 Neutrality Costs.** Riverside's Scheduling Coordinator's obligation to pay neutrality adjustments and Existing Contracts cash neutrality charges (or collect refunds) shall be based on Riverside's net metered MSS Demand and exports from the CAISO Balancing Authority Area irrespective of Riverside's MSS settlement election as specified in Section 4.9.13 of the CAISO Tariff.
- 13.6 CAISO Balancing Authority Area Summer Reliability Costs.** Riverside, through its Scheduling Coordinator, shall have the option to avoid any share of the CAISO's costs for any summer Demand reduction program or for any summer reliability Generation procurement program pursuant to CAISO Tariff Section 42.1.8. In order to avoid such costs, Riverside shall secure capacity reserves on an annual basis at least equal to one hundred and fifteen percent (115%) of the peak MSS Demand responsibility, and provide documentation to

the CAISO of the resources proposed to meet that MSS peak Demand. Such capacity reserves may include on-demand rights to Energy, peaking resources, and MSS Demand reduction programs. For the purposes of this Section 13.6, the MSS peak Demand responsibility shall be equal to the forecasted annual coincident MSS peak Demand Forecast plus any firm power sales by the MSS plus any MSS on-demand obligations to third parties, less interruptible Loads, and less any firm power purchases. Firm power for the purposes of this Section 13.6 shall be Energy that is intended to be available to the purchaser without being subject to interruption or curtailment by the supplier except for Uncontrollable Forces or emergency, and for which the supplier carries WECC-required operating reserves. To the extent that Riverside demonstrates its provision of capacity reserves in accordance with this Section 13.6, Riverside's Scheduling Coordinator shall not be obligated to bear any share of the CAISO's costs for any summer Demand reduction program or for any summer reliability Generation procurement program pursuant to CAISO Tariff Section 42.1.8.

13.7 Allocation of Net IFM Bid Cost Recovery Uplift. Riverside's Scheduling Coordinator's obligation to pay Net IFM Bid Cost Uplift charges shall be based on the following two tier structure:

13.7.1 Tier 1 IFM Bid Cost Recovery Uplift. The hourly Net IFM Bid Cost Uplift is allocated to Riverside's Scheduling Coordinator in proportion to Riverside's non-negative IFM Load Uplift Obligation, but with an IFM Bid Cost Uplift rate not exceeding the ratio of the hourly Net IFM Bid Cost Uplift for the Trading Hour divided by the sum of all hourly Generation scheduled in the Day-Ahead Schedule and IFM upward AS Awards for all Scheduling Coordinators from CAISO-committed Bid Cost Recovery Eligible Resources in that Trading Hour. The IFM Load Uplift Obligation for Riverside's Scheduling Coordinator is the difference between the total Demand scheduled in the Day-Ahead Schedule of that Scheduling Coordinator and the sum of the scheduled Generation and scheduled imports from Self-Schedules in the Day-Ahead Schedule of that Scheduling Coordinator, adjusted by any applicable Inter-SC Trades of IFM Load Uplift Obligations.

13.7.2 Tier 2 IFM Bid Cost Recovery Uplift. The Scheduling Coordinator for Riverside as an MSS Operator that has elected both to not follow its Load and gross Settlement will be charged for an amount equal to any remaining hourly Net IFM Bid Cost Uplift for the Trading Hour in proportion to the MSS Operator's Scheduling Coordinator's Measured Demand. The Scheduling Coordinator for Riverside as an MSS Operator that has elected to follow its Load or net Settlement, or both, will be charged for an amount equal to any remaining hourly Net IFM Bid Cost Uplift for the Trading Hour in proportion to Riverside's MSS Aggregation Net Measured Demand.

13.8 Allocation of Net RTM Bid Cost Recovery Uplift. The allocation of Net RTM Bid Cost Recovery Uplift is based on the MSS elections as specified in Section

4.9.13 of the CAISO Tariff. The hourly RTM Bid Cost Uplift is allocated to the Scheduling Coordinator for Riverside as an MSS Operator that has elected to not follow their Load and gross Settlement, in proportion to Riverside's Measured Demand for the Trading Hour. For the Scheduling Coordinator for Riverside as an MSS Operator that has elected to not follow its Load and net Settlement, the hourly RTM Bid Cost Uplift is allocated in proportion to Riverside's MSS Aggregation Net Measured Demand. For the Scheduling Coordinator for Riverside as an MSS Operator that elected to Load follow, the hourly RTM Bid Cost Uplift is allocated in proportion to Riverside's MSS Net Negative Uninstructed Deviation with Load-following Energy and HASP Self-Scheduled Energy from Load following resources identified in Schedule 14 B of this Agreement and associated Operational Adjustments included in the netting, plus any HASP reductions not associated with the HASP Self-Scheduled Energy from Load following resources listed in Schedule 14 B of this Agreement.

