

August 30, 2017

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

**Re: California Independent System Operator Corporation
Filing of Rate Schedule No. 95
Docket No. ER17-_____-000**

Dear Secretary Bose:

The California Independent System Operator Corporation (CAISO) requests the Federal Energy Regulatory Commission accept the attached Transferred Frequency Response Agreement between the CAISO and Bonneville Power Administration (Bonneville) as a rate schedule.¹ The CAISO has designated this agreement as Rate Schedule No. 95. The CAISO requests that the Commission issue an order accepting the agreement by November 1, 2017, so that this agreement may take effect on December 1, 2017.

I. Background

On September 16, 2016, the Commission conditionally accepted tariff revisions submitted by the CAISO to facilitate the CAISO's compliance with the frequency response requirements of North American Electric Reliability Corporation (NERC) Reliability Standard BAL-003-1.1 – *Frequency Response and Frequency Bias Setting*.² Reliability Standard BAL-003-1.1 establishes frequency response requirements for balancing authority areas.³ Requirement 1 of Reliability Standard BAL-003-1.1 requires each balancing authority to achieve an annual frequency response measure that equals or exceeds its frequency response obligation. A balancing authority's frequency response obligation is determined each year and reflects its proportionate share – based on annual

¹ The CAISO submits this filing pursuant to Section 205 of the Federal Power Act, 16 U.S.C. § 824d. Capitalized terms not otherwise defined herein have the meanings set forth in the Master Definitions Supplement, Appendix A to the CAISO tariff and the attached agreement.

² *Cal. Indep. Sys Operator Corp.*, 156 FERC ¶ 61,182 (2016) *rehearing denied Cal. Indep. Sys Operator Corp* 158 FERC ¶ 61,129 (2017).

³ *Frequency Response and Frequency Bias Setting Reliability Standard*, Order No. 794, 146 FERC ¶ 61,024 (2014).

generation and load – of the interconnection’s frequency response obligation. Compliance with the annual frequency response obligation runs from December 1 through November 30 of the following year.

In prior orders, the Commission authorized the CAISO to procure transferred frequency response from other balancing authorities in the Western Interconnection as a means to ensure compliance with Requirement 1 of Reliability Standard BAL-003-1.1.⁴ The Commission also accepted agreements for the CAISO to procure transferred frequency responses for the 2016-2017 compliance year under BAL-003-1.1.⁵ Section 42.2.1 of the CAISO tariff states:

If the CAISO concludes that it may be unable to provide sufficient frequency response consistent with Applicable Reliability Criteria, the CAISO may, acting in accordance with Good Utility Practice, negotiate contracts for Transferred Frequency Response. The CAISO will solicit bids for contracts for Transferred Frequency Response. The CAISO shall select the bids that permit the CAISO to satisfy Applicable Reliability Criteria at lowest cost consistent with the seller’s capability to provide Transferred Frequency Response, and not to exceed the estimated cost of satisfying Applicable Reliability Criteria using additional procurement of Regulation Up.⁶

Earlier this year, the CAISO initiated a competitive solicitation to request offers for transferred frequency response for the 2017-2018 compliance year under NERC Reliability Standard BAL-003.1.1. The CAISO has yet to obtain its frequency response measure for the 2016-2017 compliance year because NERC does not make this determination until a full compliance year is complete. At that time, NERC identifies the frequency disturbance events it uses to evaluate balancing authorities’ performance. As a result of not knowing its frequency response measure for 2016-2017, the CAISO elected to secure additional transferred frequency response for the 2017-2018 compliance year.⁷ This

⁴ *Cal. Indep. Sys Operator Corp.*, 156 FERC ¶ 61,182 (2016) *rehearing denied Cal. Indep. Sys Operator Corp* 158 FERC ¶ 61,129 (2017).

⁵ See Letter Order dated January 19, 2017 in Commission Docket ER17-408 <https://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=14469344>; and see Letter Order dated January 19, 2017 in Commission Docket ER17-411 <https://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=14469345>.

⁶ CAISO Tariff section 42.2.2 and 11.34 govern the allocation of costs to scheduling coordinators for any transferred frequency response contract the CAISO enters.

⁷ The CAISO has initiated a stakeholder process which will address long-term compliance with Reliability Standard BAL-003-1.1 through market mechanisms. At present, the CAISO is

insurance will help the CAISO meet its compliance obligations.

II. The CAISO has Completed a Competitive Solicitation for Transferred Frequency Response

On May 15, 2017, the CAISO issued a request for proposals to provide transferred frequency response to Balancing Authorities in the Western Interconnection. The CAISO also provided a draft Transferred Frequency Response Agreement that reflected the product the CAISO was soliciting. The CAISO accepted bids up to, and including, June 15, 2017. Copies of the CAISO request and supporting documents are attached to this transmittal letter as Attachment B.

After the receipt of bids from balancing authorities or their authorized sellers, the CAISO assessed those bids against prior frequency response performance by each bidder, as well as cost against the estimated cost of procuring regulation up capacity to ensure the CAISO has sufficient primary frequency response to meet the requirements of Reliability Standard BAL-003-1.1. After this evaluation, the CAISO commenced negotiations with selected bidders to execute transferred frequency response contracts.

The competitive solicitation the CAISO conducted was consistent with the guidance the Commission has provided for competitive solicitation processes to ensure that affiliates do not receive undue preference.⁸ In that regard, the Commission has ruled that competitive solicitation processes:

- *Transparency* – The competitive solicitation should be open and fair.
- *Definition* – The product or products sought through the competitive solicitation process should be precisely defined.
- *Evaluation* – Evaluation criteria should be standardized and applied equally to all bids and bidders.
- *Oversight* – An independent third party should design the solicitation, administer bidding, and evaluate bids prior to selection.

assessing whether to design a market product for primary frequency response capabilities or instead develop additional market products that relies on secondary controls, *i.e.* fast regulation. At present, the CAISO does not expect it can implement any design changes prior to fall of 2019.

⁸ See generally *Allegheny Energy Supply Co., LLC*, 108 FERC ¶ 61,082, P 22 (2004). Although the CAISO does not have an affiliate that could provide transferred frequency response, the Commission's guidance remains instructive.

The CAISO's transferred frequency response competitive solicitation process satisfied these four principles and was also consistent with the CAISO's tariff. First, as reflected in the request for proposal, the competitive solicitation was open to all balancing authorities in the Western Interconnection, or their authorized sellers, that can provide transferred frequency response. Second, the CAISO defined transferred frequency response, which was the product subject to the solicitation.⁹ The request for proposals identified the terms, timeline, bidding instructions for the solicitation, evaluation criteria and terms of service reflected in a draft contract. Third, the CAISO selected bids, consistent with its tariff and evaluation criteria. These criteria include lowest cost and the bidders' ability to provide transferred frequency response.¹⁰ The CAISO applied these criteria to all bids and bidders for transferred frequency response. Fourth, the CAISO, an independent entity, administered the competitive solicitation on behalf of the CAISO market and evaluated the bids.

III. Purpose of the Transferred Frequency Response Agreement

The agreement between the CAISO and Bonneville governs the terms and conditions under which Bonneville will provide transferred frequency response to the CAISO and the payment the CAISO will make to Bonneville for such service. Under the agreement, Bonneville will provide transferred frequency response and document its performance on the appropriate NERC compliance forms for the compliance year beginning December 1, 2017. The CAISO has agreed to compensate Bonneville at the contract price for its performance. Under the agreement, Bonneville and the CAISO will adjust their frequency response performance by the contract amount for each disturbance event selected by NERC to assess compliance under Reliability Standard BAL-003-1.1 for the 2017 – 2018 compliance year.

IV. The Commission Should Accept the Rate Schedule.

The CAISO considered its recent year-over-year deterioration in its response to frequency disturbance events to develop a procurement target. Based on this information, the CAISO identified a MW/01.Hz quantity of transferred frequency response to procure in order to provide adequate insurance to meet its expected frequency response obligation for the 2017-2018 compliance year under Reliability Standard BAL-003-1.1. Based on an analysis it performed in 2016, the CAISO used an estimate of the MWh cost to procure additional regulation up capacity to meet this frequency response target.¹¹ This

⁹ The CAISO has defined transferred frequency response in Appendix A to the CAISO tariff, Master Definitions Supplement.

¹⁰ CAISO tariff section 42.2.1.

¹¹ *Id* at p.4:7-25. The CAISO has provided an estimate of the cost to ensure it meets its frequency response obligation using additional regulation up in Attachment C to this filing.

analysis provided a range of costs to allow the CAISO to estimate the cost of procuring additional regulation up to comply with BAL-003.1.1 as opposed to securing transferred frequency response from other balancing authorities. The CAISO believes this range remains an appropriate benchmark, given that market clearing prices for regulation up have remained relatively stable since the CAISO performed its analysis.¹²

The CAISO's tariff states that the CAISO will select the lowest cost bids consistent with sellers' demonstrated ability to provide transferred frequency response. Bonneville demonstrated its ability to support its bid for transferred frequency response based on prior performance, and its bid reflected the lowest cost offer for the quantity selected. The CAISO evaluated the offers based on an estimate of costs the market might incur by procuring additional regulation up capacity in order to secure frequency response capability.¹³ A confidential comparison of bids received versus the potential cost to secure frequency response through the procurement of additional regulation up capacity is provided with this transmittal letter as Attachment C. Bonneville's offer price was well below the CAISO's estimated cost to secure frequency response through procurement of additional regulation up capacity. Based on the bids received and consistent with the factors set forth in CAISO tariff section 42.2.1, the CAISO selected Bonneville's bid along with two other entities for transferred frequency response.¹⁴

Beyond the contract amount and the contract prices, the Commission should accept the remaining terms and conditions of the transferred frequency response agreement between Bonneville and the CAISO. Of importance, the agreement provides that transferred frequency response may not exceed the frequency response performance that the transferor balancing authority has produced as reflected in its annual frequency response measure under BAL-003-1.1.¹⁵ This term of the agreement ensures that Bonneville can manage the risk of having sufficient frequency response to transfer to the CAISO under the agreement without having to provide the contract amount in response to each and every disturbance event identified by NERC under Reliability Standard BAL-003-1.1.

