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January 18, 2011

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
Compliance Filing
Docket No. ER11-1830-____**

Dear Secretary Bose:

The California Independent System Operator (“ISO”)¹ submits this filing in compliance with the December 16, 2010, order of the Federal Energy Regulatory Commission (the “Commission”) in this proceeding.² In the December 16 Order, the Commission conditionally accepted the ISO’s tariff amendment to reform and harmonize the large and small generator interconnection procedures (“GIP Amendment”) under the ISO tariff and directed the ISO to submit a compliance filing within 30 days. The ISO also proposes an additional revision to one tariff section contained in the GIP Amendment, in order to fully and accurately reflect the results of the GIP stakeholder process.

I. Background

The ISO filed the GIP Amendment on October 19, 2010. A number of parties submitted comments and protests regarding the tariff revisions. The ISO addressed them in an answer filed on November 24, 2010 (“November 24

¹ The ISO is sometimes referred to as the CAISO. Capitalized terms not otherwise defined herein have the meanings set forth in the Master Definitions Supplement, Appendix A to the ISO tariff. References herein to section numbers and appendices are references to sections and appendices of the ISO tariff unless otherwise indicated.

² *California Independent System Operator Corp.*, 133 FERC ¶ 61,223 (2010) (“December 16 Order”).

Answer”). The December 16 Order conditionally accepted the tariff revisions effective December 19, 2010 as requested by the ISO, subject to the ISO submitting a compliance filing in accordance with the Commission’s directives.

II. Proposed Tariff Revisions on Compliance³

A. Financial Security Requirements

In the December 16 Order, the Commission directed the ISO to modify the revised proposed generator interconnection procedures to state that, if an interconnection customer elects, under Section 6.9.2 of the GIP, to downsize the MW capacity of its proposed project following a Phase I interconnection study, the initial amount of financial security required from the interconnection customer will not exceed the customer’s estimated network upgrade cost responsibility for the downsized project.⁴

In order to comply with this directive, the ISO proposes to add a new Section 9.2.6 to the GIP, which states that, if an interconnection customer downsizes its project pursuant to section 6.9.2 of the GIP, and the ISO, in consultation with the applicable Participating TO(s), is able to reasonably determine that, because of the downsize (solely or in combination with other modifications in the customer’s study group), certain network upgrades and/or Participating TO interconnection facilities will no longer be needed, then such upgrades and/or facilities will not be included in the calculation of the amount of security required from the customer in the first posting. This new provision also makes clear that the determination will be made based on the ISO’s best engineering judgment, and will not include any re-studies.

This is a reasonable implementation of the Commission’s directive. At approximately the same time that the first posting of interconnection financial security is due from customers, the ISO will be commencing the Phase II interconnection study, the purpose of which is to update the results of the Phase I study, in order to determine the final package of upgrades necessary to interconnect the customers in a particular study cluster who chose to progress to Phase II. As part of this process, the Phase II study will account for any withdrawals and modifications that occurred after the completion of the Phase I study. In some cases, the ISO anticipates that it will be able to conclude, through an informal engineering review, and in coordination with the applicable Participating TO(s), that project downsizes and other modifications made by

³ The section headings in Section II of this transmittal letter are the same as the section headings in the corresponding portions of the December 16 Order.

⁴ December 16 Order at P 108. The revised generator interconnection procedures are contained in Appendix Y of the ISO tariff.

customers in a particular study group after the completion of the Phase I study will result in the elimination of certain network upgrades or interconnection facilities. In these circumstances, the ISO agrees that it is reasonable not to include such facilities in the calculation of the amount of security that a customer must provide in order to meet the first interconnection financial security posting requirement.

However, to the extent that such a determination cannot be made without the need for further studies, the ISO does not believe that any modification to the first security posting calculation is warranted. As stated above, the Phase II interconnection study will commence at approximately the same time as the first posting requirement comes due. The Phase II study will account for downsizes and other modifications and determine whether facilities identified in the Phase I study are still required for each study group. All subsequent security postings are based on the Phase II results. Therefore, separate re-studies for the sole purpose of determining whether post-Phase I project downsizes or other modifications would result in the elimination of upgrades would be duplicative of the Phase II interconnection study, and would likely lead to delays in the Phase II study process. Eliminating the need for re-studies is one of the efficiencies gained in cluster interconnection process that has permitted the ISO to move greater numbers of projects simultaneously through the study process in shorter times than ever before.

Interconnection customers are further protected because the existing financial security posting provisions already account for project downsizing to some degree. The amount of the initial financial security posting is determined by using the lowest result from three formulas, the second of which is based on the MW capacity of the generating facility. In the event that a customer chooses to downsize its project after the completion of the Phase I study, the second formula will use the lowered capacity amount.⁵

B. Fast Track Process

In its November 24 Answer, the ISO proposed to clarify in its compliance filing that the Fast Track Process is available solely for energy-only projects.⁶ The Commission accepted that ISO proposal in the December 16 Order.⁷ Accordingly, the ISO includes the clarification in Section 5.1 of Appendix Y.

⁵ Section 9.2.3 provides that the initial financial security posting is based on the lower of 15% of the customer's responsibility for network upgrade costs, \$20,000 per MW capacity of the facility, or \$7.5 million.

⁶ November 24 Answer at 27-28.

⁷ December 16 Order at P 118.

C. Transition from SGIP to GIP

In the November 24 Answer, the ISO proposed to modify Section 2.2 of Appendix 8 of Appendix Y to state that an interconnection customer electing the one-time option to be studied for full capacity deliverability status will be required to post a study deposit in the amount set forth in Section 3.5.1 of Appendix Y, less any study deposit amounts already paid and any study deposit reasonably anticipated to be paid.⁸ The Commission accepted that ISO proposal in the December 16 Order.⁹ Therefore, the ISO includes the modification in Section 2.2 of Appendix 8 of Appendix Y.

Also, the ISO proposed in the November 24 Answer to clarify Section 3.3 of Appendix 8 of Appendix Y by deleting the reference therein to third parties.¹⁰ Pursuant to the Commission's acceptance of that proposal in the December 16 Order,¹¹ the ISO now deletes the reference.

