

ISO TARIFF APPENDIX A
Master Definitions Supplement

Appendix A **Master Definition Supplement**

Access Charge

A charge paid by all UDCs and MSS Operators with Gross Load in a PTO Service Territory, as set forth in Section 2.6.1. The Access Charge includes the High Voltage Access Charge, the Transition Charge and the Low Voltage Access Charge. The Access Charge will recover the Participating TO's Transmission Revenue Requirement in accordance with Appendix F, Schedule 3.

Active Zone

The Zones so identified in Appendix I to the ISO Tariff.

Adjustment Bid

A bid in the form of a curve defined by (i) the minimum MW output to which a Scheduling Coordinator will permit a resource (Generating Unit or Dispatchable Load) included in its Schedule or, in the case of an inter-Scheduling Coordinator trade, included in its Schedule or the Schedule of another Scheduling Coordinator, to be redispatched by the ISO; (ii) the maximum MW output to which a Scheduling Coordinator will permit the resource included in its Schedule or, in the case of an inter-Scheduling Coordinator trade, included in its Schedule or the Schedule of another Scheduling Coordinator, to be redispatched by the ISO; (iii) up to a specified number of MW values in between; (iv) a preferred MW operating point; and (v) for the ranges between each of the MW values greater than the preferred operating point, corresponding prices (in \$/MWh) for which the Scheduling Coordinator is willing to increase the output of the resource and sell Energy from that resource to the ISO (or, in the case of a Dispatchable Load, decrease the Demand); and (vi) for the ranges between each of the MW values less than the preferred operating point, corresponding prices (in \$/MWh) for which the Scheduling Coordinator is willing to decrease the output of the resource and purchase Energy from the ISO at the resource's location (or, in the case of a Dispatchable Load, increase the Demand). This data for an Adjustment Bid must result in a monotonically increasing curve.

<u>Administrative Price</u>	The price set by the ISO in place of a Market Clearing Price when, by reason of a System Emergency, the ISO determines that it no longer has the ability to maintain reliable operation of the ISO Controlled Grid relying solely on the economic Dispatch of Generation. This price will remain in effect until the ISO considers that the System Emergency has been contained and corrected.
<u>Adverse System Impact</u>	The negative effects due to technical or operational limits on conductors or equipment being exceeded that may compromise the safety and reliability of the electric system.
<u>Affected System</u>	An electric system other than the ISO Controlled Grid that may be affected by the proposed interconnection, including the Participating TOs' electric systems that are not part of the ISO Controlled Grid.
<u>Affected System Operator</u>	The entity that operates an Affected System.
<u>Affiliate</u>	An entity, company or person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with the subject entity, company, or person.
<u>AGC (Automatic Generation Control)</u>	Generation equipment that automatically responds to signals from the ISO's EMS control in real time to control the power output of electric generators within a prescribed area in response to a change in system frequency, tie-line loading, or the relation of these to each other, so as to maintain the target system frequency and/or the established interchange with other areas within the predetermined limits.
<u>Aggregate Credit Limit</u>	The sum of a Market Participant's or FTR Bidder's Unsecured Credit Limit and its Financial Security Amount, as provided for in Section 12 of the ISO Tariff.
<u>Alert Notice</u>	A Notice issued by the ISO when the operating requirements of the ISO Controlled Grid are marginal because of Demand exceeding forecast, loss of major Generation, or loss of transmission capacity that has curtailed imports into the ISO Control Area, or if the Hour-Ahead Market is short on scheduled Energy and Ancillary Services for the ISO Control Area.

Ancillary Services Regulation, Spinning Reserve, Non-Spinning Reserve, Replacement Reserve, Voltage Support and Black Start together with such other interconnected operation services as the ISO may develop in cooperation with Market Participants to support the transmission of Energy from Generation resources to Loads while maintaining reliable operation of the ISO Controlled Grid in accordance with Good Utility Practice.

Ancillary Service Provider A Participating Generator or Participating Load who is eligible to provide an Ancillary Services.

Annual Peak Demand Forecast A Demand Forecast of the highest Hourly Demand in any hour in a calendar year, in MW.

Applicable Reliability Criteria The reliability standards established by NERC, WECC, and Local Reliability Criteria as amended from time to time, including any requirements of the NRC.

Applicants Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company and any others as applicable.

<u>Approved Load Profile</u>	Local Regulatory Authority approved Load profiles applied to cumulative End-Use Meter Data in order to allocate consumption of Energy to Settlement Periods.
<u>Approved Maintenance Outage</u>	A Maintenance Outage which has been approved by the ISO through the ISO Outage Coordination Office.
<u>“Area Control Error (ACE)”</u>	The sum of the instantaneous difference between the actual net interchange and the scheduled net interchange between the ISO Control Area and all adjacent Control Areas and the ISO Control Area’s frequency correction and time error correction obligations.
<u>Authorized Users</u>	A person or an entity identified as an authorized user in a meter service agreement between the ISO and an ISO Metered Entity or a meter service agreement between the ISO and a SC.
<u>Automatic Mitigation Procedure (AMP)</u>	The market power mitigation procedure described in Attachment A to Appendix P.
<u>Available Transfer Capacity</u>	For a given transmission path, the capacity rating in MW of the path established consistent with ISO and WECC transmission capacity

	rating guidelines, less any reserved uses applicable to the path.
<u>Backup ISO Control Center</u>	The ISO Control Center located in Alhambra, California.
<u>Balanced Schedule</u>	A Schedule shall be deemed balanced when Generation, adjusted for Transmission Losses equals forecast Demand with respect to all entities for which a Scheduling Coordinator schedules.
<u>Balancing Account</u>	An account set up to allow periodic balancing of financial transactions that, in the normal course of business, do not result in a zero balance of cash inflows and outflows.
<u>Black Start</u>	The procedure by which a Generating Unit self-starts without an external source of electricity thereby restoring power to the ISO Controlled Grid following system or local area blackouts.
<u>Black Start Generator</u>	A Participating Generator in its capacity as party to an Interim Black Start Agreement with the ISO for the provision of Black Start services, but shall exclude Participating Generators in their capacity as providers of Black Start services under their Reliability Must-Run Contracts.
<u>Bulk Supply Point</u>	A UDC metering point.
<u>Business Day</u>	Monday through Friday, excluding federal holidays and the day after Thanksgiving Day.
<u>C.F.R.</u>	Code of Federal Regulations.
<u>Calendar Day</u>	Any day including Saturday, Sunday or a federal holiday.
<u>Certificate of Compliance</u>	A certificate issued by the ISO which states that the Metering Facilities referred to in the certificate satisfy the certification criteria for Metering Facilities contained in the ISO Tariff.
<u>Check Meter</u>	A redundant revenue quality meter which is identical to and of equal accuracy to the primary revenue quality meter connected at the same metering point which must be certified in accordance with the ISO Tariff.
<u>Circular Schedule</u>	A Schedule or set of Schedules that creates a closed loop of Energy Schedules between the ISO Controlled Grid and one or more other Control Areas that do not have a source and sink in separate Control Areas, which includes Energy scheduled in a counter direction over a Congested Inter-Zonal Interface through two or

	<p>more Scheduling Points. A closed loop of Energy Schedules that includes a transmission segment on the Pacific DC Intertie shall not be a Circular Schedule because such a Schedule directly changes power flows on the network and can mitigate Congestion between SP15 and NP15. This definition of a Circular Schedule does not apply to the circumstance in which a Scheduling Coordinator submits a Schedule that is an amalgam of different Market Participants' separate but simultaneously submitted Schedules.</p>
<u>Clustering</u>	<p>The process whereby a group of Interconnection Requests is studied together, instead of serially, for the purpose of conducting the Interconnection System Impact Study.</p>
<u>Commercial Operation</u>	<p>The status of a Generating Unit at a Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation.</p>
<u>Commercial Operation Date</u>	<p>The date on which a Generating Unit at a Generating Facility commences Commercial Operation as agreed to by the applicable Participating TO and the Interconnection Customer pursuant to Appendix E to the Standard Large Generator Interconnection Agreement.</p>
<u>Compatible Meter Data Server</u>	<p>A meter data acquisition and processing system which is capable of passing Meter Data and/or Settlement Quality Meter Data to MDAS via File Transfer Protocol (FTP) and which has been certified by the ISO or its authorized representative.</p>
<u>Congestion</u>	<p>A condition that occurs when there is insufficient Available Transfer Capacity to implement all Preferred Schedules simultaneously or, in real time, to serve all Generation and Demand. "Congested" shall be construed accordingly.</p>
<u>Congestion Management</u>	<p>The alleviation of Congestion in accordance with Applicable ISO Protocols and Good Utility Practice.</p>
<u>Congestion Management Charge</u>	<p>The component of the Grid Management Charge that provides for the recovery of the ISO's costs of operating the Congestion Management process including, but not limited to, the management and operation of Inter-Zonal Congestion markets, Adjustment Bids, taking Firm Transmission Rights and Existing Contracts into</p>

account, and determining the price for mitigating Congestion for flows on Congested paths. The formula for determining the Congestion Management Charge is set forth in Appendix F, Schedule 1, Part A of this Tariff.

Congestion Zone

A Zone identified as an Active Zone in Appendix I of the ISO Tariff.

Connected Entity

A Participating TO or any party that owns or operates facilities that are electrically interconnected with the ISO Controlled Grid.

Constrained Output

Generating resources with only two viable operating states: (a) off-line or (b) operating at their maximum output level.

Generation

Constraints

Physical and operational limitations on the transfer of electrical power through transmission facilities.

Contingency

Disconnection or separation, planned or forced, of one or more components from an electrical system.

Control Area

An electric power system (or combination of electric power systems) to which a common AGC scheme is applied in order to: i) match, at all times, the power output of the Generating Units within the electric power system(s), plus the Energy purchased from entities outside the electric power system(s), minus Energy sold to entities outside the electric power system, with the Demand within the electric power system(s); ii) maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice; iii) maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice; and iv) provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice.

Control Area Gross Load

For the purpose of calculating and billing Minimum Load Costs, Emission Costs Charge and Start-Up Fuel Costs Charge, Control Area Gross Load is all Demand for Energy within the ISO Control Area. Control Area Gross Load shall not include Energy consumed by:

- (a) Station Power that is netted pursuant to Section 10.1.3
- (b) Load that is isolated electrically from the ISO Control Area (i.e., Load that is not synchronized with the ISO Control Area).

<u>Control Area Operator</u>	The person responsible for managing the real-time operations of a Control Area.
<u>Converted Rights</u>	Those transmission service rights as defined in Section 16.21A.1 of the ISO Tariff.
<u>Core Reliability Services - Demand Charge</u>	A component of the Grid Management Charge that provides for the recovery of the ISO's costs of providing a basic, non-scalable level of reliable operation for the ISO Control Area and meeting regional and national reliability requirements. The formula for determining the Core Reliability Services – Demand Charge is set forth in Appendix F, Schedule 1, Part A of this Tariff.
<u>Core Reliability Services – Energy Export Charge</u>	A component of the Grid Management Charge that provides for the recovery of the ISO's costs of providing a basic, non-scalable level of reliable operation for the ISO Control Area and meeting regional and national reliability requirements. The formula for determining the Core Reliability Services – Energy Exports Charge is set forth in Appendix F, Schedule 1, Part A of this Tariff.
<u>CPUC</u>	The California Public Utilities Commission, or its successor.
<u>Critical Protective System</u>	Facilities and sites with protective relay systems and Remedial Action Schemes that the ISO determines may have a direct impact on the ability of the ISO to maintain system security and over which the ISO exercises Operational Control.
<u>CTC (Competition Transition Charge)</u>	A non-bypassable charge that is the mechanism that the California Legislature and the CPUC mandated to permit recovery of costs stranded as a result of the shift to the new market structure.
<u>Curtable Demand</u>	Demand from a Participating Load that can be curtailed at the direction of the ISO in the real-time Dispatch of the ISO Controlled Grid. Scheduling Coordinators with Curtable Demand may offer it to the ISO to meet Non-Spinning Reserve or Replacement Reserve requirements.
<u>Day 0</u>	The Trading Day to which the Settlement Statement or Settlement

calculation refers. For example "Day 41" shall mean the 41st day after that Trading Day and similar expressions shall be construed accordingly.

Day-Ahead

Relating to a Day-Ahead Market or Day-Ahead Schedule.

Day-Ahead Market

The forward market for Energy and Ancillary Services to be supplied during the Settlement Periods of a particular Trading Day that is conducted by the ISO and other Scheduling Coordinators and which closes with the ISO's acceptance of the Final Day-Ahead Schedule.

Day-Ahead Schedule

A Schedule prepared by a Scheduling Coordinator or the ISO before the beginning of a Trading Day indicating the levels of Generation and Demand scheduled for each Settlement Period of that Trading Day.

Default GMM

Pre calculated GMM based on historical Load and interchange levels.

Deliverability Assessment

An evaluation by the Participating TO, ISO or a third party consultant for the Interconnection Customer to determine a list of facilities, the cost of those facilities, and the time required to construct these facilities, that would ensure a Large Generating Facility could provide Energy to the ISO Controlled Grid at peak load, under a variety of severely stressed conditions, such that the aggregate of Generation in the local area can be delivered to the aggregate of Load on the ISO Controlled Grid, consistent with the ISO's reliability criteria and procedures.

Delivery Network

Upgrades

Transmission facilities at or beyond the Point of Interconnection, other than Reliability Network Upgrades, identified in the Interconnection Studies to relieve constraints on the ISO Controlled Grid.

Delivery Point

The point where a transaction between Scheduling Coordinators is deemed to take place. It can be either the Generation input point, a Demand Take-Out Point, or a transmission bus at some intermediate location.

Demand

The rate at which Energy is delivered to Loads and Scheduling Points by Generation, transmission or distribution facilities. It is the product of voltage and the in-phase component of alternating current

	measured in units of watts or standard multiples thereof, e.g., 1,000W=1kW, 1,000kW=1MW, etc.
<u>Demand Forecast</u>	An estimate of Demand over a designated period of time.
<u>Department of Market Analysis (DMA)</u>	The unit established under Appendix P.1.
<u>Direct Access Demand</u>	The Demand of Direct Access End-Users.
<u>Direct Access End-User</u>	An Eligible Customer located within the Service Area of a UDC who purchases Energy and Ancillary Services through a Scheduling Coordinator.
<u>Dispatch</u>	The operating control of an integrated electric system to: i) assign specific Generating Units and other sources of supply to effect the supply to meet the relevant area Demand taken as Load rises or falls; ii) control operations and maintenance of high voltage lines, substations, and equipment, including administration of safety procedures; iii) operate interconnections; iv) manage Energy transactions with other interconnected Control Areas; and v) curtail Demand.
<u>Dispatch Instruction</u>	An instruction by the ISO to a resource for increasing or decreasing its energy supply or demand from the Hour-Ahead Schedule to a specified operating point pertaining to real-time operations.
<u>Dispatch Interval</u>	The time period, which may range between five (5) and thirty (30) minutes, over which the ISO's RTD Software measures deviations in Generation and Demand, and selects Ancillary Service and Supplemental Energy resources to provide balancing Energy in response to such deviations. The Dispatch Interval shall be five (5) minutes. Following a decision by the ISO Governing Board, the ISO may, by seven (7) days' notice published on the ISO's Home Page, at http://www.caiso.com (or such other internet address as the ISO may publish from time to time), increase or decrease the Dispatch Interval within the range of five (5) to thirty (30) minutes.
<u>Dispatch Interval Ex Post Prices</u>	The price of Imbalance Energy determined each Dispatch Interval based on 1) the Imbalance Energy requirements in that Dispatch Interval, and 2) the Energy Bid price of the resource eligible to set the price. The Dispatch Interval Ex Post Price is used to determine

	other prices used to settle Imbalance Energy.
<u>Dispatch Operating Point</u>	The expected operating point of a resource that has received a Dispatch Instruction. The resource is expected to operate at the Dispatch Operating Point after completing the Dispatch Instruction, taking into account any relevant ramp rate and time delays. Energy expected to be produced or consumed above or below the Final Hour-Ahead Schedule in response to a Dispatch Instruction constitutes Instructed Imbalance Energy. For resources that have not received a Dispatch Instruction, the Dispatch Operating Point defaults to the corresponding Final Hour-Ahead Schedule.
<u>Dispatchable Load</u>	Load which is the subject of an Adjustment Bid.
<u>Distribution System</u>	The distribution assets of an IOU or Local Publicly Owned Electric Utility.
<u>Distribution Upgrades</u>	The additions, modifications, and upgrades to the Participating TO's electric systems that are not part of the ISO Controlled Grid. Distribution Upgrades do not include Interconnection Facilities.
<u>Dynamic Schedule</u>	A telemetered reading or value which is updated in real time and which is used as a schedule in the ISO EMS calculation of ACE and the integrated value of which is treated as a schedule for interchange accounting purposes.
<u>EEP (Electrical Emergency Plan)</u>	A plan to be developed by the ISO in consultation with UDCs to address situations when Energy reserve margins are forecast to be below established levels.
<u>Electronic Data Interchange (EDI)</u>	The routine exchange of business documented on electronic media such as purchase orders, invoices and remittance. The format of the data is based on an industry-approved format such as those published by the ANSI ASC X12 committee.
<u>Eligible Customer</u>	(i) any utility (including Participating TOs, Market Participants and any power marketer), Federal power marketing agency, or any person generating Energy for sale or resale; Energy sold or produced by such entity may be Energy produced in the United

	<p>States, Canada or Mexico; however, such entity is not eligible for transmission service that would be prohibited by Section 212(h)(2) of the Federal Power Act; and (ii) any retail customer taking unbundled transmission service pursuant to a state retail access program or pursuant to a voluntary offer of unbundled retail transmission service by the Participating TO.</p>
<u>Eligible Intermittent Resource</u>	<p>A Generating Unit that is powered solely by 1) wind, 2) solar energy, or 3) hydroelectric potential derived from small conduit water distribution facilities that do not have storage capability.</p>
<u>Emissions Cost Charge</u>	<p>The charge determined in accordance with Section 40.11.</p>
<u>Emissions Cost Demand</u>	<p>The level of Demand specified in Section 40.11.3.</p>
<u>Emissions Cost Invoice</u>	<p>The invoice submitted to the ISO in accordance with Section 40.11.6.</p>
<u>Emissions Cost Trust Account</u>	<p>The trust account established in accordance with Section 40.11.2.</p>
<u>Emissions Costs</u>	<p>The mitigation fees, excluding capital costs, assessed against a Generating Unit by a state or federal agency, including air quality districts, for exceeding applicable NOx emissions limitations.</p>
<u>EMS (Energy Management System)</u>	<p>A computer control system used by electric utility dispatchers to monitor the real-time performance of the various elements of an electric system and to control Generation and transmission facilities.</p>
<u>Encumbrance</u>	<p>A legal restriction or covenant binding on a Participating TO that affects the operation of any transmission lines or associated facilities and which the ISO needs to take into account in exercising Operational Control over such transmission lines or associated facilities if the Participating TO is not to risk incurring significant liability. Encumbrances shall include Existing Contracts and may include: (1) other legal restrictions or covenants meeting the definition of Encumbrance and arising under other arrangements entered into before the ISO Operations Date, if any; and (2) legal restrictions or covenants meeting the definition of Encumbrance and arising under a contract or other arrangement entered into after the ISO Operations Date.</p>
<u>End-Use Customer or</u>	<p>A consumer of electric power who consumes such power to satisfy a</p>

<u>End-User</u>	Load directly connected to the ISO Controlled Grid or to a Distribution System and who does not resell the power.
<u>End-Use Meter Data</u>	Meter Data that measures the Energy consumption in respect of End-Users gathered, edited and validated by Scheduling Coordinators and submitted to the ISO in Settlement quality form.
<u>End-Use Meter</u>	A metering device collecting Meter Data with respect to the Energy consumption of an End-User.
<u>Energy</u>	The electrical energy produced, flowing or supplied by generation, transmission or distribution facilities, being the integral with respect to time of the instantaneous power, measured in units of watt-hours or standard multiples thereof, e.g., 1,000 Wh=1kWh, 1,000 kWh=1MWh, etc.
<u>Energy Bid</u>	The price at or above which a Generator has agreed to produce the next increment of Energy.
<u>Energy Transmission Services Net Energy Charge</u>	The component of the Grid Management Charge that provides, in conjunction with the Energy Transmission Services Uninstructed Deviations Charge, for the recovery of the ISO's costs of providing reliability on a scalable basis, i.e., a function of the intensity of the use of the transmission system within the Control Area and the occurrence of system outages and disruptions. The formula for determining the Energy Transmission Services Net Energy Charge is set forth in Appendix F, Schedule 1, Part A of this Tariff.
<u>Energy Transmission Services Uninstructed Deviations Charge</u>	The component of the Grid Management Charge that provides, in conjunction with the Energy Transmission Services Net Energy Charge, for the recovery of the ISO's costs of providing reliability on a scalable basis, in particular for the costs associated with balancing transmission flows that result from uninstructed deviations. The formula for determining the Energy Transmission Services Uninstructed Deviations Charge is set forth in Appendix F, Schedule 1, Part A of this Tariff.
<u>Engineering & Procurement (E&P) Agreement</u>	An agreement that authorizes the Participating TO to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection in order to advance the implementation of the Interconnection Request.

<u>Energy Export</u>	For purposes of calculating the Grid Management Charge, Energy included in an interchange Schedule submitted to the ISO, or dispatched by the ISO, to serve a Load located outside the ISO's Control Area, whether the Energy is produced by a Generator in the ISO Control Area or a resource located outside the ISO's Control Area.
<u>Entitlements</u>	The right of a Participating TO obtained through contract or other means to use another entity's transmission facilities for the transmission of Energy.
<u>Environmental Dispatch</u>	Dispatch designed to meet the requirements of air quality and other environmental legislation and environmental agencies having authority or jurisdiction over the ISO.
<u>Estimated Aggregate Liability</u>	The sum of a Market Participant's or FTR Bidder's known and reasonably estimated potential liabilities for a specified time period arising from charges described in the ISO Tariff, as provided for in Section 12 of the ISO Tariff.
<u>Ex Post GMM</u>	GMM that is calculated utilizing the real-time Power Flow Model in accordance with Section 27.2.1.2.1.2.
<u>Ex Post Price</u>	The Hourly Ex Post Price, the Dispatch Interval Ex Post Price, the Resource-Specific Settlement Interval Ex Post Price, or the Zonal Settlement Interval Ex Post Price.
<u>Ex Post Transmission Loss</u>	Transmission Loss that is calculated based on Ex Post GMM.
<u>Existing Contracts</u>	The contracts which grant transmission service rights in existence on the ISO Operations Date (including any contracts entered into pursuant to such contracts) as may be amended in accordance with their terms or by agreement between the parties thereto from time to time.
<u>Existing High Voltage Facility</u>	A High Voltage Transmission Facility of a Participating TO that was placed in service on or before the Transition Date defined in Section 4.2 of Schedule 3 of Appendix F.
<u>Existing Rights</u>	Those transmission service rights defined in Section 16.2.1.1 of the ISO Tariff.

Facility Owner

An entity owning transmission, Generation, or distribution facilities connected to the ISO Controlled Grid.

Facility Study

An engineering study conducted by a Participating TO to determine required modifications to the Participating TO's transmission system, including the cost and scheduled completion date for such

	modifications that will be required to provide needed services.
<u>Facility Study Agreement</u>	An agreement between a Participating TO and either a Market Participant, Project Sponsor, or identified principal beneficiaries pursuant to which the Market Participants, Project Sponsor, and identified principal beneficiaries agree to reimburse the Participating TO for the cost of a Facility Study.
<u>Fed-Wire</u>	The Federal Reserve Transfer System for electronic funds transfer.
<u>FERC</u>	The Federal Energy Regulatory Commission or its successor.
<u>FERC Annual Charges</u>	Those charges assessed against a public utility by the FERC pursuant to 18 C.F.R. § 382.201 and any related statutes or regulations, as they may be amended from time to time.
<u>FERC Annual Charge Recovery Rate</u>	The rate to be paid by Scheduling Coordinators for recovery of FERC Annual Charges assessed against the ISO for transactions on the ISO Controlled Grid.
<u>FERC Annual Charge Trust Account</u>	An account to be established by the ISO for the purpose of maintaining funds collected from Scheduling Coordinators for FERC Annual Charges and disbursing such funds to the FERC.
<u>FERC Must-Offer Generator</u>	All entities defined by Section 40.7.1 of this ISO Tariff.
<u>Final Approval</u>	A statement of consent by the ISO Control Center to initiate a scheduled Outage.
<u>Final Day-Ahead Schedule</u>	The Day-Ahead Schedule which has been approved as feasible and consistent with all other Schedules by the ISO based upon the ISO's Day-Ahead Congestion Management procedures.
<u>Final Hour-Ahead Schedule</u>	The Hour-Ahead Schedule of Generation and Demand that has been approved by the ISO as feasible and consistent with all other Schedules based on the ISO's Hour-Ahead Congestion Management procedures.
<u>Final Invoice</u>	The invoice due from a RMR Owner to the ISO at termination of the RMR Contract.
<u>Final Schedule</u>	A Schedule developed by the ISO following receipt of a Revised Schedule from a Scheduling Coordinator.

<u>Financial Security</u>	Any of the types of financial instruments listed in Section 12 of the ISO Tariff that are posted by a Market Participant or FTR Bidder.
<u>Financial Security Amount</u>	The level of Financial Security posted in accordance with Section 12 of the ISO Tariff by a Market Participant or FTR Bidder.
<u>Final Settlement Statement</u>	The restatement or recalculation of the Preliminary Settlement Statement by the ISO following the issue of that Preliminary Settlement Statement.
<u>Forbidden Operating</u>	The operating region of a resource wherein the resource cannot

<u>Region</u>	operate in a stable manner and must ramp through at maximum ramp capacity.
<u>Forced Outage</u>	An Outage for which sufficient notice cannot be given to allow the Outage to be factored into the Day-Ahead Market or Hour-Ahead Market scheduling processes.
<u>Forecast Fee</u>	The charge imposed on a Participating Intermittent Resource pursuant to the terms of Appendix Q and ISO Tariff Appendix F, Schedule 4.
<u>Forward Scheduling Charge</u>	The component of the Grid Management Charge that provides for the recovery of the ISO's costs, including, but not limited to the costs of providing the ability to Scheduling Coordinators to forward schedule Energy and Ancillary Services and the cost of processing accepted Ancillary Service bids. For purposes of the Forward Scheduling Charge, a schedule is represented by each Final Hour-Ahead Schedule with a value other than 0 MW submitted to the scheduling infrastructure/scheduling application system (import, export, Load, Generation, inter-Scheduling Coordinator trade, and Ancillary Services, including self-provided Ancillary Services) submitted to the ISO's scheduling infrastructure. The formula for determining the Forward Scheduling Charge is set forth in Appendix F, Schedule 1, Part A of this Tariff.
<u>FPA</u>	Parts II and III of the Federal Power Act, 16 U.S.C. § 824 et seq., as they may be amended from time to time.
<u>FTR (Firm Transmission Right)</u>	A contractual right, subject to the terms and conditions of the ISO Tariff, that entitles the FTR Holder to receive, for each hour of the term of the FTR, a portion of the Usage Charges received by the ISO for transportation of energy from a specific originating Zone to a specific receiving Zone and, in the event of an uneconomic curtailment to manage Day-Ahead Congestion, to a Day-Ahead scheduling priority higher than that of a Schedule using Converted Rights capacity that does not have an FTR.
<u>FTR Bidder</u>	An entity that submits a bid in an FTR auction conducted by the ISO in accordance with Section 36.4 of the ISO Tariff.
<u>FTR Holder</u>	The owner of an FTR, as registered with the ISO.

<u>FTR Market</u>	A transmission path from an originating Zone to a contiguous receiving Zone for which FTRs are auctioned by the ISO in accordance with Section 36.4 of the ISO Tariff.
<u>Full Marginal Loss Rate</u>	A rate calculated by the ISO for each Generation and Scheduling Point location to determine the effect on total system Transmission Losses of injecting an increment of Generation at each such location to serve an equivalent incremental MW of Demand distributed proportionately throughout the ISO Control Area.
<u>Generating Facility</u>	An Interconnection Customer's Generating Unit(s) used for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.
<u>Generating Facility Capacity</u>	The net capacity of the Generating Facility and the aggregate net capacity of the Generating Facility where it includes multiple energy production devices.
<u>GCC</u>	The single point of contact at the grid control center of Southern California Edison Company.
<u>Generating Unit</u>	An individual electric generator and its associated plant and apparatus whose electrical output is capable of being separately identified and metered or a Physical Scheduling Plant that, in either case, is: <ul style="list-style-type: none">(a) located within the ISO Control Area;(b) connected to the ISO Controlled Grid, either directly or via interconnected transmission, or distribution facilities; and(c) that is capable of producing and delivering net Energy (Energy in excess of a generating station's internal power requirements).
<u>Generation</u>	Energy delivered from a Generating Unit.
<u>Generator</u>	The seller of Energy or Ancillary Services produced by a Generating Unit.
<u>GMM (Generation Meter Multiplier)</u>	A number which when multiplied by a Generating Unit's Metered Quantity will give the total Demand to be served from that Generating Unit.

Good Utility Practice

Any of the practices, methods, and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods, and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, and expedition. Good Utility Practice is not intended to be any one of a number of the optimum practices, methods, or acts to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region

Grid Management Charge

The ISO monthly charge on all Scheduling Coordinators that provides for the recovery of the ISO's costs listed in Section 11.2.2.2 through the eight service charges described in Section 11.2.2.3 calculated in accordance with the formula rate set forth in Appendix F, Schedule 1, Part A of this Tariff. The eight charges that comprise the Grid Management Charge consist of: 1) the Core Reliability Services - Demand Charge, 2) the Core Reliability Services – Energy Exports Charge, 3) the Energy Transmission Services Net Energy Charge, 4) the Energy Transmission Services Uninstructed Deviations Charge, 5) the Forward Scheduling Charge, 6) the Congestion Management Charge, 7) the Market Usage Charge, and 8) the Settlements, Metering, and Client Relations Charge.

Grid Operations Charge

An ISO charge that recovers Redispatch costs incurred due to Intra-Zonal Congestion in each Zone. These charges will be paid to the ISO by the Scheduling Coordinators, in proportion to their metered Demand within, and metered exports from, the Zone to a neighboring Control Area.

Gross Load

For the purposes of calculating the transmission Access Charge, Gross Load is all Energy (adjusted for distribution losses) delivered for the supply of End-Use Customer Loads directly connected to the transmission facilities or directly connected to the Distribution System of a UDC or MSS Operator located in a PTO Service Territory. Gross Load shall exclude 1) Load with respect to which the

Wheeling Access Charge is payable, 2) Load that is exempt from the Access Charge pursuant to SPP 4.1, and the portion of the Load of an individual retail customer of a UDC or MSS Operator that is served by a Generating Unit that: (a) is located on the customer's site or provides service to the customer's site through arrangements as authorized by Section 218 of the California Public Utilities Code; (b) is a qualifying small power production facility or qualifying cogeneration facility, as those terms are defined in the FERC's regulations implementing Section 201 of the Public Utility Regulatory Policies Act of 1978; and (c) secures Standby Service from a Participating TO under terms approved by a Local Regulatory Authority or FERC, as applicable, or can be curtailed concurrently with an outage of the Generating Unit serving the Load. Gross Load forecasts consistent with filed TRR will be provided by each Participating TO to the ISO.

High Voltage Access Charge

The Access Charge applicable under Section 26.1 to recover the High Voltage Transmission Revenue Requirements of each Participating TO in a TAC Area.

High Voltage Transmission Facility

A transmission facility that is owned by a Participating TO or to which a Participating TO has an Entitlement that is represented by a Converted Right, that is under the ISO Operational Control, and that operates at a voltage at or above 200 kilovolts, and supporting facilities, and the costs of which are not directly assigned to one or more specific customers.

High Voltage Transmission Revenue Requirement

The portion of a Participating TO's TRR associated with and allocable to the Participating TO's High Voltage Transmission Facilities and Converted Rights associated with High Voltage Transmission Facilities that are under the ISO Operational Control.

High Voltage Wheeling Access Charge

The Wheeling Access Charge associated with the recovery of a Participating TO's High Voltage Transmission Revenue Requirements in accordance with Section 26.1.

Host Control Area

The Control Area in which a System Resource subject to this ISO Tariff is connected to the electric grid. The Host Control Area may, or may not, be directly interconnected with the ISO Control Area.

Hour-Ahead

Relating to an Hour-Ahead Market or an Hour-Ahead Schedule.

<u>Hour-Ahead Forecast</u>	The Energy forecast to be used by the Scheduling Coordinator representing a Participating Intermittent Resource for its Preferred Hour-Ahead Schedule, in accordance with Appendix Q.
<u>Hour-Ahead Market</u>	The forward market for Energy and Ancillary Services to be supplied during a particular Settlement Period that is conducted by the ISO and other Scheduling Coordinators which opens after the ISO's acceptance of the Final Day-Ahead Schedule for the Trading Day in which the Settlement Period falls and closes with the ISO's acceptance of the Final Hour-Ahead Schedule.
<u>Hour-Ahead Schedule</u>	A Schedule prepared by a Scheduling Coordinator or the ISO before the beginning of a Settlement Period indicating the changes to the levels of Generation and Demand scheduled for that Settlement Period from that shown in the Final Day-Ahead Schedule.
<u>Hourly Demand</u>	The average of the instantaneous Demand integrated over a single clock hour, in MW.
<u>Hourly Ex Post Price</u>	The Energy-weighted average of the Dispatch Interval Ex Post Prices in each Zone during each Settlement Period. The Hourly Ex Post Price will vary between Zones when Congestion is present. This price is used in the Regulation Energy Payment Adjustment and in RMR settlements.
<u>Hourly Pre-Dispatch</u>	The process in which the ISO Dispatches Energy Bids from System Resources before the start of the next Settlement Period for the entire duration of that Settlement Period.
<u>Hydro Spill Generation</u>	Hydro-electric Generation in existence prior to the ISO Operations Date that: i) has no storage capacity and that, if backed down, would spill; ii) has exceeded its storage capacity and is spilling even though the generators are at full output, or iii) has inadequate storage capacity to prevent loss of hydro-electric Energy either immediately or during the forecast period, if hydro-electric Generation is reduced; iv) has increased regulated water output to avoid an impending spill.
<u>Identification Code</u>	An identification number assigned to each Scheduling Coordinator by the ISO.
<u>Imbalance Energy</u>	Imbalance Energy is Energy from Regulation, Spinning and Non-

	<p>Spinning Reserves, or Replacement Reserve, or Energy from other Generating Units, System Units, System Resources, or Loads that are able to respond to the ISO's request for more or less Energy.</p>
<u>Inactive Zone</u>	<p>All Zones which the ISO Governing Board has determined do not have a workably competitive Generation market and as set out in Appendix I to the ISO Tariff.</p>
<u>Incremental Change</u>	<p>The change in dollar value of a specific charge type from the Preliminary Settlement Statement to the Final Settlement Statement including any new charge types or Trading Day charges appearing for the first time on the Final Settlement Statement.</p>
<u>In-Service Date</u>	<p>The date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Participating TO Interconnection Facilities to obtain back feed power.</p>
<u>“Interim Black Start Agreement”</u>	<p>An agreement entered into between the ISO and a Participating Generator (other than a Reliability Must-Run Agreement) for the provision by the Participating Generator of Black Start capability and Black Start Energy on an interim basis until the introduction by the ISO of its Black Start auction (or until terminated earlier by either party in accordance with its terms).</p>
<u>Intermediary Control Area</u>	<p>Any Control Area between a Host Control Area and the ISO Control Area. An Intermediary Control Area may, or may not, be directly interconnected with the ISO Control Area.</p>
<u>Instructed Imbalance Energy</u>	<p>The real-time change in Generation output or Demand (from dispatchable Generating Units, System Units, System Resources or Loads) which is instructed by the ISO to ensure that reliability of the ISO Control Area is maintained in accordance with Applicable Reliability Criteria. Sources of Imbalance Energy include Spinning and Non-Spinning Reserves, Replacement Reserve, and Energy from other dispatchable Generating Units, System Units, System Resources or Loads that are able to respond to the ISO's request for more or less Energy.</p>
<u>Inter-Scheduling</u>	<p>Ancillary Service transactions between Scheduling Coordinators.</p>

Coordinator Ancillary

Service Trades

Inter-Scheduling

Energy transactions between Scheduling Coordinators.

Coordinator Energy

Trades

Inter-Zonal Congestion

Congestion across an Inter-Zonal Interface.

Inter-Zonal Interface

The (i) group of transmission paths between two adjacent Zones of the ISO Controlled Grid, for which a physical, non-simultaneous transmission capacity rating (the rating of the interface) has been established or will be established prior to the use of the interface for Congestion Management; (ii) the group of transmission paths between an ISO Zone and an adjacent Scheduling Point, for which a physical, non-simultaneous transmission capacity rating (the rating of the interface) has been established or will be established prior to the use of the interface for Congestion Management; or (iii) the group of transmission paths between two adjacent Scheduling Points, where the group of paths has an established transfer capability and established transmission rights.

Interconnection

Transmission facilities, other than additions or replacements to existing facilities that: i) connect one system to another system where the facilities emerge from one and only one substation of the two systems and are functionally separate from the ISO Controlled Grid facilities such that the facilities are, or can be, operated and planned as a single facility; or ii) are identified as radial transmission lines pursuant to contract; or iii) produce Generation at a single point on the ISO Controlled Grid; provided that such interconnection does not include facilities that, if not owned by the Participating TO, would result in a reduction in the ISO's Operational Control of the Participating TO's portion of the ISO Controlled Grid.