¹² See generally CAISO Monthly Market Performance Reports for 2017 – Regulation up prices in Table entitled IFM (Day Ahead) Monthly Average Ancillary Service Procurement. Monthly average prices have ranged between \$11.14 and \$15.25 per MWh. These reports are posted on the CAISO website: <http://www.caiso.com/market/Pages/ReportsBulletins/Default.aspx>.

¹³ See Prepared Testimony of Warren Katzenstein in ER17-408. <https://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=14406972>.

¹⁴ Separately, the CAISO is filing contracts with Grant County Public Utility District and Chelan County Public Utility District for the Commission's acceptance.

¹⁵ See Transferred Frequency Response Agreement, Articles 1.6 and 1.7.

With respect to payment terms, the CAISO and Bonneville have agreed that Bonneville will invoice the CAISO for transferred frequency response and the CAISO shall pay the invoice electronically. These payment terms allow sufficient time for the Commission to review and approve this agreement prior to the issuance of an invoice and for the CAISO to collect sufficient revenues from scheduling coordinators under CAISO tariff section 11.34 to pay Bonneville in a timely manner.

V. Effective Date

The CAISO respectfully requests that the Commission accept the attached agreement, effective as of December 1, 2017, the first day of the 2017-2018 compliance period under BAL-001-1.1. The CAISO requests an order by November 1, 2017 to provide time for Bonneville to invoice the CASIO for transferred frequency response and the CAISO to collect and remit funds consistent with the terms of the agreement.

VI. Request for Confidential Treatment

The CAISO is submitting both a confidential version and a public version of this filing. Pursuant to 18 C.F.R. § 388.112, the CAISO requests privileged treatment for information within a table included in Attachment C to this filing relating to bids submitted to provide transferred frequency response and the CAISO's cost comparison of these bids.¹⁶ The CAISO also requests privileged treatment of the potential costs of procuring additional regulation up capacity to meet its frequency response obligation as described on line 8 of page 2 of Attachment C to this filing. The CAISO has redacted this information from the public version of this filing. This information reflects sensitive commercial and financial information and its disclosure could harm CAISO market participants. The CAISO has submitted a form of protective agreement as Attachment D to this filing.

VII. Service

Copies of this filing have been served upon Bonneville, the California Public Utilities Commission, the California Energy Commission, all parties with effective scheduling coordinator service agreements under the CAISO tariff, and the Commission's service list for docket ER16-1483. In addition, the CAISO is posting this transmittal letter and all public attachments on its public website.

¹⁶ See lines pp 1:2-22 and 2:13 of Attachment C.

VIII. Attachments

The following attachments, in addition to this transmittal letter, support the instant filing:

Attachment A	Executed Transferred Frequency Response Agreement;
Attachment B	Copies of the CAISO Request for Proposals and attachments thereto;
Attachment C	Comparison of bids received versus the potential cost to procure additional regulation up capacity (a public and privileged version are attached); and
Attachment D	Form of Protective Agreement.

IX. Communications

Pursuant to Rule 203(b) of the Commission's Rules of Practice and Procedure,¹⁷ the CAISO requests that all correspondence, pleadings and other communications concerning this filing be served upon the following whose names should appear on the official service list established by the Commission with respect to this submittal:

Anthony Ivancovich
Deputy General Counsel
California Independent System
Operator Corporation
250 Outcropping Way
Folsom, CA 95630
Tel: (916) 608-7135
Fax: (916) 608-7222
aivancovich@caiso.com

Andrew Ulmer
Director, Federal Regulatory Affairs
California Independent System
Operator Corporation
250 Outcropping Way
Folsom, CA 95630
Tel: (916) 608-7209
Fax: (916) 608-7222
aulmer@caiso.com

¹⁷ See 18 C.F.R. § 385.203(b).

X. Conclusion

The Commission should accept the transferred frequency response agreement between the CAISO and Bonneville. The agreement is consistent with the CAISO's tariff provision regarding procurement of transferred frequency response. The agreement will help ensure the CAISO meets the requirements of Reliability Standard BAL-003-01.1 for the compliance year beginning December 1, 2017.

Respectfully submitted,

By: /s/ Andrew Ulmer

Roger E. Collanton
General Counsel
Anthony Ivancovich
Deputy General Counsel
Andrew Ulmer
Director, Federal Regulatory Affairs
California Independent System
Operator Corporation
250 Outcropping Way
Folsom, CA 95630

Attorneys for the California Independent System Operator Corporation

Attachment A – Executed Agreement
Transferred Frequency Response Agreement between
Bonneville Power Administration and the
California Independent System Operator Corporation

**CALIFORNIA INDEPENDENT SYSTEM
OPERATOR CORPORATION**

AND

BONNEVILLE POWER ADMINISTRATION

**TRANSFERRED FREQUENCY
RESPONSE AGREEMENT**

**THIS TRANSFERRED FREQUENCY RESPONSE AGREEMENT**

(**"AGREEMENT"**) is established this 15 day of August, 2017, and is accepted by and between:

United States of America, Department of Energy, acting by and through the **Bonneville Power Administration** a Federal power marketing agency ("Transferor Balancing Authority").

and

California Independent System Operator Corporation ("CAISO or Transferee Balancing Authority"), a California nonprofit public benefit corporation having a principal executive office located at such place in the State of California as the CAISO Governing Board may from time to time designate.

The Transferor Balancing Authority and the CAISO are hereinafter referred to as the "Parties" or individually as "Party."

Whereas:

- A.** The Parties named above operate Balancing Authority Areas.
- B.** On January 16, 2014, the Federal Energy Regulatory Commission ("FERC") adopted Order No. 794, approving the North American Electric Reliability Corporation ("NERC") reliability standard BAL-003-1.1.
- C.** NERC implements reliability standards in coordination with regional reliability entities and the entity for the western region is the Western Electricity Coordinating Council ("WECC").
- D.** NERC will determine on an annual basis the Frequency Response Obligation for each Balancing Authority in the Western Interconnection.
- E.** On September 16, 2016, FERC accepted, subject to condition, CAISO tariff revisions that authorize the CAISO to procure Transferred Frequency Response to comply with NERC reliability standard BAL-003-1.1.
- F.** The Parties wish to enter into this Agreement to establish the terms and conditions for Transferred Frequency Response.

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

1 Definitions

- 1.1 BAL-003-1.1.** A NERC reliability standard, as it may be amended from time to time.
- 1.2 Balancing Authority.** The responsible entity that integrates resource plans ahead of time, maintains demand and resource balance within a Balancing Authority Area, and supports Interconnection frequency in real time.
- 1.3 Balancing Authority Area.** The collection of generation, transmission, and loads within the metered boundaries of the Balancing Authority. The Balancing Authority maintains load-resource balance within this area.
- 1.4 Frequency Response Obligation.** The Balancing Authority's share of the required Interconnection Frequency Response Obligation as defined by NERC. This obligation will be expressed in megawatts per 0.1 Hertz (MW/0.1Hz).
- 1.5 Frequency Response.** The sum of the change in demand, plus the change in generation, divided by the change in frequency, expressed in MW/0.1 Hz.
- 1.6 Frequency Response Measure.** The median of all of the Frequency Response observations reported annually by Balancing Authorities or Frequency Response Sharing Groups for frequency events as specified by NERC under BAL-003-1.1. This measure will be calculated as MW/0.1HZ
- 1.7 Transferred Frequency Response.** Frequency response performance adjustment under BAL-003-1.1 expressed in MW/0.1 Hz that a Transferee Balancing Authority may acquire under an arrangement whereby a Transferor Balancing Authority adjusts its reported Frequency Response by the same amount sold to the Transferee Balancing Authority. Transferred Frequency Response does not change NERC-designated Frequency Response Obligation of any entity. Transferred Frequency Response is reported on applicable NERC/WECC forms, and applied consistently to each reported frequency disturbance event. The Transferor Balancing Authority adjusts its reported performance downward (positive number) and the Transferee Balancing Authority adjusts its reported Frequency Response performance upward (negative number) by

the same amount. Transferred Frequency Response may reflect an aggregate amount from multiple contracts. Any reported Transferred Frequency Response may not exceed the frequency response performance that the Transferor Balancing Authority has produced as reflected in its annual Frequency Response Measure.

2. Term and Termination

2.1 Effective Date and Term

This Agreement shall be effective as of December 1, 2017, unless this Agreement is accepted for filing and made effective by the FERC on some other date, and shall continue in effect until April 1, 2019 (“Contract Term”) notwithstanding those terms that survive the Contract Term.

2.2 Conditional Pending FERC Acceptance

The obligations of the Parties under this Agreement are conditioned upon approval by the FERC. In the event that FERC does not accept this Agreement, or conditions its acceptance on terms that are unacceptable to either Party, either Party may terminate the Agreement by providing written notice within thirty (30) days of the FERC order. As soon as practical, the CAISO shall provide the Transferor Balancing Authority with FERC’s decision on this Agreement.

3. Transferor Balancing Authority Obligations

3.1 Transferor Balancing Authority shall adjust its Transferred Frequency Response column of the Applicable NERC/WECC forms by 40 MW/0.1 Hz (the “Contract Amount”) in accordance with the terms of BAL-003-1.1 from December 1, 2017 to November 30, 2018 the “Compliance Year.”