13.9 Grid Management Charges Based on Uninstructed Imbalance

Energy-Market Services. If the CAISO is charging Grid Management Charges for Uninstructed Imbalance Energy-Market Services Charge, and should Riverside elect, in accordance with Section 4.9.13 of the CAISO Tariff, to perform Load-following, Riverside's Scheduling Coordinator ~~shall only~~will not be assessed Grid Management Charges for ~~Uninstructed Imbalance Energy based on the net quantity of Energy either delivered to or received from the CAISO Real-Time Market, excluding the quantity of Energy provided as Instructed Imbalance Energy, other than Market Services Charge associated with MSS Load Following Energy, and the quantity of HASP Self-Scheduled Energy used to perform from Load-following.~~ If the amount of Energy provided from Generation resources listed ~~identified~~ in Schedule 14, ~~imports B of this Agreement and trades in to the MSS netted against MSS Demand, exports, and trades out of the MSS is positive, excluding Instructed Imbalance Energy other than MSS Load Following Energy, then such portion of Energy was provided in excess of Riverside's Load-following needs and was sold into the CAISO Real-Time Market, in which case Riverside's Scheduling Coordinator will only be charged Grid Management Charges associated with Uninstructed Imbalance Energy for this net excess quantity.~~ If the amount of Energy provided from Generation resources listed in Schedule 14, ~~imports and trades into the MSS netted against MSS Demand, exports, and trades out of the MSS is negative, excluding Instructed Imbalance Energy other than MSS Load Following Energy, then such portion of Energy was not sufficient to fully cover Riverside's Load-following needs and was purchased from the CAISO Real-Time Market, in which case Riverside's Scheduling Coordinator will only be charged Grid Management Charges associated with Uninstructed Imbalance Energy for this net purchased quantity.~~ For the purposes of calculating the quantity of Uninstructed Imbalance Energy not used to perform Load following, MSS Load Following Energy, which is classified as Instructed Imbalance Energy, will be included in the calculation of Uninstructed Imbalance Energy by netting MSS Load Following Energy against Uninstructed Imbalance Energy Operational Adjustments.

~~13.10 Grid Management Charges Based on Instructed Imbalance Energy.~~ If the CAISO is charging Grid Management Charges for Instructed Imbalance Energy, Riverside's Scheduling Coordinator will not be assessed Grid Management Charges for Instructed Imbalance Energy associated with MSS Load Following Energy.

~~13.11~~ **13.10 MSS Deviation Band.** The amount by which a Load following MSS Operator can deviate from Expected Energy without incurring a Load Following Deviation Penalty, as defined in Section 13.43~~12~~ and Schedule 19, is equal to three percent (3%) of an MSS Operator's gross metered MSS Demand in the MSS and exports from the MSS, adjusted for Forced Outages and any CAISO directed firm Load Shedding from the MSS's portfolio as a whole.

~~13.12~~ **13.11 Load Following Deviation Band Compliance.** To the extent that sufficient Energy for the purposes of serving Riverside's MSS Demand and exports from the MSS, including losses, is not reflected in Bids, including Self-Schedules, submitted by Riverside's Scheduling Coordinator and delivered in real time, Riverside shall be deemed (through its Scheduling Coordinator) to have purchased or sold Imbalance Energy in the CAISO's Real-Time Market. The CAISO will settle with Riverside's Scheduling Coordinator with regard to Imbalance Energy in accordance with the CAISO Tariff. However, should Riverside elect, in accordance with Section 4.9.13 of the CAISO Tariff to follow Riverside MSS Demand and exports from the MSS with Riverside's System resources and imports into the MSS, including Self-Scheduled System Resources and Self-Scheduled Resource Specific System Resources listed in Schedule 14 B, to the extent that the net Imbalance Energy for all of Riverside's MSS Demand and exports from the MSS, and Riverside's System resources and imports into the MSS, including Self-Scheduled System Resources and Self-Scheduled Resource Specific System Resources listed in Schedule 14 B, is within Riverside's portfolio MSS Deviation Band, as specified in Section 13.44~~10~~ and Schedule 19, Riverside's Scheduling Coordinator will not be subject to the Load Following Deviation Penalty, as specified in Section 13.43~~12~~, or costs other than the cost of the Imbalance Energy itself. Schedule 19 of this Agreement describes the process for calculating the applicable amount of net Imbalance Energy, which is referred to as deviation energy within Schedule 19. To the extent that Riverside's Scheduling Coordinator is operating outside of its portfolio MSS Deviation Band, Riverside's Scheduling Coordinator shall be subject to the Load Following Deviation Penalty. In following Load, Riverside's Scheduling Coordinator may utilize any resource available to it regardless of whether, or at what level, the resource is reflected in Schedules submitted by Riverside's Scheduling Coordinator, submitted in the form of a Bid or Self-Schedule, except with respect to any portion of the capacity of a resource for which Riverside's Scheduling Coordinator has scheduled to provide an Ancillary Service and or RUC Capacity to the CAISO for that resource or to the extent the CAISO has issued a System Emergency operating order consistent with Section 7.1.1.

13.13.12 Deviation Band Penalties Calculation. Riverside's Scheduling Coordinator will pay the Load Following Deviation Penalties for (i) excess MSS Generation supplied to the CAISO Markets and (ii) excess MSS Demand relying on CAISO Markets and not served by Riverside resources. To the extent that Riverside's Scheduling Coordinator has provided excess MSS Generation outside of the MSS Deviation Band to the CAISO Markets, measured as defined in Section 11.7.1.1 of the CAISO Tariff, then the payment for excess Energy outside of the MSS Deviation Band shall be rescinded and thus Riverside's Scheduling Coordinator will pay the CAISO an amount equal to one hundred percent (100%) of the product of the highest LMP paid to the MSS Operator for its Generation in the Settlement Interval for the amount of the Imbalance Energy that is supplied in excess of the MSS Deviation Band. To the extent that Riverside's Scheduling Coordinator has excess MSS Demand outside of the MSS Deviation Band that is relying on CAISO Markets that is not served by Riverside resources, measured as provided in Section 11.7.1.2 of the CAISO Tariff, then Riverside's Scheduling Coordinator shall pay the CAISO an amount equal to the product of the Default LAP price for the Settlement Interval and two hundred percent (200%) of the shortfall that is outside of the MSS Deviation Band. The two hundred percent (200%) penalty is in addition to the charges for the Imbalance Energy that serves the excess MSS Demand relying on CAISO Markets.

13.13.13 Operating and Maintenance Costs. Riverside shall be responsible for all its costs incurred in connection with procuring, installing, operating, and maintaining Riverside's facilities, including the Generating Units and Loads listed in Schedule 14, for the purpose of meeting its obligations under this Agreement.