D. Miscellaneous

In Appendix A of the November 24 Answer, the ISO proposed a number of minor clarifications of the tariff revisions contained in the GIP Amendment. The ISO also proposed to include, in the most recent version of the Large Generator Interconnection Agreement ("LGIA") contained in Appendix CC of the ISO tariff, several modifications set forth in the GIP Amendment to the revised LGIA contained in Appendix Z of the ISO tariff.¹² The Commission accepted these ISO proposals in the December 16 Order.¹³ Accordingly, the ISO includes the proposed modifications in the instant compliance filing. The modifications are to the following tariff provisions: the definition of the term Generator Interconnection Agreement in Appendix A; Section 1.5.1 of Appendix T; Sections 9.3.1.5, 9.3.2, 11.1.1, 12.3.1(a), 12.3.1(b), 12.3.1(c) of Appendix Y; Appendix 2 of Appendix Y;¹⁴ the definitions of the terms Generator Interconnection Procedures,

⁸ November 24 Answer at 35.

⁹ December 16 Order at P 125.

¹⁰ November 24 Answer at 36.

¹¹ December 16 Order at P 126.

¹² November 24 Answer at 49-50.

¹³ December 16 Order at P 141 and Ordering Paragraph (A).

¹⁴ In addition to the items included in the November 24 Answer, the ISO is also revising Appendix 2 to add the term "LGIP" before the phrase "Transition Cluster" in order to distinguish the ongoing transition cluster which was implemented for large generator projects from the transition cluster that will apply to small generator projects in the ISO queue.

Generator Interconnection Study Process Agreement, Governing Independent Study Process Interconnection Studies, Interconnection Financial Security, Interconnection Request, Interconnection Study, Large Generator Interconnection Procedures, Large Generator Interconnection Study Process Agreement, Phase I Interconnection Study in Appendix CC; and Sections 2.4, 3.2, 5.5.1, 5.10.1, 5.10.3, 5.19.1, 11.3, 11.4.2, 11.5, 11.5.1, 17.1.1, 24.3, and 30.3 of Appendix CC.

The ISO also proposes to modify the interconnection study deposit provisions contained in Section 3.5.1(i) of Appendix Y to fully and accurately reflect the purpose of those provisions, as agreed to in the stakeholder process leading up to the filing of the GIP Amendment. As proposed in the GIP Amendment and accepted in the December 16 Order,¹⁵ Section 3.5.1(i) modified the interconnection study deposit requirements for new interconnection customers. Section 3.5.1(i) also included language in order to apply these revised requirements to customers who had already made their study deposit, stating that each interconnection customer that has already submitted a pre-Section 3.5.1(i) interconnection study deposit amount, and for whom a Phase I interconnection study has not yet commenced, will be required to post or will be refunded the difference between the interconnection study deposit amount it has already posted and the amount now required by Section 3.5.1(i).

These deposit adjustment provisions, however, do not fully reflect the purpose of Section 3.5.1(i) as discussed in the stakeholder process that led to the filing of the GIP Amendment. In the stakeholder process, a stakeholder submitted a written comment on a draft version of Section 3.5.1(i) in which it stated, “We understand from the stakeholder process that the CAISO meant to apply the Study Deposit refund provision to apply to current LGIP Cluster #3 ICs [*i.e.*, interconnection customers in the ISO’s third queue cluster].” In its written response to the stakeholder comment, the ISO confirmed that “[t]he study deposit changes are intended to begin with Cluster 3.”¹⁶ However, contrary to the intended application of the deposit adjustment provisions of Section 3.5.1(i) to cluster 3 interconnection customers, the language of Section 3.5.1(i) that was approved in the GIP Amendment would not permit a deposit adjustment for cluster 3 interconnection customers, because the Phase I interconnection studies for cluster 3 interconnection customers had already commenced when Section 3.5.1(i) went into effect on December 19, 2010.

¹⁵ See *id.* Order at P 76 and Ordering Paragraph (A).

¹⁶ “ISO Response to Stakeholder Comments on Draft Tariff Language” at p. 6 (Oct. 12, 2010). This document is posted on the ISO’s website at <http://www.caiso.com/27dc/27dcce982d170.html>.

The omission of cluster 3 interconnection customers from the scope of the deposit adjustment provisions of Section 3.5.1(i) contained in the GIP Amendment was an inadvertent error on the ISO's part. As explained above, the ISO and stakeholders intended for the deposit adjustment provisions to apply to cluster 3 interconnection customers. Therefore, in order to fully and accurately reflect the purpose of Section 3.5.1(i), the ISO proposes to modify Section 3.5.1(i) to state that the deposit adjustment provisions contained therein also apply to cluster 3 interconnection customers.

III. Materials Provided in this Compliance Filing

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

- | | |
|--------------|---|
| Attachment A | Clean ISO tariff sheets reflecting the revisions described in Section II of this transmittal letter |
| Attachment B | Proposed tariff revisions in black-line format |

IV. Conclusion

The ISO requests that the Commission accept this filing as complying with the directives to revise the ISO tariff in the Commission's December 16 Order. The ISO also requests that the Commission accept Section 3.5.1(i) of Appendix Y as modified in this filing. Please contact the undersigned with any questions regarding this matter.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing documents upon all of the parties listed on the official service list for the above-referenced proceeding, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Washington, D.C. this 18th day of January, 2011.

/s/ Bradley R. Miliauskas
Bradley R. Miliauskas

Attachment A –Clean Tariff Changes
Generator Interconnection Procedures Compliance Filing
California Independent System Operator Corporation
Fifth Replacement FERC Electric Tariff

* * *

Appendix A
Master Definition Supplement

* * *

-Generator Interconnection Agreement (GIA)

The form of Interconnection Agreement applicable to an Interconnection Request pertaining to a Generating Facility processed under the interconnection procedures set forth in Appendix Y. For a Large Generating Facility, a pro forma version of the Interconnection Agreement is set forth in Appendix CC. For a Small Generating Facility, a pro forma version of the Interconnection Agreement is set forth in Appendix T.

* * *

Appendix T
Small Generator Interconnection Agreement

* * *

Article 1. Scope And Limitations Of Agreement

1.5 Responsibilities of the Parties

- 1.5.1 The Parties shall perform all obligations of this Agreement in accordance with all Applicable Laws and Regulations, Operating Requirements, and Good Utility Practice. The Parties shall use the Large Generator Interconnection Agreement (CAISO Tariff Appendix V or Appendix CC, as applicable) to interpret the responsibilities of the Parties under this Agreement.

