

ALSTON & BIRD LLP

601 Pennsylvania Avenue, N.W.
North Building, 10th Floor
Washington, DC 20004-2601

202-756-3300
Fax: 202-756-3333

Bradley R. Miliauskas

Direct Dial: 202-756-3405

Email: bradley.miliauskas@alston.com

REDACTED VERSION FOR PUBLIC RELEASE

PRIVILEGED INFORMATION CONTAINED IN SEPARATE VOLUME

August 25, 2009

The Honorable Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: **California Independent System Operator Corporation**
Filing of Rate Schedules Nos. 65 and 66
Docket No. ER09-_____ -000

Dear Secretary Bose:

The California Independent System Operator Corporation ("ISO") submits for Commission filing and acceptance the following agreements between the ISO and the Bonneville Power Administration ("BPA"): (1) an original version of an Adjacent Balancing Authority Operating Agreement ("ABAOA"), (2) a revised version of the ABAOA, and (3) a letter agreement with BPA Power Services setting forth commercial terms for emergency assistance.¹ Together, these agreements set forth terms for coordination of operations by the ISO and BPA as operators of adjacent balancing authority areas, including the terms under which each will provide emergency assistance to the other.

Because the ISO and BPA commenced operating under the original version of the ABAOA on May 13, 2008, the ISO requests a waiver of the 60-day prior notice requirement to allow the original ABAOA to be made effective retroactive to May 13, 2008. The ISO also requests a waiver of the 60-day prior notice requirement to allow the letter agreement to be made effective as of the

¹ This filing is submitted pursuant to Section 205 of the Federal Power Act, 16 U.S.C. § 824d.

date of its execution, August 14, 2009. The ISO does not request a waiver of the 60-day prior notice requirement for the effective date of the new version of the ABAOA, but simply requests that it be made effective on October 21, 2009 (*i.e.*, sixty-one days after the filing date of the instant filing) in replacement of the original ABAOA as of that date.

I. The Original ABAOA

The original ABAOA was executed as of May 13, 2008 after many years of efforts by the ISO and BPA to reach a formal agreement regarding the coordination of operations of their adjacent balancing authority areas. In the original ABAOA, the ISO and BPA were able to reach agreement on each party's responsibilities in the event of an emergency potentially affecting the reliable operation of each party's transmission facilities pursuant to the mandatory reliability standards of the North American Electric Reliability Corporation ("NERC").

The original ABAOA contains provisions addressing the following substantive matters (in the sections of the ABAOA listed below):

- The responsibilities of the parties to cooperate to mitigate operating emergencies, including adhering to reliability criteria and standards, maintaining and sharing emergency plans, and providing emergency assistance (Section 3 and Exhibit A);
- Coordination of emergency action with the appropriate reliability coordinator of the Western Electricity Coordinating Council ("WECC") and to maintain a control center with contacts for operational communications (Section 4 and Exhibit A);
- A description of the interconnection points between the ISO and BPA balancing authority areas (Section 5 and Exhibit B); and
- Provisions for the exchange of confidential information (Section 7).

The original ABAOA also contains "boilerplate" provisions regarding term and termination (Section 1), incorporation of exhibits (Section 2), amendment of the agreement (Section 6), survival of provisions (Section 8), warranties and disclaimers (Section 9), notices (Section 10 and Exhibit C), changes in points of contact (Section 11), assignments (Section 12), severability and interpretation (Section 13), section headings (Section 14), no third party beneficiaries (Section 15), entire agreement (Section 16) and signature authority (Section 17).

The provisions of the original ABAOA are of immediate significance only to the ISO and BPA and are agreed to by the parties. The ISO requests that the

Commission accept the original ABAOA as filed as Original Rate Schedule FERC No. 65 and make it effective as of May 13, 2008.

II. The New ABAOA

The new version of the ABAOA includes a number of substantive and clarifying revisions to the original ABAOA and is intended to replace the original ABAOA upon acceptance by the Commission. The new ABAOA contains provisions addressing all the matters addressed in the original ABAOA, as well as implementing the following substantive revisions to the original ABAOA:

- Section 3 has been revised (and Exhibit D has been added) to (1) clarify the ISO's operational contact for requests during an operating emergency from BPA for emergency assistance within the delivery hour or after close of the regular scheduling window for the next hour (Section 3(d)), (2) add a provision specifying the parties' responsibilities for exercising operational control over interconnection facilities and establishment of operating procedures for mitigating overload conditions on the California-Oregon Intertie (Section 3(e) and Exhibit D), and (3) specify responsibilities for coordination of outages affecting the point of interconnection (Section 3(f)).
- Section 3(a), Section 4(a), and Exhibit A have been revised to update the description of the WECC reliability coordinator under WECC's new consolidated structure.
- Section 5 and Exhibit B have been revised to clarify the description of the point of interconnection and to add a provision to Exhibit B regarding the revenue metering at the point of interconnection.

In addition to the foregoing substantive revisions, the new ABAOA incorporates new "boilerplate" provisions regarding liability and uncontrollable forces (new Section 10), governing law (new Section 11), and waivers (new Section 12). The new ABAOA also adds new first and third recitals, clarifies references to the NERC reliability standards in what is now the fifth recital and in Sections 3(b), 3(c), and 6(b), clarifies the effective date and termination provisions in Section 1, clarifies the incorporation of exhibits and the source of definitions for capitalized terms in Section 2, clarifies the amendment provisions of Section 6, clarifies the information exchange provisions of Section 7, modifies slightly the time period for notices in what is now Section 13, clarifies the process for changes in points of contact in what is now Section 14, and revises Exhibit C to reflect current points of contact. The revisions to the original ABAOA incorporated in the new ABAOA are shown in "blackline" in Attachment E to this filing.

The provisions of the new ABAOA are of immediate significance only to the ISO and BPA and are agreed to by the parties. The ISO requests that the Commission accept the new ABAOA as filed as First Revised Rate Schedule FERC No. 65 in replacement of the original ABAOA and make it effective as of October 21, 2009.

III. The Letter Agreement

In the ISO's *pro forma* Interconnected Control Area Operating Agreement ("ICAOA"), approved by the Commission as part of a settlement in a letter order dated May 28, 1999 (87 FERC ¶ 61,231), and in the versions of the ICAOA that the ISO has executed with other adjacent balancing authorities, the commercial terms by which the parties will provide each other power in conjunction with other emergency assistance to each other are set forth in Service Schedule 13. BPA has advised the ISO that its separation of functions does not allow the incorporation of these commercial terms of emergency assistance into the same agreement as governs the coordination of operation of interconnected transmission facilities and the responsibilities for mitigation of operating emergencies.

Consequently, the ISO has entered into a letter agreement with BPA Power Services governing these commercial terms separate from the ABAOA. The letter agreement sets forth BPA's general procedures for accessing federal power in times of emergency (Attachment 1), the process and commercial terms for emergency requests for power by the ISO from BPA (Attachment 2), and the process and commercial terms for emergency requests for power by BPA from the ISO (Attachment 3).

As the provisions of the letter agreement are complementary to the provisions of the ABAOA, the ISO is filing these agreements together to provide the Commission the full set of agreements governing the relationship between the ISO and BPA as adjacent balancing authorities coordinating operations during emergencies. The provisions of the letter agreement are of immediate significance only to the ISO and BPA and are agreed to by the parties. The ISO requests that the Commission accept the letter agreement as filed as Original Rate Schedule FERC No. 66 and to make it effective as of August 14, 2009.

IV. Effective Dates and Request for Waivers

The ISO requests that the original ABAOA be made effective as of May 13, 2008, the date of its execution and on which the ISO and BPA commenced to operate in accordance with its terms. The ISO also requests that the letter agreement be made effective as of the date of its execution, August 14, 2009. As for the new ABAOA, the ISO requests that it be made effective as of October 21, 2009, sixty-one days following the filing date for this filing. However, the ISO

also requests that the new ABAOA be treated as effectively terminating and replacing the original ABAOA as of the October 21, 2009 effective date requested for the new ABAOA.

While the original ABAOA provided that it was to be filed with the Commission for acceptance, that filing was not made due to administrative oversight. However, the ISO and BPA have treated this agreement as effective since the date it was executed and both parties desire to have the Commission accept this agreement effective as of May 13, 2008. Commission acceptance of this agreement as of that date will confirm that the parties have relied on the terms of this agreement appropriately and will help ensure that the agreement supports the parties' efforts to satisfy the requirements of the NERC mandatory reliability standards. Moreover, the agreement addresses solely matters of coordination of interconnected facilities and operations regarding which no other entities are adversely affected.

As for the effective date of the letter agreement, the ISO and BPA have with this agreement implemented more formal arrangements than previously have been in place to provide for the process and commercial terms under which they would provide emergency assistance to each other. Because this formalization of these terms and conditions provides the parties clarity and assurance of their rights and obligations that is superior to the arrangements that have been in place previously, the parties desire to have this agreement take effect as soon as possible, which the parties consider to be the date of execution, August 14, 2009. As BPA otherwise considers itself able to give effect to this agreement upon execution, the ISO requests that the Commission grant it leave to give similar effect to this agreement. Granting this requested effective date of August 14, 2009 will provide the parties better assurance regarding the process and commercial terms under which they will provide each other emergency assistance for the remainder of California's peak summer season. Moreover, no other entities will be adversely affected by the terms of this letter agreement for the mutual provision of emergency assistance by the ISO and BPA.

To accommodate the foregoing requested effective dates, the ISO requests waiver, pursuant to Section 35.11 of the Commission's regulations (18 C.F.R. § 35.11), of the notice requirement contained in Section 35.3 of the Commission's regulations (18 C.F.R. § 35.3), in order to permit the original ABAOA to become effective as of May 13, 2008 and to permit the letter agreement to become effective as of August 14, 2009. As discussed above, good cause exists for granting the requested waivers and effective dates. Granting the waivers will meet the needs of BPA and the ISO, as it is important to reliable operations of the interconnected transmission facilities and to the provisions of emergency assistance by the parties to be able to rely on the terms of these formal agreements. No harm will result to any entity from the May 13, 2008 effective date for the original ABAOA or the August 14, 2009 effective date

for the letter agreement, and neither agreement results in any increase in rates or charges. Granting the requested waivers, therefore, is appropriate.

V. Request for Privileged Treatment

Included in a separate volume along with this amendment, pursuant to Commission Order Nos. 630 and 630-A,² is a sealed copy of the non-public portions of the original and new ABAOAs, specifically, Exhibit A of each. The ISO is seeking privileged treatment for Exhibit A under 18 C.F.R. § 388.112, as it contains confidential telephone numbers of ISO and BPA operating personnel. Public disclosure of the telephone numbers contained in Exhibit A would unnecessarily reveal sensitive information and pose significant security problems, and therefore the identified portions of the exhibit should be granted privileged treatment.

VI. Expenses

No expense or cost associated with this filing has been alleged or judged in any judicial or administrative proceeding to be illegal, duplicative, unnecessary, or demonstratively the product of discriminatory employment practices.

VII. Service

The ISO has served copies of this transmittal letter and all attachments on BPA, the Public Utilities Commission of the State of California, the California Energy Commission, and all parties with effective Scheduling Coordinator Agreements under the ISO tariff. In addition, the ISO is posting this transmittal letter and all attachments on the ISO's website.

VIII. Contents of Filing

Enclosed for filing are six copies of each of the following:

- (1) this transmittal letter;
- (2) the executed original ABAOA (Attachment A);
- (3) the original ABAOA in rate schedule tariff sheet format (Attachment B);
- (4) the executed new version of the ABAOA (Attachment C);

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

- (5) the new ABAOA in rate schedule tariff sheet format (Attachment D);
- (6) the revisions to the ABAOA incorporating the changes contained in the new ABAOA shown in blackline format (Attachment E);
- (7) the executed letter agreement (Attachment F); and
- (8) the letter agreement in rate schedule tariff sheet format (Attachment G).

The filing also includes a separate volume that contains the non-public portions of the original and new ABAOAs described above.

Also enclosed are two additional copies of this filing to be date-stamped and returned to our messenger.

IX. Correspondence

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

Michael D. Dozier*
Senior Counsel
California Independent System
Operator Corporation
151 Blue Ravine Road
Folsom, CA 95630
Tel: (916) 608-7048
Fax: (916) 608-7222
E-mail: mdozier@caiso.com

Bradley R. Miliauskas*
Alston & Bird LLP
The Atlantic Building
950 F Street, NW
Washington, DC 20004
Tel: 202-756-3300
Fax: 202-756-3333
E-mail:
bradley.miliauskas@alston.com

* Individuals designated for service pursuant to 18 C.F.R. § 203(b)(3).

X. Conclusion

The ISO respectfully requests that the Commission accept the instant filing and grant the requested waivers to permit the subject agreements to be effective as of the dates requested. If there are any questions concerning this filing, please contact the undersigned.

Respectfully submitted,



Sean A. Atkins
Bradley R. Miliauskas
Alston & Bird LLP
The Atlantic Building
950 F Street, NW
Washington, DC 20004

Nancy Saracino
General Counsel
Michael D. Dozier
Senior Counsel
California Independent System
Operator Corporation
151 Blue Ravine Road
Folsom, CA 95630

Attorneys for the California Independent System Operator Corporation

Attachment A – Executed Agreement

August 25, 2009

ADJACENT BALANCING AUTHORITY OPERATING AGREEMENT

Between

BONNEVILLE POWER ADMINISTRATION

And

THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

ADJACENT BALANCING AUTHORITY OPERATING AGREEMENT

executed by the

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

Acting by and through the

BONNEVILLE POWER ADMINISTRATION

and

THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

This Adjacent Balancing Authority Operating Agreement (Agreement) dated as of August 14, 2009, is between the UNITED STATES OF AMERICA, Department of Energy, by and through the BONNEVILLE POWER ADMINISTRATION (Bonneville), a Federal power marketing agency, and the CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION (CAISO), a nonprofit public benefit corporation organized and existing under the laws of the State of California. Bonneville and the CAISO may each be referred to herein as "Party" and collectively referred to "Parties".

WHEREAS, the Parties are Adjacent Balancing Authorities and operate interconnected Balancing Authority Areas connected at the point of interconnection, as described in Exhibit B.

WHEREAS, each Party is a member of the Western Electricity Coordinating Council (WECC), an organization whose members are located in the Western Interconnection as defined in the WECC Bylaws and is registered as a Balancing Authority pursuant to the North American Electric Reliability Corporation (NERC) Reliability Functional Model and Registry Criteria.

WHEREAS, the Parties wish to coordinate operation and maintenance of their interconnection to satisfy mandatory NERC Reliability Standards and criteria, WECC Regional Reliability Standards, WECC Minimum Operating Reliability Criteria (MORC) or its successor, if applicable, and Good Utility Practice.

WHEREAS, on March 16, 2007, the Federal Energy Regulatory Commission (FERC) issued a final rule establishing Mandatory Reliability Standards for the Bulk-Power Systems of North America, as developed by NERC, including Reliability Standard EOP-001-0, Emergency Operations Planning.

WHEREAS, EOP-001-0 provides that each Balancing Authority is required to develop, maintain, and implement a set of plans to mitigate operating emergencies, and to coordinate such plans with other Balancing Authorities. Requirement 1 of EOP-001-0 directs Balancing Authorities to have operating agreements in place with adjacent Balancing Authorities that, at a minimum, contain provisions for emergency assistance, including provisions to obtain emergency assistance from remote Balancing Authorities.

WHEREAS, the Parties wish to identify their responsibilities to each other in the event of an emergency that either affects or may affect the reliable operation of the interconnected transmission facilities and to satisfy Requirement 1 of EOP-001-0, as it may be revised from time to time, by recognizing the continuing commitment of each Party to the other to cooperate to mitigate operating emergencies.

Now therefore, in consideration of the mutual covenants set forth herein, the Parties agree as follows:

1. TERM AND TERMINATION

This Agreement shall be effective upon the later of execution or the date this Agreement is accepted for filing and made effective by FERC (Effective Date) and shall remain in effect until terminated by either Party upon thirty (30) days advance written notice to the other Party or upon consent of both Parties. The CAISO shall file a notice of termination with FERC as soon as practicable but no later than thirty (30) days after its issuance or receipt of such advance written notice of termination or the date of the Parties' consent. Termination will be effective upon acceptance of the notice of termination by FERC; provided, however, Bonneville will cease both to provide and to take any service under this Agreement as of (i) thirty (30) days after its issuance of an advance written notice of termination or (ii) the date of the Parties' consent, regardless of any action or inaction by FERC with respect to any application by the CAISO to terminate this Agreement.

2. EXHIBITS AND DEFINITIONS

- (a) Exhibits A ("Points of Contact for Operational Communications"), B ("Adjacent Balancing Authority Interconnection Point"), C ("Points of Contact for Notices"), and D ("Respective Responsibilities for Operational Control") are hereby incorporated as part of this Agreement.
- (b) Except as otherwise defined in this Agreement, terms and expressions used in this Agreement shall have the same meanings as those contained in the NERC Glossary of Terms Used in Reliability Standards.

3. RESPONSIBILITIES OF THE PARTIES

- (a) The Parties agree to continue to cooperate to mitigate operating emergencies by continuing to adhere to (1) the WECC criteria, procedures, processes, and practices which relate to emergency operations, including, but not limited to, the Planning Coordination Committee Handbook, Operating Committee Handbook which contains Minimum Operating Reliability Criteria, Operating/Planning Criteria, and Reliability Coordinator Plan, as they may

be revised from time to time, and (2) the directives of the WECC Reliability Coordinator.

