

ATTACHMENT E

**CALIFORNIA INDEPENDENT SYSTEM
OPERATOR**

AND

SILICON VALLEY POWER

METERED SUBSYSTEM AGREEMENT

METERED SUBSYSTEM AGREEMENT

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

(1) **The City of Santa Clara**, a duly chartered city under the laws of the State of California, which does business as Silicon Valley Power ("SVP"), and owns and operates a municipal electric utility system engaged in the generation, transmission, distribution, purchase and sale of electric power and energy at wholesale and retail, having its registered and principal place of business located at 1500 Warburton Avenue, Santa Clara, California 95050-3713;

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").

SVP and the ISO are hereinafter referred to individually as "Party" or collectively as the "Parties."

Whereas:

- A. The City of Santa Clara, doing business as Silicon Valley Power (SVP), is a MSS Operator of a Metered Subsystem engaged in, among other things, generating, transmitting and distributing electric power in the SVP Service Area and is a member of the Northern California Power Agency ("NCPA");
- B. As a member of NCPA, SVP receives power from various NCPA resources and will be using NCPA as its initial Scheduling Coordinator;
- C. The ISO, a NERC or its successor-certified Control Area, is engaged in, among other things, exercising Operational Control over certain electric transmission facilities forming the ISO Controlled Grid, scheduling transactions that utilize those transmission facilities, and operating certain markets, including markets for Imbalance Energy and Ancillary Services, pursuant to the terms of the ISO Tariff and has certain statutory obligations under California law to maintain the reliability of the ISO Controlled Grid, as well as certain NERC and Western Electricity Coordinating Council or its successor ("WECC")-mandated responsibilities to ensure the reliable operation of the entire electric grid within the ISO Control Area;
- D. SVP's System is within the ISO Control Area and is interconnected to the ISO Controlled Grid;

- E. SVP desires to continue to operate the generation, transmission and distribution resources of SVP's System in a coordinated manner with the generation resources it jointly owns with NCPA, that are operated by NCPA, to reliably serve SVP's Loads and also desires, as or through a Scheduling Coordinator, to schedule transactions using the ISO Controlled Grid and participate in the ISO's markets as a buyer and a seller;
- F. The Parties are entering into this Agreement in order to establish the terms and conditions on which (1) SVP will operate SVP's electric resources within the ISO Control Area; (2) SVP will, as or through its Scheduling Coordinator, schedule transactions using the ISO Controlled Grid and participate in the ISO's markets; and (3) the Parties will meet their obligations under the ISO Tariff, as may be modified by this Agreement, in connection therewith;
- G. This Agreement is necessary only upon termination of the SVP-Pacific Gas and Electric Company ("PG&E") Interconnection Agreement, which is dated September 30, 1983, in FERC Docket ER84-6-000, and is designated as PG&E Rate Schedule FERC No. 85;
- H. SVP's intent is to utilize SVP's System resources to follow SVP's Load, and the intent of the Parties is that any ISO charges will be charged to SVP's Scheduling Coordinator based on the principle of cost causation, with due regard for historical considerations, timing and transition issues, and other relevant factors;
- I. In order to maintain the reliability of the interconnected electric systems encompassed by the WECC, the WECC RMS Agreement requires the ISO to require all Generators in its Control Area, including SVP, to comply with certain WECC reliability criteria and to be subject to penalties imposed by the WECC Reliability Criteria Agreement should they fail to do so, which requirements are set forth in Section 10.4;
- J. SVP is a Local Publicly Owned Electric Utility under the Constitution of the State of California and utilizes tax-exempt financing for one or more of its projects that restricts the amount of private use of such projects; and
- K. SVP represents that it has a responsibility to serve its customer Loads pursuant to California Public Utilities Code Section 10005.

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

ARTICLE I
DEFINITIONS AND INTERPRETATION

1.1 Master Definitions Supplement. Unless defined in the introduction or Section 1.2 of this Agreement, all terms used in this Agreement with initial capitalization 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 terms shall have the meanings set opposite them:

“MSS Aggregator” means Northern California Power Agency (“NCPA”) or its successor acting as a single MSS operator on behalf of SVP, which is itself an MSS Operator, and other non-contiguous Metered Subsystems of NCPA’s members, as described in a separate agreement between the ISO and the MSS Aggregator.

“Point of Interconnection” means any point at which SVP’s System is directly interconnected with the ISO Controlled Grid or with any other portion of the interconnected electric grid in the ISO Control Area. The initial Points of Interconnection are described in Section 4.1.

“Replacement IA” means the Interconnection Agreement between SVP and PG&E that replaces the SVP-PG&E Interconnection Agreement, which is dated September 30, 1983, in FERC Docket ER84-6-000, and is designated as PG&E Rate Schedule FERC No. 85.

“Settlement Agreement” means the Settlement Agreement Among Pacific Gas and Electric Company, Northern California Power Agency, Silicon Valley Power of Santa Clara, California, the City of Roseville, California and the California Independent System Operator Corporation in FERC Dockets ER01-2998-000, ER02-358-000, and EL02-64-000, as accepted by FERC.

“SVP’s System” means all transmission facilities, distribution facilities and generating facilities owned or controlled by SVP and SVP’s share of the Generating Units listed in Schedule 1A. A description of the generating facilities and Point of Interconnection facilities comprising SVP’s System is set forth in Schedule 1.

“Under Frequency Load Shedding” or “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 electrical islands.

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

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

ARTICLE II TERM AND TERMINATION

- 2.1 Effective Date.** This Agreement shall be effective as of the date it is accepted for filing and made effective by FERC, and shall remain in full force and effect until terminated pursuant to Section 2.2 or upon such other date as the Parties shall mutually agree.
- 2.2 Termination**
- 2.2.1 Termination by Default.** Either Party (the terminating Party) may terminate this Agreement by giving written notice of termination in the event that the other Party (the defaulting Party) commits any default under this Agreement or the applicable provisions of the 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 XVIII of this Agreement.
- 2.2.2 Termination on Notice.** Either Party shall have the right to terminate this Agreement in accordance with this Section 2.2.2, subject to the procedural requirements set forth in Section 2.2.3. Either Party may terminate this Agreement by giving the other Party written notice at least six (6) months in advance of the intended effective date of termination. The ISO's right to terminate this Agreement in accordance with this Section 2.2.2 shall arise only after December 31, 2004.
- 2.2.3 Filing.** 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 from SVP or issuance of its own notice of termination. This Agreement shall terminate upon the date on which the notice of termination is permitted by FERC to become effective.

ARTICLE III GENERAL TERMS AND CONDITIONS

- 3.1 Scope of Agreement.** Except as specifically provided otherwise, the provisions of this Agreement will apply only with respect to the facilities comprising SVP's System and to Loads and Generating Units that comprise or are directly connected only to SVP's System and SVP's share of the Generating Units operated by NCPA listed in Schedule 1A. Except with respect to the Generating Units listed in Schedules 1 and 1A, to the extent SVP has entitlements to Generating Units with Third Parties, this Agreement does not apply to such Third

Parties. For the purposes of this Section 3.1, "Third Party" means any party other than SVP and the ISO. Subject to the terms of Article II, this Agreement shall not affect SVP's ability to join or establish another Control Area or SVP's right to exercise any available legal recourse to obtain or confirm that it possesses other forms of transmission rights.

3.2 ISO Responsibility. The Parties acknowledge that the ISO is responsible for the efficient use and reliable operation of the ISO Controlled Grid and the operation of the ISO's Control Area consistent with achievement of planning and Operating Reserve criteria no less stringent than those established by the WECC and NERC and in accordance with the ISO Tariff and further acknowledge that the ISO may not be able to satisfy fully these responsibilities if parties to agreements with the ISO, including SVP, fail to comply fully with all of their obligations under those agreements.

3.3 Relationship Between Agreement and ISO Tariff

3.3.1 If and to the extent a matter is specifically addressed by a provision of this Agreement (including any schedules or other attachments to this Agreement), the provision of this Agreement shall govern notwithstanding any inconsistent provision of the ISO Tariff and, except as provided in Section 3.3.2, any ISO Tariff provision that is referenced in this Agreement.

3.3.2 If and to the extent this Agreement provides that a matter shall be determined in accordance with the applicable provisions of the ISO Tariff, the applicable provisions of the ISO Tariff shall govern.

3.3.3 Except as provided in Section 3.3.1, SVP shall, with respect to the operation of any of the Generating Units of SVP's System, comply with the requirements applicable to Participating Generators under Article 5 of the ISO Tariff and all other provisions of the ISO Tariff governing Participating Generators. Nothing in this Agreement shall obligate SVP to execute a Participating Generator Agreement with respect to any SVP Generating Units.

3.3.4 Except as provided in Section 3.3.1, SVP shall, with respect to the operation of any Load in SVP's System, comply with the requirements applicable to Participating Loads under Article 5 of the ISO Tariff and all other provisions of the ISO Tariff governing Participating Loads. Nothing in this Agreement shall obligate SVP to execute a Participating Load Agreement with respect to any SVP Load.

3.3.5 Except as provided in Section 3.3.1, SVP shall, with respect to the operation of the distribution facilities of SVP's System, comply with the requirements applicable to Utility Distribution Companies under Article 4 of the ISO Tariff. Nothing in this Agreement shall obligate SVP to execute a UDC Operating Agreement.

3.3.6 The applicability of any provision of the ISO Tariff to SVP, including as provided in Sections 3.3.1 through 3.3.5, inclusive, shall, in the event of a dispute between the Parties, be determined through the ISO ADR Procedures in accordance with Article 13 of the ISO Tariff.

3.3.7 Nothing in this Agreement shall preclude SVP from becoming a Participating TO by executing the TCA and fulfilling all other applicable requirements. If SVP becomes a Participating TO, it shall comply with the requirements applicable to Participating TOs under Article 3 of the ISO Tariff or any settlement of FERC Docket No. ER00-2019.

3.3.8 This Agreement shall serve, with respect to SVP, as the written agreement required by Sections 4.1.1, 5, 10.3.1, 23.1.1, and 23.4 of the ISO Tariff and the written agreement required for Participating Loads.

3.4 Amendment to Agreement

3.4.1 Except with respect to the ISO's rights set forth in Section 3.4.2 of this Agreement, this Agreement may be modified only by mutual written agreement between the Parties. Amendments that require FERC approval shall not take effect until FERC has accepted such amendments for filing and made them effective. This shall not modify SVP's or the ISO's rights under Section 206 of the Federal Power Act.

3.4.2 The ISO shall have the right to apply unilaterally under Section 205 of the Federal Power Act to change the rates, terms, and conditions under this Agreement for services provided to SVP. In proposing any changes, unless in response to a FERC order as provided in Section 3.7, the ISO will consider the principles in this Agreement as detailed in Section 3.5.2. Additionally, unless in response to a FERC order as provided in Section 3.7, any changes proposed by the ISO shall be subject to the following:

3.4.2.1 The ISO shall provide SVP 30 days advance written notice of such change.

3.4.2.2 The ISO shall meet and confer with SVP regarding the change, provided that the scheduling of such meeting shall not be unreasonably delayed.