13.13.14 Billing and Payment. Billing and payment will be in accordance with the CAISO Tariff.

13.13.15 MSS Net Negative Uninstructed Deviation. The calculation of MSS Net Negative Uninstructed Deviation must include MSS Load Following Energy and HASP Self-Scheduled Energy from Load following resources identified in Schedule 14 B of this Agreement and associated Operational Adjustments as part of the calculation of Net Negative Uninstructed Deviation quantities when used for purposes of applicable CAISO settlement allocation. MSS Load Following Energy and HASP Self-Scheduled Energy from Load following resources identified in Schedule 14 B of this Agreement and associated Operational Adjustments shall be netted against Uninstructed Imbalance Energy to properly account for the actual quantity of Net Negative Uninstructed Deviation.

13.13.16 Residual Unit Commitment. Should Riverside elect, in accordance with Section 4.9.13 of the CAISO Tariff, to perform Load-following, Riverside will be considered to have automatically opted-out of RUC participation, and Riverside's

Scheduling Coordinator will be exempt from costs associated with RUC and Bid Cost Recovery for RUC.

13.1813.17 Emissions Costs. Unless specified otherwise in this Agreement, if the CAISO is compensating Generating Units for Emissions Costs, and if Riverside elects to charge the CAISO for the Emissions Costs of the Generating Units serving Load of Riverside's System, then Riverside's Scheduling Coordinator shall bear its proportionate share of the total amount of those costs incurred by the CAISO based on Riverside's gross Measured Demand excluding out of state exports and the Generating Units shall be made available to the CAISO through the submittal of Energy Bids. If Riverside elects not to charge the CAISO for the Emissions Costs of the Generating Units serving Load of Riverside's System, then Riverside's Scheduling Coordinator shall bear its proportionate share of the total amount of those costs incurred by the CAISO based on Riverside's net Measured Demand excluding out-of-state exports. If Riverside elects to follow its Load, in accordance with Section 4.9.13 of the CAISO Tariff, and if Riverside elects not to charge the CAISO for Emissions Costs of the Generating Units serving the Load of Riverside's System, then Riverside's Scheduling Coordinator shall bear its proportionate share of the total amount of those costs incurred by the CAISO based on Riverside's Net Negative Uninstructed Deviations with Load Following Energy included in the netting and HASP Self-Scheduled Energy from Load following resources identified in Schedule 14 B of this Agreement and associated Operational Adjustments included in the netting. Riverside shall make the election of whether to charge the CAISO for these costs on an annual basis on November 1 for the following calendar year.

ARTICLE XIV – PENALTIES AND SANCTIONS

14.1 Penalties. Riverside or its Scheduling Coordinator shall be subject to penalties and/or sanctions for failure to comply with any provisions of this Agreement only to the extent that (a) the penalty or sanction is set forth in the CAISO Tariff and has been approved by FERC; and (b) the CAISO Tariff provides for the imposition of the same penalty or sanction on a UDC, MSS Operator, or Participating Generator, or Participating Load in the same circumstances. Nothing in this Agreement, with the exception of the provisions of Article XV, shall be construed as waiving the rights of Riverside to oppose or protest any penalty or sanction proposed by the CAISO to the FERC or the specific imposition by the CAISO of any FERC-approved penalty or sanction on Riverside.

14.2 Corrective Measures. If Riverside fails to meet or maintain the requirements set forth in this Agreement or in the applicable provisions of the CAISO Tariff, the CAISO shall be permitted to take any of the measures, contained or referenced

herein or in the applicable provisions of the CAISO Tariff, that the CAISO deems to be necessary to correct the situation.

ARTICLE XV – DISPUTE RESOLUTION

- 15.1 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 Riverside and references to the CAISO Tariff shall be read as references to this Agreement.

ARTICLE XVI – REPRESENTATIONS AND WARRANTIES

- 16.1 Representations 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.
- 16.2 Necessary Approvals.** Each Party represents that all necessary leases, approvals, licenses, permits, easements, rights of way or access to install, own and/or operate its facilities subject to this Agreement have been or will be obtained prior to the effective date of this Agreement.

ARTICLE XVII – LIABILITY AND INDEMNIFICATION

- 17.1 Liability and Indemnification.** The provisions of Section 14 of the CAISO Tariff will apply to liability and indemnification arising under this Agreement, except that all references in Section 14 of the CAISO Tariff to Market Participants shall be read as references to Riverside and references to the CAISO Tariff shall be read as references to this Agreement.

ARTICLE XVIII – UNCONTROLLABLE FORCES

- 18.1 Uncontrollable Forces.** 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 Riverside and references to the CAISO Tariff shall be read as references to this Agreement.

ARTICLE XIX - MISCELLANEOUS

- 19.1 Notices.** Any notice, demand or request which may be given to or made upon either Party regarding this Agreement shall be made in writing to the employee or official identified in Schedule 17, and shall be deemed properly given: (a) upon delivery, if delivered in person, (b) five (5) days after deposit in the mail if sent by first class United States mail, postage prepaid, (c) upon receipt of confirmation by return facsimile if sent by facsimile, or (d) upon delivery if delivered by prepaid commercial courier service. A Party must update the information in Schedule 17 as the information changes. Such changes shall not constitute an amendment to this Agreement.
- 19.2 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.
- 19.3 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 laws provisions. The Parties agree 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 one 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.
- 19.4 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 the provisions of this Agreement.
- 19.5 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.