- (b) Each Party further agrees that it shall develop, maintain, implement, and annually review and update its emergency plans to mitigate operating emergencies and shall share and coordinate such plans with the other Party as required by Requirements 2 through 7 of the NERC Reliability Standard EOP-001-0, as it may be revised from time to time.
- (c) To the extent possible, and in accordance with the NERC reliability standards, each Party (Delivering Party) shall assist the other Party (Receiving Party) in an operating emergency by delivering emergency assistance to the Receiving Party, including emergency capacity or energy transfers from such Delivering Party's Balancing Authority or from other remote Balancing Authorities over available transmission capacity. Arrangements for deliveries of emergency capacity or energy transfers shall be through normal operating channels in accordance with Requirement 7.4 of EOP-001-0, as it may be revised from time to time. Such emergency assistance shall be provided at the sole discretion of the entity supplying it and shall be recallable without advance notice as required to meet reliability requirements.
- (d) Requests during an operating emergency from the CAISO for emergency assistance within the delivery hour or after close of the regular scheduling window for the next hour shall be made to Bonneville's Transmission Dispatcher identified in Exhibit A, Points of Contact for Operational Communications. Requests during an operating emergency from Bonneville for emergency assistance within the delivery hour or after close of the regular scheduling window for the next hour shall be made to the CAISO's Shift Supervisor identified in Exhibit A, Points of Contact for Operational Communications.
- (e) The Parties are each responsible for exercising operational control over facilities in their respective Balancing Authority Areas, and shall not exercise operational control over any part of the interconnection facilities owned or operated by the other Party except by mutual agreement. The respective responsibilities for operational control by the Parties are identified in Exhibit D. The Parties each have operating procedures for the purpose of coordinating operation and of mitigating overload conditions on the California Oregon Intertie.
- (f) Outages of facilities affecting the point of interconnection specified in Exhibit B shall be jointly coordinated by the Parties and other affected entities to minimize a reduction and the duration of such reduction to the operating limits of the point of interconnection specified in Exhibit B. The Parties shall provide each other as much advance notice as practicable to coordinate planned outages and scheduled maintenance affecting the point of interconnection specified in Exhibit B. Advance coordination of outages shall be maximized while respecting each Party's policies and procedures. If, given

the current or anticipated system conditions at the time, the Parties jointly determine that system reliability may be impaired, the outage may be canceled or rescheduled.

4. COORDINATION AND COMMUNICATION

- (a) In the event of an operating emergency that affects or may affect the reliable operation of interconnected transmission facilities, each Party shall coordinate actions with the other Party, as they deem necessary or as directed by the WECC Reliability Coordinator, to preserve or restore the interconnected transmission system to stable operations and to preserve or restore reliable, safe, and efficient service to each Party's transmission system as quickly as practicable. The Parties shall, without delay, notify the WECC Reliability Coordinator as to the nature and extent of the operating emergency.
- (b) Each Party operates and maintains a 24-hour, 7-day control center with real-time scheduling and control functions. The points of contact for operational communications with each Party's control center are identified in Exhibit A.

5. INTERCONNECTION POINT

- (a) The Parties are Adjacent Balancing Authorities, and are interconnected at the point specified in Exhibit B. In the event that new interconnection points are added or the existing point is eliminated, Exhibit B will be revised or updated, as necessary, to reflect such change.
- (b) Exhibit B is included for the sole purpose of identifying the interconnection point that makes the Parties Adjacent Balancing Authorities.

6. AMENDMENT

- (a) The Parties may amend or modify this Agreement only by mutual written agreement. An amendment that is subject to FERC approval shall not take effect until FERC has accepted such amendment for filing and has made it effective. Nothing contained herein shall be construed as affecting in any way the right of either Party to unilaterally make application to FERC for a change in the terms and conditions of this Agreement under Section 206 or 206 of the Federal Power Act (FPA) and pursuant to FERC's rules and regulations promulgated thereunder, if applicable.
- (b) In the event the mandatory NERC Reliability Standards, including EOP-001-0, are revised or replaced, the Parties shall meet to discuss the effect of such revisions or replacement on the terms and conditions of this Agreement, and to determine whether the Agreement should be revised, replaced, or terminated.

7. EXCHANGE OF INFORMATION AND CONFIDENTIALITY

- (a) Confidential Information means any financial information or data, proprietary or business sensitive information or data, critical energy infrastructure information or other security-sensitive information, market-sensitive information, a trade secret, data protected by CAISO Tariff provisions or CAISO Information Availability Policy, or any other information or data that is identified as confidential in writing by the Party providing the information or data (Providing Party). Confidential Information shall not include information or data received from the other Party: (i) that is or becomes available to the public without breach of law, order or agreement; (ii) that the Party receiving the information or data (Receiving Party) also receives from a third party who may disclose that information or data without breach of law or agreement; (iii) that the Receiving Party develops independently without using the Confidential Information; (iv) that the Providing Party approves for release in writing; or (v) that the Providing Party posts on its Open Access Same-Time Information System (OASIS) in compliance with applicable regulations.
- (b) Where the Providing Party provides to the Receiving Party Confidential Information as defined in this Agreement, it shall designate or mark such data or information as Confidential Information. The Receiving Party shall treat Confidential Information as confidential and protected from disclosure to the extent permitted by law or regulation. The Parties shall use Confidential Information only for purposes of performing each Party's obligations under this Agreement and shall not release Confidential Information to a third party upon request, except as provided herein.
- (c) If a Party receives a request to disclose Confidential Information, it shall not disclose such information or data without first promptly notifying the Providing Party of the request for disclosure to facilitate the Providing Party's efforts to prevent disclosure or otherwise preserve the confidentiality of the Confidential Information. The Providing Party may either seek a protective order, at its own expense, to maintain the confidentiality of such information or data or may notify the Receiving Party in writing that it will take no action to maintain such confidentiality. After the Providing Party either has sought to maintain the confidentiality of such information or has notified the Receiving Party in writing that it will take no action to maintain such confidentiality, the Receiving Party shall not be in violation of this Agreement if it discloses such information or data in compliance with applicable laws or regulations or an order, subpoena or other lawful process of a court or other governmental authority of competent jurisdiction to disclose such Confidential Information.
- (d) The Receiving Party shall immediately notify the Providing Party of any breach of this Agreement, including any instance of disclosure of confidential information to a third party.

8. PROVISIONS SURVIVING TERMINATION

The provisions of section 7 of this Agreement entitled Exchange of Information and Confidentiality shall survive the termination of this Agreement.

9. NO WARRANTIES OR REPRESENTATIONS; DISCLAIMERS

All information, including Confidential Information, provided by the Providing Party under this Agreement carries no warranty or representation of any kind, either express or implied. The Receiving Party receives the information "as is" and with all faults, errors, defects, inaccuracies, and omissions. The Providing Party makes no representations or warranties whatsoever with respect to the availability, timeliness, accuracy, reliability, or suitability of any information. The Receiving Party disclaims and waives all rights and remedies that it may otherwise have with respect to all warranties and liabilities of the Providing Party, expressed or implied, arising by law or otherwise, with respect to any faults, errors, defects, inaccuracies or omissions in, or availability, timeliness, reliability, or suitability of the information. Each Party assumes any and all risk and responsibility for selection and use of, and reliance on, any information provided under this Agreement.

10. LIABILITY

(a) Uncontrollable Forces

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

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.

(b) 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 in this Agreement. 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 subject to applicable law.

(c) Liability For Electric Disturbance and Interruptions

The Parties shall plan, operate, and maintain their respective systems, consistent with mandatory NERC Reliability Standards, WECC Regional Reliability Standards, and Good Utility Practice, to minimize or avoid electric disturbances that may interfere with the system of the other Party. Each of the Parties shall protect its respective system from possible damage by reason of electric disturbance or faults caused by the operation, faulty operation, or non-operation of the other Party's facilities.

Neither Party shall be liable to the other Party for any claim, demand, liability, loss, or damage, whether direct, indirect, or consequential, incurred by the Parties or their respective customers, which results from the separation of the systems in an emergency or interruption.

11. GOVERNING LAW

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.

12. WAIVERS

No waiver of any provision or breach of this Agreement shall be effective unless such waiver is in writing and signed by the waiving Party, and any such waiver shall not be deemed a waiver of any other provision of this Agreement or any other breach of this Agreement. Non-action by the Party who has the right to make such waiver shall not be deemed a waiver.

13. NOTICES

All notices, requests, demands, and other communications required or permitted under this Agreement shall be in writing, unless otherwise agreed by the Parties, and shall be delivered in person or sent by certified mail, postage prepaid, by overnight delivery, or by electronic facsimile transmission with an original sent immediately thereafter by postage prepaid mail, and properly addressed to the points of contact identified in Exhibit C. If delivered by mail, such notices shall be effective five business days following deposit in the United States mail, postage prepaid.

14. POINTS OF CONTACT

A Party may from time to time change the contact information listed in Exhibit A or Exhibit C to this Agreement by providing written notice specifying a new point of contact or revising an existing contact's information, but no such change shall be deemed to have been given until such notice is actually received by the other Party being notified. Such changes shall not constitute an amendment to this Agreement.

15. ASSIGNMENT AND SUCCESSORS

Neither this Agreement nor any rights or responsibilities under this Agreement may be assigned by either Party to a third party without the written consent of the other Party, and such consent will not be unreasonably delayed, conditioned, or withheld. Subject to the preceding sentence, this Agreement is binding upon and will inure to the benefit of the Parties and their successors in interest.

16. SEVERABILITY AND SAVINGS CLAUSE

(a) If any provision of this Agreement is held to be void, voidable, contrary to public policy, or unenforceable by any court or governmental agency of competent jurisdiction, that provision shall remain in force and effect to the maximum extent not prohibited by law, and all other terms of this Agreement shall not be affected thereby but shall remain in force and effect unless a court or governmental agency of competent jurisdiction holds that such provisions are not separable from all other provisions in this Agreement.

(b) The Parties agree that each Party has comparably participated in the preparation and negotiation of this Agreement such that no Party will be deemed the drafter of any term that may subsequently be found to be ambiguous or vague. Ambiguities or uncertainties in the wording of this Agreement shall be construed in a manner that most accurately reflects the purpose of this Agreement and the nature of the rights and obligations of the Parties with respect to the matter being construed.

17. SECTION HEADINGS

Section headings and subheadings appearing in this Agreement are inserted for convenience only and shall not be construed as interpretations of text.

18. THIRD PARTY BENEFICIARIES

Unless otherwise expressly stated herein, this Agreement is made and entered into for the sole protection and legal benefit of the Parties, and no other person shall be a direct or indirect legal beneficiary of or have any direct or indirect cause of action or claim in connection with this Agreement or of any duty, obligation, or undertaking established herein.

19. ENTIRE AGREEMENT

This Agreement (including any exhibits, which are part of this Agreement and are incorporated by this reference) constitutes the complete agreement between the Parties concerning its subject matter and supersedes all previous communications, negotiation, and agreements, whether oral or written, with respect to this Agreement.

20. SIGNATURE AUTHORITY

Each person signing below warrants that he or she has been duly authorized by the Party for whom he or she signs to execute this Agreement on behalf of that Party.

CALIFORNIA INDEPENDENT SYSTEM
OPERATOR CORPORATION

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration



By: _____

Name: James W. Detmers

(Print / Type)

Title: Vice President, Operations

Date: _____

8/14/09

By: _____

Name: Young S. Linn

(Print / Type)

Title: Transmission Account Executive

Date: _____

7/29/2009



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EXHIBIT B
ADJACENT BALANCING AUTHORITY INTERCONNECTION POINT

INTERCONNECTION LINE OR BUS NAME

Malin – Round Mountain No. 1 & No. 2

LINE OR BUS VOLTAGE (KV)

500 kV ea.

POINT OF INTERCONNECTION

Malin Substation

REVENUE METERING AT THE INTERCONNECTION POINT

Bonneville and CAISO revenue metering shall meet the standards as mutually agreed by the Parties. Bonneville and the CAISO shall be entitled to witness testing of the involved interconnection revenue metering. Any change or modification to such revenue metering equipment by Bonneville or any other entity shall be coordinated between the Parties. Bonneville shall allow daily, once a day, read-only access by the CAISO to direct poll revenue data from the interconnection revenue metering in five (5) minute intervals.

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**EXHIBIT C
POINTS OF CONTACT FOR NOTICES**

If to Bonneville:

Primary Representative:

Title: Transmission Account Executive for CAISO - TSE
Address: 7500 NE 41st St, Suite 130
City/State/Zip Code: Vancouver, WA 98662
If by US Mail: PO Box 61409, Vancouver, WA 98666
Fax No: (360) 619-6940

Secondary Representative:

Title: Manager, Technical Operations
Address: 5411 NE Hwy 99
City/State/Zip Code: Vancouver, WA 98663
If by US Mail: PO Box 491, Vancouver, WA 98666-0491
Fax No: (360) 418-8433

If to CAISO:

Primary Representative: Roni L. Reese
Title: Senior Contracts Analyst
Address: 151 Blue Ravine Road
City/State/Zip Code: Folsom, CA 95630
Email Address: rreese@caiso.com
Phone: (916) 608-7027
Fax No: (916) 608-7292

Secondary Representative: Christopher J. Sibley
Title: Senior Contracts Negotiator
Address: 151 Blue Ravine Road
City/State/Zip Code: Folsom, CA 95630
Email Address: csibley@caiso.com
Phone: (916) 608-7030
Fax No: (916) 608-7292

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EXHIBIT D
Respective Responsibilities For Operational Control

California-Oregon Intertie (COI)

- The COI includes the Pacific AC Intertie and the California-Oregon Transmission Project 500 kV transmission lines.
- Bonneville is the path operator for COI north of the California–Oregon border (COB) and is responsible for determining any curtailment on transmission lines related to conditions north of COB.
- CAISO is the path operator for COI south of COB and is responsible for determining any curtailment on transmission lines related to conditions south of COB.

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Attachment B – Clean Sheets

August 25, 2009

ADJACENT BALANCING AUTHORITY OPERATING AGREEMENT

Between

BONNEVILLE POWER ADMINISTRATION

And

THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

(Effective Date: May 13, 2008)

Agreement No. 08TX-13463

ADJACENT BALANCING AUTHORITY OPERATING AGREEMENT

executed by the

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

Acting by and through the

BONNEVILLE POWER ADMINISTRATION

and

THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

This Adjacent Balancing Authority Operating Agreement (Agreement) dated as of _____, 2008, (Effective Date) is between the UNITED STATES OF AMERICA, Department of Energy, by and through the BONNEVILLE POWER ADMINISTRATION (Bonneville), a Federal power marketing agency, and the CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION (CAISO), a nonprofit public benefit company organized and existing under the laws of the State of California. Bonneville and CAISO may each be referred to herein as "Party" and collectively referred to "Parties".

WHEREAS, each Party is a member of the Western Electricity Coordinating Council (WECC), an organization whose members are located in the Western Interconnection as defined in the WECC Bylaws and is registered with WECC as a Balancing Authority pursuant to the North American Electric Reliability Corporation (NERC) Reliability Functional Model and Registry Criteria.

WHEREAS, on March 16, 2007, the Federal Energy Regulatory Commission (FERC) issued a final rule establishing Mandatory Reliability Standards for the Bulk-Power Systems of North America, as developed by NERC, including Reliability Standard EOP-001-0, Emergency Operations Planning.

WHEREAS, EOP-001-0 provides that each Balancing Authority is required to develop, maintain, and implement a set of plans to mitigate operating emergencies, and to coordinate such plans with other Balancing Authorities. Requirement 1 of EOP-001-0 directs Balancing Authorities to have operating agreements in place with adjacent Balancing Authorities that, at a minimum, contain provisions for emergency assistance, including provisions to obtain emergency assistance from remote Balancing Authorities.

WHEREAS, the Parties are Adjacent Balancing Authorities.

WHEREAS, the Parties wish to identify their responsibilities to each other in the event of an emergency that either affects or may affect the reliable operation of the interconnected transmission facilities and to satisfy Requirement 1 of EOP-001-0 by recognizing the continuing commitment of each Party to the other to cooperate to mitigate operating emergencies.

Now therefore, in consideration of the mutual covenants set forth herein, the Parties agree as follows:

1. TERM AND TERMINATION

This Agreement shall be effective upon execution or the date this Agreement is accepted for filing and made effective by FERC and shall remain in effect until terminated by either Party upon thirty (30) days advance written notice to the other Party or upon consent of both Parties. The CAISO shall file a notice of termination with FERC as soon as practicable but no later than thirty (30) days after its issuance or receipt of such advance written notice of termination or the date of the Parties' consent. Termination will be effective upon acceptance of the notice of termination by FERC; provided, however, Bonneville will cease both to provide and to take any service under this Agreement as of (i) thirty (30) days after issuance or receipt of an advance written notice of termination or (ii) the date of the Parties' consent, regardless of any action or inaction by FERC with respect to any application by the CAISO to terminate this Agreement.

2. EXHIBITS

Exhibits A ("Points of Contact for Operational Communications"), B ("Adjacent Balancing Authority Interconnection Point") and C ("Points of Contact for Notices") are hereby incorporated as part of this Agreement.

3. RESPONSIBILITIES OF THE PARTIES

- (a) The Parties agree to continue to cooperate to mitigate operating emergencies by continuing to adhere to (1) the WECC criteria, procedures, processes, and practices which relate to emergency operations, including, but not limited to, the Planning Coordination Committee Handbook, Operating Committee Handbook which contains Minimum Operating Reliability Criteria, Operating/Planning Criteria, and Reliability Coordinator Plan, as they may be revised from time to time, and (2) the directives of the appropriate WECC Reliability Coordinator.
- (b) Each Party further agrees that it shall develop, maintain, implement, and annually review and update its emergency plans to mitigate operating emergencies and shall share and coordinate such plans with the other Party as required by R2 through R7 of the NERC Reliability Standard EOP-001-0.