Interconnection

Agreement

A contract between a party requesting interconnection and the Participating TO that owns the transmission facility with which the requesting party wishes to interconnect.

<u>Interconnection Customer</u>	Any entity, including a Participating TO or any of its Affiliates or subsidiaries, that proposes to interconnect its Generating Facility with the ISO Controlled Grid.
<u>Interconnection Customer's Interconnection Facilities</u>	All facilities and equipment, as identified in Part A of the Standard Large Generator Interconnection Agreement, that are located between the Generating Facility and the Point of Change of Ownership, including any modification, addition, or upgrades to such facilities and equipment necessary to physically and electrically interconnect the Generating Facility to the ISO Controlled Grid. Interconnection Customer's Interconnection Facilities are sole use facilities.
<u>Interconnection Facilities</u>	The Participating TO's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Generating Facility to the ISO Controlled Grid. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.
<u>Interconnection Facilities Study</u>	A study conducted by the Participating TO(s), ISO, or a third party consultant for the Interconnection Customer to determine a list of facilities (including the Participating TO's Interconnection Facilities, Network Upgrades, and Distribution Upgrades), the cost of those facilities, and the time required to interconnect the Generating Facility with the ISO Controlled Grid. The scope of the study is defined in Section 8 of the Standard Large Generator Interconnection Procedures.
<u>Interconnection Facilities Study Agreement</u>	The form of agreement accepted by FERC and posted on the ISO Home Page for conducting the Interconnection Facilities Study.
<u>Interconnection Feasibility Study</u>	A preliminary evaluation conducted by the Participating TO(s), ISO, or a third party consultant for the Interconnection Customer of the system impact and cost of interconnecting the Generating Facility to the ISO Controlled Grid, the scope of which is described in Section

	6 of the Standard Large Generator Interconnection Procedures.
<u>Interconnection Feasibility Study Agreement</u>	The form of agreement accepted by FERC and posted on the ISO Home Page for conducting the Interconnection Feasibility Study.
<u>Interconnection Handbook</u>	A handbook, developed by the Participating TO and posted on the Participating TO's web site or otherwise made available by the Participating TO, describing technical and operational requirements for wholesale generators and loads connected to the Participating TO's portion of the ISO Controlled Grid, as such handbook may be modified or superseded from time to time. Participating TO's standards contained in the Interconnection Handbook shall be deemed consistent with Good Utility Practice and Applicable Reliability Criteria. In the event of a conflict between the terms of the LGIP and the terms of the Participating TO's Interconnection Handbook, the terms in the LGIP shall apply.
<u>Interconnection Request</u>	An Interconnection Customer's request, in the form of Part 1 to the Standard Large Generator Interconnection Procedures, in accordance with Section 25.1 of the ISO Tariff.
<u>Interconnection Service</u>	The service provided by the Participating TO and ISO associated with interconnecting the Interconnection Customer's Generating Facility to the ISO Controlled Grid and enabling it to receive electric energy and capacity from the Generating Facility at the Point of Interconnection, pursuant to the terms of the Standard Large Generator Interconnection Agreement, the Participating TO's TO Tariff, and the ISO Tariff.
<u>Interconnection Study</u>	Any of the following studies: the Interconnection Feasibility Study, the Interconnection System Impact Study, and the Interconnection Facilities Study described in the Standard Large Generator Interconnection Procedures.
<u>Interconnection System Impact Study</u>	An engineering study conducted by the Participating TO(s), ISO, or a third party consultant for the Interconnection Customer that evaluates the impact of the proposed interconnection on the safety and reliability of the ISO Controlled Grid and, if applicable, an Affected System. The study shall identify and detail the system impacts that would result if the Generating Facility were

interconnected without project modifications or system modifications, focusing on the Adverse System Impacts identified in the Interconnection Feasibility Study, or to study potential impacts, including but not limited to those identified in the Scoping Meeting as described in the Standard Large Generator Interconnection Procedures.

Interconnection System

Impact Study Agreement

The form of agreement accepted by FERC and posted on the ISO Home Page for conducting the Interconnection System Impact Study.

Interest

Interest shall be calculated in accordance with the methodology specified for interest on refunds in the regulations of FERC at 18 C.F.R. §35.19(a)(2)(iii) (1996). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment, except as provided in Section 11.2.1. When payments are made by mail, bills shall be considered as having been paid on the date of receipt.

Interruptible Imports

Energy sold by a Generator or resource located outside the ISO Controlled Grid which by contract can be interrupted or reduced at the discretion of the seller.

Intra-Zonal Congestion

Congestion within a Zone.

IOU

An investor owned electric utility.

ISO (Independent System Operator)

The California Independent System Operator Corporation, a state chartered, nonprofit corporation that controls the transmission facilities of all Participating TOs and dispatches certain Generating Units and Loads.

ISO Account

The ISO Clearing Account, the ISO Reserve Account or such other trust accounts as the ISO deems necessary or convenient for the purpose of efficiently implementing the funds transfer system under the ISO Tariff.

ISO ADR Committee

The Committee appointed by the ISO ADR Committee pursuant to Article IV, Section 3 of the ISO bylaws to perform functions assigned to the ISO ADR Committee in the ADR process in Section 13 of the ISO Tariff.

ISO ADR Procedures

The procedures for resolution of disputes or differences set out in Section 13 of the ISO Tariff, as amended from time to time.

<u>ISO Application File Template</u>	All information (administrative, financial and technical) pertaining to Scheduling Coordinators which must be maintained in a current form by the ISO and the Scheduling Coordinator.
<u>ISO Audit Committee</u>	A Committee of the ISO Governing Board appointed pursuant to Article IV, Section 5 of the ISO bylaws to (1) review the ISO's annual independent audit (2) report to the ISO Governing Board on such audit, and (3) to monitor compliance with the ISO Code of Conduct.
<u>ISO Authorized Inspector</u>	A person authorized by the ISO to certify, test, inspect and audit meters and Metering Facilities (as that term is defined in this Appendix A) in accordance with the procedures established by the ISO pursuant to the Sections of this ISO Tariff on metering.
<u>ISO Bank</u>	The bank appointed by the ISO from time to time for the purposes of operating the Settlement process.
<u>ISO Clearing Account</u>	The account in the name of the ISO with the ISO Bank to which payments are required to be transferred for allocation to ISO Creditors in accordance with their respective entitlements.
<u>ISO Code of Conduct</u>	For employees, the code of conduct for officers, employees and substantially full-time consultants and contractors of the ISO as set out in exhibit A to the ISO bylaws; for Governors, the code of conduct for governors of the ISO as set out in exhibit B to the ISO bylaws.
<u>ISO Control Area Balancing Function</u>	The real-time Dispatch of Generation (and Curtailable Demand), directed by the ISO, to balance with actual Demand during the current operating hour to meet operating Reliability Criteria.
<u>ISO Control Center</u>	The Control Center established, pursuant to Section 7.1.1 of the ISO Tariff.
<u>ISO Controlled Grid</u>	The system of transmission lines and associated facilities of the Participating TOs that have been placed under the ISO's Operational Control.
<u>ISO Creditor</u>	A Scheduling Coordinator, Participating TO, or other Market Participant to which amounts are payable under the terms of the ISO Tariff.
<u>ISO Debtor</u>	A Scheduling Coordinator, Participating TO, or other Market Participant that is required to make a payment to the ISO under the

- ISO Tariff.
- ISO Documents** The ISO Tariff, ISO bylaws, and any agreement entered into between the ISO and a Scheduling Coordinator, a Participating TO or any other Market Participant pursuant to the ISO Tariff.
- ISO Governing Board** The Board of Governors established to govern the affairs of the ISO.
- ISO Home Page** The ISO internet home page at <http://www.caiso.com/> or such other internet address as the ISO shall publish from time to time.
- ISO Invoice** The invoices issued by the ISO to the Responsible Utilities or RMR Owners based on the Revised Estimated RMR Invoice and the Revised Adjusted RMR Invoice.
- ISO Market** Any of the markets administered by the ISO under the ISO Tariff, including, without limitation, Imbalance Energy, Ancillary Services, and FTRs.
- ISO Memorandum Account** The memorandum account established by each California IOU pursuant to California Public Utilities Commission Order D. 96-08-038 date August 2, 1996 which records all ISO startup and development costs incurred by that California IOU.
- ISO Metered Entity**
- (a) any one of the following entities that is directly connected to the ISO Controlled Grid:
- i. a Generator other than a Generator that sells all of its Energy (excluding any Station Power that is netted pursuant to Section 10.1.3) and Ancillary Services to the UDC in whose Service Area it is located;
 - ii. an Eligible Customer; or
 - iii. an End-User other than an End-User that purchases all of its Energy from the UDC in whose Service Area it is located; and
- (b) any one of the following entities:
- i. a Participating Generator;
 - ii. a Participating TO in relation to its Tie Point Meters with other TOs or Control Areas;
 - iii. a Participating Load;
 - iv. a Participating Intermittent Resource; or
 - v. a utility that requests that UFE for its Service Area be calculated

	separately, in relation to its meters at points of connection of its Service Area with the systems of other utilities.
<u>ISO Metered Entity Meter Service Agreements</u>	The meter service agreements between the ISO and ISO Metered Entities.
<u>ISO Operations Date</u>	The date on which the ISO first assumes Operational Control of the ISO Controlled Grid.
<u>ISO Outage Coordination Office</u>	The office established by the ISO to coordinate Maintenance Outages in accordance with Section 9.3 of the ISO Tariff.
<u>ISO Payments Calendar</u>	A calendar published by the ISO showing the dates on which Settlement Statements will be published by the ISO and the Payment Dates by which invoices issued under the ISO Tariff must be paid.
<u>ISO Protocols</u>	The rules, protocols, procedures and standards promulgated by the ISO (as amended from time to time) to be complied with by the ISO Scheduling Coordinators, Participating TOs and all other Market Participants in relation to the operation of the ISO Controlled Grid and the participation in the markets for Energy and Ancillary Services in accordance with the ISO Tariff.
<u>ISO Register</u>	The register of all the transmission lines, associated facilities and other necessary components that are at the relevant time being subject to the ISO's Operational Control.
<u>ISO Reserve Account</u>	The account established for the purpose of holding cash deposits which may be used in or towards clearing the ISO Clearing Account.
<u>ISO Surplus Account</u>	The account established by the ISO pursuant to Section 11.8.5.3.
<u>ISO Tariff</u>	The California Independent System Operator Corporation Operating Agreement and Tariff, dated March 31, 1997, as it may be modified from time to time.

<u>ISO Website</u>	The ISO internet home page at http://www.caiso.com or such other internet address as the ISO shall publish from time to time.
<u>ISP (Internet Service Provider)</u>	An independent network service organization engaged by the ISO to establish, implement and operate WEnet.
<u>Joint Powers Agreement</u>	An agreement governing a Joint Powers Authority that is subject to the California Joint Exercise of Powers Act (California Government Code, Section 6500, <i>et seq.</i>).
<u>Joint Powers Authority</u>	An authority authorized by law through which two or more public entities jointly exercise their powers.
<u>Large Generating Facility</u>	A Generating Facility having a Generating Facility Capacity of more than 20 MW.
<u>Line Loss Correction Factor</u>	The line loss correction factor as set forth in the Technical Specifications.
<u>Load</u>	An end-use device of an End-Use Customer that consumes power. Load should not be confused with Demand, which is the measure of power that a Load receives or requires.
<u>Load-Serving Entity (LSE)</u>	Any entity (or the duly designated agent of such an entity, including, e.g. a Scheduling Coordinator), including a load aggregator or power marketer; (i) serving End Users within the ISO Control Area and (ii) that has been granted authority or has an obligation pursuant to California State or local law, regulation, or franchise to sell electric energy to End Users located within the ISO Control Area or (iii) is a Federal Power Marketing Authority that serves retail Load.
<u>Load Shedding</u>	The systematic reduction of system Demand by temporarily decreasing the supply of Energy to Loads in response to transmission system or area capacity shortages, system instability, or voltage control considerations.
<u>Local Furnishing Bond</u>	Tax-exempt bonds utilized to finance facilities for the local furnishing of electric energy, as described in section 142(f) of the Internal Revenue Code, 26 U.S.C. § 142(f).
<u>Local Furnishing Participating TO</u>	Any Tax-Exempt Participating TO that owns facilities financed by Local Furnishing Bonds.

Local Publicly Owned

Electric Utilities

A municipality or municipal corporation operating as a public utility furnishing electric service, a municipal utility district furnishing electric service, a public utility district furnishing electric services, an irrigation district furnishing electric services, a state agency or subdivision furnishing electric services, a rural cooperative furnishing electric services, or a joint powers authority that includes one or more of these agencies and that owns Generation or transmission facilities, or furnishes electric services over its own or its members' electric Distribution System.

Local Regulatory

Authority

The state or local governmental authority responsible for the regulation or oversight of a utility.

Local Reliability Criteria

Reliability Criteria unique to the transmission systems of each of the PTOs established at the later of: (1) ISO Operations Date, or (2) the date upon which a New Participating TO places its facilities under

	the control of the ISO.
<u>Local Reliability Criteria</u>	Reliability Criteria established at the ISO Operations Date, unique to the transmission systems of each of the Participating TOs.
<u>Location Code</u>	The code assigned by the ISO to Generation input points, and Demand Take-Out Points from the ISO Controlled Grid, and transaction points from trades between Scheduling Coordinators. This will be the information used by the ISO Controlled Grid, and transaction points for trades between Scheduling Coordinators. This will be the information used by the ISO to determine the location of the input, output, and trade points of Energy Schedules. Each Generation input and Demand Take-Out Point will have a designated Location Code identification for use in submitting Energy and Ancillary Service bids and Schedules.
<u>Loop Flow</u>	Energy flow over a transmission system caused by parties external to that system.
<u>Loss Scale Factor</u>	The ratio of expected Transmission Losses to the total Transmission Losses which would be collected if Full Marginal Loss Rates were utilized.
<u>Low Voltage Access Charge</u>	The Access Charge applicable under Section 26.1 to recover the Low Voltage Transmission Revenue Requirement of a Participating TO.
<u>Low Voltage Transmission Facility</u>	A transmission facility owned by a Participating TO or to which a Participating TO has an Entitlement that is represented by a Converted Right, which is not a High Voltage Transmission Facility, that is under the ISO Operational Control.
<u>Low Voltage Transmission Revenue Requirement</u>	The portion of a Participating TO's TRR associated with and allocable to the Participating TO's Low Voltage Transmission Facilities and Converted Rights associated with Low Voltage Transmission Facilities that are under the ISO Operational Control.

<u>Low Voltage Wheeling Access Charge</u>	The Wheeling Access Charge associated with the recovery of a Participating TO's Low Voltage Transmission Revenue Requirement in accordance with Section 26.1.
<u>Maintenance Outage</u>	A period of time during which an Operator (i) takes its transmission facilities out of service for the purposes of carrying out routine planned maintenance, or for the purposes of new construction work or for work on de-energized and live transmission facilities (e.g., relay maintenance or insulator washing) and associated equipment; or (ii) limits the capability of or takes its Generating Unit or System Unit out of service for the purposes of carrying out routine planned maintenance, or for the purposes of new construction work.
<u>Market Behavior Rules</u>	Those rules established by FERC under Docket No. EL01-118.
<u>Market Clearing Price</u>	The price in a market at which supply equals Demand. All Demand prepared to pay at least this price has been satisfied and all supply prepared to operate at or below this price has been purchased.
<u>Market Manipulation</u>	Has the meaning set forth in Section 37.7.
<u>Market Monitoring Unit</u>	The component of the ISO organization (currently the "Department of Market Monitoring") that is assigned responsibility in the first instance for the functions of a Market Monitoring Unit, as that term is used in Docket No. EL01-118.
<u>Market Participant</u>	An entity, including a Scheduling Coordinator, who participates in the Energy marketplace through the buying, selling, transmission, or distribution of Energy or Ancillary Services into, out of, or through the ISO Controlled Grid.
<u>Market Surveillance Committee (MSC)</u>	The committee established under Appendix P.2.

Market Usage Charge

The component of the Grid Management Charge that provides for the recovery of the ISO's costs, including, but not limited to the costs for processing Supplemental Energy and Ancillary Service bids, maintaining the Open Access Same-Time Information System, monitoring market performance, ensuring generator compliance with market protocols, and determining Market Clearing Prices. The formula for determining the Market Usage Charge is set forth in Appendix F, Schedule 1, Part A of this Tariff.

Master File

A file containing information regarding Generating Units, Loads and other resources.

Material Change in Financial Condition

A change in or potential threat to the financial condition of a Market Participant or FTR Bidder that increases the risk that the Market Participant or FTR Bidder will be unlikely to meet some or all of its financial obligations. The types of Material Change in Financial Condition include but are not limited to the following:

- (a) a credit agency downgrade;
- (b) being placed on a credit watch list by a major rating agency;
- (c) a bankruptcy filing;
- (d) insolvency;
- (e) the filing of a material lawsuit that could significantly and adversely affect past, current, or future financial results; or
- (f) any change in the financial condition of the Market Participant or FTR Bidder which exceeds a five percent reduction in the Market Participant's or FTR Bidder's tangible net worth for the Market Participant or FTR Bidder's preceding fiscal year, calculated in accordance with generally accepted accounting practices.

Material Modification

Those modifications that have a material impact on the cost or timing of any Interconnection Request or any other valid interconnection request with a later queue priority date.

MDAS

The ISO's revenue meter data acquisition and processing system.

Meter Data

Energy usage data collected by a metering device or as may be otherwise derived by the use of Approved Load Profiles.

Meter Points

Locations on the ISO Controlled Grid at which the ISO requires the collection of Meter Data by a metering device.

Metered Control Area Load

For purposes of calculating and billing the Grid Management Charge, Metered Control Area Load is:

(a) all metered Demand for Energy of Scheduling Coordinators for the supply of Loads in the ISO's Control Area, plus (b) all Energy for exports by Scheduling Coordinators from the ISO Control Area; less (c) Energy associated with the Load of a retail customer of a Scheduling Coordinator, UDC, or MSS that is served by a Generating Unit that: (i) is located on the same site as the customer's Load or provides service to the customer's Load through arrangements as authorized by Section 218 of the California Public Utilities Code; (ii) is a qualifying small power production facility or qualifying cogeneration facility, as those terms are defined in FERC's regulations implementing Section 201 of the Public Utility Regulatory Policies Act of 1978; and (iii) the customer secures Standby Service from a Participating TO

under terms approved by a Local Regulatory Authority or FERC, as applicable, or the customer's Load can be curtailed concurrently with an outage of the Generating Unit.

Meter Data Exchange

Format

The format for submitting Meter Data to the ISO which will be published by the ISO on the ISO Home Page or available on request to the Meter and Data Acquisition Manager, ISO Client Service Department.

Meter Data Request

Format

The format for requesting Settlement Quality Meter Data from the ISO which will be published by the ISO on the ISO Home Page or available on request to the Meter and Data Acquisition Manager, ISO Client Service Department.

Metered Quantities

For each Direct Access End-User, the actual metered amount of MWh and MW; for each Participating Generator the actual metered amounts of MWh, MW, MVA_r and MVA_rh.

Metering Facilities

Revenue quality meters, instrument transformers, secondary circuitry, secondary devices, meter data servers, related communication facilities and other related local equipment.

Minimum Load Costs

The costs a Generating Unit incurs operating at minimum load.

Monthly Peak Load

The maximum hourly Demand on a Participating TO's transmission system for a calendar month, multiplied by the Operating Reserve Multiplier.

MSS (Metered Subsystem)

A geographically contiguous system located within a single Zone which has been operating as an electric utility for a number of years prior to the ISO Operations Date as a municipal utility, water district, irrigation district, State agency or Federal power administration subsumed within the ISO Control Area and encompassed by ISO certified revenue quality meters at each interface point with the ISO Controlled Grid and ISO certified revenue quality meters on all Generating Units or, if aggregated, each individual resource and Participating Load internal to the system, which is operated in accordance with a MSS Agreement described in Section 4.9.1.

MSS Operator

An entity that owns an MSS and has executed a MSS Agreement.

Municipal Tax Exempt

Debt

An obligation the interest on which is excluded from gross income for federal tax purposes pursuant to Section 103(a) of

the Internal Revenue Code of 1986 or the corresponding provisions of prior law without regard to the identity of the holder thereof. Municipal Tax Exempt Debt does not include Local Furnishing Bonds.

Native Load

Load required to be served by a utility within its Service Area pursuant to applicable law, franchise, or statute.

NERC

The North American Electric Reliability Council or its successor.

Net FTR Revenue

The sum of: 1) the revenue received by the New Participating TO from the sale, auction, or other transfer of the FTRs provided to it pursuant to Section 36.4.3 FTR, or any substantively identical successor provision of the ISO Tariff; and 2) for each hour: a) the Usage Charge revenue received by the New Participating To associated with its Section 36.4.3 FTRs; minus b) Usage Charges that are: i) incurred by the Scheduling Coordinator for the New Participating TO under ISO Tariff Section 27.1.2.1.4 ii) associated with the New Participating TO's Section 36.4.3 FTRs, and iii) incurred by the New Participating TO for its energy transactions but not incurred as a result of the use of the transmission by a third-party and minus c) the charges paid by the New Participating TO pursuant to Section 27.1.2.1.7, to the extent such charges are incurred by the Scheduling Coordinator of the New Participating TO on Congested Inter-Zonal Interfaces that are associated with the Section 36.4.3 FTRs provided to the New Participating TO. The component of New FTR Revenue represented by item 2) immediately above shall not be less than zero for any hour.

Net Negative Uninstructed Deviation

The real-time change in Generation or Demand associated with underscheduled Load (i.e., Load that appears unscheduled in real time) and overscheduled Generation (i.e., Generation that is scheduled in forward markets and does not appear in real time). Deviations are netted for each Settlement Interval, apply to a Scheduling Coordinator's entire portfolio, and include Load, Generation, imports and exports.

Net Output

The gross Energy output from a Generating Unit less the Station

Power requirements for such Generating Unit during the Netting Period, or the Energy available to provide Remote Self-Supply from a generating facility in another Control Area during the Netting Period.

Netting Period

A calendar month, representing the interval over which the Net Output of one or more generating resources in a Station Power Portfolio is available to be attributed to the self-supply of Station Power in that Station Power Portfolio.

Net Qualifying Capacity

Qualifying capacity reduced, as applicable, based on: (1) testing and verification; and (2) deliverability restrictions. The Net Qualifying Capacity determination shall be made by the ISO pursuant to the provisions of this ISO Tariff and any applicable manual or procedure.

Network Upgrades

The additions, modifications, and upgrades to the ISO

Controlled Grid required at or beyond the Point of Interconnection to accommodate the interconnection of the Large Generating Facility to the ISO Controlled Grid. Network Upgrades shall consist of Delivery Network Upgrades and Reliability Network Upgrades.

New High Voltage Facility

A High Voltage Transmission Facility of a Participating TO that is placed in service after the beginning of the transition period described in Section 4 of Schedule 3 of Appendix F, or a capital addition made and placed in service after the beginning of the transition period described in Section 4.2 of Schedule 3 of Appendix F to an Existing High Voltage Facility.

New Participating TO

A Participating TO that is not an Original Participating TO.

Nomogram

A set of operating or scheduling rules which are used to ensure that simultaneous operating limits are respected, in order to meet NERC and WECC operating criteria.

Non-Participating

A Generator that is not a Participating Generator.

Generator

Non-Participating TO

A TO that is not a party to the TCA or for the purposes of Sections 16.1 and 16.2 of the ISO Tariff the holder of transmission service rights under an Existing Contract that is not a Participating TO.

Non-Spinning Reserve

The portion of off-line generating capacity that is capable of being synchronized and Ramping to a specified load in ten minutes (or load that is capable of being interrupted in ten minutes) and that is capable of running (or being interrupted) for at least two hours.

NRC

The Nuclear Regulatory Commission or its successor.

NRC (Standards)

The reliability standards published by the NRC from time to time.

Operating Procedures

Procedures governing the operation of the ISO Controlled Grid as the ISO may from time to time develop, and/or procedures that Participating TOs currently employ which the ISO adopts for use.

On-Site Self-Supply

Energy from a Generating Unit that is deemed to have self-supplied all or a portion of its associated Station Power load

Operating Reserve

without use of the ISO Controlled Grid during the Netting Period.

The combination of Spinning and Non-Spinning Reserve
required to meet WECC and NERC requirements for reliable

	operation of the ISO Control Area.
<u>Operating Transfer Capability</u>	The maximum capability of a transmission path to transmit real power, expressed in MW, at a given point in time.
<u>Operational Control</u>	The rights of the ISO under the Transmission Control Agreement and the ISO Tariff to direct Participating TOs how to operate their transmission lines and facilities and other electric plant affecting the reliability of those lines and facilities for the purpose of affording comparable non-discriminatory transmission access and meeting Applicable Reliability Criteria.
<u>Operator</u>	The operator of facilities that comprise the ISO Controlled Grid or a Participating Generator.
<u>OPF (Optimal Power Flow)</u>	A computer optimization program which uses a set of control variables (which may include active power and/or reactive power controls) to determine a steady-state operating condition for the transmission grid for which a set of system operating Constraints (which may include active power and/or reactive power constraints) are satisfied and an objective function (e.g. total cost or shift of schedules) is minimized.
<u>Optional Interconnection Study</u>	A sensitivity analysis based on assumptions specified by the Interconnection Customer in the Optional Interconnection Study Agreement.
<u>Optional Interconnection Study Agreement</u>	The form of agreement accepted by FERC and posted on the ISO Home Page for conducting the Optional Interconnection Study.
<u>Order No. 888</u>	The final rule issued by FERC entitled "Promoting Wholesale Competition through Open Access Non- discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities," 61 Fed. Reg. 21,540 (May 10, 1996), FERC Stats. & Regs., Regulations Preambles [1991-1996] ¶ 31,036 (1996), Order on Rehearing, Order No. 888-A, 78 FERC ¶ 61,220 (1997), as it may be amended from time to time
<u>Order No. 889</u>	The final rule issued by FERC entitled "Open Access Same-Time Information System (formerly Real Time Information Networks) and Standards of Conduct," 61 Fed. Reg. 21,737

(May 10, 1996), FERC Stats. & Regs., Regulations Preambles [1991-1996] ¶ 31,035 (1996), Order on Rehearing, Order No. 889-A, 78 FERC ¶ 61,221 (1997), as it may be amended from time to time.

Original Participating TO

A Participating TO that was a Participating TO as of January 1, 2000.

Outage

Disconnection, separation or reduction in capacity, planned or forced, of one or more elements of an electric system.

Overgeneration

A condition that occurs when total Generation exceeds total Demand in the ISO Control Area.

Participant

- (a) Scheduling Coordinators (SCs);
- (b) Utility Distribution Companies (UDCs);
- (c) Participating Transmission Owners (PTOs);
- (d) Participating Generators;
- (e) Control Area Operators, to the extent the agreement between the Control Area Operator and the ISO so provides; and
- (f) Metered Subsystem (MSS) Operators.

Participating Buyer

A Direct Access End-User or a wholesale buyer of Energy or Ancillary Services through Scheduling Coordinators.

Participating Intermittent Resource

One or more Eligible Intermittent Resources that meets the requirements of the technical standards for Participating Intermittent Resources adopted by the ISO and published on the ISO Home Page.

Participating Load

An entity providing Curtailable Demand, which has undertaken in writing to comply with all applicable provisions of the ISO Tariff, as they may be amended from time to time.

Participating Seller or

A Generator or other seller of Energy or Ancillary Services

Participating Generator through a Scheduling Coordinator over the ISO Controlled Grid from a Generating Unit with a rated capacity of 1 MW or greater, or from a Generating Unit providing Ancillary Services and/or submitting Supplemental Energy bids through an aggregation arrangement approved by the ISO, which has undertaken to be bound by the terms of the ISO Tariff, in the case of a Generator through a Participating Generator Agreement.

Participating TO's
Interconnection Facilities All facilities and equipment owned, controlled, or operated by the Participating TO from the Point of Change of Ownership to the Point of Interconnection as identified in Part A to the Standard Large Generator Interconnection Agreement, including any modifications, additions or upgrades to such facilities and equipment. Participating TO's Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Participating TO A party to the TCA whose application under Section 2.2 of the TCA has been accepted and who has placed its transmission assets and Entitlements under the ISO's Operational Control in accordance with the TCA. A Participating TO may be an Original Participating TO or a New Participating TO.

Path 15 Upgrade The upgraded transmission facilities across the Path 15 Inter-Zonal Interface that have been turned over to ISO Operational Control.

Payment Date The date by which invoiced amounts are to be paid under the terms of the ISO Tariff.

PBR (Performance-Based
Ratemaking) Regulated rates based in whole or in part on the achievement of specified performance objectives.

Physical Scheduling Plant A group of two or more related Generating Units, each of which is individually capable of producing Energy, but which either by physical necessity or operational design must be operated as if they were a single Generating Unit and any Generating Unit or Units containing related multiple generating components which meet one or more of the following criteria: i) multiple generating components are related by a common flow of fuel which cannot be interrupted without a substantial loss of efficiency of the combined output of all components; ii) the Energy production

from one component necessarily causes Energy production from other components; iii) the operational arrangement of related multiple generating components determines the overall physical efficiency of the combined output of all components; iv) the level of coordination required to schedule individual generating components would cause the ISO to incur scheduling costs far in excess of the benefits of having scheduled such individual components separately; or v) metered output is available only for the combined output of related multiple generating components and separate generating component metering is either impractical or economically inefficient.

Planning Reserve Margin

A Planning Reserve Margin shall be that quantity or percentage of capacity in MWs that exceeds the Demand Forecast set forth in Section 40.3 as provided for in Section 40.4 of this ISO Tariff.

PMS (Power Management System)

The ISO computer control system used to monitor the real-time performance of the various elements of the ISO Controlled Grid, control Generation, and perform operational power flow studies.

Point of Change of Ownership

The point, as set forth in Part A to the Standard Large Generator Interconnection Agreement, where the Interconnection Customer's Interconnection Facilities connect to the Participating TO's Interconnection Facilities.

Point of Interconnection

The point, as set forth in Part A to the Standard Large Generator Interconnection Agreement, where the Interconnection Facilities connect to the ISO Controlled Grid.

Power Flow Model

The computer software used by the ISO to model the voltages, power injections and power flows on the ISO Controlled Grid and determine the expected Transmission Losses and Generation Meter Multipliers.

Power System Stabilizers (PSS)

An electronic control system applied on a Generating Unit that helps to damp out dynamic oscillations on a power system. The PSS senses Generator variables, such as voltage, current and shaft speed, processes this information and sends control signals to the Generator voltage regulator.

**Preferred Day-Ahead
Schedule**

A Scheduling Coordinator's Preferred Schedule for the ISO Day-Ahead scheduling process.

**Preferred Hour-Ahead
Schedule**

A Scheduling Coordinator's Preferred Schedule for the ISO Hour-Ahead scheduling process.

Preferred Schedule

The initial Schedule produced by a Scheduling Coordinator that represents its preferred mix of Generation to meet its Demand. For each Generator, the Schedule will include the quantity of output, details of any Adjustment Bids, and the location of the Generator. For each Load, the Schedule will include the quantity of consumption, details of any Adjustment Bids, and the location of the Load. The Schedule will also specify quantities and location of trades between the Scheduling Coordinator and all other Scheduling Coordinators. The Preferred Schedule will be balanced with respect to Generation, Transmission Losses, Load and trades between Scheduling Coordinators.

Preliminary Settlement Statement

The initial statement issued by the ISO of the calculation of the Settlements and allocation of the charges in respect of all Settlement Periods covered by the period to which it relates.

Price Overlap

The price range of bids for Supplemental Energy or Energy associated with Ancillary Services bids for any Dispatch Interval that includes decremental and incremental Energy Bids where the price of the decremental Energy Bids exceeds the price of the incremental Energy Bids.

Primary ISO Control Center

The ISO Control Center located in Folsom, California.

Project Sponsor

A Market Participant or group of Market Participants or a Participating TO that proposes the construction of a transmission addition or upgrade in accordance with Section 24 of the ISO Tariff.

Proposal for Installation

A written proposal submitted by an ISO Metered Entity to the ISO describing a proposal for the installation of additional Metering Facilities.

Proxy Price

The value determined for each gas-fired Generating Unit owned or controlled by a Must-Offer Generator in accordance with Section 40.10.1.

PTO Service Territory

The area in which an IOU, a Local Public Owned Electric Utility, or federal power marketing administration that has turned over its transmission facilities and/or Entitlements to ISO Operational Control is obligated to provide electric service to Load. A PTO

Service Territory may be comprised of the Service Areas of more than one Local Public Owned Electric Utility, if they are operating under an agreement with the ISO for aggregation of their MSS and their MSS Operator is designated as the Participating TO.

Queue Position

The order of a valid Interconnection Request, relative to all other pending valid Interconnection Requests, that is established based upon the date and time of receipt of the valid Interconnection Request by the ISO.

Qualifying Capacity

The maximum capacity of a Resource Adequacy Resource. The criteria for calculating Qualifying Capacity from Resource Adequacy Resources may be established by the CPUC or other applicable Local Regulatory Authority and provided to the ISO, or default provisions in Section 40.13 of this ISO Tariff.

Qualifying Facility

A qualifying co-generation or small power production facility recognized by FERC.

Ramping

Changing the loading level of a Generating Unit in a constant manner over a fixed time (e.g., ramping up or ramping down). Such changes may be directed by a computer or manual control.

RAS (Remedial Action Schemes)

Protective systems that typically utilize a combination of conventional protective relays, computer-based processors, and telecommunications to accomplish rapid, automated response to unplanned power system events. Also, details of RAS logic and any special requirements for arming of RAS schemes, or changes in RAS programming, that may be required.

Reactive Power Control

Generation or other equipment needed to maintain acceptable voltage levels on the ISO Controlled Grid and to meet reactive capacity requirements at points of interconnection on the ISO Controlled Grid.

Real Time Market

The competitive generation market controlled and coordinated by the ISO for arranging real-time Imbalance Energy.

Redispatch

The readjustment of scheduled Generation or Demand side management measures, to relieve Congestion or manage Energy imbalances.

Registered Data

Those items of technical data and operating characteristics relating to Generation, transmission or distribution facilities which are identified to the owners of such facilities as being information, supplied in accordance with the ISO Tariff, to assist the ISO to maintain reliability of the ISO Controlled Grid and to carry out its functions.

Regulation

The service provided either by Generating Units certified by the ISO as equipped and capable of responding to the ISO's direct digital control signals, or by System Resources that have been certified by the ISO as capable of delivering such service to the ISO Control Area, in an upward and downward direction to match, on a real-time basis, Demand and resources, consistent with established NERC and WECC operating criteria. Regulation is used to control the power output of electric generators within a prescribed area in response to a change in system frequency, tieline loading, or the relation of these to each other so as to maintain the target system frequency and/or the established interchange with other areas within the predetermined limits. Regulation includes both the increase of output by a Generating Unit or System Resource ("Regulation Up") and the decrease in output by a Generating Unit or System Resource ("Regulation Down"). Regulation Up and Regulation Down are distinct capacity products, with separately stated requirements and Market Clearing Prices in each Settlement Period.

Regulation Energy

The additional value of regulating Energy.

Payment Adjustment

Regulatory Must-Run

Generation

Hydro Spill Generation and Generation which is required to run by applicable Federal or California laws, regulations, or other governing jurisdictional authority. Such requirements include but are not limited to hydrological flow requirements, environmental requirements, such as minimum fish releases, fish pulse releases and water quality requirements, irrigation and water supply requirements of solid waste Generation, or other Generation contracts specified or designated by the jurisdictional regulatory authority as it existed on December 20, 1995, or as revised by Federal or California law or Local Regulatory Authority.

Regulatory Must-Take

Generation

Those Generation resources identified by CPUC, or a Local Regulatory Authority, the operation of which is not subject to competition. These resources will be scheduled by the relevant Scheduling Coordinator directly with the ISO on a must-take

	<p>basis. Regulatory Must-Take Generation includes qualifying facility Generating Units as defined by federal law, nuclear units and pre-existing power purchase contracts with minimum energy take requirements.</p>
<u>Reliability Coordinator</u>	<p>The person responsible for Security Monitoring in real time for the California Area.</p>
<u>Reliability Criteria</u>	<p>Pre-established criteria that are to be followed in order to maintain desired performance of the ISO Controlled Grid under contingency or steady state conditions.</p>
<u>Reliability Must-Run Charge (RMR Charge)</u>	<p>The sum payable by a Responsible Utility to the ISO pursuant to Section 30.6.1.1 of the ISO Tariff for the costs, net of all applicable credits, incurred under the RMR Contract.</p>
<u>Reliability Must-Run Contract (RMR Contract)</u>	<p>A Must-Run Service Agreement between the owner of an RMR Unit and the ISO.</p>
<u>Reliability Must-Run Generation (RMR Generation)</u>	<p>Generation that the ISO determines is required to be on line to meet Applicable Reliability Criteria requirements. This includes</p> <ul style="list-style-type: none">i) Generation constrained on line to meet NERC and WECC reliability criteria for interconnected systems operation;ii) Generation needed to meet Load demand in constrained areas; andiii) Generation needed to be operated to provide voltage or security support of the ISO or a local area.
<u>Reliability Must-Run Unit (RMR Unit)</u>	<p>A Generating Unit which is the subject of a Reliability Must-Run Contract.</p>
<u>Reliability Network Upgrades</u>	<p>The transmission facilities at or beyond the Point of Interconnection necessary to interconnect a Large Generating Facility safely and reliably to the ISO Controlled Grid, which would not have been necessary but for the interconnection of the Large Generating Facility, including Network Upgrades necessary to remedy short circuit or stability problems resulting from the interconnection of the Large Generating Facility to the ISO Controlled Grid. Reliability Network Upgrades also include, consistent with WECC practice, the facilities necessary to mitigate any adverse impact the Large Generating Facility's interconnection may have on a path's WECC rating.</p>
<u>Reliability Services Costs</u>	<p>The costs associated with services provided by the ISO: 1) that</p>

are deemed by the ISO as necessary to maintain reliable electric service in the ISO Control Area; and 2) whose costs are billed by the ISO to the Participating TO pursuant to the ISO Tariff. Reliability Services Costs include costs charged by the ISO to a Participating TO associated with service provided under an RMR Contract (Section 30.6.1.2), local out-of-market dispatch calls (Section 11.2.4.2.1) and Minimum Load Costs associated with units committed under the must-offer obligation for local reliability requirements (Section 40.8.6)

Remote Self-Supply

Positive Net Output from generating resources in the Station Power Portfolio that is deemed to have self-supplied Station Power load of other Generating Units in the Station Power Portfolio during the Netting Period, where such self-supply requires use of the ISO Controlled Grid.