- 19.6 Consistency with Federal Laws and Regulations.** Nothing in this Agreement shall compel either Party to violate federal statutes or regulations, or orders lawfully promulgated thereunder. If any provision of this Agreement is inconsistent with any obligation imposed on a Party by such federal statute, regulation or order, to that extent, it shall be inapplicable to that Party. No Party shall incur any liability by failing to comply with a provision of this Agreement that is inapplicable to it by reason of being inconsistent with any such federal statutes, regulations, or orders lawfully promulgated thereunder; provided, however, that such Party shall use its best efforts to comply with this Agreement, to the extent that applicable federal laws, regulations, and orders lawfully promulgated thereunder permit it to do so.
- 19.7 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.
- 19.8 Assignments.** Either Party may assign its rights and obligations under this Agreement, with the other Party's prior written consent, in accordance with Section 22.2 of the CAISO Tariff, which is incorporated by reference into this Agreement. Such consent shall not be unreasonably withheld.
- 19.9 No Regional Transmission Organization or Participating TO Obligation.** Nothing in this Agreement shall obligate or commit Riverside to become a member of any regional transmission organization (RTO) or to remain a Participating TO.
- 19.10 FERC Jurisdiction over Riverside.** Riverside is not a "public utility" as currently defined in the Federal Power Act and by entering into this Agreement does not consent to FERC jurisdiction or waive its rights to object to FERC asserting jurisdiction over Riverside.

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
~~CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION~~

By: _____

Name: _____

Title: _____

Date: _____

City of Riverside

By: _____

Name: _____

Title: _____

Date: _____

SCHEDULE 1 - RIVERSIDE'S SYSTEM FACILITIES

[Section 1.2]

The following facilities form Riverside's System, including the Points of MSS Interconnection, except as noted in B) Point of Delivery, Load and Generation.

For Riverside:

A) Point of MSS Interconnection: Not applicable at the present time.

B) Point of Delivery: Vista Substation 220_kV bus

The interface between the City of Riverside and the CAISO Controlled Grid is at the Vista Substation 220_kV bus, which is the Point of Delivery for transactions in the CAISO wholesale market.

The Vista Substation 220_kV bus is not part of Riverside's System.

C) Point of Delivery: Mira Loma Substation 220 kV bus

The interface between the Clearwater Power Plant and the CAISO Controlled Grid is at the Mira Loma Substation 220 kV bus, which is the Point of Delivery for transactions in the CAISO wholesale market.

The Mira Loma Substation 220 kV bus is not part of Riverside's System.

D) Riverside Load

E) Generation Facilities

Spring Units 1, 2, 3, & 4

Riverside Energy Resource Center ("RERC") Units 1, 2, 3, & 4

Clearwater Power Plant CT Unit 1 & ST Unit 2

SCHEDULE 2 - INTERCONNECTED OPERATION STANDARDS

[Section 4.2]

The CAISO shall maintain stable operating parameters and control of real and reactive power flows in accordance with the following Operation Standards. Until such time as Riverside may become directly interconnected with the CAISO Controlled Grid, Riverside shall maintain stable operating parameters and control of real and reactive power flows in accordance with Attachment B Technical and Operational Implementation of the Tariff for Wholesale Distribution Load of the SCE Wholesale Distribution Access Tariff ("WDAT") which is attached hereto and the Service Agreement for Wholesale Distribution Service between SCE and Riverside which is incorporated herein by reference (or a replacement agreement, provided that any replacement agreement preserves Riverside's obligations in accordance with Section 8.3 of this Agreement and this Schedule 2). If Riverside becomes directly interconnected with the CAISO Controlled Grid, Riverside shall maintain stable operating parameters and control of real and reactive power flows in accordance with the CAISO Tariff and the following Operation Standards, and the responsibilities described below shall apply at each Point of MSS Interconnection, if any, with the CAISO Controlled Grid.

Riverside Responsibilities

- 1.0 Riverside shall operate the facilities of Riverside's System in such manner as to avoid any material or adverse impact on the CAISO Balancing Authority Area. In accordance with this performance goal, Riverside shall:
 - 1.1 Operate the facilities of Riverside's System within established operating parameters including normal ratings, emergency ratings, voltage limits, and balance of Load between electrical phases.
 - 1.2 Maintain primary and backup protective systems such that faults on Riverside's System facilities will be cleared within the timeframe specified by SCE, the Participating TO and Riverside with minimal impact on the CAISO Controlled Grid.
 - 1.3 Maintain Load power factor at each Point of MSS Interconnection, if any, with the CAISO Controlled Grid in accordance with Section 8.3 of this Agreement.
 - 1.4 Operate the facilities of Riverside's System at each Point of MSS Interconnection, if any, in accordance with the requirements applicable to Utility Distribution Companies in the CAISO Operating Procedures and standards, except as otherwise provided in this Agreement.

CAISO Responsibilities

- 2.0 The CAISO shall operate the CAISO Controlled Grid in such manner as to avoid any material or adverse impact on Riverside facilities. In accordance with this performance goal, the CAISO shall:
 - 2.1 Participate with Riverside and SCE in the development of joint power quality performance standards and jointly maintain compliance with such standards.
 - 2.2 Observe Riverside grid voltage limits specified in Attachment 1 including requirements for reduced voltage on CAISO Controlled Grid facilities which apply during heavy fog (or other unusual operating conditions) as needed to minimize the risk of insulator flashover. Any anticipated reduction in operating voltages on CAISO Controlled Grid facilities shall be studied and established by Riverside and the CAISO.
 - 2.3 Approve Riverside's maintenance requests in a timely manner for transmission facilities that impact the CAISO Controlled Grid, and shall not unreasonably withhold approval of such requests for authorization to perform energized insulator washing work or to take planned Outages needed to replace or insul-grease insulators.
 - 2.4 Support Riverside investigation of power quality incidents, and provide related data to Riverside in a timely manner.
 - 2.5 Support installation of apparatus on the CAISO Controlled Grid to improve power quality, and take all reasonable measures to investigate and mitigate power quality concerns caused by actions or events in neighboring systems or Balancing Authority Areas.
 - 2.6 Maintain Load power factor at any future direct Point of MSS Interconnection, if any, with Riverside's System in accordance with Section 8.3.