3.2 Transferor Balancing Authority shall produce sufficient Frequency Response such that the Frequency Response Measure is greater than or equal to the Contract Amount.

3.3 Transferor Balancing Authority shall reasonably cooperate with the CAISO in the event that the CAISO is subject to NERC or WECC regulatory inquiry or audit in connection with the Transferred Frequency Response that is the subject of this Agreement.

4 CAISO Obligations

- 4.1** As full consideration to Transferor Balancing Authority for its performance under this Agreement the CAISO shall compensate Transferor Balancing Authority \$2,304,000 (“Contract Price”). The Contract Price shall compensate Transferor Balancing Authority for any and all costs in connection with such performance, including but not limited to, any fines or reliability based penalties assessed against Transferor Balancing Authority under BAL-003-1.1.
- 4.2** The CAISO shall reasonably cooperate with the Transferor Balancing Authority in the event that the Transferor Balancing Authority is subject to NERC or WECC regulatory inquiry or audit in connection with the Transferred Frequency Response that is the subject of this Agreement.

5. Performance Obligations

If Transferor Balancing Authority fails to perform its obligations under Section 3, and such failure results in the CAISO incurring fines or penalties imposed by FERC, WECC or NERC for non-compliance with BAL-003-1.1, Transferor Balancing Authority shall be liable for the imposed fines or penalties applied against CAISO for the failure.

6. Billing and Payment

- 6.1** The Transferor Balancing Authority shall provide the CAISO with an informational copy of a proposed bill in January, 2018 and a final bill for the full Contract Price on the March 2018 power bill issued in April 2018. The Issue Date is the date the Transferor Balancing Authority electronically sends the final bill to the CAISO.

Bill(s) shall be sent to Dennis Estrada at DEstrada@caiso.com with a copy to Chhanna Hasegawa at chasegawa@caiso.com.

The CAISO shall pay the final bill including interest earned at the rate provided for in the interest-bearing account from the date of deposit to the date of withdrawal electronically in accordance with instruction on the invoice within twenty (20) calendar days of the Issue Date (Due Date). If the 20th day is a Saturday, Sunday or federal holiday, then the Due Date is the next Business Day. Payments received after the Due Date shall be subject to a late payment charge equal to the higher of:

The Prime Rate as reported in the Wall Street Journal or successor publication in the first issue published during the months in which payment was due, plus four percent, divided by 365; or

The Prime Rate times 1.5, divided by 365,

Late payment charge shall be applied to any unpaid balance.

6.2 Disputed Bills

If the CAISO disputes any portion of a charge or credit on CAISO's bills, CAISO shall provide written notice to The Transferor Balancing Authority with a copy of the bill noting the disputed amounts. Notwithstanding whether any portion of the bill is in dispute, CAISO shall pay the entire bill by the Due Date.

Unpaid amounts on a bill (including both disputed and undisputed amounts) are subject to the late payment charges provided above. Notice of a disputed charge on a bill does not constitute the Transferor Balancing Authority's agreement that a valid claim under contract law has been stated.

If the Parties agree, or if after a final determination of a dispute pursuant to Federal law, CAISO is entitled to a refund of any portion of the disputed amount, then Transferor Balancing Authority shall make such refund with simple interest computed from the date of receipt of the disputed payment to the date the refund is made. The daily interest rate shall equal the Prime Rate (as reported in the Wall Street Journal or successor publication in the first issue published during the month in which payment was due) divided by 365.

7 REPRESENTATIONS AND WARRANTIES

7.1 The CAISO is a California nonprofit public benefit corporation and that it has the full power and authority to execute, deliver and perform its obligations under this Agreement.

7.2 Transferor Balancing Authority is a Federal power marketing administration and a Balancing Authority and has the full power and authority to contract for, execute, deliver and perform obligations under this Agreement.

7.3 Both the CAISO and Transferor Balancing Authority mutually represent and warrant that this Agreement has been duly authorized, executed and

delivered by or on behalf of Transferor Balancing Authority and the CAISO, respectively, and is, upon execution and delivery, the legal, valid and binding obligation of each Party, enforceable against it in accordance with its terms.

8 Liability

8.1 Liability to Third Parties

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

8.2 Liability Between the Parties

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

9. Miscellaneous

9.1 Notices

Any notice, demand, or request which may be given to or made upon either Party regarding this Agreement shall be made in writing and unless otherwise stated or agreed upon by the Parties shall be made to the representative of the other Party indicated in Schedule 1 and shall be deemed properly served, given, or made: (a) upon delivery if delivered in person, (b) five (5) days after deposit in the mail if sent by first class United States mail, postage prepaid, (c) upon receipt of confirmation by return facsimile if sent by facsimile, (d) upon receipt of confirmation by return e-mail if sent by e-mail or (e) upon delivery if delivered by prepaid commercial courier service. A Party must update the information in Schedule 1 relating to its address as that information changes. Such changes shall not constitute an amendment to this Agreement.

9.2 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 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.

9.3 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 Federal Law. No provision of this Agreement shall be deemed to waive the right of any Party to protest, or challenge in any manner, whether this Agreement, or any action or proceeding arising under or relating to this Agreement, is subject to the jurisdiction of the Federal Energy Regulatory Commission.

9.4. Uncontrollable Forces

9.4.1 An Uncontrollable Force means any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm, flood, earthquake, explosion, any curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond the reasonable control of the Parties which could not be avoided through compliance with mandatory NERC Reliability Standards and WECC Regional Reliability Standards.

9.4.2 Neither Party will be considered in breach of any obligation under this Agreement or liable to the other for direct, indirect, and consequential damages if prevented from fulfilling that obligation due to the occurrence of an Uncontrollable Force requiring the Party to suspend performance of its obligations. Each Party shall each use its best efforts to mitigate the effects of an Uncontrollable Force, remedy its inability to perform, and resume full performance of its obligations hereunder in a timely manner.

9.5 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.

9.6 Section Headings

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

9.7 Amendments

This Agreement and the schedule attached hereto may be amended from time to time by the mutual agreement of the Parties in writing. Amendments that are subject to FERC approval shall not take effect until FERC has accepted such amendments for filing and has made them effective. Nothing contained herein shall be construed as affecting in any way the right of the CAISO or the Transferor Balancing Authority to unilaterally make application to FERC for a change in the rates, terms and conditions of this Agreement under Section 205 of the FPA or section 7 of the Northwest Power Act, as either may be applicable and pursuant to FERC's rules and regulations promulgated thereunder; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered, consistent with the applicable federal statute. Nothing in this Agreement shall limit the rights of the Parties or of FERC under Sections 205 or 206 of the FPA, if applicable, and FERC's rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.

9.8 Counterparts

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



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

California Independent System Operator Corporation

By: DocuSigned by:
Eric Schmitt
0971A84CB55B4B3...

Name: Eric Schmitt

Title: VP, Operations

Date: 8/15/2017

Bonneville Power Administration

By: _____

Name: _____

Title: _____

Date: _____

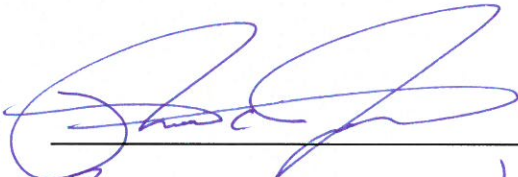


IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed on behalf of each by and through their authorized representatives as of the date first written above.

California Independent System Operator Corporation

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

Bonneville Power Administration

By:  _____
Name: ROBERT C JOHNSON
Title: Acting PTF Manager
Date: 8/9/2017



SCHEDULE 1

NOTICES

[Section 8.1]

Transferor Balancing Authority

Name of Primary Representative: Alex Spain
Title: Trading Floor Manager
Company: Bonneville Power Administration
Address: 905 N.E. 11th Avenue,
City/State/Zip Code: Portland, OR 97232_
Email Address: ajspain@bpa.gov
Phone: 503-230-5780
Fax No: 503-230-7463

Name of Alternative Representative: Dan Le
Title: Customer Account Executive (Trader)
Company: Bonneville Power Administration
Address: 905 N.E. 11th Avenue
City/State/Zip Code: Portland OR 97232
Email Address: nle@bpa.gov
Phone: 503-230-3144
Fax No: 503-230-7463



CAISO

Name of Primary Representative: Regulatory Contracts
Title: N/A
Address: 250 Outcropping Way
City/State/Zip Code: Folsom, CA 95630
Email address: RegulatoryContracts@caiso.com
Phone: (916) 351-4400
Fax: (916) 608-5063

Name of Alternative Representative: Christopher J. Sibley
Title: Manager, Regulatory Contracts
Address: 250 Outcropping Way
City/State/Zip Code: Folsom, CA 95630
Email address: csibley@caiso.com
Phone: (916) 608-7030
Fax: (916) 608-5063

Certificate Of Completion

Envelope Id: ADA90FFCD129496D974D0E25EB880700	Status: Completed
Subject: Please DocuSign these documents: BPA Transferred Frequency Response Agreement	
Source Envelope:	
Document Pages: 14	Signatures: 1
Supplemental Document Pages: 0	Initials: 1
Certificate Pages: 5	
AutoNav: Enabled	Envelope Originator:
Envelopeld Stamping: Enabled	Emilee Plouff
Time Zone: (UTC-08:00) Pacific Time (US & Canada)	250 Outcropping Way
	Folsom, CA 95630
	eplouff@caiso.com
	IP Address: 12.200.60.7

Record Tracking

Status: Original	Holder: Emilee Plouff	Location: DocuSign
8/15/2017 12:59:44 PM	eplouff@caiso.com	

Signer Events

Daune Kirrene
dkirrene@caiso.com
Security Level: Email, Account Authentication (None)

Signature

Using IP Address: 12.246.183.174
Signed using mobile

Timestamp

Sent: 8/15/2017 3:10:43 PM
Viewed: 8/15/2017 3:12:16 PM
Signed: 8/15/2017 3:12:51 PM

Electronic Record and Signature Disclosure:
Accepted: 8/15/2017 3:12:16 PM
ID: 1d38b961-01db-4bde-a29b-f79481a11bc5

Eric Schmitt
eschmitt@caiso.com
VP, Operations
Security Level: Email, Account Authentication (None)

DocuSigned by:

0971A84CB55B4B8...