3.4.2.3 SVP may waive these requirements upon written request by the ISO.

3.4.2.4 The ISO shall provide SVP with a copy of the FERC filing if, and when, made.

3.4.3 In addition to changes that may otherwise be contemplated by Section 3.6 or Section 3.7, the Parties recognize that the ISO's responsibilities and operations, as set forth in the ISO Tariff, and that SVP's responsibilities and operations may change during the term of this Agreement. The Parties agree that, in the event any such change substantially affects the allocation of rights, responsibilities and

obligations between the Parties under this Agreement, the Parties, while continuing to honor the terms and conditions of this Agreement, will make good faith efforts to negotiate an appropriate amendment to this Agreement and shall endeavor in that process to restore that allocation.

3.5 Amendment to ISO Tariff.

3.5.1 Nothing in this Agreement shall affect in any way the authority of the ISO to modify unilaterally the ISO Tariff in accordance with Section 19 of the ISO Tariff or of the ISO and SVP to exercise their rights under the Federal Power Act or any other law, or to pursue any legal remedies.

3.5.2 In making amendments to the ISO Tariff as provided in Section 3.5.1, the ISO will consider the impact on Metered Subsystems and the principles reached in this Agreement, including but not limited to:

3.5.2.1 Cost Causation: The intent of the Parties is that ISO charges will be charged to the Scheduling Coordinator for the MSS Operator, based on the principle of cost causation, with due regard for historical considerations, timing and transition issues, and other relevant factors.

3.5.2.2 Load Following Capability: SVP desires the opportunity to elect to maintain Load following capability, through its Scheduling Coordinator or the Scheduling Coordinator of its MSS Aggregator, to match SVP's Load, and to make economic resource decisions with the resources in SVP's portfolio.

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

3.6 Market Design 2002. The ISO is in the process, simultaneously with the negotiations of this Agreement, of redesigning the ISO markets ("MD02"). To the extent possible, and consistent with the principles of Section 3.5.2, the components of MD02 that impact Metered Subsystems will be incorporated in this Agreement. If components of the MD02 design are not known until after the execution of this Agreement, the Parties agree to amend this Agreement in accordance with Sections 3.4 and 3.5.2.

3.7 Changes to Conform To FERC Orders. Nothing in this Article III shall be interpreted to limit the ISO's right to modify the ISO Tariff or this Agreement to comply with or conform to any FERC order.

ARTICLE IV INTERCONNECTION

- 4.1 Points of Interconnection.** The Points of Interconnection are described in Schedule 1. Additional Points of Interconnection may be established only by mutual agreement of the Parties, which agreement shall not be unreasonably withheld.
- 4.2 Interconnection Operation Standards.** The ISO and SVP shall maintain stable established operating parameters and control power and reactive flow within standards stated in Schedule 2.
- 4.3 Operation, Maintenance, and Load Serving Responsibilities.** SVP shall operate and maintain all facilities forming any part of SVP's System, and shall be responsible for the supply of the Energy and Ancillary Services required to reliably provide electric service to the Loads connected to SVP's System within the ISO Control Area in accordance with Applicable Reliability Criteria, including WECC and NERC criteria.
- 4.4 Expansion, Retirement, and Modification of Facilities.** SVP shall coordinate with the ISO in the planning and implementation of any expansion, retirement, or modification of those facilities forming parts of SVP's System that are identified in Schedule 1, replacements for such facilities, and other facilities forming parts of SVP's System that serve similar functions or that otherwise will or may significantly affect the Points of Interconnection, and shall provide sufficient advance notice to enable the ISO to conduct any necessary studies. The Parties will amend Schedule 1, as necessary, should a new Point of Interconnection be established in accordance with Section 4.1.
- 4.5 Installation of Facilities and Rights of Access**
- 4.5.1** Pursuant to Schedule 3, the Parties shall permit one another, on reasonable notice and with mutual agreement in each case, to install equipment or have installed equipment or other facilities on the property of the other Party to enable the installing Party to meet its service obligations, unless doing so would negatively impact the reliability of service provided by the owning Party. Unless otherwise agreed, all costs of installation shall be borne by the installing Party.
- 4.5.2** A Party installing equipment on the property of the other Party shall be granted, free of charge, reasonable rights of access to inspect, repair, maintain and upgrade that equipment. Access shall be provided only on prior notice and such access shall not be unreasonably withheld.
- 4.5.3** Notwithstanding any other provision in this Section 4.5, SVP shall provide the ISO with access for inspection or audit, to any equipment or other facilities of SVP's System, the operation of which affects any Point of Interconnection or the ISO Controlled Grid. SVP will allow access to staffed facilities during normal

working hours with no prior notice. For access during times outside of normal working hours, the ISO shall provide SVP with one (1) Business Day advance notice. A shorter advance notice time may be attained subject to mutual agreement of the Parties.

ARTICLE V OPERATIONS

5.1 Outages

- 5.1.1** SVP shall coordinate Outages of Generating Units and transmission facilities, including the Points of Interconnection, constituting parts of SVP's System with the owners of the transmission facilities with which SVP's System is interconnected so that each of those owners can take those Outages into account in coordinating maintenance of its transmission facilities with the ISO.
- 5.1.2** SVP shall schedule with the ISO on an annual basis, pursuant to Schedule 4, any Maintenance Outages of the equipment included in Schedule 1, and shall coordinate the Outage requirements of SVP's System with the Participating TO with which SVP's System is interconnected.
- 5.1.3** Notwithstanding anything to the contrary in this Agreement, to the extent required by any valid law, regulation or order issued by any state or federal authority having jurisdiction over SVP or SVP's System, which law, regulation or order applies to entities that have executed a written undertaking required by Section 5 of the ISO Tariff, SVP shall coordinate Outages of Generating Units and transmission facilities constituting parts of SVP's System with the ISO, pursuant to any generally applicable program established by the ISO to implement such law, regulation or order.
- 5.2 Safety and Reliability.** SVP shall operate and maintain SVP's System in accordance with applicable safety and reliability standards, WECC and NERC requirements, regulatory requirements, operating guidelines, and Good Utility Practice so as to avoid any material impact on the ISO Controlled Grid. Without limiting the forgoing, SVP shall operate and maintain SVP's System, during normal and System Emergency conditions, in compliance with SVP's Emergency Action Plan ("EAP") and the requirements applicable to Utility Distribution Companies in the ISO Operating Procedures and standards. In the event any such ISO Operating Procedure or standard is revised to modify the requirements applicable to Utility Distribution Companies, the Parties shall comply with such revision.
- 5.3 Critical Protective Systems.** SVP will coordinate with the ISO, PG&E, and any Generators on SVP's System to ensure that ISO Controlled Grid Critical Protective Systems, including relay systems and other systems described in Schedule 5, are installed and maintained in order to function in a coordinated and

complementary fashion with protective devices installed by SVP, PG&E, and Generators. SVP shall notify the ISO as soon as is reasonably possible of any condition that it becomes aware of that may compromise or affect the operating safety and reliability of the ISO Controlled Grid Critical Protective Systems, including the systems described in Schedule 5.

- 5.4 Control Center.** SVP shall maintain and operate a control center that is staffed twenty-four (24) hours per day, seven (7) days per week and shall, together with the ISO, establish appropriate communications facilities and procedures between SVP's control center and the ISO Control Center. The initial points of contact are set forth in Schedule 6. A Party must update the information in Schedule 6 as the information changes. Changes to Schedule 6 shall not constitute an amendment to this Agreement.
- 5.5 Transmission Losses, Outages, and Congestion.** SVP shall be responsible for transmission losses within SVP's System and to any Points of Interconnection. In addition, SVP shall be responsible for transmission line Outages and transmission Congestion within SVP's System. This Section 5.5 does not affect Congestion on the ISO Controlled Grid, which shall be managed in accordance with the ISO Tariff.

ARTICLE VI INFORMATION SHARING

- 6.1 Forecasts.** SVP shall provide to the ISO annually its ten-year forecasts of Demand growth, internal Generation, and expansions of or replacements for those transmission facilities that are part of SVP's System identified in Schedule 1 and other transmission facilities that are part of SVP's System that serve similar functions or that otherwise will or may significantly affect any Point of Interconnection. Such forecast shall be provided on the date that Utility Distribution Companies are required to provide similar forecasts, which is currently October 15. The ISO shall notify SVP of any changes in this date. Peak Demand forecasts for SVP's System shall be submitted weekly by SVP's Scheduling Coordinator and monthly in accordance with the ISO Demand Forecasting Protocol.
- 6.2 System Surveys and Inspections.** SVP and the ISO shall cooperate to perform system surveys and inspections of facilities at or near the Points of Interconnection that may significantly affect the facilities of the other Party.
- 6.3 Maintenance Schedules.** SVP shall provide the ISO on an annual basis with a schedule of planned maintenance of those generation and transmission facilities identified in Schedule 1, and other transmission facilities serving a similar function or which otherwise would significantly affect the ISO Control Area in accordance with Schedule 4. SVP and the ISO shall also maintain records of the

Maintenance Outages scheduled by SVP on such facilities and their actual duration.

- 6.4 Reliability Information.** SVP and the ISO shall each have the obligation to inform the other Party, as promptly as possible, of any circumstance of which it becomes aware (including, but not limited to, abnormal temperatures, storms, floods, earthquakes, and equipment depletions and malfunctions and deviations from Registered Data and operating characteristics) that is reasonably likely to threaten the reliability of the ISO Controlled Grid or the integrity of SVP's System respectively. SVP and the ISO each shall also inform the other Party as promptly as possible of any incident of which it becomes aware (including, but not limited to, equipment outages, over-loads or alarms) which, in the case of SVP, is reasonably likely to threaten the reliability of the ISO Controlled Grid, or, in the case of the ISO, is reasonably likely to adversely affect SVP's System. Such information shall be provided in a form and content which is reasonable in all the circumstances, sufficient to provide timely warning to the other Party of the threat and, in the case of the ISO, not unduly discriminatory with respect to the ISO's provision of similar information to other entities.
- 6.5 Major Outage Reports.** SVP shall promptly provide such information as the ISO may reasonably request concerning SVP's operation of SVP's System to enable the ISO to meet its responsibility under the ISO Tariff to conduct reviews and prepare reports following major Outages. Where appropriate, the ISO will provide appropriate assurances that the confidentiality of commercially sensitive information shall be protected. The ISO shall have no responsibility to prepare reports on Outages that affect customers on SVP's System, unless the Outage also affects customers connected to the system of another entity within the ISO Control Area. SVP shall be solely responsible for the preparation of any reports required by any governmental entity or the WECC with respect to any Outage that affects solely customers on SVP's System.
- 6.6 Annual Reviews and Reports**
- 6.6.1** The ISO shall make available to SVP any public annual reviews or reports regarding performance standards, measurements or incentives relating to the ISO Controlled Grid that the ISO makes available to MSS Operators and Participating TOs.
- 6.6.2** SVP shall make available to the ISO any public annual reviews or reports regarding performance standards, measurements or incentives relating to SVP's System that may affect the ISO Control Area.
- 6.6.3** The ISO and SVP shall jointly develop any necessary forms and procedures for collection, study, treatment, and transmittal of system data, information, reports and forecasts.

- 6.7** SVP shall install and maintain direct telemetry links to the ISO's EMS system to provide real-time data to the ISO, including but not limited to Generation output, line and transformer flows at the SVP Points of Interconnection, and bus voltages at the SVP Points of Interconnection and at each Generating Unit, subject to any exemption available in accordance with the ISO Tariff. Additional data points to be transmitted to the ISO EMS system will be mutually agreed by the ISO and SVP.

