

August 31, 2017

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

**Re: California Independent System Operator Corporation
Generator Scheduling Agreement
CAISO Service Agreement No. 4294
Docket No. ER17-____-000**

Dear Secretary Bose:

The California Independent System Operator Corporation (“CAISO”) submits for filing and acceptance a Generator Scheduling Agreement (“Agreement”), dated August 8, 2017, between the CAISO and the Western Area Power Administration – Sierra Nevada Region (“Western”)¹. The Generator Scheduling Agreement sets forth the terms under which Western will submit self-schedules into the CAISO market for the O’Neill Pump-Generating Plant, which will be used solely to supply Western’s native pump load.

The Agreement promotes compliance with the CAISO tariff and Commission approved settlements between Western and Pacific Gas & Electric Company (“PG&E”) by allowing Western to submit self-schedules for the O’Neill Pump-Generating Plant and to transmit energy from the plant through a Scheduling Coordinator over the CAISO Controlled Grid. The scheduling of the resource, in turn, promotes reliability within the CAISO’s balancing authority area. The CAISO respectfully requests that the Commission accept the Agreement effective November 1, 2017.

I. Background

A. Purpose of the O’Neill Pump-Generating Plant

The United States Congress authorized the San Luis Unit, West San Joaquin Division, including the O’Neill Pump-Generating Plant (“O’Neill”), as a part of the Central Valley Project in 1960.² O’Neill is located in Merced,

¹ The CAISO submits the Agreement pursuant to Section 205 of the Federal Power Act, 16 U.S.C. § 824d.

² Public Law 86-488 (June 3, 1960).

California, and consists of an intake channel leading off the Delta-Mendota Canal and six pump-generating units. Normally, the units operate as pumps to lift water into the O'Neill Forebay. Under certain conditions, however, water is released from the forebay to the Delta-Mendota Canal, causing these units to operate as generators. O'Neill only generates part of the year when water demands increase along the Delta-Mendota Canal and releases from nearby San Luis Reservoir are made.

Given the intended nature of O'Neill as a sink (net energy consumer) for Central Valley power, the authorizing legislation for O'Neill does not authorize the sale of power from O'Neill for commercial purposes. Therefore, since its inception, the generation produced at O'Neill is allocated as project-use power for the Central Valley Project and the cost associated with generation and load is allocated fully to the irrigation component of the Central Valley Project.

B. Contract 2207A and Settlements with PG&E

In 1965, PG&E and the United States Department of the Interior, Bureau of Reclamation ("Bureau"), entered into Contract No. 14-06-200-2207A ("Contract 2207A"), which in part provided for transmission service to and from Western's Tracy Substation to its San Luis Unit, including O'Neill. In 2004, PG&E submitted a series of rate filings and replacement agreements in Docket No. ER05-229-000 to implement a settlement agreement relating to the termination of certain long-term contracts approved by the Commission, including Contract 2207A. In 2006, a settlement between PG&E and Western was reached, in which Western agreed to become the Scheduling Coordinator for all federal San Luis and New Melones loads under Contract 2207A.³ As a result, PG&E would no longer have any Scheduling Coordinator responsibilities for any of these loads and resources. Accordingly, Western agreed to bear all responsibilities performed by a Scheduling Coordinator regarding these loads and resources. In addition, as a result of settlement proceedings in FERC Docket No. ER05-132-000 regarding generator interconnection agreements among PG&E, Western and the Bureau, Western was not required to enter into a Participating Generator Agreement under the CAISO tariff, which the CAISO did not contest.⁴

When Western took over the Scheduling Coordinator duties for O'Neill, it utilized its existing transmission contract ("ETC") rights to schedule O'Neill with CAISO. Under the ETC, when O'Neill was generating, Western utilized the plant's generation to serve other associated O'Neill pump loads and thereby submitted a "net schedule" to the CAISO. Under the "net schedule," generally, Western

³ See, *Certification of Uncontested Offer of Settlement*, Docket No. ER-05-229-002, 117 FERC ¶ 63,006 (October 10, 2006).

⁴ See, *Offer of Settlement*, filed by PG&E, Docket No. ER05-132-000 (December 5, 2007).

netted the O'Neill generation and load and then imported additional energy necessary to serve the remainder of the O'Neill load. (In other instances where O'Neill had more energy than load, Western would schedule the excess energy to serve other federal project use loads.)