Using IP Address: 12.200.60.7

Sent: 8/15/2017 3:12:53 PM
Viewed: 8/15/2017 3:51:32 PM
Signed: 8/15/2017 3:52:52 PM

Electronic Record and Signature Disclosure:
Accepted: 8/15/2017 3:51:32 PM
ID: d858d4fd-18c7-4025-a1bd-a48276e045f8

Emilee Plouff
eplouff@caiso.com
Contracts Analyst
California Independent Systems Operator Corporation - Regulatory Contracts
Security Level: Email, Account Authentication (None)

Completed

Using IP Address: 12.200.60.7

Sent: 8/15/2017 3:52:54 PM
Viewed: 8/16/2017 8:09:39 AM
Signed: 8/16/2017 8:20:11 AM

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Signature

Timestamp

Editor Delivery Events

Status

Timestamp

Agent Delivery Events

Status

Timestamp

Intermediary Delivery Events

Status

Timestamp

Certified Delivery Events

Status

Timestamp

Carbon Copy Events	Status	Timestamp
<p>Alex Spain ajspain@bpa.gov Security Level: Email, Account Authentication (None)</p> <p>Electronic Record and Signature Disclosure: Not Offered via DocuSign</p>	COPIED	<p>Sent: 8/15/2017 3:12:53 PM Viewed: 8/15/2017 4:06:20 PM</p>
<p>Dan Le nle@bpa.gov Security Level: Email, Account Authentication (None)</p> <p>Electronic Record and Signature Disclosure: Not Offered via DocuSign</p>	COPIED	<p>Sent: 8/15/2017 3:12:53 PM Viewed: 8/16/2017 7:36:32 AM</p>
<p>Regulatory Contracts regulatorycontracts@caiso.com Security Level: Email, Account Authentication (None)</p> <p>Electronic Record and Signature Disclosure: Not Offered via DocuSign</p>	COPIED	<p>Sent: 8/15/2017 3:12:52 PM</p>

Notary Events	Signature	Timestamp
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Envelope Summary Events	Status	Timestamps
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Envelope Sent	Hashed/Encrypted	8/15/2017 3:52:54 PM
Certified Delivered	Security Checked	8/16/2017 8:09:39 AM
Signing Complete	Security Checked	8/16/2017 8:20:11 AM
Completed	Security Checked	8/16/2017 8:20:11 AM

Payment Events	Status	Timestamps
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Electronic Record and Signature Disclosure
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ELECTRONIC RECORD AND SIGNATURE DISCLOSURE

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At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. For such copies, as long as you are an authorized user of the DocuSign system you will have the ability to download and print any documents we send to you through your DocuSign user account for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a \$0.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

Withdrawing your consent

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. To indicate to us that you are changing your mind, you must withdraw your consent using the DocuSign 'Withdraw Consent' form on the signing page of your DocuSign account. This will indicate to us that you have withdrawn your consent to receive required notices and disclosures electronically from us and you will no longer be able to use your DocuSign Express user account to receive required notices and consents electronically from us or to sign electronically documents from us.

All notices and disclosures will be sent to you electronically

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through your DocuSign user account all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

How to contact California Independent Systems Operator Corporation - Regulatory Contracts:

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To contact us by email send messages to: cadler@caiso.com

To advise California Independent Systems Operator Corporation - Regulatory Contracts of your new e-mail address

To let us know of a change in your e-mail address where we should send notices and disclosures electronically to you, you must send an email message to us at cadler@caiso.com and in the body of such request you must state: your previous e-mail address, your new e-mail address. We do not require any other information from you to change your email address..

In addition, you must notify DocuSign, Inc to arrange for your new email address to be reflected in your DocuSign account by following the process for changing e-mail in DocuSign.

To request paper copies from California Independent Systems Operator Corporation - Regulatory Contracts

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an e-mail to cadler@caiso.com and in the body of such request you must state your e-mail address, full name, US Postal address, and telephone number. We will bill you for any fees at that time, if any.

To withdraw your consent with California Independent Systems Operator Corporation - Regulatory Contracts

To inform us that you no longer want to receive future notices and disclosures in electronic format you may:

- i. decline to sign a document from within your DocuSign account, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;
- ii. send us an e-mail to cadler@caiso.com and in the body of such request you must state your e-mail, full name, IS Postal Address, telephone number, and account number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

Required hardware and software

Operating Systems:	Windows2000? or WindowsXP?
Browsers (for SENDERS):	Internet Explorer 6.0? or above
Browsers (for SIGNERS):	Internet Explorer 6.0?, Mozilla FireFox 1.0, NetScape 7.2 (or above)
Email:	Access to a valid email account
Screen Resolution:	800 x 600 minimum
Enabled Security Settings:	<ul style="list-style-type: none"> •Allow per session cookies •Users accessing the internet behind a Proxy Server must enable HTTP 1.1 settings via proxy connection

** These minimum requirements are subject to change. If these requirements change, we will provide you with an email message at the email address we have on file for you at that time providing you with the revised hardware and software requirements, at which time you will have the right to withdraw your consent.

Acknowledging your access and consent to receive materials electronically

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please verify that you were able to read this electronic disclosure and that you also were able to print on paper or electronically save this page for your future reference and access or that you were able to e-mail this disclosure and consent to an address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format on the terms and conditions described above, please let us know by clicking the 'I agree' button below.

By checking the 'I Agree' box, I confirm that:

- I can access and read this Electronic CONSENT TO ELECTRONIC RECEIPT OF ELECTRONIC RECORD AND SIGNATURE DISCLOSURES document; and
- I can print on paper the disclosure or save or send the disclosure to a place where I can print it, for future reference and access; and
- Until or unless I notify California Independent Systems Operator Corporation - Regulatory Contracts as described above, I consent to receive from exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to me by California Independent Systems Operator Corporation - Regulatory Contracts during the course of my relationship with you.

Attachment B – Request for Proposals
Transferred Frequency Response Agreement between
Bonneville Power Administration and the
California Independent System Operator Corporation

From: [Kirrene, Daune](#)
To: "Sarah.Kist@aps.com"; "Albert.Peters@aps.com"; "jeffery.sundin@aps.com"; "asher.steed@bchydro.com"; "raellison@bpa.gov"; "Jesus.aragon@cfe.gob.mx"; "gabriel.santillan@cfe.gob.mx"; "janet.jaspers@chelanpud.org"; "bryan.bradshaw@chelanpud.org"; "denisea@grid4ce.net"; "davidj@grid4ce.net"; "ArlenS@dcpcud.org"; "steve.eckles@epelectric.com"; "wcoe@gcpcud.org"; "mtongue@gcpcud.org"; "rnotebo@gcpcud.org"; "MPolito@idahopower.com"; "mike.anctil@ladwp.com"; "glenn.barry@ladwp.com"; "Donald.Stievertson@ladwp.com"; Silver (LADWP), Kenneth; Campbell (NVEnergy), Jay; "sateef@nvenergy.com"; "patrick.powers@northwestern.com"; "julie.reichle@northwestern.com"; "randy.smart@pacificcorp.com"; "John.Geiger@pacificcorp.com"; "Brent.Roholt@pacificcorp.com"; "Dustin.Herrick@pacificcorp.com"; "robert.frost@pgn.com"; "chris.buck@pgn.com"; "Don.Lacen@pnm.com"; "richard.krajewski@pnm.com"; "robert.staton@xcelenergy.com"; "steve.owen@xcelenergy.com"; "rich.brock@xcelenergy.com"; "evan.sorrell@pse.com"; "dana.wheelock@seattle.gov"; "michael.watkins@seattle.gov"; "pawel.krupa@seattle.gov"; Shetler (BANC), Jim; "Steven.Cobb@srpnet.com"; "Mike.Pfeister@srpnet.com"; "Mark.Avery@srpnet.com"; "tmills@tep.com"; "lbriggs@tep.com"; "wgmanuel@tid.org"; "tloyd@ci.tacoma.wa.us"; "aust@wapa.gov"; "Olson@wapa.gov"; "heiman@wapa.gov"; "JOHNSONS@WAPA.GOV"; Paulsen (WAPA - Desert Southwest Region), John; "Kirwan@wapa.gov"; "speidel@wapa.gov"; "cory.anderson@seattle.gov"; Corrigan (Powerex), Michael; Federspiel (POWEREX.COM), Miles; "Malin,Debra J (BPA) - PTL-5"
Cc: [Kirrene, Daune](#)
Subject: CAISO RFP to Procure Transferred Frequency Response
Date: Tuesday, May 09, 2017 3:20:39 PM

Hello Balancing Authority Representative,
My name is Daune Kirrene, I am leading the California Independent System Operator Corporation's effort to procure transferred frequency response to satisfy NERC Standard BAL-003-1 for the compliance year December 1, 2017 to November 30, 2018. I'm reaching out to you today to let you know that the CAISO intends to issue a Request for Proposal ("RFP") by next week to solicit bids from Balancing Authorities to transfer frequency response to the CAISO. If you are not the appropriate contact, please reply and let me know who the right contact is to receive the RFP. Please let me know if you have any questions.