REMnet

The Wide Area Network through which the ISO acquires Meter Data.

Replacement Reserve

Generating capacity that is dedicated to the ISO, capable of starting up if not already operating, being synchronized to the ISO Controlled Grid, and Ramping to a specified operating level within a sixty (60) minute period, the output of which can be continuously maintained for a two hour period. Also, Curtailable Demand that is capable of being curtailed within sixty minutes and that can remain curtailed for two hours.

Resource Adequacy

The program that ensures that adequate physical generating capacity dedicated to serving all load requirements is available to meet peak demand and planning and operating reserves, at or deliverable to locations and at times as may be necessary to ensure local area reliability and system reliability.

Resource Adequacy

The capacity of a Resource Adequacy Resource listed on a Resource Adequacy Plan and a Supply Plan.

Capacity

Resource Adequacy Plan

A submission by a Scheduling Coordinator for a Load Serving Entity serving Load in the ISO Control Area in order to satisfy the requirements of Section 40 of this ISO Tariff.

Resource Adequacy

A resource that is required to offer Resource Adequacy Capacity.

Resource

The criteria for determining the types of resources that are eligible to provide Qualifying Capacity may be established by the CPUC, other applicable Local Regulatory Authority and provided to the ISO, or the default provision in Section 40.13 of this ISO Tariff.

Resource-Specific

Settlement Interval Ex

Post Price

The Resource-Specific Settlement Interval Ex Post Price will equal the Energy-weighted average of the applicable Dispatch Interval Ex Post Prices for each Settlement Interval taking into account each resource's Instructed Imbalance Energy, except Regulation Energy. The Resource-Specific Settlement Interval Ex Post Price shall apply to those resources that are capable of responding to ISO Dispatch Instructions.

Responsible Utility

The utility which is a party to the TCA in whose PTO Service Territory the Reliability Must-Run Unit is located or whose PTO Service Territory is contiguous to the PTO Service Territory in which a Reliability Must-Run Unit owned by an entity outside of the ISO Controlled Grid is located.

Revenue Requirement

The revenue level required by a utility to cover expenses made on an investment, while earning a specified rate of return on the investment.

Revised Adjusted RMR

Invoice

The monthly invoice issued by the RMR Owner to the ISO pursuant to the RMR Contract reflecting any appropriate revisions to the Adjusted RMR Invoice based on the ISO's validation and actual data for the billing month.

<u>Revised Estimated RMR Invoice</u>	The monthly invoice issued by the RMR Owner to the ISO pursuant to the RMR Contract reflecting appropriate revisions to the Estimated RMR Invoice based on the ISO's validation of the Estimated RMR Invoice.
<u>Revised Schedule</u>	A Schedule submitted by a Scheduling Coordinator to the ISO following receipt of the ISO's Suggested Adjusted Schedule.
<u>RMR Owner</u>	The provider of services under a Reliability Must-Run Contract.
<u>Real-Time Dispatch (RTD) Software</u>	The security constrained optimal dispatch and ex post pricing software used by the ISO to determine which Ancillary Service and Supplementary Energy resources to Dispatch and to calculate the Ex Post Prices.
<u>Rules of Conduct</u>	The rules set forth in 37.2 through 37.7.
<u>Sanction</u>	A consequence specified in Section 37 for the violation of a Rule of Conduct, which may include a) a warning letter notifying the Market Participant of the violation and future consequences specified under Section 37 if the behavior is not corrected, or b) financial penalties. Neither referral to FERC nor rescission of payment for service not provided shall constitute a Sanction.
<u>SCADA (Supervisory Control and Data Acquisition)</u>	A computer system that allows an electric system operator to remotely monitor and control elements of an electric system.
<u>Scheduling Coordinator Agreement</u>	An agreement between a Scheduling Coordinator and the ISO whereby the Scheduling Coordinator agrees to comply with all ISO rules, protocols and instructions, as those rules, protocols and instructions may be amended from time to time.
<u>Scheduling Coordinator Applicant</u>	An applicant for certification by the ISO as a Scheduling Coordinator.
<u>Scheduling Coordinator Application Form</u>	The form specified by the ISO from time to time in which a Scheduling Coordinator Applicant must apply to the ISO for certification as a Scheduling Coordinator.
<u>Scheduling Coordinator Customer</u>	A customer of the Scheduling Coordinator Applicant or a Scheduling Coordinator for whom the Scheduling Coordinator provides services relevant to the ISO Controlled Grid.
<u>Scaled Marginal Loss Rate</u>	A factor calculated by the ISO for a given Generator location for each hour by multiplying the Full Marginal Loss Rate for such Generator location by the Loss Scale Factor for the relevant hour.

<u>Schedule</u>	A statement of (i) Demand, including quantity, duration and Take-Out Points and (ii) Generation, including quantity, duration, location of Generating Unit, and Transmission Losses; and (iii) Ancillary Services which will be self-provided, (if any) submitted by a Scheduling Coordinator to the ISO. "Schedule" includes Preferred Schedules, Suggested Adjusted Schedules, Final Schedules and Revised Schedules.
<u>Scheduled Maintenance</u>	Maintenance on Participating Generators, TOs and UDC facilities scheduled more than twenty-four hours in advance.
<u>Scheduling Coordinator (SC)</u>	An entity certified by the ISO for the purposes of undertaking the functions specified in Section 4.5.3 of the ISO Tariff.
<u>Scheduling Coordinator Metered Entity</u>	A Generator, Eligible Customer or End-User that is not an ISO Metered Entity.
<u>Scheduling Point</u>	A location at which the ISO Controlled Grid is connected, by a group of transmission paths for which a physical, non-simultaneous transmission capacity rating has been established for Congestion Management, to transmission facilities that are outside the ISO's Operational Control. A Scheduling Point typically is physically located at an "outside" boundary of the ISO Controlled Grid (e.g., at the point of interconnection between a Control Area utility and the ISO Controlled Grid). For most practical purposes, a Scheduling Point can be considered to be a Zone that is outside the ISO's Controlled Grid.
<u>Scoping Meeting</u>	The meeting among representatives of the Interconnection Customer, the applicable Participating TO, and the ISO conducted for the purpose of discussing alternative interconnection options, to exchange information including any transmission data and earlier study evaluations that would be reasonably expected to impact such interconnection options, to analyze such information, and to determine the potential feasible Points of Interconnection.
<u>Security</u>	The form of security provided by a Scheduling Coordinator pursuant to Section 12.1 of the ISO Tariff (i.e., letter of credit, guarantee or cash deposit) to secure its trading obligations.
<u>Security Monitoring</u>	The real-time assessment of the ISO Controlled Grid that is conducted to ensure that the system is operating in a secure state, and in compliance with all Applicable Reliability Criteria.
<u>Service Area</u>	An area in which an IOU or a Local Publicly Owned Electric Utility is

	obligated to provide electric service to End-Use Customers.
<u>Set Point</u>	Scheduled operating level for each Generating Unit or other resource scheduled to run in the Hour-Ahead Schedule.
<u>Settlement</u>	Process of financial settlement for products and services purchased and sold undertaken by the ISO under Section 11 of the ISO Tariff. Each Settlement will involve a price and a quantity.
<u>Settlement Account</u>	An Account held at a bank situated in California, designated by a Scheduling Coordinator or a Participating TO pursuant to the Scheduling Coordinator's Scheduling Coordinator Agreement or in the case of a Participating TO, Section 2.2.1 of the TCA, to which the ISO shall pay amounts owing to the Scheduling Coordinator or the Participating TO under the ISO Tariff.
<u>Settlement Interval</u>	The time period, which is equal to or a multiple of the Dispatch Interval, over which the ISO settles deviations in Generation and Demand from Final Hour-Ahead Schedules.
<u>Settlement Period</u>	For all ISO transactions the period beginning at the start of the hour, and ending at the end of the hour. There are twenty-four Settlement Periods in each Trading Day, with the exception of a Trading Day in which there is a change to or from daylight savings time.
<u>Settlement Quality Meter Data</u>	Meter Data gathered, edited, validated, and stored in a settlement-ready format, for Settlement and auditing purposes.
<u>Settlement Statement</u>	Either or both of a Preliminary Settlement Statement or Final Settlement Statement.
<u>Settlement Statement Re-run</u>	The re-calculation of a Settlement Statement in accordance with the provisions of the ISO Tariff.
<u>Settlements, Metering, and Client Relations Charge</u>	The component of the Grid Management Charge that provides for the recovery of the ISO's costs, including, but not limited to the costs of maintaining customer account data, providing account information to customers, responding to customer inquiries, calculating market charges, resolving customer disputes, and the costs associated with the ISO's Settlement, billing, and metering activities. Because this is a fixed charge per Scheduling Coordinator ID, costs associated with activities listed above also are allocated to other charges under the Grid Management Charge according to formula set forth in Appendix F, Schedule 1, Part A of this Tariff.
<u>Severance Fee</u>	The charge or periodic charge assessed to customers to recover the

reasonable uneconomic portion of costs associated with Generation-related assets and obligations, nuclear decommissioning, and capitalized Energy efficiency investment programs approved prior to August 15, 1996 and as defined in the California Assembly Bill No. 1890 approved by the Governor on September 23, 1996.

Short Start

Generating Units that that have a cycle time less than five hours (Start-Up Time plus Minimum Run Time is less than five hours) have a Start Up Time less than two hours, and that can be fully optimized with respect to this cycle time.

Site Control

Documentation reasonably demonstrating: (1) ownership of, a leasehold interest in, or a right to develop a site for the purpose of constructing the Generating Facility; (2) an option to purchase or acquire a leasehold site for such purpose; or (3) an exclusivity or other business relationship between Interconnection Customer and the entity having the right to sell, lease or grant Interconnection Customer the right to possess or occupy a site for such purpose.

Scheduling and Logging system for the ISO of California (SLIC)

A logging application that allows Market Participants to notify the ISO when a unit's properties change due to physical problems. Users can modify the maximum and minimum output of a unit, as well as the ramping capability of the unit.

Small Generating Facility

A Generating Facility that has a Generating Facility Capacity of no more than 20 MW.

Spinning Reserve

The portion of unloaded synchronized generating capacity that is immediately responsive to system frequency and that is capable of being loaded in ten minutes, and that is capable of running for at least two hours.

Stand Alone Network Upgrades

Network Upgrades that an Interconnection Customer may construct without affecting day-to-day operations of the ISO Controlled Grid or Affected Systems during their construction. The Participating TO, the ISO, and the Interconnection Customer must agree as to what constitutes Stand Alone Network Upgrades and identify them in Appendix A to the Standard Large Generator Interconnection Agreement.

**Standard Large Generator
Interconnection
Agreement
(LGIA)** The form of interconnection agreement applicable to an
Interconnection Request pertaining to a Large Generating Facility.

**Standard Large Generator
Interconnection** The ISO Protocol that sets forth the interconnection procedures
applicable to an Interconnection Request pertaining to a Large

<u>Procedures</u> <u>(LGIP)</u>	Generating Facility that is included in the ISO Tariff.
<u>Standard Ramp (-ing)</u>	A ramp calculated from two consecutive Final Hour Ahead Schedules that results in a straight trajectory between 10 minutes before the start of an operating hour to 10 minutes after the start of the operating hour
<u>Standby Rate</u>	A rate assessed a Standby Service Customer by the Participating TO that also provides retail electric service, as approved by the Local Regulatory Authority, or FERC, as applicable, for Standby Service which compensates the Participating TO, among other things, for costs of High Voltage Transmission Facilities.
<u>Standby Service</u>	Service provided by a Participating TO that also provides retail electric service, which allows a Standby Service Customer, among other things, access to High Voltage Transmission Facilities for the delivery of backup power on an instantaneous basis to ensure that Energy may be reliably delivered to the Standby Service Customer in the event of an outage of a Generating Unit serving the customer's Load.
<u>Standby Service Customer</u>	A retail End-Use Customer of a Participating TO that also provides retail electric service that receives Standby Service and pays a Standby Rate.
<u>Standby Transmission Revenue</u>	The transmission revenues, with respect to cost of both High Voltage Transmission Facilities and Low Voltage Transmission Facilities, collected directly from Standby Service Customers through charges for Standby Service.
<u>Start-Up Cost Charge</u>	The charge determined in accordance with Section 40.12.
<u>Start-Up Cost Demand</u>	The level of Demand specified in Section 40.12.3.
<u>Start-Up Cost Invoice</u>	The invoice submitted to the ISO in accordance with Section 40.12.6.
<u>Start-Up Cost Trust Account</u>	The trust account established in accordance with Section 40.12.2.
<u>Start-Up Costs</u>	The cost incurred by a particular Generating Unit from the time of first fire, the time of receipt of an ISO Dispatch instruction, or the time the unit was last synchronized to the grid, whichever is later, until the time the generating unit reaches its minimum operating level. Start-Up Costs are determined as the sum of (1) the cost of auxiliary power used during the start-up and (2) the number that is determined multiplying the actual amount of fuel consumed by the proxy gas price

as determined by Equation C1-8 (Gas) of the Schedules to the Reliability Must-Run Contract for the relevant Service Area (San Diego Gas & Electric Company, Southern California Gas Company, or Pacific Gas and Electric Company), or, if the Must-Run Generator is not served from one of those three Service Areas, from the nearest of those three Service Areas.

Station Power

Energy for operating electric equipment, or portions thereof, located on the Generating Unit site owned by the same entity that owns the Generating Unit, which electrical equipment is used exclusively for the production of Energy and any useful thermal energy associated with the production of Energy by the Generating Unit; and for the incidental heating, lighting, air conditioning and office equipment needs of buildings, or portions thereof, that are owned by the same entity that owns the Generating Unit; located on the Generating Unit site; and used exclusively in connection with the production of Energy and any useful thermal energy associated with the production of Energy by the Generating Unit. Station Power includes the Energy associated with motoring a hydroelectric Generating Unit to keep the unit synchronized at zero real power output to provide Regulation or Spinning Reserve. Station Power does not include any Energy used to power synchronous condensers; used for pumping at a pumped storage facility; or provided during a Black Start procedure. Station Power does not include Energy to serve loads outside the ISO Control Area.

Station Power Portfolio

One or more generating resources eligible to self-supply Station Power, including Generating Units in the ISO Control Area, and generating facilities outside the ISO Control Area, all of which are owned by the same entity.

**SUDC (Small Utility
Distribution Company)**

An entity that owns a Distribution System that is capable of transmitting or delivery of Energy to and/or from the ISO Controlled Grid that provides retail electric service to End-Use Customers, and has the following characteristics:

1. Annual peak Demand is 25 MW or less;
2. The Distribution System is not in a local reliability area defined by the ISO; and
3. Good Utility Practice was used in designing all substation facilities that are owned or operated by the entity and interconnected to the ISO Controlled Grid, and none of those substations have transmission circuit breakers.

**Suggested Adjusted
Schedule**

The output of the ISO's initial Congestion Management for each Scheduling Coordinator for the Day-Ahead Market ("Suggested Adjusted Day-Ahead Schedule") or for the Hour-Ahead Market ("Suggested Adjusted Hour-Ahead Schedule"). These Schedules will reflect ISO suggested adjustments to each Scheduling Coordinator's Preferred Schedule to resolve Inter-Zonal Congestion on the ISO Controlled Grid, based on the Adjustment Bids submitted. These Schedules will be balanced with respect to Generation, Transmission Losses, Load, and trades between Scheduling Coordinators to resolve Inter-Zonal Congestion.

Supplemental Energy

Energy from Generating Units bound by a Participating Generator Agreement, Loads bound by a Participating Load Agreement, System Units, and System Resources which have uncommitted capacity following finalization of the Hour-Ahead Schedules and for which Scheduling Coordinators have submitted bids to the ISO at least half

	an hour before the commencement of the Settlement Period.
<u>Supply</u>	The rate at which Energy is delivered to the ISO Controlled Grid measured in units of watts or standard multiples thereof, e.g., 1,000W=1 KW; 1,000 KW = 1MW, etc.
<u>Supply Plan</u>	A submission by a Scheduling Coordinator for a Resource Adequacy Resource in order to satisfy the requirements of Section 40 of this ISO Tariff.
<u>System Emergency</u>	Conditions beyond the normal control of the ISO that affect the ability of the ISO Control Area to function normally including any abnormal system condition which requires immediate manual or automatic action to prevent loss of Load, equipment damage, or tripping of system elements which might result in cascading Outages or to restore system operation to meet the minimum operating reliability criteria.
<u>System Planning Studies</u>	Reports summarizing studies performed to assess the adequacy of the ISO Controlled Grid as regards conformance to Reliability Criteria.
<u>System Reliability</u>	A measure of an electric system's ability to deliver uninterrupted service at the proper voltage and frequency.
<u>System Resource</u>	A group of resources, single resource, or a portion of a resource located outside of the ISO Control Area, or an allocated portion of a Control Area's portfolio of generating resources that are directly responsive to that Control Area's Automatic Generation Control (AGC) capable of providing Energy and/or Ancillary Services to the ISO Controlled Grid.
<u>System Unit</u>	One or more individual Generating Units and/or Loads within a Metered Subsystem controlled so as to simulate a single resource with specified performance characteristics, as mutually determined and agreed to by the MSS Operator and the ISO. The Generating Units and/or Loads making up a System Unit must be in close physical proximity to each other such that the operation of the resources comprising the System Unit does not result in significant differences in flows on the ISO Controlled Grid.
<u>TAC Area</u>	A portion of the ISO Controlled Grid with respect to which Participating TOs' High Voltage Transmission Revenue Requirements are recovered through a High Voltage Access Charge. TAC Areas are listed in Schedule 3 of Appendix F.

Take-Out Point

The metering points at which a Scheduling Coordinator Metered Entity or ISO Metered Entity takes delivery of Energy.

Tax Exempt Debt

Municipal Tax Exempt Debt or Local Furnishing Bonds.

<u>Tax Exempt Participating TO</u>	A Participating TO that is the beneficiary of outstanding Tax Exempt Debt issued to finance any electric facilities, or rights associated therewith, which are part of an integrated system including transmission facilities the Operational Control of which is transferred to the ISO pursuant to the TCA.
<u>TCA (Transmission Control Agreement)</u>	The agreement between the ISO and Participating TOs establishing the terms and conditions under which TOs will become Participating TOs and how the ISO and each Participating TO will discharge their respective duties and responsibilities, as may be modified from time to time.
<u>Technical Specifications</u>	Parts B to G (inclusive) of Appendix O.
<u>Third Party Supply</u>	Energy that is deemed to have been purchased from third parties to supply Station Power load during the Netting Period.
<u>Tie Point Meter</u>	A revenue meter, which is capable of providing Settlement Quality Meter Data, at a Scheduling Point or at a boundary between UDCs within the ISO Controlled Grid.
<u>TO (Transmission Owner)</u>	An entity owning transmission facilities or having firm contractual rights to use transmission facilities.
<u>TO Tariff</u>	A tariff setting out a Participating TO's rates and charges for transmission access to the ISO Controlled Grid and whose other terms and conditions are the same as those contained in the document referred to as the Transmission Owners Tariff approved by FERC as it may be amended from time to time.
<u>TOC</u>	The single point of contact at the transmission operations center of Pacific Gas & Electric Company.
<u>Tolerance Band</u>	The tolerance band expressed in terms of Energy (MWh) for the performance requirement for Generating Units, System Units and imports from dynamically scheduled System Resources for each Settlement Interval will equal the greater of the absolute value of: 1) 5 MW divided by number of Settlement Intervals per Settlement Period or 2) three percent (3%) of the relevant Generating Unit's, dynamically scheduled System Resource's or System Unit's maximum output (Pmax), as registered in the Master File, divided by number of Settlement Intervals per Settlement Period. The maximum output (Pmax) of a dynamically scheduled System Resource will be established by agreement between the ISO and the

Scheduling Coordinator representing the System Resource on an individual case basis, taking into account the number and size of the

generating resources, or allocated portions of generating resources, that comprise the System Resource.

The tolerance band expressed in terms of Energy (MWh) for the performance requirement for Participating Loads for each Settlement Interval will equal the greater of the absolute value of: 1) 5 MW divided by number of Settlement Intervals per Settlement Period or 2) three percent (3%) of the applicable Final Hour-Ahead Schedule or ISO Dispatch amount divided by number of Settlement Intervals per Settlement Period.

The Tolerance Band shall not be applied to non-dynamically scheduled System Resources.

Total Transfer Capability (TTC)

The amount of power that can be transferred over an interconnected transmission network in a reliable manner while meeting all of a specific set of defined pre-contingency and post-contingency system conditions.

Trading Day

The twenty-four hour period beginning at the start of the hour ending 0100 and ending at the end of the hour ending 2400 daily, except where there is a change to and from daylight savings time.

Transition Charge

The component of the Access Charge collected by the ISO with the High Voltage Access Charge in accordance with Section 5.7 of Appendix F, Schedule 3.

Trading Interval

A Settlement Period as defined in the Master Definitions Supplement of the ISO Tariff.

Transformer Loss Correction Factor

The transformer loss correction factor as set forth in the Technical Specifications to be applied to revenue quality meters of ISO Metered Entities which are installed on the low voltage side of step-up transformers.

Transition Period

The period of time established by the California Legislature and CPUC to allow IOUs and Local Publicly Owned Electric Utilities an opportunity to recover Transition Costs or Severance Fees.

Transmission Losses

Energy that is lost as a natural part of the process of transmitting Energy from Generation to Load delivered at the ISO/UDC boundary or Control Area boundary.

Transmission Ownership Rights

A non-Participating TO ownership or joint ownership right to transmission facilities within the ISO Control Area that has not executed the Transmission Control Agreement and the transmission facilities are not incorporated into the ISO Controlled Grid.

Transmission Revenue Credit

For an Original Participating TO, the proceeds received from the ISO for Wheeling service, FTR auction revenue and Usage Charges, plus the shortfall or surplus resulting from any cost differences between Transmission Losses and Ancillary Service requirements associated with Existing Rights and the ISO's rules and protocols. For a New Participating TO during the 10-year transition period described in Section 4 of Schedule 3 of Appendix F, the proceeds received from the ISO for Wheeling service and Net FTR Revenue, plus the shortfall or surplus resulting from any cost differences between Transmission Losses and Ancillary Service requirements associated with Existing Rights and the ISO's rules and protocols. After the 10-year transition period, the New Participating TO Transmission Revenue Credit shall be calculated the same as the Transmission Revenue Credit for the Original Participating TO.

TRBA (Transmission Revenue Balancing Account)

A mechanism to be established by each Participating TO which will ensure that all Transmission Revenue Credits and other credits specified in Sections 6 and 8 of Appendix F, Schedule 3, flow through to transmission customers.

RR (Transmission Revenue Requirement)

The TRR is the total annual authorized revenue requirements associated with transmission facilities and Entitlements turned over to the Operational Control of the ISO by a Participating TO. The costs of any transmission facility turned over to the Operational Control of the ISO shall be fully included in the Participating TO's TRR. The TRR includes the costs of transmission facilities and Entitlements and deducts Transmission Revenue Credits and credits for Standby Transmission Revenue and the transmission revenue expected to be actually received by the Participating TO for Existing Rights and Converted Rights.

Trial Operation

The period during which Interconnection Customer is engaged in on-

site test operations and commissioning of a Generating Unit prior to Commercial Operation.

Trustee

The trustee of the California Independent System Operator trust established by order of the California Public Utilities Commission on August 2, 1996 Decision No. 96-08-038 relating to the Ex Parte Interim Approval of a Loan Guarantee and Trust Mechanism to Fund the Development of an Independent System Operator (ISO) and a Power Exchange (PX) pursuant to Decision 95-12-063 as modified.

UDC (Utility Distribution Company)

An entity that owns a Distribution System for the delivery of Energy to and from the ISO Controlled Grid, and that provides regulated retail electric service to Eligible Customers, as well as regulated procurement service to those End-Use Customers who are not yet eligible for direct access, or who choose not to arrange services through another retailer.

UDP Aggregation

Two or more units scheduled by the same Scheduling Coordinator with the same resource identification that are to be considered interchangeable for calculating the UDP.

Unaccounted for Energy (UFE)

UFE is the difference in Energy, for each utility Service Area and Settlement Period, between the net Energy delivered into the utility Service Area, adjusted for utility Service Area Transmission Losses (calculated in accordance with Section 27.2.1.2), and the total metered Demand within the utility Service Area adjusted for distribution losses using Distribution System loss factors approved by the Local Regulatory Authority. This difference is attributable to meter measurement errors, power flow modeling errors, energy theft, statistical Load profile errors, and distribution loss deviations.

Uncontrollable Force

Any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm, flood, earthquake, explosion, any curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities or any other cause beyond the reasonable control of the ISO or Market Participant which could not be avoided through the exercise of Good Utility Practice.

Uninstructed Deviation

A deviation from the resources' Dispatch Operating Point.

Uninstructed Deviation

The penalty as set forth in Section 11.2.4.1.2 of this ISO Tariff.

Penalty

Uninstructed Imbalance

The real-time change in Generation or Demand other than that

<u>Energy</u>	instructed by the ISO or which the ISO Tariff provides will be paid at the price for Uninstructed Imbalance Energy.
<u>Unit Commitment</u>	The process of determining which Generating Units will be committed (started) to meet Demand and provide Ancillary Services in the near future (<u>e.g.</u> , the next Trading Day).
<u>Un-Recovered Minimum Load Cost</u>	The Un-Recovered Minimum Load Cost for each hour of Waiver Denial Period shall be calculated as the difference between: (1) a resource's Minimum Load Costs as calculated in this Section for the same Settlement Interval and (2) the Imbalance Energy payment for a resource's minimum load energy in the Settlement Interval.
<u>Unsecured Credit Limit</u>	The level of credit established for a Market Participant or FTR Bidder that is not secured by any form of Financial Security, as provided for in Section 12 of the ISO Tariff.
<u>Usage Charge</u>	The amount of money, per 1 kW of scheduled flow, that the ISO charges a Scheduling Coordinator for use of a specific Congested Inter-Zonal Interface during a given hour.
<u>Validation, Estimation and Editing (VEE)</u>	Applies to Meter Data directly acquired by the ISO. Validation is the process of checking the data to ensure that it is contiguous, within pre-defined limits and has not been flagged by the meter. Estimation and Editing is the process of replacing or making complete Meter Data by using data from redundant meters, schedules, PMS or, if necessary, statistical estimation.
<u>Value Added Network (VAN)</u>	A data communications service provider that provides, stores and forwards electronic data delivery services within its network and to subscribers on other VANs. The data is mostly EDI type messages.
<u>Voltage Limits</u>	For all substation busses, the normal and post-contingency Voltage Limits (kV). The bandwidth for normal Voltage Limits must fall within the bandwidth of the post-contingency Voltage Limits. Special voltage limitations for abnormal operating conditions such as heavy or light Demand may be specified.
<u>Voltage Support</u>	Services provided by Generating Units or other equipment such as shunt capacitors, static var compensators, or synchronous condensers that are required to maintain established grid voltage criteria. This service is required under normal or System Emergency conditions.
<u>Waiver Denial Period</u>	The period determined in accordance with Section 40.7.6.

Warning Notice

A Notice issued by the ISO when the operating requirements for the ISO Controlled Grid are not met in the Hour-Ahead Market, or the quantity of Regulation, Spinning Reserve, Non-Spinning Reserve, Replacement Reserve and Supplemental Energy available to the ISO does not satisfy the Applicable Reliability Criteria.

Weekly Peak Demand

Forecast

Demand Forecast of the highest Hourly Demand in any hour in a period beginning at the start of the hour ending 0100 on Sunday and ending at the end of the hour ending 2400 the following Saturday, in MW.

<u>WEnet (Western Energy Network)</u>	An electronic network that facilitates communications and data exchange among the ISO, Market Participants and the public in relation to the status and operation of the ISO Controlled Grid.
<u>Western Interconnection</u>	A network of transmission lines embodied within the WECC region.
<u>Western Path 15</u>	The Western Area Power Administration, Sierra Nevada Region (or its successor) with respect solely to its rights and interests in the Path 15 Upgrade.
<u>Wheeling</u>	Wheeling Out or Wheeling Through.
<u>Wheeling Access Charge</u>	The charge assessed by the ISO that is paid by a Scheduling Coordinator for Wheeling in accordance with Section 26.1. Wheeling Access Charges shall not apply for Wheeling under a bundled non-economy Energy coordination agreement of a Participating TO executed prior to July 9, 1996. The Wheeling Access Charge may consist of a High Voltage Wheeling Access Charge and a Low Voltage Wheeling Access Charge.
<u>Wheeling Out</u>	Except for Existing Rights exercised under an Existing Contract in accordance with Sections 16.1 and 16.2, the use of the ISO Controlled Grid for the transmission of Energy from a Generating Unit located within the ISO Controlled Grid to serve a Load located outside the transmission and Distribution System of a Participating TO.
<u>Wheeling Through</u>	Except for Existing Rights exercised under an Existing Contract in accordance with Sections 16.1 and 16.2, the use of the ISO Controlled Grid for the transmission of Energy from a resource located outside the ISO Controlled Grid to serve a Load located outside the transmission and Distribution System of a Participating TO.
<u>Wholesale Customer</u>	A person wishing to purchase Energy and Ancillary Services at a Bulk Supply Point or a Scheduling Point for resale.
<u>Wholesale Sales</u>	The sale of Energy and Ancillary Services at a Bulk Supply Point or a Scheduling Point for resale.
<u>WSCC (Western System Coordinating Council)</u>	The Western Systems Coordinating Council or its successor, the WECC.
<u>WECC (Western Electricity Oversight Council)</u>	The Western Electricity Coordinating Council or its successor.
<u>WSCC Reliability Criteria</u>	The Western Systems Coordinating Council Reliability Criteria

Agreement

Agreement dated June 18, 1999 among the WSCC and certain of its Member transmission operators, as such may be amended from time to time.

Zone

A portion of the ISO Controlled Grid within which Congestion is expected to be small in magnitude or to occur infrequently. "Zonal" shall be construed accordingly.

Zonal Settlement Interval

Ex Post Price

The Zonal Settlement Interval Ex Post Price in a Settlement Interval in each Zone will equal the absolute-value Energy-weighted average of the Dispatch Interval Ex Post Prices in each Zone, where the weights are the system total Instructed Imbalance Energy, except Regulation Energy, for the Dispatch Interval.

ISO TARIFF APPENDIX B
Pro Forma Agreements

ISO TARIFF APPENDIX B.1
Scheduling Coordinator Agreement

Appendix B.1

Scheduling Coordinator Agreement

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

(1) [Full legal name] having a registered or principal executive office at [address] (the "Scheduling Coordinator")

and

(2) **CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**, a California nonprofit public benefit Corporation having a principal executive office located at such place in the State of California as the ISO Governing Board may from time to time designate (the "ISO").

Whereas:

A. The Scheduling Coordinator has applied for certification by the ISO under the certification procedure referred to in Section 4.5.1 of the ISO Tariff.

B. The Scheduling Coordinator wishes to schedule Energy and Ancillary Services on the ISO Controlled Grid under the terms and conditions set forth in the ISO Tariff.

NOW IT IS HEREBY AGREED as follows:

CHAPTER 1 DEFINITIONS

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

The "ISO Tariff" shall mean the ISO Operating Agreement and Tariff as amended from time to time, together with any Appendices or attachments thereto.

CHAPTER 2 COVENANT OF THE SCHEDULING COORDINATOR

The Scheduling Coordinator agrees that:

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

it will abide by, and will perform all of the obligations under the ISO Tariff placed on Scheduling Coordinators in respect of all matters set forth therein including, without limitation, all matters relating to the scheduling of Energy and Ancillary Services on the ISO Controlled Grid, ongoing obligations in respect of scheduling, Settlement, system security policy and

procedures to be developed by the ISO from time to time, billing and payments, confidentiality and dispute resolution;

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

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

it shall have the primary responsibility to the ISO, as principal, for all Scheduling Coordinator payment obligations under the ISO Tariff;

its status as a Scheduling Coordinator is at all times subject to the ISO Tariff.

CHAPTER 3 TERM AND TERMINATION

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

3.2 This Agreement shall terminate upon acceptance by FERC of a notice of termination. The ISO Shall timely file any notice of termination with FERC.

CHAPTER 4 ASSIGNMENT

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

PARTIAL INVALIDITY

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

CHAPTER 5 SETTLEMENT ACCOUNT

The Scheduling Coordinator shall maintain at all times an account with a bank capable of Fed-Wire transfer to which credits or debits shall be made in accordance with the billing and Settlement provisions of Section 11 of the ISO Tariff. Such account shall be the account referred to in Clause 7 hereof or as notified by the Scheduling Coordinator to the ISO from time to time by giving at least 7 days written notice before the new account becomes operational.

CHAPTER 6 NOTICES

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

ISO:

Name of Primary Representative: _____

Name of Alternative Representative: _____

Address: _____

State: _____ Zip Code: _____

E-Mail Address: _____

Phone No: _____

Fax No: _____

Scheduling Coordinator:

Name of Primary Representative: _____

Name of Alternative Representative: _____

Address: _____

State: _____ Zip Code: _____

E-Mail Address: _____

Phone No: _____

Fax No: _____

Settlement Account No: _____

Title: _____

Sort Code: _____

Bank: _____

8. **Agreement to be bound by ISO Tariff.**

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

9. **Electronic Contracting.**

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

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

ISO:

By: _____
Name Title Date

Scheduling Coordinator:

By: _____
Name Title Date

ISO TARIFF APPENDIX B.2
Participating Generator Agreement

CALIFORNIA INDEPENDENT SYSTEM OPERATOR

AND

[PARTICIPATING GENERATOR]

PARTICIPATING GENERATOR AGREEMENT

PARTICIPATING GENERATOR AGREEMENT (PGA)

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

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

and

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

The Participating Generator and the ISO are hereinafter referred to as the "Parties".

Whereas:

- A.** The ISO Tariff provides that the ISO shall not schedule Energy or Ancillary Services generated by any Generating Unit interconnected to the ISO Controlled Grid, or to the Distribution System of a Participating TO or of a UDC otherwise than through a Scheduling Coordinator.
- B.** The ISO Tariff further provides that the ISO shall not be obliged to accept Schedules or Adjustment Bids or bids for Ancillary Services relating to Generation from any Generating Unit interconnected to the ISO Controlled Grid unless the relevant Generator undertakes in writing to the ISO to comply with all applicable provisions of the ISO Tariff.
- C.** The Participating Generator wishes to be able to Schedule Energy and to submit Adjustment Bids, Supplemental Energy bids and bids for Ancillary Services to the ISO through a Scheduling Coordinator and, therefore, wishes to undertake to the ISO that it will comply with the applicable provisions of the ISO Tariff.
- D.** The Parties are entering into this Agreement in order to establish the terms and conditions on which the ISO and the Participating Generator will discharge their respective duties and responsibilities under the ISO Tariff.

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

ARTICLE I

DEFINITIONS AND INTERPRETATION

Master Definitions Supplement. All terms and expressions used in this Agreement shall have the same meaning as those contained in the Master Definitions Supplement to the ISO Tariff.

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

- (a) if there is any inconsistency between this Agreement and the ISO Tariff, the ISO Tariff will prevail to the extent of the inconsistency;
- (b) the singular shall include the plural and vice versa;
- (c) the masculine shall include the feminine and neutral and vice versa;
- (d) "includes" or "including" shall mean "including without limitation";
- (e) references to a Section, Article or Schedule shall mean a Section, Article or a Schedule of this Agreement, as the case may be, unless the context otherwise requires;
- (f) a reference to a given agreement or instrument shall be a reference to that agreement or instrument as modified, amended, supplemented or restated through the date as of which such reference is made;
- (g) unless the context otherwise requires, references to any law shall be deemed references to such law as it may be amended, replaced or restated from time to time;
- (h) unless the context otherwise requires, any reference to a "person" includes any individual, partnership, firm, company, corporation, joint venture, trust, association, organization or other entity, in each case whether or not having separate legal personality;
- (i) unless the context otherwise requires, any reference to a Party includes a reference to its permitted successors and assigns;
- (j) any reference to a day, week, month or year is to a calendar day, week, month or year; and
- (k) the captions and headings in this Agreement are inserted solely to facilitate reference and shall have no bearing upon the interpretation of any of the terms and conditions of this Agreement.