C. Termination of Contract 2207A and Need for Generator Scheduling Agreement

With the termination of Contract 2207A on April 1, 2016, Western contacted the CAISO to determine how to schedule O'Neill after the contract terminated. As mentioned above, O'Neill is unique among the Central Valley Project facilities in that the United States Congress (Public Law 86-488) did not authorize O'Neill for the sale of commercial power. Thus, Western does not have the requisite statutory authority to sell commercial power from O'Neill. Once Contract 2207A terminated, the inability of Western to sell energy for commercial power from O'Neill raised concerns about a potential conflict with FERC Order No. 741⁵. Specifically, under Order No. 741 and the CAISO's filing in Docket No. ER12-1856⁶, the CAISO became the central counterparty to almost all market transactions. In other words, the CAISO does not just transmit energy on the CAISO grid; rather, it is actually the central counterparty to most transactions scheduled on its grid, i.e., the CAISO purchases energy from Scheduling Coordinators at the generator injection points and then sells energy to the Scheduling Coordinators that represent load serving take out points. As such, without the protection of an ETC with PG&E, if Western schedules O'Neill, Western must sell all of the generation from O'Neill to the CAISO, and Western must serve the entire O'Neill pump load with power it purchases from the CAISO.

Because Western does not have legal authority to sell power from O'Neill to the CAISO, Western raised concerns about its ability to comply with the CAISO tariff. In addition, Western is currently in the process of interconnecting O'Neill to the proposed San Luis Transmission Project within the balancing authority area of Northern California ("BANC") and outside of the CAISO balancing authority area. Due to the small size of O'Neill and the need for a short-term, interim agreement to govern the scheduling of O'Neill while Western completes the interconnection of O'Neill within BANC, the parties negotiated and executed a Generator Scheduling Agreement that will govern how they each will discharge their respective duties and responsibilities under the CAISO tariff during this limited time. Because of the unique scope and purpose of this Agreement with a federal entity, nothing in this Agreement is meant to set a precedent for either the CAISO, Western or any CAISO market participant going forward.

⁵ FERC Order No. 741, Docket No. RM10-13-000, 133 FERC ¶ 61,060 (October 21, 2010).

⁶ See, CAISO Tariff Filing in Docket No. ER12-1856 (May 25, 2012).

II. The Generator Scheduling Agreement

The Generator Scheduling Agreement⁷ details the contractual terms, including the respective responsibilities of the parties associated with scheduling the O'Neill Pump-Generating Plant. The fundamental purposes served by the Generator Scheduling Agreement are described below.

A. Term and Termination of the Agreement

Section 3.1 of the Agreement states that the Agreement will remain in effect for five years from its designated effective date or until terminated. One year prior to the expiration of the five year term, each party will determine whether to extend for another two year term. A maximum of two such extensions for a total nine year term is allowed. Further extensions beyond the potential nine year term will require an amendment of this Agreement and filing with the Commission. This term is appropriate given that Western intends to complete a transmission project upgrade that would transition O'Neill and all other federal San Luis and New Melones loads and resources from the CAISO balancing authority area to the Balancing Area of Northern California.

Section 3.2 allows the CAISO to terminate the Agreement for cause within 30 days of written notice. It also allows Western to terminate the Agreement within 90 days of written notice to the CAISO in the event Western no longer needs to submit self-schedules for O'Neill and transmit energy from O'Neill through a Scheduling Coordinator over the CAISO grid.

B. Scheduling the Resource to Serve Native Load

Pursuant to Section 4.2 of the Agreement, Western will act as the Scheduling Coordinator for O'Neill and will schedule transactions in accordance with its Scheduling Coordinator Agreement with the CAISO and the bidding and scheduling provisions of the CAISO tariff. Self-schedules submitted for O'Neill will only be used to supply native load and will not be construed as a sale to the CAISO. Western will use its entitlements to a resource to serve native load if it is serving demand inside the CAISO Balancing Authority Area and the total MW volume of such self-schedules for supply that clear in any settlement interval is less than or equal to the metered CAISO demand for that settlement interval for which such self-schedules for supply are submitted.