Daune

Daune Kirrene

Sr. Contracts Negotiator

Infrastructure Contracts and Management

California Independent System Operator Corporation

250 Outcropping Way

Folsom CA 95630

Desk (916) 608-7058

Email dkirrene@caiso.com

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From: [Kirrene, Daune](#)
To: [Kirrene, Daune](#)
Cc: [Le Vine, Debi](#); [Sibley, Chris](#); [Kirrene, Daune](#)
Subject: CAISO Request for Proposal Compliance Year December 2017 - November 2018
Date: Monday, May 15, 2017 11:25:22 AM
Attachments: [TransferredFrequencyResponse RFP.docx](#)
[TransferredFrequencyResponse Agreement_Generic.docx](#)

In January 2014, the Federal Energy Regulatory Commission (“FERC”) approved Reliability Standard BAL-003-01 that was submitted by the North American Electric Reliability Corporation (“NERC”). Among other things, this standard requires Balancing Authorities to meet an annual frequency response measure, compliance with this requirement begins December 1, 2016. This standard requires each Balancing Authority or reserve sharing group to demonstrate that it meets the required measure through the submission of a compliance form each year after the conclusion of the compliance year to NERC/Western Electricity Coordinating Council (“WECC”). These NERC/WECC forms reflect that compliance with the obligation can be met through “Transferred Frequency Response” which is a compliance instrument that allows one Balancing Authority to transfer its frequency response to another Balancing Authority for purposes of reporting compliance with the standard. The California Independent System Operator Corporation (“CAISO”) is seeking to purchase up to 100 MW per 0.1 Hz Transferred Frequency Response capability to meet its frequency response obligation for the compliance period starting on December 1, 2017 and continuing up to and including November 30, 2018. The submittal deadline for transferred frequency response bids and proof of capability 11:59 p.m. Pacific Standard Time on Thursday, June 15, 2017. Send an email to me at dkirrene@caiso.com, by June 7, 2017 so that the site through which bids will be submitted can be set up.

Please contact me if you want to discuss anything regarding the request for proposal.

Daune

Daune Kirrene

Sr. Contracts Negotiator

Infrastructure Contracts and Management

California Independent System Operator Corporation

250 Outcropping Way

Folsom CA 95630

Desk (916) 608-7058

Email dkirrene@caiso.com

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California Independent System Operator Corporation

Request for Proposal Transferred Frequency Response

Submittal Deadlines:
Thursday June 15, 2017
Time: 11:59 p.m. Pacific Standard Time

Submit Proposals to:

Daune Kirrene via



A secure collaboration site set up for each bidder.
Send an email by June 7, 2017 if submitting a bid so that the site
can be set up for the bidder.

dkirrene@caiso.com

916-608-7058

California ISO

250 Outcropping Way,
Folsom, CA 95630

Introduction

In January 2014, the Federal Energy Regulatory Commission (“FERC”) approved Reliability Standard BAL-003-01 that was submitted by the North American Electric Reliability Corporation (“NERC”). Among other things, this standard requires Balancing Authorities to meet an annual frequency response measure, compliance with this requirement begins December 1, 2016. This standard requires each Balancing Authority or reserve sharing group to demonstrate that it meets the required measure through the submission of a compliance form each year after the conclusion of the compliance year to NERC/Western Electricity Coordinating Council (“WECC”). These NERC/WECC forms reflect that compliance with the obligation can be met through “Transferred Frequency Response” which is a compliance instrument that allows one Balancing Authority to transfer its frequency response to another Balancing Authority for purposes of reporting compliance with the standard. The California Independent System Operator Corporation (“CAISO”) is seeking to purchase up to 100 MW per 0.1 Hz Transferred Frequency Response capability to meet its frequency response obligation for the compliance period starting on December 1, 2017 and continuing up to and including November 30, 2018.

The CAISO is defining Transferred Frequency Response as a frequency response performance obligation adjustment expressed in MW per 0.1 Hz that the CAISO may acquire from another Balancing Authority pursuant to a contract. The CAISO is proposing to report Transferred Frequency Response annually on applicable NERC/WECC forms. CAISO’s Transferred Frequency Response adjustment reported on its forms may reflect an aggregate amount of frequency response from contracts with multiple Balancing Authorities. The CAISO expects its frequency response performance rate reported for each frequency disturbance event expressed in MW per 0.1 Hz will be evaluated for compliance with the Applicable Reliability Criteria including the Transferred Frequency Response adjustment.

Under the standard, NERC will determine in October the frequency response obligation of each Balancing Authority in the WECC. The CAISO intends to transfer, pursuant to a contract or contracts, up to 100 MW/0.1 Hz frequency response performance obligation to another one or more Balancing Authorities.

The following table illustrates an example of the CAISO’s expectations for performance in varying frequency disturbance events.

	CAISO Obligation	BA 1 Obligation
NERC - assigned Frequency Response Obligation (FRO)	250 MW/0.1 Hz	100 MW/ 0.1 Hz
Transferred Frequency Response (TFR)	- 100 MW/0.1 Hz	+ 100 MW/0.1 Hz
<u>Median BA Frequency Response Measure necessary to meet FRO</u>	<u>150 MW/ 0.1 Hz</u>	<u>200 MW/ 0.1 Hz</u>
Examples of Disturbance Event Obligation		
0.1 Hz Frequency Drop	150 MW	200 MW
0.2 Hz Frequency Drop	300 MW	400 MW


Terms:

- Product - Transferred Frequency Response
- Eligible Provider – Balancing Authority in the WECC or its authorized seller, as discussed further in the Transferred Frequency Response Agreement
- Quantity – 100 MW/0.1Hz (Total amount which can be procured through multiple contracts)
- Term (compliance period) – December 1, 2017 – November 30, 2018
- Price - \$/compliance period

Timeline: (the following timeline is conditional based on FERC approval)

- June 15, 2017 – Request For Proposal responses are due to CAISO
- July 31, 2017 – CAISO notifies successful bidder(s)
- August 1, 2017 – Begin negotiation of Transferred Frequency Response Agreement with successful bidder(s)
- September 1, 2017 - file executed agreement(s) with FERC for a December 1, 2016 effective date.

Bidding Instructions:

- A bidding template is provided as Attachment A to this Request for Proposal and bids must be submitted using this template.
- In addition to the bidding template, submission of Proof of Capability for the past two years is required through submitting the prior two years of NERC forms, Frequency Response Standard Form 1 and 2.
 - CAISO agrees to treat submitted data as Covered Data in accordance with the WECC Universal Data Sharing Agreement (“UDSA”) and will return or destroy the data after the assessment.
- Submit Bids and Proof of Capability by 11:59 p.m. Pacific Standard Time on June 15, 2017 through:
 - The  secure collaboration site set up for each bidder.
 - Send an email to Daune Kirrene, dkirrene@caiso.com, by June 7, 2017 so that the site through which bids will be submitted can be set up.

Eligibility:

- Bids will not be considered from single generator Balancing Authorities

Evaluation Criteria:

- Demonstration of ability to provide the amount of Frequency Response Transfer
- Least Cost


Terms and Conditions of Service:

- A draft agreement is provided on the CAISO website along with this RFP and the bidder must be willing to execute the agreement as drafted. If the bidder does not agree with the terms and conditions in the draft agreement, then the bidder must address in their bid the following:

- What term or condition bidder disagrees with?
- Why does the bidder disagree with the term or condition?
- What does the bidder propose as an alternative?
- Are there other terms and conditions the bidder would need in the agreement if selected? If yes, please provide those terms and conditions.

Attachment A

Transferred Frequency Response Bidding Template

Please submit this form to Daune Kirrene along with proof of capability for the past two years through the  secure collaboration site set up for each bidder by 11:59 p.m. Pacific Standard Time on June 15, 2017. For any questions please contact Daune Kirrene at 916-608-7058 or dkirrene@caiso.com.

Company Name: _____

Contact Name: _____

Contact Title: _____

Phone Number: _____

Alternative Phone Number (optional): _____

E-mail Address: _____

Bid Quantity (MW/0.1 Hz): _____

Bid Price (\$/compliance period): _____

Comments on draft Transferred Frequency Response Agreement:

Other Information: _____

**CALIFORNIA INDEPENDENT SYSTEM
OPERATOR CORPORATION**

AND

Name

**TRANSFERRED FREQUENCY
RESPONSE AGREEMENT**

THIS TRANSFERRED FREQUENCY RESPONSE AGREEMENT

(“AGREEMENT”) is established this ____ day of _____, _____, and is accepted by and between:

Name, having its registered and principal executive office at address.

and

California Independent System Operator Corporation (“CAISO or Transferee Balancing Authority”), a California nonprofit public benefit corporation having a principal executive office located at such place in the State of California as the CAISO Governing Board may from time to time designate.

The Transferor Balancing Authority and the CAISO are hereinafter referred to as the “Parties” or individually as “Party.”

Whereas:

- A.** The Parties named above operate Balancing Authority Areas.
- B.** On January 16, 2014, the Federal Energy Regulatory Commission (“FERC”) adopted Order No. 794, approving the North American Electric Reliability Corporation (“NERC”) reliability standard BAL-003-1.1.
- C.** NERC implements reliability standards in coordination with regional reliability entities and the entity for the western region is the Western Electricity Coordinating Council (“WECC”).
- D.** NERC will determine on an annual basis the Frequency Response Obligation for each Balancing Authority in the Western Interconnection.
- E.** On September 16, 2016, FERC accepted, subject to condition, CAISO tariff revisions that authorize the CAISO to procure Transferred Frequency Response to comply with NERC reliability standard BAL-003-1.1.
- F.** The Parties wish to enter into this Agreement to establish the terms and conditions for Transferred Frequency Response.