- (c) To the extent possible, and in accordance with NERC reliability standards, each Party (Delivering Party) shall assist the other Party (Receiving Party) in an operating emergency by delivering emergency assistance to the Receiving Party, including emergency capacity or energy transfers from such Delivering Party's Balancing Authority or from other remote Balancing Authorities over available transmission capacity. Arrangements for deliveries of emergency capacity or energy transfers shall be through normal operating channels in accordance with Requirement 7.4 of EOP-001-0. Such emergency assistance shall be provided at the sole discretion of the entity supplying it and shall be recallable without advance notice as required to meet reliability requirements.
- (d) Requests, during an operating emergency, from the CAISO for emergency assistance within the delivery hour or after close of the regular scheduling window for the next hour shall be made to Bonneville's Transmission Dispatcher identified in Exhibit A, Points of Contact for Operational Communications.

4. COORDINATION AND COMMUNICATION

- (a) In the event of an operating emergency that affects or may affect the reliable operation of interconnected transmission facilities, each Party shall coordinate actions with the other Party, as they deem necessary or as directed by the appropriate WECC Reliability Coordinator(s), to preserve or restore the interconnected transmission system to stable operations and to preserve or restore reliable, safe, and efficient service to each Party's transmission system as quickly as practicable. The Parties shall, without delay, notify the appropriate WECC Reliability Coordinator(s) as to the nature and extent of the operating emergency.
- (b) Each Party operates and maintains a 24-hour, 7-day control center with real-time scheduling and control functions. The points of contact for operational communications with each Party's control center are identified in Exhibit A.

5. INTERCONNECTION POINTS

- (a) The Parties are Adjacent Balancing Authorities, and are interconnected at the points specified in Exhibit B. In the event that new interconnection points are added or existing points are eliminated, Exhibit B will be revised or updated, as necessary, to reflect such change.
- (b) Exhibit B is included for the sole purpose of identifying the interconnection points that make the Parties Adjacent Balancing Authorities.

6. AMENDMENT

- (a) The Parties may amend or modify this Agreement only by mutual written agreement. An amendment that is subject to FERC approval shall not take effect until FERC has accepted such amendment for filing and has made it effective. An amendment that does not require FERC approval will be filed by the CAISO with FERC for information.
- (b) In the event that NERC Reliability Standard EOP-001-0 is revised or replaced, the Parties shall meet within ninety (90) days of FERC's final and non-appealable order accepting the revision or replacement to discuss the effect of such revisions or replacement on the terms and conditions of this Agreement, and to determine whether the Agreement should be revised, replaced, or terminated.

7. EXCHANGE OF INFORMATION AND CONFIDENTIALITY

- (a) Confidential Information means any financial information or data, proprietary or business sensitive information or data, critical energy infrastructure information or other security-sensitive information, market-sensitive information, a trade secret, data protected by CAISO Tariff provisions or CAISO Information Availability Policy, or any other information or data that is identified as confidential in writing by the Providing Party. Confidential Information shall not include information or data received from the other Party: (i) that is or becomes available to the public without breach of law, order or agreement; (ii) that the Receiving Party also receives from a third party who may disclose that information or data without breach of law or agreement; (iii) that the Receiving Party develops independently without using the Confidential Information; (iv) that the Providing Party approves for release in writing; or (v) that the Providing Party posts on its Open Access Same-Time Information System (OASIS) in compliance with applicable regulations.
- (b) Where a Party (Providing Party) provides to the other Party (Receiving Party) Confidential Information as defined in this Agreement, it shall designate or mark such data or information as Confidential Information. The Receiving Party shall treat Confidential Information as confidential and protected from disclosure to the extent permitted by law or regulation. The Parties shall use Confidential Information only for purposes of performing each Party's obligations under this Agreement and shall not release Confidential Information to a third party upon request, except as provided herein.

- (c) If a Party receives a request to disclose Confidential Information, it shall not disclose such information or data without first promptly notifying the Providing Party of the request for disclosure to facilitate the Providing Party's efforts to prevent disclosure or otherwise preserve the confidentiality of the Confidential Information. The Providing Party may either seek a protective order, at its own expense, to maintain the confidentiality of such information or data or may notify the Receiving Party in writing that it will take no action to maintain such confidentiality. After the Providing Party either has sought to maintain the confidentiality of such information or has notified the Receiving Party in writing that it will take no action to maintain such confidentiality, the Receiving Party shall not be in violation of this Agreement if it discloses such information or data in compliance with applicable laws or regulations or an order, subpoena or other lawful process of a court or other governmental authority of competent jurisdiction to disclose such Confidential Information.
- (d) The Receiving Party shall immediately notify the Providing Party of any breach of this Agreement, including any instance of disclosure of confidential information to a third party.

8. PROVISIONS SURVIVING TERMINATION

The provisions of section 7 of this Agreement entitled Exchange of Information and Confidentiality shall survive the termination of this Agreement.

9. NO WARRANTIES OR REPRESENTATIONS; DISCLAIMERS

All information, including Confidential Information, provided by the Providing Party under this Agreement carries no warranty or representation of any kind, either express or implied. The Receiving Party receives the information "as is" and with all faults, errors, defects, inaccuracies, and omissions. The Providing Party makes no representations or warranties whatsoever with respect to the availability, timeliness, accuracy, reliability, or suitability of any information. The Receiving Party disclaims and waives all rights and remedies that it may otherwise have with respect to all warranties and liabilities of the Providing Party, expressed or implied, arising by law or otherwise, with respect to any faults, errors, defects, inaccuracies or omissions in, or availability, timeliness, reliability, or suitability of the information. Each Party assumes any and all risk and responsibility for selection and use of, and reliance on, any information provided under this Agreement.

10. NOTICES

All notices, requests, demands, and other communications required or permitted under this Agreement shall be in writing, unless otherwise agreed by the Parties, and shall be delivered in person or sent by certified mail, postage prepaid, by overnight delivery, or by electronic facsimile transmission with an original sent immediately thereafter by postage prepaid mail, and properly addressed to the points of contact identified in Exhibit C. If delivered by mail, such notices shall be effective three business days following deposit in the United States mail, postage prepaid.

11. POINTS OF CONTACT

A Party may from time to time change the contact information listed in Exhibit A or Exhibit C to this Agreement by providing written notice specifying a new point of contact or revising an existing contact's information, but no such change shall be deemed to have been given until such notice is actually received by the other Party being notified.

12. ASSIGNMENT AND SUCCESSORS

Neither this Agreement nor any rights or responsibilities under this Agreement may be assigned by either Party to a third party without the written consent of the other Party, and such consent will not be unreasonably delayed, conditioned, or withheld. Subject to the preceding sentence, this Agreement is binding upon and will inure to the benefit of the Parties and their successors in interest.

13. SEVERABILITY AND SAVINGS CLAUSE

(a) If any provision of this Agreement is held to be void, voidable, contrary to public policy, or unenforceable by any court or governmental agency of competent jurisdiction, that provision shall remain in force and effect to the maximum extent not prohibited by law, and all other terms of this Agreement shall not be affected thereby but shall remain in force and effect unless a court or governmental agency of competent jurisdiction holds that such provisions are not separable from all other provisions in this Agreement.

(b) The Parties agree that each Party has comparably participated in the preparation and negotiation of this Agreement such that no Party will be deemed the drafter of any term that may subsequently be found to be ambiguous or vague. Ambiguities or uncertainties in the wording of this Agreement shall be construed in a manner that most accurately reflects the purpose of this Agreement and the nature of the rights and obligations of the Parties with respect to the matter being construed.

14. SECTION HEADINGS

Section headings and subheadings appearing in this Agreement are inserted for convenience only and shall not be construed as interpretations of text.

15. THIRD PARTY BENEFICIARIES

Unless otherwise expressly stated herein, this Agreement is made and entered into for the sole protection and legal benefit of the Parties, and no other person shall be a direct or indirect legal beneficiary of or have any direct or indirect cause of action or claim in connection with this Agreement or of any duty, obligation, or undertaking established herein.

16. ENTIRE AGREEMENT

This Agreement (including any exhibits, which are part of this Agreement and are incorporated by this reference) constitutes the complete agreement between the Parties concerning its subject matter and supersedes all previous communications, negotiation, and agreements, whether oral or written, with respect to this Agreement.

17. SIGNATURE AUTHORITY

Each person signing below warrants that he or she has been duly authorized by the Party for whom he or she signs to execute this Agreement on behalf of that Party.

CALIFORNIA INDEPENDENT SYSTEM
OPERATOR CORPORATION

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By: _____

By: _____

Name: _____
(Print/Type)

Name: Richard A. Gillman
(Print/Type)

Title: _____

Title: Senior Transmission Account Executive

Date: _____

Date: _____

EXHIBIT A
POINTS OF CONTACT FOR OPERATIONAL COMMUNICATIONS

Bonneville		CAISO	
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**Privileged Material Redacted Pursuant
To 18 C.F.R. § 388.112**

Address: Dittmer Control Center 5411 NE Hwy 99 Mail Stop: TOD-Ditt1 Vancouver, WA 98663	Address: California ISO 151 Blue Ravine Road P.O. Box 639014 Folsom, CA 95763-9014
If by US Mail: P.O. Box 491 Mail Stop: TOD-Ditt1 Vancouver, WA 98666-0491	

EXHIBIT B
ADJACENT BALANCING AUTHORITY INTERCONNECTION POINT

INTERCONNECTION LINE OR BUS NAME LINE OR BUS VOLTAGE (KV)

Malin – Round Mountain 1 & 2

500 kV ea.

**EXHIBIT C
POINTS OF CONTACT FOR NOTICES**

If to Bonneville:

Primary Representative:

Title: Transmission Account Executive for CAISO - TSE
Address: 7500 NE 41st St, Suite 130
City/State/Zip Code: Vancouver, WA 98662
If by US Mail: PO Box 61409, Vancouver, WA 98666

Fax No: (360) 619-6940

Secondary Representative:

Title: Manager, Technical Operations
Address: 5411 NE Hwy 99
City/State/Zip Code Vancouver, WA 98663
If by US Mail: PO Box 491, Vancouver, WA 98666-0491

Fax No: (360) 418-8433

If to CAISO:

Primary Representative:

Title: Roni L. Reese
Senior Contracts Analyst
Address: 151 Blue Ravine Road
City/State/Zip Code: Folsom, CA 95630

Email Address: rreese@caiso.com
Phone: (916) 608-7027
Fax No: (916) 608-7292

Secondary Representative:

Title: Philip D. Pettingill
Manager of Infrastructure Policy & Contract Negotiation
Address: 151 Blue Ravine Road
City/State/Zip Code: Folsom, CA 95630

Email Address: ppettingill@caiso.com
Phone: (916) 608-7241
Fax No: (916) 608-7292

Attachment C - Executed Version

August 25, 2009

ADJACENT BALANCING AUTHORITY OPERATING AGREEMENT

Between

BONNEVILLE POWER ADMINISTRATION

And

THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

(Effective Date: August 14, 2009)

ADJACENT BALANCING AUTHORITY OPERATING AGREEMENT

executed by the

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

Acting by and through the

BONNEVILLE POWER ADMINISTRATION

and

THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

This Adjacent Balancing Authority Operating Agreement (Agreement) dated as of August 14, 2009, is between the UNITED STATES OF AMERICA, Department of Energy, by and through the BONNEVILLE POWER ADMINISTRATION (Bonneville), a Federal power marketing agency, and the CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION (CAISO), a nonprofit public benefit corporation organized and existing under the laws of the State of California. Bonneville and the CAISO may each be referred to herein as "Party" and collectively referred to "Parties".

WHEREAS, the Parties are Adjacent Balancing Authorities and operate interconnected Balancing Authority Areas connected at the point of interconnection, as described in Exhibit B.

WHEREAS, each Party is a member of the Western Electricity Coordinating Council (WECC), an organization whose members are located in the Western Interconnection as defined in the WECC Bylaws and is registered as a Balancing Authority pursuant to the North American Electric Reliability Corporation (NERC) Reliability Functional Model and Registry Criteria.

WHEREAS, the Parties wish to coordinate operation and maintenance of their interconnection to satisfy mandatory NERC Reliability Standards and criteria, WECC Regional Reliability Standards, WECC Minimum Operating Reliability Criteria (MORC) or its successor, if applicable, and Good Utility Practice.

WHEREAS, on March 16, 2007, the Federal Energy Regulatory Commission (FERC) issued a final rule establishing Mandatory Reliability Standards for the Bulk-Power Systems of North America, as developed by NERC, including Reliability Standard EOP-001-0, Emergency Operations Planning.

WHEREAS, EOP-001-0 provides that each Balancing Authority is required to develop, maintain, and implement a set of plans to mitigate operating emergencies, and to coordinate such plans with other Balancing Authorities. Requirement 1 of EOP-001-0 directs Balancing Authorities to have operating agreements in place with adjacent Balancing Authorities that, at a minimum, contain provisions for emergency assistance, including provisions to obtain emergency assistance from remote Balancing Authorities.

WHEREAS, the Parties wish to identify their responsibilities to each other in the event of an emergency that either affects or may affect the reliable operation of the interconnected transmission facilities and to satisfy Requirement 1 of EOP-001-0, as it may be revised from time to time, by recognizing the continuing commitment of each Party to the other to cooperate to mitigate operating emergencies.

Now therefore, in consideration of the mutual covenants set forth herein, the Parties agree as follows:

1. TERM AND TERMINATION

This Agreement shall be effective upon the later of execution or the date this Agreement is accepted for filing and made effective by FERC (Effective Date) and shall remain in effect until terminated by either Party upon thirty (30) days advance written notice to the other Party or upon consent of both Parties. The CAISO shall file a notice of termination with FERC as soon as practicable but no later than thirty (30) days after its issuance or receipt of such advance written notice of termination or the date of the Parties' consent. Termination will be effective upon acceptance of the notice of termination by FERC; provided, however, Bonneville will cease both to provide and to take any service under this Agreement as of (i) thirty (30) days after its issuance of an advance written notice of termination or (ii) the date of the Parties' consent, regardless of any action or inaction by FERC with respect to any application by the CAISO to terminate this Agreement.

2. EXHIBITS AND DEFINITIONS

- (a) Exhibits A ("Points of Contact for Operational Communications"), B ("Adjacent Balancing Authority Interconnection Point"), C ("Points of Contact for Notices"), and D ("Respective Responsibilities for Operational Control") are hereby incorporated as part of this Agreement.
- (b) Except as otherwise defined in this Agreement, terms and expressions used in this Agreement shall have the same meanings as those contained in the NERC Glossary of Terms Used in Reliability Standards.

3. RESPONSIBILITIES OF THE PARTIES

- (a) The Parties agree to continue to cooperate to mitigate operating emergencies by continuing to adhere to (1) the WECC criteria, procedures, processes, and practices which relate to emergency operations, including, but not limited to, the Planning Coordination Committee Handbook, Operating Committee Handbook which contains Minimum Operating Reliability Criteria, Operating/Planning Criteria, and Reliability Coordinator Plan, as they may

be revised from time to time, and (2) the directives of the WECC Reliability Coordinator.

- (b) Each Party further agrees that it shall develop, maintain, implement, and annually review and update its emergency plans to mitigate operating emergencies and shall share and coordinate such plans with the other Party as required by Requirements 2 through 7 of the NERC Reliability Standard EOP-001-0, as it may be revised from time to time.
- (c) To the extent possible, and in accordance with the NERC reliability standards, each Party (Delivering Party) shall assist the other Party (Receiving Party) in an operating emergency by delivering emergency assistance to the Receiving Party, including emergency capacity or energy transfers from such Delivering Party's Balancing Authority or from other remote Balancing Authorities over available transmission capacity. Arrangements for deliveries of emergency capacity or energy transfers shall be through normal operating channels in accordance with Requirement 7.4 of EOP-001-0, as it may be revised from time to time. Such emergency assistance shall be provided at the sole discretion of the entity supplying it and shall be recallable without advance notice as required to meet reliability requirements.
- (d) Requests during an operating emergency from the CAISO for emergency assistance within the delivery hour or after close of the regular scheduling window for the next hour shall be made to Bonneville's Transmission Dispatcher identified in Exhibit A, Points of Contact for Operational Communications. Requests during an operating emergency from Bonneville for emergency assistance within the delivery hour or after close of the regular scheduling window for the next hour shall be made to the CAISO's Shift Supervisor identified in Exhibit A, Points of Contact for Operational Communications.
- (e) The Parties are each responsible for exercising operational control over facilities in their respective Balancing Authority Areas, and shall not exercise operational control over any part of the interconnection facilities owned or operated by the other Party except by mutual agreement. The respective responsibilities for operational control by the Parties are identified in Exhibit D. The Parties each have operating procedures for the purpose of coordinating operation and of mitigating overload conditions on the California Oregon Intertie.
- (f) Outages of facilities affecting the point of interconnection specified in Exhibit B shall be jointly coordinated by the Parties and other affected entities to minimize a reduction and the duration of such reduction to the operating limits of the point of interconnection specified in Exhibit B. The Parties shall provide each other as much advance notice as practicable to coordinate planned outages and scheduled maintenance affecting the point of interconnection specified in Exhibit B. Advance coordination of outages shall be maximized while respecting each Party's policies and procedures. If, given

the current or anticipated system conditions at the time, the Parties jointly determine that system reliability may be impaired, the outage may be canceled or rescheduled.