D. Limitations on CAISO's Operation Orders

Section 4.7 of the Agreement describes certain limitations on the CAISO's operating orders. Specifically, similar to net-scheduled participating generators

⁷ Attachment A, *Generator Scheduling Agreement* (August 8, 2017).

supplying a host load, the CAISO will not knowingly issue an operating order that: (1) requires Western to reduce its generation below the delineated minimum operating limit, other than in a defined system emergency; (2) conflicts with operating instructions provided by Western; or (3) results in damage to Western's equipment.⁸ In addition, the CAISO will not knowingly issue an operating order that requires the Bureau to violate its statutory obligations specifically identified in Schedule 1 of the Agreement.

If Western receives a schedule that requires operation below the minimum operating limit and deviates from that schedule to continue to operate at the minimum operating limit, it will not be subject to any penalties or sanctions as a result of operating at the minimum operating limit. Otherwise, Western's consequences for deviating from schedules in real-time will be governed by the CAISO tariff.

In addition, under Section 4.7, the Bureau will be solely responsible for the operation and dispatch of O'Neill, and Western will be responsible to schedule the resource in accordance with the Agreement. The CAISO will issue dispatch instructions with respect to O'Neill that match the self-schedule submitted by Western. While such dispatch instructions are not binding on the Bureau, Western will nonetheless be responsible for settlement of all deviations by O'Neill from the self-schedule submitted by Western. Furthermore, while Western is responsible for the settlement of all charges and costs associated with self-schedules from O'Neill in accordance with the CAISO tariff, Western and the Bureau shall not be subject to any penalties for failure to follow a dispatch instruction issued by the CAISO.

D. Ramping Energy Charges

Pursuant to Section 4.8 of the Agreement, Western will be responsible for tracking the charges and credits associated with Standard Ramping Energy and Ramping Energy Deviations (as those terms are defined in the CAISO tariff) based on invoices and associated information issued by the CAISO. Every 12 months from the effective date of the Agreement, Western will total the charges and credits for these deviations for the previous 12 months. If the Standard Ramping Energy and Ramping Energy Deviation charges less the credits for the period results in a net charge of more than 5% of Western's total Invoices under the Agreement for the period, CAISO and Western will enter into good faith negotiations to resolve the matter and amend this Agreement if necessary. If the Standard Ramping Energy and Ramping Energy Deviation charges less the credits for the 12 month period results in a net credit to Western, Western shall subtract that credit from the calculation performed in the next 12 month period.

⁸ See, CAISO Tariff, Appendix B.3, Section 4.2.5.

E. Dispatch and Curtailment of Resources

Section 10.4.2 allows the Bureau, at its option, to voluntarily accept a dispatch instruction from the CAISO to increase or curtail O'Neill during an existing or imminent system emergency or condition that would compromise the integrity or reliability of the CAISO Balancing Authority Area.

III. Effective Date

The CAISO respectfully requests that the Commission accept the Agreement, effective November 1, 2017, in support of the expected implementation timeline of November 17, 2017 to align the CAISO's systems to accommodate this Agreement.

IV. Service

The CAISO has served copies of this filing upon all parties to (Dockets associated with the Settlements: Docket ER05-132-000, Docket ER05-229-000), the California Public Utilities Commission, and the California Energy Commission. In addition, the CAISO has posted the filing on the CAISO website.

V. Contents of Filing

In addition to this transmittal letter, this filing includes the following attachment:

Attachment A Generator Scheduling Agreement.

VI. Communications

Pursuant to Rule 203(b) of the Commission's Rules of Practice and Procedure,⁹ the CAISO requests that all correspondence, pleadings, and other communications concerning this filing be served upon the following:

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Assistant General Counsel
John Spomer
Senior Counsel
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VII. Conclusion

The CAISO respectfully requests that the Commission accept the Agreement as requested, with an effective date of November 1, 2017. If there are any questions concerning this filing, please contact the undersigned.

Respectfully submitted,

By: /s/ John Spomer

Roger E. Collanton
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⁹ 18 C.F.R. § 385.203(b)(3).