ARTICLE II

ACKNOWLEDGEMENTS OF PARTICIPATING GENERATOR AND ISO

- 2.1 ISO Responsibility.** The Parties acknowledge that the ISO is responsible for the efficient use and reliable operation of the ISO Controlled Grid consistent with achievement of planning and operating reserve criteria no less stringent than those established by the Western Systems Coordinating Council and the North American Electric Reliability Council and further acknowledges that the ISO may not be able to satisfy fully these responsibilities if the Participating Generator fails to fully comply with all of its obligations under this Agreement and the ISO Tariff.
- 2.2 Scope of Application to Parties.** The Participating Generator and ISO acknowledge that all Generators, except those specified in Section 2.2.1 of this Agreement, wishing to schedule Energy and to submit Adjustment Bids, Supplemental Energy bids and bids for Ancillary Services to the ISO through a Scheduling Coordinator must sign this Agreement in accordance with Section 5 of the ISO Tariff.
- 2.2.1 Exemption for Certain Generators.** The Generator with an existing power purchase agreement with a UDC is not required to sign a Participating Generator Agreement if: (a) the Generator sells all of its Energy (excluding any Energy consumed by auxiliary load equipment electrically connected to that Generator at the same point) and Ancillary Services to the UDC; (b) the Generator sells any Energy through "over the fence" arrangements as authorized under Section 218(b) of the California Public Utilities Code; or (c) the Generator employs landfill gas technology for the generation of electricity as authorized under 218(c) of the California Public Utilities Code. With respect to subsections (a) and (b), an existing power purchase agreement shall mean an agreement which has been entered into and is effective as of December 20, 1995. With respect to subsection (c), an existing power purchase agreement shall mean an agreement which has been entered into and is effective as of December 31, 1996.

ARTICLE III

TERM AND TERMINATION

- 3.1 Effective Date.** This Agreement shall be effective as of the later of the date it is executed by the Parties or the date accepted for filing and made effective by FERC, and shall remain in full force and effect until terminated pursuant to Section 3.2 of this Agreement.
- 3.2 Termination**
- 3.2.1 Termination by ISO.** Subject to Section 5.2, the ISO may terminate this Agreement by giving written notice of termination in the event that the Participating Generator commits any material default under this Agreement and/or the ISO Tariff which, if capable of being remedied, is not remedied within thirty (30) days after the ISO has given, to the Participating Generator, written notice of the default, unless excused by reason of Uncontrollable Forces in accordance with Article

X of this Agreement. With respect to any notice of termination given pursuant to this Section, the ISO must file a timely notice of termination with FERC. The filing of the notice of termination by the ISO will be considered timely if: (1) the request to file a notice of termination is made after the preconditions for termination have been met, and (2) the ISO files the notice of termination within 30 days of receipt of such request. This Agreement shall terminate upon acceptance by FERC of such a notice of termination.

- 3.2.2 Termination by Participating Generator.** In the event that the Participating Generator no longer wishes to schedule Energy or provide Ancillary Services through a Scheduling Coordinator over the ISO Controlled Grid, it may terminate this Agreement, on giving the ISO ninety (90) days written notice, provided, however, that in accordance with Section 4.1.3, the Participating Generator may modify Schedule 1 to eliminate Generating Units which it no longer owns or no longer has contractual entitlement to and such modification shall be effective upon receipt by the ISO. With respect to any notice of termination given pursuant to this Section, the ISO must file a timely notice of termination with FERC. The filing of the notice of termination by the ISO will be considered timely if: (1) the request to file a notice of termination is made after the preconditions for termination have been met, and (2) the ISO files the notice of termination within 30 days of receipt of such request. This Agreement shall terminate upon acceptance by FERC of such a notice of termination.

ARTICLE IV

GENERAL TERMS AND CONDITIONS

4.1 Generating Units

- 4.1.1 Identification of Generating Units.** The Participating Generator has identified the Generating Units that it owns, operates or has a contractual entitlement to in Schedule 1, as required by Section 4.6.4 of the ISO Tariff.
- 4.1.2 Technical Characteristics.** The Participating Generator has provided to the ISO in Schedule 1 the required information regarding the capacity and operating characteristics of each of the Generating Units listed in that schedule. Pursuant to Section 8.10.1 of the ISO Tariff, the ISO may verify, inspect and test the capacity and operating characteristics provided in Schedule 1.
- 4.1.3 Notification of Changes.** Sixty (60) days prior to changing any technical information in Schedule 1, the Participating Generator shall notify the ISO of the proposed changes. Pursuant to Section 8.10.1 of the ISO Tariff, the ISO may verify, inspect and test the capacity and operating characteristics provided in the revised Schedule 1. The ISO shall post on the ISO Home Page a schedule showing, for at least one year in advance: (i) the proposed dates on which the ISO's Master File will be updated, which dates shall occur at least every three months; (ii) the dates on which the information contained in the revised Master File will become effective; and (iii) the deadlines by which changed technical information must be submitted to the ISO in order to be tested and included in the next scheduled update of the ISO's Master File. Unless the Participating Generator fails to test at the values in the proposed change(s), the change will become effective upon the effective date for the next scheduled update of the Master File, provided the Participating

Generator submits the changed information by the applicable deadline and is tested by the deadline. Subject to such notification this Agreement shall not apply to any generating unit identified in Schedule 1 which the Participating Generator no longer owns or no longer has contractual entitlement to.

4.2 Agreement Subject to ISO Tariff. The Parties will comply with all applicable provisions of the ISO Tariff, including Sections 7.4, 8.2.3.4 and 4.6. This Agreement shall be subject to the ISO Tariff which shall be deemed to be incorporated herein.

4.3 Obligations Relating to Ancillary Services

4.3.1 Submission of Bids. When the Scheduling Coordinator on behalf of the Participating Generator submits a bid for Ancillary Services, the Participating Generator will, by the operation of this Section 4.3.1, warrant to the ISO that it has the capability to provide that service in accordance with the ISO Tariff and that it will comply with ISO Dispatch instructions for the provision of the service in accordance with the ISO Tariff.

4.3.2 Certification. Except as provided in Section 4.3.3, the Participating Generator shall not use a Scheduling Coordinator to submit a bid for the provision of an Ancillary Service or submit a schedule for the self provision of an Ancillary Service unless the Scheduling Coordinator serving that Participating Generator is in possession of a current certificate pursuant to Sections 8.4 and 8.10 of the ISO Tariff.

4.3.3 Initial Exemption. Not later than November 1, 1998, the ISO shall fully implement its certification process in accordance with Sections 8.4 and 8.10 of the ISO Tariff. Until full implementation of the certification process and notification of the Participating Generator and its Scheduling Coordinator of the completion of such process, the non-certified Scheduling Coordinator on behalf of a Participating Generator may submit a bid for the provision of an Ancillary Service or submit a schedule for the self provision of an Ancillary Service. Upon timely notification by the ISO, the Participating Generator must complete the certification process prior to November 1, 1998 to continue its participation in accordance with Section 4.6.7.3 of this Agreement.

4.4 Obligations relating to Major Incidents

4.4.1 Major Incident Reports. The Participating Generator shall promptly provide such information as the ISO may reasonably request in relation to major incidents, in accordance with Section 4.6.7.3 of the ISO Tariff.

ARTICLE V

PENALTIES AND SANCTIONS

5.1 Penalties. If the Participating Generator fails to comply with any provisions of this Agreement, the ISO shall be entitled to impose penalties and sanctions on the Participating Generator. No penalties or sanctions may be imposed under this Agreement unless a Schedule providing for such penalties or sanctions has first been filed with and made effective by FERC. Nothing in the Agreement, with the exception of the provisions relating to ADR, shall be construed as waiving the rights of the Participating Generator to oppose or protest any penalty proposed by the ISO to the

FERC or the specific imposition by the ISO of any FERC-approved penalty on the Participating Generator.

- 5.2 Corrective Measures.** If the Participating Generator fails to meet or maintain the requirements set forth in this Agreement and/or the ISO Tariff, the ISO shall be permitted to take any of the measures, contained or referenced in the ISO Tariff, which the ISO deems to be necessary to correct the situation.

ARTICLE VI

COSTS

- 6.1 Operating and Maintenance Costs.** The Participating Generator shall be responsible for all its costs incurred in connection with operating and maintaining the Generating Units identified in Schedule 1 for the purpose of meeting its obligations under this Agreement.

ARTICLE VII

DISPUTE RESOLUTION

- 7.1 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 ISO ADR Procedures set forth in Section 13 of the ISO Tariff, which is incorporated by reference, except that any reference in Section 13 of the ISO Tariff to Market Participants shall be read as a reference to the Participating Generator and references to the ISO Tariff shall be read as references to this Agreement.

ARTICLE VIII

REPRESENTATIONS AND WARRANTIES

- 8.1 Representation and Warranties.** Each Party represents and warrants that the execution, delivery and performance of this Agreement by it has been duly authorized by all necessary corporate and/or governmental actions, to the extent authorized by law.
- 8.2 Necessary Approvals.** The Participating Generator represents that all necessary leases, approvals, permits, licenses, easements, rights of way or access to install, own and/or operate its Generating Units have been or will be obtained by the Participating Generator prior to the effective date of this Agreement.

ARTICLE IX

LIABILITY

- 9.1 Liability.** The provisions of Section 14 of the ISO Tariff will apply to liability arising under this Agreement, except that all references in Section 14 of the ISO Tariff to Market Participants shall be read as references to the Participating Generator and references to the ISO Tariff shall be read as references to this Agreement.

ARTICLE X

UNCONTROLLABLE FORCES

- 10.1 Uncontrollable Forces Tariff Provisions.** Section 14 of the ISO Tariff shall be incorporated by reference into this Agreement except that all references in Section 14 of the ISO Tariff to Market Participants shall be read as a reference to the Participating Generator and references to the ISO Tariff shall be read as references to this Agreement.

ARTICLE XI

MISCELLANEOUS

- 11.1 Assignments.** Either Party may assign or transfer any or all of its rights and/or obligations under this Agreement with the other Party's prior written consent in accordance with Section 22.2 of the ISO Tariff. Such consent shall not be unreasonably withheld. Any such transfer or assignment shall be conditioned upon the successor in interest accepting the rights and/or obligations under this Agreement as if said successor in interest was an original Party to this Agreement.
- 11.2 Notices.** Any notice, demand or request which may be given to or made upon either Party regarding this Agreement shall be made in accordance with Section 22.4 of the ISO Tariff. A Party must update the information in Schedule 3 of this Agreement as information changes. Such changes shall not constitute an amendment to this Agreement.
- 11.3 Waivers.** Any waivers at any time by either Party of its rights with respect to any default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not constitute or be deemed a waiver with respect to any subsequent default or other matter arising in connection with this Agreement. Any delay, short of the statutory period of limitations, in asserting or enforcing any right under this Agreement shall not constitute or be deemed a waiver of such right.
- 11.4 Governing Law and Forum.** This Agreement shall be deemed to be a contract made under, and for all purposes shall be governed by and construed in accordance with, the laws of the State of California, except its conflict of law provisions. The Parties irrevocably consents that any legal action or proceeding arising under or relating to this Agreement to which the ISO ADR Procedures

do not apply, shall be brought in any of the following forums, as appropriate: any court of the State of California, any federal court of the United States of America located in the State of California, or, where subject to its jurisdiction, before the Federal Energy Regulatory Commission.

- 11.5 Consistency with Federal Laws and Regulations.** This Agreement shall incorporate by reference Section 22.9 of the ISO Tariff as if the references to the ISO Tariff were referring to this Agreement.
- 11.6 Merger.** This Agreement constitutes the complete and final agreement of the Parties with respect to the subject matter hereto and supersedes all prior agreements, whether written or oral, with respect to such subject matter.
- 11.7 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.
- 11.8 Section Headings.** Section headings provided in this Agreement are for ease of reading and are not meant to interpret the text in each Section.
- 11.9 Amendments.** This Agreement and the Schedules attached hereto may be amended from time to time by the mutual agreement of the Parties in writing. Amendments that require FERC approval shall not take effect until FERC has accepted such amendments for filing and made them effective. If the amendment does not require FERC approval, the amendment will be filed with FERC for information.
- 11.10 Counterparts.** This Agreement may be executed in one or more counterparts at different times, each of which shall be regarded as an original and all of which, taken together, shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed on behalf of each by and through their authorized representatives as of the date hereinabove written.

California Independent System Operator Corporation

By: _____

Name: _____

Title: _____

Date: _____

[NAME OF PARTICIPATING GENERATOR]

By: _____

Name: _____

Title: _____

Date: _____

[The following page is a placeholder for Schedule 1, Section 1.]

The following page is a placeholder for Schedule 1, Section 2.

SCHEDULE 2

ISO IMPOSED PENALTIES AND SANCTIONS

Section 4.6.1

TO BE INSERTED UPON FERC APPROVAL

SCHEDULE 3

NOTICES
Section 10.2

Participating Generator

Name of Primary

Representative: _____

Title: _____

Company: _____

Address: _____

City/State/Zip Code: _____

Email Address: _____

Phone: _____

Fax No: _____

Name of Alternative

Representative: _____

Title: _____

Company: _____

Address: _____

City/State/Zip Code: _____

Email Address: _____

Phone: _____

Fax No: _____

ISO

Name of Primary

Representative: _____

Title: _____

Address: _____

City/State/Zip Code: _____

Email Address: _____

Phone: _____

Fax No: _____

Name of Alternative

Representative: _____

Title: _____

Address: _____

City/State/Zip Code: _____

Email Address: _____

Phone: _____

Fax No: _____

ISO TARIFF APPENDIX B.3
Qualifying Facility Participating Generator Agreement

CALIFORNIA INDEPENDENT SYSTEM OPERATOR

AND

[name of QF PARTICIPATING GENERATOR]

QUALIFYING FACILITY PARTICIPATING GENERATOR AGREEMENT

QUALIFYING FACILITY PARTICIPATING GENERATOR AGREEMENT (QF PGA)

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

(3) **[Full Legal Name]**, having its registered and principal place of business located at **[Address]** (the "Participating Generator");

and

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

The Participating Generator and the ISO are hereinafter referred to as the "Parties".

Whereas:

- A.** The ISO Tariff provides that the ISO shall not schedule Energy or Ancillary Services generated by any Generating Unit interconnected to the ISO Controlled Grid, or to the Distribution System of a Participating TO or of a UDC or MSS Operator otherwise than through a Scheduling Coordinator.
- B.** The ISO Tariff further provides that the ISO shall not be obliged to accept Schedules or Adjustment Bids or bids for Ancillary Services relating to Generation from any Generating Unit interconnected to the ISO Controlled Grid unless the relevant Generator undertakes in writing to the ISO to comply with all applicable provisions of the ISO Tariff.
- C.** The Participating Generator wishes to be able to Schedule Energy and to submit Adjustment Bids, Supplemental Energy bids and bids for Ancillary Services from a Qualifying Facility Net Scheduled QF to the ISO through a Scheduling Coordinator and, therefore, wishes to undertake to the ISO that it will comply with the applicable provisions of the ISO Tariff, except as otherwise specified in this Agreement.
- D.** It is the intent of the Parties that this Agreement will harmonize the special operational characteristics of the Participating Generator's Qualifying Facility with the ISO's Grid operation function. Nothing in this Agreement is intended to limit or restrict the rights of the Participating Generator under Section 4.6.3.2 of the ISO Tariff.
- E.** The Parties are entering into this Agreement in order to establish the terms and conditions on which the ISO and the Participating Generator will discharge their respective duties and responsibilities under the ISO Tariff.

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

ARTICLE I

DEFINITIONS AND INTERPRETATION

Master Definitions Supplement. Unless defined in this Agreement, all capitalized terms and expressions used in this Agreement shall have the same meaning as those contained in the Master Definitions Supplement to the ISO Tariff.

Special Definitions for this Agreement. In this Agreement, the following words and expressions shall have the meanings set forth below:

"Existing QF Contract" means an agreement for the sale of capacity, Energy, and/or Ancillary Services by the Participating Generator to an electric utility from a Qualifying Facility that became effective on or prior to December 20, 1995 or, in the case of a Participating Generator employing landfill gas technology, on or prior to December 31, 1996.

"Net Scheduled QF" means the Qualifying Facility identified in Schedule 1 of this Agreement operated as a single unit such that the Energy scheduled with the ISO is the net value of the aggregate electrical net output of the Qualifying Facility and the Self-provided Load.

"Point of Demarcation" means the point: (1) where the Participating Generator's electrical conductors contact an electric utility system or the ISO Controlled Grid; or (2) if dedicated utility distribution facilities are employed, where the dedicated facilities contact the electric utility system or the ISO Controlled Grid.

"Qualifying Facility" (QF) means a qualifying cogeneration facility or qualifying small power production facility, as defined in the Code of Federal Regulations, Title 18, Part 292 (18 C.F.R. § 292).

"Self-provided Load" means the portion of Load that is served by the Net Scheduled QF listed in Schedule 1 consistent with Section 218(b) of the California Public Utilities Code.

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

- (a) if there is any inconsistency between this Agreement and the ISO Tariff, the ISO Tariff will prevail to the extent of the inconsistency, except as expressly provided otherwise in this Agreement;
- (b) the singular shall include the plural and vice versa;
- (c) the masculine shall include the feminine and neutral and vice versa;
- (d) "includes" or "including" shall mean "including without limitation";
- (e) references to a Section, Article or Schedule shall mean a Section, Article or a Schedule of this Agreement, as the case may be, unless the context otherwise requires;
- (f) a reference to a given agreement or instrument shall be a reference to that agreement or instrument as modified, amended, supplemented or restated through the date as of which such reference is made;
- (g) unless the context otherwise requires, references to any law shall be deemed references to such law as it may be amended, replaced or restated from time to time;
- (h) unless the context otherwise requires, any reference to a "person" includes any individual, partnership, firm, company, corporation, joint venture, trust, association, organization or other entity, in each case whether or not having separate legal personality;
- (i) unless the context otherwise requires, any reference to a Party includes a reference to its permitted successors and assigns;
- (j) any reference to a day, week, month or year is to a calendar day, week, month or year; and
- (l) the captions and headings in this Agreement are inserted solely to facilitate reference and shall have no bearing upon the interpretation of any of the terms and conditions of this Agreement.

ARTICLE II

ACKNOWLEDGEMENTS OF PARTICIPATING GENERATOR AND ISO

- 2.1 ISO Responsibility.** The Parties acknowledge that the ISO is responsible for the efficient use and reliable operation of the ISO Controlled Grid consistent with achievement of planning and operating reserve criteria no less stringent than those established by the Western Electricity Coordinating Council and the North American Electric Reliability Council and further acknowledges that the ISO

may not be able to satisfy fully these responsibilities if the Participating Generator fails to fully comply with all of its obligations under this Agreement.

- 2.2 Scope of Application to Parties.** The Participating Generator and ISO acknowledge that all Qualifying Facility Generators, except those specified in Section 2.2.1 of this Agreement, wishing to schedule Energy and to submit Adjustment Bids, Supplemental Energy bids and bids for Ancillary Services to the ISO through a Scheduling Coordinator shall first execute this Agreement or the standard Participating Generator Agreement applicable to non-QF Generators. The Parties acknowledge that execution of this Agreement by the Participating Generator satisfies the requirement of a written agreement as set forth in Section 4.6 of the ISO Tariff.
- 2.2.1 Exemption for Certain Generators.** The Generator with a Net Scheduled QF with an existing power purchase agreement with a UDC is not required to sign a QF Participating Generator Agreement if: (a) the Generator sells all of its Energy (excluding any Energy consumed by auxiliary load equipment electrically connected to that Generator at the same point) and Ancillary Services to the UDC; (b) the Generator sells any Energy through "over the fence" arrangements as authorized under Section 218(b) of the California Public Utilities Code; or (c) the Generator employs landfill gas technology for the generation of electricity as authorized under 218(c) of the California Public Utilities Code. With respect to subsections (a) and (b), an existing power purchase agreement shall mean an agreement which has been entered into and is effective as of December 20, 1995. With respect to subsection (c), an existing power purchase agreement shall mean an agreement which has been entered into and is effective as of December 31, 1996.

ARTICLE III

TERM AND TERMINATION

- 3.1 Effective Date.** This Agreement shall remain in full force and effect until terminated pursuant to Section 3.2 of this Agreement and shall be effective as of the later of: (1) the date the Agreement is executed by the Parties; or (2) where the Participating Generator is a party to an existing Participating Generator Agreement, the date upon which termination of the existing Participating Generator Agreement is accepted for filing and made effective by FERC; or (3) where the Participating Generator is a party to an existing Participating Generator Agreement and this Agreement is required to be filed with FERC for acceptance, the later of the date upon which termination of the existing Participating Generator Agreement is accepted for filing and made effective by FERC, or the date this Agreement is accepted for filing and made effective by FERC.
- 3.2 Termination**
- 3.2.1 Termination by ISO.** Subject to Section 5.2, the ISO may terminate this Agreement by giving written notice of termination in the event that the Participating Generator commits any material default under this Agreement and/or the ISO Tariff which, if capable of being remedied, is not remedied within thirty (30) days after the ISO has given, to the Participating Generator, written notice of the default, unless excused by reason of Uncontrollable Forces in accordance with Article X of this Agreement. With respect to any notice of termination given pursuant to this Section, the ISO must file a timely notice of termination with FERC. The filing of the notice of termination by the

ISO will be considered timely if: (1) the request to file a notice of termination is made after the preconditions for termination have been met, and (2) the ISO files the notice of termination within 30 days after receipt of such request. This Agreement shall terminate upon acceptance by FERC of such a notice of termination.

- 3.2.2 Termination by Participating Generator.** In the event that the Participating Generator no longer wishes to schedule Energy or provide Ancillary Services through a Scheduling Coordinator over the ISO Controlled Grid, it may terminate this Agreement, on giving the ISO ninety (90) days written notice, provided, however, that in accordance with Section 4.1.3, the Participating Generator may modify Schedule 1 to eliminate generating resources which it no longer owns or no longer has contractual entitlement to and such modification shall be effective upon receipt by the ISO. With respect to any notice of termination given pursuant to this Section, the ISO must file a timely notice of termination with FERC. The filing of the notice of termination by the ISO will be considered timely if: (1) the request to file a notice of termination is made after the preconditions for termination have been met, and (2) the ISO files the notice of termination within 30 days of receipt of such request. This Agreement shall terminate upon acceptance by FERC of such a notice of termination.

ARTICLE IV

GENERAL TERMS AND CONDITIONS

4.1 Net Scheduled QFs

- 4.1.1 Identification of Net Scheduled QF.** The Participating Generator has identified the Net Scheduled QF that it owns, operates or has a contractual entitlement to, in Schedule 1, as required by Section 4.6.4 of the ISO Tariff.
- 4.1.2 Technical Characteristics.** The Participating Generator shall provide to the ISO the required information regarding operating contacts, rated capacity, and operating characteristics of the Net Scheduled QF. Pursuant to Section 8.10.1 of the ISO Tariff, and the Existing QF Contract, if any, associated with that Net Scheduled QF, the ISO may verify, inspect and test the capacity and operating characteristics of the Net Scheduled QF. The performance of such inspection or test shall be conducted at a time mutually agreed upon by the Parties, which agreement shall not unreasonably be withheld.
- 4.1.3 Notification of Changes.** Sixty (60) days prior to changing any technical information in Schedule 1, the Participating Generator shall notify the ISO of the proposed changes. Pursuant to Section 8.10.1 of the ISO Tariff, the ISO may verify, inspect and test the capacity and operating characteristics; provided that the performance of such inspection or test is conducted at a time mutually agreed upon by the Parties, which agreement shall not unreasonably be withheld. The ISO shall post on the ISO Home Page a schedule showing, for at least one year in advance: (i) the proposed dates on which the ISO's Master File will be updated, which dates shall occur at least every three months; (ii) the dates on which the information contained in the revised Master File will become effective; and (iii) the deadlines by which changed technical information must be submitted to the ISO in order to be tested and included in the next scheduled update of the ISO's Master File.

Unless the Participating Generator fails to test at the values in the proposed change(s), the change will become effective upon the effective date for the next scheduled update of the Master File, provided the Participating Generator submits the changed information by the applicable deadline. Subject to such notification this Agreement shall not apply to any Net Scheduled QF identified in Schedule 1 which the Participating Generator no longer owns nor has contractual entitlement.

- 4.2 Agreement Subject to ISO Tariff.** The Parties will comply with all applicable provisions of the ISO Tariff, including Sections 7.4, 8.2.3.4 and 4.6 except as expressly provided in Sections 4.2.1 through 4.2.5 of this Agreement.
- 4.2.1 Net Generation Metering.** Notwithstanding Sections 10.1.3 of the ISO Tariff, the Participating Generator may net the value for the Generation produced by each Net Scheduled QF listed in Schedule 1 and the value for the Demand of the Self-provided Load that is (i) served by the Net Scheduled QF and (ii) electrically located on the same side of the Point of Demarcation.
- 4.2.2 Meter and Telemetry Location.** The Participating Generator may satisfy the provisions of the ISO Tariff for the installation of meters and telemetry by installing at the Point of Demarcation meters and telemetry for the purpose of recording the net impact of the Net Scheduled QF upon the ISO-Controlled Grid; provided that the installed meters and telemetry satisfy the technical functional and performance requirements for meters and telemetry set forth in the ISO Tariff.
- 4.2.3 Scheduling, Billing and Settlement.** For scheduling, billing, and settlement purposes regarding Net Scheduled QF Self-provided Load, measurements shall be made at the Point of Demarcation.
- 4.2.4 Operating Limitations.** Net Scheduled QF operating limitations shall be set forth in Schedule 1 of this Agreement, the resource data template used for transmittal of Participating Generator technical data to the ISO pursuant to the ISO Tariff, or as otherwise mutually agreed to by the Parties.
- 4.2.5 Limitations on ISO Operating Orders.** The ISO will not knowingly issue an operating order that: (1) requires the Participating Generator to reduce its Generation below the delineated minimum operating limit, other than in a System Emergency; (2) conflicts with operating instructions provided by the Participating Generator; or (3) results in damage to the Participating Generator's equipment, provided that any such equipment limitation has been provided to the ISO and incorporated in the Participating Generator's operating instructions to the ISO. If the Participating Generator: (1) receives a Final Schedule which requires operation below the minimum operating limit, and (2) deviates from that Final Schedule to continue to operate at the minimum operating limit, it will not be subject to any penalties or sanctions as a result of operating at the minimum operating limit. The Participating Generator's consequences for deviating from Final Schedules in real-time will be governed by the ISO Tariff.
- 4.3 Obligations Relating to Ancillary Services**
- 4.3.1 Submission of Bids.** When the Scheduling Coordinator on behalf of the Participating Generator submits a bid for Ancillary Services, the Participating Generator will, by the operation of this Section 4.3.1, warrant to the ISO that it has the capability to provide that service in accordance with the ISO Tariff and that it will comply with ISO Dispatch instructions for the provision of the service in accordance with the ISO Tariff.
- 4.3.2 Certification.** The Participating Generator shall not use a Scheduling Coordinator to submit a bid

- 4.3.3** for the provision of an Ancillary Service or submit a schedule for the self provision of an Ancillary Service unless the Scheduling Coordinator serving that Participating Generator is in possession of a current certificate pursuant to Sections 8.4 and 8.10 of the ISO Tariff.
- 4.4 Obligations relating to Major Incidents**
- 4.4.1 Major Incident Reports.** The Participating Generator shall promptly provide such information as the ISO may reasonably request in relation to major incidents, in accordance with Section 4.6.7.3 of the ISO Tariff.
- 4.5 Dispatch and Curtailment.** The ISO shall only dispatch or curtail a Net Scheduled QF of the Participating Generator: (a) to the extent the Participating Generator bids Energy or Ancillary Services from the Net Scheduled QF into the ISO's markets or the Energy is otherwise available to the ISO under Section 40.7.4 of the ISO Tariff; or (b) if the ISO must dispatch or curtail the Net Scheduled QF in order to respond to an existing or imminent System Emergency or condition that would compromise ISO Control Area integrity or reliability as provided in Sections 7, 7.3.1, and 11.2.4.2.1 of the ISO Tariff.
- 4.6 Information to Be Provided by Participating Generator.** The Participating Generator shall provide to the ISO (a) a copy of the FERC order providing Qualifying Facility status to the Net Scheduled QF listed in Schedule 1, (b) a copy of any existing power purchase agreement with a UDC for the Net Scheduled QF listed in Schedule 1, and (c) a copy or a summary of the primary terms of any agreement for standby service with a UDC or MSS Operator. The Participating Generator shall notify the ISO promptly of any change in the status of any of the foregoing.

ARTICLE V

PENALTIES AND SANCTIONS

- 5.1 Penalties.** If the Participating Generator fails to comply with any provisions of this Agreement, the ISO shall be entitled to impose penalties and sanctions on the Participating Generator. No penalties or sanctions may be imposed under this Agreement unless a Schedule providing for such penalties or sanctions has first been filed with and made effective by FERC. Nothing in the Agreement, with the exception of the provisions relating to ADR, shall be construed as waiving the rights of the Participating Generator to oppose or protest any penalty proposed by the ISO to the FERC or the specific imposition by the ISO of any FERC-approved penalty on the Participating Generator.
- 5.2 Corrective Measures.** If the Participating Generator fails to meet or maintain the requirements set forth in this Agreement and/or in the ISO Tariff as limited by the provisions of this Agreement, the ISO shall be permitted to take any of the measures, contained or referenced in the ISO Tariff, which the ISO deems to be necessary to correct the situation.

ARTICLE VI

COSTS

- 6.1 Operating and Maintenance Costs.** The Participating Generator shall be responsible for all its costs incurred in connection with operating and maintaining the Net Scheduled QF identified in Schedule 1 for the purpose of meeting its obligations under this Agreement.

ARTICLE VII

DISPUTE RESOLUTION

- 7.1 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 ISO ADR Procedures set forth in Section 13 of the ISO Tariff, which is incorporated by reference, except that any reference in Section 13 of the ISO Tariff to Market Participants shall be read as a reference to the Participating Generator and references to the ISO Tariff shall be read as references to this Agreement.

ARTICLE VIII

REPRESENTATIONS AND WARRANTIES

- 8.1 Representation and Warranties.** Each Party represents and warrants that the execution, delivery and performance of this Agreement by it has been duly authorized by all necessary corporate and/or governmental actions, to the extent authorized by law.
- 8.2 Necessary Approvals.** The Participating Generator represents that all necessary leases, approvals, permits, licenses, easements, rights of way or access to install, own and/or operate its Net Scheduled QF have been or will be obtained by the Participating Generator prior to the effective date of this Agreement.
- 8.3 Specific Warranty.** The Participating Generator represents and warrants that: (1) the Net Scheduled QF listed in Schedule 1 is a Qualifying Facility or is operated as an integral part of a Qualifying Facility and (2) the Self-provided Load of the Participating Generator that is served by the Net Scheduling QF either has contracted for and continues through the term of this Agreement to have secured standby service from a UDC or MSS Operator under terms approved by the local regulatory authority or the Federal Energy Regulatory Commission, as applicable, or that the Self-

provided Load shall be curtailed concurrently with any outage of the generation serving that Self-provided Load in an amount sufficient to cover that outage.

ARTICLE IX

LIABILITY

- 9.1 Liability.** The provisions of Section 14 of the ISO Tariff will apply to liability arising under this Agreement, except that all references in Section 14 of the ISO Tariff to Market Participants shall be read as references to the Participating Generator and references to the ISO Tariff shall be read as references to this Agreement.

ARTICLE X

UNCONTROLLABLE FORCES

- 10.1 Uncontrollable Forces Tariff Provisions.** Section 14 of the ISO Tariff shall be incorporated by reference into this Agreement except that all references in Section 14 of the ISO Tariff to Market Participants shall be read as a reference to the Participating Generator and references to the ISO Tariff shall be read as references to this Agreement.

ARTICLE XI

MISCELLANEOUS

- 11.1 Assignments.** Either Party may assign or transfer any or all of its rights and/or obligations under this Agreement with the other Party's prior written consent in accordance with Section 22.2 of the ISO Tariff. Such consent shall not be unreasonably withheld. Any such transfer or assignment shall be conditioned upon the successor in interest accepting the rights and/or obligations under this Agreement as if said successor in interest was an original Party to this Agreement.
- 11.2 Notices.** Any notice, demand or request which may be given to or made upon either Party regarding this Agreement shall be made in accordance with Section 22.4 of the ISO Tariff. A Party must update the information in Schedule 3 of this Agreement as information changes. Such changes shall not constitute an amendment to this Agreement.

- 11.3 Waivers.** Any waivers at any time by either Party of its rights with respect to any default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not constitute or be deemed a waiver with respect to any subsequent default or other matter arising in connection with this Agreement. Any delay, short of the statutory period of limitations, in asserting or enforcing any right under this Agreement shall not constitute or be deemed a waiver of such right.
- 11.4 Governing Law and Forum.** This Agreement shall be deemed to be a contract made under, and for all purposes shall be governed by and construed in accordance with, the laws of the State of California, except its conflict of law provisions. The Parties irrevocably consent that any legal action or proceeding arising under or relating to this Agreement to which the ISO ADR Procedures do not apply, shall be brought in any of the following forums, as appropriate: any court of the State of California, any federal court of the United States of America located in the State of California, or, where subject to its jurisdiction, before the Federal Energy Regulatory Commission.
- 11.5 Consistency with Federal Laws and Regulations.** This Agreement shall incorporate by reference Section 22.9 of the ISO Tariff as if the references to the ISO Tariff were referring to this Agreement.
- 11.6 Merger.** This Agreement constitutes the complete and final agreement of the Parties with respect to the subject matter hereto and supersedes all prior agreements, whether written or oral, with respect to such subject matter.
- 11.7 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.
- 11.8 Section Headings.** Section headings provided in this Agreement are for ease of reading and are not meant to interpret the text in each Section.
- 11.9 Amendments.** This Agreement and the Schedules attached hereto may be amended from time to time by the mutual agreement of the Parties in writing. Amendments that require FERC approval shall not take effect until FERC has accepted such amendments for filing and made them effective. If the amendment does not require FERC approval, the amendment will be filed with FERC for information.
- 11.10 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.
- 11.11 Rights Reserved.** Execution of this Agreement does not deprive the Participating Generator of any unexpressed legal right, either under law or under an existing power purchase agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed on behalf of each by and through their authorized representatives as of the date hereinabove written.

California Independent System Operator Corporation

By: _____

Name: _____

Title: _____

Date: _____

[NAME OF PARTICIPATING GENERATOR]

By: _____

Name: _____

Title: _____

Date: _____

The following page is a placeholder for Schedule 1, Section 1.

SCHEDULE 2

ISO IMPOSED PENALTIES AND SANCTIONS

[Section 4.6.1]

TO BE INSERTED UPON FERC APPROVAL

SCHEDULE 3

NOTICES
(Section 11.2)

Participating Generator

Name of Primary

Representative: _____

Title: _____

Address: _____

City/State/Zip Code: _____

Email Address: _____

Phone: _____

Fax No: _____

Name of Alternative

Representative: _____

Title: _____

Address: _____

City/State/Zip Code: _____

Email Address: _____

Phone: _____

Fax No: _____

ISO

Name of Primary

Representative: _____

Title: _____

Address: _____

City/State/Zip Code: _____

Email Address: _____

Phone: _____

Fax No: _____

Name of Alternative

Representative: _____

Title: _____

Address: _____

City/State/Zip Code: _____

Email Address: _____

Phone: _____

Fax No: _____

ISO TARIFF APPENDIX B.4
Participating Load Agreement

CALIFORNIA INDEPENDENT SYSTEM OPERATOR

AND

[PARTICIPATING LOAD]

PARTICIPATING LOAD AGREEMENT

PARTICIPATING LOAD AGREEMENT (PLA)

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

(1) **[Full legal name]**, having its registered and principal place of business located at [legal address] (the "Participating Load");

and

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

The Participating Load and the ISO are hereinafter referred to as the "Parties".

Whereas:

- A.** The ISO Tariff provides that the ISO shall not schedule Ancillary Services from a Load interconnected to the ISO Controlled Grid, or to the Distribution System of a Participating TO or of a UDC otherwise than through a Scheduling Coordinator.
- B.** The ISO Tariff further provides that Curtailable Demand or Dispatchable Load services shall be provided by Participating Loads.
- C.** The Participating Load desires to provide Curtailable Demand or Dispatchable Load services, intends to submit Adjustment Bids, Supplemental Energy bids or Ancillary Services bids, or self-provided schedules to the ISO through a Scheduling Coordinator and, therefore, represents to the ISO that it will comply with the applicable provisions of the ISO Tariff.
- D.** The Parties are entering into this Agreement in order to establish the terms and conditions on which the ISO and the Participating Load will discharge their respective duties and responsibilities under the ISO Tariff.