ARTICLE VII EMERGENCY OPERATIONS

7.1 In General.

Except with respect to Sections 7.4.1, 7.4.4, 7.4.5, 7.5.1, and 7.5.2, or unless SVP is short of resources to meet its forecasted Demand and exports, as determined in accordance with Section 4.5.3 of the ISO Tariff, the terms of this Article VII shall only apply during a System Emergency that is not a result of a deficiency of resources to serve Loads in the ISO Control Area but instead occurs due to operating contingencies, which may include but not be limited to forced loss of resources and/or transmission components or may otherwise be caused by an Uncontrollable Force, as further described in Attachment B to the SVP EAP. In the event a System Emergency occurs or the ISO determines that a System Emergency is threatened or imminent, SVP shall, in accordance with Good Utility Practice: (a) comply with all directions from the ISO concerning the management and alleviation of a threatened or actual System Emergency, which may include shutting down or starting a Generating Unit, altering the scheduled delivery of Energy or Ancillary Services into or out of the ISO Controlled Grid, or disconnecting Load from the ISO Controlled Grid; and (b) comply with all procedures concerning System Emergencies set out in SVP's EAP, the ISO Protocols, and ISO Operating Procedures, in accordance with the applicable provisions of this Agreement. Except in the circumstance of a System Emergency, the ISO will not have the right to request SVP to offer to the ISO excess generating capacity from its Generating Units, alter the scheduled delivery of Energy or Ancillary Services into or out of the ISO Controlled Grid, or disconnect Load from the ISO Controlled Grid. Without limiting the generality of the foregoing:

- 7.1.1** When requested by the ISO during a System Emergency, SVP will coordinate the operation of the Generating Units of SVP's System to supply the ISO with generating capacity and/or Energy that can be made available by those Generating Units in order to make available as much generating capacity and/or Energy as possible to the ISO during the term of any System Emergency, consistent with: (a) maintaining the supply of Energy to Loads on SVP's System, other than in accordance with Section 7.4 of this Agreement; and (b) due consideration for SVP obligations identified in the EAP attached to Schedule 11

or limitations specified in Schedule 14 resulting from, but not necessarily limited to: (1) licenses/permits related to Generation (including air emission constraints), (2) water release constraints imposed by regulatory agencies, (3) internal policies related to fuel and contract management, and (4) abnormal generation and transmission maintenance, provided that SVP shall provide the ISO with advance notice of any changes to the limitations in Schedule 14 that SVP's obligations impose on the operation of the Generating Units of SVP's System, and any changes agreed to by the ISO shall be amendments to this Agreement. For that purpose, SVP shall provide the ISO with any change in Schedule 14 with regard to the limitations on the operation of the Generating Units of SVP's System. SVP shall provide the ISO updates regarding the status of the limitations in Schedule 14 promptly whenever it becomes aware of factors that affect such limitations, provided that updates shall be provided at least quarterly and no updates may be provided later than the deadline for the submission by other Generators of changes in limitations on the operation of Generating Units, which is currently the deadline for the submission of final Hour-Ahead Schedules, except when a change is due to a Forced Outage. In making as much generating capacity and/or Energy available that can be made available by its Generating Units to the ISO as possible for use in System Emergency conditions, subject to the foregoing, SVP shall:

- 7.1.1.1** Schedule, reschedule and operate to the maximum extent possible, the Generating Units and other sources of power of SVP's System within and without the ISO's Control Area to maximize the amount of generating capacity and/or Energy available that can be made available by those Generating Units to the ISO; and
- 7.1.1.2** Reschedule outages of equipment and facilities, including Generating Units and facilities that impact the operation of Generating Units, to maximize the amount of generating capacity and/or Energy available that can be made available by those Generating Units to the ISO.
- 7.1.2** In the event that the ISO issues a System Emergency Dispatch instruction that contravenes the SVP EAP attached to Schedule 11 or any limitation set forth in Schedule 14 duly communicated in accordance with Section 7.1.1, SVP or its Scheduling Coordinator shall not be required to follow that instruction, although it may consent to do so in a particular case (without prejudice to SVP's right to direct its Scheduling Coordinator to decline any such instructions thereafter). If SVP or its Scheduling Coordinator does not follow such an instruction, it shall notify the ISO that it will not follow the Dispatch instruction due to the previously communicated limitation.
- 7.1.3** SVP's Scheduling Coordinator shall receive compensation for generating capacity and/or Energy supplied in response to System Emergency Dispatch instructions issued by the ISO in accordance with the ISO Tariff.

- 7.1.4** During a System Emergency, the ISO and SVP shall communicate through their respective control centers and in accordance with procedures established in this Agreement and the ISO Tariff.
- 7.1.5** Notwithstanding anything to the contrary in Articles V, VII, VIII, IX, or X of this Agreement or any ISO Tariff provision, SVP shall not be expected or required to curtail Load or offer to the ISO generating capacity or Energy from its Generating Units in a System Emergency that is due to the failure of other Load serving entities to provide resources adequate to serve Load and maintain Operating Reserves or maintain an Approved Credit Rating in accordance with the ISO Tariff.
- 7.1.5.1** Nothing in this Section 7.1.5 or this Agreement is intended to affect SVP's obligation to comply with any market mitigation requirement, including any must-offer requirement, that the FERC may impose.
- 7.2 Notice.** When a System Emergency occurs, the ISO shall notify SVP's control center as part of the process by which it notifies all Utility Distribution Companies and MSS Operators of System Emergency conditions. Details of the notification process are set forth in Schedule 7.
- 7.3 Records.** SVP and the ISO shall maintain all appropriate records with respect to operations during a System Emergency in accordance with the ISO Tariff.
- 7.4 Load Shedding**
- 7.4.1 Automatic Load Shedding.** SVP shall implement and have at all times operational an automatic Under Frequency Load Shedding program described in Schedule 8, and any undervoltage relay protection program that may be described in Schedule 9.
- 7.4.2 Manual Load Shedding Priorities.** Section 4.5.3 of the ISO Tariff provides that the ISO will determine each UDC or MSS that has insufficient resources to meet its forecasted Demand in accordance with the ISO forecast. If Load Shedding is required solely due to insufficient resources to meet Load and/or inability to meet Operating Reserve obligations (as defined by WECC or its successor and implemented by the ISO), as determined in accordance with Section 4.5.3 of the ISO Tariff, and only if SVP is short of resources to meet its forecasted Demand and exports, as determined in accordance with Section 4.5.3 of the ISO Tariff, will SVP be required to shed Load, as directed by the ISO. SVP shall provide the ISO with detailed real time information, in graphical or tabular format for those contracts and resources that do not have direct telemetry, demonstrating its full resource sufficiency during any time that the ISO interrupted firm Load within the ISO Control Area or during which time an ISO direction to interrupt firm Load was in force, like other MSS Operators and UDCs seeking similar exclusion from firm Load Shedding obligations, and SVP and its Scheduling Coordinator

shall be subject to the provisions of Section 4.5.3 of the ISO Tariff for any failure to make such demonstration.

- 7.4.3 Manual Load Shedding.** When called upon to do so by the ISO in accordance with Section 7.4.2 to avert, manage, or alleviate a System Emergency, SVP shall implement the manual Load Shedding program described in Schedule 10. The ISO shall notify SVP when conditions exist that would require SVP to implement the Load curtailment and Interruptible Load programs described in Schedules 10, 10A, and 10B. Subject to the provisions of Sections 7.1.2 and 7.4.2, if the ISO determines that manual Load curtailment is required to manage a System Emergency, the ISO shall determine the amount and location of Load to be reduced and, to the extent practicable, shall allocate a portion of the required Demand reduction to SVP and each UDC and MSS Operator based on the ratio of its Demand at the time of the ISO Control Area annual peak Demand for the previous year to total ISO Control Area annual peak Demand for the previous year, taking into account system considerations and SVP's curtailment rights.
- 7.4.4 Load Restoration.** Load shed in accordance with Section 7.4.1, 7.4.2, and 7.4.3 of this Agreement shall be restored pursuant to Schedule 12.
- 7.4.5** The ISO shall use reasonable efforts to coordinate SVP's Under Frequency Load Shedding program with the Under Frequency Load Shedding programs of other MSS Operators and Utility Distribution Companies, and the implementation of all such other programs, so that no one entity bears a disproportionate share of Load Shedding in the ISO Control Area. SVP warrants that its Under Frequency Load Shedding program does and will continue to fully adhere to the applicable WECC plans and requirements governing such programs, in accordance with Schedule 8.
- 7.4.6** To the extent SVP reduces SVP's System Load in response to a System Emergency, it shall exercise its best efforts to maintain the same level of Generation and imports as was scheduled prior to the Load reduction in order to provide the ISO with Energy, subject to the provisions of Section 7.1.2. SVP's Scheduling Coordinator shall receive compensation for any Energy or Ancillary Services made available to the ISO as a result of such Load Shedding in accordance with the ISO Tariff and ISO Operating Procedures.
- 7.5 Electrical Emergency Plan**
- 7.5.1** SVP shall cooperate with the ISO's implementation of the Electrical Emergency Plan ("EEP") developed by the ISO in accordance with Section 2.3.2.4 of the ISO Tariff. SVP shall implement SVP's EAP attached to Schedule 11 of this Agreement and filed with FERC for informational purposes, and the ISO shall cooperate with SVP's implementation of the SVP EAP.

- 7.5.2** SVP will notify its customers pursuant to its EAP of any voluntary Load curtailments of which the ISO notifies SVP pursuant to the EAP.
- 7.5.3** When the ISO allocates an amount of Load curtailment to SVP pursuant to Section 7.4 of this Agreement and to the EAP to manage a System Emergency, SVP shall notify its customers and cause customers to curtail that amount of Load.

ARTICLE VIII LOCAL AND REGIONAL RELIABILITY

8.1 Reliability Within SVP's System

- 8.1.1** SVP shall be solely responsible for maintaining the reliability of electric service to customers in SVP's System in accordance with Applicable Reliability Criteria, WECC and NERC requirements, regulatory requirements, and Good Utility Practice, subject to the responsibilities of the ISO as the operator of the Control Area in which SVP's System is located.
- 8.1.2** SVP shall be responsible for any reliability Generation, Voltage Support, and Black Start service requirements within SVP's System. At the Points of Interconnection, Voltage Support shall be managed in accordance with the Replacement IA and the ISO Tariff.
- 8.1.3** If and to the extent the WECC criteria change or SVP does not maintain sufficient Generation to meet the reliability criteria in Schedule 16, as may be amended, as applied to SVP's System and thus avoid adverse impacts on the ISO Controlled Grid, then SVP's Scheduling Coordinator may be assessed costs incurred by the ISO to support the reliability of SVP's System. The ISO will notify SVP that the reliability criteria have not been met and the Parties shall negotiate in good faith over necessary modifications and, if they cannot reach agreement, submit the dispute to dispute resolution in accordance with Article XV of this Agreement.
- 8.2 Control Area Reliability.** For the costs specified in this Article VIII, SVP, through its Scheduling Coordinator, shall be responsible for supplying or bearing its proportionate share of the costs of generating resources required for the reliability of electric service to Loads in the ISO Control Area, except for Reliability Must-Run ("RMR") Generation costs on the ISO Controlled Grid, where such costs are the responsibility of the Participating TO where the RMR Unit is interconnected, provided further that SVP is not a Participating TO. SVP, through its Scheduling Coordinator, may meet such obligation from resources it owns or with respect to which it has contractual entitlements to the Energy and Ancillary Services or it may purchase those products through the ISO's markets in accordance with the terms of the ISO Tariff.