SCHEDULE 2 - ATTACHMENT 1
RIVERSIDE GRID VOLTAGE LIMITS

There are no Riverside grid voltage limitations at the present time.

SCHEDULE 3 - RIGHTS OF ACCESS TO FACILITIES

[Section 4.5.1]

- 1.0 Equipment Installation.** In order to give effect to this Agreement, a Party that requires use of particular equipment (the equipment owner) may require installation of such equipment on property owned by the other Party (the property owner), provided that the equipment is necessary to meet the equipment owner's service obligations and that the equipment shall not have a negative impact on the reliability of the service provided, nor prevent the property owner from performing its own obligations or exercising its rights under this Agreement.
- 1.1 Free Access.** The property owner shall grant to the equipment owner free of charge reasonable installation rights and rights of access to accommodate equipment inspection, maintenance, repair, upgrading, or removal for the purposes of this Agreement, subject to the property owner's reasonable safety, operational, and future expansion needs.
- 1.2 Notice.** The equipment owner shall provide reasonable notice to the property owner when requesting access for site assessment, equipment installation, or other relevant purposes. Such access shall not be provided unless the parties mutually agree to the date, time, and purpose of each access. Agreement on the terms of the access shall not be unreasonably withheld or delayed.
- 1.3 Removal of Installed Equipment.** Following reasonable notice, the equipment owner shall be required, at its own expense, to remove or relocate equipment, at the request of the property owner, provided that the equipment owner shall not be required to do so if it would have a negative impact on the reliability of the service provided, or would prevent the equipment owner from performing its own obligations or exercising its rights under this Agreement.
- 1.4 Costs.** The equipment owner shall repair at its own expense any property damage it causes in exercising its rights and shall reimburse the property owner for any other reasonable costs that it may be required to incur to accommodate the equipment owner's exercise of its rights under Section 4.5 of this Agreement.
- 2.0 Rights to Assets.** The Parties shall not interfere with each other's assets, without prior written agreement.

3.0 Inspection of Facilities. In order to meet their respective obligations under this Agreement, each Party may view or inspect facilities owned by the other Party. Provided that reasonable notice is given, a Party shall not unreasonably deny access to relevant facilities for viewing or inspection by the requesting Party.

SCHEDULE 4 - MAINTENANCE COORDINATION

[Section 5.1.2]

Riverside shall exchange with the CAISO a provisional planned Outage program for all lines and equipment in Schedule 1 in accordance with the CAISO Tariff. That document will be updated quarterly and as changes occur to the proposed schedule.

The CAISO shall approve all proposed Outages on equipment and lines listed on Schedule 1 unless a proposed Outage would cause the CAISO to violate Applicable Reliability Criteria. Approval of Outages shall not be unreasonably withheld.

Applications for scheduled work shall be submitted to the CAISO by Riverside via means to be agreed to by both Parties. The documents submitted by Riverside shall record the details for all work and become the database for reporting and recording Outage information.

SCHEDULE 5 - CRITICAL PROTECTIVE SYSTEMS

[Section 5.3]

Distribution protective relay schemes affecting the CAISO Controlled Grid are those associated with transformers that would trip transmission breakers and/or busses when activated. These would include any of the following:

1. High Side Overcurrent Relays
2. Differential Overcurrent Relays
3. Sudden Pressure Relays
4. Low Oil Relays
5. Neutral Ground Overcurrent Relays
6. On fuse protected transformers, it would be the high-side fuses.

With respect to Riverside, operational control and maintenance responsibilities related to the facilities described above reside with SCE.

Riverside does not have any systems that meet these criteria.

SCHEDULE 6 - ~~OPERATIONAL CONTACT~~RESERVED

[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]

SCHEDULE 7 - EMERGENCIES

[Section 7.2]

The CAISO shall notify Riverside's Electric System Dispatcher, ~~as identified in Schedule 6,~~ of the emergency, including information regarding the cause, nature, extent, and potential duration of the emergency. Depending on the nature of the emergency and the particular response required, such notification shall be made to Riverside directly by the CAISO. The Riverside Electric System Dispatcher shall make the appropriate notifications within the Riverside organization. The Riverside Electric System Dispatcher shall then take such actions as are appropriate for the emergency in accordance with Section 7.

Riverside shall make requests for real-time information from the CAISO regarding emergencies through contacts to the CAISO's Operations Shift Supervisor, by Riverside's Electric System Dispatcher, and may coordinate public information with the CAISO Communication Coordinator.

Riverside is required to estimate service restoration by geographic areas, and shall use its call center and the media to communicate with customers during service interruptions. Riverside will communicate necessary information to appropriate state, local governmental entities, and its customers as needed. For Riverside Outages that may be caused by events affecting the transmission system, the Riverside Electric System Dispatcher will make appropriate notifications to the CAISO of any information related to the Outage such as cause, nature, extent, potential duration and customers affected.

Riverside and CAISO Grid Control Center logs, Electric Switching Orders and Energy Management System temporal database will be used in preparation of Outage reviews. These documents are defined as the chronological record of the operation of the activities which occur with the portion of the electrical system assigned to that control center. The log shall contain all pertinent information, including orders received and transmitted, relay operations, messages, clearances, accidents, trouble reports, daily switching program, etc.

Riverside and the CAISO shall retain records in accordance with their respective standard practices for record retention for not less than six years.

SCHEDULE 8 - UNDERFREQUENCY LOAD SHEDDING

[Section 7.4.1]

The objective of the Underfrequency Load Shedding ("UFLS") program is to provide security and protection to the interconnected bulk power network by arresting frequency decay during periods of insufficient resources

Riverside's UFLS program set forth in this Schedule 8 establishes Underfrequency Load Shedding objectives consistent with the Load Shedding policies of the Western Electricity Coordinating Council, the North American Electric Reliability Corporation and Riverside. Riverside's Load Shedding program will be in accordance with the WECC Coordinated Off-Nominal Frequency Load Shedding and Restoration Plan (Final Report November 25, 1997, as revised December 5, 2003 or as it may be amended by the WECC from time to time) and acknowledge Riverside's compliance with the WECC Off-Nominal Frequency Load Shedding and Restoration Plan survey of 2008 which is attached hereto. The Riverside UFLS program shall utilize WECC planning criteria in this area. Per WECC requirements, UFLS shall be on the feeder side of the transformer.