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

ARTICLE I

DEFINITIONS AND INTERPRETATION

- 1.1 Master Definitions Supplement.** All terms and expressions used in this Agreement shall have the same meaning as those contained in the Master Definitions Supplement to the ISO Tariff.
- 1.2 Rules of Interpretation.** The following rules of interpretation and conventions shall apply to this Agreement:
- (a) if there is any inconsistency between this Agreement and the ISO Tariff, the ISO Tariff will prevail to the extent of the inconsistency;
 - (b) the singular shall include the plural and vice versa;
 - (c) the masculine shall include the feminine and neutral and vice versa;
 - (d) "includes" or "including" shall mean "including without limitation";
 - (e) references to a Section, Article or Schedule shall mean a Section, Article or a Schedule of this Agreement, as the case may be, unless the context otherwise requires;
 - (f) a reference to a given agreement or instrument shall be a reference to that agreement or instrument as modified, amended, supplemented or restated through the date as of which such reference is made;
 - (g) unless the context otherwise requires, references to any law shall be deemed references to such law as it may be amended, replaced or restated from time to time;
 - (h) unless the context otherwise requires, any reference to a "person" includes any individual, partnership, firm, company, corporation, joint venture, trust, association, organization or other entity, in each case whether or not having separate legal personality;
 - (i) unless the context otherwise requires, any reference to a Party includes a reference to its permitted successors and assigns;
 - (j) any reference to a day, week, month or year is to a calendar day, week, month or year; and
 - (k) the captions and headings in this Agreement are inserted solely to facilitate reference and shall have no bearing upon the interpretation of any of the terms and conditions of this Agreement.

ARTICLE II

ACKNOWLEDGEMENTS OF PARTICIPATING LOAD AND ISO

- 2.1 ISO Responsibility.** The Parties acknowledge that the ISO is responsible for the efficient use and reliable operation of the ISO Controlled Grid consistent with achievement of planning and operating reserve criteria no less stringent than those established by the Western Systems Coordinating Council and the North American Electric Reliability Council and further acknowledge that the ISO may not be able to satisfy fully these responsibilities if the Participating Load fails to fully comply with all of its obligations under this Agreement and the ISO Tariff.
- 2.2 Scope of Application to Parties.** The Participating Load and ISO acknowledge that all Loads which desire to submit Adjustment Bids, Supplemental Energy bids, or Ancillary Services bids or self-provided schedules to the ISO through a Scheduling Coordinator must be included in Schedule 1 to this Agreement. The Participating Load warrants that it owns, operates, or has sufficient contractual entitlement to provide Curtailable Demand and Dispatchable Load services from such Loads in accordance with the ISO Tariff.

ARTICLE III

TERM AND TERMINATION

- 3.1 Effective Date.** This Agreement shall be effective as of the later of the date it is executed by the Parties or the date accepted for filing and made effective by FERC, and shall remain in full force and effect until terminated pursuant to Section 3.2 of this Agreement.
- 3.2 Termination**
- 3.2.1 Termination by ISO.** Subject to Section 5.2, the ISO may terminate this Agreement by giving written notice of termination in the event that the Participating Load commits any material default under this Agreement and/or the ISO Tariff which, if capable of being remedied, is not remedied within thirty (30) days after the ISO has given, to the Participating Load, written notice of the default, unless excused by reason of Uncontrollable Forces in accordance with Article X of this Agreement. With respect to any notice of termination given pursuant to this Section, the ISO must file a timely notice of termination with FERC. The filing of the notice of termination by the ISO will be considered timely if: (1) the request to file a notice of termination is made after the preconditions for termination have been met, and (2) the ISO files the notice of termination within thirty (30) days of receipt of such request. This Agreement shall terminate upon acceptance by FERC of such a notice of termination.
- 3.2.2 Termination by Participating Load.** In the event that the Participating Load no longer wishes to submit Adjustment Bids, Supplemental Energy bids, or Ancillary Service bids or self-provided schedules over the ISO Controlled Grid, it may terminate this Agreement, on giving the ISO ninety (90) days written notice, provided, however, that in accordance with Section 4.4, the Participating Load may modify Schedule 1 to eliminate Load which it no longer provides for and such

modification shall be effective upon receipt by the ISO. With respect to any notice of termination given pursuant to this Section, the ISO must file a timely notice of termination with FERC. The filing of the notice of termination by the ISO will be considered timely if: (1) the request to file a notice of termination is made after the preconditions for termination have been met, and (2) the ISO files the notice of termination within thirty (30) days of receipt of such request. This Agreement shall terminate upon acceptance by FERC of such a notice of termination.

ARTICLE IV

GENERAL TERMS AND CONDITIONS

4.1 Technical Characteristics.

4.1.1 Curtailable Demand. As required by Section 8.4 of the ISO Tariff, the Participating Load shall provide the ISO with all technical and operational information requested in Schedule 1 for each Curtailable Demand that it owns, operates, or has a contractual entitlement to. For those Loads designated by the Participating Load as providing Curtailable Demand, Schedule 1 requires the Participating Load to indicate in Schedule 1 whether the Load can be scheduled or bid as Non-Spinning Reserve or Replacement Reserve. Pursuant to Section 8.10.1 of the ISO Tariff, the ISO may verify, inspect and test the capacity and operating characteristics provided in Schedule 1 for Curtailable Demands.

4.1.2 Dispatchable Load. The Participating Load shall provide the ISO that information required in Schedule 1 which is relevant to the Dispatchable Load that it owns, operates, or has a contractual entitlement to for the provision of Adjustment Bids.

4.2 Metering and Communication.

4.2.1 Curtailable Demand. Pursuant to Sections 8.4.4 and 8.4.6 of the ISO Tariff, Curtailable Demand that is scheduled or bid as Non-Spinning Reserve or Replacement Reserve is required to comply with the ISO's communication and metering requirements.

4.2.2 Dispatchable Load. The Participating Load shall schedule Dispatchable Load pursuant to Section 30.2.1 of the ISO Tariff. Dispatchable Load shall comply with the ISO's communication and metering requirements.

4.3 UDC Interruptible Load Programs. Due to the ISO's reliance on interruptible Loads to relieve System Emergencies and its contractual relationship with each UDC, the ISO will not accept, and the Participating Load shall not submit Adjustment Bids, Supplemental Energy bids, or Ancillary Services bids or self-provided Ancillary Service Schedules from interruptible Loads which are subject to curtailment criteria established under existing retail tariffs, except under such conditions as may be specified in the ISO Tariff.

4.4 Notification of Changes. Sixty (60) days prior to changing any technical information in Schedule 1, the Participating Load shall notify the ISO of the proposed change(s). Pursuant to Section 8.10.1 of the ISO Tariff, the ISO may verify, inspect and test the capacity and operating characteristics provided in the revised Schedule 1. The ISO shall post on the ISO Home Page a schedule

showing, for at least one year in advance: (i) the proposed dates on which the ISO's Master File will be updated; (ii) the dates on which the information contained in the revised Master File will become effective; and (iii) the deadlines by which changed technical information must be submitted to the ISO in order to be tested and included in the next scheduled update of the ISO's Master File. Unless the Load fails to test at the values in the proposed change(s), the Participating Load's proposed change(s) will become effective upon the effective date for the next scheduled update of the Master File, provided that the Participating Load submits the changed information by the applicable deadline and is tested by the deadline. Subject to such notification this Agreement shall not apply to any Loads identified in Schedule 1 which the Participating Load no longer owns or no longer has a contractual entitlement to.

4.5 Agreement Subject to ISO Tariff. The Parties will comply with all applicable provisions of the ISO Tariff, including Sections 7.4, 8 and 10. This Agreement shall be subject to the ISO Tariff, which shall be deemed to be incorporated herein.

4.6 Obligations Relating to Ancillary Services

4.6.1 Submission of Bids and Self-provided Schedules. When the Scheduling Coordinator on behalf of the Participating Load submits a bid or self-provided schedule for Ancillary Services, the Participating Load will, by the operation of this Section 4.6.1, warrant to the ISO that it has the capability to provide that service in accordance with the ISO Tariff and that it will comply with ISO Dispatch instructions for the provision of the service in accordance with the ISO Tariff.

4.6.2 Certification. The Participating Load shall not use a Scheduling Coordinator to submit a bid for the provision of an Ancillary Service or submit a schedule for the self provision of an Ancillary Service unless the Scheduling Coordinator serving that Participating Load is in possession of a current Ancillary Service certificate pursuant to Sections 8.4 and 8.10 of the ISO Tariff.

4.7 Obligations relating to Major Incidents. The Participating Load shall promptly provide such information as the ISO may reasonably require in relation to the ISO's investigations of operating situations or events, or for the ISO's reporting to the authorities such as the FERC, California Public Utilities Commission, Western Systems Coordinating Council, or North American Electric Reliability Council.

ARTICLE V

PENALTIES AND SANCTIONS

5.1 Penalties. If the Participating Load fails to comply with any provisions of this Agreement, the ISO shall be entitled to impose penalties and sanctions on the Participating Load, including the penalties set forth in Section 8.10.2 of the ISO Tariff. No penalties or sanctions may be imposed under this Agreement unless a Schedule providing for such penalties or sanctions has first been filed with and made effective by FERC. Nothing in this Agreement, with the exception of the provisions relating to ADR, shall be construed as waiving the rights of the Participating Load to oppose or protest any penalty proposed by the ISO to the FERC or the specific imposition by the ISO of any FERC-approved penalty on the Participating Load.

- 5.2 Corrective Measures.** If the Participating Load fails to meet or maintain the requirements set forth in this Agreement and/or the ISO Tariff, the ISO shall be permitted to take any of the measures, contained or referenced in the ISO Tariff, which the ISO deems to be necessary to correct the situation.

ARTICLE VI

COSTS

- 6.1 Operating and Maintenance Costs.** The Participating Load shall be responsible for all its costs incurred in meeting its obligations under this Agreement for the Load identified in Schedule 1.

ARTICLE VII

DISPUTE RESOLUTION

- 7.1 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 ISO ADR Procedures set forth in Section 13 of the ISO Tariff, which is incorporated by reference, except that any reference in Section 13 of the ISO Tariff to Market Participants shall be read as a reference to the Participating Load and references to the ISO Tariff shall be read as references to this Agreement.

ARTICLE VIII

REPRESENTATIONS AND WARRANTIES

- 8.1 Representation and Warranties.** Each Party represents and warrants that the execution, delivery and performance of this Agreement by it has been duly authorized by all necessary corporate and/or governmental actions, to the extent authorized by law.
- 8.2 Necessary Approvals.** The Participating Load represents that all necessary leases, approvals, permits, licenses, easements, rights of way or access to install, own and/or operate its Load have been or will be obtained by the Participating Load prior to the effective date of this Agreement.

ARTICLE IX

LIABILITY

- 9.1 Liability.** The provisions of Section 14 of the ISO Tariff will apply to liability arising under this Agreement, except that all references in Section 14 of the ISO Tariff to Market Participants shall be read as references to the Participating Load and references to the ISO Tariff shall be read as references to this Agreement.

ARTICLE X

UNCONTROLLABLE FORCES

- 10.1 Uncontrollable Forces Tariff Provisions.** Section 14 of the ISO Tariff shall be incorporated by reference into this Agreement except that all references in Section 14 of the ISO Tariff to Market Participants shall be read as a reference to the Participating Load and references to the ISO Tariff shall be read as references to this Agreement.

ARTICLE XI

MISCELLANEOUS

- 11.1 Assignments.** Either Party may assign or transfer any or all of its rights and/or obligations under this Agreement with the other Party's prior written consent in accordance with Section 22.2 of the ISO Tariff. Such consent shall not be unreasonably withheld. Any such transfer or assignment shall be conditioned upon the successor in interest accepting the rights and/or obligations under this Agreement as if said successor in interest was an original Party to this Agreement.
- 11.2 Notices.** Any notice, demand, or request which may be given to or made upon either Party regarding this Agreement shall be made in accordance with Section 22.4 of the ISO Tariff. A Party must update the information in Schedule 3 of this Agreement as information changes. Such changes shall not constitute an amendment to this Agreement.
- 11.3 Waivers.** Any waivers at any time by either Party of its rights with respect to any default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not constitute or be deemed a waiver with respect to any subsequent default or other matter arising in connection with this Agreement. Any delay, short of the statutory period of limitations, in asserting or enforcing any right under this Agreement shall not constitute or be deemed a waiver of such right.
- 11.4 Governing Law and Forum.** This Agreement shall be deemed to be a contract made under, and for all purposes shall be governed by and construed in accordance with, the laws of the State of California, except its conflict of law provisions. The Parties irrevocably consent that any legal action

or proceeding arising under or relating to this Agreement to which the ISO ADR Procedures do not apply, shall be brought in any of the following forums, as appropriate: any court of the State of California, any federal court of the United States of America located in the State of California, or, where subject to its jurisdiction, before the Federal Energy Regulatory Commission.

- 11.5 Consistency with Federal Laws and Regulations.** This Agreement shall incorporate by reference Section 22.9 of the ISO Tariff as if the references to the ISO Tariff were referring to this Agreement.
- 11.6 Merger.** This Agreement constitutes the complete and final agreement of the Parties with respect to the subject matter hereto and supersedes all prior agreements, whether written or oral, with respect to such subject matter.
- 11.7 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.
- 11.8 Section Headings:** Section headings provided in this Agreement are for ease of reading and are not meant to interpret the text in each Section.
- 11.9 Amendments.** This Agreement and the Schedules attached hereto may be amended from time to time by the mutual agreement of the Parties in writing. Amendments that require FERC approval shall not take effect until FERC has accepted such amendments for filing and made them effective. If the amendment does not require FERC approval, the amendment will be filed with FERC for information. Nothing contained herein shall be construed as affecting in any way the right of the ISO to unilaterally make application to the Federal Energy Regulatory Commission for a change in the rates, terms and conditions under section 205 of the Federal Power Act and pursuant to the Commission's Rules and Regulations promulgated thereunder.
- 11.10 Counterparts.** This Agreement may be executed in one or more counterparts at different times, each of which shall be regarded as an original and all of which, taken together, shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed on behalf of each by and through their authorized representatives as of the date herein above written.

California Independent System Operator Corporation

By: _____

Name: _____

Title: _____

Date: _____

Participating Load

By: _____

Name: _____

Title: _____

Date: _____

SCHEDULE 2

ISO IMPOSED PENALTIES AND SANCTIONS

[Section 5.1]

TO BE INSERTED UPON FERC APPROVAL

SCHEDULE 3

NOTICES
(Section 10.2)

Participating Load

Name of Primary

Representative:

Title:

Address:

City/State/Zip Code

Email Address:

Phone:

Fax No:

Name of Alternative

Representative:

Title:

Address:

City/State/Zip Code

Email Address:

Phone:

Fax No:

ISO

Name of Primary

Representative:

Title:

Address:

City/State/Zip Code

Email Address:

Phone:

Fax No:

Name of Alternative

Representative:

Title:

Address:

City/State/Zip Code

Email Address:

Phone:

Fax No:

ISO TARIFF APPENDIX B.5
Dynamic Scheduling Agreement for Scheduling Coordinators

CALIFORNIA INDEPENDENT SYSTEM OPERATOR

AND

[SCHEDULING COORDINATOR]

DYNAMIC SCHEDULING AGREEMENT FOR SCHEDULING COORDINATORS

DYNAMIC SCHEDULING AGREEMENT FOR SCHEDULING COORDINATORS

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

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

and

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

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

Whereas:

- A. The ISO Tariff provides that a Scheduling Coordinator may submit dynamic schedules to the ISO from System Resources.
- B. The Scheduling Coordinator is currently Scheduling Coordinator for a System Resource associated with a power plant(s) interconnected in a Control Area other than the ISO Control Area (the "Host Control Area").
- C. The Scheduling Coordinator wishes to implement and operate a dynamic functionality that allows scheduling of Energy, Supplemental Energy, and Energy associated with Spinning Reserve and Non-Spinning Reserve dynamically from a System Resource into the ISO Control Area from the Host Control Area and, therefore, wishes to undertake to the ISO that it will comply with the applicable provisions of the ISO Tariff.
- D. The Parties are entering into this Agreement in order to establish the terms and conditions on which the ISO and the Scheduling Coordinator will discharge their respective duties and responsibilities under the ISO Tariff.

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

ARTICLE I

DEFINITIONS AND INTERPRETATION

Master Definitions Supplement. All terms and expressions used in this Agreement shall have the same meaning as those contained in the Master Definitions Supplement to the ISO Tariff.

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

- (a) if there is any inconsistency between this Agreement and the ISO Tariff, the ISO Tariff will prevail to the extent of the inconsistency;
- (b) the singular shall include the plural and vice versa;

- (c) the masculine shall include the feminine and neutral and vice versa;
- (d) "includes" or "including" shall mean "including without limitation";
- (e) references to a Section, Article or Schedule shall mean a Section, Article or a Schedule of this Agreement, as the case may be, unless the context otherwise requires;
- (f) a reference to a given agreement or instrument shall be a reference to that agreement or instrument as modified, amended, supplemented or restated through the date as of which such reference is made;
- (g) unless the context otherwise requires, references to any law shall be deemed references to such law as it may be amended, replaced or restated from time to time;
- (h) unless the context otherwise requires, any reference to a "person" includes any individual, partnership, firm, company, corporation, joint venture, trust, association, organization or other entity, in each case whether or not having separate legal personality;
- (i) unless the context otherwise requires, any reference to a Party includes a reference to its permitted successors and assigns;
- (j) any reference to a day, week, month or year is to a calendar day, week, month or year; and 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

ACKNOWLEDGEMENTS OF SCHEDULING COORDINATOR AND ISO

- 2.1 ISO Responsibility.** The Parties acknowledge that the ISO is responsible for the efficient use and reliable operation of the ISO Controlled Grid consistent with achievement of planning and operating reserve criteria no less stringent than those established by the Western Electricity Coordinating Council and the North American Electric Reliability Council and further acknowledges that the ISO may not be able to satisfy fully these responsibilities if the Scheduling Coordinator fails to fully comply with all of its obligations under this Agreement and the ISO Tariff.

ARTICLE III

TERM AND TERMINATION

- 3.1 Effective Date.** This Agreement shall be effective as of the date set forth above, unless accepted for filing and made effective by FERC on some other date, if FERC filing is required, and shall remain in full force and effect until terminated pursuant to Section 3.2 of this Agreement.

3.2 Termination

3.2.1 Termination by ISO. Subject to Section 3.2.2, the ISO may terminate this Agreement by giving written notice of termination in the event that the ISO's agreement with the Host Control Area has terminated or the Scheduling Coordinator commits any material default under this Agreement and/or the ISO Tariff which, if capable of being remedied, is not remedied within thirty (30) days after the ISO has given, to the Scheduling Coordinator, written notice of the default, unless excused by reason of Uncontrollable Forces in accordance with Article X of this Agreement. With respect to any notice of termination given pursuant to this Section, the ISO must file a timely notice of termination with FERC, if this Agreement has been filed with FERC, or must otherwise comply with the requirements of FERC Order No. 2001 and related FERC orders. The filing of the notice of termination by the ISO will be considered timely if: (1) the filing of the notice of termination is made after the preconditions for termination have been met, and (2) the ISO files the notice of termination within sixty (60) days after issuance of the notice of default. This Agreement shall terminate upon acceptance by FERC of such a notice of termination, if filed with FERC, or thirty (30) days after the date of the ISO's notice of default, if terminated in accordance with the requirements of FERC Order No. 2001 and related FERC orders.

3.2.2 Limitation on ISO Termination. Notwithstanding the provisions of Section 3.2.1, in the event of noncompliance with the provisions of the ISO's Standards, the ISO shall have the right to terminate this Agreement after three (3) instances of noncompliance. In the event that the ISO determines that the Scheduling Coordinator has failed to comply with the ISO's Standards, the ISO will provide written notice to that effect to the Scheduling Coordinator, and the Scheduling Coordinator shall have seven (7) days to correct the non-compliant condition(s). If the ISO determines that Scheduling Coordinator has not corrected the non-compliant condition(s) within seven (7) days after the third notice of noncompliance, the ISO may, by further written notice to the Scheduling Coordinator, terminate this Agreement and the existing functionality and arrangements described herein pursuant to Section 3.2.1, but without providing for the additional thirty (30)-day cure period otherwise provided in Section 3.2.1.

3.2.3 Termination by Scheduling Coordinator. In the event that the Scheduling Coordinator no longer wishes to submit dynamic schedules to the ISO, it may terminate this Agreement, on giving the ISO ninety (90) days written notice. With respect to any notice of termination given pursuant to this Section, the ISO must file a timely notice of termination with FERC, if this Agreement has been filed with FERC, or must otherwise comply with the requirements of FERC Order No. 2001 and related FERC orders. The filing of the notice of termination by the ISO will be considered timely if: (1) the request to file a notice of termination is made after the preconditions for termination have been met, and (2) the ISO files the notice of termination within thirty (30) days of receipt of such request. This Agreement shall terminate upon acceptance by FERC of such a notice of termination, if such notice is required to be filed with FERC, or upon ninety (90) days after the ISO's receipt of the Scheduling Coordinator's notice of default, if terminated in accordance with the requirements of FERC Order No. 2001 and related FERC orders.

ARTICLE IV

GENERAL TERMS AND CONDITIONS

4.1 Dynamic Scheduling Requirements and Obligations

- 4.1.1** The dynamic functionality established under this Agreement shall be implemented and operated in accordance with ISO Tariff Section 4.5.4.3, other applicable provisions of the ISO Tariff, all applicable NERC and WECC policies, requirements, and provisions, and the ISO's "*Standards for Dynamic Imports of Energy, Supplemental Energy, and Energy Associated with Non-Regulation Ancillary Services*" ("Standards") posted on the ISO Home Page: "www.caiso.com".
- 4.1.2** The maximum allowable dynamic power transfer (in MW) from the Scheduling Coordinator's System Resource(s) shall be as set forth in Schedule 1 and will be referred to as "Pmax" in all ISO scheduling and control systems.
- 4.1.3** The Scheduling Coordinator warrants that the power plant(s) listed in Schedule 1 is interconnected within the Host Control Area specified in Schedule 1, placing both the plant(s) as well as the associated System Resource under the operational jurisdiction of the Host Control Area.
- 4.1.4** The ISO intertie associated with the System Resource(s) is set forth in Schedule 1. The Scheduling Coordinator may request, and the ISO may agree, at its sole discretion, to change the foregoing ISO intertie association, subject to any limitations set forth in the Standards.
- 4.1.5** Unless explicitly agreed otherwise, dynamic functionalities implemented between the ISO and the Scheduling Coordinator may provide only for imports from the System Resource(s) listed in Schedule 1 to the ISO.
- 4.1.6 Identification of System Resources.** The Scheduling Coordinator has identified the System Resources that it represents in Schedule 1.
- 4.1.7 Notification of Changes.** Sixty (60) days prior to changing any technical information in Schedule 1, the Scheduling Coordinator shall notify the ISO of the proposed changes. Pursuant to Section 8.10.1 of the ISO Tariff, the ISO may verify, inspect and test the capacity and operating characteristics provided in the revised Schedule 1. Unless the Scheduling Coordinator fails to test at the values in the proposed change(s), the change will become effective upon the effective date for the next scheduled update of the ISO's Master File, provided the Scheduling Coordinator submits the changed information by the applicable deadline and is tested by the deadline.
- 4.2 Agreement Subject to ISO Tariff.** The Parties will comply with all applicable provisions of the ISO Tariff, including Sections 4.5.4.3 and 8.4.4. This Agreement shall be subject to the ISO Tariff, which shall be deemed to be incorporated herein.
- 4.3 Obligations Relating to Ancillary Services**
- 4.3.1 Submission of Bids.** When the Scheduling Coordinator submits a bid for Ancillary Services, the Scheduling Coordinator will, by the operation of this Section 4.3.1, warrant to the ISO that it has the capability to provide that service in accordance with the ISO Tariff and that it will comply with ISO Dispatch Instructions for the provision of the service in accordance with the ISO Tariff.

ARTICLE V

PENALTIES AND SANCTIONS

- 5.1 Uninstructed Deviations.** Except for operating emergency situations, real time Energy transfers may not vary from the Final Hour Ahead Schedule as adjusted by any Dispatch Instructions by more than the greater of five (5) MW or three percent (3%) of the net dependable capacity (Pmax) of the System Resource, integrated across a ten-minute interval. If such defined performance band is exceeded by any amount in more than five percent (5%) of the ten-minute intervals on three successive days, then such deviations shall constitute one event of non-compliance with the ISO's Standards pursuant to Section 3.2.2. Deviations from dynamic Energy schedules will also be subject to Uninstructed Deviation Penalties pursuant to Section 11.2.4.1.2 and related provisions of the ISO Tariff.
- 5.2 General.** The Scheduling Coordinator shall be subject to all penalties made applicable to dynamic imports from System Resources set forth in the ISO Tariff.

ARTICLE VI

COSTS

- 6.1 Operating and Maintenance Costs.** The Scheduling Coordinator shall be responsible for all its costs incurred in connection with dynamic scheduling and compliance by the System Resources identified in Schedule 1 for the purpose of meeting its obligations under this Agreement.

ARTICLE VII

DISPUTE RESOLUTION

- 7.1 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 ISO ADR Procedures set forth in Section 13 of the ISO Tariff, which is incorporated by reference, except that any reference in Section 13 of the ISO Tariff to Market Participants shall be read as a reference to the Scheduling Coordinator and references to the ISO Tariff shall be read as references to this Agreement.

ARTICLE VIII

REPRESENTATIONS AND WARRANTIES

- 8.1 Representation and Warranties.** Each Party represents and warrants that the execution, delivery and performance of this Agreement by it has been duly authorized by all necessary corporate and/or governmental actions, to the extent authorized by law.

ARTICLE IX

LIABILITY

- 9.1 Liability.** The provisions of Section 14 of the ISO Tariff will apply to liability arising under this Agreement, except that all references in Section 14 of the ISO Tariff to Market Participants shall be read as references to the Scheduling Coordinator and references to the ISO Tariff shall be read as references to this Agreement.

ARTICLE X

UNCONTROLLABLE FORCES

- 10.1 Uncontrollable Forces Tariff Provisions.** Section 14 of the ISO Tariff shall be incorporated by reference into this Agreement except that all references in Section 14 of the ISO Tariff to Market Participants shall be read as a reference to the Scheduling Coordinator and references to the ISO Tariff shall be read as references to this Agreement.

ARTICLE XI

MISCELLANEOUS

- 11.1 Assignments.** Either Party may assign or transfer any or all of its rights and/or obligations under this Agreement with the other Party's prior written consent in accordance with Section 22.2 of the ISO Tariff. Such consent shall not be unreasonably withheld. Any such transfer or assignment shall be conditioned upon the successor in interest accepting the rights and/or obligations under this Agreement as if said successor in interest was an original Party to this Agreement.
- 11.2 Notices.** Any notice, demand or request which may be given to or made upon either Party regarding this Agreement shall be made in accordance with Section 22.4 of the ISO Tariff. A Party must update the information in Schedule 2 of this Agreement as information changes. Such changes shall not constitute an amendment to this Agreement.
- 11.3 Waivers.** Any waivers at any time by either Party of its rights with respect to any default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not constitute or be deemed a waiver with respect to any subsequent default or other matter arising in connection with this Agreement. Any delay, short of the statutory period of limitations, in asserting

or enforcing any right under this Agreement shall not constitute or be deemed a waiver of such right.

- 11.4 Governing Law and Forum.** This Agreement shall be deemed to be a contract made under, and for all purposes shall be governed by and construed in accordance with, the laws of the State of California, except its conflict of law provisions. The Parties irrevocably consents that any legal action or proceeding arising under or relating to this Agreement to which the ISO ADR Procedures do not apply, shall be brought in any of the following forums, as appropriate: any court of the State of California, any federal court of the United States of America located in the State of California, or, where subject to its jurisdiction, before the Federal Energy Regulatory Commission.
- 11.5 Consistency with Federal Laws and Regulations.** This Agreement shall incorporate by reference Section 22.9 of the ISO Tariff as if the references to the ISO Tariff were referring to this Agreement.
- 11.6 Merger.** This Agreement constitutes the complete and final agreement of the Parties with respect to the subject matter hereto and supersedes all prior agreements, whether written or oral, with respect to such subject matter.
- 11.7 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.
- 11.8 Section Headings.** Section headings provided in this Agreement are for ease of reading and are not meant to interpret the text in each Section.
- 11.9 Amendments.** This Agreement and the Schedules attached hereto may be amended from time to time by the mutual agreement of the Parties in writing. Amendments that require FERC approval shall not take effect until FERC has accepted such amendments for filing and made them effective. If the amendment does not require FERC approval, the amendment will be filed with FERC for information. Nothing contained herein shall be construed as affecting in any way the right of the ISO to unilaterally make application to FERC for a change in the rates, terms and conditions of this Agreement under Section 205 of the FPA and pursuant to FERC's rules and regulations promulgated thereunder.
- 11.10 Counterparts.** This Agreement may be executed in one or more counterparts at different times, each of which shall be regarded as an original and all of which, taken together, shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed on behalf of each by and through their authorized representatives as of the date hereinabove written.

California Independent System Operator Corporation

By: _____

Name: _____

Title: _____

Date: _____

NAME OF SCHEDULING COORDINATOR

By: _____

Name: _____

Title: _____

Date: _____

SCHEDULE 1

SYSTEM RESOURCES AND CONTROL AREA INFORMATION

[Sections 4.1.2, 4.1.3, 4.1.5]

Description of System Resource(s), including Associated Power Plants and Pmax Values:

ISO Intertie:

Host Control Area:

Intermediate Control Areas:

SCHEDULE 2

NOTICES
[Section 11.2]

Scheduling Coordinator

Name of Primary

Representative: _____

Title: _____

Company: _____

Address: _____

City/State/Zip Code _____

Email Address: _____

Phone: _____

Fax No: _____

Name of Alternative

Representative: _____

Title: _____

Company: _____

Address: _____

City/State/Zip Code _____

Email Address: _____

Phone: _____

Fax No: _____

ISO

Name of Primary

Representative: _____

Title: _____

Address: _____

City/State/Zip Code _____

Email Address: _____

Phone: _____

Fax No: _____

Name of Alternative

Representative: _____

Title: _____

Address: _____

City/State/Zip Code _____

Email Address: _____

Phone: _____

Fax No: _____

ISO TARIFF APPENDIX B.6
Meter Service Agreement for ISO Metered Entities

CALIFORNIA INDEPENDENT SYSTEM OPERATOR

AND

[ISO METERED ENTITY]

**METER SERVICE AGREEMENT
FOR ISO METERED ENTITIES**

**METER SERVICE AGREEMENT
FOR ISO METERED ENTITIES**

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

(1) **[Full legal name]** having its registered and principal place of business located at **[Address]**
(the "ISO Metered Entity");

and

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

The ISO Metered Entity and the ISO are hereinafter referred to as the "Parties".

Whereas:

- A.** Section 10 of the ISO Tariff requires the ISO to establish meter service agreements with ISO Metered Entities for the collection and transfer of Meter Data.
- B.** Section 10 of the ISO Tariff further provides that an ISO Metered Entity shall certify its revenue quality meters and Section 10 provides that ISO Metered Entities shall make Meter Data available to MDAS.
- C.** The Parties are entering into this Agreement in order to establish the terms and conditions upon which the ISO and the ISO Metered Entity shall discharge their respective duties and responsibilities pursuant to this Agreement, and the ISO Tariff.
- D.** All obligations and responsibilities included in this Agreement may be set forth in further detail in the ISO Tariff.

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

ARTICLE I

1.1 Master Definitions Supplement. Unless defined in Section 1.2 of this Agreement, all terms and expressions used in this Agreement shall have the same meaning as those contained in the Master Definitions Supplement to the ISO Tariff.

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

“**Authorized Users**” means users authorized by the ISO Metered Entity to access the Meter Data of that ISO Metered Entity held by the ISO.

“**ISO Authorized Inspector**” has the meaning as defined in Appendix A of the ISO Tariff.

“**ISO Metered Entity**” means:

- (a) any one of the following entities that is directly connected to the ISO Controlled Grid:
 - i. a Generator other than a Generator that sells all of its Energy (excluding any Energy consumed by auxiliary load equipment electrically connected to that Generator at the same point) and Ancillary Services to the UDC in whose Service Area it is located;

- ii. an Eligible Customer; or
 - iii. an End-User other than an End-User that purchases all of its Energy from the UDC in whose Service Area it is located; and
- (b) any one of the following entities:
- i. a Participating Generator;
 - ii. a Participating TO in relation to its Tie Point Meters with other TOs or Control Areas; or
 - iii. a Participating Load.

“**MDAS**” means the ISO revenue metering data acquisition and processing system.

“**Metering Facilities**” means revenue quality meters, instrument transformers, secondary circuitry, secondary devices, meter data servers, related communication facilities and other related local equipment.

“**SC**” means Scheduling Coordinator.

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

- (a) if there is any inconsistency between this Agreement and the ISO Tariff, the ISO Tariff will prevail to the extent of the inconsistency;
- (b) the singular shall include the plural and vice versa;
- (c) the masculine shall include the feminine and neutral and vice versa;
- (d) “includes” or “including” shall mean “including without limitation”;
- (e) references to a section, article or schedule shall mean a section, article or a schedule of this Agreement, as the case may be, unless the context otherwise requires;
- (f) a reference to a given agreement or instrument shall be a reference to that agreement or instrument as modified, amended, supplemented or restated through the date as of which such reference is made;
- (g) unless the context otherwise requires, references to any law shall be deemed references to such law as it may be amended, replaced or restated from time to time;
- (h) unless the context otherwise requires, any reference to a “person” includes any individual, partnership, firm, company, corporation, joint venture, trust, association, organization or other entity, in each case whether or not having separate legal personality;

- (i) unless the context otherwise requires, any reference to a Party includes a reference to its permitted successors and assigns;
- (j) any reference to a day, week, month or year is to a calendar day, week, month or year;
- (m) 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; and
- (n) references to the ISO Tariff and other ISO Documents shall be interpreted in accordance with any exceptions or exemptions to such as may have been granted by the ISO.

ARTICLE II

TERM AND TERMINATION

2.1 Effective Date. This Agreement shall be effective as of the later of the date of execution of this Agreement, or the date it is accepted and made effective by FERC and shall remain in full force and effect until terminated by operation of law or pursuant to Section 2.2 of this Agreement.

2.2 Termination

2.2.1 Termination by ISO. Subject to Section 4.2, the ISO may terminate this Agreement by giving written notice of termination in the event that the ISO Metered Entity commits any default under this Agreement and/or the ISO Tariff which, if capable of being remedied, is not remedied within thirty (30) days after the ISO has given it written notice of the default, unless excused by reason of Uncontrollable Force in accordance with Section 14 of the ISO Tariff. With respect to any notice of termination given pursuant to this Section, the ISO must file a timely notice of termination with FERC. The filing of the notice of termination by the ISO will be considered timely if: (1) the request to file a notice of termination is made after the preconditions for termination have been met, and (2) the ISO files the notice of termination within 30 days of receipt of such request. This Agreement shall terminate upon acceptance by FERC of such notice of termination.

2.2.2 Termination by ISO Metered Entity. In the event that the ISO Metered Entity wishes to terminate this Agreement, the ISO Metered Entity shall give the ISO ninety (90) days written notice. With respect to any notice of termination given pursuant to this Section, the ISO must file a timely notice of termination with FERC. The filing of the notice of termination by the ISO will be considered timely if: (1) the request to file a notice of termination is made after the preconditions for termination have been met, and (2) the ISO files the notice of termination within 30 days of receipt of such request. This Agreement shall terminate upon acceptance by FERC of such notice of termination.

ARTICLE III

GENERAL TERMS AND CONDITIONS

- 3.1 Agreement Subject to ISO Tariff.** This Agreement shall be subject to the provisions of the ISO Tariff which shall be deemed to be incorporated herein, as the same may be changed or superseded from time to time. The Parties agree that they will comply with the provisions of Section 10 and Appendix O of the ISO Tariff.
- 3.2 Obligations and Rights of the ISO Metered Entity.**
- 3.2.1 Submission of Meter Data through MDAS.** The ISO Metered Entity agrees to make available to the ISO through MDAS its Meter Data in accordance with the ISO Tariff. The ISO's requirements regarding the frequency with which it requires Meter Data to be made available to it through MDAS by the ISO Metered Entity are referred to in the ISO Tariff.
- 3.2.2 Meter Information.** The ISO Metered Entity shall provide in the format prescribed by Schedule 1 to this Agreement the required information with respect to all of its meters used to provide Meter Data to the ISO. The ISO Metered Entity must immediately notify the ISO of any changes to the information provided to the ISO in accordance with this Section 3.2.2 and provide the ISO with any information in relation to such change as reasonably requested by the ISO. The ISO Metered Entity shall have the right to modify Schedule 1, which modification shall not constitute an amendment to this Agreement. Such modification shall be effective upon receipt of notice by the ISO.
- 3.2.3 Transformer and/or Line Loss Correction Factors.** If the ISO Metered Entity uses low voltage side metering, it shall use the ISO approved transformer and/or line loss correction factor referred to in the ISO Tariff.
- 3.2.4 Rights to Access Metering Facilities.** The ISO Metered Entity shall use its best efforts to procure any rights necessary for the ISO to access all Metering Facilities of the ISO Metered Entity to fulfill its obligations under the ISO Tariff and its obligations under this Agreement. If, after using its best efforts, the ISO Metered Entity is unable to provide the ISO with such access rights, the ISO Metered Entity shall ensure that one of its employees is an ISO Authorized Inspector and such employee undertakes, at the ISO's request, the certification, testing, inspection and/or auditing of those Metering Facilities in accordance with the procedures established pursuant to the ISO Tariff, including the requirement to complete and provide to the ISO all necessary documentation. The ISO acknowledges that it will not be prevented from fulfilling its obligations under the ISO Tariff or this Agreement by reason of the fact that it is provided with escorted access to the Metering Facilities of the ISO Metered Entity.
- 3.2.5 Security and Validation Procedures.** The security measures and the validation, editing and estimation procedures that the ISO will apply to Meter Data made available to the ISO by the ISO Metered Entity shall be as referred to in the ISO Tariff.