Attachment A – Executed Generator Scheduling Agreement
Generator Scheduling Agreement for the O’Neill Pump-Generating Plant between
Western Area Power Administration – Sierra Nevada Region and
California Independent System Operator Corporation

GENERATOR SCHEDULING AGREEMENT

**CALIFORNIA INDEPENDENT SYSTEM OPERATOR
CORPORATION**

AND

**WESTERN AREA POWER ADMINISTRATION,
SIERRA NEVADA REGION**



GENERATOR SCHEDULING AGREEMENT

THIS AGREEMENT is dated this 8th day of August, 2017, and is entered into, by and between:

- (1) **United States of America, acting by and through the Western Area Power Administration, Sierra Nevada Region** having its business address at 114 Parkshore Drive, Folsom, California 95630 ("Western");

and

- (2) **California Independent System Operator Corporation**, a California nonprofit public benefit corporation having a principal executive office located at such place in the State of California as the CAISO Governing Board may from time to time designate, initially 250 Outcropping Way, Folsom, California 95630 ("CAISO").

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

Whereas:

- A. The CAISO Tariff provides that the CAISO shall not accept Bids for Energy or Ancillary Services generated by O'Neill Generating Plant interconnected to the CAISO Controlled Grid, or to the Distribution System of a Participating TO or of a UDC or MSS Operator otherwise than through a Scheduling Coordinator.
- B. The CAISO Tariff further provides that the CAISO shall not be obliged to accept Bids relating to Generation from O'Neill Generating Plant interconnected to the CAISO Controlled Grid unless the relevant Generator undertakes in writing to the CAISO to comply with all applicable provisions of the CAISO Tariff.
- C. Western is a federal power marketing administration that owns the federal Central Valley Project ("CVP") transmission system, the Malin-Round Mountain No. 1 500-kV Pacific AG Intertie transmission line, and part of the 500-kV California-Oregon Transmission Project, and among other things, markets, transmits and arranges for the delivery of power from CVP generators and other sources to its customers;
- D. U.S. Bureau of Reclamation is a federal agency which, among other things, owns and operates certain hydroelectric generation facilities in

California, including the O'Neill (San Luis Forebay) Pump-Generating Plant;

- E.** U.S. Bureau of Reclamation intends for the San Luis & Delta Mendota Water Authority (Authority) to continue to operate the O'Neill Generating Plant, which is described in Schedule 1, in parallel operation with the Pacific Gas & Electric Company's Electric System;
- F.** The O'Neill Generating Plant, known as the O'Neill Pump-Generating Plant, is unique among the CVP facilities in that the United States Congress (public law 86-488; June 3, 1960) does not specifically authorize the sale of commercial power;
- G.** Self-Schedules submitted for O'Neill Generating Plant are only to supply native load, and shall not be construed as a sale to the CAISO;
- H.** Pursuant to settlement proceedings FERC Docket No. ER05-229, Western agreed to become a Scheduling Coordinator for all federal San Luis and New Melones loads and resources;
- I.** Pursuant to settlement proceedings FERC Docket No. ER05-132, Western was not required to enter into a Participating Generator Agreement under the CAISO Tariff, which the CAISO did not contest;
- J.** The Parties are entering into this Agreement in order to establish the terms and conditions on which the CAISO and Western will discharge their respective duties and responsibilities under the CAISO Tariff.
- K.** Due to the small size of the O'Neill Generating Plant and the anticipated limited duration of this Agreement, the Parties have made mutual compromises to expedite this Agreement. Therefore, nothing in this Agreement is meant to set precedent for either the CAISO or WAPA.

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

ARTICLE I

DEFINITIONS AND INTERPRETATION

- 1.1 Master Definitions Supplement.** Unless defined in this Agreement, all capitalized terms and expressions used in this Agreement shall have the

same meaning as those contained in the Master Definitions Supplement to the CAISO Tariff.

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

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

ARTICLE II

ACKNOWLEDGEMENTS OF WESTERN AND CAISO

- 2.1 CAISO Responsibility.** The Parties acknowledge that the CAISO is responsible for the efficient use and reliable operation of the CAISO Controlled Grid consistent with achievement of planning and Operating Reserve criteria no less stringent than those established by the Western Electricity Coordinating Council and the North American Electric Reliability Corporation and further acknowledges that the CAISO may not be able to satisfy fully these responsibilities if Western fails to fully comply with all of its obligations under this Agreement.
- 2.2 Reliability Standard Compliance.** The Parties acknowledge that they are each responsible for compliance with the Reliability Standards consistent with their registered functions.