Riverside currently maintains an Underfrequency Load Shedding Plan under Standard Practice No.190.002, as revised February 8, 2008, and spreadsheet listing frequency trip points and identifying circuits tripped, as revised April 01, 2007 which are attached hereto. This plan establishes UFLS objectives consistent with the Load Shedding policies of the WECC, the NERC, and Riverside as set forth in the referenced documents incorporated in this Schedule 8. Riverside shall notify the CAISO of any changes to its existing UFLS program prior to implementation of such changes. At no time shall Riverside be exempt from either participating in an CAISO-sanctioned third party UFLS program or implementing such plan independently in full compliance with WECC requirements.

Riverside shall also comply with the WECC Southern Island Load Tripping Plan (July 22, 1997, or as it may be amended by the WECC from time to time) ("SILT"). To the extent Riverside chooses to comply with the SILT by means of UFLS, Riverside's SILT program shall be coordinated with Riverside's UFLS program.

Riverside's Underfrequency Load Shedding Plan
[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]

SCHEDULE 9 - OTHER AUTOMATIC LOAD SHEDDING

[Section 7.4.1]

Riverside does not employ any other automatic Load Shedding programs. If other automatic Load Shedding plans are developed in the future they will be identified in this Schedule 9 before implementation.

SCHEDULE 10 - MANUAL LOAD SHEDDING

[Section 7.4.2]

City of Riverside Standard Practices No. 190.001 and No. 190.002 which are attached hereto, provides the procedures for Riverside's rotating service interruptions to nonessential distribution circuits when required by the CAISO to implement manual Load Shedding in accordance with the relevant applicable CAISO Emergency Procedures. Riverside shall continue to operate in accordance with its Standard Practices No. 190.001 and No. 190.002.

For purposes of this Agreement, Riverside and the CAISO agree that City of Riverside Standard Practices No. 190.001 and No. 190.002 shall be interpreted to provide that:

- 1) Riverside shall act upon the CAISO's instructions and cause the required amount of Riverside's firm Load to be interrupted during any hour of any day (24 x 7);
- 2) Riverside shall satisfy its requirement to interrupt the required amount of firm Load within ten minutes from the time of notification by the CAISO;
- 3) the implementation of any substitution of back-up generation and "voluntary" Load interruptions, on an "as-available" basis, for the required amount of firm Load interruption, as set out in Standard Practices No. 190.001 and No. 190.002, shall not obviate or interfere with required timely compliance;
- 4) should Riverside use, wholly or partially, any combination of back-up generation or "voluntary" Load interruption to substitute for an amount of its firm Load interruption obligation, the effects of such substitution shall be no different than those that would have resulted from an equivalent amount of firm Load interruption without such back-up generation or voluntary Load interruption, and the actual cumulative effect(s) of such substitution shall be subject to the same rules of verifiability and reporting as those for the firm Load conventionally interrupted on such occasions; and
- 5) should rotation of Riverside's firm Load blocks be required to maintain a minimum amount of continuously interrupted Load, as defined by the CAISO, for an extended amount of time, no block of Riverside's firm Load shall be restored unless an equal or greater amount of another block of Load is interrupted first, and in the event Riverside uses any combination of substitutions for its firm Load interruption obligation as permitted in section 4) above, any rotation of, or changes to, such substitutions shall be made such that the equivalent required Load relief level is maintained during the entire applicable time.

The information to be contained in this Schedule may be subject to additional filing due to subsequent revisions as these may be required from time to time.

Riverside's Standard Practice Nos. 190.001 and 190.002
[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]

SCHEDULE 10A – ROTATING LOAD CURTAILMENT PROCEDURES

[Section 7.4.2]

Riverside rotating Load curtailment procedures are set forth in the Riverside EEP attached to Schedule 11. To maintain the required amount of continuously interrupted Load, as directed by the CAISO, for an extended amount of time, no portion of Riverside's interrupted Load shall be restored unless an equal or greater amount of Load is interrupted first, as necessary to maintain the required amount of interrupted Load.

SCHEDULE 10B – INTERRUPTIBLE LOAD

[Section 7.4.2]

Riverside has not implemented a program for interruptible Loads.

Should Riverside seek to implement any interruptible Load program, Riverside shall provide a complete description of the program to the CAISO at least sixty (60) days prior to the incorporation of the program into the Riverside EEP and all applicable Operating Procedures shall be followed.

SCHEDULE 11 – ELECTRICAL EMERGENCY PLAN

[Section 7.5.1]

See City of Riverside Electric Emergency Plan dated May 03, 2007, attached hereto.

The information to be contained in this Schedule may be subject to additional filing due to subsequent revisions as these may be required from time to time.

Electrical Emergency Plan

[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]

SCHEDULE 12 - LOAD RESTORATION

[Section 7.4.3]

Riverside shall follow the procedures set forth below in this Schedule 12 in promoting orderly, coordinated restoration of electric systems after a major system disturbance has occurred which resulted in Load Shedding by frequency relays in California.