3.3 Obligations and Rights of the ISO.

3.3.1 Direct Polling of MDAS. The ISO shall allow the Scheduling Coordinator representing the ISO Metered Entity and all Authorized Users to directly poll MDAS for the Meter Data relating to the ISO Metered Entity in accordance with the procedures referred to in the ISO Tariff.

3.3.2 ISO as Third-Party Beneficiary. The ISO shall be a third-party beneficiary to any future agreement between the ISO Metered Entity and any other party relating to the Metering Facilities of the ISO Metered Entity for the purpose of granting the ISO access to any relevant information, records and facilities as needed by the ISO to fulfill its obligations under the ISO Tariff and its obligations under this Agreement.

3.3.3 Remote and Local Access to Metering Data. The ISO shall provide the ISO Metered Entity any password or other requirements necessary for the ISO Metered Entity to access its Metered Data remotely or locally at the Meter.

3.4 Exemptions Granted by the ISO. Any exemptions provided for under the ISO Tariff that are granted by the ISO shall be set forth in Schedule 2 of this Agreement. Any amendment or addition to Schedule 2 shall not constitute an amendment to this Agreement.

ARTICLE IV

PENALTIES AND SANCTIONS

4.1 Penalties. If an ISO Metered Entity provides inaccurate or incorrect Meter Data or fraudulent Meter Data to the ISO, the ISO shall be entitled to impose penalties and sanctions, including but not limited to suspension of trading rights following 14 days written notice to the ISO Metered Entity. Fraudulent Meter Data means any Meter Data provided to the ISO by the ISO Metered Entity that it knows to be false, incorrect or incomplete at the time it provided that Meter Data to the ISO. All penalties and sanctions shall be set forth in Schedule 4 Part A to this Agreement. No penalties or sanctions, including suspension of trading rights, may be imposed under this Agreement unless a Schedule providing for such penalties or sanctions has first been filed with and made effective by FERC. Nothing in the Agreement, with the exception of the provisions relating to ADR, shall be construed as waiving the rights of the ISO Metered Entity to oppose or protest any penalty proposed by the ISO to the FERC or the specific imposition by the ISO of any FERC-approved penalty on the ISO Metered Entity.

4.2 Corrective Measures. If the ISO Metered Entity fails to meet or maintain the standards for Metering Facilities or comply with the audit or test procedures as referred to in the ISO Tariff, the ISO shall be permitted to take corrective measures. The corrective measures and rights the ISO may exercise upon any failure by any entity to meet those standards for Metering Facilities or to comply with the audit or test procedures shall be set forth in Schedule 4 Part B.

ARTICLE V

ACCESS TO METERING DATA

- 5.1 Authorized Users.** In addition to the persons referred to in the ISO Tariff, including the ISO Metered Entity and the relevant Scheduling Coordinator, as being entitled to access Meter Data on MDAS, the ISO Metered Entity may set forth in Schedule 3 of this Agreement any additional authorized users that shall be entitled to access the ISO Metered Entity's Settlement Quality Meter Data held by the ISO. The ISO Metered Entity shall include in Schedule 3 as authorized users the relevant UDCs and TOs. The ISO shall provide the authorized users with any password or other information necessary to access the ISO Metered Entity's Settlement Quality Metered Data held by the ISO on MDAS. Any amendment or addition to Schedule 3 shall not constitute an amendment to this Agreement.

ARTICLE VI

COSTS

- 6.1 Certification, Inspection and Auditing of Meters.** The ISO Metered Entity shall be responsible for all reasonable costs incurred by the ISO or an ISO Authorized Inspector in connection with them carrying out the certification, inspection, testing or auditing of the meters identified in Schedule 1 from which the ISO Metered Entity provides Meter Data to the ISO. The ISO or ISO Authorized Inspector will furnish the ISO Metered Entity, upon request, an itemized bill for such costs.

ARTICLE VII

DISPUTE RESOLUTION

- 7.1 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 ISO ADR Procedures set forth in Section 13 of the ISO Tariff, which is incorporated by reference, except that all reference in Section 13 of the ISO Tariff to Market Participants shall be read as a reference to the ISO Metered Entities and references to the ISO Tariff shall be read as references to this Agreement.

ARTICLE VIII

REPRESENTATIONS AND WARRANTIES

- 8.1 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.

- 8.2 Necessary Approvals.** The ISO Metered Entity represents that all necessary approvals, permits, licenses, easements, right of way or access to install, own and operate its meters have been or will be obtained by the ISO Metered Entity prior to the effective date of this Agreement.

ARTICLE IX

LIABILITY AND INDEMNIFICATION

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

ARTICLES X

UNCONTROLLABLE FORCES

- 10.1 Uncontrollable Forces Tariff Provisions.** Section 14 of the ISO Tariff shall be incorporated by reference into this Agreement except that all references in Section 14 of the ISO Tariff to Market Participants shall be read as references to the ISO Metered Entity and all references to the ISO Tariff shall be read as references to this Agreement.

ARTICLE XI

MISCELLANEOUS

- 11.1 Assignments.** Either Party may assign or transfer any or all of its rights and/or obligations under this Agreement with the other Party's prior written consent in accordance with Section 22.2 of the ISO Tariff. Such consent shall not be unreasonably withheld. Any such transfer or assignment shall be conditioned upon the successor in interest accepting the rights and/or obligations under this Agreement as if said successor in interest was an original Party to this Agreement.
- 11.2 Notices.** Any notice, demand or request which may be given to or made upon either Party regarding this Agreement shall be made in accordance with Section 22.4 of the ISO Tariff. A Party must update the information in Schedule 5 as information changes. Such changes shall not constitute an amendment to this Agreement.
- 11.3 Waivers.** Any waiver at any time by either Party of its rights with respect to any default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not 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.

- 11.4 Governing Law and Forum.** This Agreement shall be deemed to be a contract made under and for all purposes shall be governed by and construed in accordance with the laws of the State of California, except its conflict of law provisions. The Parties irrevocably consent that any legal action or proceeding arising under or relating to this Agreement to which the ISO ADR Procedures do not apply shall be brought in any of the following forums, as appropriate: any court of the State of California, any federal court of the United States of America located in the State of California or, where subject to its jurisdiction, before the Federal Energy Regulatory Commission.
- 11.5 Consistency with Federal Laws and Regulations.** This Agreement shall incorporate by reference Section 22.9 of the ISO Tariff as if the references to the ISO Tariff were referring to this Agreement.
- 11.6 Merger.** This Agreement constitutes the complete and final agreement of the Parties with respect to the subject matter hereto and supersedes all prior agreements, whether written or oral, with respect to such subject matter.
- 11.7 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.
- 11.8 Amendments.** This Agreement and the Schedules attached hereto may be amended from time to time by the mutual agreement of the Parties in writing. Amendments that are subject to FERC approval shall not take effect until FERC has accepted such amendments for filing and has made them effective. If the amendment does not require FERC approval, the amendment will be filed with FERC for information.
- 11.9 Counterparts.** This Agreement may be executed in one or more counterparts at different times, each of which shall be regarded as an original and all of which, taken together, shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed on behalf of each by and through their authorized representatives as of the date hereinabove written.

California Independent System Operator Corporation

By: _____

Name: _____

Title: _____

Date: _____

Full legal name of ISO Metered Entity

By: _____

Name: _____

Title: _____

Date: _____

SCHEDULE 1
METER INFORMATION
[Section 3.3.2]

Resource ID/Meter Number _____
Name of the Facility _____
Location (address if applicable) _____

SCHEDULE 2

EXEMPTIONS FROM METERING STANDARDS AND OTHER REQUIREMENTS

[Section 3.4]

SCHEDULE 3

**ACCESS TO METER DATA
AND
AUTHORIZED USERS
[Section 5.1]**

List authorized users and any restrictions or limitations placed on them.

SCHEDULE 4

PART A

ISO IMPOSED PENALTIES AND SANCTIONS

[Section 4.1]

TO BE INSERTED UPON FERC APPROVAL

PART B

CORRECTIVE MEASURES

[SECTION 4.2]

TO BE DEVELOPED

SCHEDULE 5

NOTICE

[Section 11.2]

Name of Primary

Representative: _____

Title: _____

Company: _____

Address: _____

City/State/Zip Code: _____

Email address: _____

Phone: _____

Fax: _____

Name of Alternative

Representative: _____

Title: _____

Company: _____

Address: _____

City/State/Zip Code: _____

Email address: _____

Phone: _____

Fax: _____

ISO:

Name of Primary

Representative: _____

Title: _____

Address: _____

City/State/Zip Code: _____

Email address: _____

Phone: _____

Fax: _____

Name of Alternative

Representative: _____

Title: _____

Address: _____

City/State/Zip Code: _____

Email address: _____

Phone: _____

Fax: _____

ISO TARIFF APPENDIX B.7
Meter Service Agreement for Scheduling Coordinators

CALIFORNIA INDEPENDENT SYSTEM OPERATOR

AND

[SC]

**METER SERVICE AGREEMENT
FOR SCHEDULING COORDINATORS**

**METER SERVICE AGREEMENT
FOR SCHEDULING COORDINATORS**

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

(1) **[Full legal name]** having its registered and principal place of business located at **[Address]** (the "SC");

and

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

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

Whereas:

- A.** Section 10 of the ISO Tariff requires the ISO to enter into a meter service agreement with each Scheduling Coordinator responsible for providing Settlement Quality Meter Data for Scheduling Coordinator Metered Entities that it represents.
- B.** Section 10 of the ISO Tariff requires Scheduling Coordinators to ensure that the Scheduling Coordinator Metered Entities that they represent adhere to the requirements and standards for Metering Facilities set forth in Section 10.6.
- C.** The Parties are entering into this Agreement in order to establish the terms and conditions upon which the ISO and the Scheduling Coordinator shall discharge their respective duties and responsibilities pursuant to this Agreement and the ISO Tariff.
- D.** All obligations and responsibilities included in this Agreement may be set forth in further detail in the ISO 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 Section 1.2 of this Agreement, all terms and expressions used in this Agreement shall have the same meaning as those contained in the Master Definitions Supplement to the ISO Tariff.

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

“ISO Authorized Inspector” has the meaning as defined in the ISO Tariff.

“ISO Metered Entity” means:

- (a) any one of the following entities that is directly connected to the ISO Controlled Grid:
 - i. a Generator other than a Generator that sells all of its Energy (excluding any Energy consumed by auxiliary load equipment electrically connected to that Generator at the same point) and Ancillary Services to the UDC in whose Service Area it is located;
 - ii. an Eligible Customer; or
 - iii. an End-User other than an End-User that purchases all of its Energy from the UDC in whose Service Area it is located; and
- (b) any one of the following entities:
 - i. a Participating Generator;
 - ii. a Participating TO in relation to its Tie Point Meters with other TOs or Control Areas; or
 - iii. a Participating Load.

“MDAS” means the ISO’s revenue metering data acquisition and processing system.

“Metering Facilities” means revenue quality meters, instrument transformers, secondary circuitry, secondary devices, meter data servers, related communication facilities and other related local equipment.

“SC” means Scheduling Coordinator.

“Scheduling Coordinator Metered Entity” or **“SC Metered Entity”** means a Generator, Eligible Customer or End-User that is not an ISO Metered Entity.

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

- (a) if there is any inconsistency between this Agreement and the ISO Tariff, the ISO Tariff will prevail to the extent of the inconsistency;
- (b) the singular shall include the plural and vice versa;
- (c) the masculine shall include the feminine and neutral and vice versa;
- (d) "includes" or "including" shall mean "including without limitation";
- (e) references to a section, article or schedule shall mean a section, article or a schedule of this Agreement, as the case may be, unless the context otherwise requires;
- (f) a reference to a given agreement or instrument shall be a reference to that agreement or instrument as modified, amended, supplemented or restated through the date as of which such reference is made;
- (g) unless the context otherwise requires, references to any law shall be deemed references to such law as it may be amended, replaced or restated from time to time;
- (h) unless the context otherwise requires, any reference to a "person" includes any individual, partnership, firm, company, corporation, joint venture, trust, association, organization or other entity, in each case whether or not having separate legal personality;
- (i) unless the context otherwise requires, any reference to a Party includes a reference to its permitted successors and assigns;
- (j) any reference to a day, week, month or year is to a calendar day, week, month or year;
- (k) the captions and headings in this Agreement are inserted solely to facilitate reference and shall have no bearing upon the interpretation of any of the terms and conditions of this Agreement; and
- (l) references to the ISO Tariff and other ISO Documents shall be interpreted in accordance with any exceptions or exemptions to such as may have been granted by the ISO.

ARTICLE II

TERM AND TERMINATION

- 2.1 Effective Date.** This Agreement shall be effective as of the later of the date of execution of this Agreement, or the date it is accepted and made effective by FERC, and shall remain in full force and effect until terminated by operation of law or pursuant to Section 2.2 of this Agreement.

2.2 Termination

- 2.2.1 Termination by ISO.** Subject to Section 14 the ISO may terminate this Agreement by giving written notice of termination in the event that the Scheduling Coordinator commits any default under this Agreement and/or the ISO Tariff which, if capable of being remedied, is not remedied within thirty (30) days after the ISO has given it written notice of the default, unless excused by reason of Uncontrollable Force in accordance with Section 15 of the ISO Tariff. With respect to any notice of termination given pursuant to this Section, the ISO must file a timely notice of termination with FERC. The filing of the notice of termination by the ISO will be considered timely if: (1) the request to file a notice of termination is made after the preconditions for termination have been met, and (2) the ISO files the notice of termination within 30 days of receipt of such request. This Agreement shall terminate upon acceptance by FERC of such notice of termination.
- 2.2.2 Termination by SC.** In the event that the Scheduling Coordinator wishes to terminate this Agreement, the Scheduling Coordinator shall give the ISO ninety (90) days written notice. With respect to any notice of termination given pursuant to this Section, the ISO must file a timely notice of termination with FERC. The filing of the notice of termination by the ISO will be considered timely if: (1) the request to file a notice of termination is made after the preconditions for termination have been met, and (2) the ISO files the notice of termination within 30 days of receipt of such request. This Agreement shall terminate upon acceptance by FERC of such a notice of termination.

ARTICLE III

GENERAL TERMS AND CONDITIONS

- 3.1 Agreement Subject to ISO Tariff .** This Agreement shall be subject to the provisions of the ISO Tariff which shall be deemed to be incorporated herein, as the same may be changed or superseded from time to time. The Parties agree that they will comply with the provisions of Section 10 of the ISO Tariff.
- 3.2 Requirements and Standards for Metering Facilities.** The Scheduling Coordinator shall ensure that the Scheduling Coordinator Metered Entities it represents shall adhere to the requirements and standards for Metering Facilities of its Local Regulatory Authority. If that Scheduling Coordinator Metered Entity's Local Regulatory Authority has not set any requirements or standards in relation to any of its Metering Facilities, the Scheduling Coordinator representing that Scheduling Coordinator Metered Entity must comply with the requirements and standards for those Metering Facilities as set forth in this Agreement and the ISO Tariff.
- 3.3 Obligations and Rights of the Scheduling Coordinator.**
- 3.3.1 Meter Information.** If the ISO so requests, the Scheduling Coordinator shall provide in the format prescribed by Schedule 1 to this Agreement the required information with respect to the meters for all Scheduling Coordinator Metered Entities it represents including the reference to specific distribution loss factors or methodology it proposes to use as determined by the relevant UDC and approved by the relevant Local Regulatory Authority. The Scheduling Coordinator must

immediately notify the ISO of any changes to the information provided to the ISO in accordance with this Section 3.3.1 and provide the ISO with any information in relation to such change as reasonably requested by the ISO. Any amendments or additions to Schedule 1 shall not constitute an amendment to this Agreement.

3.3.2 Assistance and Cooperation of Scheduling Coordinator. The Scheduling Coordinator shall ensure that the ISO shall, upon reasonable notice, have access to the entire Metering Facilities of the Scheduling Coordinator Metered Entities that it represents from the meter data server to the Metering Facilities in order to inspect, test or otherwise audit those Metering Facilities.

3.3.3 Profiled and Cumulative Meter Data. The Scheduling Coordinator shall provide the ISO with any applicable load profile for each Scheduling Coordinator Metered Entity that it represents that is load profiled in accordance with the ISO Tariff. The Scheduling Coordinator shall provide a copy of the load profile applicable to each Scheduling Coordinator Metered Entity (if any) that it represents which shall be set forth in Schedule 2 to this Agreement. The Scheduling Coordinator must immediately notify the ISO of any changes to the load profiles referred to in Schedule 2 to this Agreement and provide the ISO with a copy of the new or amended load profile. Such change to Schedule 2 shall not constitute an amendment to this Agreement.

3.3.4 Security and Validation Procedures. The Scheduling Coordinator shall apply to the Meter Data of the Scheduling Coordinator Metered Entities that it represents, the security and validation procedures prescribed by the relevant Local Regulatory Authority. If the relevant Local Regulatory Authority has not prescribed any such procedures, the Scheduling Coordinator shall apply the procedures set forth in the ISO Tariff. Meter Data submitted by an Scheduling Coordinator for Scheduling Coordinator Metered Entities shall conform to these standards unless the ISO has, at its discretion, exempted the Scheduling Coordinator from these standards.

3.4 Obligations and Rights of the ISO.

3.4.1 Exemptions Granted by ISO. Any exemptions provided for under the ISO Tariff that are granted by the ISO shall be set forth in Schedule 3 to this Agreement. Any amendment or addition to Schedule 3 shall not constitute an amendment to this Agreement.

3.4.2 ISO as Third-Party Beneficiary. The ISO shall be a third-party beneficiary to the agreements between the Scheduling Coordinator and Scheduling Coordinator Metered Entities that the Scheduling Coordinator represents. Such agreements shall grant the ISO access to any relevant information, records and facilities of the Scheduling Coordinator Metered Entity as needed for the ISO to fulfill its obligations under this Agreement and the ISO Tariff.

ARTICLE IV

PENALTIES & SANCTIONS

4.1 Penalties. If the Scheduling Coordinator provides inaccurate or incorrect Settlement Quality Meter Data or fraudulent Meter Data to the ISO, the ISO shall be entitled to impose penalties and sanctions, including but not limited to suspension of trading rights following 14 days written notice to the Scheduling Coordinator. Fraudulent Meter Data means any data provided to the ISO by the Scheduling Coordinator that the Scheduling Coordinator knows to be false, incorrect or incomplete at the time it provided it to the ISO. All penalties and sanctions shall be set forth in Schedule 4 Part

A. No penalties or sanctions, including the suspension of trading rights, may be imposed under this Agreement unless a Schedule providing for such penalties or sanctions has first been filed with and made effective by FERC. Nothing in the Agreement, with the exception of the provisions relating to ADR, shall be construed as waiving the rights of the Scheduling Coordinator to oppose or protest any penalty proposed by the ISO to the FERC or the specific imposition by the ISO of any FERC-approved penalty on the Scheduling Coordinator. The ISO will provide notice to all Scheduling Coordinators of any filing of proposed penalties or sanctions with the FERC. The ISO shall notify the Scheduling Coordinator of those approved penalties within 14 days of their approval by the FERC.

- 4.2 Corrective Measures.** If the Scheduling Coordinator or any Scheduling Coordinator Metered Entity that it represents fails to meet or maintain the standards for Metering Facilities or comply with the audit or test procedures as set forth in the ISO Tariff, the ISO shall be permitted to take corrective measures. Details of the corrective measures and rights the ISO may exercise upon any failure by any entity to meet those standards for Metering Facilities or to comply with the audit or test procedures shall be set forth in Schedule 4 Part B.

ARTICLE V

ACCESS TO METER DATA

- 5.1 Third Parties.** Third parties that are authorized by the Scheduling Coordinator to access the Meter Data of a Scheduling Coordinator Metered Entity held by the ISO and that are entitled to such Meter Data shall be identified in Schedule 5 to this Agreement. The Scheduling Coordinator shall not provide a third party access to Meter Data of a Scheduling Coordinator Metered Entity unless the Scheduling Coordinator has permission from that Scheduling Coordinator Metered Entity to provide that access. The relevant UDCs and TOs shall be included in Schedule 5 provided that the Scheduling Coordinator Metered Entity has granted those UDCs and TOs access to its Meter Data. Any amendment or addition to Schedule 5 shall not constitute an amendment to this Agreement. The Scheduling Coordinator shall, on request by the Scheduling Coordinator Metered Entity, access the Meter Data held by the ISO relating to that Scheduling Coordinator Metered Entity and provide that Meter Data to the Scheduling Coordinator Metered Entity in a timely manner.

ARTICLE VI

COSTS

- 6.1 Certification, Inspection and Auditing of Meters.** The Scheduling Coordinator shall be responsible for all reasonable costs incurred by the ISO or an ISO Authorized Inspector in connection with them carrying out the certification, inspection, testing or auditing of the meters identified in Schedule 1 from which the Scheduling Coordinator provides Meter Data to the ISO. The ISO or ISO Authorized Inspector will furnish the Scheduling Coordinator, upon request, an itemized bill for such costs.

ARTICLE VII

DISPUTE RESOLUTION

- 7.1 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 ISO ADR Procedures set forth in Section 13 of the ISO Tariff, which is incorporated by reference, except that all reference in Section 13 of the ISO Tariff to Market Participants shall be read as a reference to the Scheduling Coordinator Metered Entity and references to the ISO Tariff shall be read as references to this Agreement.

ARTICLE VIII

REPRESENTATIONS AND WARRANTIES

- 8.1 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.
- 8.2 Necessary Authority.** The Scheduling Coordinator represents and warrants that all of the entities which it identifies on Schedule 1 as Scheduling Coordinator Metered Entities that it represents have granted it all necessary authority to enable it to carry out its obligations under this Agreement and the ISO Tariff, and, subject to the execution and delivery by the ISO, this Agreement will be enforceable against the Scheduling Coordinator in accordance with its terms.
- 8.3 Meter Data Access.** The Scheduling Coordinator represents and warrants that all third parties referred to in Schedule 5 to this Agreement have been authorized by the relevant Scheduling Coordinator Metered Entity as having access to its Settlement Quality Meter Data.

ARTICLE IX

LIABILITY AND INDEMNIFICATION

- 9.1 Liability and Indemnification.** The provisions of Section 14 of the ISO Tariff will apply to liability arising under this Agreement except that all references in Section 14 of the ISO Tariff to Market Participants shall be read as references to the Scheduling Coordinator and references in the ISO Tariff shall be read as references to this Agreement.

ARTICLE X

UNCONTROLLABLE FORCES

- 10.1 Uncontrollable Forces.** Section 14 of the ISO Tariff shall be incorporated by reference into this Agreement except that all references in Section 14 of the ISO Tariff to Market Participants shall be read as references to the Scheduling Coordinator and all references to the ISO Tariff shall be read as references to this Agreement.

ARTICLE XI

MISCELLANEOUS

- 11.1 Assignments.** Either Party may assign or transfer any or all of its rights and/or obligations under this Agreement with the other Party's prior written consent in accordance with Section 22.2 of the ISO Tariff. Such consent shall not be unreasonably withheld. Any such transfer or assignment shall be conditioned upon the successor in interest accepting the rights and/or obligations under this Agreement as if said successor in interest was an original Party to this Agreement.
- 11.2 Notices.** Any notice, demand or request which may be given to or made upon either Party regarding this Agreement shall be made in accordance with the Scheduling Coordinator's Scheduling Coordinator Agreement and in accordance with Section 22.4 of the ISO Tariff. A Party must update the information in Schedule 6 as information changes. Such changes shall not constitute an amendment to this Agreement.
- 11.3 Waivers.** Any waiver at any time by either Party of its rights with respect to any default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not 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.
- 11.4 Governing Law and Forum.** This Agreement shall be deemed to be a contract made under and for all purposes shall be governed by and construed in accordance with the laws of the State of California, except its conflict of law provisions. The Scheduling Coordinator irrevocably consents that any legal action or proceeding arising under or relating to this Agreement to which the ISO ADR Procedures do not apply shall be brought in any of the following forums, as appropriate: any court of the State of California, any federal court of the United States of America located in the State of California or, where subject to its jurisdiction, before the Federal Energy Regulatory Commission.
- 11.5 Consistency with Federal Laws and Regulations.** This Agreement shall incorporate by reference Section 22.9 of the ISO Tariff as if the references to the ISO Tariff were referring to this Agreement.
- 11.6 Merger.** This Agreement constitutes the complete and final agreement of the Parties with respect to the subject matter hereto and supersedes all prior agreements, whether written or oral, with respect to such subject matter.

- 11.7 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.
- 11.8 Amendments.** This Agreement and the Schedules attached hereto may be amended from time to time by the mutual agreement of the Parties in writing. Amendments that are subject to FERC approval shall not take effect until FERC has accepted such amendments for filing and has made them effective. If the amendment does not require FERC approval, the amendment will be filed with FERC for information.
- 11.9 Counterparts.** This Agreement may be executed in one or more counterparts at different times, each of which shall be regarded as an original and all of which, taken together, shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed on behalf of each by and through their authorized representatives as of the date hereinabove written.

California Independent System Operator Corporation

By: _____

Name: _____

Title: _____

Date: _____

Full legal name of SC

By: _____

Name: _____

Title: _____

Date: _____

SCHEDULE 1

METER INFORMATION

[Section 3.3.1]

Meter Number

Name of the Facility

Contact details for Scheduling Coordinator Metered Entity Representative

SCHEDULE 2

APPROVED LOAD PROFILE

[Section 3.3.3]

Attach details of each load profile used by the Scheduling Coordinator Metered Entities represented by the Scheduling Coordinator, the names of the Scheduling Coordinator Metered Entities that use each of those load profiles and the name of the Local Regulatory Authority that approved each of those load profiles.

SCHEDULE 3

EXEMPTIONS FROM METERING STANDARDS AND OTHER REQUIREMENTS

[Section 3.4.1]

Exemption

Attach variation with an explanation.

Name of the relevant Local Regulatory Authority which sets security and validation standards for the Scheduling Coordinator Metered Entity.

Other Exemptions

SCHEDULE 4

PART A

ISO IMPOSED PENALTIES AND SANCTIONS

[Section 4.1]

TO BE INSERTED UPON FERC APPROVAL

PART B

CORRECTIVE MEASURES

[Section 4.2]

TO BE DEVELOPED

SCHEDULE 5

ACCESS TO METER DATA

[Section 5.1]

List the third parties authorized by each Scheduling Coordinator Metered Entity represented by the Scheduling Coordinator to access that Scheduling Coordinator Metered Entities' Settlement Quality Meter Data.

SCHEDULE 6

NOTICE

[Section 11.2]

Name of Primary

Representative: _____

Title: _____

Address: _____

City/State/Zip Code: _____

Email address: _____

Phone: _____

Fax: _____

Name of Alternative

Representative: _____

Title: _____

Address: _____

City/State/Zip Code: _____

Email address: _____

Phone: _____

Fax: _____

ISO:

Name of Primary

Representative: _____

Title: _____

Address: _____

City/State/Zip Code: _____

Email address: _____

Phone: _____

Fax: _____

Name of Alternative

Representative: _____

Title: _____

Address: _____

City/State/Zip Code: _____

Email address: _____

Phone: _____

Fax: _____

ISO TARIFF APPENDIX B.8
Utility Distribution Company Operating Agreement

CALIFORNIA INDEPENDENT SYSTEM OPERATOR

AND

[UTILITY DISTRIBUTION COMPANY]

UTILITY DISTRIBUTION COMPANY OPERATING AGREEMENT

UTILITY DISTRIBUTION COMPANY
OPERATING AGREEMENT

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

(1) **[Full legal name of UDC]** having its registered and principal place of business located at **[Address]** (the "UDC");

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 ISO Governing Board may from time to time designate, initially 151 Blue Ravine Road, Folsom, California 95630 (the "ISO").

The UDC and the ISO are hereinafter referred to as the "Parties".

Whereas:

- A. The purpose of this Operating Agreement is to establish the rights and obligations of the UDC and the ISO with respect to the UDC's Interconnection with the ISO Controlled Grid and the UDC's cooperation and coordination with the ISO to aid the reliability and the operational control of the ISO Controlled Grid and the UDC's Distribution System.
- B. The UDC owns and operates a Distribution System within the ISO Control Area subject to the authority of a Local Regulatory Authority.
- C. The UDC wishes to transmit Energy and/or supply Ancillary Services to or from the ISO Controlled Grid under the terms and conditions set forth in the ISO Tariff. The UDC also wishes to support and be part of the coordinated response to System Emergencies and to System Reliability concerns relating to the ISO Controlled Grid.
- D. The ISO has certain statutory obligations under California law to maintain the reliability of the ISO Controlled Grid.
- E. This Operating Agreement obligates the UDC and the ISO to comply with the relevant sections of the ISO Tariff, the ISO Operating Procedures and the ISO Specifications.
- F. The UDC and the Participating TO with which it is interconnected intend to coordinate the planning and implementation of any expansions or modifications of the UDC's or Participating TO's systems that will affect their transmission interconnection, the ISO Controlled Grid or the transmission services to be required by the UDC.

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 Section 1.2 of this Operating Agreement, all terms and expressions used in this Operating Agreement shall have the same meaning as those contained in the Master Definitions Supplement to the ISO Tariff.

1.2 Special Definitions for this Operating Agreement. In this Operating Agreement, the following words and expressions shall have the meanings set opposite them:

“ISO Specifications” means those standards pertaining to the areas of operation listed in Article IV of this Operating Agreement, approved by the ISO to establish detailed technical performance and reliability parameters at the ISO Controlled Grid and UDC Interconnection, associated with the ISO Tariff, as those standards may be amended from time to time.

“ISO Operating Procedure” means those procedures pertaining to the areas of operation listed in Article IV of this Operating Agreement, created by the ISO to establish detailed operating practices at the ISO Controlled Grid and UDC Interconnection, associated with general provisions required in the ISO Tariff, as those standards may be amended from time to time.

“Underfrequency Load Shedding (UFLS)” means automatic Load Shedding, accomplished by the use of such devices as underfrequency relays, intended to arrest frequency decline and assure continued operation within anticipated islands.

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

- (a) if there is any inconsistency between this Operating Agreement and the ISO Tariff, the ISO Tariff will prevail to the extent of the inconsistency;
- (b) the singular shall include the plural and vice versa;
- (c) the masculine shall include the feminine and neutral and vice versa;
- (d) “includes” or “including” shall mean “including without limitation”;
- (e) references to a Section, Article or Schedule shall mean a Section, Article or a Schedule of this Operating Agreement, as the case may be, unless the context otherwise requires;
- (f) a reference in this Operating Agreement to a given agreement, instrument or the ISO Tariff shall be a reference to that agreement, instrument or the ISO Tariff as modified, amended, supplemented or restated through the date as of which such reference is made;
- (g) unless the context otherwise requires, references to any law shall be deemed references to such law as it may be amended, replaced or restated from time to time;

- (h) unless the context otherwise requires, any reference to a "person" includes any individual, partnership, firm, company, corporation, joint venture, trust, association, organization or other entity, in each case whether or not having separate legal personality;
- (i) unless the context otherwise requires, any reference to a Party includes a reference to its permitted successors and assigns;
- (j) any reference to a day, week, month or year is to a calendar day, week, month or year; and the captions and headings in this Operating Agreement are inserted solely to facilitate reference and shall have no bearing upon the interpretation of any of the terms and conditions of this Operating Agreement.

ARTICLE II

TERM AND TERMINATION

- 2.1 Effective Date.** This Operating Agreement shall be effective as of the later of the date it is executed by the Parties or the date accepted for filing and made effective by the FERC and shall remain in full force and effect until the earlier of the termination date, the termination of the TCA or such other date as the Parties shall mutually agree. With respect to any such termination, the ISO must file a timely notice of termination with FERC, and this Operating Agreement shall terminate upon acceptance by FERC of such a notice of termination.
- 2.2 Termination Date.** Either Party (the terminating Party) may terminate this Operating Agreement by giving written notice in the event that the other Party (the defaulting Party) commits any default under this Operating Agreement and/or the ISO 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 X of this Operating Agreement. With respect to any notice of termination given pursuant to this Section, the ISO must file a timely notice of termination with FERC. The filing of the notice of termination by the ISO will be considered timely if: (1) the request to file a notice of termination is made after the preconditions for termination have been met, and (2) the ISO files the notice of termination within 30 days of receipt of such request. This Operating Agreement shall terminate upon acceptance by FERC of such a notice of termination.
- 2.3 Termination Pursuant to the TCA.** If the UDC is a party to the Transmission Control Agreement ("TCA"), this Operating Agreement shall terminate upon the effective date of the UDC's withdrawal from the TCA in accordance with Section 3.3 of the TCA, provided, however, that first the ISO shall have filed a timely notice of termination with FERC and FERC shall have accepted such notice of termination. The filing of the notice of termination by the ISO will be considered timely if: (1) the request to file a notice of termination is made after the preconditions for termination have been met, and (2) the ISO files the notice of termination within 30 days of receipt of such request.

ARTICLE III

GENERAL TERMS AND CONDITIONS

- 3.1.1 Facilities Under ISO Operational Control.** Parties shall identify on Schedule 1 those facilities of the UDC that the Parties mutually agree will be placed under the ISO's operational control pursuant to the ISO Tariff. In the event that a Party invokes the dispute resolution provision identified in Section 7.1 of this Operating Agreement, such dispute shall be resolved based upon whether the ISO's control over such disputed facilities is essential to meeting the Applicable Reliability Criteria, as defined in the ISO Tariff. With respect to each facility identified in Schedule 1, the Parties shall negotiate the extent of the ISO's operational control in order to meet said standard.
- 3.1.2 Facilities Financed by Local Furnishing Bonds or Other Tax-Exempt Bonds.** This Section 3.1.2 applies only to facilities which are under the operational control of the ISO and are owned by a UDC with Local Furnishing Bonds or other tax-exempt bonds. Nothing in this Operating Agreement shall compel (and the ISO is not authorized to request) any UDC 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 part with Local Furnishing Bonds or other tax-exempt bonds. The UDC shall cooperate with and provide all necessary assistance to the ISO in developing specific schedules to be included in executed Operating Agreements with such UDC to meet the intent of Section 3.1.1 of this Operating Agreement.
- 3.2 Agreement Subject to ISO Tariff.** This Operating Agreement shall be subject to the provisions of the ISO Tariff which shall be deemed to be incorporated by reference herein, as the same may be changed or superseded from time to time pursuant to Sections 22.10 and 22.4.3 of the ISO Tariff. The Parties agree that they will comply with Section 4.4, and any other applicable provisions, of the ISO Tariff.
- 3.3 Operation of ISO Controlled Grid.** The ISO shall operate the ISO Controlled Grid in accordance with the ISO Tariff and the Transmission Control Agreement to which it is a party.
- 3.4.1 Compliance with ISO Specifications and ISO Operating Procedure.** The UDC will abide by and will perform all of the obligations under the ISO Specifications and the ISO Operating Procedure placed on UDCs in respect of all matters set forth therein as the same may be changed or superseded from time to time pursuant to the procedures set forth in Sections 22.10 and 22.4.3 of the ISO Tariff. In the event of any conflict or dispute over interpretation, the ISO Tariff shall, at all times, take precedence over the ISO Specifications and ISO Operating Procedure. The ISO shall not implement any reliability requirements, operating requirements or performance standards that would impose increased costs on the UDC without giving due consideration to whether the benefits of such requirements or standards are sufficient to justify such increased costs. In any proceeding concerning the cost recovery by the UDC of capital and operation and maintenance costs incurred to comply with ISO Specifications and Operating Procedure, the ISO shall, at the request of the UDC, provide specific information regarding the nature of, and need for, the ISO-imposed requirements or standards to enable the UDC to use this information in support of cost recovery through rates and tariffs.
- 3.4.2 Review of Specifications and Operating Procedure.** The ISO shall periodically review with the UDC the ISO Specifications and Operating Procedure and, through the Grid Reliability and

Operations Committee process, shall modify the specifications and/or Operating Procedure as necessary.

- 3.4.3 Periods When Compliance is Required.** While awaiting dispute resolution or regulatory review, the UDC shall not be required to comply with changes to the ISO Specifications and/or Operating Procedure, except where compliance is necessary in order to prevent or remedy an imminent System Emergency.
- 3.5 Scheduling Coordinator Certification.** The UDC shall ensure that any Scheduling Coordinator through which it schedules Energy and Ancillary Services to or from the ISO Controlled Grid is appropriately certified in accordance with Section 4.5.1 of the ISO Tariff in accordance with the list of Scheduling Coordinators established by the ISO on WEnet.
- 3.6 Single Point of Contact.** The ISO and the UDC shall each provide a single point of contact on a 24-hour, 7-day basis for the exchange of operational procedures and information. In the case of a UDC that is also a Participating TO, there may be only one single point of contact required and, in the reasonable discretion of the ISO, duplicative reporting requirements and functions may be waived. Details of requirements relating to and the identity of the initial points of contact are set forth in Schedule 2.
- 3.7 Delegated Operational Responsibilities.** The UDC undertakes to perform all operational responsibilities delegated to the UDC by the ISO in accordance with Section 4.4.1.2 of the ISO Tariff and described in Schedule 3.