ARTICLE III

TERM AND TERMINATION

- 3.1 Effective Date and Term.** This Agreement shall be effective as of the date set forth above, unless accepted for filing and made effective by the Federal Energy Regulatory Commission ("FERC") on some other date, and shall remain in full force and effect for a term of five (5) years from the effective date or until terminated pursuant to Section 3.2 of this Agreement ("Effective Date"). Except as limited below, one year prior to the expiration of the term, each Party shall determine in its sole discretion whether to extend the Agreement for another two years. If the Parties agree, they may extend the term of this Agreement for two years by entering into a written instrument extending the term, up to a maximum of two such extensions. Further extensions of this Agreement shall constitute an amendment in accordance with Section 10.8 of this Agreement.
- 3.2 Termination**
- 3.2.1 Termination by CAISO.** Subject to Section 3.2.2, the CAISO may terminate this Agreement by giving written notice of termination in the event that Western commits any material default under this Agreement which, if capable of being remedied, is not remedied within thirty (30) days after the CAISO has given, to Western, written notice of the default, unless excused by reason of Uncontrollable Forces in accordance with Article IX of this Agreement. With respect to any notice of termination given pursuant to this Section, the CAISO must file a timely notice of termination with FERC. This Agreement shall terminate upon acceptance by FERC of such a notice of termination.

3.2.2 Termination by Western. In the event that Western no longer needs to submit Self-Schedules for the O'Neill Generating Plant and transmit Energy from the O'Neill Generating Plant through a Scheduling Coordinator over the CAISO Controlled Grid, it may terminate this Agreement, on giving the CAISO not less than ninety (90) days written notice. With respect to any notice of termination given pursuant to this Section, the CAISO must file a timely notice of termination with FERC. This Agreement shall terminate upon acceptance by FERC of such a notice of termination. Although the CAISO must file the termination of this Agreement with FERC, since Western does not require authorization from FERC to terminate, the CAISO shall stop providing and Western shall stop taking any service under this Agreement on the effective date of the termination provided by Western regardless of any action or inaction by FERC in response to the CAISO's filing to terminate.

ARTICLE IV

TERMS AND CONDITIONS

- 4.1 Scheduling O'Neill Generating Plant.** Western or its designee shall act as the Scheduling Coordinator for Western's rights described in this Agreement. Scheduling of all transactions using Western's rights in this Agreement shall be performed by Western's Scheduling Coordinator, in accordance with the Scheduling Coordinator Agreement and the bidding and scheduling provisions of the CAISO Tariff, including gross Self-Schedules from the O'Neill Generating Plant.
- 4.2 Serving Native Load.** Bids for Supply submitted by Western for the O'Neill Generating Plant identified in Schedule 1 are not, and shall not be construed or deemed to be, a sale to the CAISO or other transaction that is financially settled by the CAISO to the extent that such Self-Schedules for Supply are submitted by Western to serve native load during that interval. For purposes of this section only, Western is using its entitlements to a resource to serve native load if it is serving demand inside the CAISO Balancing Authority Area and the total MW volume of such Self-Schedules for Supply that clear in any settlement interval is less than or equal to the metered CAISO Demand for that settlement interval for which such Self-Schedules for Supply are submitted. Nothing in the two preceding sentences shall affect credit requirements under Section 12 of the CAISO Tariff or settlements charges or credits issued pursuant to any section of the CAISO Tariff. The details of such Self-Schedules for Supply may be included in Settlement Statements by the CAISO for purposes of calculating settlement charges and credits other than for Supply.