1. Immediately after Load Shedding by frequency relay(s) has occurred in Riverside's System, Riverside shall remain in contact with the CAISO, until normal frequency has been restored throughout the CAISO Balancing Authority Area or the CAISO Shift Supervisor has concluded that such full-time communications can be terminated. Emergency communications will be under the direction of the CAISO Shift Supervisor.
2. Manual Load restoration shall not normally be initiated without the direction of the CAISO. No Load is to be manually restored unless directed by the CAISO after the frequency has recovered and there is indication that the frequency can be maintained. Riverside shall await direction from the CAISO, who will be in contact with the CAISO Shift Supervisor. The CAISO Shift Supervisor shall determine whether adequate Generation resources are available on line to support the Load to be restored.
3. Riverside's automatic Load restoration will be consistent with the WECC Coordinated Off-Nominal Frequency Load Shedding and Restoration Plan.
4. If the CAISO cannot meet the WECC and NERC Balancing Authority Area Disturbance Control Standard or the Control Performance Standard post disturbance, no manual Load restoration shall be permitted. If the frequency is such that automatic Load restoration occurs under these conditions, if Riverside has restored Load automatically, it will manually shed an equivalent amount of Load to offset the Load which was automatically restored.
5. Restoration of ties and off-site power supply to nuclear generating facilities should be given top priority. Manual Load restoration will be deferred during periods of tie restoration. Riverside should be equipped and prepared to drop Load manually when necessary to allow frequency recovery sufficient to re-establish CAISO intra-area ties and Interties between the CAISO Balancing Authority Area and outside systems. Where manual Load Shedding is required, the CAISO shall make reasonable efforts to allocate the Load Shedding requirement equitably among Riverside, UDCs, and MSS Operators where Load Shedding shall be beneficial, and such Load Shedding shall be made in accordance with Section 7.4.
6. Riverside shall use its existing plans and priorities to restore Load within the parameters given by the CAISO, giving the appropriate priority to

essential services such as military, public safety agencies, water treatment plants, sewage treatment plants, etc.

SCHEDULE 13 - RESERVED

SCHEDULE 14 - GENERATING UNITS AND MARKET-PARTICIPATING LOADS

[~~Section~~Sections 10.1 and 10.5]

[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]

SCHEDULE 14 A – GENERATING UNITS AND MARKET-PARTICIPATING LOADS

[Section 11.1]

City of Riverside has elected not to Load follow at this time

|

SCHEDULE 14 B - LOAD FOLLOWING SYSTEM RESOURCES DESCRIPTION

[Sections 3.2.6, 13.8, 13.9, 13.11, 13.15, 13.17, and Schedule 19]

System Resources

SCHEDULE 15 - METERING OBLIGATIONS

[Section 12.2]

Obligations and Rights of Riverside

- 1.0 Submission of Meter Data through the CAISO's Settlement Quality Meter Data Systems ("SQMDS") and Revenue Meter Data Acquisition and Processing System ("RMDAPS").** Riverside agrees to make available to the CAISO through RMDAPS its Meter Data in accordance with the CAISO Tariff. The CAISO's requirements regarding the frequency with which it requires Meter Data to be made available to it through RMDAPS by Riverside are referred to in the CAISO Tariff and the Business Practice Manual for Metering.
- 1.1 Meter Information.** Riverside shall provide in the format prescribed by Schedule 15.1 the required information with respect to all of its meters used to provide Meter Data to the CAISO. Riverside must immediately notify the CAISO of any changes to the information provided to the CAISO in accordance with this Section and provide the CAISO with any information in relation to such change as reasonably requested by the CAISO. Riverside shall have the right to modify Schedule 15.1, although such modification shall not constitute an amendment to this Agreement.
- 1.2 Transformer and Line Loss Correction Factor.** If Riverside uses low voltage side metering, it shall use the CAISO approved Transformer and Line Loss Correction Factor referred to in the CAISO Tariff and the Business Practice Manual for Metering.
- 1.3 Rights to Access Metering Facilities.** Riverside shall use its best efforts to procure any rights necessary for the CAISO to access all Metering Facilities of Riverside to fulfill its obligations under the CAISO Tariff, and its obligations under this Agreement. If, after using its best efforts, Riverside is unable to provide the CAISO with such access rights, Riverside shall ensure that one of its employees is an CAISO Authorized Inspector and such employee undertakes, at the CAISO's request, the certification, testing, inspection and/or auditing of those Metering Facilities in accordance with the procedures established pursuant to the Business Practice Manual for Metering and the CAISO Tariff, including the requirement to complete and provide to the CAISO all necessary documentation. The CAISO acknowledges that it will not be prevented from fulfilling its obligations under the CAISO Tariff or this Agreement by reason of the fact that it is provided with escorted access to the Metering Facilities of Riverside.
- 1.4 Security and Validation Procedures.** The security measures and the validation, editing, and estimation procedures that the CAISO shall apply to Meter Data made available to the CAISO by Riverside shall be as referred to in the CAISO Tariff and the Business Practice Manual for Metering.

- 1.5 Authorized Users.** In addition to the persons referred to in the CAISO Tariff, including Riverside and the relevant Scheduling Coordinator, as being entitled to access Meter Data on SQMDS, Riverside may set forth in Schedule 15.2 any additional authorized users that shall be entitled to access Riverside's Settlement Quality Meter Data held by the CAISO. Riverside shall include in Schedule 15.2 as authorized users the relevant UDCs and TOs. The CAISO shall provide the authorized users with any password or other information necessary to access Riverside's Settlement Quality Meter Data held by the CAISO on SQMDS. Any amendment or addition to Schedule 15.2 shall not constitute an amendment to this Agreement.
- 1.6 Certification, Inspection, and Auditing of Meters.** Riverside shall be responsible for all reasonable costs incurred by the CAISO or a CAISO Authorized Inspector in connection with them carrying out the certification, inspection, testing or auditing of the meters identified in Schedule 15.1 from which Riverside provides Meter Data to the CAISO. The CAISO or CAISO Authorized Inspector shall furnish Riverside, upon request, an itemized bill for such costs.