* * *

Appendix Y GIP For Interconnection Requests
Generator Interconnection Procedures (GIP)

* * *

3.5 Processing of Interconnection Requests

3.5.1 Initiating an Interconnection Request.

To initiate an Interconnection Request, except as set forth in GIP Section 5, the Interconnection Customer must submit all of the following during a Cluster Application Window, or at any time during the year for proposed Generating Facilities applying for processing under the Independent Study Process:

- (i) An a \$250,000 Interconnection Study Deposit equal to \$50,000 plus \$1,000 per MW of electrical output of the Generating Facility, up to a maximum of \$250,000. With respect to Interconnection Customers that have submitted Interconnection Requests: (1) if such customers, for whom the Phase I Interconnection Studies

have not yet commenced, or are in the ISO's third Queue Cluster, have posted an Interconnection Study Deposit that is less than the amount required by this section, such Interconnection Customers must post the difference between the amount posted and the amount required by this section within thirty (30) calendar days of a FERC order accepting this provision; (2) if such customers, for whom the Phase I Interconnection Studies have not yet commenced, or are in the ISO's third Queue Cluster, have posted an Interconnection Study Deposit that is greater than the amount required by this section, such Interconnection Customers will receive a refund equal to the difference between the amount originally posted and the amount required under this section within thirty (30) calendar days of a FERC order accepting this provision.

- (ii) A completed application in the form of GIP Appendix 1, including requested deliverability status, requested study process (either Queue Cluster or Independent Study Process), preferred Point of Interconnection and voltage level, and all other required technical data.
- (iii) Demonstration of Site Exclusivity or, for Interconnection Requests in a Queue Cluster, a posting of a Site Exclusivity Deposit of \$100,000 for a Small Generating Facility or \$250,000 for a Large Generating Facility. The demonstration of Site Exclusivity, at a minimum, must be through the Commercial Operation Date of the new Generating Facility or increase in capacity of the existing Generating Facility.

* * *

5.1 Applicability and Initiation of Fast Track Process Request

An Interconnection Customer may request interconnection of a proposed Generating Facility to the CAISO Controlled Grid under the Fast Track Process if the Generating Facility is no larger than 5 MW and is requesting Energy-Only Deliverability Status and if the Interconnection Customer's proposed Generating Facility meets the codes, standards, and certification requirements of Appendices 9 and 10 of this GIP, or if the applicable Participating TO notifies the CAISO that it has reviewed the design for or tested the proposed Small Generating Facility and has determined that the proposed Generating Facility may interconnect consistent with Reliability Criteria and Good Utility Practice.

To initiate an Interconnection Request under the Fast Track Process, the Interconnection Customer must provide the CAISO with:

- (i) a completed Interconnection Request as set forth in Appendix 1 to the GIP;
- (ii) a non-refundable processing fee of \$500 and a study deposit of \$1,000; and
- (iii) a demonstration of Site Exclusivity. For the Fast Track Process, such demonstration may include documentation reasonably demonstrating a right to locate the Generating Facility on real estate or real property improvements owned, leased, or otherwise legally held by another.

The CAISO shall review and validate the Fast Track Process Interconnection Request pursuant to GIP Section 5.2.

All provisions of this GIP will apply unless superseded by provisions in this GIP Section 5.

* * *

9.2 Initial Posting Of Interconnection Financial Security

* * *

- 9.2.6** Effect of Decrease in Output on Initial Posting Requirement. If an Interconnection Customer decreases the electrical output of its facility after the completion of the Phase I Interconnection Study, pursuant to Section 6.9.2, and the ISO, in consultation with the applicable Participating TO(s), is able to reasonably determine, prior to the date for initial posting of Interconnection Financial Security, that as a result of such decrease (solely or in combination with other modifications made by Interconnection Customers in the same Study Group) some of the Network Upgrades and/or Participating TO Interconnection Facilities identified in the Phase I Interconnection Study will no longer be required, then the calculation of the initial posting of Interconnection Financial Security will not include those Network Upgrades and/or Participating TO Interconnection Facilities. Such determination will be made based on the ISO's best engineering judgment and will not include any re-studies.

9.3 Additional Posting Of Interconnection Financial Security

* * *

- 9.3.1.5** Consequences for Failure to Post. The failure by an Interconnection Customer to timely post the Interconnection Financial Security required by this GIP Section 9.3.1 shall constitute grounds for termination of the GIA pursuant to LGIA Article 2.3 or SGIA Article 3.3, whichever is applicable.

9.3.2 Third Posting of Interconnection Financial Security.

On or before the start of Construction Activities for Network Upgrades or Participating TO's Interconnection Facilities on behalf of the Interconnection Customer, whichever is earlier, the Interconnection Customer shall modify the two separate Interconnection Financial Security instruments posted pursuant to GIP Section 9.3.1 as follows. With respect to the Interconnection Financial Security Instrument for Network Upgrades, the Interconnection Customer shall modify this Instrument so that it equals one hundred percent (100%) of the total cost responsibility assigned to the Interconnection Customer for Network Upgrades in either the final Phase I Interconnection Study or Phase II Interconnection Study for Interconnection Customers in a Queue Cluster, or the final System Impact Study, or Facilities Study for Interconnection Customers in the Independent Study Process, whichever is lower. With respect to the Interconnection Financial Security Instrument for Participating TO Interconnection Facilities, the Interconnection Customer shall modify this instrument so that it equals one hundred percent (100%) of the total cost responsibility assigned to the Interconnection Customer for Participating TO Interconnection Facilities in the final Phase II Interconnection Study for Interconnection Customers in a Queue Cluster, or the final Facilities Study for Interconnection Customers in the Independent Study Process.

The failure by an Interconnection Customer to timely post the Interconnection Financial Security required by this GIP Section 9.3.2 shall constitute grounds for termination of the GIA pursuant to LGIA Article 2.3 or SGIA Article 3.3, whichever is applicable.

* * *

11.1 Tender

- 11.1.1** Within thirty (30) Calendar Days after the CAISO provides the final Phase II Interconnection Study report, or the Facilities Study report (or System Impact Study

report if the Facilities Study is waived) to the Interconnection Customer, the applicable Participating TO(s) and the CAISO shall tender a draft GIA, together with draft appendices. The draft GIA shall be in the form of the FERC-approved form of GIA set forth in CAISO Tariff Appendix T or Appendix CC, as applicable. The Interconnection Customer shall provide written comments, or notification of no comments, to the draft appendices to the applicable Participating TO(s) and the CAISO within (30) calendar days of receipt.