ARTICLE IV

OPERATIONAL COORDINATION

The Parties will perform the operational coordination obligations and responsibilities assigned to them under the ISO Tariff, the ISO Operating Procedures, and the ISO Specifications. The obligations and responsibilities include:

- 4.1 Maintenance Coordination**
- 4.1.1 Maintenance Coordination for Facilities under ISO Control.** The UDC shall schedule with the ISO on an annual basis any maintenance Outages of the equipment included in Schedule 1 pursuant to Schedule 4 in compliance with the ISO Tariff and shall coordinate its Outage requirements with the Participating TO with which it is interconnected.
- 4.1.2 Maintenance Coordination for Other Facilities.** With respect to other facilities which may affect the reliability of the UDC Interconnection, the UDC shall coordinate its Outage requirements with the Participating TO with which it is interconnected.
- 4.2 System Emergencies.** The responsibilities of the Parties in relation to System Emergencies are stated in the ISO Tariff and in Schedule 5. The ISO shall adopt fair and non-discriminatory procedures among the UDCs to ensure that no UDC bears a disproportionate share of the ISO's Load Shedding program.

- 4.2.1 Underfrequency Load Shedding (UFLS).** The responsibilities of the Parties in relation to UFLS are stated in Sections 7.4 and 7.4.9 of the ISO Tariff, the ISO Operating Procedure, the ISO Specifications and in Schedule 6.
- 4.2.2 Other Automatic Load Shedding.** The responsibilities of the Parties in relation to automatic Load Shedding as a function of voltage and other parameters are stated in the ISO Operating Procedure, the ISO Specifications and in Schedule 7.
- 4.2.3 Manual Load Shedding.** The responsibilities of the Parties to direct and to accept direction for manual disconnection of Load, under EEP, Load curtailment programs or other emergency plans, are stated in Section 7 and Section 7.4.11.3 of the ISO Tariff, the ISO Operating Procedure, the ISO Specifications and in Schedule 8.
- 4.3 Electrical Emergency Plan (EEP).** The responsibilities of the Parties in relation to the EEP are stated in Section 7.4.6 of the ISO Tariff, the ISO Operating Procedure, the ISO Specifications and in Schedule 9.
- 4.4 Load Restoration.** The responsibilities of the Parties for restoring Load following a system disturbance are stated in Section 7.4.11.3 of the ISO Tariff, the ISO Operating Procedure, the ISO Specifications and in Schedule 10.
- 4.5 Records, Information and Reports.** The Parties are required to maintain such records, to share information, and to make such reports as are stated in Section 4.4.12, 4.4.6, and 4.4.8 of the ISO Tariff, the ISO Operating Procedure, the ISO Specifications, and in Schedule 11. Additionally, the Parties shall jointly perform a review following a major Outage as provided in Section 7.4.13.1 of the ISO Tariff.
- 4.6 Interconnection Operation Standards.** The ISO and UDC shall maintain stable established operating parameters and control power and reactive flow within standards stated in the ISO Specifications and in Schedule 12.
- 4.7 Critical Protective Systems.** The UDC shall (in accordance with Section 11.2 of this Operating Agreement) notify the ISO as soon as is reasonably practicable of any condition that it becomes aware of that may compromise the ISO Controlled Grid Critical Protective Systems in accordance with Section 4.4.3 of the ISO Tariff and Schedule 13.
- 4.8 UDC Distribution Systems.** The ISO shall (in accordance with Section 11.2 of this Operating Agreement) notify the UDC as soon as is reasonably practicable of any condition which the ISO becomes aware that may compromise the operation and reliability of the UDC Distribution System.

ARTICLE V

ACCESS TO FACILITIES

- 5.1 Access Rights.** Pursuant to Section 4.4.8.4 of the ISO Tariff and Schedule 14 of this Operating Agreement, the ISO and the UDC shall each have the right to install or to have installed equipment or other facilities, including metering equipment, on the electric utility property of the other necessary for the implementation of this Operating Agreement. The ISO's installation of equipment on the property of the UDC shall comply with Local Regulatory Authority regulations, except where

compliance with Local Regulatory Authority regulations would cause the ISO to violate the ISO Tariff, and with all relevant safety standards. In such case, the UDC and ISO will work together to resolve the conflict between the Local Regulatory Authority regulations and the ISO Tariff.

- 5.2 Meter Testing.** The UDC shall, at the request of the ISO and upon reasonable notice, provide access to its facilities necessary to permit the ISO or an ISO-approved meter inspector to perform such testing as necessary in accordance with Section 4.4.8.4 of the ISO Tariff and the procedures set forth in Schedule 14.
- 5.3 Emergency Access Rights.** Section 4.4.8.4.3 of the ISO Tariff shall govern the ISO's right to access the UDC's equipment or other facilities during a System Emergency or where access is needed in connection with an audit function. In a System Emergency, the UDC shall have a right of access to ISO equipment on UDC property and UDC equipment on ISO property without notice.

ARTICLE VI

COSTS

- 6.1 UDC Operating and Maintenance Costs.** The UDC shall be responsible for all costs incurred in connection with procuring, installing, operating and maintaining its facilities identified in Schedule 1 for the purpose of meeting its obligations under this Operating Agreement.
- 6.2 ISO Operating and Maintenance Costs.** The ISO shall be responsible for the procurement, installation, operation and maintenance costs of ISO equipment set out in Article V of this Operating Agreement installed on UDC property.

ARTICLE VII

DISPUTE RESOLUTION

- 7.1 Alternative Dispute Resolution.** The Parties shall make reasonable efforts to settle all disputes arising out of or in connection with this Operating Agreement. In the event any dispute is not settled, the Parties shall adhere to the ISO ADR Procedures set forth in Section 13 of the ISO Tariff, which is incorporated by reference, except that all reference in Section 13 of the ISO Tariff to Market Participants shall be read as a reference to the UDC and references to the ISO Tariff shall be read as references to this Operating Agreement.

ARTICLE VIII

REPRESENTATIONS AND WARRANTIES

- 8.1 Representations and Warranties.** Each Party represents and warrants that its execution, delivery and performance of this Operating Agreement has been duly authorized by all necessary corporate and/or governmental actions, to the extent authorized by law.

- 8.2 Necessary Approvals.** Each Party represents that all necessary approvals, permits, licenses, easements, right of way or access to install, own and operate its facilities subject to this Operating Agreement have been obtained prior to the effective date of this Operating Agreement.

ARTICLE IX

LIABILITY

- 9.1 Extent of Liability.** The provisions of Section 14 of the ISO Tariff will apply to liability arising under this Operating Agreement, except that all references in Section 14 of the ISO Tariff to Market Participants shall be read as references to the UDC and references to the ISO Tariff shall be read as references to this Operating Agreement.

ARTICLE X

UNCONTROLLABLE FORCES

- 10.1 Uncontrollable Forces Tariff Provisions.** Section 14 of the ISO Tariff shall be incorporated by reference into this Operating Agreement, except that all references in Section 14 of the ISO Tariff to Market Participants shall be read as a reference to the UDC and references to the ISO Tariff shall be read as references to this Operating Agreement.

ARTICLE XI

MISCELLANEOUS

- 11.1 Assignments.** Either Party may assign its obligations under this Operating Agreement, with the other Party's prior written consent, in accordance with Section 22.2 of the ISO Tariff, which is incorporated by reference into this Operating Agreement. Such consent shall not be unreasonably withheld.
- 11.2 Notices.** Any notice, demand or request which may be given to or made upon either Party regarding this Operating Agreement shall be made in accordance with Section 22.4 of the ISO Tariff, which is incorporated by reference, except that all reference in Section 22.4 to Market Participants shall be read as a reference to the UDC. A Party must update the information relating to its address as that information changes in accordance with Section 22.4 of the ISO Tariff. Such changes will not constitute an amendment to this Operating Agreement.
- 11.3 Waivers.** Any waiver at any time by either Party of its rights with respect to any default under this Operating Agreement, or with respect to any other matter arising in connection with this Operating Agreement, shall not constitute or be deemed a waiver with respect to any subsequent default or matter arising in connection with this Operating Agreement. Any delay short of the statutory period of limitations, in asserting or enforcing any right under this Operating Agreement, shall not constitute or be deemed a waiver of such right.

- 11.4 Governing Law and Forum.** This Operating 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 in its conflict of laws provisions. The Parties irrevocably consent that any legal action or proceeding arising under or in relation to this Operating Agreement to which the ISO ADR Procedures do not apply, shall be brought in any of the following forums, as appropriate: any court of the State of California, any federal court of the United States of America located in the State of California or, where subject to its jurisdiction, before the Federal Energy Regulatory Commission.
- 11.5 Consistency with Federal Laws and Regulations.**
- (a) Nothing in this Operating Agreement shall compel any person or federal entity to: (1) violate federal statutes or regulations; or (2) in the case of a federal agency, to exceed its statutory authority, as defined by any applicable federal statutes, regulations, or orders lawfully promulgated thereunder. If any provision of this Operating Agreement is inconsistent with any obligation imposed on any person or federal entity by federal law or regulation to that extent, it shall be inapplicable to that person or federal entity. No person or federal entity shall incur any liability by failing to comply with this Operating Agreement that is inapplicable to it by reason of being inconsistent with any federal statutes, regulations, or orders lawfully promulgated thereunder; provided, however, that such person or federal entity shall use its best efforts to comply with the ISO Tariff to the extent that applicable federal laws, regulations, and orders lawfully promulgated thereunder permit it to do so.
 - (b) If any provision of this Operating Agreement requiring any person or federal entity to give an indemnity or impose a sanction on any person is unenforceable against a federal entity, the ISO shall submit to the Secretary of Energy or other appropriate Departmental Secretary a report of any circumstances that would, but for this provision, have rendered a federal entity liable to indemnify any person or incur a sanction and may request the Secretary of Energy or other appropriate Departmental Secretary to take such steps as are necessary to give effect to any provisions of this Operating Agreement that are not enforceable against the federal entity.
- 11.6 Integration.** This Operating Agreement constitutes the full agreement of the Parties with respect to the subject matter hereto and supercedes all prior agreements, whether written or oral, with respect to such subject matter.
- 11.7 Severability.** If any term, covenant, or condition of this Operating 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 Operating 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 Operating Agreement.
- 11.8 Penalties.** Any penalties to be levied under this Operating Agreement shall be established in accordance with the ISO Tariff after consultation between the UDC and the ISO, and approval by

the FERC, and shall be set out in Schedule 15. No penalties or sanctions may be imposed under this Operating Agreement unless a Schedule providing for such penalties or sanctions has first been filed with and made effective by FERC. Nothing in this Operating Agreement, with the exception of the provisions relating to ADR, shall be construed as waiving the rights of the UDC to oppose or protest any penalty proposed by the ISO to the FERC or the specific imposition by the ISO of any FERC-approved penalty on the UDC.

- 11.9 Section Headings:** Section headings provided in this Operating Agreement are for ease of reading and are not meant to interpret the text in each Section.
- 11.10 Amendments.** This Operating Agreement and the Schedules attached hereto may be amended from time to time by the mutual agreement of the Parties in writing. Amendments that require FERC approval shall not take effect until FERC has accepted such amendments for filing and made them effective. If the amendment does not require FERC approval, the amendment will be filed with FERC for information.
- 11.11 Counterparts.** This Operating 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 Operating Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Operating Agreement to be duly executed on behalf of each by and through their authorized representatives as of the date hereinabove written.

California Independent System Operator Corporation

By: _____

Name: _____

Title: _____

Date: _____

Full Name of UDC

By: _____

Name: _____

Title: _____

Date: _____

SCHEDULE 1

FACILITIES UNDER ISO CONTROL

The UDC will supply a list of UDC facilities that are placed under the operational control of the ISO in Schedule 1.

There are no UDC facilities to be listed here at present.

SCHEDULE 2

OPERATIONAL CONTACT

ISO:

Transmission Dispatcher

(Folsom):

Transmission Dispatcher

(Alhambra):

Shift Supervisor:

Manager of Dispatch and

Security Coordination:

City/State/Zip Code

Other ISO Dispatch Operations Phones:

Generation Dispatcher

(Folsom)

Generation Dispatcher

(Alhambra)

Security Coordinator

UDC:

Name of Primary

Representative: _____

Name of Alternative

Representative: _____

Title: _____

Operations Shift Supervisor

Address: _____

City/State/Zip Code _____

Email address: _____

Phone: _____

Fax: _____

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.

SCHEDULE 3

DELEGATED OPERATIONAL RESPONSIBILITIES

Currently the ISO has not delegated any operational responsibilities to the UDC in accordance with Section 4.1.2 of the ISO Tariff. If such a delegation occurs, they will be identified in this Schedule 3.

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.

SCHEDULE 4

MAINTENANCE COORDINATION

By October 1st of each year, the UDC will exchange with the ISO a provisional planned outage program for all lines and equipment in Schedule 1. That document will be updated quarterly or as changes occur to the proposed schedule.

The ISO will approve all outages on equipment and lines transferred to ISO operational control.

Applications for scheduled work will be submitted to the ISO by _____'s Grid Operations group via means to be agreed to by both Parties. The UDC documents will record the details for all work and become the data base for reporting and recording outage information.

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.

SCHEDULE 5

SYSTEM EMERGENCIES

The ISO will notify the UDC's operational contact (Operations Shift Supervisor - Grid Control), as identified in Schedule 2, of the emergency, including information regarding the cause, nature, extent, and potential duration of the emergency. The Operations Shift Supervisor will add any relevant data and will notify Distribution Operations. Distribution Operations will make the appropriate notifications within the UDC organization. The Operations Shift Supervisor and Distribution Control Shift Supervisor will then take such actions as are appropriate for the emergency.

The UDC will make requests for information from the ISO regarding emergencies through the Operations Shift Supervisor, or the UDC Communication Coordinator may coordinate public information with the ISO Communication Coordinator.

The UDC is required to estimate service restoration by geographic areas, and will use its call center and the media to communicate with customers during service interruptions. The UDC is also required to communicate the same information to appropriate state and local governmental entities. For transmission system caused outages the Operations Shift Supervisor will notify Distribution Operations Control Center of any information related to the outage such as cause, nature, extent, potential duration and customers affected.

Distribution Control and Grid Control Center logs, Electric Switching Orders and Energy Management System temporal data base 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.

The UDC will retain records in accordance with its Corporate Standard Practice for six years.

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.

SCHEDULE 6

UNDERFREQUENCY LOAD SHEDDING

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

This plan establishes Underfrequency Load Shedding objectives consistent with the load shedding policies of the Western Systems Coordinating Council, the North American Electric Reliability Council and the UDC. The UDC's load shedding program will be in accordance with the WSCC Off-nominal Frequency Report requirements.

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.

SCHEDULE 7

OTHER AUTOMATIC LOAD SHEDDING

In addition to underfrequency relay load reduction, any undervoltage relay protection that is utilized in the UDC will be identified in the Attachment to this Schedule 7.

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.

SCHEDULE 8

MANUAL LOAD SHEDDING

[Note: Schedule 8 will detail the criteria governing the implementation of manual Load Shedding and/or interruptible Loads, and will describe the UDC's means of effecting Load Shedding and the estimated associated MW values of various UDC Loads to be shed. For Load curtailment programs Schedule 8 will also contain the UDC's capabilities until October 1 and thereafter annually.]

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.

SCHEDULE 8A

ROTATING LOAD CURTAILMENT PROCEDURES

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.

SCHEDULE 8B

INTERRUPTIBLE LOAD

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.

SCHEDULE 9

ELECTRICAL EMERGENCY PLAN

The ISO Specifications will outline the basic criteria for the development, coordination, and implementation of the UDC EEP and the requirements for coordination with the ISO EEP. Schedule 9 will include the UDC EEP as coordinated with the ISO EEP.

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.

SCHEDULE 10

LOAD RESTORATION

The UDC will follow the procedures set forth below in this Schedule 10 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 has occurred in the UDC, the UDC will remain in contact with their respective Participating Transmission Owner (PTO) Area Control Center (ACC) until normal frequency has been restored throughout the ISO Control Area or the ISO Shift Supervisor has concluded that such full-time communications can be terminated. Emergency communications over the California ACC Hot-line will be under the direction of the ISO Shift Supervisor and the senior dispatcher present at the affected PTO ACC(s).
2. Manual load restoration will not normally be initiated until the California ACC Hot Line is attended. No load is to be manually restored unless directed by the ISO after the frequency has recovered and there is indication that the frequency can be maintained. The UDC will await direction from their respective PTO ACC who will be in contact with the ISO Shift Supervisor. The ISO Shift Supervisor will determine whether adequate generation resources are available on line to support the load to be restored.
3. Any UDC automatic load restoration will be consistent with the WSCC Coordinated Off-Nominal Frequency Load Shedding and Restoration Plan.
4. If the ISO cannot meet the WSCC and NERC Control Area Disturbance Control Standard or the Control Performance Standard post disturbance, no manual load restoration will be permitted. If the frequency is such that automatic load restoration occurs under these conditions, the UDC(s) which has restored load automatically 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. The UDC should be equipped and prepared to drop load manually when necessary to allow frequency recovery sufficient to re-establish ISO intra-area ties and ties between the ISO Control Area and outside systems. Where manual load shedding is required, the ISO shall make reasonable efforts to allocate the load shedding requirement equitably among the UDCs where load shedding will be beneficial.
6. The UDC will use its existing plans and priorities to restore load within the parameters given by the ISO, giving the appropriate priority to essential services such as military, public safety agencies, water treatment plants, sewage treatment plants, etc.

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.

SCHEDULE 11

RECORDS, INFORMATION, REPORTS

The ISO and UDC will jointly develop any necessary forms and procedures for collection, study and transmittal of system data, information, reports, and forecasts.

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.

SCHEDULE 12

INTERCONNECTION OPERATION STANDARDS

The ISO and UDC shall jointly maintain stable operating parameters and control power and reactive flow in accordance with the ISO Tariff and the following Interconnection Operation Standards.

UDC Responsibilities

1.0 The UDC shall operate its facilities at each point of interconnection with the ISO Controlled Grid in such manner as to avoid any material or adverse impact on the ISO Controlled Grid. In accordance with this performance goal, the UDC shall:

1.1 Operate its facilities at each point of interconnection with the ISO Controlled Grid 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 UDC facilities will be cleared with minimal impact on the ISO Controlled Grid.

1.3 Maintain load power factor at each point of interconnection with the ISO Controlled Grid as close as possible to unity power factor and pursuant to Section 8.2.3.4 of the ISO Tariff.

ISO Responsibilities

2.0 The ISO shall operate the ISO Controlled Grid at each point of interconnection with the UDC in such manner as to avoid any material or adverse impact on the UDC facilities. In accordance with this performance goal, the ISO shall:

2.1 Participate with the UDC and TO in the development of joint power quality performance standards and jointly maintain compliance with such standards.

2.2 Observe UDC grid voltage limits specified in Attachment 7 including requirements for reduced voltage on ISO Controlled Grid facilities which apply during heavy fog (or other unusual operating conditions) as needed to minimize the risk of insulator flashover.

2.3 Approve transmission owner maintenance requests in a timely manner, and shall not unreasonably withhold approval of TO requests for authorization to perform energized insulator washing work or to take planned Outages needed to replace or insul-grease insulators.

2.4 Support UDC investigation of power quality incidents, and provide related data to the UDC in a timely manner.

2.5 Support installation of apparatus on the ISO 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 control areas.

2.6 Maintain load power factor at each UDC Interconnection as close as possible to unity power factor and pursuant to Section 8.2.3.4 of the ISO Tariff.

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.

SCHEDULE 13

CRITICAL PROTECTION SYSTEMS

Distribution protective relay schemes affecting the ISO Controlled Grid are those associated with transformers that would trip transmission breakers and/or busses at UDC Interconnection point 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.

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.

SCHEDULE 14

RIGHTS OF ACCESS TO FACILITIES

14.1 Equipment Installation. In order to give effect to this Operating Agreement, a Party that requires to use 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 Operating Agreement.

14.1.1 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 Operating Agreement, subject to the property owner's reasonable safety, operational, and future expansion needs.

14.1.2 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.

14.1.3 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 be prevented from performing its own obligations or exercising its rights under this Operating Agreement.

14.1.4 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 this Section 14.1.

14.2 Rights to Assets. The Parties shall not interfere with each other's assets, without prior written agreement.

14.3 Inspection of Facilities. In order to meet their respective obligations under this Operating 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.

14.4 Access During Emergencies. Either Party shall have rights of access, without prior notice, to the other Party's equipment as necessary during times of a System Emergency.

SCHEDULE 15

PENALTIES AND SANCTIONS

Intentionally left blank, initially, in accordance with Section 11.7

The information to be contained in this Schedule will be filed when complete following current revisions and development and may thereafter be subject to additional filing due to subsequent revisions as these may be required from time to time.

ISO TARIFF APPENDIX B.9
Dynamic Scheduling Host Control Area Operating Agreement

CALIFORNIA INDEPENDENT SYSTEM OPERATOR

AND

[CONTROL AREA]

DYNAMIC SCHEDULING HOST CONTROL AREA OPERATING AGREEMENT

**DYNAMIC SCHEDULING HOST CONTROL AREA
OPERATING AGREEMENT**

THIS DYNAMIC SCHEDULING HOST CONTROL AREA OPERATING AGREEMENT (“AGREEMENT”) is established this ____ day of _____, ____ and is accepted by and between:

[Full legal name] (“Host Control Area”), having its registered and principal executive office at [address],

and

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

The Host Control Area and the ISO are hereinafter referred to as the “Parties”.

Whereas:

- A.** The Parties named above operate Control Areas.
- B.** The Parties wish to coordinate operation of dynamic scheduling functionality to satisfy North American Electric Reliability Council (“NERC”) policies, Western Electricity Coordinating Council (“WECC”) Minimum Operating Reliability Criteria (“MORC”), and Good Utility Practice.
- C.** The Host Control Area does not have an Interconnected Control Area Operating Agreement (“ICAOA”) with the ISO and desires to implement an agreement to facilitate dynamic scheduling from System Resources in its Control Area to the ISO Control Area without an ICAOA.
- D.** The Parties wish to enter into this Agreement to establish the terms and conditions for the operation of the dynamic scheduling functionality from Host Control Area’s Control Area to the ISO Control Area.
- E.** The ISO has certain statutory obligations under California law to maintain power system reliability.

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

1. Term and Termination

1.1 Effective Date

This Agreement shall be effective as of the date set forth above, unless this Agreement is accepted for filing and made effective by the Federal Energy Regulatory Commission (“FERC”) on some other date, if FERC filing is required, and shall continue in effect until terminated.

1.2 Termination

This Agreement may be terminated by either Party upon thirty (30) days written notice to the other Party or upon mutual consent of both Parties. For entities subject to FERC jurisdiction, termination will be effective upon acceptance by FERC of notice of termination, if this Agreement has been filed with FERC, or thirty (30) days after the date of the notice of default, if terminated in accordance with the requirements of FERC Order No. 2001 and related FERC orders. The ISO shall timely file any required notice of termination with FERC. The filing of the notice of termination by the ISO will be considered timely if: (1) the request to file a notice of termination is made after the preconditions for termination have been met, and (2) the ISO files the notice of termination within sixty (60) days after issuance of the notice of default.

2. Definitions

2.1 WECC Definitions

Except as defined below, terms and expressions used in this Agreement shall have the same meanings as those contained in the WECC MORC Definitions.

2.2 Specific Definitions

- 2.2.1 Good Utility Practice:** Any of the practices, methods, and acts engaged in or approved by a significant portion of the electric utility industry in the WECC region during the relevant time period, or any of the practices, methods, and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, and expedition. Good Utility Practice is not intended to be any one of a number of the optimum practices, methods, or acts to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.
- 2.2.2 ISO Tariff:** ISO Operating Agreement, Protocols, and Tariff as amended from time to time, together with any appendices or attachments thereto.
- 2.2.3 Point of Contact:** A person or entity having the authority to receive and act upon scheduling or dispatch communications from the other Control Area operator and available through a communications device mutually agreed upon on a 24-hour, 7-day basis.
- 2.2.4 Scheduling Coordinator:** An entity certified by the ISO for the purposes of undertaking the functions of: submitting schedules for energy, generation, transmission losses, and ancillary services; coordinating generation; tracking, billing, and settling trades with other Scheduling Coordinators; submitting forecast information; paying the ISO's charges; and ensuring compliance with ISO protocols.
- 2.2.5 Standards:** The ISO's "*Standards for Dynamic Imports of Energy, Supplemental Energy, and Energy Associated with Non-Regulation Ancillary Services*," which document is posted on the ISO internet home page (www.caiso.com).
- 2.2.6 System Resource:** "System Resource" is defined in the ISO Tariff and, in the context of this Agreement, may include combinations of resources as described in the Standards.

3. General

3.1 Purpose

This Agreement sets forth the requirements that must be satisfied by the Host Control Area should it elect to support Scheduling Coordinators' requests for implementation of a dynamic scheduling functionality and delivery of energy, supplemental energy, and energy associated with ancillary services (except regulation service) into the ISO Control Area. The requirements encompass technical (energy management system ("EMS")/ automatic generation control ("AGC") and communications), interchange scheduling, telemetry, and aspects of Control Area operations.

3.2 NERC/WECC Operating Standards Observed

Nothing in this Agreement is intended to change, supersede, or alter either Party's obligations to abide by NERC standards and policies and WECC criteria.

3.3 Applicable Standards

This Agreement incorporates, by reference, the ISO's Standards.

3.4 Communication

The ISO and the Host Control Area shall each operate and maintain a 24-hour, 7-day control center with real time scheduling and control functions. Appropriate control center staff will be provided by each Party who shall be responsible for operational communications and who shall have sufficient authority to commit and bind that Party. The ISO and the Host Control Area shall jointly develop communication procedures necessary to support scheduling and dispatch functions. The Points of Contact and the procedures for insuring reliable communication are identified in Schedule 1.

4. Telecommunications Requirements

The ISO and Host Control Area shall establish and maintain real time, redundant, diversely routed, communications links between the ISO EMS and the Host Control Area EMS, with the primary link utilizing the standard inter-control center communications protocol ("ICCP") in accordance with the Standards for the dynamically scheduled System Resources listed in Schedule 2.

5. Telemetry

For each operating hour for which a System Resource is scheduled to deliver energy, supplemental energy, and/or energy associated with any of the non-regulating ancillary services to the ISO Control Area, the Host Control Area shall provide, via the ICCP communication links to the ISO EMS, the data for each System Resource, as set forth in the Standards.

6. Interchange Scheduling Requirements

6.1 Dynamic Scheduling

The Host Control Area shall support Scheduling Coordinators' requests to arrange dynamic interchange schedules for the delivery of energy to the ISO Control Area, reflecting the System

Resource's instantaneous energy production or allocation level and taking into account available transmission capacity.

6.2 Treatment of Area Control Error ("ACE")

The Host Control Area shall instantaneously compensate its AGC for the System Resource's energy output that is generated or allocated for establishing the dynamic schedule to the ISO such that the System Resource energy production or allocation changes have an equal in magnitude and opposite in sign effect on the Host Control Area's ACE.

6.2 Integration of Dynamic Scheduling

For each operating hour during which energy was dynamically scheduled for delivery to the ISO Control Area, the Host Control Area shall compute an integrated amount of interchange based on the System Resource's integrated energy production, by integrating the instantaneous System Resource production levels. Such integrated MWH value shall be agreed to hourly by the real time schedulers.

6.3 Delivery of Megawatts ("MW")

The Host Control Area shall not be obligated to make up any difference between the dynamic energy schedule and the MW being generated or allocated by the System Resource.

6.4 Access to Information

The Parties agree to exchange information related to telemetry sent and received with respect to the delivery of energy (i) at the request of the other Party for purposes of after-the-fact interchange accounting or (ii) on demand for any other purpose.

7. Other Host Control Area Responsibilities

7.1 Operational Jurisdiction

The Host Control Area will have, at a minimum, the level of operational jurisdiction over the System Resource and the associated dynamic schedule that NERC and WECC vest in Host Control Areas.

7.2 E-Tagging

The Host Control Area must support associated e-tagging as described in the Standards and deemed to be consistent with NERC and/or WECC requirements.

7.3 Real-Time Adjustments

The Host Control Area must have a means to manually override and/or otherwise adjust the dynamic signal in real time, if needed.

7.4 Coordination with Other Control Areas

The Host Control Area must provide in real time the instantaneous value of each dynamic schedule to every intermediary Control Area through whose systems such dynamic schedule may be implemented to the ISO.

8. Other

8.1 Losses

The ISO shall not be responsible for transmission losses caused by transmitting energy dynamically within or across the Host Control Area for delivery to the ISO.

8.2 Certification

Only ISO-certified System Resource/Host Control Area arrangements will be allowed to bid or self provide ancillary services in the ISO's ancillary services market through an ISO-certified Scheduling Coordinator.

8.3 No Guarantee of Award

Certification of a System Resource/Host Control Area arrangement allows for bidding of supplemental energy and/or certain ancillary services into the ISO market; it does not, however, guarantee selection of such bid.

8.4 Performance Assessment

The ISO will monitor and measure dynamically imported ancillary services, whether bid or self-provided, against the performance benchmarks described in the Standards.

8.5 Description of System Resources

Each dynamically scheduled System Resource permitted pursuant to this Agreement is described in Schedule 2.

9. Notifications

The ISO and the Host Control Area shall jointly develop methods for coordinating the notification of all affected scheduling entities within their respective Control Areas regarding schedule changes in emergency or curtailment conditions.

10 Liability

10.1 Uncontrollable Forces

An Uncontrollable Force means any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm, flood, earthquake, explosion, any curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other

cause beyond the reasonable control of a control area operator which could not be avoided through the exercise of Good Utility Practice.

Neither the ISO nor the Host Control Area will be considered in default of any obligation under this Agreement or liable to the other for direct, indirect, and consequential damages if prevented from fulfilling that obligation due to the occurrence of an Uncontrollable Force.

In the event of the occurrence of an Uncontrollable Force, which prevents either the ISO or the Host Control Area from performing any obligations under this Agreement, the affected entity shall not be entitled to suspend performance of its obligations in any greater scope or for any longer duration than is required by the Uncontrollable Force. The ISO and the Host Control Area shall each use its best efforts to mitigate the effects of such Uncontrollable Force, remedy its inability to perform, and resume full performance of its obligations hereunder.

10.2 Liability To Third Parties

Except as otherwise expressly provided herein, nothing in this Agreement shall be construed or deemed to confer any right or benefit on, or to create any duty to, or standard of care with reference to any third party, or any liability or obligation, contractual or otherwise, on the part of ISO or the Host Control Area.

10.3 Liability Between the Parties

The Parties' duties and standard of care with respect to each other, and the benefits and rights conferred on each other, shall be no greater than as explicitly stated herein. Neither Party, its directors, officers, employees, or agents, shall be liable to the other Party for any loss, damage, claim, cost, charge, or expense, whether direct, indirect, or consequential, arising from the Party's performance or nonperformance under this Agreement, except for a Party's gross negligence, or willful misconduct.

11 Miscellaneous

11.1 Assignments

Either Party to this Agreement may assign its obligations under this Agreement, with the other Party's prior written consent. Such consent shall not be unreasonably withheld.

Obligations and liabilities under this Agreement shall be binding on the successors and assigns of the Parties. No assignment of this Agreement shall relieve the assigning Party from any obligation or liability under this Agreement arising or accruing prior to the date of assignment.

11.2 Notices

Any notice, demand, or request which may be given to or made upon either Party regarding this Agreement shall be made in writing and shall be deemed properly served, given, or made: (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 3 relating to its address as that information changes. Such changes shall not constitute an amendment to this Agreement.

11.3 Waivers

Any waiver at any time by either Party of its rights with respect to any default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not constitute or be deemed a waiver with respect to any subsequent default or 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.

11.4 Governing Law and Forum

Subject to ICAA 11.5, 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. The Parties irrevocably consent that any legal action or proceeding arising under or relating to this Agreement shall be brought in any of the following forums, as appropriate: a court of the State of California or 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. No provision of this Agreement shall be deemed to waive the right of any Party to protest, or challenge in any manner, whether this Agreement, or any action or proceeding arising under or relating to this Agreement, is subject to the jurisdiction of the Federal Energy Regulatory Commission.

11.5 Consistency with Federal Laws and Regulations

(a) Nothing in this Agreement shall compel any person or federal entity to: (1) violate federal statutes or regulations; or (2) in the case of a federal agency, to exceed its statutory authority, as defined by any applicable federal statutes, regulations, or orders lawfully promulgated thereunder. If any provision of this Agreement is inconsistent with any obligation imposed on any person or federal entity by federal law or regulation to that extent, it shall be inapplicable to that person or federal entity. No person or federal entity shall incur any liability by failing to comply with any provision of this Agreement that is inapplicable to it by reason of being inconsistent with any federal statutes, regulations, or orders lawfully promulgated thereunder; provided, however, that such person or federal entity shall use its best efforts to comply with the ISO Tariff to the extent that applicable federal laws, regulations, and orders lawfully promulgated thereunder permit it to do so.

(b) If any provision of this Agreement requiring any person or federal entity to give an indemnity or impose a sanction on any person is unenforceable against a federal entity, the ISO shall submit to the Secretary of Energy or other appropriate Departmental Secretary a report of any circumstances that would, but for this provision, have rendered a federal entity liable to indemnify any person or incur a sanction and may request the Secretary of Energy or other appropriate Departmental Secretary to take such steps as are necessary to give effect to any provisions of this Agreement that are not enforceable against the federal entity.

11.6 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.

11.7 Section Headings

Section headings provided in this Agreement are for ease of reading and are not meant to interpret the text in each Section.

11.8 Amendments

This Agreement and the Schedules attached hereto may be amended from time to time by the mutual agreement of the Parties in writing. Amendments that are subject to FERC approval shall not take effect until FERC has accepted such amendments for filing and has made them effective. If the amendment does not require FERC approval, the amendment will be filed with FERC for information. Nothing contained herein shall be construed as affecting in any way the right of the ISO or the Host Control Area to unilaterally make application to FERC for a change in the rates, terms and conditions of this Agreement under Section 205 of the FPA and pursuant to FERC's rules and regulations promulgated thereunder.

11.9 Counterparts

This Agreement may be executed in one or more counterparts at different times, each of which shall be regarded as an original and all of which, taken together, shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed on behalf of each by and through their authorized representatives as of the date first written above.

California Independent System Operator Corporation

By: _____

Name: _____

Title: _____

Date: _____

[Full legal name of Host Control Area]

By: _____

Name: _____

Title: _____

Date: _____

SCHEDULE 1

POINTS OF CONTACT
[Section 3.4]

OPERATIONAL CONTACT

ISO:

Transmission Dispatcher
(Folsom-Primary):

Transmission Dispatcher
(Alhambra-Backup):

Generation Dispatcher
(Folsom-Primary):

Generation Dispatcher
(Alhambra-Backup):

Real Time Scheduler
(Folsom):

Real Time Scheduler
(Alhambra):

Pre Scheduler:

Shift Manager:

Control Room Fax:

Outage Coordination:
Fax:

Director of Grid Operations:

WECC Reliability Coordinator:

Address:

California ISO

151 Blue Ravine Road

P.O. Box 639014

Folsom, CA 95763-9014

OPERATIONAL CONTACT

Host Control Area:

Transmission Dispatcher
(Primary):

Transmission Dispatcher
(Backup):

Generation Dispatcher
(Primary):

Generation Dispatcher
(Backup):

Real Time Scheduler:

Dispatch Supervisor:

Outage Coordination:

Fax:

Chief Dispatcher:

Address:

SCHEDULE 2

DESCRIPTION OF DYNAMICALLY SCHEDULED SYSTEM RESOURCES
[Section 4]

SCHEDULE 3

NOTICES
[Section 11.2]

Host Control Area

Name of Primary

Representative: _____

Title: _____

Company: _____

Address: _____

City/State/Zip Code _____

Email Address: _____

Phone: _____

Fax No: _____

Name of Alternative

Representative: _____

Title: _____

Company: _____

Address: _____

City/State/Zip Code _____

Email Address: _____

Phone: _____

Fax No: _____

ISO

Name of Primary
Representative:

Title:

Address:

City/State/Zip Code

Email Address:

Phone:

Fax No:

Name of Alternative
Representative:

Title:

Address:

City/State/Zip Code

Email Address:

Phone:

Fax No:

ISO TARIFF APPENDIX B.10
Small Utility Distribution Company Operating Agreement

CALIFORNIA INDEPENDENT SYSTEM OPERATOR

AND

[SMALL UTILITY DISTRIBUTION COMPANY]

SMALL UTILITY DISTRIBUTION COMPANY OPERATING AGREEMENT

**SMALL UTILITY DISTRIBUTION COMPANY
OPERATING AGREEMENT**

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

- (1) **[Full legal name of SUDC]**, having its registered and principal place of business located at **[Address]** (the "SUDC");
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 ISO Governing Board may from time to time designate, initially 151 Blue Ravine Road, Folsom, California 95630 (the "ISO").

The SUDC and the ISO are hereinafter referred to individually as "Party" and collectively as "Parties".