- 8.2.1** Nothing in this Agreement shall obligate SVP to make any Generating Units available as Reliability Must-Run Generation, unless SVP notifies the ISO that it desires to participate in the RMR Unit designation process. To the extent SVP does not notify the ISO that it desires to participate in the RMR Unit designation process, the ISO agrees not to designate any SVP Generating Units as RMR Units provided SVP agrees that, in circumstances affecting local reliability of the ISO Controlled Grid that would otherwise be mitigated by RMR Units, any Generation not being used to serve SVP Load and other firm power sales obligations will be made available to the ISO, subject to Article VII of this Agreement.
- 8.3 Voltage Support.** Except as otherwise agreed by the Parties, SVP shall maintain the voltage on SVP's System so that reactive flows at the Points of Interconnection are at the level specified by the ISO within the power factor band of 0.97 lag to 0.99 lead. SVP shall not be compensated for maintaining the power factor at the levels required by the ISO within this bandwidth. If SVP fails to maintain the power factor at the levels specified by the ISO, SVP's Scheduling Coordinator shall bear a portion of the ISO's Voltage Support costs in accordance with Section 13.6.
- 8.4 Black Start.** SVP shall either provide its own share of ISO Control Area Black Start capability or, through its Scheduling Coordinator, bear a portion of the ISO's Black Start costs in accordance with Section 13.7.
- 8.5 Ancillary Services.** SVP's responsibility for the ISO Control Area requirements of Ancillary Services shall be determined in accordance with the ISO Tariff. If SVP's Scheduling Coordinator schedules sufficient self-provided capacity complying with the applicable requirements of the ISO Tariff, which capacity is committed to the various required Ancillary Services, and maintains the Ancillary Service capacity as available to the ISO for that purpose, SVP's Scheduling Coordinator shall not be required to purchase capacity in the ISO's Ancillary Service markets. To the extent SVP's Scheduling Coordinator does not schedule sufficient capacity for this purpose, SVP may, through its Scheduling Coordinator, purchase the required capacity in the ISO's Ancillary Service markets. To the extent SVP's Scheduling Coordinator does not maintain the availability of capacity committed to the ISO for Ancillary Services for that purpose, the Scheduling Coordinator shall be responsible for the applicable charges under the ISO Tariff.
- 8.6 Imbalance Energy.** To the extent that sufficient Energy for the purpose of serving Load in SVP's System and exports from SVP's System, including losses, is not reflected in Schedules submitted by SVP's Scheduling Coordinator and delivered in real time, SVP shall be deemed (through its Scheduling Coordinator) to have purchased or sold Imbalance Energy in the ISO's Imbalance Energy market. The ISO will settle with SVP's Scheduling Coordinator with regard to Imbalance Energy in accordance with the ISO Tariff. If SVP elects in accordance

with Section 23.12 of the ISO Tariff to have its Scheduling Coordinator follow SVP's Load and exports from the MSS with SVP's resources and imports into the MSS, to the extent that the net Imbalance Energy for all of SVP's Loads and exports from the MSS, and resources and imports into the MSS, is within SVP's portfolio deviation band, as specified in Section 13.12, SVP's Scheduling Coordinator will not be subject to costs or penalties other than the cost of the Imbalance Energy itself. To the extent that SVP's Scheduling Coordinator is operating outside of its portfolio deviation band, SVP's Scheduling Coordinator shall be subject to penalties as specified in Section 13.12. In following Load, SVP's Scheduling Coordinator may utilize any resource available to it regardless of whether, or at what level, that resource is reflected in Schedules submitted by SVP's Scheduling Coordinator, except with respect to any portion of the capacity of a resource for which SVP's Scheduling Coordinator has submitted an Ancillary Services capacity bid to the ISO for that resource or to the extent the ISO has issued a System Emergency operating order consistent with Section 7.1.1. If the ISO's MD02 does not result in a single ex post zonal or trading hub-related price in each interval by October 1, 2002, then the ISO agrees to negotiate further with SVP to assist SVP in mitigation of charges which SVP's Scheduling Coordinator may accrue due to the separate incremental and decremental deviation prices in any single zone/trading hub when SVP's Scheduling Coordinator is operating within the deviation band for SVP's portfolio as a whole.

- 8.7 MSS Aggregator.** SVP may elect to have its Load and exports from SVP's System, including losses, included in the aggregated Load and exports of its MSS Aggregator and reflected in Schedules submitted by the MSS Aggregator's Scheduling Coordinator. The terms and conditions of the MSS Aggregator's agreement with the ISO shall govern the inclusion of SVP's Load and exports in the portfolio of the MSS Aggregator's Scheduling Coordinator regarding charges, Load following, Imbalance Energy and any application of a deviation band provided for in the context of Load following.

ARTICLE IX ACCESS TO THE ISO CONTROLLED GRID AND MARKETS

- 9.1 Existing Contracts and Encumbrances and Access to the ISO Controlled Grid**
- 9.1.1** This Agreement is intended to operate in conjunction with the Settlement Agreement. Nothing in this Agreement shall be construed or interpreted in any manner that would interfere with the terms and conditions of any Existing Contract or Encumbrance or relieve the ISO of its obligation to honor such Existing Contracts and Encumbrances, provided that SVP or its Scheduling Coordinator shall schedule its use of Existing Contracts and Encumbrances as specified in Section 11.3 of this Agreement. The Existing Contracts and Encumbrances are listed on Schedule 13.

- 9.1.2** SVP shall have open and non-discriminatory access to the ISO Controlled Grid for the scheduling of transactions that do not utilize Existing Contracts and Encumbrances in accordance with the ISO Tariff and for other transmission services the ISO may provide in the future under the ISO Tariff, or under any other appropriate regulatory avenue.
- 9.1.3** SVP may use the ISO Controlled Grid in accordance with the ISO Tariff to buy and sell electric products in the ISO's markets and in bilateral transactions with other Market Participants.
- 9.1.4** SVP shall afford open and non-discriminatory access to the transmission facilities included in SVP's System to any entity qualified to obtain an order under Section 211 of the Energy Policy Act of 1992 that affords such access to the transmission facilities that such entity owns or controls.

9.2 Access to ISO Markets

- 9.2.1 Sales of Energy and Ancillary Services.** Energy and Ancillary Services produced by Generating Units and Loads on SVP's System may be sold in the ISO's markets on the terms applicable under the ISO Tariff to Participating Generators and Participating Loads, respectively, as modified by this Agreement. If SVP's Scheduling Coordinator or its MSS Aggregator's Scheduling Coordinator submits a bid for Energy or Ancillary Services from a Generating Unit listed in Schedule 14 or Load of SVP's System, SVP warrants to the ISO that it has the capability to provide that service in accordance with the ISO Tariff and that it shall comply with ISO Dispatch instructions for the provision of the service in accordance with this Agreement. If SVP's Scheduling Coordinator submits a bid for Energy or Ancillary Services from a Generating Unit or Load within a Service Area of SVP's System, any Energy delivered from that Generating Unit or Load shall be added to the calculation of SVP's net metered Demand and exports for purposes of determining deliveries to SVP's System in assessing charges pursuant to Article XIII.
- 9.2.2 Certification.** SVP 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 SVP is in possession of a current certificate pursuant to Sections 2.5.6 and 2.5.24 of the ISO Tariff.
- 9.2.3 Supplemental Energy and Ancillary Service Bids.** Bids in the ISO's Supplemental Energy and Ancillary Service markets may only be submitted by SVP's Scheduling Coordinator.
- 9.2.4 Black Start and Voltage Support.** SVP or its Scheduling Coordinator shall be entitled to bid the resources on SVP's System in any open solicitation held by the ISO for Black Start or Voltage Support services, provided that the supply of any service by SVP shall not impair its ability to provide the service it is required by

Article VIII of this Agreement to provide for SVP's System, and, if the services are sold to the ISO, SVP or its Scheduling Coordinator shall provide such services in accordance with the ISO Tariff.

ARTICLE X GENERATING UNITS AND PARTICIPATING LOADS

10.1 Identification of Resources. SVP has identified in Schedule 14 the individual Generating Units and Participating Loads that it owns, operates or to which it has a contractual entitlement, that are connected to SVP's System.

10.1.1 Technical Characteristics. SVP has provided to the ISO in Schedule 14 the required information regarding the capacity and operating characteristics of each of the Generating Units and Participating Loads listed in that schedule. The ISO may verify, inspect, and test the capacity and operating characteristics provided in Schedule 14, and any changes thereto made pursuant to Section 10.1.2 of this Agreement, in accordance with Section 2.5.25 of the ISO Tariff.

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

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

10.2 Generating Unit Operation

10.2.1 SVP shall install and maintain direct telemetry links to the ISO's EMS system for each SVP Generating Unit that enable the ISO to view the status, voltage, and output of the Generating Unit and ISO certified meters that transmit data automatically to the ISO's meter data acquisition system. SVP shall calculate and specify to the ISO any distribution loss factor applicable to the Generating Units of SVP's System.

10.2.2 If SVP, through its Scheduling Coordinator, chooses to supply Regulation or self-provide Regulation from a Generating Unit, it must provide the ISO with control

over the Generating Unit providing Regulation and place the Generating Unit on Automatic Generation Control ("AGC") responsive to the ISO's Regulation signal. Regulation service shall be provided in accordance with the ISO Tariff. SVP or its Scheduling Coordinator may adjust output of the Generating Units of SVP's System, in response to SVP's Load following needs, if elected in accordance with Section 23.12 of the ISO Tariff, provided that, if SVP is providing Regulation to the ISO from any Generating Unit, it may not adjust the output of that Generating Unit unless the integrity of the ISO's Regulation signal, and the continuous responsiveness of such Generating Unit, via AGC, to the ISO's Regulation signal, is not compromised. If the ISO determines that the integrity of the ISO's Regulation signal or the continuous responsiveness to the ISO's Regulation signal is compromised, SVP's Generating Unit shall be deemed not to have provided the Regulation, and SVP shall be subject to the provisions of the ISO Tariff applicable to failure to provide Regulation. To the extent that SVP chooses not to provide Regulation from an SVP Generating Unit, the ISO shall not control the Generating Unit via a direct link between the ISO and the Generating Unit without SVP's consent.

10.3 ISO Authority to Dispatch SVP Resources. The ISO's authority to Dispatch any portion of the capacity of any Generating Unit of SVP, other than in accordance with a bid submitted to the ISO by SVP's Scheduling Coordinator, is set forth in and subject to Section 7.1 of this Agreement.

10.4 WECC Requirements Applicable to Participating Generators

10.4.1 Reliability Criteria. SVP shall comply with the requirements of Section 5.4 of the ISO Tariff applicable to Participating Generators.

10.4.2 Payment of WECC Sanctions. SVP shall be responsible for payment directly to the WECC of any monetary sanction assessed against SVP by the WECC, as provided in Section 5.4.3 of the ISO Tariff.

ARTICLE XI SCHEDULING

11.1 Scheduling Coordinator. All Schedules submitted on behalf of SVP for the delivery of Energy and Ancillary Services to Loads in SVP's System and for exports from SVP's System shall be submitted by a Scheduling Coordinator certified in accordance with the applicable provisions of the ISO Tariff that has entered into a Scheduling Coordinator Agreement with the ISO that is currently in effect. The Scheduling Coordinator may be SVP itself or a Scheduling Coordinator designated by SVP.