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

1 Definitions

- 1.1 **BAL-003-1.1.** A NERC reliability standard, as it may be amended from time to time.
- 1.2 **Balancing Authority.** The responsible entity that integrates resource plans ahead of time, maintains demand and resource balance within a Balancing Authority Area, and supports Interconnection frequency in real time.
- 1.3 **Balancing Authority Area.** The collection of generation, transmission, and loads within the metered boundaries of the Balancing Authority. The Balancing Authority maintains load-resource balance within this area.
- 1.4 **Frequency Response Obligation.** The Balancing Authority's share of the required Interconnection Frequency Response Obligation as defined by NERC. This obligation will be expressed in megawatts per 0.1 Hertz (MW/0.1Hz).
- 1.5 **Frequency Response.** The sum of the change in demand, plus the change in generation, divided by the change in frequency, expressed in MW/0.1 Hz.
- 1.6 **Frequency Response Measure.** The median of all of the Frequency Response observations reported annually by Balancing Authorities or Frequency Response Sharing Groups for frequency events as specified by NERC under BAL-003-1.1. This measure will be calculated as MW/0.1HZ
- 1.7 **Transferred Frequency Response.** Frequency response performance adjustment under BAL-003-1.1 expressed in MW/0.1 Hz that a Transferee Balancing Authority may acquire under an arrangement whereby a Transferor Balancing Authority adjusts its reported Frequency Response by the same amount transferred and added to the Transferee Balancing Authority. Transferred Frequency Response does not change NERC-designated Frequency Response Obligation of any entity. Transferred Frequency Response is reported on applicable NERC/WECC forms, and applied consistently to each reported frequency disturbance event. The Transferor Balancing Authority adjusts its reported performance downward and the Transferee Balancing Authority adjusts its reported Frequency Response performance upward by the same amount. Transferred Frequency Response may reflect an aggregate amount from multiple contracts. Any reported Transferred Frequency Response may not exceed the frequency response performance that the

Transferor Balancing Authority has produced as reflected in its annual Frequency Response Measure.

2. Term and Termination

2.1 Effective Date and Term

This Agreement shall be effective as of December 1, 2017, unless this Agreement is accepted for filing and made effective by the FERC on some other date, and shall continue in effect until April 1, 2019 (“Contract Term”) notwithstanding those terms that survive the Contract Term.

2.2 Conditional Pending FERC Acceptance

CAISO has stated its intent to file this Agreement for approval by the FERC. In the event that FERC does not accept this Agreement, or conditions its acceptance on terms that are unacceptable to either Party, either Party may terminate the Agreement by providing written notice within thirty (30) days of the FERC order. In the event of termination prior to the start of the Contract Term, any and all payments made under this Agreement will be returned to the payee.

3. Transferor Balancing Authority Obligations

3.1 Transferor Balancing Authority shall adjust its Transferred Frequency Response column of the Applicable NERC/WECC forms by ## MW/0.1 Hz (the “Contract Amount”) in accordance with the terms of BAL-003-1.1 from December 1, 2017 to November 30, 2018 the “Compliance Year.”

3.2 Transferor Balancing Authority shall produce sufficient Frequency Response such that the Frequency Response Measure is greater than or equal to the Contract Amount.

3.3 Transferor Balancing Authority shall reasonably cooperate with the CAISO in the event that either Party is subject to NERC or WECC regulatory inquiry or audit in connection with the Transferred Frequency Response that is the subject of this Agreement.

4 CAISO Obligations

- 4.1** As full consideration to Transferor Balancing Authority for its performance under this Agreement the CAISO shall compensate Transferor Balancing Authority \$##### (“Contract Price”). The Contract Price shall compensate Transferor Balancing Authority for any and all costs in connection with such performance, including but not limited to, any fines or reliability based penalties assessed against Transferor Balancing Authority under BAL-003-1.1 that result from the failure to supply the Contract Amount Transferred Frequency Response.
- 4.2** The CAISO shall reasonably cooperate with the Transferor Balancing Authority in the event that either Party is subject to NERC or WECC regulatory inquiry or audit in connection with the Transferred Frequency Response that is the subject of this Agreement.

5. Performance Obligations

If Transferor Balancing Authority fails to perform its obligations under Section 3, and such failure directly causes the CAISO to incur fines or penalties imposed by FERC, WECC or NERC for non-compliance with BAL-003-1.1, Transferor Balancing Authority shall be liable for the imposed fines or penalties applied against CAISO for such failure.

6 REPRESENTATIONS AND WARRANTIES

- 6.1** The CAISO is a California nonprofit public benefit corporation and that has the full power and authority to execute, deliver and perform its obligations under this Agreement.
- 6.2** Transferor Balancing Authority is a Balancing Authority and has the full power and authority to contract for, execute, deliver and perform obligations under this Agreement.
- 6.3** Both the CAISO and Transferor Balancing Authority mutually represent and warrant on behalf of their respective entity that this Agreement has been duly authorized, executed and delivered by or on behalf of such entity and is, upon execution and delivery, the legal, valid and binding obligation of such Party, enforceable against it in accordance with its terms.

7 Liability

7.1 Liability to Third Parties

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

7.2 Liability Between the Parties

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

Nothing contained in this Agreement shall be construed as creating a corporation, company, partnership, association, joint venture or other entity with the other Party, nor shall anything contained in this Agreement be construed as creating or requiring any fiduciary relationship between the Parties. No Party shall be responsible hereunder for the acts or omissions of the other Party.

8. Miscellaneous

8.1 Notices

Any notice, demand, or request which may be given to or made upon either Party regarding this Agreement shall be made in writing and unless otherwise stated or agreed upon by the Parties shall be made to the representative of the other Party indicated in Schedule 1 and shall be deemed properly served, given, or made: (a) upon delivery if delivered in person, (b) five (5) days after deposit in the mail if sent by first class United States mail, postage prepaid, (c) upon receipt of confirmation by return facsimile if sent by facsimile, (d) upon receipt of confirmation by return e-mail if sent by e-mail or (e) upon delivery if delivered by prepaid commercial courier service. A Party must update the information in

Schedule 1 relating to its address as that information changes. Such changes shall not constitute an amendment to this Agreement.

8.2 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 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.

8.3 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 law provisions. The Parties irrevocably consent that any legal action or proceeding arising under or relating to this Agreement to which the CAISO ADR Procedures do not apply, shall be brought in any of the following forums, 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.

8.4. Uncontrollable Forces

8.4.1 An Uncontrollable Force means any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm, flood, earthquake, explosion, any curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond the reasonable control of the Parties which could not be avoided through compliance with mandatory NERC Reliability Standards and WECC Regional Reliability Standards.

8.4.2 Neither Party will be considered in breach of any obligation under this Agreement or liable to the other for direct, indirect, and consequential damages if prevented from fulfilling that obligation due to the occurrence of an Uncontrollable Force requiring the

Party to suspend performance of its obligations. Each Party shall each use its best efforts to mitigate the effects of an Uncontrollable Force, remedy its inability to perform, and resume full performance of its obligations hereunder in a timely manner.

8.5 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.

8.6 Section Headings

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

8.7 Amendments

This Agreement and the schedule attached hereto may be amended from time to time by the mutual agreement of the Parties in writing. Nothing in this Agreement shall limit the rights of the Parties or of FERC under Sections 205 or 206 of the FPA, if applicable, and FERC's rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.

8.8 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.

8.9 Credit Worthiness

CAISO agrees to make immediate payment of the entire Contract Price if its credit rating falls below BBB- by Standard & Poors or Baa3 by Moody's Investor's Service, or neither of the foregoing rating agencies provides a credit rating for CAISO.

9 Payment and Billing Disputes

9.1 Payment

CAISO shall act in good faith and use its best efforts to submit payment to Transferor Balancing Authority as soon as possible. CAISO shall pay Transferor Balancing Authority the entire Contract Price no later than March 31, 2018.

All invoices must be submitted to the attention of Dennis Estrada DEstrada@caiso.com with a copy to Chhanna Hasegawa chasegawa@caiso.com

Payments to name shall be sent via wire transfer to:

Bank Name:

ABA:

Account:

9.2 Billing Disputes

9.2.1 If the CAISO disputes any portion of an invoice the CAISO shall, within thirty (30) days after receipt of an invoice, provide written notice to Transferee Balancing Authority with a copy of the invoice noting the disputed amount and reason for the dispute. Notwithstanding whether any portion of the bill is in dispute, the CAISO shall pay the entire bill by the due date.

9.2.2 If the Parties agree, or if after a final determination of a dispute, the CAISO is entitled to a refund of any portion of the disputed amount, then

Transferee Balancing Authority shall make such refund with simple interest computed from the date of receipt of the disputed payment to the date the refund is made. The daily interest rate shall equal the Prime Rate (as reported in the Wall Street Journal or successor publication in the first issue published during the month in which payment was due) divided by 365.

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

California Independent System Operator Corporation

By: _____

Name: _____

Title: _____

Date: _____

Name

By: _____

Name: _____

Title: _____

Date: _____

SCHEDULE 1**NOTICES****[Section 8.1]****Transferor Balancing Authority**

Name of Primary
Representative:

Title:

Company:

Address (U.S. Mail):

City/State/Zip Code

Email Address:

Phone:

Fax No:

Name of Alternative
Representative:

Title:

Company:

Address (Overnight):

City/State/Zip Code

Email Address:

Phone:

Fax No:

CAISO

Name of Primary Representative: Regulatory Contracts
Title: N/A
Address: 250 Outcropping Way
City/State/Zip Code: Folsom, CA 95630
Email address: RegulatoryContracts@caiso.com
Phone: (916) 351-4400
Fax: (916) 608-5063

Name of Alternative Representative: Christopher J. Sibley
Title: Manager, Regulatory Contracts
Address: 250 Outcropping Way
City/State/Zip Code: Folsom, CA 95630
Email address: csibley@caiso.com
Phone: (916) 608-7030
Fax: (916) 608-5063

From: [Kirrene, Daune](#)
To: [Kirrene, Daune](#)
Cc: [Le Vine, Debi](#); [Sibley, Chris](#); [Kirrene, Daune](#)
Subject: RE: CAISO RFP to Procure Transferred Frequency Response
Date: Tuesday, June 06, 2017 4:51:32 PM

Hello Balancing Authority Representative,

This is a last call to let me know that you intend to submit a bid in response to the CAISO's FRP to Procure Transferred Frequency Response.