Obligations and Rights of the CAISO

- 2.0 Direct Polling of Revenue Quality Meter Data.** The CAISO shall allow the Scheduling Coordinator representing Riverside and all authorized users to directly poll CAISO certified meters for the Meter Data relating to Riverside in accordance with the procedures referred to in the CAISO Tariff and the Business Practice Manual for Metering.
- 2.1 CAISO as a Third-Party Beneficiary.** The CAISO shall be a third-party beneficiary to any future agreement between Riverside and any other party relating to the Metering Facilities of Riverside for the purpose of granting the CAISO access to any relevant information, records and facilities as needed by the CAISO to fulfill its obligations under the CAISO Tariff and its obligations under this Agreement.
- 2.2 Remote and Local Access to Metering Data.** The CAISO shall provide Riverside any password or other requirements necessary for Riverside to access its Meter Data remotely or locally at the meter.

Calculation of Riverside Settlement Quality Meter Data

The calculation of Riverside's Settlement Quality Meter Data ("SQMD") shall be made in accordance with a calculation procedure that is mutually agreed by the Parties, which calculation procedure will generally be as follows:

Riverside SQMD (Gross Load) = MSS Meter Data at the Points of MSS Interconnection or
Points of Delivery + Meter Data for Generation from
Generating Units within the MSS

SCHEDULE 15.1 – METER INFORMATION

[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]

SCHEDULE 15.2 - ACCESS TO METER DATA AND AUTHORIZED USERS

Authorized users under this Schedule are permitted to use such Meter Data solely for purposes of fulfilling obligations or verifying performance under agreements between the authorized user and Riverside, the authorized user and the CAISO, or Riverside and the CAISO.

Southern California Edison

SCHEDULE 16 - TRANSMISSION RELIABILITY CRITERIA

[Section 13.4]

For transmission reliability, Riverside shall abide by all applicable NERC and WECC Planning Criteria and the following:

Power Flow Assessment:

Contingencies	Criteria	
	Thermal ³	Voltage ⁴
Generating Unit ¹	A/R	A/R
Transmission line ¹	A/R	A/R
Transformer ¹	A/R ⁵	A/R ⁵
Overlapping ²	A/R	A/R

- 1 All single contingency Outages (i.e. Generating Unit, transmission line or transformer) will be simulated on Participating Transmission Owners' local area systems.
- 2 Key Generating Unit out, system readjusted, followed by a line Outage.
- 3 Applicable Rating – Based on CAISO Transmission Register or facility upgrade plans.
- 4 Applicable Rating – CAISO Grid Planning Criteria or facility owner criteria as appropriate.
- 5 Based on judgment of CAISO and facility owner, a thermal or voltage criterion violation resulting from a transformer Outage may not be cause for Reliability Must-Run Generation solution if the violation is considered marginal (e.g. acceptable loss of life or low voltage), otherwise (e.g. unacceptable loss of life or voltage collapse) a Reliability Must-Run Generation solution would be indicated.

Post Transient Load Flow Assessment:

Contingencies	Reactive Margin Criteria ²
Selected ¹	A/R

- 1 If power flow results indicate significant low voltages for a given power flow contingency, simulate that Outage using the post transient load flow program. The post-transient assessment will develop appropriate Q/V and/or P/V curves.
- 2 Applicable Rating – positive margin based on 105% of 1 in 2 year Load forecast.

Stability Assessment:

Contingencies

Stability Criteria ²

Selected ¹

A/R

- 1 If power flow or post transient study results indicate significant low voltages or marginal reactive margin for a given contingency, simulate that Outage using the dynamic stability program.
- 2 Applicable Rating – CAISO Grid Planning Criteria or facility owner criteria as appropriate.

SCHEDULE 17 – CONTACTS FOR NOTICES

[Section 19.1 Sections 3.3.3 and 3.3.319.1]

Riverside

Name of Primary

Representative: David Wright

Title: Public Utilities General Manager

Address: 3901 Orange Street

City/State/Zip Code: Riverside, CA 92501

Email Address: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**

Phone: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**

Fax No: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**

Name of Alternative

Representative: Gary Nolff

Title: Utilities Assistant General Manager - Resources

Address: 3901 Orange Street

City/State/Zip Code: Riverside, CA 92501

Email Address: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**

Phone: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**

Fax No: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**

Authorized Representative (Section 3.3.3):

Representative: David Wright

Title: Public Utilities General Manager

Address: 3901 Orange Street

City/State/Zip Code: Riverside, CA 92501

Email Address: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**

Phone: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**

Fax No: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**

CAISO

Name of Primary

Representative: Roni L. Reese

Title: Senior Contracts Analyst

Address: ~~151 Blue Ravine Road~~ 250 Outcropping Way

City/State/Zip Code: Folsom, CA 95630

Email Address: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**

Phone: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**

Fax No: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**

Name of Alternative

Representative: Christopher J. Sibley

Title: ~~Lead Contracts~~ Contract Negotiator

Address: 250 Outcropping Way

City/State/Zip Code: Folsom, CA 95630

Email Address: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**

Phone: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**

Fax No: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**

Authorized Representative (Section 3.3.3):

Representative: ~~Jim Detmers~~ Eric Schmitt

Title: Vice President, Operations

Address: ~~151 Blue Ravine Road~~ 250 Outcropping Way

City/State/Zip Code: Folsom, CA 95630

Email Address: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**

Phone: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**

Fax No: **[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]**

Fax No: _____

SCHEDULE 18 - RESERVED

Schedule 19 – MSS AGREEMENT LOAD FOLLOWING DEVIATION ENERGY FORMULA

| **[~~Section~~Sections 13.11 and 13.12]**

Currently the City of Riverside has elected not to follow its Load.

Attachment C
CONFIDENTIAL

Second Amended and Restated Riverside MSSA

[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]

Attachment D
CONFIDENTIAL

Marked Second Amended and Restated Riverside MSSA

[Privileged Material Redacted Pursuant to 18 C.F.R § 388.112]