4. COORDINATION AND COMMUNICATION

- (a) In the event of an operating emergency that affects or may affect the reliable operation of interconnected transmission facilities, each Party shall coordinate actions with the other Party, as they deem necessary or as directed by the WECC Reliability Coordinator, to preserve or restore the interconnected transmission system to stable operations and to preserve or restore reliable, safe, and efficient service to each Party's transmission system as quickly as practicable. The Parties shall, without delay, notify the WECC Reliability Coordinator as to the nature and extent of the operating emergency.
- (b) Each Party operates and maintains a 24-hour, 7-day control center with real-time scheduling and control functions. The points of contact for operational communications with each Party's control center are identified in Exhibit A.

5. INTERCONNECTION POINT

- (a) The Parties are Adjacent Balancing Authorities, and are interconnected at the point specified in Exhibit B. In the event that new interconnection points are added or the existing point is eliminated, Exhibit B will be revised or updated, as necessary, to reflect such change.
- (b) Exhibit B is included for the sole purpose of identifying the interconnection point that makes the Parties Adjacent Balancing Authorities.

6. AMENDMENT

- (a) The Parties may amend or modify this Agreement only by mutual written agreement. An amendment that is subject to FERC approval shall not take effect until FERC has accepted such amendment for filing and has made it effective. Nothing contained herein shall be construed as affecting in any way the right of either Party to unilaterally make application to FERC for a change in the terms and conditions of this Agreement under Section 206 or 206 of the Federal Power Act (FPA) and pursuant to FERC's rules and regulations promulgated thereunder, if applicable.
- (b) In the event the mandatory NERC Reliability Standards, including EOP-001-0, are revised or replaced, the Parties shall meet to discuss the effect of such revisions or replacement on the terms and conditions of this Agreement, and to determine whether the Agreement should be revised, replaced, or terminated.

7. EXCHANGE OF INFORMATION AND CONFIDENTIALITY

- (a) Confidential Information means any financial information or data, proprietary or business sensitive information or data, critical energy infrastructure information or other security-sensitive information, market-sensitive information, a trade secret, data protected by CAISO Tariff provisions or CAISO Information Availability Policy, or any other information or data that is identified as confidential in writing by the Party providing the information or data (Providing Party). Confidential Information shall not include information or data received from the other Party: (i) that is or becomes available to the public without breach of law, order or agreement; (ii) that the Party receiving the information or data (Receiving Party) also receives from a third party who may disclose that information or data without breach of law or agreement; (iii) that the Receiving Party develops independently without using the Confidential Information; (iv) that the Providing Party approves for release in writing; or (v) that the Providing Party posts on its Open Access Same-Time Information System (OASIS) in compliance with applicable regulations.
- (b) Where the Providing Party provides to the Receiving Party Confidential Information as defined in this Agreement, it shall designate or mark such data or information as Confidential Information. The Receiving Party shall treat Confidential Information as confidential and protected from disclosure to the extent permitted by law or regulation. The Parties shall use Confidential Information only for purposes of performing each Party's obligations under this Agreement and shall not release Confidential Information to a third party upon request, except as provided herein.
- (c) If a Party receives a request to disclose Confidential Information, it shall not disclose such information or data without first promptly notifying the Providing Party of the request for disclosure to facilitate the Providing Party's efforts to prevent disclosure or otherwise preserve the confidentiality of the Confidential Information. The Providing Party may either seek a protective order, at its own expense, to maintain the confidentiality of such information or data or may notify the Receiving Party in writing that it will take no action to maintain such confidentiality. After the Providing Party either has sought to maintain the confidentiality of such information or has notified the Receiving Party in writing that it will take no action to maintain such confidentiality, the Receiving Party shall not be in violation of this Agreement if it discloses such information or data in compliance with applicable laws or regulations or an order, subpoena or other lawful process of a court or other governmental authority of competent jurisdiction to disclose such Confidential Information.
- (d) The Receiving Party shall immediately notify the Providing Party of any breach of this Agreement, including any instance of disclosure of confidential information to a third party.

8. PROVISIONS SURVIVING TERMINATION

The provisions of section 7 of this Agreement entitled Exchange of Information and Confidentiality shall survive the termination of this Agreement.

9. NO WARRANTIES OR REPRESENTATIONS; DISCLAIMERS

All information, including Confidential Information, provided by the Providing Party under this Agreement carries no warranty or representation of any kind, either express or implied. The Receiving Party receives the information "as is" and with all faults, errors, defects, inaccuracies, and omissions. The Providing Party makes no representations or warranties whatsoever with respect to the availability, timeliness, accuracy, reliability, or suitability of any information. The Receiving Party disclaims and waives all rights and remedies that it may otherwise have with respect to all warranties and liabilities of the Providing Party, expressed or implied, arising by law or otherwise, with respect to any faults, errors, defects, inaccuracies or omissions in, or availability, timeliness, reliability, or suitability of the information. Each Party assumes any and all risk and responsibility for selection and use of, and reliance on, any information provided under this Agreement.

10. LIABILITY

(a) Uncontrollable Forces

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

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.

(b) 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 in this Agreement. 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 subject to applicable law.

(c) Liability For Electric Disturbance and Interruptions

The Parties shall plan, operate, and maintain their respective systems, consistent with mandatory NERC Reliability Standards, WECC Regional Reliability Standards, and Good Utility Practice, to minimize or avoid electric disturbances that may interfere with the system of the other Party. Each of the Parties shall protect its respective system from possible damage by reason of electric disturbance or faults caused by the operation, faulty operation, or non-operation of the other Party's facilities.

Neither Party shall be liable to the other Party for any claim, demand, liability, loss, or damage, whether direct, indirect, or consequential, incurred by the Parties or their respective customers, which results from the separation of the systems in an emergency or interruption.

11. GOVERNING LAW

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.

12. WAIVERS

No waiver of any provision or breach of this Agreement shall be effective unless such waiver is in writing and signed by the waiving Party, and any such waiver shall not be deemed a waiver of any other provision of this Agreement or any other breach of this Agreement. Non-action by the Party who has the right to make such waiver shall not be deemed a waiver.

13. NOTICES

All notices, requests, demands, and other communications required or permitted under this Agreement shall be in writing, unless otherwise agreed by the Parties, and shall be delivered in person or sent by certified mail, postage prepaid, by overnight delivery, or by electronic facsimile transmission with an original sent immediately thereafter by postage prepaid mail, and properly addressed to the points of contact identified in Exhibit C. If delivered by mail, such notices shall be effective five business days following deposit in the United States mail, postage prepaid.

14. POINTS OF CONTACT

A Party may from time to time change the contact information listed in Exhibit A or Exhibit C to this Agreement by providing written notice specifying a new point of contact or revising an existing contact's information, but no such change shall be deemed to have been given until such notice is actually received by the other Party being notified. Such changes shall not constitute an amendment to this Agreement.

15. ASSIGNMENT AND SUCCESSORS

Neither this Agreement nor any rights or responsibilities under this Agreement may be assigned by either Party to a third party without the written consent of the other Party, and such consent will not be unreasonably delayed, conditioned, or withheld. Subject to the preceding sentence, this Agreement is binding upon and will inure to the benefit of the Parties and their successors in interest.

16. SEVERABILITY AND SAVINGS CLAUSE

(a) If any provision of this Agreement is held to be void, voidable, contrary to public policy, or unenforceable by any court or governmental agency of competent jurisdiction, that provision shall remain in force and effect to the maximum extent not prohibited by law, and all other terms of this Agreement shall not be affected thereby but shall remain in force and effect unless a court or governmental agency of competent jurisdiction holds that such provisions are not separable from all other provisions in this Agreement.

(b) The Parties agree that each Party has comparably participated in the preparation and negotiation of this Agreement such that no Party will be deemed the drafter of any term that may subsequently be found to be ambiguous or vague. Ambiguities or uncertainties in the wording of this Agreement shall be construed in a manner that most accurately reflects the purpose of this Agreement and the nature of the rights and obligations of the Parties with respect to the matter being construed.

17. SECTION HEADINGS

Section headings and subheadings appearing in this Agreement are inserted for convenience only and shall not be construed as interpretations of text.

18. THIRD PARTY BENEFICIARIES

Unless otherwise expressly stated herein, this Agreement is made and entered into for the sole protection and legal benefit of the Parties, and no other person shall be a direct or indirect legal beneficiary of or have any direct or indirect cause of action or claim in connection with this Agreement or of any duty, obligation, or undertaking established herein.

19. ENTIRE AGREEMENT

This Agreement (including any exhibits, which are part of this Agreement and are incorporated by this reference) constitutes the complete agreement between the Parties concerning its subject matter and supersedes all previous communications, negotiation, and agreements, whether oral or written, with respect to this Agreement.

20. **SIGNATURE AUTHORITY**

Each person signing below warrants that he or she has been duly authorized by the Party for whom he or she signs to execute this Agreement on behalf of that Party.

CALIFORNIA INDEPENDENT SYSTEM
OPERATOR CORPORATION

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration



By: _____

James W. Detmers

Name: James W. Detmers

(Print/Type)

Title: Vice President, Operations

Date: _____

8/14/09

By: _____

Young S. Linn

Name: Young S. Linn

(Print/Type)

Title: Transmission Account Executive

Date: _____

7/29/2009



DLTenEyck;jlt6020:7/27/09 (W:\TM\CTCA ISO\Contracts\14447 CAISO Operating Agreement.doc)

EXHIBIT A
POINTS OF CONTACT FOR OPERATIONAL COMMUNICATIONS

Bonneville		CAISO	
-------------------	--	--------------	--

Address: Dittmer Control Center 5411 NE Hwy 99 Mail Stop: TOD-Ditt1 Vancouver, WA 98663 If by US Mail: P.O. Box 491 Mail Stop: TOD-Ditt1 Vancouver, WA 98666-0491	Address: California ISO 151 Blue Ravine Road P.O. Box 639014 Folsom, CA 95763-9014
Vancouver Reliability Coordinator Center	Vancouver Reliability Coordinator Center

EXHIBIT B
ADJACENT BALANCING AUTHORITY INTERCONNECTION POINT

INTERCONNECTION LINE OR BUS NAME

Malin – Round Mountain No. 1 & No. 2

LINE OR BUS VOLTAGE (KV)

500 kV ea.

POINT OF INTERCONNECTION

Malin Substation

REVENUE METERING AT THE INTERCONNECTION POINT

Bonneville and CAISO revenue metering shall meet the standards as mutually agreed by the Parties. Bonneville and the CAISO shall be entitled to witness testing of the involved interconnection revenue metering. Any change or modification to such revenue metering equipment by Bonneville or any other entity shall be coordinated between the Parties. Bonneville shall allow daily, once a day, read-only access by the CAISO to direct poll revenue data from the interconnection revenue metering in five (5) minute intervals.

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EXHIBIT C
POINTS OF CONTACT FOR NOTICES

If to Bonneville:

Primary Representative:

Title: Transmission Account Executive for CAISO - TSE
Address: 7500 NE 41st St, Suite 130
City/State/Zip Code: Vancouver, WA 98662
If by US Mail: PO Box 61409, Vancouver, WA 98666
Fax No: (360) 619-6940

Secondary Representative:

Title: Manager, Technical Operations
Address: 5411 NE Hwy 99
City/State/Zip Code: Vancouver, WA 98663
If by US Mail: PO Box 491, Vancouver, WA 98666-0491
Fax No: (360) 418-8433

If to CAISO:

Primary Representative:

Roni L. Reese
Title: Senior Contracts Analyst
Address: 151 Blue Ravine Road
City/State/Zip Code: Folsom, CA 95630
Email Address: rreese@caiso.com
Phone: (916) 608-7027
Fax No: (916) 608-7292

Secondary Representative:

Christopher J. Sibley
Title: Senior Contracts Negotiator
Address: 151 Blue Ravine Road
City/State/Zip Code: Folsom, CA 95630
Email Address: csibley@caiso.com
Phone: (916) 608-7030
Fax No: (916) 608-7292

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EXHIBIT D
Respective Responsibilities For Operational Control

California-Oregon Intertie (COI)

- The COI includes the Pacific AC Intertie and the California-Oregon Transmission Project 500 kV transmission lines.
- Bonneville is the path operator for COI north of the California–Oregon border (COB) and is responsible for determining any curtailment on transmission lines related to conditions north of COB.
- CAISO is the path operator for COI south of COB and is responsible for determining any curtailment on transmission lines related to conditions south of COB.

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Attachment D – Clean Sheets

August 25, 2009

ADJACENT BALANCING AUTHORITY OPERATING AGREEMENT

Between

BONNEVILLE POWER ADMINISTRATION

And

THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

Agreement No. 09TX-14447

ADJACENT BALANCING AUTHORITY OPERATING AGREEMENT

executed by the

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

Acting by and through the

BONNEVILLE POWER ADMINISTRATION

and

THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

This Adjacent Balancing Authority Operating Agreement (Agreement) dated as of _____, 2009, is between the UNITED STATES OF AMERICA, Department of Energy, by and through the BONNEVILLE POWER ADMINISTRATION (Bonneville), a Federal power marketing agency, and the CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION (CAISO), a nonprofit public benefit corporation organized and existing under the laws of the State of California. Bonneville and the CAISO may each be referred to herein as "Party" and collectively referred to "Parties".

WHEREAS, the Parties are Adjacent Balancing Authorities and operate interconnected Balancing Authority Areas connected at the point of interconnection, as described in Exhibit B.

WHEREAS, each Party is a member of the Western Electricity Coordinating Council (WECC), an organization whose members are located in the Western Interconnection as defined in the WECC Bylaws and is registered as a Balancing Authority pursuant to the North American Electric Reliability Corporation (NERC) Reliability Functional Model and Registry Criteria.

WHEREAS, the Parties wish to coordinate operation and maintenance of their interconnection to satisfy mandatory NERC Reliability Standards and criteria, WECC Regional Reliability Standards, WECC Minimum Operating Reliability Criteria (MORC) or its successor, if applicable, and Good Utility Practice.

WHEREAS, on March 16, 2007, the Federal Energy Regulatory Commission (FERC) issued a final rule establishing Mandatory Reliability Standards for the Bulk-Power Systems of North America, as developed by NERC, including Reliability Standard EOP-001-0, Emergency Operations Planning.

WHEREAS, EOP-001-0 provides that each Balancing Authority is required to develop, maintain, and implement a set of plans to mitigate operating emergencies, and to coordinate such plans with other Balancing Authorities. Requirement 1 of EOP-001-0 directs Balancing Authorities to have operating agreements in place with adjacent Balancing Authorities that, at a minimum, contain provisions for emergency assistance, including provisions to obtain emergency assistance from remote Balancing Authorities.

WHEREAS, the Parties wish to identify their responsibilities to each other in the event of an emergency that either affects or may affect the reliable operation of the interconnected transmission facilities and to satisfy Requirement 1 of EOP-001-0, as it may be revised from time to time, by recognizing the continuing commitment of each Party to the other to cooperate to mitigate operating emergencies.

Now therefore, in consideration of the mutual covenants set forth herein, the Parties agree as follows:

1. TERM AND TERMINATION

This Agreement shall be effective upon the later of execution or the date this Agreement is accepted for filing and made effective by FERC (Effective Date) and shall remain in effect until terminated by either Party upon thirty (30) days advance written notice to the other Party or upon consent of both Parties. The CAISO shall file a notice of termination with FERC as soon as practicable but no later than thirty (30) days after its issuance or receipt of such advance written notice of termination or the date of the Parties' consent. Termination will be effective upon acceptance of the notice of termination by FERC; provided, however, Bonneville will cease both to provide and to take any service under this Agreement as of (i) thirty (30) days after its issuance of an advance written notice of termination or (ii) the date of the Parties' consent, regardless of any action or inaction by FERC with respect to any application by the CAISO to terminate this Agreement.

2. EXHIBITS AND DEFINITIONS

- (a) Exhibits A ("Points of Contact for Operational Communications"), B ("Adjacent Balancing Authority Interconnection Point"), C ("Points of Contact for Notices"), and D ("Respective Responsibilities for Operational Control") are hereby incorporated as part of this Agreement.
- (b) Except as otherwise defined in this Agreement, terms and expressions used in this Agreement shall have the same meanings as those contained in the NERC Glossary of Terms Used in Reliability Standards.

3. RESPONSIBILITIES OF THE PARTIES

- (a) The Parties agree to continue to cooperate to mitigate operating emergencies by continuing to adhere to (1) the WECC criteria, procedures, processes, and practices which relate to emergency operations, including, but not limited to, the Planning Coordination Committee Handbook, Operating Committee Handbook which contains Minimum Operating Reliability Criteria, Operating/Planning Criteria, and Reliability Coordinator Plan, as they may be revised from time to time, and (2) the directives of the WECC Reliability Coordinator.
- (b) Each Party further agrees that it shall develop, maintain, implement, and annually review and update its emergency plans to mitigate operating emergencies and shall share and coordinate such plans with the other Party as required by Requirements 2 through 7 of the NERC Reliability Standard EOP-001-0, as it may be revised from time to time.
- (c) To the extent possible, and in accordance with the NERC reliability standards, each Party (Delivering Party) shall assist the other Party (Receiving Party) in an operating emergency by delivering emergency assistance to the Receiving Party, including emergency capacity or energy transfers from such Delivering Party's Balancing Authority or from other remote Balancing Authorities over available transmission capacity. Arrangements for deliveries of emergency capacity or energy transfers shall be through normal operating channels in accordance with Requirement 7.4 of EOP-001-0, as it may be revised from time to time. Such emergency assistance shall be provided at the sole discretion of the entity supplying it and shall be recallable without advance notice as required to meet reliability requirements.
- (d) Requests during an operating emergency from the CAISO for emergency assistance within the delivery hour or after close of the regular scheduling window for the next hour shall be made to Bonneville's Transmission Dispatcher identified in Exhibit A, Points of Contact for Operational Communications. Requests during an operating emergency from Bonneville for emergency assistance within the delivery hour or after close of the regular scheduling window for the next hour shall be made to the CAISO's Shift Supervisor identified in Exhibit A, Points of Contact for Operational Communications.
- (e) The Parties are each responsible for exercising operational control over facilities in their respective Balancing Authority Areas, and shall not exercise operational control over any part of the interconnection facilities owned or operated by the other Party except by mutual agreement. The respective responsibilities for operational control by the Parties are identified in Exhibit D. The Parties each have operating procedures for the purpose of coordinating operation and of mitigating overload conditions on the California Oregon Intertie.