- 4.3 Technical Characteristics.** Western shall provide to the CAISO the required information regarding operating contacts, rated capacity, and operating characteristics of the O'Neill Generating Plant.
- 4.4 Notification of Changes.** Sixty (60) days prior to changing any technical information in Schedule 1, Western shall notify the CAISO of the proposed changes. The CAISO shall post on the CAISO Website a schedule showing, for at least one year in advance: (i) the proposed dates on which the CAISO's Master File will be updated, which dates shall occur at least every three months; (ii) the dates on which the information contained in the revised Master File will become effective; and (iii) the deadlines by which changed technical information must be submitted to the CAISO in order to be tested and included in the next scheduled update of the CAISO's Master File. The change will become effective upon the effective date for the next scheduled update of the Master File, provided Western submits the changed information by the applicable deadline. Subject to such notification this Agreement shall not apply to O'Neill Generating Plant identified in Schedule 1 which the Western no longer owns nor has contractual entitlement.
- 4.5 Operating Limitations.** O'Neill Generating Plant operating limitations shall be set forth in Schedule 1 of this Agreement, the resource data template used for transmittal of Western technical data to the CAISO pursuant to the CAISO Tariff, or as otherwise mutually agreed to by the Parties.
- 4.6 Telemetry.** Western will provide telemetry from the O'Neill Generating Plant to the CAISO in accordance with Inter Control Center Protocol ("ICCP"). Western will maintain in effect telemetry from the O'Neill Generating Plant to the CAISO's EMS system to provide real-time data from the O'Neill Generating Plant to the CAISO pursuant to Applicable Reliability Criteria, provided that the specific nature and extent of the telemetry arrangements and real-time data points will be as mutually agreed by CAISO and Western representatives consistent with the telemetry arrangements in place on the effective date of this Agreement.
- 4.7 Limitations on CAISO Operating Orders.** The CAISO will not knowingly issue an operating order that: (1) requires Western to reduce its Generation below the delineated minimum operating limit, other than in a System Emergency; (2) conflicts with operating instructions provided by Western; (3) results in damage to Western's equipment, provided that any such equipment limitation has been provided to the CAISO and incorporated in Western's operating instructions to the CAISO; or requires U.S. Bureau of Reclamation to violate its statutory obligations specifically identified in Schedule 1. If Western: (1) receives a Schedule which requires operation below the minimum operating limit, and (2) deviates

from that Schedule to continue to operate at the minimum operating limit, it will not be subject to any penalties or sanctions as a result of operating at the minimum operating limit. Western's consequences for deviating from Schedules in Real-Time will be governed by the CAISO Tariff. The U.S. Bureau of Reclamation is solely responsible for the operation and dispatch of the O'Neill Generating Plant and Western is responsible to Schedule the O'Neill Generating Plant in accordance with this Agreement. The Parties understand that CAISO's Automated Dispatch System will issue Dispatch Instructions with respect to the O'Neill Generating Plant that match the Self-Schedule submitted by Western and, while such Dispatch Instructions issued by CAISO are not binding on the U.S. Bureau of Reclamation, Western will nonetheless be responsible for Settlement of all deviations by the O'Neill Generating Plant from the Self-Schedule submitted by Western. While WAPA is responsible for the Settlement of all charges and costs associated with Self-Schedules from the O'Neill Generating Plant in accordance with the CAISO Tariff, WAPA and Bureau of Reclamation shall not be subject to any penalties for failure to follow a Dispatch Instruction issued by the CAISO.

- 4.8 Ramping Energy.** WAPA will track the Settlement for charges and credits associated with Standard Ramping Energy and Ramping Energy Deviations separate from other charges and credits associated with the Settlement of Self-Schedules for the O'Neill Generating Plant based on the Invoices issued by the CAISO and the associated information made available by the CAISO. Every 12 months, from the Effective Date, WAPA shall total the charges and credits for these deviations for the previous 12 months. If the Standard Ramping Energy and Ramping Energy Deviation charges less the credits for the period results in a net charge of more than 5% of WAPA's total Invoices under this Agreement for the period, CAISO and WAPA will enter into good faith negotiations to resolve the matter and amend this Agreement if necessary. If the Standard Ramping Energy and Ramping Energy Deviation charges less the credits for the 12 month period results in a net credit to WAPA, WAPA shall subtract that credit from the calculation performed in the next 12 month period.
- 4.9 Agreement Subject to CAISO Tariff.** The Parties will comply with all applicable provisions of the CAISO Tariff except as expressly provided in this Agreement. If and to the extent a matter is specifically addressed by a provision of this Agreement, the provisions of this Agreement shall govern notwithstanding any inconsistent provision of the CAISO Tariff.

4.10 Obligations relating to Major Incidents

4.10.1 Major Incident Reports. Western shall promptly provide such information as the CAISO may reasonably request in relation to major incidents, in accordance with Section 4.6.7.3 of the CAISO Tariff.