* * *

12.3 Network Upgrades

12.3.1 Initial Funding

Unless the applicable Participating TO(s) elects to fund the full capital for identified Reliability and Delivery Network Upgrades, they shall be funded by the Interconnection Customer(s) either by means of drawing down the Interconnection Financial Security or by the provision of additional capital, at each Interconnection Customer's election, up to a maximum amount no greater than that established by the cost responsibility assigned to each Interconnection Customer(s) under GIP Sections 7.3 and 7.4.

Where the applicable Participating TO(s) does not elect to fund the full capital for specific Reliability and Delivery Network Upgrades, the applicable Participating TO(s) shall be responsible for funding any capital costs for the Reliability and Delivery Network Upgrades that exceed the total cost responsibility assigned to the Interconnection Customer(s) under GIP Sections 7.3 and 7.4.

- (a) Where the funding responsibility for any Reliability Network Upgrade or Delivery Network Upgrade has been assigned to a single Interconnection Customer in accordance with this GIP, and the applicable Participating TO(s) has elected not to fund the full capital of the Reliability Network Upgrade or Delivery Network Upgrade, the applicable Participating TO(s) shall invoice the Interconnection Customer under LGIA Article 12.1 or SGIA Article 6.1, whichever is applicable, up to a maximum amount no greater than that established by the cost responsibility assigned to each Interconnection Customer(s) under GIP Sections 7.3 and 7.4 for the Reliability Network Upgrade or Delivery Network Upgrade, respectively.
- (b) Where the funding responsibility for a Reliability Network Upgrade has been assigned to more than one Interconnection Customer in accordance with this GIP, and the applicable Participating TO(s) has elected not to fund the full capital of the Reliability Network Upgrade, the applicable Participating TO(s) shall invoice each Interconnection Customer under LGIA Article 12.1 or SGIA Article 6.1, whichever is applicable, for such Reliability Network Upgrade based on the ratio of the maximum megawatt electrical output of each new Generating Facility or the amount of megawatt increase in the generating capacity of each existing Generating Facility as listed the Generating Facility's Interconnection Request to the aggregate maximum megawatt electrical output of all such new Generating Facilities and increases in the generating capacity of existing Generating Facilities assigned responsibility for such Reliability Network Upgrade. Each Interconnection Customer may be invoiced up to a maximum amount no greater than that established by the cost responsibility assigned to that Interconnection Customer under GIP Section 7.3.
- (c) Where the funding responsibility for a Delivery Network Upgrade has been assigned to more than one Interconnection Customer in accordance with this GIP, and the applicable Participating TO(s) has elected not to fund the full capital

of the Delivery Network Upgrade, the applicable Participating TO(s) shall invoice each Interconnection Customer under LGIA Article 12.1 or SGIA Article 6.1, whichever is applicable, for such Delivery Network Upgrade based on the percentage flow impact of each assigned Generating Facility on each Delivery Network Upgrade as determined by the Generation distribution factor methodology used in the On-Peak and Off-Peak Deliverability Assessments performed in the Phase II Interconnection Study. Each Interconnection Customer may be invoiced up to a maximum amount no greater than that established by the cost responsibility assigned to that Interconnection Customer under GIP Section 7.4.

Any permissible extension of the Commercial Operation Date of a Generating Facility will not alter the Interconnection Customer's obligation to finance Network Upgrades where the Network Upgrades are required to meet the earlier Commercial Operation Date(s) of other Generating Facilities that have also been assigned cost responsibility for the Network Upgrades.

* * *

Appendix 2 GIP Relating To The LGIP Transition Cluster

Section 1. Objective, Applicability and Definitions

1.1 Objective and Applicability

The objective of this Appendix 2 to the Generator Interconnection Procedures (GIP) is to implement the requirements for interconnecting to the CAISO Controlled Grid those Generating Facilities assigned to the LGIP Transition Cluster. All Interconnection Requests assigned to the LGIP Transition Cluster shall be deemed to have been assigned to a Queue Cluster Window for purposes of GIP Section 1.1 and therefore all provisions of the GIP apply to Generating Facilities included in the LGIP Transition Cluster, except as set forth herein.

1.2 Definitions

1.2.1 Master Definitions Supplement and Other General Definition Rules

Unless the context otherwise requires, any word or expression defined in the Master Definitions Supplement, Appendix A to the CAISO Tariff, shall have the same meaning where used in this Appendix 2 to the GIP. Further, unless the context otherwise requires, any word or expression defined in GIP Section 1.2 shall have the same meaning where used in this Appendix 2 to the GIP. References to GIP in this Appendix 2 are to Appendix Y of the CAISO Tariff.

1.2.2 Special Definitions for this GIP Appendix 2

In this Appendix 2 to the GIP, the following words and expressions shall have the meanings set opposite them:

"Serial Study Group" shall mean the collection of valid Interconnection Requests with an assigned Queue Position on or before June 1, 2008 studied in accordance with the interconnection procedures set forth in the version of the GIP set forth in CAISO Tariff Appendix U as permitted by the decision of FERC in Docket No. ER08-960-000.

"LGIP Transition Cluster" shall mean the collection of valid Interconnection Requests with an assigned Queue Position on or before June 1, 2008 that were not included as part of the Serial Study Group by the decision of FERC in Docket No. ER08-960-000.

"LGIP Transition Cluster Interconnection Study Deposit" shall mean, for each Interconnection Request in the LGIP Transition Cluster other than those subject to Section 3.2 of this Appendix 2 to the GIP, the difference between (i) \$250,000 and (ii) the total amount the Interconnection Customer has been charged for Interconnection Studies performed under an Interconnection Feasibility Study Agreement, Interconnection System Impact Study Agreement, or Interconnection Facilities Study Agreement plus the balance of any remaining deposit provided under an Interconnection Feasibility Study Agreement, Interconnection System Impact Study Agreement, or Interconnection Facilities Study Agreement. For an Interconnection Request subject to Section 3.2 of this Appendix 2 to the GIP, the amount of the LGIP Transition Cluster Interconnection Study Deposit shall be the difference between (i) \$100,000 and (ii) the total amount the Interconnection Customer has been charged for Interconnection Studies performed under an Interconnection Feasibility Study Agreement, Interconnection System Impact Study Agreement, or Interconnection Facilities Study Agreement plus the balance of any remaining deposit provided under an Interconnection Feasibility Study Agreement, Interconnection System Impact Study Agreement, or Interconnection Facilities Study Agreement.