11.2 Self-Provided Energy and Ancillary Services. SVP may self-provide all or any portion of its obligation for Energy and Ancillary Services. Whether or not SVP

engages in such self-provision, SVP's Scheduling Coordinator shall include the gross output, less auxiliary load, of each Generating Unit and import from which SVP meets that obligation and the gross Load served on SVP's System and gross exports from SVP's System in Schedules submitted to the ISO. If the ISO amends the ISO Tariff to relieve Scheduling Coordinators of the obligation to schedule gross Generation, imports, Loads, and exports, and the amendment would have applied to SVP in the absence of this Agreement, the Parties shall negotiate an amendment to this Agreement to conform the obligations of this section to the modified procedures.

- 11.3 Scheduling Timelines.** SVP's Scheduling Coordinator shall submit all Schedules, including Schedules for the use of its Existing Contracts and Encumbrances, Schedules for the use of the ISO Controlled Grid as a new firm use, and Schedules for the self-provision of Energy and Ancillary Services, within the timelines established by the ISO Tariff. SVP's Scheduling Coordinator shall not be precluded from making real-time changes if such scheduling capability is afforded SVP under Existing Contracts or Encumbrances or the Settlement Agreement. Schedule 13 includes any Scheduling timelines required for Existing Contracts and Encumbrances. SVP's Scheduling Coordinator shall provide to the ISO by 8:30 a.m. on the day prior to the Trading Day, a reservation amount for the California-Oregon Transmission Project ("COTP") that will not exceed SVP's Encumbrance. This reservation amount will be the maximum amount usable by and available to SVP on the COTP in the Day-Ahead Market, the Hour-Ahead Market and for real-time scheduling changes in accordance with Schedule 13 of this Agreement.

ARTICLE XII METERING

- 12.1** SVP shall ensure installation of ISO-certified revenue quality meters and associated equipment at (a) the Points of Interconnection and, (b) for each Generating Unit connected to SVP's System, at each bus to which one or more Generating Units is connected, provided that the Demand of any Load at that bus, other than a Generating Unit auxiliary load, is separately metered.
- 12.2** The provisions of the ISO Tariff applicable to ISO Metered Entities shall apply to SVP, subject to the particular rights and obligations of the Parties with respect to metering set forth in Schedule 15, including access to and testing of SVP's meters.
- 12.3** The calculation of SVP's Settlement Quality Meter Data shall be in accordance with Schedule 15.

ARTICLE XIII CHARGES

- 13.1 Charges Generally.** Except as may be provided otherwise in the provisions of this Article XIII, SVP's Scheduling Coordinator shall be responsible for charges incurred in accordance with the ISO Tariff, provided that nothing in this Agreement shall prohibit SVP from challenging the allocation of any new charge under the ISO Tariff to SVP on the ground that the proposed charge is not appropriately assessed against a MSS Operator, or on any other ground. Further, except as specifically provided in this Agreement, SVP shall only be responsible for charges allocated by the ISO Tariff to Participating TOs if it becomes a Participating TO, as permitted by Section 3.3.7.
- 13.2 Transmission Losses.** SVP's Scheduling Coordinator shall be responsible for transmission losses, in accordance with the ISO Tariff, only for the delivery of Energy to SVP's System or from SVP's System, provided SVP fulfills its obligation to provide for transmission losses on the transmission facilities forming part of SVP's System in accordance with Section 5.5 of this Agreement. A Generation Meter Multiplier ("GMM") shall be assigned to the Generating Units on SVP's System at the Points of Interconnection for use of the ISO Controlled Grid. That GMM shall be 1.0 for all Generating Units within SVP's System that are located at or behind a Point of Interconnection, to the extent that the Load at the Point of Interconnection for that portion of SVP's System exceeds the amount of Generation produced by the Generating Units connected to that portion of SVP's System, except that a GMM shall be calculated by the ISO for Energy produced pursuant to a Dispatch instruction from the ISO.
- 13.3 Congestion Costs.** SVP's Scheduling Coordinator shall be responsible for Usage Charges and Grid Operations Charges, and any successor charges through which the ISO collects Congestion costs from Scheduling Coordinators, in accordance with the ISO Tariff only with respect to SVP's Scheduling Coordinator's delivery of Energy and Ancillary Services to SVP's System or from SVP's System, including SVP's Scheduling Coordinator's delivery of Energy and Ancillary Services from Generating Units on SVP's System to SVP's System Loads other than Loads within the same Service Area to which the Generating Units are connected, provided that SVP fulfills its obligation to manage Congestion on SVP's System and at the Points of Interconnection at its own cost in accordance with Section 5.5 of this Agreement.
- 13.4 Unaccounted-For Energy Costs.** SVP's System shall be treated as a Utility Distribution Company Service Area for purposes of allocating responsibility for Unaccounted-for Energy costs in accordance with the ISO Tariff.
- 13.5 Reliability Generation.** SVP shall be responsible for the costs of maintaining the reliability of transmission facilities in SVP's System, including costs of Generating Units operated by or on behalf of SVP for that purpose. If and to the

extent SVP does not maintain sufficient Generation to meet the reliability criteria in Schedule 16 as applied to SVP's System and thus avoid material adverse impacts on the ISO Controlled Grid, then SVP may be assessed costs incurred by the ISO to support the reliability of SVP's System.

- 13.6 Voltage Support Costs.** If and to the extent SVP does not satisfy the Voltage Support obligations set forth in accordance with Section 8.3 of this Agreement, SVP's Scheduling Coordinator shall bear a proportionate share of the ISO's Voltage Support cost in accordance with the ISO Tariff.
- 13.7 Black Start Costs.** If and to the extent SVP does not provide its own Black Start capability in accordance with Section 8.4 of this Agreement, SVP's Scheduling Coordinator shall bear a proportionate share of the ISO's Black Start cost in accordance with the ISO Tariff.
- 13.8 Neutrality Costs.** SVP's Scheduling Coordinator's obligation to pay neutrality adjustments and Existing Contracts cash neutrality charges (or collect refunds) shall be based on SVP's net metered Demand and exports from the ISO Control Area.
- 13.9 Summer Reliability Costs.** SVP, through its Scheduling Coordinator, shall have the option to avoid any share of the ISO's costs for any summer Demand reduction program or for any summer reliability Generation procurement program pursuant to ISO Tariff Section 2.3.5.1.8. In order to avoid such costs, SVP shall secure capacity reserves on an annual basis at least equal to fifteen percent (15%) of its peak Demand responsibility, and shall provide documentation to the ISO of the resources proposed to meet that peak Demand responsibility plus such capacity reserves. Such capacity reserves may include peaking capacity and Demand reduction programs. To the extent that SVP demonstrates its provision of capacity reserves, SVP's Scheduling Coordinator shall not be obligated to bear any share of the ISO's costs for any summer Demand reduction program or for any summer reliability Generation procurement program pursuant to ISO Tariff Section 2.3.5.1.8.
- 13.10 Generating Unit Emissions and Start-Up Costs.** If the ISO is compensating Generating Units for emissions and start-up costs, and if SVP's Scheduling Coordinator charges the ISO for the emissions and start-up costs of the Generating Units serving the Load of SVP's System, then SVP's Scheduling Coordinator shall bear its proportionate share of the total amount of those costs incurred by the ISO in accordance with the ISO Tariff. If SVP's Scheduling Coordinator chooses not to charge the ISO for the emissions and start-up costs of the Generating Units serving the Load of SVP's System, then SVP's Scheduling Coordinator shall bear its proportionate share of the total amount of those costs incurred by the ISO based on SVP's System net metered Demand and exports from the ISO Control Area. SVP shall make the election whether to charge the ISO for these costs on an annual basis on November 1 for the following calendar year.

13.11 Grid Management Charge Adjustment for MSS Load Following. If the ISO is charging Grid Management Charges for uninstructed deviations, and if SVP's Scheduling Coordinator has uninstructed deviations associated with Load following from resources listed in Schedule 14, then the ISO will net the Generation and imports into the MSS to match the Load and exports out of the MSS, and will not assess Grid Management Charges associated with uninstructed deviations for such portion of Energy that is used to match MSS Load and net exports out of the MSS. If Generation, above the amount to cover Load and exports out of the MSS, was sold into the ISO's Imbalance Energy market, then SVP's Scheduling Coordinator will only be charged Grid Management Charges associated with uninstructed deviations for this quantity. SVP's Scheduling Coordinator will only be charged Grid Management Charges associated with uninstructed deviations if insufficient Generation and imports into the MSS were available to cover Load and exports out of the MSS, and SVP's Scheduling Coordinator purchased Imbalance Energy from the ISO's market. Only Grid Management Charges associated with uninstructed deviations (the Ancillary Services and Real-Time Energy Operations Charge (ASREO)) will be treated on a net basis. Control Area Services Charges will be based on Gross Load and exports out of the MSS. SVP's Scheduling Coordinator will be assessed the Congestion Management Charge in accordance with the ISO Tariff. Instructed Imbalance Energy will be assessed the ASREO.

13.12 Deviation Band and Penalties Calculation. Subject to an election by SVP made in accordance with Section 23.12 of the ISO Tariff to have its Scheduling Coordinator follow Load, the ISO will settle with SVP's Scheduling Coordinator with regard to Imbalance Energy, based on the applicable zonal or locational ex post prices, in accordance with the ISO Tariff. For purposes of assessing penalties to SVP's Scheduling Coordinator associated with operating outside the portfolio deviation band described in Section 8.6, the portfolio deviation band shall be three percent (3%) of the lesser of SVP's metered or Hour-Ahead scheduled Demand and exports from the MSS, adjusted for Forced Outages and any ISO directed firm Load Shedding, for SVP's portfolio as a whole. Penalties for operating outside of the deviation band will be based on a price that is the effective weighted average ex post price applicable to SVP for the billing interval. If the metered Generation resources and imports into the MSS exceed the Demand, exports out of the MSS, and Energy expected to be delivered by SVP in response to the ISO's Dispatch instructions and/or Regulation set-point signals issued by the ISO's AGC by more than the deviation band, then the ISO will take back its payment for Imbalance Energy by assessing SVP's Scheduling Coordinator a penalty of one hundred percent (100%) of the amount of Imbalance Energy that is outside the deviation band. If metered Generation resources and imports into the MSS are deficient in meeting Demand, exports out of the MSS, and Energy expected to be delivered by SVP in response to the ISO's Dispatch instructions and/or Regulation set-point signals issued by the ISO's AGC by more than the deviation band, then SVP's Scheduling Coordinator shall be assessed a two hundred percent (200%) penalty for the amount of Imbalance Energy that is outside of the deviation band, in addition to the

Imbalance Energy charges that may be applicable. SVP shall not oppose the ISO's allocation of the proceeds of any deviation band penalties as an offset to the ISO's Grid Management Charge.