4.10.2 Dispatch and Curtailment. If CAISO requests Western to increase or curtail the O'Neill Generating Plant to respond to an existing or imminent System Emergency or condition that would compromise the integrity or reliability of the CAISO Balancing Authority Area, if in Reclamation's judgment, Reclamation can respond, Reclamation shall voluntarily accept the Dispatch Instruction to increase or curtail O'Neill Generating Plant.

ARTICLE V

COSTS

5.1 Operating and Maintenance Costs. Western shall be responsible for all its costs incurred in connection with operating and maintaining the O'Neill Generating Plant identified in Schedule 1 for the purpose of meeting its obligations under this Agreement.

ARTICLE VI

DISPUTE RESOLUTION

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

ARTICLE VII

REPRESENTATIONS

7.1 Representation. Each Party represents that the execution, delivery and performance of this Agreement by it has been duly authorized by all

necessary corporate and/or governmental actions, to the extent authorized by law.

- 7.2 Necessary Approvals.** Western represents that all necessary leases, approvals, permits, licenses, easements, rights of way or access to install, own and/or operate its O'Neill Generating Plant have been or will be obtained by Western prior to the effective date of this Agreement.

ARTICLE VIII

LIABILITY

- 8.1 Liability.** Subject to applicable law, the provisions of Section 14 of the CAISO Tariff will apply to liability arising under this Agreement, except that all references in Section 14 of the CAISO Tariff to Market Participants shall be read as references to Western and references to the CAISO Tariff shall be read as references to this Agreement.

ARTICLE IX

UNCONTROLLABLE FORCES

- 9.1 Uncontrollable Forces Tariff Provisions.** Section 14.1 of the CAISO Tariff shall be incorporated by reference into this Agreement except that all references in Section 14.1 of the CAISO Tariff to Market Participants shall be read as a reference to Western and references to the CAISO Tariff shall be read as references to this Agreement.

ARTICLE X

MISCELLANEOUS

- 10.1 Assignments.** Either Party may assign or transfer any or all of its rights and/or obligations under this Agreement with the other Party's prior written consent in accordance with Section 22.2 of the CAISO Tariff. Such consent shall not be unreasonably withheld. Any such transfer or assignment shall be conditioned upon the successor in interest accepting the rights and/or obligations under this Agreement as if said successor in interest was an original Party to this Agreement.
- 10.2 Notices.** Any notice, demand or request which may be given to or made upon either Party regarding this Agreement shall be made in accordance with Section 22.4 of the CAISO Tariff, provided that all references in Section 22.4 of the CAISO Tariff to Market Participants shall be read as a reference to Western and references to the CAISO Tariff shall be read as references to this Agreement, and unless otherwise stated or agreed shall be made to the representative of the other Party indicated in Schedule 2.

A Party must update the information in Schedule 2 of this Agreement as information changes. Such changes shall not constitute an amendment to this Agreement.

- 10.3 Waivers.** Any waiver at any time by either Party of its rights with respect to any default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not constitute or be deemed a waiver with respect to any subsequent default or other matter arising in connection with this Agreement. Any delay, short of the statutory period of limitations, in asserting or enforcing any right under this Agreement shall not constitute or be deemed a waiver of such right.
- 10.4 Governing Law and Forum.** This Agreement shall be deemed to be a contract made under, and for all purposes shall be governed by and construed in accordance with, the laws of the United States of America. 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 federal court of the United States of America with appropriate jurisdiction or, where subject to its jurisdiction, before the Federal Energy Regulatory Commission.
- 10.5 Consistency with Federal Laws and Regulations.** This Agreement shall incorporate by reference Section 22.9 of the CAISO Tariff as if the references to the CAISO Tariff were referring to this Agreement.
- 10.6 Merger.** This Agreement constitutes the complete and final agreement of the Parties with respect to the subject matter hereof and supersedes all prior agreements, whether written or oral, with respect to such subject matter.
- 10.7 Severability.** If any term, covenant, or condition of this Agreement or the application or effect of any such term, covenant, or condition is held invalid as to any person, entity, or circumstance, or is determined to be unjust, unreasonable, unlawful, imprudent, or otherwise not in the public interest by any court or government agency of competent jurisdiction, then such term, covenant, or condition shall remain in force and effect to the maximum extent permitted by law, and all other terms, covenants, and conditions of this Agreement and their application shall not be affected thereby, but shall remain in force and effect and the Parties shall be relieved of their obligations only to the extent necessary to eliminate such regulatory or other determination unless a court or governmental agency of competent jurisdiction holds that such provisions are not separable from all other provisions of this Agreement.