2. Queue Position

The Queue Position of any Interconnection Request included in the LGIP Transition Cluster shall be deemed to be lower than that of any Interconnection Request included in the Serial Study Group for purposes of performing Interconnection Studies for Large Generating Facilities whose Interconnection Requests are in the Serial Study Group.

3. Requirements to Remain in the LGIP Transition Cluster

3.1 General Requirements for Large Generating Facilities

An Interconnection Request deemed to be included in the LGIP Transition Cluster in accordance with the decision of FERC in Docket No. ER08-960-000 will be deemed to have been withdrawn from the LGIP Transition Cluster unless the Interconnection Customer provides, within sixty (60) calendar days from the effective date of this Appendix 2 to the GIP, all of the following: (i) a LGIP Transition Cluster Interconnection Study Deposit, (ii) a statement of the requested deliverability status, (iii) a preferred Point of Interconnection and voltage level and all other technical data required by the GIP, if not already submitted to the CAISO, and (iv) demonstration of Site Exclusivity or a posting of a Site Exclusivity Deposit of \$250,000. The demonstration of Site Exclusivity must be, at a minimum, through the anticipated Commercial Operation Date of the new Large Generating Facility or increase in capacity of the existing Generating Facility.

Section 3.8 of the GIP shall not apply to a failure to satisfy the requirements of this Section 3.1 of this Appendix 2 to the GIP.

3.2 Special Requirements for Certain Small and Existing Large Generating Facilities

An Interconnection Customer with an Interconnection Request in the LGIP Transition Cluster relating to (a) a Small Generating Facility seeking a Deliverability Assessment or (b) a Generating Facility, subject to the GIP in accordance with CAISO Tariff Section 25.1.1, that has achieved Commercial Operation prior to the date of the Interconnection Request, and is seeking to increase the capacity of the Generating Facility by less than 20 MW, will be deemed to have withdrawn its Interconnection Request from the LGIP Transition Cluster unless it provides, within

sixty (60) calendar days from the effective date of this Appendix 2 to the GIP, all of the following: (i) a LGIP Transition Cluster Interconnection Study Deposit, (ii) a statement of the requested deliverability status, (iii) a preferred Point of Interconnection and voltage level and all other technical data required by the GIP, if not already submitted to the CAISO, and (iv) demonstration of Site Exclusivity or a posting of a Site Exclusivity Deposit of \$250,000. The demonstration of Site Exclusivity, at a minimum, must be through the Commercial Operation Date of the new Large Generating Facility or increase in capacity of the existing Generating Facility.

Section 3.8 of the GIP shall not apply to a failure to satisfy the requirements of this Section 3.2 of this Appendix 2 to the GIP.

3.3 Communication of LGIP Transition Cluster Interconnection Study Deposit Amount

The CAISO shall provide each Interconnection Customer with the amount of its LGIP Transition Cluster Interconnection Study Deposit within five (5) Business Days after the effective date of this Appendix 2 to the GIP.

3.4 Use of the LGIP Transition Cluster Interconnection Study Deposit

The CAISO shall deposit all LGIP Transition Cluster Interconnection Study Deposits in an interest bearing account at a bank or financial institution designated by the CAISO. The LGIP Transition Cluster Interconnection Study Deposit shall be applied to pay for prudent costs incurred by the CAISO, the Participating TOs, or third parties at the direction of the CAISO or Participating TOs, as applicable, to perform and administer the Interconnection Studies. The LGIP Transition Cluster Interconnection Study Deposit is not refundable.

Upon execution of a GIA by an Interconnection Customer, the CAISO and the applicable Participating TO(s), or the approval by FERC of an unexecuted GIA, the CAISO shall refund to the Interconnection Customer any portion of the Interconnection Customer's LGIP Transition Cluster Interconnection Study Deposit, including interest earned at the rate provided for in the interest-bearing account from the date of deposit to the date of withdrawal, that exceed the costs the CAISO, Participating TOs, or third parties have incurred on the Interconnection Customer's behalf.

Notwithstanding the foregoing, an Interconnection Customer that withdraws or is deemed to have withdrawn its Interconnection Request during an Interconnection Study Cycle shall be obligated to pay to the CAISO all costs in excess of the LGIP Transition Cluster Interconnection Study Deposit that have been prudently incurred or irrevocably have been committed to be incurred with respect to that Interconnection Request prior to withdrawal. The CAISO will reimburse the applicable Participating TO(s) or third parties, as applicable, for all work performed associated with the Interconnection Request at the CAISO's direction. The Interconnection Customer must pay all monies due before it is allowed to obtain any Interconnection Study data or results.

All non-refundable portions of the LGIP Transition Cluster Interconnection Study Deposit that exceed the costs the CAISO, Participating TOs, or third parties have incurred on the Interconnection Customer's behalf shall be treated in accordance with CAISO Tariff Section 37.9.4.

3.5 Obligation for Study Costs

The CAISO shall charge and the Interconnection Customer shall pay the actual costs of the Interconnection Studies. The CAISO shall issue invoices for Interconnection Studies that shall include a detailed and itemized accounting of the cost of each Interconnection Study. The CAISO shall draw from the LGIP Transition Cluster Interconnection Study Deposit any undisputed costs

within thirty (30) calendar days after issuance of an invoice therefor. Whenever the actual cost of performing the Interconnection Studies exceeds the LGIP Transition Cluster Interconnection Study Deposit, the Interconnection Customer shall pay the undisputed difference in accordance with the CAISO issued invoice within thirty (30) calendar days. The CAISO shall not be obligated to continue to have any studies conducted unless the Interconnection Customer has paid all undisputed amounts in compliance herewith. In the event an Interconnection Study is performed by the CAISO, the Interconnection Customer shall pay only the costs of those activities performed by the Participating TO to adequately review or validate that Interconnection Study.

4. Phase I Interconnection Study

4.1 Grouping Interconnection Requests and Base Cases

Interconnection Requests in the LGIP Transition Cluster shall be grouped in accordance with GIP Section 6.1. Rather than Generation submitted during a Queue Cluster Window, the Interconnection Base Case Data for the LGIP Transition Cluster shall reflect the Generation from those Interconnection Requests that satisfy the requirements of Sections 3.1 and 3.2 of this Appendix 2 to the GIP.