- 13.13 Replacement Reserve Allocation.** MD02 includes the elimination of Replacement Reserve by October 1, 2002. If Replacement Reserve is not eliminated by October 1, 2002, the Parties agree to negotiate a change to the ISO's allocation of Replacement Reserve costs to SVP to bring that allocation into conformance with the settlement principles of Section 8.6.
- 13.14 Penalties for Failure to Provide Ancillary Services Capacity.** The Parties agree that Ancillary Services should be provided from the resources that the ISO actually instructs to respond and that the resources instructed to deliver Ancillary Services are expected to provide an incremental response consistent with the standards for the Ancillary Service. However, since SVP's Scheduling Coordinator may simultaneously be undertaking economic trades or following Loads using the same resource that the ISO has instructed to deliver Ancillary Services, the ISO will incorporate SVP's documented Load following instructions into its evaluation of Ancillary Services compliance. Penalties for failure to provide committed Ancillary Services capacity will be assessed by the ISO in accordance with the ISO Tariff, on an individual Generating Unit basis, whenever that capacity is considered to have not been made available to the ISO. If the ISO believes that an SVP Generating Unit did not supply the committed amount of Ancillary Services capacity or associated Energy, based on the Ancillary Services capacity reservation, any instructions issued by the ISO to SVP or its Scheduling Coordinator to provide associated Energy, and the supporting meter data, when assessing penalties the ISO will give due consideration to operational data that SVP or its Scheduling Coordinator may provide to demonstrate that the Generating Unit's output was being adjusted for Load-following purposes as allowed by the terms of this Agreement and within the Ancillary Services capacity not provided to the ISO. Additionally, the Parties agree that the current equations for the settlement of real time Energy may under some circumstances result in Ancillary Services capacity penalties that are inappropriate when the Generating Unit is being used simultaneously to follow Load and provide Ancillary Services Energy. Because it is anticipated that the current inadequacies will be resolved by October 1, 2002, by the implementation of new settlements equations that are part of MD02, the Parties agree to negotiate appropriate changes to the current settlements equations in the event that they are not superseded at that time.
- 13.15 Operating and Maintenance Costs.** SVP shall be responsible for all its costs incurred in connection with procuring, installing, operating, and maintaining the facilities, Generating Units, and Participating Loads of SVP's System for the purpose of meeting its obligations under this Agreement.

13.16 Billing and Payment. Billing and payment will be in accordance with the ISO Tariff.

ARTICLE XIV PENALTIES AND SANCTIONS

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

ARTICLE XV DISPUTE RESOLUTION

- 15.1 Dispute Resolution.** The Parties shall make reasonable efforts to settle all disputes arising out of or in connection with this Agreement. In the event any dispute is not settled, the Parties shall adhere to the 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 SVP and references to the ISO Tariff shall be read as references to this Agreement.

ARTICLE XVI REPRESENTATIONS AND WARRANTIES

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

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

**ARTICLE XVII
LIABILITY AND INDEMNIFICATION**

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

**ARTICLE XVIII
UNCONTROLLABLE FORCES**

- 18.1** Section 15 of the ISO Tariff shall be incorporated by reference into this Agreement, except that all references in Section 15 of the ISO Tariff to Market Participants shall be read as a reference to SVP and references to the ISO Tariff shall be read as references to this Agreement.

**ARTICLE XIX
MISCELLANEOUS**

- 19.1 Notices.** Any notice, demand or request which may be given to or made upon either Party regarding this Agreement shall be made in writing to the employee or official identified in Schedule 17 of this Agreement, and shall be deemed properly given: upon delivery, (a) if delivered in person, (b) five (5) days after deposit in the mail if sent by first class United States mail, postage prepaid, (c) upon receipt of confirmation by return facsimile if sent by facsimile, or (d) upon delivery if delivered by prepaid commercial courier service. A Party must update the information in Schedule 17 as the information changes. Such changes shall not constitute an amendment to this Agreement.
- 19.2 Waivers.** Any waiver at any time by either Party of its rights with respect to any default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not constitute or be deemed a waiver with respect to any subsequent default or other matter arising in connection with this Agreement. Any delay, short of the statutory period of limitations, in asserting or enforcing any right under this Agreement shall not constitute or be deemed a waiver of such right.

- 19.3 Governing Law and Forum.** This Agreement shall be deemed to be a contract made under, and for all purposes shall be governed by and construed in accordance with, the laws of the State of California, except its conflict of laws provisions. The Parties agree that any legal action or proceeding arising under or relating to this Agreement to which the ISO ADR Procedures do not apply shall be brought in one of the following forums as appropriate: any court of the State of California, any federal court of the United States of America located in the State of California, or, where subject to its jurisdiction, before the Federal Energy Regulatory Commission.
- 19.4 Merger.** This Agreement constitutes the complete and final agreement of the Parties with respect to the subject matter hereof and supersedes all prior agreements, whether written or oral, with respect to the provisions of this Agreement.
- 19.5 Counterparts.** This Agreement may be executed in one or more counterparts at different times, each of which shall be regarded as an original and all of which, taken together, shall constitute one and the same Agreement.
- 19.6 Consistency with Federal Laws and Regulations.** Nothing in this Agreement shall compel either Party to violate federal statutes or regulations, or orders lawfully promulgated thereunder. If any provision of this Agreement is inconsistent with any obligation imposed on a Party by such federal statute, regulation or order, to that extent, it shall be inapplicable to that Party. No Party shall incur any liability by failing to comply with a provision of this Agreement that is inapplicable to it by reason of being inconsistent with any such federal statutes, regulations, or orders lawfully promulgated thereunder; provided, however, that such Party shall use its best efforts to comply with this Agreement, to the extent that applicable federal laws, regulations, and orders lawfully promulgated thereunder permit it to do so.
- 19.7 Severability.** If any term, covenant, or condition of this Agreement or the application or effect of any such term, covenant, or condition is held invalid as to any person, entity, or circumstance, or is determined to be unjust, unreasonable, unlawful, imprudent, or otherwise not in the public interest by any court or government agency of competent jurisdiction, then such term, covenant, or condition shall remain in force and effect to the maximum extent permitted by law, and all other terms, covenants, and conditions of this Agreement and their application shall not be affected thereby, but shall remain in force and effect and the Parties shall be relieved of their obligations only to the extent necessary to eliminate such regulatory or other determination unless a court or governmental agency of competent jurisdiction holds that such provisions are not separable from all other provisions of this Agreement.
- 19.8 Assignments.** Either Party may assign its rights and obligations under this Agreement, with the other Party's prior written consent, in accordance with

Section 17 of the ISO Tariff, which is incorporated by reference into this Agreement. Such consent shall not be unreasonably withheld.

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: Terry M. Winter
Name: Terry M. Winter
Title: President and Chief Executive Officer
Date: July 12, 2002

CITY OF SANTA CLARA

By: Jennifer Sparacino
Name: JENNIFER SPARACINO
Title: City Manager
Date: July 12, 2002

ATTEST:

Bernadette DeSouza
asst. City Clerk

APPROVED AS TO FORM:

Judith J. Propp
for **MICHAEL R. DOWNEY**
City Attorney

SCHEDULE 1
SVP'S SYSTEM FACILITIES**[Section 1.2]**

The following facilities form SVP's System, including the Points of Interconnection.

For SVP:

A) **Points of Interconnection**

Scott Receiving Station (SRS) (Both 115 kV Lines Transfer to NRS by August 2002)

Newark-Scott No.1 terminates between SRS DS 143 and 145

Newark-Scott No.2 terminates between SRS DS 103 and 105

Kifer Receiving Station (KRS) (115 kV)

Newark-Kifer terminates between KRS DS 233 and 235

San Jose "B"-Kifer terminates between KRS DS 203 and 205

[Nortech-Kifer will terminate between KRS DS 193 and 195 in 2003]

Northern Receiving Station¹ (NRS)

(Two 115 kV Lines from Newark will transfer to NRS by August 2002)

[Newark-NRS No.1 will terminate between NRS DS 443 and 445]

[Newark-NRS No.2 will terminate between NRS DS 343 and 345]

Note: Disconnect Switches (DS) ending with 5's connect to the substation auxiliary buses
Disconnect Switches (DS) ending with 3's connect to the substation line breakers

B) **SVP Load**

At Scott/Kifer/Northern interconnections (NCP1 Demand Zone)

C) **Generation Facilities**

Black Butte terminates at Orland Junction DS 11 [PG&E DS 73] from tap to pole 3/14 on PG&E Glen- Orland "B" Line in Orland, CA.

Stony Gorge terminates at PG&E DS 55 from tap to pole 20/4 on PG&E Chico-Elk Creek Line in Elk Creek, CA.

High Line Hydro (not considered a Point of Interconnection)

Gianera Unit 1 tied to SVP's 60 kV system

Gianera Unit 2 tied to SVP's 60 kV system

Cogen Units 1&2 tied to SVP's 12 kV system

Container Corp. tied to SVP's 60 kV system ²

¹ SVP is currently constructing its Northern Receiving Station, which will initially be connected to the ISO Controlled Grid at 115 kV. However, SVP has additional future plans to upgrade its connection to the ISO Controlled Grid to 230 kV.

² At present, it is not clear whether or not the Container Corp. unit is going to be scheduled under SVP's utility Scheduling Coordinator. Discussions are on-going.

SCHEDULE 1A
NCPA'S SYSTEM FACILITIES
[Section 1.2]

The following facilities form NCPA's system, including the Points of Interconnection, that support the SVP transactions.

Points of Interconnection:

(See NCPA-provided information in NCPA's MSS Aggregator Agreement with the ISO)

Generating Resources (SVP's Share):

Collierville Hydroelectric Power Plant

NCPA Geothermal Plants

NCPA Combustion Turbine Project No. 1 (including Alameda, Roseville and Lodi CTs)

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

The ISO and SVP shall jointly maintain stable operating parameters and control real and reactive power flows in accordance with the following Interconnected Operation Standards.

SVP Responsibilities

- 1.0 SVP shall operate the facilities of SVP's System at each Point of Interconnection in such manner as to avoid any material or adverse impact on the ISO Control Area. In accordance with this performance goal, SVP shall:
 - 1.1 Operate the facilities of SVP's System at each Point of Interconnection 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 SVP's System 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 in accordance with Section 8.3 of this Agreement.
 - 1.4 In addition, SVP shall operate the facilities of SVP's System at each Point of Interconnection in accordance with the requirements applicable to Utility Distribution Companies in the ISO Operating Procedures and standards, except as otherwise provided in the Agreement.

ISO Responsibilities

- 2.0 The ISO shall operate the ISO Controlled Grid at each Point of Interconnection with SVP in such manner as to avoid any material or adverse impact on SVP facilities. In accordance with this performance goal, the ISO shall:
 - 2.1 Participate with SVP and PG&E in the development of joint power quality performance standards and jointly maintain compliance with such standards.
 - 2.2 Observe SVP 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.

- 2.3 Approve SVP's maintenance requests in a timely manner for transmission facilities that impact the ISO Controlled Grid, and shall not unreasonably withhold approval of such requests for authorization to perform energized insulator washing work or to take planned Outages needed to replace or insul-grease insulators.
- 2.4 Support SVP investigation of power quality incidents, and provide related data to SVP 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 Point of Interconnection with SVP's System in accordance with Section 8.3 of the Agreement.

SCHEDULE 2
ATTACHMENT 1

SVP GRID VOLTAGE LIMITS

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

The steady state voltage at Scott, Kifer, and Northern Receiving Stations is 115 kV \pm 5%.