- 10.8 Amendments.** This Agreement and the Schedules attached hereto may be amended from time to time by the mutual agreement of the Parties in writing. Amendments that require FERC approval shall not take effect until FERC has accepted such amendments for filing and made them effective. If the amendment does not require FERC approval, the amendment will be filed with FERC for information. Nothing contained herein shall be construed as affecting in any way the right of the CAISO to unilaterally make application to FERC for a change in the rates, terms and conditions of this Agreement under Section 205 of the FPA and pursuant to FERC's rules and regulations promulgated thereunder, and the Western shall have the right to make a unilateral filing with FERC to modify this Agreement pursuant to Section 206 or any other applicable provision of the FPA and FERC's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of FERC under Sections 205 or 206 of the FPA and FERC's rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.
- 10.9 Counterparts.** This Agreement may be executed in one or more counterparts at different times, each of which shall be regarded as an original and all of which, taken together, shall constitute one and the same Agreement.
- 10.10 Rights Reserved.** Execution of this Agreement does not deprive Western of any unexpressed legal right, either under law or under an existing power purchase agreement.

ARTICLE XI

MISCELLANEOUS

- 11.1 Covenant Against Contingent Fees.** The CAISO warrants that no person or selling agency has been employed or retained to solicit or secure this Agreement upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the CAISO for the purpose of securing business. For breach or violation of this warranty, Western shall have the right to annul this Agreement without liability or in its discretion to deduct from the price or consideration the full amount of such commission, percentage, brokerage, or contingent fee.
- 11.2 Contingent Upon Appropriations.** Where activities provided for in this Agreement extend beyond the current fiscal year, continued expenditures

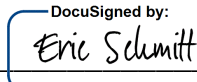
by the United States are contingent upon Congress making the necessary appropriations required for the continued performance of Western's obligations under this Agreement. In case such appropriation is not made, the CAISO hereby releases Western from its obligations and from all liability due to the failure of Congress to make such appropriation.

- 11.3 Contract Work Hours and Safety Standards.** This Agreement, to the extent that it is of a character specified in Section 103 of the Contract Work Hours and Safety Standards Act, 40 U.S.C.A. § 3701, is subject to the provisions of the Act, 40 U.S.C.A. §§ 3701-3708, and to regulations promulgated by the Secretary of Labor pursuant to the Act.
- 11.4 Equal Opportunity Employment Practices.** Section 202 of Executive Order No. 11246, 30 Fed. Reg. 12319 (1965), as amended by Executive Order No. 12086, 43 Fed. Reg. 46501 (1978), as amended or supplemented, which provides, among other things, that the CAISO will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin, is incorporated herein by reference the same as if the specific language had been written into this Agreement, except that Indian Tribes and tribal organizations may apply Indian preference to the extent permitted by Federal Law.
- 11.5 Use of Convict Labor.** The CAISO agrees not to employ any person undergoing sentence of imprisonment in performing this Agreement except as provided by 18 U.S.C. § 3622 (c) (2) and Executive Order 11755, December 29, 1973.



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

California Independent System Operator Corporation

By:  _____
Name: 0971A84CB55B4B8...
Eric Schmitt _____
Title: VP, Operations _____
Date: 8/7/2017 _____

Western Area Power Administration, Sierra Nevada Region

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

SCHEDULE 2
NOTICES
(Section 10.2)

Western

Name of Primary Representative: Sonja A Anderson
Title: Vice President of Power Marketing
For Sierra Nevada Region
Company: Western Area Power Administration
Address: 114 Parkshore Drive
City/State/Zip Code: Folsom, CA 95630
Email Address: sanderso@wapa.gov
Phone: (916) 353-4421
Fax No: (916) 985-1931

Name of Alternative Representative: Jeanne Haas
Title: Contracts and Energy Services Manager
Company: Western Area Power Administration
Address: 114 Parkshore Drive
City/State/Zip Code: Folsom, CA 95630
Email Address: haas@wapa.gov
Phone: (916) 353-4438
Fax No: (916) 985-1931



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