4.2 Schedule

The Phase I Interconnection Study, as described in GIP Section 6, including the grouping and Interconnection Base Case Data development, for the LGIP Transition Cluster shall commence no later than December 1, 2008 or sixty (60) calendar days after the effective date of this Appendix 2 to the GIP, whichever is later. Results of the Phase I Interconnection Study shall be provided to the Interconnection Customer within two hundred forty (240) calendar days after commencement under this Section.

4.3 Results Meeting

Within sixty (60) calendar days after providing the Phase I Interconnection Study report to the Interconnection Customer, the applicable Participating TO(s), the CAISO and the Interconnection Customer shall meet to discuss the results of the Phase I Interconnection Study, including assigned cost responsibility.

4.3.1 Modifications

Proposed modifications to the Interconnection Request shall be evaluated as set forth in GIP Section 6.7.2, except that for projects in the LGIP Transition Cluster (i) the modifications permitted under this Section shall also include: (d) an increase in the MW value above the Generating Facility Capacity set forth in the Interconnection Request, not to exceed thirty percent (30%) of the original amount (i.e. not to exceed 130% of the Generation Facility Capacity set forth in the original Interconnection Request); and (e) a change in the requested deliverability status set forth in the Interconnection Request from Energy Only to full capacity, and (ii) any modifications requested for projects in the LGIP Transition Cluster must be made within five (5) business days of the effective date of this tariff sheet.

To the extent that modifications made by one or more Interconnection Customers for either of the reasons specified in this Section 4.3.1 causes the need for additional upgrades within the applicable LGIP Transition Cluster study group beyond those identified in the Phase I Interconnection Study, the responsibility for financing such incremental upgrades shall be assigned solely to those Interconnection Customers making such modifications, pro rata in accordance with applicable provisions of the LGIP and this Appendix 2.

4.4 Cost Allocation Methods for Reliability Network Upgrades in Phase I Interconnection Study

The estimated costs for Reliability Network Upgrades identified in the Phase I Interconnection Study for the LGIP Transition Cluster shall be allocated as set forth in GIP Section 6.3.1, except that the estimated costs of short circuit related Reliability Network Upgrades identified through the Phase I Interconnection Study shall be assigned to all Interconnection Requests in that Study pro rata on the basis of the maximum megawatt electrical output of each proposed new Large Generating Facility or the amount of megawatt increase in the generating capacity of each existing Generating Facility as listed by the Interconnection Customer in its Interconnection Request.

5. Phase II Interconnection Study

5.1 Phase II Interconnection Study Procedures

The Phase II Interconnection Study, as described in GIP Section 7, for the LGIP Transition Cluster shall commence no later than one hundred twenty (120) calendar days after publication of the Phase I Interconnection Study report. Results of the Phase II Interconnection Study shall be provided to the Interconnection Customer within three hundred thirty (330) calendar days after commencement under this Section.

5.2 Coordination of the Phase II Interconnection Study with the Transmission Planning Process

As part of the Uniform Planning Assumptions and Study Plan developed under Section 24 of the CAISO Tariff during calendar year 2009, the CAISO shall include technical analyses intended to identify, at a minimum, conceptual transmission upgrades that may access proposed Large Generating Facilities included in the LGIP Transition Cluster that are located in Energy Resource Areas.

5.3 Financing of Reliability Network Upgrades Identified in Phase II Interconnection Study

The responsibility for financing final Reliability Network Upgrades identified in the Phase II Interconnection Study for the LGIP Transition Cluster shall be determined as set forth in GIP Section 7.3, except that the responsibility for financing final short circuit related Reliability Network Upgrades identified in the Phase II Interconnection Study shall be assigned to all Interconnection Requests in that Study pro rata on the basis of the maximum megawatt electrical output of each proposed new Large Generating Facility or the amount of megawatt increase in the generating capacity of each existing Generating Facility as listed by the Interconnection Customer in its Interconnection Request, up to the cost assignment for Reliability Network Upgrades under GIP Section 6.3.1 and Section 4.4 of this Appendix 2.

6. Interconnection Financial Security

The provisions of GIP Section 9 shall apply to the LGIP Transition Cluster, except that (i) the initial posting of Interconnection Financial Security under GIP Section 9.2 in Appendix Y shall be required on or before the later of ten (10) business days after the effective date of this tariff sheet or one hundred twenty (120) calendar days after publication of the Phase I Interconnection Study report, but in no event earlier than November 30, 2009 or later than December 18, 2009; and (ii) any Interconnection Customer who has been permitted a modification for either of the reasons specified in Section 4.3.1 of this Appendix 2 shall make its first posting of Interconnection Financial Security for Network Upgrades pursuant to GIP Section 9.2 in an amount equal to the lesser of \$20,000 per megawatt of electrical output of the Large

Generating Facility, including any modifications thereto, or \$7,500,000, but in no event less than \$500,000, and shall make its second and third postings of Interconnection Financial Security for Network Upgrades pursuant to GIP Section 9.3 based on the total cost responsibility assigned to the Interconnection Customer for Network Upgrades in the Phase II Interconnection Study.

* * *

Appendix 8

Transition of Existing SGIP Interconnection Requests to the GIP

Generator Interconnection Procedures (GIP) Relating to the SGIP Serial Study Group and SGIP Transition Cluster

* * *

- 2.2** An Interconnection Request deemed to be included in the SGIP Serial Study Group that wishes to be studied as a Full Capacity Deliverability Status Generating Facility will continue to be processed per the procedures set forth in Appendix S to the CAISO Tariff for Energy-Only Deliverability Status, with a Full Capacity Delivery Status Deliverability Assessment to be performed as part of the next Interconnection Study Cycle following the completion of the serial portion of the Generating Facility's studies pursuant to Appendix S. Interconnection Customers electing this one-time option will be required to post a study deposit in the amount set forth in Section 3.5.1 of this GIP, less any study deposit amounts already paid and any study deposit reasonably anticipated to be paid.

* * *

- 3.3** An Interconnection Customer in the SGIP Transition Cluster must post, within thirty (30) calendar days of the effective date of this Appendix 8, all of the following: (i) an Interconnection Study Deposit equal to the amount set forth in Section 3.5.1 of Appendix Y, if it has not done so already; and (ii) a demonstration of Site Exclusivity, if it has not done so already. An Interconnection Customer that does not satisfy these posting requirements will be withdrawn from the SGIP Transition Cluster. An Interconnection Customer who withdraws from the SGIP Transition Cluster will be refunded the entire amount of its Interconnection Study Deposit upon withdrawal, less any amounts that the CAISO and Participating TO(s) have incurred in performing studies on the Interconnection Customer's behalf.