SCHEDULE 3

RIGHTS OF ACCESS TO FACILITIES

[Section 4.5.1]

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

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

SCHEDULE 4**MAINTENANCE COORDINATION****[Section 5.1.2]**

By October 15th of each year, SVP shall 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 shall approve all proposed outages on equipment and lines listed on Schedule 1 unless a proposed outage would cause the ISO to violate Applicable Reliability Criteria. Approval of outages shall not be unreasonably withheld or delayed.

As noted on Schedule 1, some facilities are jointly owned by SVP and one or more other entities. The ISO acknowledges that, under the terms of the operating agreements applicable to each such facility, SVP may not be able to control unilaterally the timing of outages. SVP shall exercise its rights under the operating agreements, if any, applicable to each jointly owned facility listed on Schedule 1 to coordinate scheduling of outages with the ISO in accordance with this Agreement to the maximum extent possible and shall not enter into any operating agreement or amendment to an existing operating agreement with respect to any such facility that diminishes SVP's rights to schedule outages. However, SVP shall communicate directly to the ISO regarding its coordination of scheduled outages.

Applications for scheduled work shall be submitted to the ISO by the SVP Grid Operations group via means to be agreed to by both Parties. The documents submitted by SVP shall record the details for all work and become the database for reporting and recording outage information.

SCHEDULE 5**CRITICAL PROTECTIVE SYSTEMS****[Section 5.3]**

Distribution protective relay schemes affecting the ISO Controlled Grid are those associated with transformers that would trip transmission breakers and/or buses at SVP's Points of Interconnection 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 following is a brief description of the relaying schemes at Kifer Receiving Station that trip one or more of the 115kV line breakers (except SVP's 115kV tie line between Kifer Receiving Station and Scott Receiving Station):

- The single 115kV Bus Differential Protection Schemes would trip all 115kV breakers including the 115kV PG&E line breakers.
- All 115/60kV Transformer Protection Schemes trip only the transformer breakers and NOT any of the 115kV PG&E line breakers because of the main/auxiliary bus configuration.

The following is a brief description of the relaying schemes at Scott Receiving Station that trip one or more of the 115kV line breakers (except SVP's 115kV tie line between Kifer Receiving Station and Scott Receiving Station):

- 115kV Bus Differential Protection Scheme would trip all 115kV breakers including the 115kV PG&E line breakers.
- All 115/60kV Transformer Protection Schemes trip only the transformer breakers and NOT any of the 115kV PG&E line breakers because of the main/auxiliary bus configuration.

The following is a brief description of the relaying schemes at Northern Receiving Station that trip one or more of the 115kV line breakers:

- Both 115kV Bus Differential Protection Schemes would trip all associated 115kV breakers including the 115kV PG&E line breakers.
- All 115/60 kV Transformer Protection Schemes trip only the transformer breakers and NOT any of the 115 kV PG&E line breakers because of the main/auxiliary bus configuration.

**SCHEDULE 6
OPERATIONAL CONTACT**

[Section 5.4]

ISO:

**CONFIDENTIAL
INFORMATION
REDACTED**

SVP:

SCHEDULE 7

EMERGENCIES

[Section 7.2]

The ISO shall notify SVP's Power Control Center ("PCC") Operator, as identified in Schedule 6, of the emergency, including information regarding the cause, nature, extent, and potential duration of the emergency. The PCC Operator shall make the appropriate notifications within SVP organization. The PCC Operator shall then take such actions as are appropriate for the emergency in accordance with Section 7 of this Agreement.

SVP shall make requests for information from the ISO regarding emergencies through contacts to the ISO's Operations Shift Supervisor, by SVP's PCC Operator, or SVP's Information Officer may coordinate public information with the ISO Communication Coordinator.

SVP will communicate necessary information, including estimated service restoration by geographic areas, to appropriate state, local governmental entities, and its customers as needed. For transmission system caused outages, the ISO's Operations Shift Supervisor will notify the PCC Operator, who will make appropriate notifications within SVP's organization of any information related to the outage such as cause, nature, extent, potential duration and customers affected.

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

SVP shall retain records in accordance with its standard practices for record retention for six years.

SCHEDULE 8

UNDERFREQUENCY LOAD SHEDDING

[Section 7.4.1]

The objective of the Under Frequency 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

SVP's UFLS program establishes Under Frequency Load Shedding objectives consistent with the load shedding policies of the Western Electricity Coordinating Council, the North American Electric Reliability Council and SVP. SVP's UFLS program satisfies the requirements of the WECC Off-Nominal Frequency Load Shedding and Restoration Plan (Formal Report November 25, 1997). SVP's UFLS program is also set in accordance with the WECC Southern Island Tripping Plan and coordinated with it. The SVP UFLS program utilizes WECC planning criteria in this area. Per WECC requirements, UFLS is on the feeder side of the transformer.

SVP's UFLS is set forth in Attachment A to SVP's EAP, which is attached to Schedule 11, and incorporates the tripping scheme set forth therein.

SCHEDULE 9
OTHER AUTOMATIC LOAD SHEDDING
[Section 7.4.1]

SVP has no other automatic load shedding devices other than those identified in Schedule 8.

SCHEDULE 10

MANUAL LOAD SHEDDING

[Section 7.4.3]

Criteria for the implementation of manual Load Shedding are set forth in the SVP Emergency Action Plan attached to Schedule 11.

NOTE: SVP's deep load shedding program needs to be coordinated with PG&E's deep load shedding program (to make sure the same load is not double-counted).

SCHEDULE 10A

ROTATING LOAD CURTAILMENT PROCEDURES

[Section 7.4.3]

Any information regarding SVP rotating Load curtailment procedures are described in the SVP Emergency Action Plan attached to Schedule 11. To maintain a minimum amount of continuously interrupted Load, as directed by the ISO, for an extended amount of time, no portion of SVP's interrupted Load shall be restored unless an equal or greater amount of Load is interrupted first.

SCHEDULE 10B

INTERRUPTIBLE LOAD

[Section 7.4.3]

Should SVP seek to bid any interruptible Load into any ISO market, SVP shall provide a complete description of the program to the ISO at least sixty (60) days prior to the submission of the first such bid by SVP's Scheduling Coordinator and all applicable Operating Procedures shall be followed.

SCHEDULE 11

EMERGENCY ACTION PLAN

[Sections 5.2 and 7.5.1]

SVP's current Emergency Action Plan is attached to this Schedule 11.

**CONFIDENTIAL
INFORMATION
REDACTED**

SCHEDULE 12

LOAD RESTORATION

[Section 7.4.4]

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

1. Immediately after load shedding by frequency relay has occurred in SVP's System, SVP shall remain in contact with PG&E's 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 PG&E ACC(s).
2. Manual load restoration shall 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 SVP, after the frequency has recovered and there is indication that the frequency can be maintained. SVP shall await direction from the ISO or its assignee, who will be in contact with the ISO Shift Manager. The ISO Shift Manager shall determine whether adequate generation resources are available on line to support the load to be restored.
3. SVP's automatic load restoration will be consistent with the WECC Coordinated Off-Nominal Frequency Load Shedding and Restoration Plan.
4. 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 shall be permitted. If the frequency is such that automatic load restoration occurs under these conditions, if SVP has restored load automatically, it will manually shed an equivalent amount of load to offset the load which was automatically restored.
5. Restoration of ties and off-site power supply to nuclear generating facilities should be given top priority. Manual load restoration will be deferred during periods of tie restoration. SVP 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 SVP, UDCs, and MSS Operators where load shedding shall be beneficial, and such load shedding shall be made in accordance with Section 7.4.

6. SVP shall 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.

SCHEDULE 13

EXISTING CONTRACTS AND ENCUMBRANCES

[Section 9.1.1]

Existing Contract or Encumbrance	Amount (MW)	Scheduling Timeline	
		To PTO	To ISO
PG&E - WAPA Contract 2948A (PG&E # 79)	216	20 min. into the active ½ hour.	In accordance with the ISO Tariff
COTP Interim Participation Agreement, scheduled in accordance with the Coordinated Operations Agreement among PG&E, SCE, SDG&E and TANC (PG&E # 146)	252 North to South* 192 South to North*	N/A	30 min. prior to the start of the active hour.
South of Tesla Principles between PG&E and TANC (PG&E # 143)	**	30 min. prior to the start of the active hour.	In accordance with the ISO Tariff
PG&E-SVP Grizzly Agreement(s)	45.32 (17.66 + 27.66)	20 min. into the active ½ hour.	In accordance with the ISO Tariff
SCE-MSR Firm Transmission Service Agreement	52.5	30 min. prior to the start of the active hour.	In accordance with the ISO Tariff

*The amount of SVP's Existing Contracts and Encumbrances associated with its ISO contract reference numbers (CRNs) is set forth here for informational purposes only and is accounted for, and subject to, Schedule 13 of the NCPA MSS Aggregator Agreement. The COTP Interim Participation/Coordinated Operations Agreement amount is contingent upon the direction of the transaction and the California Oregon Intertie rating.

**The amount of SVP's Existing Contracts and Encumbrances associated with its ISO contract reference numbers (CRNs) is set forth, and is accounted for, and subject to, Schedule 13 of the NCPA MSS Aggregator Agreement. The SOTP amounts are contingent upon the availability of unused transmission service rights as further described in the Path 15 Operating Instructions (Appendix B, Transmission Control Agreement, as approved in Docket ER99-1770 and as may be amended or superceded) and is accounted for, and subject to, Schedule 13 of the NCPA MSS Aggregator Agreement.

Note: Details regarding the agreed upon scheduling provisions for each Existing Contract or Encumbrance are described in the Settlement Agreement.

SCHEDULE 14

GENERATING UNITS

[Section 10.1]

SVP has identified in the attached table all of the individual Generating Units that it owns or controls on SVP's System, together with certain information required by the ISO.

SCHEDULE 14
Section 1: Technical Characteristics of Generator
Units
Silicon Valley Power

Name of Facility	QF	Name of Owner	Control Room Telephone Number	ISO Resource ID	Type of Unit	Capacity	Minimum Operating Limit 1/	Normal Maximum Operating Limit 1/	Extended Maximum Operating Limit 1/ 2/	Maximum Normal Ramp Rate 1/ 2/	Startup-Time 1/	Minimum Run Time 1/	Limitations
(Including Unit Number)	(Y/N)					(MW)	(MW)	(MW)	(MW)	(MW/Min)	(Hrs)	(Hrs)	(Reference #)
Thermal													
Jefferson-Smurfit Container Corp.	Y	Jefferson-Smurfit Corp.	408-496-5081	CONTAN_1_UNIT	Aggregated Unit	25.8	20.9	25.8	25.8	6.0	1	Continuous	SVP-1,2,8
					Combustion Turbine	20.9	20.9	20.9	20.9	6.0	1	Continuous	SVP-1,2,8
					Steam Turbine	4.9		4.9	4.9	2.0	1	Continuous	SVP-1,2,8
Gianera GT1	N	CSC	408-247-3730	CSCGNR_1_UNIT 1	Combustion Turbine	24.75	24	24.75	24.75	6.0	0.2	2	SVP-1,2,3,4
Gianera GT2	N	CSC	408-247-3731	CSCGNR_1_UNIT 2	Combustion Turbine	24.75	24	24.75	24.75	6.0	0.2	2	SVP-1,2,3,4
Santa Clara Cogen	N	CSC	408-247-3732	CSCCOG_1_UNIT 1	Aggregated Unit	7	6	7	7	1.8	1	Continuous	SVP-1,2,5
					Combustion Turbine	3.5	3.0	3.5	3.5	1.8	1	Continuous	SVP-1,2,5
					Combustion Turbine	3.5	3.0	3.5	3.5	1.8	1	continuous	SVP-1,2,5
Hydroelectric													
Stoney Gorge	N	CSC	408-247-3730	CSCHYD_2_UNIT 1	Aggregated Hydro	4.9	1.3	4.9	4.9	2.5	0.02	ROR	SVP-6,7
					Hydro	2.45	1.3	2.45	2.45	2.5	0.02	ROR	SVP-6,7
					Hydro	2.45	1.3	2.45	2.45	2.5	0.02	ROR	SVP-6,7
Black Butte Hydro	N	CSC	408-247-3731	BLCKBT_2_STONEY	Hydro	6.2	1.5	6.2	6.2	6.2	0.02	ROR	SVP-6,7
High Line Hydro	N	CSC	408-247-3732	CSCHYD_2_UNIT 2	Hydro	0.5	0.5	0.5	0.5	0.5	0.02	ROR	SVP-6,7
Nuclear													
Wind													
Solar													
Waste-to-Energy													
Biomass													
Geothermal													
Synchronous Condensers													
Other													

1/ Current effective values for purposes of scheduling Energy and bidding to provide Energy and/or Ancillary Services in ISO markets may differ from those set forth in this Schedule 1, depending on the results of ISO performance testing pursuant to Sections 2.5.24 and 2.5.25 of the ISO Tariff and Section 9 of the ISO Ancillary Services Requirements Protocol.