Whereas:

- A. The purpose of this Operating Agreement is to establish the rights and obligations of the SUDC and the ISO with respect to the SUDC's Facilities interconnected with the ISO Controlled Grid and the SUDC's cooperation and coordination with the ISO regarding reliability and the operational control of the ISO Controlled Grid and the SUDC's Distribution System.
- B. The SUDC owns and operates a small Distribution System within the ISO Control Area subject to the authority of a Local Regulatory Authority.
- C. The SUDC wishes to receive and transmit Energy and/or Ancillary Services to and/or from the ISO Controlled Grid under the terms and conditions set forth in the ISO Tariff.
- D. The ISO has certain statutory obligations under California law to maintain the reliability of the ISO Controlled Grid.
- E. The Parties recognize that while a single SUDC has little or no ability to materially, adversely affect reliability of the ISO Controlled Grid or the ISO Control Area, the SUDC agrees to support and be part of the coordinated response to System Emergencies and to reliability concerns relating to the ISO Control Area as set forth in this Operating Agreement.
- F. This Operating Agreement obligates the SUDC to comply with the sections of the ISO Tariff, the ISO Operating Procedures and the ISO Specifications specified in this Operating Agreement.

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 Section 1.2 of this Operating Agreement, all defined terms and expressions used in this Operating Agreement shall have the same meaning as those contained in the Master Definitions Supplement to the ISO Tariff.

1.2 Special Definitions for this Operating Agreement. In this Operating Agreement, the following words and expressions shall have the meanings set opposite them:

“ISO Specifications” means those standards pertaining to the areas of operation listed in Article IV of this Operating Agreement and listed in Schedule 6, approved by the ISO to establish detailed technical performance and reliability parameters at the ISO Controlled Grid and SUDC Interconnection, associated with the ISO Tariff, as those standards may be amended from time to time.

“ISO Operating Procedures” means those procedures pertaining to the areas of operation listed in Article IV of this Operating Agreement and listed in Schedule 9, created by the ISO to establish detailed operating procedures at the ISO Controlled Grid and SUDC Interconnection, associated with general provisions required in the ISO Tariff, as those standards may be amended from time to time.

“SUDC Facilities” shall have the meaning accorded to such term as provided in Section 3.2 of this Operating Agreement.

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

- (a) if there is any inconsistency between this Operating Agreement and the ISO Tariff, the ISO Tariff will prevail to the extent of the inconsistency;
- (b) the singular shall include the plural and vice versa;
- (c) the masculine shall include the feminine and neutral and vice versa;
- (d) “includes” or “including” shall mean “including without limitation”;
- (e) references to a Section, Article or Schedule shall mean a Section, Article or a Schedule of this Operating Agreement, as the case may be, unless the context otherwise requires;
- (f) a reference in this Operating Agreement to a given agreement, instrument or the ISO Tariff shall be a reference to that agreement, instrument or the ISO Tariff as modified, amended, supplemented or restated through the date as of which such reference is made;
- (g) unless the context otherwise requires, references to any law shall be deemed references to such law as it may be amended, replaced or restated from time to time;
- (h) unless the context otherwise requires, any reference to a “person” includes any individual, partnership, firm, company, corporation, joint venture, trust, association, organization or other entity, in each case whether or not having separate legal personality;
- (i) unless the context otherwise requires, any reference to a Party includes a reference to its permitted successors and assigns;
- (j) any reference to a day, week, month or year is to a calendar day, week, month or year; and the captions and headings in this Operating Agreement are inserted solely to facilitate reference and shall have no bearing upon the interpretation of any of the terms and conditions of this Operating Agreement.

**ARTICLE II
TERM AND TERMINATION**

- 2.1 Effective Date.** This Operating Agreement shall be effective as of the date it is accepted for filing and made effective by the FERC and shall remain in full force and effect until the earlier of the termination date, the termination of the Transmission Control Agreement or such other date as the Parties shall mutually agree. With respect to any such termination, the ISO must file a timely notice of termination with FERC, and this Operating Agreement shall terminate on the date FERC permits such a notice of termination to be effective.
- 2.2 Termination Date.**
- 2.2.1 Termination by Default.** Either Party (the terminating Party) may terminate this Operating Agreement by giving written notice in the event that the other Party (the defaulting Party) commits any default under this Operating Agreement and/or the ISO 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 X of this Operating Agreement.
- 2.2.2 Failure To Meet SUDC Definition.** Failure of a SUDC to satisfy the ISO Tariff definition of a SUDC shall be grounds for the ISO to terminate this Operating Agreement. In the event the ISO believes the SUDC no longer satisfies the ISO Tariff definition of a SUDC, the ISO shall provide written notification of the same to the SUDC and the SUDC shall have 60 days to respond. Following the 60-day response period and regardless of the position of the SUDC, if the ISO believes the SUDC no longer satisfies the ISO Tariff definition of a SUDC regardless of the response, the ISO may file a notice of termination with FERC in accordance with Section 2.2.3.
- 2.2.3 Filing.** With respect to any notice of termination given pursuant to this Section 2.2, the ISO must file a timely notice of termination with FERC. The filing of the notice of termination by the ISO will be considered timely if: (1) the request by either Party to file a notice of termination is made after the preconditions for termination have been met, and (2) the ISO files the notice of termination within 30 days of receipt of such request. This Operating Agreement shall terminate on the date FERC permits such a notice of termination to be effective.

**ARTICLE III
GENERAL TERMS AND CONDITIONS**

- 3.1 SUDC Responsibilities.** The SUDC will be responsible to operate and maintain its SUDC Facilities in accordance with applicable reliability standards, statutes, and regulations and Good Utility Practice so as to avoid any material adverse impact on the reliability of the ISO Control Area and the ISO Controlled Grid.
- 3.2 Interconnection and SUDC Facilities.** Schedule 1 sets forth the SUDC's Generating Units, if any, and those facilities that comprise the interconnection of the SUDC Distribution System and the ISO Controlled Grid. These facilities will be considered the "SUDC Facilities" and, except as otherwise expressly provided, the provisions of this Operating Agreement shall apply only to such SUDC Facilities.

- 3.3 Non-SUDC Facilities.** To assist the ISO in cataloging non-SUDC facilities located in the ISO Control Area and for information purposes only, Schedule 2 sets forth any non-SUDC Generating Units or other facilities that are interconnected to the SUDC Distribution System. Such non-SUDC facilities are not owned or operated by the SUDC.
- 3.4 Agreement Subject to ISO Tariff.** Notwithstanding anything to the contrary herein, the Parties agree that they will comply with Section 5 of the ISO Tariff, and any other applicable provisions of the ISO Tariff specifically referenced in this Operating Agreement. This Operating Agreement shall be subject to such provisions of the ISO Tariff, which shall be deemed to be incorporated to the extent referenced herein, as the same may be changed or superseded from time to time pursuant to Sections 22.10.1 and 22.4.3 of the ISO Tariff. Nothing in this Operating Agreement shall affect in any way the authority of the ISO to unilaterally make application to FERC for a change in the ISO Tariff under Section 205 of the Federal Power Act, nor shall anything in this Operating Agreement affect the right of either Party to file a complaint under Section 206 of the Federal Power Act regarding the ISO Tariff.
- 3.5 Operation of ISO Controlled Grid.** The ISO shall operate the ISO Control Area and the ISO Controlled Grid in accordance with the ISO Tariff and the Transmission Control Agreement to which it is a party.
- 3.6 ISO Specifications and ISO Operating Procedures.**
- 3.6.1 Compliance with ISO Specifications and ISO Operating Procedures.** The SUDC will abide by and will perform all of the obligations under the ISO Specifications identified in Schedule 6 and ISO Operating Procedures identified in Schedule 9 in respect of all matters set forth therein as the same may be changed or superseded from time to time pursuant to the procedures set forth in Sections 22.10.1 and 22.4.3 of the ISO Tariff. In the event of any conflict or dispute over interpretation, those sections of the ISO Tariff identified herein shall, at all times, take precedence over such ISO Specifications and ISO Operating Procedures. The ISO shall not implement any reliability requirements, operating requirements or performance standards that would impose increased costs on the SUDC without giving due consideration to whether the benefits of such requirements or standards are sufficient to justify such increased costs. In any proceeding concerning the cost recovery by the SUDC of capital and operation and maintenance costs incurred to comply with ISO Specifications and ISO Operating Procedures, the ISO shall to the extent practicable, at the request of the SUDC, provide specific information in a form that may be readily understood by the general public regarding the nature of, and need for, the ISO-imposed requirements or standards to enable the SUDC to use this information in public hearings in support of cost recovery through rates and tariffs.
- 3.6.2 Review of ISO Specifications and ISO Operating Procedures.** The ISO shall periodically review with the SUDC the ISO Specifications identified in Schedule 6 and ISO Operating Procedures identified in Schedule 9 and shall modify such ISO Specifications and/or ISO Operating Procedure as provided in Section 3.6.1. If a new ISO Specification or ISO Operating Procedure applicable to the SUDC is adopted pursuant to Section 3.6.1, the ISO shall provide a revised version of Schedule 6 or Schedule 9 to the SUDC. Any changes to Schedule 6 or Schedule 9 will not constitute an amendment to this Operating Agreement.
- 3.6.3 Periods When Compliance is Required.** While awaiting dispute resolution or regulatory review, the SUDC shall not be required to comply with changes to the ISO Specifications and ISO Operating Procedures, except where compliance is necessary in order to prevent or remedy an imminent System Emergency.

- 3.7 Utilization of Certified Scheduling Coordinator.** The SUDC shall utilize an ISO-certified Scheduling Coordinator to schedule Energy and Ancillary Services to or from the ISO Controlled Grid. At the time when the SUDC retains such Scheduling Coordinator, the SUDC shall confirm that the Scheduling Coordinator has entered into a Scheduling Coordinator Agreement with the ISO that is currently in effect.
- 3.8 Single Point of Contact.** The ISO and the SUDC shall each provide a single point of contact for the exchange of operational procedures and information. Details of requirements relating to and the identity of the initial points of contact are set forth in Schedule 3.
- 3.9 SUDC Compliance.** In the event the ISO believes that the SUDC has failed to comply with any provision of the ISO Tariff created after the effective date applicable to the SUDC in accordance with this Operating Agreement, the ISO shall notify the SUDC of such alleged failure and, if requested, shall meet with the SUDC regarding such alleged failure to comply. If the Parties cannot reach agreement on the alleged failure to comply, then the ISO may, if applicable, invoke Section 2.2.1 of this Operating Agreement.

ARTICLE IV OPERATIONAL COORDINATION

- 4.1 Maintenance Coordination.** The SUDC shall coordinate its SUDC Facilities Outage requirements with the Participating TO with which it is interconnected. The SUDC will provide the ISO with copy of any written information regarding Outages of the SUDC Facilities that could cause a material adverse impact on the reliability of the ISO Controlled Grid. To the extent the SUDC schedules maintenance of SUDC Facilities that has a reasonable potential to cause a material adverse impact to reliability of the ISO Controlled Grid, the SUDC shall notify the ISO of such maintenance when it becomes known, and that information will be updated quarterly or as changes occur to the proposed schedule. Consistent with the SUDC's normal record generation and retention practices, the SUDC will record the details for all such work and shall provide available records when it is known, quarterly, or upon written request by the ISO.
- 4.2 System Emergencies.** The responsibilities of the Parties in relation to System Emergencies are stated in Sections 5.4, 5.5, as well as Section 34 and Section 7 of the ISO Tariff, the ISO Operating Procedures identified in Schedule 9, and in Schedule 4.
- 4.3 System Emergency Response.** The SUDC will participate in Load Shedding by reducing Load on a voluntary basis when the ISO declares a Stage 1 System Emergency. The SUDC will use any available local communication infrastructure to request that its customers curtail their electricity usage. The SUDC will not be called separately in Stage 3 System Emergencies to manually shed Load. Load restoration of any voluntary Load reduction may not commence until such time as the ISO declares that a System Emergency no longer exists. The responsibilities of the Parties to direct and to accept direction for Load reduction or other emergency plans are stated in Sections 5.4 and 5.5 of the ISO Tariff, and the ISO Operating Procedures identified in Schedule 9 and ISO Specifications identified in Schedule 6.
- 4.4 System Disturbance Load Restoration.** The responsibilities of the Parties for restoring Load following a system disturbance are stated in Section 5.5.2 of the ISO Tariff, the ISO Operating Procedures identified in Schedule 9 and ISO Specifications identified in Schedule 6, and in Schedule 5.

- 4.5 Interconnection Operation Standards.** The ISO and SUDC shall maintain stable established operating parameters and control power and reactive flow within standards stated in Schedule 6.
- 4.6 Records, Information and Reports.** The Parties are required to maintain such records, to share information, and to make such reports as are stated in Section 5.1.2, 5.6 and 5.8 of the ISO Tariff, and the ISO Operating Procedures identified in Schedule 9 and the ISO Specifications identified in Schedule 6. In accordance with Schedule 7, the SUDC will cooperate with the ISO regarding its collection, study and transmittal of system data, information, reports, and forecasts, provided that the SUDC need only provide available information to the ISO. Upon the request of the ISO, the SUDC will cooperate with the ISO regarding any ISO review following a major Outage and provide any requested information that is available.
- 4.7 Critical Protective Systems.** The SUDC shall (in accordance with Section 11.2 of this Operating Agreement) notify the ISO as soon as it is reasonably practicable of any condition that it becomes aware of that may compromise the ISO Controlled Grid Critical Protective Systems.
- 4.8 SUDC Distribution System.** The ISO shall (in accordance with Section 11.2 of this Operating Agreement) notify the SUDC as soon as is reasonably practicable of any condition which the ISO becomes aware that may compromise the operation and reliability of the SUDC Distribution System.

ARTICLE V ACCESS TO FACILITIES

- 5.1 Access Rights.** Pursuant to Section 5.9.1 of the ISO Tariff and Schedule 8 of this Operating Agreement, the ISO and the SUDC shall each have the right to install or to have installed equipment or other facilities, including metering equipment, on the electric utility property of the other necessary for the implementation of this Operating Agreement. The ISO's installation of equipment on the property of the SUDC shall comply with Local Regulatory Authority regulations, except where compliance with Local Regulatory Authority regulations would cause the ISO to violate the ISO Tariff, and with all relevant safety standards. In such case, the SUDC and ISO will work together to resolve the conflict between the Local Regulatory Authority regulations and the ISO Tariff.
- 5.2 Meter Testing.** The SUDC shall, at the request of the ISO and upon reasonable notice, provide access to its facilities necessary to permit the ISO or an ISO-approved meter inspector to perform such testing as necessary in accordance with Section 5.9.2 or 5.9.4 of the ISO Tariff and the procedures set forth in Schedule 8. For meters that are not owned by the SUDC, the ISO will obtain approval from the meter owner in advance of accessing SUDC's Facilities. Such approval shall be provided to the SUDC upon request.
- 5.3 Emergency Access Rights.** The ISO shall have a right to access the SUDC's equipment or other facilities during a System Emergency in accordance with Section 5.9.3 of the ISO Tariff. In a System Emergency, the SUDC shall have a right of access to ISO equipment on SUDC property and SUDC equipment on ISO property without notice.

ARTICLE VI COSTS

- 6.1 SUDC Operating and Maintenance Costs.** The SUDC shall be responsible for all costs incurred in connection with procuring, installing, operating and maintaining its facilities identified in Schedule 1 for the purpose of meeting its obligations under this Operating Agreement.

- 6.2 ISO Operating and Maintenance Costs.** The ISO shall be responsible for the procurement, installation, operation and maintenance costs of ISO equipment set out in Article V of this Operating Agreement installed on SUDC property.

ARTICLE VII DISPUTE RESOLUTION

- 7.1 Alternative Dispute Resolution.** The Parties shall make reasonable efforts to settle all disputes arising out of or in connection with this Operating Agreement. In the event any dispute is not settled, the Parties shall adhere to the ISO ADR Procedures set forth in Section 13 of the ISO Tariff, which is incorporated by reference, except that all reference in Section 13 of the ISO Tariff to Market Participants shall be read as a reference to the SUDC and references to the ISO Tariff shall be read as references to this Operating Agreement.

ARTICLE VIII REPRESENTATIONS AND WARRANTIES

- 8.1 Representations and Warranties.** Each Party represents and warrants that its execution, delivery and performance of this Operating Agreement has been duly authorized by all necessary corporate and/or governmental actions, to the extent authorized by law.
- 8.2 Necessary Approvals.** Each Party represents that all necessary approvals, permits, licenses, easements, right of way or access to install, own and operate its facilities subject to this Operating Agreement have been obtained prior to the effective date of this Operating Agreement.

ARTICLE IX LIABILITY

- 9.1 Extent of Liability.** The provisions of Section 14 of the ISO Tariff will apply to liability arising under this Operating Agreement, except that all references in Section 14 of the ISO Tariff to Market Participants shall be read as references to the SUDC and references to the ISO Tariff shall be read as references to this Operating Agreement.

ARTICLE X UNCONTROLLABLE FORCES

- 10.1 Uncontrollable Forces Tariff Provisions.** Section 14 of the ISO Tariff shall be incorporated by reference into this Operating Agreement, except that all references in Section 14 of the ISO Tariff to Market Participants shall be read as a reference to the SUDC and references to the ISO Tariff shall be read as references to this Operating Agreement.

ARTICLE XI MISCELLANEOUS

- 11.1 Assignments.** Either Party may assign its obligations under this Operating Agreement, with the other Party's prior written consent, in accordance with Section 22.2 of the ISO Tariff, which is incorporated by reference into this Operating Agreement. Such consent shall not be unreasonably withheld.

- 11.2 Notices.** Any notice, demand or request which may be given to or made upon either Party regarding this Operating Agreement shall be made in accordance with Section 22.4 of the ISO Tariff, which is incorporated by reference, except that all reference in Section 22.4 to Market Participants shall be read as a reference to the SUDC. A Party must update the information in Schedule 3 of this Operating Agreement as that information changes in accordance with Section 22.4 of the ISO Tariff. Such changes will not constitute an amendment to this Operating Agreement.
- 11.3 Waivers.** Any waiver at any time by either Party of its rights with respect to any default under this Operating Agreement, or with respect to any other matter arising in connection with this Operating Agreement, shall not constitute or be deemed a waiver with respect to any subsequent default or matter arising in connection with this Operating Agreement. Any delay short of the statutory period of limitations, in asserting or enforcing any right under this Operating Agreement, shall not constitute or be deemed a waiver of such right.
- 11.4 Governing Law and Forum.** This Operating 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 in its conflict of laws provisions. The Parties irrevocably consent that any legal action or proceeding arising under or in relation to this Operating Agreement to which the ISO ADR Procedures do not apply, shall be brought in any of the following forums, as appropriate: any court of the State of California, any federal court of the United States of America located in the State of California or, where subject to its jurisdiction, before the Federal Energy Regulatory Commission.
- 11.5 Consistency with Federal Laws and Regulations.**
- (a) Nothing in this Operating Agreement shall compel any person or federal entity to: (1) violate federal statutes or regulations; or (2) in the case of a federal agency, to exceed its statutory authority, as defined by any applicable federal statutes, regulations, or orders lawfully promulgated thereunder. If any provision of this Operating Agreement is inconsistent with any obligation imposed on any person or federal entity by federal law or regulation to that extent, it shall be inapplicable to that person or federal entity. No person or federal entity shall incur any liability by failing to comply with this Operating Agreement that is inapplicable to it by reason of being inconsistent with any federal statutes, regulations, or orders lawfully promulgated thereunder; provided, however, that such person or federal entity shall use its best efforts to comply with the ISO Tariff to the extent that applicable federal laws, regulations, and orders lawfully promulgated thereunder permit it to do so.
 - (b) If any provision of this Operating Agreement requiring any person or federal entity to give an indemnity or impose a sanction on any person is unenforceable against a federal entity, the ISO shall submit to the Secretary of Energy or other appropriate Departmental Secretary a report of any circumstances that would, but for this provision, have rendered a federal entity liable to indemnify any person or incur a sanction and may request the Secretary of Energy or other appropriate Departmental Secretary to take such steps as are necessary to give effect to any provisions of this Operating Agreement that are not enforceable against the federal entity.
- 11.6 Integration.** This Operating Agreement constitutes the full agreement of the Parties with respect to the subject matter hereto and supercedes all prior agreements, whether written or oral, with respect to such subject matter.

- 11.7 Severability.** If any term, covenant, or condition of this Operating 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 Operating 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 Operating Agreement.
- 11.8 Penalties.** Any penalties to be levied under this Operating Agreement shall be established in accordance with the ISO Tariff and approved by the FERC. Nothing in this Operating Agreement, with the exception of the provisions relating to ADR, shall be construed as waiving the rights of the SUDC to oppose or protest any penalty proposed by the ISO to the FERC or the specific imposition by the ISO of any FERC-approved penalty on the SUDC.
- 11.9 Section Headings:** Section headings provided in this Operating Agreement are for ease of reading and are not meant to interpret the text in each Section.
- 11.10 Amendments.** This Operating Agreement and the Schedules attached hereto may be amended from time to time by the mutual agreement of the Parties in writing. Amendments that require FERC approval shall not take effect until FERC has accepted such amendments for filing and made them effective. If the amendment does not require FERC approval, the amendment will be filed with FERC for information.
- 11.11 Counterparts.** This Operating 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 Operating Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Operating Agreement to be duly executed on behalf of each by and through their authorized representatives as of the date hereinabove written.

California Independent System Operator Corporation

By: _____
Name: _____
Title: _____
Date: _____

[Full name of SUDC]

By: _____
Name: _____
Title: _____
Date: _____

SCHEDULE 1

SYSTEM INTERCONNECTION FACILITIES

[List to be provided in accordance with the SUDC Operating Agreement.]

SCHEDULE 2

Non-SUDC FACILITIES

[List to be provided in accordance with the SUDC Operating Agreement.]

SCHEDULE 3

OPERATIONAL CONTACTS

ISO:

Transmission Dispatcher
(Folsom): _____
Transmission Dispatcher
(Alhambra): _____
Generator Dispatcher:
(Folsom-Primary) _____
Generator Dispatcher:
(Alhambra-Backup) _____
Real Time Scheduler:
(Folsom) _____
Real Time Scheduler:
(Alhambra) _____

Pre Scheduler: _____

Shift Manager: _____
Control Room fax: _____

Outage Coordination: _____
Fax: _____

Director of Grid Operations: _____

WECC Reliability Coordinator: _____

SUDC:

Name of Operations
Representative: _____

Title: _____

Address: _____

City/State/Zip Code: _____

Email address: _____

Phone: _____

Fax: _____

Name of Alternative
Representative: _____

Title: _____

Email address: _____

Phone: _____

Fax: _____

CONTACTS FOR NOTICES

SUDC

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

Name of Alternative
Representative: _____
Title: _____
Address: _____
City/State/Zip Code: _____
Email Address: _____
Phone: _____
Fax No: _____

ISO

Name of Primary

Representative: _____

Title: _____

Address: _____

City/State/Zip Code: _____

Email Address: _____

Phone: _____

Fax No: _____

Name of Alternative

Representative: _____

Title: _____

Address: _____

City/State/Zip Code: _____

Email Address: _____

Phone: _____

Fax No: _____

SCHEDULE 4

SYSTEM EMERGENCIES

The ISO will notify the SUDC's operational contact, as identified in Schedule 2, of the emergency, including information regarding the cause, nature, extent, and potential duration of the emergency. The SUDC contact will then take such actions as are appropriate for the emergency.

The SUDC will make requests for information from the ISO regarding emergencies through the ISO Operations Shift Manager, by the SUDC's operational contact, or the SUDC may coordinate public information with the ISO Communication Coordinator.

For transmission system caused outages the ISO Operations Shift Manager will notify the SUDC contact of any information related to the outage such as cause, nature, extent, potential duration and customers affected.

Available SUDC information and ISO Grid Control Center logs, ISO Electric Switching Orders and ISO Energy Management System temporal database will be used in the ISO's 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.

The SUDC will retain records in accordance with its record retention policy or practice, provided the records associated with this Operating Agreement are retained for a minimum of six years.

SCHEDULE 5

SYSTEM DISTURBANCE LOAD RESTORATION

If the SUDC is required to shed load, the SUDC will follow the procedures set forth below in this Schedule 5 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 has occurred in the SUDC, the SUDC will remain in contact with their respective Participating Transmission Owner (PTO) Area Control Center (ACC) until normal frequency has been restored throughout the ISO Control Area or the ISO Shift Manager has concluded that such full-time communications can be terminated. Emergency communications over the California ACC Hot-line will be under the direction of the ISO Shift Manager and the senior dispatcher present at the affected PTO ACC(s).
2. Manual load restoration will not normally be initiated until the California ACC Hot Line is attended. No load is to be manually restored unless directed by the ISO, either directly or through its assignee, provided that the procedure for the ISO's designation of any assignee is agreed to by the SUDC, after the frequency has recovered and there is indication that the frequency can be maintained. The SUDC will await direction from the ISO or its assignee, who will be in contact with the ISO Shift Manager. The ISO Shift Manager will determine whether adequate generation resources are available on line to support the load to be restored.
3. If the ISO cannot meet the WECC and NERC Control Area Disturbance Control Standard or the Control Performance Standard post disturbance, no manual load restoration will be permitted. If the frequency is such that automatic load restoration occurs under these conditions, if the SUDC has restored load automatically, it will manually shed an equivalent amount of load to offset the load which was automatically restored.

SCHEDULE 6

INTERCONNECTION OPERATION STANDARDS

The ISO and SUDC shall jointly maintain stable operating parameters and control power and reactive flow in accordance with the capabilities of the SUDC, the ISO Tariff and the following interconnection operation standards.

SUDC Responsibilities

1. The SUDC shall operate its SUDC Facilities at each point of interconnection with the ISO Controlled Grid in such manner as to avoid any material adverse impact on the reliability of the ISO Controlled Grid. In accordance with this performance goal, the SUDC shall: i) operate its SUDC Facilities at each point of interconnection with the ISO Controlled Grid in accordance with Good Utility Practice with respect to normal ratings, emergency ratings, voltage limits, and balance of load between electrical phases; and ii) maintain load power factor at each point of interconnection with the ISO Controlled Grid as close as reasonably possible to unity power factor and consistent with Good Utility Practice.

ISO Responsibilities

1. The ISO shall operate the ISO Controlled Grid at each point of interconnection with the SUDC in accordance with the ISO Tariff and in such manner as to avoid any material adverse impact on the SUDC Facilities. In accordance with this performance goal, the ISO shall:
2. At the request of the SUDC, participate with the SUDC and Participating TO in the development of joint power quality performance standards and jointly maintain compliance with such standards.
3. Observe SUDC grid voltage limits specified in Attachment 1 including requirements for reduced voltage on ISO Controlled Grid facilities which apply during heavy fog (or other unusual operating conditions) as needed to minimize the risk of insulator flashover.
4. At the request of the SUDC, support SUDC investigation of power quality incidents, and provide related data to the SUDC in a timely manner.
5. Support installation of apparatus on the ISO 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 Control Areas.
6. Maintain, or cause to be maintained, load power factor at each SUDC Interconnection as close as reasonably possible to unity power factor and consistent with Good Utility Practice, pursuant to Section 2.5.3.4 of the ISO Tariff.

The Parties may adopt additional operations standards for the interconnection provided such standards are in writing and are mutually agreed to.

SCHEDULE 6
ATTACHMENT 1

SUDC GRID VOLTAGE LIMITS

[To be determined.]

SCHEDULE 7

RECORDS, INFORMATION, REPORTS

The SUDC shall provide available information to the ISO relating to SUDC system operations reasonably related to system reliability of the ISO Controlled Grid. The Parties shall jointly develop any necessary forms and procedures for collection, study and transmittal of system data, information, reports and forecasts.

SCHEDULE 8

RIGHTS OF ACCESS TO FACILITIES

1. **Equipment Installation.** In order to give effect to this Operating Agreement, a Party that requires the 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 Operating Agreement.
2. **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 Operating Agreement, subject to the property owner's reasonable safety, operational, and future expansion needs.
3. **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.
4. **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 be prevented from performing its own obligations or exercising its rights under this Operating Agreement.
5. **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 1 or Section 4.
6. **Rights to Assets.** The Parties shall not interfere with each other's assets, without prior written agreement.
7. **Inspection of Facilities.** In order to meet their respective obligations under this Operating Agreement, the ISO may view or inspect SUDC Facilities and the SUDC may view or inspect ISO Grid facilities. Provided that reasonable notice is given, a Party shall not unreasonably deny access to such facilities for viewing or inspection by the requesting Party.
8. **Access During Emergencies.** Either Party shall have rights of access, without prior notice, to the other Party's equipment as necessary during times of a System Emergency.

SCHEDULE 9

SUDC OPERATING PROCEDURES

[To be determined.]

ISO TARIFF APPENDIX C
ISO Scheduling Process

Day-Ahead Schedule Timeline

Line	Responsible Parties			Must-Take and Reliability generation	UDC	Actions
	Time (Before or on)	ISO	SCs			
Two days ahead						
0	6:00 PM	x				Publish forecasted transmission conditions (Generator Meter Multipliers, system load forecast (by Zones), estimated Ancillary Service requirements, scheduled transmission Outages, Loop Flows, congestion, ATC, etc.)
One day ahead						
1	5:00 AM	X				Notify Scheduling Coordinators of unit-specific Reliability Must Run requirements
2	6:00 AM	x				Update system load forecast and Ancillary Service requirements.
3			X			Notify ISO of price option for Reliability Must-Run Units for which notification was provided at 5:00 a.m.
4			x			Provide direct access load forecasts to the ISO.
5	6:30 AM	x				Provide net direct access load forecasts to UDCs.
6 [not used]						
7 [not used]						
8 [not used]						
9 [not used]						
10			x			Submit initial preferred energy schedules to the ISO.
11			x			Submit Ancillary Service bids and/or self-provided Ancillary Service schedules to the ISO.
12	10:00 AM	x				Validate all Scheduling Coordinator energy schedules, including RMR requirements, and bids; notify and resolve incorrect schedules and bids, if any.

13		x			Validate all Scheduling Coordinator Ancillary Service schedules and bids; notify and resolve incorrect Ancillary Service schedules and bids, if any.
14		x			Start the Inter-Zonal Congestion Management evaluation process and Ancillary Services bid evaluation.
15	11:00 AM	x			If no Inter-Zonal Congestion exists, go to line 27.
16		x			Complete advisory dispatch schedules and transmission prices if Inter-Zonal Congestion exists.
17		x			Complete the advisory schedules and prices of each Ancillary Service.
18		x			Notify all Scheduling Coordinator if Inter-Zonal Congestion exists. Publish advisory transmission prices.
19		x			Inform all Scheduling Coordinators their advisory dispatch schedules if Inter-Zonal Congestion exists.
20		x			Inform all Scheduling Coordinators advisory AS schedules and prices if Inter-Zonal Congestion exists.
21	11:05 PM		x		Start the process of developing revised schedules and price bids.
22			x		Start the process of developing revised AS schedules and price bids.
23	12:00 PM		x		Submit revised Preferred Schedules and price bids to the ISO.
24			x		Submit revised preferred AS schedules and price bids to the ISO.
25	12:00 PM	x			Validate all Scheduling Coordinator schedules and bids; notify and resolve incorrect schedules and bids, if any.
26		x			Validate all Scheduling Coordinator AS schedules and bids; notify and resolve incorrect schedules and bids, if any.
27		x			Start the Inter-Zonal Congestion Management evaluation process and Ancillary Services bid evaluation.

28	1:00 PM	x				Complete final dispatch schedules and transmission prices.
29		x				Complete Final Schedules and prices of each Ancillary Service.
30	1:00 PM	x				Complete Final Schedules.
31	1:00 PM	x				Inform all Scheduling Coordinators their final dispatch schedules.
32		x				Inform all Scheduling Coordinators their final AS schedules and prices.
33		x				Publish transmission prices if Inter-Zonal Congestion exists.
34		x				Calculate and communicate with Scheduling Coordinator the specific Scheduling Coordinators' Zonal prices if asked.
35 [not used]						
36 [not used]						
37 [not used]						
38		x				Develop net schedules for each of the Control Area interfaces. These interfaces include Scheduling Coordinator net schedules, Control Area net schedules and/or individual transactions.
39		x				Call each adjacent Control Area and check that net schedules at each interface point match. Search for discrepancies and identify transactions that do not match. Resolve discrepancies with the involved Scheduling Coordinators or eliminate the transactions with discrepancies.

ISO TARIFF APPENDIX D
Black Start Units

Appendix D - Black Start Units

The following requirements must be met by Generating Units providing Black Start ("Black Start Units"):

- (a) Black Start Units must be capable of starting and paralleling with the ISO Controlled Grid without aid from the ISO Controlled Grid;
- (b) Black Start Units must be capable of making a minimum number of starts per event (to be without aid from the ISO Controlled Grid as determined by the ISO);
- (c) Black Start Units must be equipped with governors capable of operating in the stand alone (asynchronous) and parallel (synchronous) modes.
- (d) Black Start Units must have startup load pickup capabilities at a level to be determined by the ISO, including total startup load (MW) and largest startup load (MW) for such power output levels as the ISO may specify.
- (e) All Black Start Units must be capable of producing Reactive Power (boost) and absorbing Reactive Power (buck) as required by the ISO to control system voltages. This requirement may be met by the operation of more than one Black Start Unit in parallel providing that:
 - (i) the Black Start generation supplier demonstrates that the proposed Generation resource shares reactive burden equitably;
 - (ii) all Participating Generators associated with the proposed Black Start source are located in the same general area.

Buck/boost capability requirement shall be dependent on the location of the proposed resource in relation to Black Start load.

- (f) All Black Start Units must have the following communication/control requirements:
 - (i) dial-up telephone;
 - (ii) backup radio;
 - (iii) manning levels which accord with Good Utility Practice.

ISO TARIFF APPENDIX E
Verification of Submitted Data for Ancillary Services

Appendix E

Verification of Submitted Data for Ancillary Services

The ISO shall use the following procedures for verifying the scheduling and bid information submitted by Scheduling Coordinators for Ancillary Services. In this Appendix, a "bid" is a bid submitted by a Scheduling Coordinator in the ISO's competitive Ancillary Services market. A "schedule" is a Schedule including Ancillary Services which the Scheduling Coordinator wishes to self-provide.

1. **Bid File and Schedule Format.** The ISO shall verify that the bid files and schedules conform to the format specified for the type of Ancillary Service bid or schedule submitted. If the bid file or schedule does not conform to specifications, it shall be annotated by the ISO to indicate the location of the errors, and returned to the Scheduling Coordinator for corrections. Any changes made by a Scheduling Coordinator shall require a new submittal of bid or schedule information, and all validity checks shall be performed on the re-submitted bid or schedule.
2. **Generation Schedules and Bids.**
 - 2.1. **Quantity Data.** The ISO shall verify that no Scheduling Coordinator is submitting a scheduled or bid quantity for Regulation, Spinning Reserve, Non-Spinning or Replacement Reserve which exceeds available capacity for Regulation and Reserves on the Generating Units, Loads and resources scheduled for that Settlement Period.
 - 2.2. **Location Data.** The ISO shall verify that the location data corresponds to the ISO Controlled Grid interconnection data.
 - 2.3. **Operating Capability.** The ISO shall verify that the operating capability data corresponds to the ISO Controlled Grid interconnection data for each Generating Unit, Load or other resource for which a Scheduling Coordinator is submitting an Ancillary Service bid or schedule.
3. **Load Schedules and Bids.**
 - 3.1. **Quantity data.** The ISO shall verify that the quantity of Non-Spinning and Replacement Reserve scheduled or bid from Dispatchable Load does not exceed scheduled consumption quantities for that Settlement Period.
 - 3.2. **Location data.** The ISO shall verify that the location of the Dispatchable Load corresponds to the ISO Controlled Grid interconnection data for each supplier of Dispatchable Load.
4. **Notification of Validity or Invalidity of Ancillary Services Schedules and Competitive Bids.** The ISO shall, as soon as reasonably practical following the receipt of competitive bids or self-provided Ancillary Service schedules, send to the Scheduling Coordinator who submitted the schedule or bid the following information:
 - (a) acknowledgment of receipt of the competitive bid or self-provided Ancillary Service schedule;
 - (b) notification that the bid or schedule has been accepted or reject for non-compliance with the rules specified in this Appendix. If a bid or schedule is rejected, such notification shall contain an explanation of why the bid or schedule was not accepted;

- (c) a copy of the bid or schedule as processed by the ISO.

In response to an invalid schedule or bid, the Scheduling Coordinator shall be given a period of time to respond to the notification. The Scheduling Coordinator shall respond by resubmitting a corrected schedule or bid. If the Scheduling Coordinator does not respond to the notification within the required time frame, the ISO shall proceed without that Scheduling Coordinator's bid or schedule.

5. Treatment of Missing Values.

5.1 Missing Location Values. Any bid submitted without a Location Code shall be deemed to have a zero bid quantity for that Settlement Period.

5.2 Missing Quantity Values. Any bid submitted without a quantity value shall be deemed to have a zero bid quantity for Ancillary Service capacity for that Settlement Period.

5.3 Missing Price Values. Any bid submitted with non-zero quantity value, but with a missing price value, shall be rejected.

6. Treatment of Equal Price Bids. The ISO shall allow these Scheduling Coordinators to resubmit, at their own discretion, their bid no later than 2 hours the same day the original bid was submitted. In the event identical prices still exist following resubmission of bids, the ISO shall determine the merit order for each Ancillary Service by considering applicable constraint information for each Generating Unit, Load or other resource, and optimize overall costs for the Trading Day. If equal bids still remain, the ISO shall proportion participation in the Final Day-Ahead or Hour-Ahead Schedule (as the case may be) amongst the bidding Generating Units, Loads and resources with identical bids to the extent permitted by operating constraints and in a manner deemed appropriate by the ISO.

7. Receipt of Bids and Schedules. The ISO shall maintain an audit trail relating to the receipt of bids and schedules and the processing of those bids and schedules.