- (f) Outages of facilities affecting the point of interconnection specified in Exhibit B shall be jointly coordinated by the Parties and other affected entities to minimize a reduction and the duration of such reduction to the operating limits of the point of interconnection specified in Exhibit B. The Parties shall provide each other as much advance notice as practicable to coordinate planned outages and scheduled maintenance affecting the point of interconnection specified in Exhibit B. Advance coordination of outages shall be maximized while respecting each Party's policies and procedures. If, given the current or anticipated system conditions at the time, the Parties jointly determine that system reliability may be impaired, the outage may be canceled or rescheduled.

4. COORDINATION AND COMMUNICATION

- (a) In the event of an operating emergency that affects or may affect the reliable operation of interconnected transmission facilities, each Party shall coordinate actions with the other Party, as they deem necessary or as directed by the WECC Reliability Coordinator, to preserve or restore the interconnected transmission system to stable operations and to preserve or restore reliable, safe, and efficient service to each Party's transmission system as quickly as practicable. The Parties shall, without delay, notify the WECC Reliability Coordinator as to the nature and extent of the operating emergency.
- (b) Each Party operates and maintains a 24-hour, 7-day control center with real-time scheduling and control functions. The points of contact for operational communications with each Party's control center are identified in Exhibit A.

5. INTERCONNECTION POINT

- (a) The Parties are Adjacent Balancing Authorities, and are interconnected at the point specified in Exhibit B. In the event that new interconnection points are added or the existing point is eliminated, Exhibit B will be revised or updated, as necessary, to reflect such change.
- (b) Exhibit B is included for the sole purpose of identifying the interconnection point that makes the Parties Adjacent Balancing Authorities.

6. AMENDMENT

- (a) The Parties may amend or modify this Agreement only by mutual written agreement. An amendment that is subject to FERC approval shall not take effect until FERC has accepted such amendment for filing and has made it effective. Nothing contained herein shall be construed as affecting in any way the right of either Party to unilaterally make application to FERC for a change in the terms and conditions of this Agreement under Section 206 or 206 of the Federal Power Act (FPA) and pursuant to FERC's rules and regulations promulgated thereunder, if applicable.

- (b) In the event the mandatory NERC Reliability Standards, including EOP-001-0, are revised or replaced, the Parties shall meet to discuss the effect of such revisions or replacement on the terms and conditions of this Agreement, and to determine whether the Agreement should be revised, replaced, or terminated.

7. EXCHANGE OF INFORMATION AND CONFIDENTIALITY

- (a) Confidential Information means any financial information or data, proprietary or business sensitive information or data, critical energy infrastructure information or other security-sensitive information, market-sensitive information, a trade secret, data protected by CAISO Tariff provisions or CAISO Information Availability Policy, or any other information or data that is identified as confidential in writing by the Party providing the information or data (Providing Party). Confidential Information shall not include information or data received from the other Party: (i) that is or becomes available to the public without breach of law, order or agreement; (ii) that the Party receiving the information or data (Receiving Party) also receives from a third party who may disclose that information or data without breach of law or agreement; (iii) that the Receiving Party develops independently without using the Confidential Information; (iv) that the Providing Party approves for release in writing; or (v) that the Providing Party posts on its Open Access Same-Time Information System (OASIS) in compliance with applicable regulations.
- (b) Where the Providing Party provides to the Receiving Party Confidential Information as defined in this Agreement, it shall designate or mark such data or information as Confidential Information. The Receiving Party shall treat Confidential Information as confidential and protected from disclosure to the extent permitted by law or regulation. The Parties shall use Confidential Information only for purposes of performing each Party's obligations under this Agreement and shall not release Confidential Information to a third party upon request, except as provided herein.

- (c) If a Party receives a request to disclose Confidential Information, it shall not disclose such information or data without first promptly notifying the Providing Party of the request for disclosure to facilitate the Providing Party's efforts to prevent disclosure or otherwise preserve the confidentiality of the Confidential Information. The Providing Party may either seek a protective order, at its own expense, to maintain the confidentiality of such information or data or may notify the Receiving Party in writing that it will take no action to maintain such confidentiality. After the Providing Party either has sought to maintain the confidentiality of such information or has notified the Receiving Party in writing that it will take no action to maintain such confidentiality, the Receiving Party shall not be in violation of this Agreement if it discloses such information or data in compliance with applicable laws or regulations or an order, subpoena or other lawful process of a court or other governmental authority of competent jurisdiction to disclose such Confidential Information.
- (d) The Receiving Party shall immediately notify the Providing Party of any breach of this Agreement, including any instance of disclosure of confidential information to a third party.

8. PROVISIONS SURVIVING TERMINATION

The provisions of section 7 of this Agreement entitled Exchange of Information and Confidentiality shall survive the termination of this Agreement.

9. NO WARRANTIES OR REPRESENTATIONS; DISCLAIMERS

All information, including Confidential Information, provided by the Providing Party under this Agreement carries no warranty or representation of any kind, either express or implied. The Receiving Party receives the information "as is" and with all faults, errors, defects, inaccuracies, and omissions. The Providing Party makes no representations or warranties whatsoever with respect to the availability, timeliness, accuracy, reliability, or suitability of any information. The Receiving Party disclaims and waives all rights and remedies that it may otherwise have with respect to all warranties and liabilities of the Providing Party, expressed or implied, arising by law or otherwise, with respect to any faults, errors, defects, inaccuracies or omissions in, or availability, timeliness, reliability, or suitability of the information. Each Party assumes any and all risk and responsibility for selection and use of, and reliance on, any information provided under this Agreement.

10. LIABILITY

(a) Uncontrollable Forces

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

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.

(b) 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 in this Agreement. 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 subject to applicable law.

(c) Liability For Electric Disturbance and Interruptions

The Parties shall plan, operate, and maintain their respective systems, consistent with mandatory NERC Reliability Standards, WECC Regional Reliability Standards, and Good Utility Practice, to minimize or avoid electric disturbances that may interfere with the system of the other Party. Each of the Parties shall protect its respective system from possible damage by reason of electric disturbance or faults caused by the operation, faulty operation, or non-operation of the other Party's facilities.

Neither Party shall be liable to the other Party for any claim, demand, liability, loss, or damage, whether direct, indirect, or consequential, incurred by the Parties or their respective customers, which results from the separation of the systems in an emergency or interruption.

11. GOVERNING LAW

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.

12. WAIVERS

No waiver of any provision or breach of this Agreement shall be effective unless such waiver is in writing and signed by the waiving Party, and any such waiver shall not be deemed a waiver of any other provision of this Agreement or any other breach of this Agreement. Non-action by the Party who has the right to make such waiver shall not be deemed a waiver.

13. NOTICES

All notices, requests, demands, and other communications required or permitted under this Agreement shall be in writing, unless otherwise agreed by the Parties, and shall be delivered in person or sent by certified mail, postage prepaid, by overnight delivery, or by electronic facsimile transmission with an original sent immediately thereafter by postage prepaid mail, and properly addressed to the points of contact identified in Exhibit C. If delivered by mail, such notices shall be effective five business days following deposit in the United States mail, postage prepaid.

14. POINTS OF CONTACT

A Party may from time to time change the contact information listed in Exhibit A or Exhibit C to this Agreement by providing written notice specifying a new point of contact or revising an existing contact's information, but no such change shall be deemed to have been given until such notice is actually received by the other Party being notified. Such changes shall not constitute an amendment to this Agreement.

15. ASSIGNMENT AND SUCCESSORS

Neither this Agreement nor any rights or responsibilities under this Agreement may be assigned by either Party to a third party without the written consent of the other Party, and such consent will not be unreasonably delayed, conditioned, or withheld. Subject to the preceding sentence, this Agreement is binding upon and will inure to the benefit of the Parties and their successors in interest.

16. SEVERABILITY AND SAVINGS CLAUSE

- (a) If any provision of this Agreement is held to be void, voidable, contrary to public policy, or unenforceable by any court or governmental agency of competent jurisdiction, that provision shall remain in force and effect to the maximum extent not prohibited by law, and all other terms of this Agreement shall not be affected thereby but shall remain in force and effect unless a court or governmental agency of competent jurisdiction holds that such provisions are not separable from all other provisions in this Agreement.
- (b) The Parties agree that each Party has comparably participated in the preparation and negotiation of this Agreement such that no Party will be deemed the drafter of any term that may subsequently be found to be ambiguous or vague. Ambiguities or uncertainties in the wording of this Agreement shall be construed in a manner that most accurately reflects the purpose of this Agreement and the nature of the rights and obligations of the Parties with respect to the matter being construed.

17. SECTION HEADINGS

Section headings and subheadings appearing in this Agreement are inserted for convenience only and shall not be construed as interpretations of text.

18. THIRD PARTY BENEFICIARIES

Unless otherwise expressly stated herein, this Agreement is made and entered into for the sole protection and legal benefit of the Parties, and no other person shall be a direct or indirect legal beneficiary of or have any direct or indirect cause of action or claim in connection with this Agreement or of any duty, obligation, or undertaking established herein.

19. ENTIRE AGREEMENT

This Agreement (including any exhibits, which are part of this Agreement and are incorporated by this reference) constitutes the complete agreement between the Parties concerning its subject matter and supersedes all previous communications, negotiation, and agreements, whether oral or written, with respect to this Agreement.

20. SIGNATURE AUTHORITY

Each person signing below warrants that he or she has been duly authorized by the Party for whom he or she signs to execute this Agreement on behalf of that Party.

CALIFORNIA INDEPENDENT SYSTEM
OPERATOR CORPORATION

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By: _____

By: _____

Name: James W. Detmers
(Print/Type)

Name: Young S. Linn
(Print/Type)

Title: Vice President, Operations

Title: Transmission Account Executive

Date: _____

Date: _____

EXHIBIT B
ADJACENT BALANCING AUTHORITY INTERCONNECTION POINT

INTERCONNECTION LINE OR BUS NAME

Malin – Round Mountain No. 1 & No. 2

LINE OR BUS VOLTAGE (KV)

500 kV ea.

POINT OF INTERCONNECTION

Malin Substation

REVENUE METERING AT THE INTERCONNECTION POINT

Bonneville and CAISO revenue metering shall meet the standards as mutually agreed by the Parties. Bonneville and the CAISO shall be entitled to witness testing of the involved interconnection revenue metering. Any change or modification to such revenue metering equipment by Bonneville or any other entity shall be coordinated between the Parties. Bonneville shall allow daily, once a day, read-only access by the CAISO to direct poll revenue data from the interconnection revenue metering in five (5) minute intervals.

EXHIBIT C
POINTS OF CONTACT FOR NOTICES

If to Bonneville:

Primary Representative:

Title: Transmission Account Executive for CAISO - TSE
Address: 7500 NE 41st St, Suite 130
City/State/Zip Code: Vancouver, WA 98662
If by US Mail: PO Box 61409, Vancouver, WA 98666
Fax No: (360) 619-6940

Secondary Representative:

Title: Manager, Technical Operations
Address: 5411 NE Hwy 99
City/State/Zip Code: Vancouver, WA 98663
If by US Mail: PO Box 491, Vancouver, WA 98666-0491
Fax No: (360) 418-8433

If to CAISO:

Primary Representative:

Title: Roni L. Reese
Address: Senior Contracts Analyst
151 Blue Ravine Road
City/State/Zip Code: Folsom, CA 95630
Email Address: rreese@caiso.com
Phone: (916) 608-7027
Fax No: (916) 608-7292

Secondary Representative:

Title: Christopher J. Sibley
Address: Senior Contracts Negotiator
151 Blue Ravine Road
City/State/Zip Code: Folsom, CA 95630
Email Address: csibley@caiso.com
Phone: (916) 608-7030
Fax No: (916) 608-7292

EXHIBIT D
Respective Responsibilities For Operational Control

California-Oregon Intertie (COI)

- The COI includes the Pacific AC Intertie and the California-Oregon Transmission Project 500 kV transmission lines.
- Bonneville is the path operator for COI north of the California–Oregon border (COB) and is responsible for determining any curtailment on transmission lines related to conditions north of COB.
- CAISO is the path operator for COI south of COB and is responsible for determining any curtailment on transmission lines related to conditions south of COB.

Attachment E - Blacklines

August 25, 2009

ADJACENT BALANCING AUTHORITY OPERATING AGREEMENT

Between

BONNEVILLE POWER ADMINISTRATION

And

THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

* * *

Agreement No. 08TX-1346309TX-14447

ADJACENT BALANCING AUTHORITY OPERATING AGREEMENT

executed by the

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

Acting by and through the

BONNEVILLE POWER ADMINISTRATION

and

THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

This Adjacent Balancing Authority Operating Agreement (Agreement) dated as of _____, 2008, (~~Effective Date~~) 2009, is between the UNITED STATES OF AMERICA, Department of Energy, by and through the BONNEVILLE POWER ADMINISTRATION (Bonneville), a Federal power marketing agency, and the CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION (CAISO), a nonprofit public benefit ~~company~~ corporation organized and existing under the laws of the State of California. Bonneville and the CAISO may each be referred to herein as "Party" and collectively referred to "Parties".

WHEREAS, the Parties are Adjacent Balancing Authorities and operate interconnected Balancing Authority Areas connected at the point of interconnection, as described in Exhibit B.

WHEREAS, each Party is a member of the Western Electricity Coordinating Council (WECC), an organization whose members are located in the Western Interconnection as defined in the WECC Bylaws and is registered ~~with WECC~~ as a Balancing Authority pursuant to the North American Electric Reliability Corporation (NERC) Reliability Functional Model and Registry Criteria.

WHEREAS, the Parties wish to coordinate operation and maintenance of their interconnection to satisfy mandatory NERC Reliability Standards and criteria, WECC Regional Reliability Standards, WECC Minimum Operating Reliability Criteria (MORC) or its successor, if applicable, and Good Utility Practice.

WHEREAS, on March 16, 2007, the Federal Energy Regulatory Commission (FERC) issued a final rule establishing Mandatory Reliability Standards for the Bulk Power Systems of North America, as developed by NERC, including Reliability Standard EOP-001-0, Emergency Operations Planning.

WHEREAS, EOP-001-0 provides that each Balancing Authority is required to develop, maintain, and implement a set of plans to mitigate operating emergencies, and to coordinate such plans with other Balancing Authorities. Requirement 1 of EOP-001-0 directs Balancing Authorities to have operating agreements in place with adjacent Balancing Authorities that, at a minimum, contain provisions for emergency assistance, including provisions to obtain emergency assistance from remote Balancing Authorities.

~~WHEREAS, the Parties are Adjacent Balancing Authorities.~~

WHEREAS, the Parties wish to identify their responsibilities to each other in the event of an emergency that either affects or may affect the reliable operation of the interconnected transmission facilities and to satisfy Requirement 1 of EOP-001-0, as it may be revised from time to time, by recognizing the continuing commitment of each Party to the other to cooperate to mitigate operating emergencies.

Now therefore, in consideration of the mutual covenants set forth herein, the Parties agree as follows:

1. **TERM AND TERMINATION**

This Agreement shall be effective upon the later of execution or the date this Agreement is accepted for filing and made effective by FERC (Effective Date) and shall remain in effect until terminated by either Party upon thirty (30) days advance written notice to the other Party or upon consent of both Parties. The CAISO shall file a notice of termination with FERC as soon as practicable but no later than thirty (30) days after its issuance or receipt of such advance written notice of termination or the date of the Parties' consent. Termination will be effective upon acceptance of the notice of termination by FERC; provided, however, Bonneville will cease both to provide and to take any service under this Agreement as of (i) thirty (30) days after its issuance or receipt of an advance written notice of termination or (ii) the date of the Parties' consent, regardless of any action or inaction by FERC with respect to any application by the CAISO to terminate this Agreement.

2. **EXHIBITS AND DEFINITIONS**

(a) Exhibits A ("Points of Contact for Operational Communications"), B ("Adjacent Balancing Authority Interconnection Point"), and C ("Points of Contact for Notices"), and D ("Respective Responsibilities for Operational Control") are hereby incorporated as part of this Agreement.

(b) Except as otherwise defined in this Agreement, terms and expressions used in this Agreement shall have the same meanings as those contained in the NERC Glossary of Terms Used in Reliability Standards.

3. **RESPONSIBILITIES OF THE PARTIES**

(a) The Parties agree to continue to cooperate to mitigate operating emergencies by continuing to adhere to (1) the WECC criteria, procedures, processes, and practices which relate to emergency operations, including, but not limited to,

the Planning Coordination Committee Handbook, Operating Committee Handbook which contains Minimum Operating Reliability Criteria, Operating/Planning Criteria, and Reliability Coordinator Plan, as they may be revised from time to time, and (2) the directives of the appropriate WECC Reliability Coordinator.