For those who already informed me, the secure file transfer site, Accellion, has already been set up. If you did not receive an email confirmation through Accellion please let me know.

Thanks

Daune Kirrene

From: Kirrene, Daune

Sent: Tuesday, May 09, 2017 3:21 PM

To: 'Sarah.Kist@aps.com' ; 'Albert.Peters@aps.com' ; 'jeffery.sundin@aps.com' ; 'asher.steed@bchydro.com' ; 'raellison@bpa.gov' ; 'jesus.aragon@cfe.gob.mx' ; 'gabriel.santillan@cfe.gob.mx' ; 'janet.jaspers@chelanpud.org' ; 'bryan.bradshaw@chelanpud.org' ; 'denisea@grid4ce.net' ; 'davidj@grid4ce.net' ; 'ArlenS@dcpud.org' ; 'steve.eckles@epelectric.com' ; 'wcoe@gcpud.org' ; 'mtongue@gcpud.org' ; 'rnotebo@gcpud.org' ; 'MPolito@idahopower.com' ; 'mike.anctil@ladwp.com' ; 'glenn.barry@ladwp.com' ; 'Donald.Sievertson@ladwp.com' ; Silver (LADWP), Kenneth ; Campbell (NVEnergy), Jay ; 'slateef@nvenenergy.com' ; 'patrick.powers@northwestern.com' ; 'julie.reichle@northwestern.com' ; 'randy.smart@pacificorp.com' ; 'John.Geiger@pacificorp.com' ; 'Brent.Roholt@pacificorp.com' ; 'Dustin.Herrick@pacificorp.com' ; 'robert.frost@pgn.com' ; 'chris.buck@pgn.com' ; 'Don.Lacen@pnm.com' ; 'richard.krajewski@pnm.com' ; 'robert.staton@xcelenergy.com' ; 'steve.owen@xcelenergy.com' ; 'rich.brock@xcelenergy.com' ; 'evan.sorrell@pse.com' ; 'dana.wheelock@seattle.gov' ; 'michael.watkins@seattle.gov' ; 'pawel.krupa@seattle.gov' ; Shetler (BANC), Jim ; 'Steven.Cobb@srpnet.com' ; 'Mike.Pfeister@srpnet.com' ; 'Mark.Avery@srpnet.com' ; 'tmills@tep.com' ; 'lbriggs@tep.com' ; 'wgmanuel@tid.org' ; 'tlloyd@ci.tacoma.wa.us' ; 'aust@wapa.gov' ; 'Olson@wapa.gov' ; 'heiman@wapa.gov' ; 'JOHNSONS@WAPA.GOV' ; Paulsen (WAPA - Desert Southwest Region), John ; 'Kirwan@wapa.gov' ; 'speidel@wapa.gov' ; 'cory.anderson@seattle.gov' ; Corrigan (Powerex), Michael ; Federspiel (POWEREX.COM), Miles ; 'Malin,Debra J (BPA) - PTL-5'

Cc: Kirrene, Daune

Subject: CAISO RFP to Procure Transferred Frequency Response

Hello Balancing Authority Representative,

My name is Daune Kirrene, I am leading the California Independent System Operator Corporation's effort to procure transferred frequency response to satisfy NERC Standard BAL-003-1 for the compliance year December 1, 2017 to November 30, 2018. I'm reaching out to you today to let you know that the CAISO intends to issue a Request for Proposal ("RFP") by next week to solicit bids from Balancing Authorities to transfer frequency response to the CAISO. If you are not the appropriate contact, please reply and let me know who the right contact is to receive the RFP.

Please let me know if you have any questions.

Daune

Daune Kirrene
Sr. Contracts Negotiator
Infrastructure Contracts and Management
California Independent System Operator Corporation
250 Outcropping Way
Folsom CA 95630
Desk (916) 608-7058
Email dkirrene@caiso.com

The foregoing e-mail communication, together with any attachments thereto, is intended for the designated recipient's only. The contents are confidential and/or privileged information. Unauthorized use, disclosure, dissemination, distribution or reproduction of this message is strictly prohibited. Nothing in this communication is intended to operate as an electronic signature under applicable law unless expressly specified as such. If you have received this message in error, please advise the sender immediately by reply e-mail and delete this message.

Attachment C – Bids Comparison
Transferred Frequency Response Agreement between
Bonneville Power Administration and the
California Independent System Operator Corporation

CONFIDENTIAL PRIVILEGED INFORMATION REDACTED

PURSUANT TO 18 C.F.R. § 388.112

1 step estimated annual increased market costs based on the increased hourly
2 procurement requirements for regulation up and additional contributing variables such
3 as seasonality and natural gas prices. The second step validated the model through
4 day-ahead market reruns for a subset of operating days. The results provided a range
5 of costs to allow the CAISO to estimate the cost of compliance with BAL-003.1.1 in the
6 absence of securing transferred frequency response from other balancing authorities.
7 The CAISO determined that a conservative estimate of ensuring compliance through
8 regulation capacity procurement would cost between [REDACTED] per MW to [REDACTED] per MW. This
9 range reflects possible costs as conditions might change. For purposes of the 2017-
10 2018 compliance year under Reliability Standard BAL-003-1.1, the CAISO selected bids
11 that were far below the lower end of this range. For transferred frequency response
12 subject to the agreement with Bonneville, its equivalent regulation up capacity price is
13 [REDACTED] per MW.

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**Attachment D – Form Protective Agreement
Transferred Frequency Response Agreement between
Bonneville Power Administration and the
California Independent System Operator Corporation**

PROTECTIVE AGREEMENT

This Protective Agreement (“Agreement”) is entered into this ____ day of _____, 2017 by and between the California Independent System Operator Corporation (“CAISO”) and _____ (“Intervenor”), or *vice versa*, in connection with the proceeding before the Federal Energy Regulatory Commission (the “Commission”) in Docket No. _____. The CAISO and Intervenor are sometimes referred to as herein individually as a “Party” or jointly as the “Parties.”

1. The CAISO filed Protected Materials in the above-referenced Commission proceeding and Intervenor is a Participant in such proceeding, as the term Participant is defined in 18 C.F.R. Section 385.102(b), or has filed a motion to intervene or a notice of intervention in such proceeding. The CAISO and Intervenor enter into this Agreement in accordance with their respective rights and obligations set forth in 18 C.F.R. Section 388.112(b)(2). Notwithstanding any order terminating such proceeding, this Agreement shall remain in effect until specifically modified or terminated by the Commission or court of competent jurisdiction.

2. This Agreement applies to the following two categories of Protected Materials: (A) a Party may designate as protected those materials which customarily are treated by that Party as sensitive or proprietary, which are not available to the public, and which, if disclosed freely, would subject that Party or its customers to risk of competitive disadvantage or other business injury; and (B) a Party shall designate as protected those materials which contain privileged trade secret, commercial and financial information, as defined in 18 C.F.R. Section 388.107.

3. Definitions – For purposes of this Agreement:

(a) (1) The term “Protected Materials” means (A) materials provided by a Party in association with this proceeding and designated by such Party as protected; (B) any information contained in or obtained from such designated materials; (C) notes of Protected Materials; and (D) copies of Protected Materials. The Party producing the Protected Materials shall physically mark them on each page as “PROTECTED MATERIALS” or with words of similar import as long as the term “Protected Materials” is included in that designation to indicate that they are Protected Materials. If the Protected Materials contain Critical Energy Infrastructure Information, the Party producing such information shall additionally mark on each page containing such information the words “Contains Critical Energy Infrastructure Information – Do Not Release.”

(2) The term “Notes of Protected Materials” means memoranda, handwritten notes, or any other form of information (including electronic form) which copies or discloses materials described in Paragraph 3(a)(1). Notes of Protected Materials are subject to the same restrictions provided in this Agreement for Protected Materials except as specifically provided in this Agreement.

(3) Protected Materials shall not include (A) any information or document contained in the publicly-available files of the Commission or of any other federal or state agency, or any federal or state court, unless the information or document has been determined to be protected by such agency or court, or (B) information that is public knowledge, or which

becomes public knowledge, other than through disclosure in violation of this Agreement, or (C) any information or document labeled as “Non-Internet Public” by a Party, in accordance with Paragraph 30 of FERC Order No. 630, FERC Stats. & Regs. ¶ 31,140 (2003). Protected Materials do include any information or documents contained in the files of the Commission that has been designated as Critical Energy Infrastructure Information.

(b) The term “Non-Disclosure Certificate” shall mean the certificate annexed hereto by which Reviewing Representatives who have been granted access to Protected Materials shall certify their understanding that such access to Protected Materials is provided pursuant to the terms and restrictions of this Agreement, and that they have read the Agreement and agree to be bound by it. Each Party shall provide a copy of the Non-Disclosure Certificate(s) executed by its Reviewing Representative(s) to the other Party prior to such Reviewing Representative(s) receiving access to any Protected Materials.