* * *

CAISO TARIFF APPENDIX CC

Large Generator Interconnection Agreement

for Interconnection Requests in a Queue Cluster Window

that are tendered a Large Generator Interconnection Agreement on or after July 3, 2010

* * *

ARTICLE 1. DEFINITIONS

* * *

Generator Interconnection Procedures (GIP) shall mean the CAISO protocol that sets forth the interconnection procedures applicable to an Interconnection Request pertaining to a Large Generating Facility that is included in CAISO Tariff Appendix Y.

Generator Interconnection Study Process Agreement shall mean the agreement between the Interconnection Customer and the CAISO for the conduct of the Interconnection Studies.

* * *

Governing Independent Study Process Interconnection Studies shall mean the engineering study(ies) conducted or caused to be performed by the CAISO, in coordination with the applicable Participating TO(s), that evaluates the impact of the proposed interconnection on the safety and reliability of the Participating TO's Transmission System and, if applicable, an Affected System, which shall consist primarily of a Facilities Study as described in Section 4.5 of the Generation Interconnection Procedures or a System Impact Study as described in Section 4.4 of the Generation Interconnection Procedures.

* * *

Interconnection Financial Security shall mean any of the financial instruments listed in Section 9.1 of the GIP that are posted by an Interconnection Customer.

* * *

Interconnection Request shall mean a request, in the form of Appendix 1 to the Generator Interconnection Procedures, in accordance with the CAISO Tariff.

* * *

Interconnection Study shall mean

- (i) For Interconnection Requests processed under the Cluster Study Process described in the Generator Interconnection Procedures, either of the following studies: the Phase I Interconnection Study or the Phase II Interconnection Study conducted or caused to be performed by the CAISO, in coordination with the applicable Participating TO(s), pursuant to the Generator Interconnection Procedures;
- (ii) For Interconnection Requests processed under the Independent Study Process described in the Generator Interconnection Procedures, the governing study(ies) conducted or caused to be performed by the CAISO, in coordination with the applicable Participating TO(s), pursuant to the Generator Interconnection Procedures, which shall consist primarily of a Facilities Study as described in Section 4.5 of the GIP or a System Impact Study as described in Section 4.4 of the GIP.

* * *

* * *

Phase I Interconnection Study shall mean the engineering study conducted or caused to be performed by the CAISO, in coordination with the applicable Participating TO(s), that evaluates the impact of the proposed interconnection on the safety and reliability of the Participating TO's Transmission System and, if applicable, an Affected System. The study shall identify and detail the system impacts that would result if the Generating Facility(ies) were interconnected without identified project modifications or system modifications, as provided in the On-Peak Deliverability Assessment (as defined in the CAISO Tariff), and other potential impacts, including but not limited to those identified in the Scoping Meeting as described in the Generator Interconnection Procedures. The study will also identify the approximate total costs, based on per unit costs, of mitigating these impacts, along with an equitable allocation of those costs to Interconnection Customers for their individual Generating Facilities.

* * *

ARTICLE 2. EFFECTIVE DATE, TERM AND TERMINATION

* * *

- 2.4 Termination Costs.** Immediately upon the other Parties' receipt of a notice of the termination of this LGIA pursuant to Article 2.3 above, the CAISO and the Participating TO will determine the total cost responsibility of the Interconnection Customer. If, as of the date of the other Parties' receipt of the notice of termination, the Interconnection Customer has not already paid its share of Network Upgrade costs, as set forth in Appendix G to this LGIA, the Participating TO will liquidate the Interconnection Customer's Interconnection Financial Security associated with its cost responsibility for Network Upgrades, in accordance with Section 9.4 of the GIP.

The Interconnection Customer will also be responsible for all costs incurred or irrevocably committed to be incurred in association with the construction of the Participating TO's Interconnection Facilities (including any cancellation costs relating to orders or contracts for Interconnection Facilities and equipment) and other such expenses, including any Distribution Upgrades for which the Participating TO or CAISO has incurred expenses or has irrevocably committed to incur expenses and has not been reimbursed by the Interconnection Customer, as of the date of the other Parties' receipt of the notice of termination, subject to the limitations set forth in this Article 2.4. Nothing in this Article 2.4 shall limit the Parties' rights under Article 17. If, as of the date of the other Parties' receipt of the notice of termination, the Interconnection Customer has not already reimbursed the Participating TO and the CAISO for costs incurred to construct the Participating TO's Interconnection Facilities, the Participating TO will liquidate the Interconnection Customer's Interconnection Financial Security associated with the construction of the Participating TO's Interconnection Facilities, in accordance with Section 9.4 of the GIP. If the amount of the Interconnection Financial Security liquidated by the Participating TO under this Article 2.4 is insufficient to compensate the CAISO and the Participating TO for actual costs associated with the construction of the Participating TO's Interconnection Facilities contemplated in this Article, any additional amounts will be the responsibility of the Interconnection Customer, subject to the provisions of Section 9.4 of the GIP. Any such additional amounts due from the Interconnection Customer beyond the amounts covered by its Interconnection Financial Security will be due to the Participating TO immediately upon termination of this LGIA in accordance with Section 9.4 of the GIP.

If the amount of the Interconnection Financial Security exceeds the Interconnection Customer's cost responsibility under Section 9.4 of the GIP, any excess amount will be released to the Interconnection Customer in accordance with Section 9.4 of the GIP.

* * *

ARTICLE 3. REGULATORY FILINGS AND CAISO TARIFF COMPLIANCE

* * *

- 3.2 Agreement Subject to CAISO Tariff.** The Interconnection Customer will comply with all applicable provisions of the CAISO Tariff, including the GIP.