- (b) Each Party further agrees that it shall develop, maintain, implement, and annually review and update its emergency plans to mitigate operating emergencies and shall share and coordinate such plans with the other Party as required by Requirements 2 through R7 of the NERC Reliability Standard EOP-001-0, as it may be revised from time to time.
- (c) To the extent possible, and in accordance with the NERC reliability standards, each Party (Delivering Party) shall assist the other Party (Receiving Party) in an operating emergency by delivering emergency assistance to the Receiving Party, including emergency capacity or energy transfers from such Delivering Party's Balancing Authority or from other remote Balancing Authorities over available transmission capacity. Arrangements for deliveries of emergency capacity or energy transfers shall be through normal operating channels in accordance with Requirement 7.4 of EOP-001-0, as it may be revised from time to time. Such emergency assistance shall be provided at the sole discretion of the entity supplying it and shall be recallable without advance notice as required to meet reliability requirements.
- (d) Requests, during an operating emergency, from the CAISO for emergency assistance within the delivery hour or after close of the regular scheduling window for the next hour shall be made to Bonneville's Transmission Dispatcher identified in Exhibit A, Points of Contact for Operational Communications. Requests during an operating emergency from Bonneville for emergency assistance within the delivery hour or after close of the regular scheduling window for the next hour shall be made to the CAISO's Shift Supervisor identified in Exhibit A, Points of Contact for Operational Communications.
- (e) The Parties are each responsible for exercising operational control over facilities in their respective Balancing Authority Areas, and shall not exercise operational control over any part of the interconnection facilities owned or operated by the other Party except by mutual agreement. The respective responsibilities for operational control by the Parties are identified in Exhibit D. The Parties each have operating procedures for the purpose of coordinating operation and of mitigating overload conditions on the California Oregon Intertie.
- (f) Outages of facilities affecting the point of interconnection specified in Exhibit B shall be jointly coordinated by the Parties and other affected entities to minimize a reduction and the duration of such reduction to the operating limits of the point of interconnection specified in Exhibit B. The Parties shall provide each other as much advance notice as practicable to coordinate

planned outages and scheduled maintenance affecting the point of interconnection specified in Exhibit B. Advance coordination of outages shall be maximized while respecting each Party's policies and procedures. If, given the current or anticipated system conditions at the time, the Parties jointly determine that system reliability may be impaired, the outage may be canceled or rescheduled.

4. COORDINATION AND COMMUNICATION

- (a) In the event of an operating emergency that affects or may affect the reliable operation of interconnected transmission facilities, each Party shall coordinate actions with the other Party, as they deem necessary or as directed by the ~~appropriate~~ WECC Reliability Coordinator(s), to preserve or restore the interconnected transmission system to stable operations and to preserve or restore reliable, safe, and efficient service to each Party's transmission system as quickly as practicable. The Parties shall, without delay, notify the ~~appropriate~~ WECC Reliability Coordinator(s) as to the nature and extent of the operating emergency.
- (b) Each Party operates and maintains a 24-hour, 7-day control center with real-time scheduling and control functions. The points of contact for operational communications with each Party's control center are identified in Exhibit A.

5. INTERCONNECTION POINTS

- (a) The Parties are Adjacent Balancing Authorities, and are interconnected at the points specified in Exhibit B. In the event that new interconnection points are added or the existing points are is eliminated, Exhibit B will be revised or updated, as necessary, to reflect such change.
- (b) Exhibit B is included for the sole purpose of identifying the interconnection points that makes the Parties Adjacent Balancing Authorities.

6. AMENDMENT

- (a) The Parties may amend or modify this Agreement only by mutual written agreement. An amendment that is subject to FERC approval shall not take effect until FERC has accepted such amendment for filing and has made it effective. ~~An amendment that does not require FERC approval will be filed by the CAISO with FERC for information. Nothing contained herein shall be construed as affecting in any way the right of either Party to unilaterally make application to FERC for a change in the terms and conditions of this Agreement under Section 206 or 206 of the Federal Power Act (FPA) and pursuant to FERC's rules and regulations promulgated thereunder, if applicable.~~
- (b) In the event ~~that the mandatory~~ NERC Reliability Standards including EOP-001-0 ~~is~~ are revised or replaced, the Parties shall meet ~~within ninety (90) days~~

~~of FERC's final and non-appealable order accepting the revision or replacement to discuss the effect of such revisions or replacement on the terms and conditions of this Agreement, and to determine whether the Agreement should be revised, replaced, or terminated.~~

7. EXCHANGE OF INFORMATION AND CONFIDENTIALITY

- (a) Confidential Information means any financial information or data, proprietary or business sensitive information or data, critical energy infrastructure information or other security-sensitive information, market-sensitive information, a trade secret, data protected by CAISO Tariff provisions or CAISO Information Availability Policy, or any other information or data that is identified as confidential in writing by the Party providing the information or data (Providing Party). Confidential Information shall not include information or data received from the other Party: (i) that is or becomes available to the public without breach of law, order or agreement; (ii) that the Party receiving the information or data (Receiving Party) also receives from a third party who may disclose that information or data without breach of law or agreement; (iii) that the Receiving Party develops independently without using the Confidential Information; (iv) that the Providing Party approves for release in writing; or (v) that the Providing Party posts on its Open Access Same-Time Information System (OASIS) in compliance with applicable regulations.
- (b) Where a Party (~~the Providing Party~~) provides to the other Party (~~Receiving Party~~) Confidential Information as defined in this Agreement, it shall designate or mark such data or information as Confidential Information. The Receiving Party shall treat Confidential Information as confidential and protected from disclosure to the extent permitted by law or regulation. The Parties shall use Confidential Information only for purposes of performing each Party's obligations under this Agreement and shall not release Confidential Information to a third party upon request, except as provided herein.
- (c) If a Party receives a request to disclose Confidential Information, it shall not disclose such information or data without first promptly notifying the Providing Party of the request for disclosure to facilitate the Providing Party's efforts to prevent disclosure or otherwise preserve the confidentiality of the Confidential Information. The Providing Party may either seek a protective order, at its own expense, to maintain the confidentiality of such information or data or may notify the Receiving Party in writing that it will take no action to maintain such confidentiality. After the Providing Party either has sought to maintain the confidentiality of such information or has notified the Receiving Party in writing that it will take no action to maintain such confidentiality, the Receiving Party shall not be in violation of this Agreement if it discloses such information or data in compliance with applicable laws or regulations or an order, subpoena or other lawful process

of a court or other governmental authority of competent jurisdiction to disclose such Confidential Information.

- (d) The Receiving Party shall immediately notify the Providing Party of any breach of this Agreement, including any instance of disclosure of confidential information to a third party.

8. **PROVISIONS SURVIVING TERMINATION**

The provisions of section 7 of this Agreement entitled Exchange of Information and Confidentiality shall survive the termination of this Agreement.

9. **NO WARRANTIES OR REPRESENTATIONS; DISCLAIMERS**

All information, including Confidential Information, provided by the Providing Party under this Agreement carries no warranty or representation of any kind, either express or implied. The Receiving Party receives the information "as is" and with all faults, errors, defects, inaccuracies, and omissions. The Providing Party makes no representations or warranties whatsoever with respect to the availability, timeliness, accuracy, reliability, or suitability of any information. The Receiving Party disclaims and waives all rights and remedies that it may otherwise have with respect to all warranties and liabilities of the Providing Party, expressed or implied, arising by law or otherwise, with respect to any faults, errors, defects, inaccuracies or omissions in, or availability, timeliness, reliability, or suitability of the information. Each Party assumes any and all risk and responsibility for selection and use of, and reliance on, any information provided under this Agreement.

10. LIABILITY

(a) Uncontrollable Forces

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

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.

(b) 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 in this Agreement. 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 subject to applicable law.

(c) Liability For Electric Disturbance and Interruptions

The Parties shall plan, operate, and maintain their respective systems, consistent with mandatory NERC Reliability Standards, WECC Regional Reliability Standards, and Good Utility Practice, to minimize or avoid electric disturbances that may interfere with the system of the other Party. Each of the Parties shall protect its respective system from possible damage by reason of electric disturbance or faults caused by the operation, faulty operation, or non-operation of the other Party's facilities.

Neither Party shall be liable to the other Party for any claim, demand, liability, loss, or damage, whether direct, indirect, or consequential, incurred by the Parties or their respective customers, which results from the separation of the systems in an emergency or interruption.

11. GOVERNING LAW

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.

12. WAIVERS

No waiver of any provision or breach of this Agreement shall be effective unless such waiver is in writing and signed by the waiving Party, and any such waiver shall not be deemed a waiver of any other provision of this Agreement or any other breach of this Agreement. Non-action by the Party who has the right to make such waiver shall not be deemed a waiver.

10.13. NOTICES

All notices, requests, demands, and other communications required or permitted under this Agreement shall be in writing, unless otherwise agreed by the Parties, and shall be delivered in person or sent by certified mail, postage prepaid, by overnight delivery, or by electronic facsimile transmission with an original sent immediately thereafter by postage prepaid mail, and properly addressed to the points of contact identified in Exhibit C. If delivered by mail, such notices shall be effective ~~three~~five business days following deposit in the United States mail, postage prepaid.

11.14. POINTS OF CONTACT

A Party may from time to time change the contact information listed in Exhibit A or Exhibit C to this Agreement by providing written notice specifying a new point of contact or revising an existing contact's information, but no such change shall be deemed to have been given until such notice is actually received by the other Party being notified. Such changes shall not constitute an amendment to this Agreement.

12.15. ASSIGNMENT AND SUCCESSORS

Neither this Agreement nor any rights or responsibilities under this Agreement may be assigned by either Party to a third party without the written consent of the other Party, and such consent will not be unreasonably delayed, conditioned, or withheld. Subject to the preceding sentence, this Agreement is binding upon and will inure to the benefit of the Parties and their successors in interest.

13.16. SEVERABILITY AND SAVINGS CLAUSE

- (a) If any provision of this Agreement is held to be void, voidable, contrary to public policy, or unenforceable by any court or governmental agency of competent jurisdiction, that provision shall remain in force and effect to the maximum extent not prohibited by law, and all other terms of this Agreement shall not be affected thereby but shall remain in force and effect unless a court or governmental agency of competent jurisdiction holds that such provisions are not separable from all other provisions in this Agreement.
- (b) The Parties agree that each Party has comparably participated in the preparation and negotiation of this Agreement such that no Party will be deemed the drafter of any term that may subsequently be found to be ambiguous or vague. Ambiguities or uncertainties in the wording of this Agreement shall be construed in a manner that most accurately reflects the purpose of this Agreement and the nature of the rights and obligations of the Parties with respect to the matter being construed.

14.17. SECTION HEADINGS

Section headings and subheadings appearing in this Agreement are inserted for convenience only and shall not be construed as interpretations of text.

15.18. THIRD PARTY BENEFICIARIES

Unless otherwise expressly stated herein, this Agreement is made and entered into for the sole protection and legal benefit of the Parties, and no other person shall be a direct or indirect legal beneficiary of or have any direct or indirect cause of action or claim in connection with this Agreement or of any duty, obligation, or undertaking established herein.

16.19. ENTIRE AGREEMENT

**Privileged Material Redacted Pursuant
To 18 C.F.R. § 388.112**

This Agreement (including any exhibits, which are part of this Agreement and are incorporated by this reference) constitutes the complete agreement between the Parties concerning its subject matter and supersedes all previous communications, negotiation, and agreements, whether oral or written, with respect to this Agreement.

17.20. SIGNATURE AUTHORITY

Each person signing below warrants that he or she has been duly authorized by the Party for whom he or she signs to execute this Agreement on behalf of that Party.

CALIFORNIA INDEPENDENT SYSTEM
OPERATOR CORPORATION

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By: _____

By: _____

Name: James W. Detmers
(Print/Type)

Name: ~~Richard A. Gillman~~ Young S. Linn
(Print/Type)

Title: Vice President, Operations

Title: ~~Senior Transmission Account Executive~~

Date: _____

Date: _____

**EXHIBIT A
POINTS OF CONTACT FOR OPERATIONAL COMMUNICATIONS**

Bonneville		CAISO	
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Address:
Dittmer Control Center
5411 NE Hwy 99 Mail Stop: TOD-Ditt1
Vancouver, WA 98663

If by US Mail:
P.O. Box 491 Mail Stop: TOD-Ditt1
Vancouver, WA 98666-0491

Address:
California ISO
151 Blue Ravine Road
P.O. Box 639014
Folsom, CA 95763-9014

EXHIBIT B
ADJACENT BALANCING AUTHORITY INTERCONNECTION POINT

INTERCONNECTION LINE OR BUS NAME LINE OR BUS VOLTAGE (KV)

Malin – Round Mountain No. 1 & No. 2 500 kV ea.

LINE OR BUS VOLTAGE (KV)

500 kV ea.

W:\ATM\CTCA-ISO\Contracts\08-TX-13463-CAISO-Operating-Agreement.doc

POINT OF INTERCONNECTION

Malin Substation

REVENUE METERING AT THE INTERCONNECTION POINT

Bonneville and CAISO revenue metering shall meet the standards as mutually agreed by the Parties. Bonneville and the CAISO shall be entitled to witness testing of the involved interconnection revenue metering. Any change or modification to such revenue metering equipment by Bonneville or any other entity shall be coordinated between the Parties.

Bonneville shall allow daily, once a day, read-only access by the CAISO to direct poll revenue data from the interconnection revenue metering in five (5) minute intervals.

EXHIBIT C
POINTS OF CONTACT FOR NOTICES

If to Bonneville:

Primary Representative:

Title: Transmission Account Executive for CAISO - TSE
Address: 7500 NE 41st St, Suite 130
City/State/Zip Code: Vancouver, WA 98662
If by US Mail: PO Box 61409, Vancouver, WA 98666

Fax No: (360) 619-6940

Secondary Representative:

Title: Manager, Technical Operations
Address: 5411 NE Hwy 99
City/State/Zip Code: Vancouver, WA 98663
If by US Mail: PO Box 491, Vancouver, WA 98666-0491

Fax No: (360) 418-8433

If to CAISO:

Primary Representative:

Title: Roni L. Reese
Senior Contracts Analyst
Address: 151 Blue Ravine Road
City/State/Zip Code: Folsom, CA 95630

Email Address: rreese@caiso.com
Phone: (916) 608-7027
Fax No: (916) 608-7292

Secondary Representative:

Title: ~~Philip D. Pettingill~~ Christopher J. Sibley
Manager of Infrastructure Policy & Contract Negotiation Senior
Contracts Negotiator
Address: 151 Blue Ravine Road
City/State/Zip Code: Folsom, CA 95630

Email Address: ~~ppettingill~~csibleyl@caiso.com
Phone: (916) 608-~~7241~~7030
Fax No: (916) 608-7292

EXHIBIT D
Respective Responsibilities For Operational Control

California-Oregon Intertie (COI)

- The COI includes the Pacific AC Intertie and the California-Oregon Transmission Project 500 kV transmission lines.
- Bonneville is the path operator for COI north of the California-Oregon border (COB) and is responsible for determining any curtailment on transmission lines related to conditions north of COB.
- CAISO is the path operator for COI south of COB and is responsible for determining any curtailment on transmission lines related to conditions south of COB.

* * *

Attachment F – Executed Version

August 25, 2009

Revised Protocols for Emergency Requests for Power

Between

California ISO

And

BPA Emergency Requests for Power

Department of Energy
Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621



POWER SERVICES

July 29, 2009

In reply refer to: PTF-5

Mr. Jim Detmers
Vice President, Grid Operations
California ISO
151 Blue Ravine Road
Folsom, California 95630

Subject: Revised Protocols for California ISO / BPA Emergency Requests for Power

Dear Mr. Detmers,

Annually, Bonneville Power Administration Power Services (BPAP), in coordination with the California ISO (CAISO), reviews, and updates if needed, its protocols with regards to emergency power requests between BPAP and the CAISO.

Please find enclosed the following three attachments: 1) procedures for accessing Federal power in times of emergency, 2) protocols for CAISO emergency requests for power from BPAP, and 3) protocols for BPAP emergency requests for power from the CAISO.

Attachment 1, dated June 16, 2009, is the letter clarifying procedures with regard to accessing Federal power in times of emergency on neighboring systems. As stated in this letter, the BPA Trading Floor, which includes the Real-time Marketing Desk, will be the point of contact for emergency power transactions.

In order to facilitate timely and consistent emergency transactions, BPAP and the CAISO have had "Real-time Protocols" in place, regarding CAISO requests for power, for at least several years. Attachment 2 is an updated version of these Real-Time Protocols. Attachment 3 addresses BPAP's request for emergency power from the CAISO. These two sets of protocols are intended to further clarify procedures and pricing, and ensure smooth communication during times of operation under emergency conditions.

Attachment 2, "Real-time Protocols, CAISO Emergency Request from BPA" has been revised for late requests that are made after the scheduling window has closed prior to the delivery hour, and requests made within delivery hour, to ensure timely response. For these late or within-hour requests the CAISO will call BPA Transmission Services (BPAT) dispatch directly.

Attachment 3, "Real-time Protocols, BPA Emergency Request for Power from the CAISO" has also been revised to reflect more streamlined procedures with respect to late requests and within-hour requests. In addition, the protocols reflect updated transaction pricing information per the CAISO current and post-MRTU tariffs.

These procedures and protocols have been developed with, and reviewed by, BPAT System Operations management and staff.

With respect to the settlements of emergency assistance, payment both by and to the CAISO for such emergency assistance will be made in accordance with the settlement process, billing cycle, and payment timeline set forth in the CAISO Tariff.

Please acknowledge receipt and acceptance of this letter and attachments. As always, BPAP appreciates our business relationship with the CAISO, as well as our reliance on one another as reliable business partners. Please don't hesitate to contact me should you have any questions or concerns.