(c) The term “Reviewing Representative” shall mean a person who has signed a Non-Disclosure Certificate and who is:

- (1) an attorney retained by a Party for purposes of this proceeding;
- (2) attorneys, paralegals, and other employees associated for purposes of this proceeding with an attorney described in Paragraph (3)(c)(1);
- (3) an expert or employee of an expert retained by a Party for the purpose of advising, preparing or testifying in this proceeding;
- (4) a person designated as a Reviewing Representative by order of the Commission; or
- (5) employees or other representatives of a Party with significant responsibility for matters involving this proceeding.

4. Protected Materials shall be made available under the terms of this Agreement only to Parties and only through their Reviewing Representative(s) as provided in Paragraphs 7-9.

5. Protected Materials shall remain available to a Party until the later of the date that an order terminating this proceeding becomes no longer subject to judicial review, or the date that any other Commission proceeding relating to the Protected Material is concluded and no longer subject to judicial review. If requested to do so in writing after that date, the Party shall, within fifteen days of such request, return the Protected Materials (excluding Notes of Protected Materials) to the Party that produced them, or shall destroy the materials, except that copies of filings, official transcripts and exhibits in this proceeding that contain Protected Materials, and Notes of Protected Materials may be retained, if they are maintained in accordance with Paragraph 6, below. Within such time period the Party, if requested to do so, shall also submit to the producing Party an affidavit stating that, to the best of its knowledge, all Protected Materials and all Notes of Protected Materials have been returned or have been destroyed or will be

maintained in accordance with Paragraph 6. To the extent Protected Materials are not returned or destroyed, they shall remain subject to this Agreement.

6. All Protected Materials shall be maintained by the Party in a secure place. Access to those materials shall be limited to those Reviewing Representatives specifically authorized pursuant to Paragraphs 8-9.

7. Protected Materials shall be treated as confidential by the Party and its Reviewing Representative(s) in accordance with the certificate executed pursuant to Paragraph 9. Protected Materials shall not be used except as necessary for the conduct of this proceeding, nor shall they be disclosed in any manner to any person except a Reviewing Representative who is engaged in the conduct of this proceeding and who needs to know the information in order to carry out that person's responsibilities in this proceeding. Reviewing Representatives may make copies of Protected Materials, but such copies become Protected Materials. Reviewing Representatives may make notes of Protected Materials, which shall be treated as Notes of Protected Materials if they disclose the contents of Protected Materials.

8. (a) If a Reviewing Representative's scope of employment includes the marketing of energy or the buying or selling of generating assets, the direct supervision of any employee or employees whose duties include the foregoing, the provision of consulting services to any person whose duties include the foregoing, or the direct supervision of any employee or employees whose duties include the foregoing, such Reviewing Representative may not use information contained in any Protected Materials obtained through this proceeding to give any Party or any competitor of any Party a commercial advantage.

(b) In the event that a Party wishes to designate as a Reviewing Representative a person not described in Paragraph 3(c) above, the Party shall seek agreement from the Party providing the Protected Materials. If an agreement is reached that person shall be a Reviewing Representative pursuant to Paragraphs 3(c) above with respect to those materials. If no agreement is reached, the Party shall submit the disputed designation to the Commission for resolution.

9. (a) A Reviewing Representative shall not be permitted to inspect, participate in discussions regarding, or otherwise be permitted access to Protected Materials pursuant to this Agreement unless that Reviewing Representative has first executed a Non-Disclosure Certificate; provided, that if an attorney qualified as a Reviewing Representative has executed such a certificate, the paralegals, secretarial and clerical personnel under the attorney's instruction, supervision or control need not do so. A copy of each Non-Disclosure Certificate shall be provided to counsel for the Party asserting confidentiality prior to disclosure of any Protected Material to that Reviewing Representative.

(b) Attorneys qualified as Reviewing Representatives are responsible for ensuring that persons under their supervision or control comply with this Agreement.

10. Any Reviewing Representative may disclose Protected Materials to any other Reviewing Representative as long as the disclosing Reviewing Representative and the receiving Reviewing Representative both have executed a Non-Disclosure Certificate. In the event that any Reviewing

Representative to whom the Protected Materials are disclosed ceases to be engaged in these proceedings, or is employed or retained for a position whose occupant is not qualified to be a Reviewing Representative under Paragraph 3(c), access to Protected Materials by that person shall be terminated. Even if no longer engaged in this proceeding, every person who has executed a Non-Disclosure Certificate shall continue to be bound by the provisions of this Agreement and the certification.

11. Subject to Paragraph 17, the Commission shall resolve any disputes arising under this Agreement. Prior to presenting any dispute under this Agreement to the Commission, the Parties shall use their best efforts to resolve it. If a Party contests the designation of materials as protected, it shall notify the Party that provided the Protected Materials by specifying in writing the materials whose designation is contested. This Agreement shall automatically cease to apply to such materials five (5) business days after the notification is made unless the Party, within said 5-day period, files a motion with the Commission, with supporting affidavits, demonstrating that the materials should continue to be protected. In any challenge to the designation of materials as protected, the burden of proof shall be on the Party seeking protection. If the Commission finds that the materials at issue are not entitled to protection, the procedures of Paragraph 17 shall apply. The procedures described above shall not apply to Protected Materials designated by a Party as Critical Energy Infrastructure Information. Materials so designated shall remain protected and subject to the provisions of this Agreement unless a Party requests and obtains a determination from the Commission's Critical Energy Infrastructure Information Coordinator that such materials need not remain protected.

12. All copies of all documents reflecting Protected Materials, including the portion of any hearing testimony, exhibits, transcripts, briefs and other documents which refer to Protected Materials, shall be filed and served in sealed envelopes or by other appropriate means endorsed to the effect that they are protected pursuant to this Agreement. Such documents shall be marked "PROTECTED MATERIALS" and shall be filed under seal and served under seal upon the Commission and all Reviewing Representatives who are on the service list. Such documents containing Critical Energy Infrastructure Information shall be additionally marked "Contains Critical Energy Infrastructure Information – Do Not Release." For anything filed under seal, redacted versions or, where an entire document is protected, a letter indicating such, will also be filed with the Commission and served on all parties on the service list. Counsel for the producing Party shall, upon the request of a Party, provide a list of Reviewing Representatives who are entitled to receive such material. Counsel shall take all reasonable precautions necessary to assure that Protected Materials are not distributed to unauthorized persons. If any Party desires to include, utilize or refer to any Protected Materials or information derived therefrom in pleadings, testimony or exhibits to these proceedings in such a manner that might require disclosure of such material to persons other than Reviewing Representatives, such Party shall first notify both counsel for the disclosing Party and the Commission of such desire, identifying with particularity each of the Protected Materials. Thereafter, use of such Protected Materials will be governed by procedures determined by the Commission.

13. Nothing in this Agreement shall be construed as precluding any Party from objecting to the use of Protected Materials on any legal grounds.

14. Nothing in this Agreement shall preclude any Party from requesting the Commission or any other body having appropriate authority to find that this Agreement should not apply to all or any materials previously designated as Protected Materials pursuant to this Agreement. The Commission may alter or amend this Agreement as circumstances warrant at any time during the course of this proceeding.

15. The Parties may amend this Agreement only by mutual consent and in writing, provided, however, that a Party has the right to seek changes to this Agreement as appropriate from the Commission.

16. All Protected Materials filed with the Commission, or any other judicial or administrative body, in support of, or as a part of, a motion, other pleading, brief, or other document, shall be filed and served in sealed envelopes or by other appropriate means bearing prominent markings indicating that the contents include Protected Materials subject to this Agreement. Such documents containing Critical Energy Infrastructure Information shall be additionally marked "Contains Critical Energy Infrastructure Information – Do Not Release."

17. If the Commission finds at any time in the course of this proceeding that all or part of the Protected Materials need not be protected, those materials shall, nevertheless, be subject to the protection afforded by this Agreement for three (3) business days from the date of issuance of the Commission's decision, and if the Party seeking protection files an interlocutory appeal or requests that the issue be certified to the Commission, for an additional seven (7) business days. No Party waives its rights to seek additional administrative or judicial remedies after the Commission's decision respecting Protected Materials or Reviewing Representatives, or the Commission's denial of any appeal thereof. The provisions of 18 C.F.R. Sections 388.112 and 388.113 shall apply to any requests for Protected Materials in the files of the Commission under the Freedom of Information Act (5 U.S.C. § 552).

18. Nothing in this Agreement shall be deemed to preclude either Party from independently seeking through discovery in any other administrative or judicial proceeding information or materials produced in this proceeding under this Agreement.

19. Neither Party waives the right to pursue any other legal or equitable remedies that may be available in the event of actual anticipated disclosure of Protected Materials.

20. The contents of Protected Materials or any other form of information that copies or discloses Protected Materials shall not be disclosed to anyone other than in accordance with this Agreement and shall be used only in connection with this proceeding. Any violation of this Agreement and of any Non-Disclosure Certificate executed hereunder shall constitute a violation of an order of the Commission.

IN WITNESS WHEREOF, the Parties each have caused this Protective Agreement to be signed by their respective duly authorized representatives as of the date first set forth above.

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Representing CAISO

Representing Intervenor

NON-DISCLOSURE CERTIFICATE

I hereby certify my understanding that access to Protected Materials is provided to me pursuant to the terms and restrictions of the Protective Agreement dated _____, 2017 by and between the CAISO and _____ concerning materials in Federal Energy Regulatory Commission Docket No. _____, that I have been given a copy of and have read the Protective Agreement, and that I agree to be bound by it. I understand that the contents of the Protected Materials, any notes or other memoranda, or any other form of information that copies or discloses Protected Materials shall not be disclosed to anyone other than in accordance with the Protective Agreement. I acknowledge that a violation of this certificate constitutes a violation of an order of the Federal Energy Regulatory Commission.

By: _____

Name: _____

Title: _____

Representing: _____