2/ These and other values are subject to certification by the ISO.

SCHEDULE 14

Section 2: Limitations
Silicon Valley Power

Reference #	Description of Limitation
SVP-1	Unit is subject to operational output limitations due to ambient temperatures. Hot ambient temperatures significantly reduce output capability.
SVP-2	Unit is subject to operational output limitations due to Nox and CO emission limits in accordance with Bay Area Air Quality Management District standards. A reduction in loading rapidly increases CO emissions toward the BAAQMD permit limit. Consequently, unit is not operated at less than the Minimum Operating Limit except during source testing.
SVP-3	Unit is subject to permit constraints of a maximum of 21 hours of operation per day while operation is on natural gas fuel and a maximum of 7 hours of operation per day while operation is on fuel oil.
SVP-4	Unit is subject to permit constraints of a maximum of 19,000 MWh during any calendar year and a maximum of 877 hours of operation during any calendar year.
SVP-5	Two CTG Cogeneration plant that must run continuously, fully loaded, to meet the steam customer contract requirement obligations. When unit HRSG is cold, a minimum 4-hour startup time is required. During planned shutdowns one CTG may run independently from the other while the customers backup boiler is supporting total steam load. Backup boiler is subject to permit constraints on number of annual operating hours.
SVP-6	Unit is a run of the river facility. Orland Unit Water User's Association and the Corps of Engineers determine the water flow rates through the plant and therefore the power production and run time.
SVP-7	Unit is subject to operational output limitations due to the variations in the reservoir available head.
SVP-8	Container Corp. facility was operating as QF but is currently selling their 20MW excess power to SVP. At present, it is not clear whether or not the Container Corp. unit is going to be scheduled under SVP's utility Scheduling Coordinator. Discussions are on-going.

SCHEDULE 15**METERING OBLIGATIONS****[Section 12.2]****Obligations and Rights of SVP**

- 1.0 Submission of Meter Data through the ISO's Revenue Meter Data Acquisition and Processing System ("MDAS").** SVP 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 SVP are referred to in the Metering Protocol of the ISO Tariff.
- 1.1 Meter Information.** SVP shall provide in the format prescribed by Schedule 15.1 the required information with respect to all of its meters used to provide Meter Data to the ISO. SVP must immediately notify the ISO of any changes to the information provided to the ISO in accordance with this Section and provide the ISO with any information in relation to such change as reasonably requested by the ISO. SVP shall have the right to modify Schedule 15.1, although such modification shall not constitute an amendment to this Agreement.
- 1.2 Transformer and/or Line Loss Correction Factor.** If SVP uses low voltage side metering, it shall use the ISO approved transformer and/or line loss correction factor referred to in the Metering Protocol of the ISO Tariff.
- 1.3 Rights to Access Metering Facilities.** SVP shall use its best efforts to procure any rights necessary for the ISO to access all Metering Facilities of SVP to fulfill its obligations under the ISO Tariff, and its obligations under this Agreement. If, after using its best efforts, SVP is unable to provide the ISO with such access rights, SVP 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 Metering Protocol of 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 SVP.
- 1.4 Security and Validation Procedures.** The security measures and the validation, editing, and estimation procedures that the ISO shall apply to Meter Data made available to the ISO by SVP shall be as referred to in the Metering Protocol of the ISO Tariff.

- 1.5 Authorized Users.** In addition to the persons referred to in the ISO Tariff, including SVP and the relevant Scheduling Coordinator, as being entitled to access Meter Data on MDAS, SVP may set forth in Schedule 15.2 of this Agreement any additional authorized users that shall be entitled to access SVP's Settlement Quality Meter Data held by the ISO. SVP shall include in Schedule 15.2 as authorized users the relevant UDCs and TOs. The ISO shall provide the authorized users with any password or other information necessary to access SVP's Settlement Quality Meter Data held by the ISO on MDAS. Any amendment or addition to Schedule 15.2 shall not constitute an amendment to this Agreement.
- 1.6 Certification, Inspection, and Auditing of Meters.** SVP 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 15.1 from which SVP provides Meter Data to the ISO. The ISO or ISO Authorized Inspector shall furnish SVP, upon request, an itemized bill for such costs.

Obligations and Rights of the ISO

- 2.0 Direct Polling of MDAS.** The ISO shall allow the Scheduling Coordinator representing SVP and all authorized users to directly poll MDAS for the Meter Data relating to SVP in accordance with the procedures referred to in the Metering Protocol of the ISO Tariff.
- 2.1 ISO as a Third-Party Beneficiary.** The ISO shall be a third-party beneficiary to any future agreement between SVP and any other party relating to the Metering Facilities of SVP 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.
- 2.2 Remote and Local Access to Metering Data.** The ISO shall provide SVP any password or other requirements necessary for SVP to access its Meter Data remotely or locally at the meter.

Calculation of SVP Settlement Quality Meter Data

If SVP elects to use its MSS Aggregator for Load following, the calculation of SVP's Settlement Quality Meter Data ("SQMD") shall be made as part of its MSS Aggregator's calculation of SQMD. If SVP does not use its MSS Aggregator for Load following, the calculation of SVP's SQMD shall be made in accordance with a calculation procedure that is mutually agreed by the Parties, which calculation procedure will generally be as follows:

SVP SQMD (Gross Load) = Meter Data at the Points of Interconnection + Metered Generation from Internal Generating Units – Final

Real-Time WAPA 2948A Energy in accordance with the Settlement Agreement Power Scheduled with PG&E +/- the incremental or decremental real-time revisions to the Hour-Ahead Schedules for Grizzly Agreement deliveries in accordance with the Settlement Agreement

SCHEDULE 15.1

METER INFORMATION

METER INFORMATION

Resource ID/Meter Number	CSCGNR_1_UNIT 1/# 5910308
Name of the Facility	Gianera Unit # 1
Location (address if applicable)	2339 Gianera St., Santa Clara, CA
Resource ID/Meter Number	CSCGNR_1_UNIT 2/# 5910309
Name of the Facility	Gianera Unit # 2
Location (address if applicable)	Same as above
Resource ID/Meter Number	CONTAN_1_UNIT/# 5910307
Name of the Facility	CCA (Smurfit-Stone)
Location (address if applicable)	2600 De La Cruz Blvd., Santa Clara, CA
Resource ID/Meter Number	No Resource ID/#5910353
Name of the Facility	NRS No. 1 (Northern Receiving Station)
Location (address if applicable)	4851 Centennial Blvd., Santa Clara, CA
Resource ID/Meter Number	No Resource ID/#5910355
Name of the Facility	NRS No. 2 (Northern Receiving Station)
Location (address if applicable)	4851 Centennial Blvd., Santa Clara, CA
Resource ID/Meter Number	No Resource ID/#5910354
Name of the Facility	Kifer Receiving Station (South Line)
Location (address if applicable)	2970 Lafayette St., Santa Clara, CA
Resource ID/Meter Number	No Resource ID/#5910352
Name of the Facility	Kifer Receiving Station (North Line)
Location (address if applicable)	2970 Lafayette St., Santa Clara, CA
Resource ID/Meter Number	CSCCOG_1_UNIT 1/# 5910310
Name of the Facility	Co-Generation Site
Location (address if applicable)	524 Robert Ave. Santa Clara, CA
Resource ID/Meter Number	BLCKBT_2_STONEY/# 5910312
Name of the Facility	Black Butte Powerhouse
Location (address if applicable)	19227 Newville Rd., Orland, CA
Resource ID/Meter Number	CSCHYD_2_UNIT 1/# 5910311
Name of the Facility	Stony Gorge Powerhouse
Location (address if applicable)	2550 County Rd. 306, Elk Creek, CA

FUTURE

Resource ID/Meter Number	TBD
Name of the Facility	Northern Receiving Station
Location (address if applicable)	4851 Centennial Blvd. Santa Clara, CA

SCHEDULE 15.2

**ACCESS TO METER DATA
AND AUTHORIZED USERS**

[SVP shall provide in Schedule 15.2 a list of all authorized users of SVP's Settlement Quality Meter Data and any restrictions or limitations placed on them.]

Western Area Power Administration
Pacific Gas and Electric Company

SCHEDULE 16
TRANSMISSION RELIABILITY CRITERIA

[Section 13.5]

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

Power Flow Assessment:

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

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

Post Transient Load Flow Assessment:

Contingencies	Reactive Margin Criteria ²
Selected ¹	A/R

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

Stability Assessment:

Contingencies

Stability Criteria ²

Selected ¹ A/R

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

SCHEDULE 17

NOTICES

[Section 19.1]

SVP

Name of Primary Representative: Mr. James Pope
Title: Director of Electric Utility
Address: 1500 Warburton Avenue
City/State/Zip Code: Santa Clara, CA 95050-3796
Email Address: jpope@ci.santa-clara.ca.us
Phone: (408) 261-5490
Fax No: (408) 249-0217

Name of Alternative Representative: Mr. Ray Camacho / Mr. Robert Streich
Title: Assistant Director of Electric Utility
Address: 1500 Warburton Avenue
City/State/Zip Code: Santa Clara, CA 95050-3796
Email Address: rcamacho@ci.santa-clara.ca.us
rstreich@ci.santa-clara.ca.us
Phone: (408) 615-2186 / (408) 615-5605
Fax No: (408) 261-2717 / (408) 988-1080

ISO**Name of Primary**

Representative: Byron Woertz
Title: Director of Client Relations
Address: 151 Blue Ravine Road
City/State/Zip Code: Folsom, CA 95630
Email Address: bwoertz@caiso.com
Phone: (916) 608-7066
Fax No: (916) 608-7074

Name of Alternative

Representative: Deborah A. Le Vine
Title: Director of Contracts
Address: 151 Blue Ravine Road
City/State/Zip Code: Folsom, CA 95630
Email Address: dlevine@caiso.com
Phone: (916) 351-2144
Fax No: (916) 351-2487