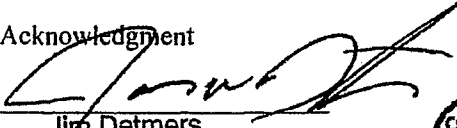
Sincerely,



Mark E. Miller
Trading Floor Manager
Bulk Marketing

3 Enclosures

CAISO Acknowledgment

By: 
Name: Jim Detmers
Title: Vice President, Operations
Date: 8/14/09





Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

POWER SERVICES

June, 16th, 2009

In reply refer to: PG-5

Dear Colleagues:

As we prepare to enter the 2009 summer season with the associated potential for significant peaks in electricity demand, Bonneville Power Administration (BPA), is continuing to improve and clarify procedures with regard to accessing Federal power in times of emergencies on neighboring systems. Clear communications and common understanding will be important in responding appropriately to events. This letter describes the process that BPA will follow if requested to support a neighboring system's load/resource imbalance emergency. This process may be amended or modified at any time by BPA to be consistent with BPA's statutory responsibilities. It is intended to apply in most situations, but is primarily intended to address situations that develop rapidly, without time for convening the Northwest Power Pool Emergency Response Team (ERT) or an emergency meeting the Technical Management Team (TMT)¹. If those forums are called, BPA may modify these procedures to fit the specific situation the region is facing.

BPA's ability to support neighboring utilities in an emergency is not guaranteed and there may be occasions when limited hydro supplies need to be reserved in order to meet expected firm Federal loads or forecast emergency conditions in the Pacific Northwest. BPA will consider at least 3 factors to manage power from extraordinary Federal Hydro operations – 1) protecting human health and safety; 2) limiting the potential for reductions in hydro operations mitigation measures enacted under the Endangered Species Act for protected species; and, 3) honoring regional and public preference.

When a utility projects a load/resource imbalance it should first attempt to resolve the situation through normal marketing contacts, including the BPA Trading Floor. In times of extreme temperatures the Trading Floor will continue to be the point of contact for energy transactions and if BPA has surplus power to offer it will be available for purchase.²

If a utility is unable to acquire sufficient supplies in the marketplace to meet its firm load obligations and BPA is not offering surplus energy, the requesting utility will need to confirm it has taken the following steps prior³ to BPA deciding whether to make any extraordinary operations changes to generate additional supplies and/or impacting mitigation measures under the Endangered Species Act.

¹ The group that adaptively manages the Columbia River hydro system in accordance with environmental regulations

² Late schedules or within hour requests also require Balancing Authority (BA) approval. In these cases the utilities should also contact their host BA to identify the appropriate response. The BA will contact BPAT dispatch to coordinate as appropriate. Utilities within the BPA BA will call BPAT Dispatch directly.

³ This process addresses shortage situations or the period after contingency reserves have been exhausted. It is not intended to alter BPA's participation in the NWPP Reserve Sharing Program.

1. The Merchant and Balancing Authority functions of a utility have coordinated to issue a Merchant Alert. On March 12, 2009, the WECC Market Interface Committee (MIC) passed the Merchant Alert Protocol guideline, which is intended to provide an efficient communication protocol that can be used when a merchant has a concern that there may not be enough resources available to meet obligations. Utilities are expected to follow the steps outlined in this protocol in order to issue a Merchant Alert as an attempt to fully exhaust efforts to resolve shortages via normal market mechanisms. (See Attachment A for the Merchant Alert Protocol.)
2. After acquiring any resources made available through the Merchant Alert Protocol, the utility should reassess its situation and, if necessary, request that its Balancing Authority issue the appropriate NERC Alert Level. See Attachment B for the NERC Alert definitions.
3. After issuing the Merchant Alert and declaring at least a NERC Alert 2, the utility must also have:
 - a) Curtailed any sales that it has determined can be curtailed without adversely impacting human health and safety
 - b) Increased any possible generation on its own hydroelectric and other resources (including calling on any contractual rights) consistent with any emergency provisions governing the operations of those resources, including provisions curtailing fish protections; and,
 - c) Made a public appeal for power conservation if time permits

Once BPA determines that emergencies are being declared, BPA will assess the overall demand for available emergency energy and, when necessary, allocate energy capability based upon the level of the NERC Alert. It is important that utilities not rely on any additional supply from BPA in these conditions as a resource or as a reserve for planning purposes.

If you have any questions regarding this letter please contact either myself, Stephen Oliver, V.P., Generation Asset Management at sroliver@bpa.gov, or Kieran Connolly, Manager, Generation Scheduling at kconnolly@bpa.gov.

Sincerely,



Stephen R. Oliver
V.P., Generation Asset Management
Bonneville Power Administration
sroliver@bpa.gov
(503) 230-4090

3 Enclosures:
Attachment A - Merchant Alert Protocol Guideline
Attachment B - NERC Alert Definitions
Attachment C - Northwest Power Pool Participating Organizations

Northwest Power Pool Participating Organizations

Northwest Power Pool

Mr. Jerry Rust
President and Director
Northwest Power Pool
7505 NE Ambassador Place, Suite R
Portland, OR 97220

Alberta Electric System Operator

Alberta Electric System Operator
Calgary Place
330 5th Ave. SW, Suite 2500
Calgary, A.B. T2P 0L4

Avista Corporation

Mr. Don F. Kopczynski
Vice President, Transmission & Distribution
Avista Corporation
P.O. Box 3727
Spokane, WA 99220-3727

B.C. Hydro

Mr. Chris O'Riley
Vice President, Engineering
Aboriginal Affairs and Generation
B. C. Hydro
333 Dunsmuir Street, 18th Floor
Vancouver, B.C. V6B 5R3

B.C. Transmission Corp.

Mr. Martin Huang,
System Operations
B.C. Transmission Corporation
Four Bentall Centre
1055 Dunsmuir Street, Suite 1110
P.O. Box 49260
Vancouver, B.C. V7X 1V5

California ISO

Mr. Jim Detmers
Vice President of Grid Operations
California ISO
P.O. Box 639014
Folsom, CA 95763-9014

Mr. Jim MacIntosh
Director of Grid Operations
P.O. Box 639014
Folsom, CA 95763-9014

Chelan County PUD No. 1

Mr. Richard Riazzi
General Manager
Chelan County Public Utility District No. 1
P.O. Box 1231
327 N. Wenatchee Avenue
Wenatchee, WA 98807-1231

Mr. Steve Fisher
Scheduling
Chelan County Public Utility District No. 1
P.O. Box 1231
Wenatchee, WA 98807-1231

ColumbiaGrid

Mr. E. Jon Kaake
President and CEO
ColumbiaGrid
5933 NE Win Sivers Drive, Suite 210
Portland, OR 97220

Cowlitz County PUD No. 1

Mr. Brian Skeahan
General Manager
Cowlitz County Public Utility District No. 1
P.O. Box 3007
Longview, WA 98632-0307

Desert Generation & Transmission Coop.

Desert Power Electric Cooperative
10714 South Jordan Gateway
South Jordan, UT 84095

California ISO

Mr. Jim Detmers
Vice President of Grid Operations
California ISO
P.O. Box 639014
Folsom, CA 95763-9014

Mr. Jim MacIntosh
Director of Grid Operations
P.O. Box 639014
Folsom, CA 95763-9014

Chelan County PUD No. 1

Mr. Richard Riazzi
General Manager
Chelan County Public Utility District No. 1
P.O. Box 1231
327 N. Wenatchee Avenue
Wenatchee, WA 98807-1231

Mr. Steve Fisher
Scheduling
Chelan County Public Utility District No. 1
P.O. Box 1231
Wenatchee, WA 98807-1231

ColumbiaGrid

Mr. E. Jon Kaake
President and CEO
ColumbiaGrid
5933 NE Win Sivers Drive, Suite 210
Portland, OR 97220

Cowlitz County PUD No. 1

Mr. Brian Skeahan
General Manager
Cowlitz County Public Utility District No. 1
P.O. Box 3007
Longview, WA 98632-0307

Desert Generation & Transmission Coop.

Desert Power Electric Cooperative
10714 South Jordan Gateway
South Jordan, UT 84095

Douglas County PUD No. 1

Mr. William C. Dobbins
CEO/Manager
Douglas County Public Utility District No. 1
1151 Valley Mall Parkway
East Wenatchee, WA 98802-4497

Mr. Charles Wagers
Power Planning & Contracts Manager
Douglas County Public Utility District No. 1
1151 Valley Mall Parkway
East Wenatchee, WA 98802-4497

EPCOR Utilities Inc.

Mr. Lorne Whittles
Manager, PNW Marketing
EPCOR Merchant and Capital Inc.
1161 W. River St., Suite 250
Boise, ID 83702

Eugene Water & Electric Board

Mr. Randy L. Berggren
General Manager
Eugene Water & Electric Board
P.O. Box 10148
Eugene, OR 97440-2148

Mr. Scott Spettel
Power Management & Planning Manager
Eugene Water & Electric Board
P.O. Box 10148
Eugene, OR 97440-2148

FortisBC

Mr. Don Debiene
Vice President, Generation
FortisBC
5th Floor
1628 Dickson Avenue
Kelowna, B.C. V1Y 9X1

Grant County PUD No. 2

Mr. Tim Culbertson
General Manager
Grant County Public Utility District No. 2
P.O. Box 878
Ephrata, WA 98823-0878

Mr. Kevin Nordt
Director of Power Management
Grant County Public Utility District No. 2
P.O. Box 878
Ephrata, WA 98823-0878

Idaho Power Company

Mr. Dave Churchman
Manager, Power Supply Operations
Idaho Power Company
P.O. Box 70
Boise, ID 83707

Los Angeles Dept. of Water & Power

Mr. Michael Webster
Manager of Wholesale Marketing
111 N. Hope Street, Rm 1148
Los Angeles, CA 90012

NorthWestern Energy

Mr. Michael Cashell
Director of Transmission Contracts & Scheduling
NorthWestern Energy
40 East Broadway Street
Butte, MT 59701

Mr. Patrick R. Corcoran
Vice President for Regulatory Affairs
NorthWestern Energy
40 East Broadway Street
Butte, MT 59701

PacificCorp

Mr. Patrick Reiten
President, Pacific Power Business Unit
PacifiCorp
700 NE Multnomah, Suite 550
Portland, OR 97232

Pend Oreille County PUD No. 1

Mr. Jim Sheel
Director of Hydro Operations & Power
Pend Oreille County Public Utility District No. 1
P.O. Box 547
Ione, WA 99139

Mr. Robert D. Geddes
General Manager
Pend Oreille County Public Utility District No. 1
P.O. Box 190
Newport, WA 99156-0190

Portland General Electric

Mr. James F. Lobdell
Vice President, Power Operations
Portland General Electric
121 SW Salmon St., 1WTC 1712
Portland, OR 97204

Powerex

Ms. Teresa Conway
President and CEO
Powerex Corp.
666 Burrard Street, Suite 1400
Vancouver, V.C. V6C 2X8

Puget Sound Energy

Ms. Kimberly Harris
Senior Vice President
Puget Sound Energy, Inc.
P.O. BOX 97034, PSE-12S
Bellevue, WA 98004-5591

Sacramento Municipal Utility District

Mr. Brian Jobson
Energy Coordinator, Special Projects
MS A 404
Sacramento Municipal Utility District
P.O. Box 15830
Sacramento, CA 95817

Seattle City Light

Mr. Ray Camacho
Power Management Executive
Seattle City Light
P.O. Box 34023
700 5th Ave, Suite 3300
Seattle, WA 98124-4023

Sierra Pacific Power Company

Mr. Michael R. Smart
Vice President, Power Generations Division
Sierra Pacific Power Company
P.O. Box 10100
Reno, NV 98520-0400

Snohomish County PUD No. 1

Ms. Anna Miles
Senior Manager, Power Supply
Snohomish County Public Utility District No. 1
P.O. Box 1107
Everett, WA 98206-1107

Mr. Steven J. Klein
General Manager
Snohomish County Public Utility District No. 1
P.O. Box 1107
2320 California Street
Everett, WA 98206-1107

Tacoma Power

Mr. Bill Gaines
Superintendent
Tacoma Power
P.O. Box 11007
Tacoma, WA 98411

Mr. George Whitener
Power Manager, Light Division
Tacoma Power
P.O. Box 11007
Tacoma, WA 98411

Mr. Ted Coates
Assistant Power Manager, Power Supply Planning Marketing
Tacoma Power
P.O. Box 11007
Tacoma, WA 98411

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Mr. Larry Weis
General Manager
Turlock Irrigation District
P.O. Box 949
Turlock, CA 95381

U.S. Bureau of Reclamation

Mr. J. William McDonald
Regional Director
Bureau of Reclamation
Pacific Northwest Regional Office
1150 North Curtis Road, Suite 100
Boise, ID 83706-1234

U.S. Army Corp of Engineers

Mr. Witt Anderson
U.S. Army Corps of Engineers
1125 NW Couch, Suite 500
P.O. Box 2870
Portland, OR 97208-2870

Attachment 2
Real-time Protocols
CAISO Emergency Request for Power from BPA

Situation #1 - CAISO requests power for next hour 30 or more minutes prior to delivery hour

For CAISO emergency situations declared prior to 30 minutes to the requested delivery hour(s) the CAISO will call the BPA Real-time Marketing Desk. If capacity is available for the hour(s) requested the BPA Marketing Desk will quote the pricing terms (transaction pricing per below) to the CAISO, and if accepted by the CAISO schedule the emergency sale.

Situation #2 - CAISO requests power for next hour 29 to 20 minutes prior to delivery hour

For CAISO emergency requests that occur between 29 and 20 minutes prior to the requested delivery hour, the same procedure will occur, however the BPA marketer will request that the Power Services (PS) transmission desk notify BPA Transmission Services (BPAT) for approval of a "late" schedule. If approved by BPAT, the same procedures apply as above in Situation #1. If late schedule is not approved by BPAT, go to Situation #3 below.

Situation #3 - Requests less than 20 minutes prior to delivery hour and within hour

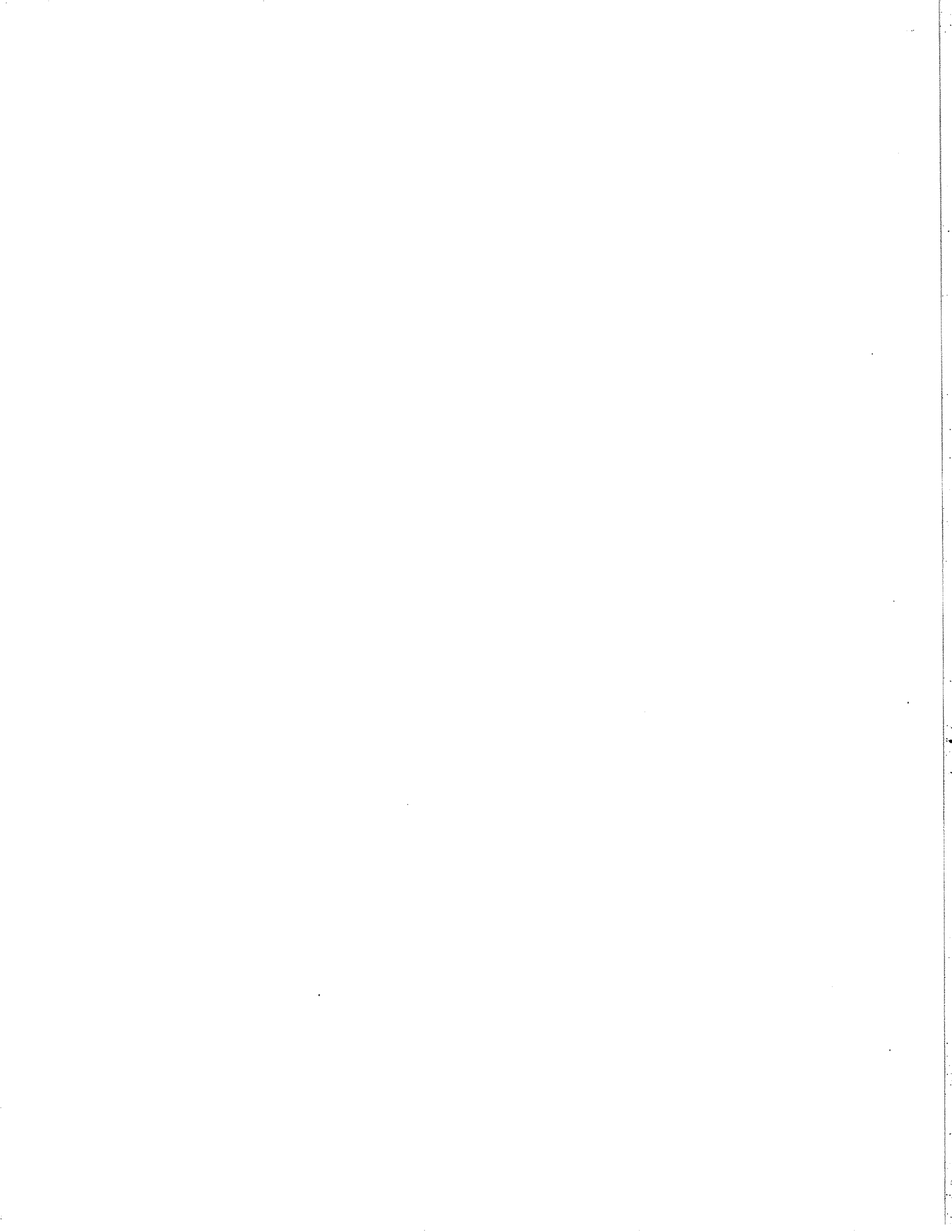
For all CAISO emergency requests that occur after the scheduling window has closed or occur less than 20 minutes prior to the delivery hour or within the delivery hour the CAISO will call BPAT Dispatch. The BPAT Dispatcher will "conference call in" the BPA Real-time Marketer. If BPA is able to meet the CAISO emergency request for power, the BPA Real-time Marketer will quote the pricing terms to the CAISO.

Upon acceptance of pricing terms by the CAISO, the PS transmission desk will notify Transmission Services Scheduling of the within-hour request, and BPAT will implement the within-hour schedule.

Transaction Pricing

BPA will quote a price upon request from the CAISO for an emergency power sale.

Payment from the CAISO for such emergency assistance shall be made in accordance with the Settlement process, billing cycle, and payment timeline set forth in the CAISO Tariff.



Attachment 3
Real-time Protocols
BPA Emergency Request for Power from the CAISO

Situation #1 - BPA requests power for next hour 30 or more minutes prior to delivery hour

For BPA emergency situations declared prior to 30 minutes to the requested delivery hour(s) the BPA Real-time Marketing Desk will call the CAISO dispatcher to inquire about power availability. If the CAISO indicates that power is available for the hour(s) requested, the BPA Real-time Marketer will request amounts and pricing terms from the CAISO dispatcher. If the terms are accepted by BPA, the BPA Real-time Marketer will schedule the emergency purchase.

Situation #2 - BPA requests power for next hour 29 to 20 minutes prior to delivery hour

For BPA emergency requests that occur between 29 and 20 minutes prior to the requested delivery hour, the same procedure will occur, however the Real-time Marketer will request that the BPA Power Services (PS) transmission desk notify BPA Transmission Services (BPAT) scheduling for approval of a "late" schedule. If the late schedule is approved by BPAT, the same procedures apply as above in Situation #1. If late schedule is not approved by BPAT, go to Situation #3 below.

Situation #3 - Requests less than 20 minutes prior to delivery hour and within hour

For all BPA emergency requests for power from the CAISO that occur after the scheduling window has closed or requests that occur less than 20 minutes prior to the delivery hour or within the delivery hour the following procedures will be in effect:

The BPA Real-time Marketer desk will coordinate with the BPAT dispatcher as to the emergency situation and identify the amount of power needed for a specified duration.

The BPA Real-time Desk and BPAT dispatcher will jointly contact (conference call) the CAISO dispatch and request power availability and pricing terms (if power is available). Once the terms are accepted by the BPA Real-time Marketer, the BPA PS transmission desk will notify Transmission Services (BPAT) scheduling of the within-hour emergency schedule.

Transaction Pricing

The Settlement price for emergency energy that is delivered by the CAISO shall be the simple average of the relevant Dispatch Interval LMPs at the applicable Scheduling Point, which will serve as the effective market price for that energy, plus all other charges applicable to exports from the CAISO Balancing Authority Area. Payment to the CAISO for such emergency assistance shall be made in accordance with the Settlement process, billing cycle, and payment timeline set forth in the CAISO Tariff. (CAISO Tariff, Section 11.5.8.2.)

Attachment G – Clean Sheets

August 25, 2009

Revised Protocols for Emergency Requests for Power

Between

California ISO

And

BPA Emergency Requests for Power



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

POWER SERVICES

July 29, 2009

In reply refer to: PTF-5

Mr. Jim Detmers
Vice President, Grid Operations
California ISO
151 Blue Ravine Road
Folsom, California 95630

Subject: Revised Protocols for California ISO / BPA Emergency Requests for Power

Dear Mr. Detmers,

Annually, Bonneville Power Administration Power Services (BPAP), in coordination with the California ISO (CAISO), reviews, and updates if needed, its protocols with regards to emergency power requests between BPAP and the CAISO.

Please find enclosed the following three attachments: 1) procedures for accessing Federal power in times of emergency, 2) protocols for CAISO emergency requests for power from BPAP, and 3) protocols for BPAP emergency requests for power from the CAISO.

Attachment 1, dated June 16, 2009, is the letter clarifying procedures with regard to accessing Federal power in times of emergency on neighboring systems. As stated in this letter, the BPA Trading Floor, which includes the Real-time Marketing Desk, will be the point of contact for emergency power transactions.

In order to facilitate timely and consistent emergency transactions, BPAP and the CAISO have had "Real-time Protocols" in place, regarding CAISO requests for power, for at least several years. Attachment 2 is an updated version of these Real-Time Protocols. Attachment 3 addresses BPAP's request for emergency power from the CAISO. These two sets of protocols are intended to further clarify procedures and pricing, and ensure smooth communication during times of operation under emergency conditions.

Attachment 2, "Real-time Protocols, CAISO Emergency Request from BPA" has been revised for late requests that are made after the scheduling window has closed prior to the delivery hour, and requests made within delivery hour, to ensure timely response. For these late or within-hour requests the CAISO will call BPA Transmission Services (BPAT) dispatch directly.

Attachment 3, "Real-time Protocols, BPA Emergency Request for Power from the CAISO" has also been revised to reflect more streamlined procedures with respect to late requests and within-hour requests. In addition, the protocols reflect updated transaction pricing information per the CAISO current and post-MRTU tariffs.

These procedures and protocols have been developed with, and reviewed by, BPAT System Operations management and staff.

With respect to the settlements of emergency assistance, payment both by and to the CAISO for such emergency assistance will be made in accordance with the settlement process, billing cycle, and payment timeline set forth in the CAISO Tariff.

Please acknowledge receipt and acceptance of this letter and attachments. As always, BPAP appreciates our business relationship with the CAISO, as well as our reliance on one another as reliable business partners. Please don't hesitate to contact me should you have any questions or concerns.

Sincerely,

Mark E. Miller
Trading Floor Manager
Bulk Marketing

3 Enclosures

CAISO Acknowledgment

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



Department of Energy

Bonneville Power Administration
P. O. Box 3621
Portland, Oregon 97208-3621

POWER SERVICES

June, 16th, 2009

In reply refer to: PG-5

Dear Colleagues:

As we prepare to enter the 2009 summer season with the associated potential for significant peaks in electricity demand, Bonneville Power Administration (BPA), is continuing to improve and clarify procedures with regard to accessing Federal power in times of emergencies on neighboring systems. Clear communications and common understanding will be important in responding appropriately to events. This letter describes the process that BPA will follow if requested to support a neighboring system's load/resource imbalance emergency. This process may be amended or modified at any time by BPA to be consistent with BPA's statutory responsibilities. It is intended to apply in most situations, but is primarily intended to address situations that develop rapidly, without time for convening the Northwest Power Pool Emergency Response Team (ERT) or an emergency meeting the Technical Management Team (TMT)¹. If those forums are called, BPA may modify these procedures to fit the specific situation the region is facing.

BPA's ability to support neighboring utilities in an emergency is not guaranteed and there may be occasions when limited hydro supplies need to be reserved in order to meet expected firm Federal loads or forecast emergency conditions in the Pacific Northwest. BPA will consider at least 3 factors to manage power from extraordinary Federal Hydro operations – 1) protecting human health and safety; 2) limiting the potential for reductions in hydro operations mitigation measures enacted under the Endangered Species Act for protected species; and, 3) honoring regional and public preference.

When a utility projects a load/resource imbalance it should first attempt to resolve the situation through normal marketing contacts, including the BPA Trading Floor. In times of extreme temperatures the Trading Floor will continue to be the point of contact for energy transactions and if BPA has surplus power to offer it will be available for purchase.²

If a utility is unable to acquire sufficient supplies in the marketplace to meet its firm load obligations and BPA is not offering surplus energy, the requesting utility will need to confirm it has taken the following steps prior³ to BPA deciding whether to make any extraordinary operations changes to generate additional supplies and/or impacting mitigation measures under the Endangered Species Act.

¹ The group that adaptively manages the Columbia River hydro system in accordance with environmental regulations

² Late schedules or within hour requests also require Balancing Authority (BA) approval. In these cases the utilities should also contact their host BA to identify the appropriate response. The BA will contact BPAT dispatch to coordinate as appropriate. Utilities within the BPA BA will call BPAT Dispatch directly.

³ This process addresses shortage situations or the period after contingency reserves have been exhausted. It is not intended to alter BPA's participation in the NWPP Reserve Sharing Program.

Issued By: Nancy Saracino, Vice President, General Counsel and Corporate Secretary

Issued On: August 25, 2009

Effective: August 14, 2009

1. The Merchant and Balancing Authority functions of a utility have coordinated to issue a Merchant Alert. On March 12, 2009, the WECC Market Interface Committee (MIC) passed the Merchant Alert Protocol guideline, which is intended to provide an efficient communication protocol that can be used when a merchant has a concern that there may not be enough resources available to meet obligations. Utilities are expected to follow the steps outlined in this protocol in order to issue a Merchant Alert as an attempt to fully exhaust efforts to resolve shortages via normal market mechanisms. (See Attachment A for the Merchant Alert Protocol.)
2. After acquiring any resources made available through the Merchant Alert Protocol, the utility should reassess its situation and, if necessary, request that its Balancing Authority issue the appropriate NERC Alert Level. See Attachment B for the NERC Alert definitions.
3. After issuing the Merchant Alert and declaring at least a NERC Alert 2, the utility must also have:
 - a) Curtailed any sales that it has determined can be curtailed without adversely impacting human health and safety
 - b) Increased any possible generation on its own hydroelectric and other resources (including calling on any contractual rights) consistent with any emergency provisions governing the operations of those resources, including provisions curtailing fish protections; and,
 - c) Made a public appeal for power conservation if time permits

Once BPA determines that emergencies are being declared, BPA will assess the overall demand for available emergency energy and, when necessary, allocate energy capability based upon the level of the NERC Alert. It is important that utilities not rely on any additional supply from BPA in these conditions as a resource or as a reserve for planning purposes.

If you have any questions regarding this letter please contact either myself, Stephen Oliver, V.P., Generation Asset Management at sroliver@bpa.gov, or Kieran Connolly, Manager, Generation Scheduling at kconnolly@bpa.gov.

Sincerely,



Stephen R. Oliver
V.P., Generation Asset Management
Bonneville Power Administration
sroliver@bpa.gov
(503) 230-4090

3 Enclosures:
Attachment A – Merchant Alert Protocol Guideline
Attachment B – NERC Alert Definitions
Attachment C – Northwest Power Pool Participating Organizations

Issued By: Nancy Saracino, Vice President, General Counsel and Corporate Secretary
Issued On: August 25, 2009

Effective: August 14, 2009

Northwest Power Pool Participating Organizations

Northwest Power Pool

Mr. Jerry Rust
President and Director
Northwest Power Pool
7505 NE Ambassador Place, Suite R
Portland, OR 97220

Alberta Electric System Operator

Alberta Electric System Operator
Calgary Place
330 5th Ave. SW, Suite 2500
Calgary, A.B. T2P OL4

Avista Corporation

Mr. Don F. Kopczynski
Vice President, Transmission & Distribution
Avista Corporation
P.O. Box 3727
Spokane, WA 99220-3727

B.C. Hydro

Mr. Chris O'Riley
Vice President, Engineering
Aboriginal Affairs and Generation
B. C. Hydro
333 Dunsmuir Street, 18th Floor
Vancouver, B.C. V6B 5R3

B.C. Transmission Corp.

Mr. Martin Huang,
System Operations
B.C. Transmission Corporation
Four Bentall Centre
1055 Dunsmuir Street, Suite 1110
P.O. Box 49260
Vancouver, B.C. V7X 1V5

California ISO

Mr. Jim Detmers
Vice President of Grid Operations
California ISO
P.O. Box 639014
Folsom, CA 95763-9014

Mr. Jim MacIntosh
Director of Grid Operations
P.O. Box 639014
Folsom, CA 95763-9014

Chelan County PUD No. 1

Mr. Richard Riazzi
General Manager
Chelan County Public Utility District No. 1
P.O. Box 1231
327 N. Wenatchee Avenue
Wenatchee, WA 98807-1231

Mr. Steve Fisher
Scheduling
Chelan County Public Utility District No. 1
P.O. Box 1231
Wenatchee, WA 98807-1231

ColumbiaGrid

Mr. E. Jon Kaake
President and CEO
ColumbiaGrid
5933 NE Win Sivers Drive, Suite 210
Portland, OR 97220

Cowlitz County PUD No. 1

Mr. Brian Skeahan
General Manager
Cowlitz County Public Utility District No. 1
P.O. Box 3007
Longview, WA 98632-0307

Desert Generation & Transmission Coop.

Desert Power Electric Cooperative
10714 South Jordan Gateway
South Jordan, UT 84095

California ISO

Mr. Jim Detmers
Vice President of Grid Operations
California ISO
P.O. Box 639014
Folsom, CA 95763-9014

Mr. Jim MacIntosh
Director of Grid Operations
P.O. Box 639014
Folsom, CA 95763-9014

Chelan County PUD No. 1

Mr. Richard Riazzi
General Manager
Chelan County Public Utility District No. 1
P.O. Box 1231
327 N. Wenatchee Avenue
Wenatchee, WA 98807-1231

Mr. Steve Fisher
Scheduling
Chelan County Public Utility District No. 1
P.O. Box 1231
Wenatchee, WA 98807-1231

ColumbiaGrid

Mr. E. Jon Kaake
President and CEO
ColumbiaGrid
5933 NE Win Sivers Drive, Suite 210
Portland, OR 97220

Cowlitz County PUD No. 1

Mr. Brian Skeahan
General Manager
Cowlitz County Public Utility District No. 1
P.O. Box 3007
Longview, WA 98632-0307

Desert Generation & Transmission Coop.

Desert Power Electric Cooperative
10714 South Jordan Gateway
South Jordan, UT 84095

Douglas County PUD No. 1

Mr. William C. Dobbins
CEO/Manager
Douglas County Public Utility District No. 1
1151 Valley Mall Parkway
East Wenatchee, WA 98802-4497

Mr. Charles Wagers
Power Planning & Contracts Manager
Douglas County Public Utility District No. 1
1151 Valley Mall Parkway
East Wenatchee, WA 98802-4497

EPCOR Utilities Inc.

Mr. Lorne Whittles
Manager, PNW Marketing
EPCOR Merchant and Capital Inc.
1161 W. River St., Suite 250
Boise, ID 83702

Eugene Water & Electric Board

Mr. Randy L. Berggren
General Manager
Eugene Water & Electric Board
P.O. Box 10148
Eugene, OR 97440-2148

Mr. Scott Spettel
Power Management & Planning Manager
Eugene Water & Electric Board
P.O. Box 10148
Eugene, OR 97440-2148

FortisBC

Mr. Don Debiene
Vice President, Generation
FortisBC
5th Floor
1628 Dickson Avenue
Kelowna, B.C. V1Y 9X1

Grant County PUD No. 2

Mr. Tim Culbertson
General Manager
Grant County Public Utility District No. 2
P.O. Box 878
Ephrata, WA 98823-0878

Mr. Kevin Nordt
Director of Power Management
Grant County Public Utility District No. 2
P.O. Box 878
Ephrata, WA 98823-0878

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Mr. Dave Churchman
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P.O. Box 70
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700 5th Ave, Suite 3300
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1125 NW Couch, Suite 500
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Portland, OR 97208-2870

Attachment 2 Real-time Protocols CAISO Emergency Request for Power from BPA

Situation #1 - CAISO requests power for next hour 30 or more minutes prior to delivery hour

For CAISO emergency situations declared prior to 30 minutes to the requested delivery hour(s) the CAISO will call the BPA Real-time Marketing Desk. If capacity is available for the hour(s) requested the BPA Marketing Desk will quote the pricing terms (transaction pricing per below) to the CAISO, and if accepted by the CAISO schedule the emergency sale.

Situation #2 - CAISO requests power for next hour 29 to 20 minutes prior to delivery hour

For CAISO emergency requests that occur between 29 and 20 minutes prior to the requested delivery hour, the same procedure will occur, however the BPA marketer will request that the Power Services (PS) transmission desk notify BPA Transmission Services (BPAT) for approval of a "late" schedule. If approved by BPAT, the same procedures apply as above in Situation #1. If late schedule is not approved by BPAT, go to Situation #3 below.

Situation #3 - Requests less than 20 minutes prior to delivery hour and within hour

For all CAISO emergency requests that occur after the scheduling window has closed or occur less than 20 minutes prior to the delivery hour or within the delivery hour the CAISO will call BPAT Dispatch. The BPAT Dispatcher will "conference call in" the BPA Real-time Marketer. If BPA is able to meet the CAISO emergency request for power, the BPA Real-time Marketer will quote the pricing terms to the CAISO.

Upon acceptance of pricing terms by the CAISO, the PS transmission desk will notify Transmission Services Scheduling of the within-hour request, and BPAT will implement the within-hour schedule.

Transaction Pricing

BPA will quote a price upon request from the CAISO for an emergency power sale.

Payment from the CAISO for such emergency assistance shall be made in accordance with the Settlement process, billing cycle, and payment timeline set forth in the CAISO Tariff.

Attachment 3
Real-time Protocols
BPA Emergency Request for Power from the CAISO

Situation #1 - BPA requests power for next hour 30 or more minutes prior to delivery hour

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Transaction Pricing

The Settlement price for emergency energy that is delivered by the CAISO shall be the simple average of the relevant Dispatch Interval LMPs at the applicable Scheduling Point, which will serve as the effective market price for that energy, plus all other charges applicable to exports from the CAISO Balancing Authority Area. Payment to the CAISO for such emergency assistance shall be made in accordance with the Settlement process, billing cycle, and payment timeline set forth in the CAISO Tariff. (CAISO Tariff, Section 11.5.8.2.)