* * *

ARTICLE 5. INTERCONNECTION FACILITIES ENGINEERING, PROCUREMENT, AND CONSTRUCTION

- 5.5 Equipment Procurement.** If responsibility for construction of the Participating TO's Interconnection Facilities or Network Upgrades is to be borne by the Participating TO, then the Participating TO shall commence design of the Participating TO's Interconnection Facilities or

Network Upgrades and procure necessary equipment as soon as practicable after all of the following conditions are satisfied, unless the Parties otherwise agree in writing:

- 5.5.1 The CAISO, in coordination with the applicable Participating TO(s), has completed the Phase II Interconnection Study or Governing Independent Study Interconnection Study pursuant to the applicable Generator Interconnection Facilities Study Process Agreement or other applicable study process agreement;
- 5.5.2 The Participating TO has received written authorization to proceed with design and procurement from the Interconnection Customer by the date specified in Appendix B, Milestones; and
- 5.5.3 The Interconnection Customer has provided security to the Participating TO in accordance with Article 11.5 by the dates specified in Appendix B, Milestones.

* * *

5.10.1 Large Generating Facility and Interconnection Customer's Interconnection Facilities Specifications. In addition to the Interconnection Customer's responsibility to submit technical data with its Interconnection Request as required by Section 3.5.1 of the GIP, the Interconnection Customer shall submit all remaining necessary specifications for the Interconnection Customer's Interconnection Facilities and Large Generating Facility, including System Protection Facilities, to the Participating TO and the CAISO at least one hundred eighty (180) Calendar Days prior to the Initial Synchronization Date; and final specifications for review and comment at least ninety (90) Calendar Days prior to the Initial Synchronization Date. The Participating TO and the CAISO shall review such specifications pursuant to this LGIA and the GIP to ensure that the Interconnection Customer's Interconnection Facilities and Large Generating Facility are compatible with the technical specifications, operational control, safety requirements, and any other applicable requirements of the Participating TO and the CAISO and comment on such specifications within thirty (30) Calendar Days of the Interconnection Customer's submission. All specifications provided hereunder shall be deemed confidential.

* * *

5.10.3 Interconnection Customer's Interconnection Facilities Construction. The Interconnection Customer's Interconnection Facilities shall be designed and constructed in accordance with Good Utility Practice. Within one hundred twenty (120) Calendar Days after the Commercial Operation Date, unless the Participating TO and Interconnection Customer agree on another mutually acceptable deadline, the Interconnection Customer shall deliver to the Participating TO and CAISO "as-built" drawings, information and documents for the Interconnection Customer's Interconnection Facilities and the Electric Generating Unit(s), such as: a one-line diagram, a site plan showing the Large Generating Facility and the Interconnection Customer's Interconnection Facilities, plan and elevation drawings showing the layout of the Interconnection Customer's Interconnection Facilities, a relay functional diagram, relaying AC and DC schematic wiring diagrams and relay settings for all facilities associated with the Interconnection Customer's step-up transformers, the facilities connecting the Large Generating Facility to the step-up transformers and the Interconnection Customer's Interconnection Facilities, and the impedances (determined by factory tests) for the associated step-up transformers and the Electric Generating Units. The Interconnection Customer shall provide the Participating TO and the CAISO specifications for the excitation system, automatic voltage regulator, Large Generating Facility control and protection settings, transformer tap settings, and communications, if applicable. Any deviations from the relay settings, machine specifications, and other specifications originally submitted by the Interconnection Customer shall be assessed by the

Participating TO and the CAISO pursuant to the appropriate provisions of this LGIA and the GIP.

* * *

5.19 Modification.

5.19.1 General. The Interconnection Customer or the Participating TO may undertake modifications to its facilities, subject to the provisions of this LGIA and the CAISO Tariff. If a Party plans to undertake a modification that reasonably may be expected to affect the other Parties' facilities, that Party shall provide to the other Parties sufficient information regarding such modification so that the other Parties may evaluate the potential impact of such modification prior to commencement of the work. Such information shall be deemed to be confidential hereunder and shall include information concerning the timing of such modifications and whether such modifications are expected to interrupt the flow of electricity from the Large Generating Facility. The Party desiring to perform such work shall provide the relevant drawings, plans, and specifications to the other Parties at least ninety (90) Calendar Days in advance of the commencement of the work or such shorter period upon which the Parties may agree, which agreement shall not unreasonably be withheld, conditioned or delayed.

In the case of Large Generating Facility modifications that do not require the Interconnection Customer to submit an Interconnection Request, the CAISO or Participating TO shall provide, within thirty (30) Calendar Days (or such other time as the Parties may agree), an estimate of any additional modifications to the CAISO Controlled Grid, Participating TO's Interconnection Facilities, Network Upgrades or Distribution Upgrades necessitated by such Interconnection Customer modification and a good faith estimate of the costs thereof. The Participating TO and the CAISO shall determine if a Large Generating Facility modification is a Material Modification in accordance with the GIP.

* * *

ARTICLE 11. PERFORMANCE OBLIGATION

* * *

11.3 Network Upgrades and Distribution Upgrades. The Participating TO shall design, procure, construct, install, and own the Network Upgrades and Distribution Upgrades described in Appendix A. The Interconnection Customer shall be responsible for all costs related to Distribution Upgrades. Unless the Participating TO elects to fund the capital for the Distribution Upgrades and Network Upgrades, they shall be funded by the Interconnection Customer, which for Interconnection Customers processed under Section 6 of the GIP (in queue clusters) shall be in an amount determined pursuant to the methodology set forth in Section 6.5 of the GIP. This specific amount is set forth in Appendix G to this LGIA.

* * *

11.4.2 Special Provisions for Affected Systems. The Interconnection Customer shall enter into an agreement with the owner of the Affected System and/or other affected owners of portions of the CAISO Controlled Grid, as applicable, in accordance with the GIP. Such agreement shall specify the terms governing payments to be made by the Interconnection Customer to the owner of the Affected System and/or other affected owners of portions of the CAISO Controlled Grid as well as the repayment by the owner of the Affected System and/or other affected owners of portions of the CAISO Controlled Grid. In no event shall the Participating TO be responsible for the repayment for any

facilities that are not part of the Participating TO's Transmission System. In the event the Participating TO is a joint owner with an Affected System or with any other co-owner of a facility affected by the Large Generating Facility, the Participating TO's obligation to reimburse the Interconnection Customer for payments made to address the impacts of the Large Generating Facility on the system shall not exceed the proportionate amount of the cost of any upgrades attributable to the proportion of the jointly-owned facility owned by the Participating TO.

* * *

11.5 Provision of Interconnection Financial Security. The Interconnection Customer is obligated to provide all necessary Interconnection Financial Security required under Section 9 of the GIP in a manner acceptable under Section 9 of the GIP. Failure by the Interconnection Customer to timely satisfy the GIP's requirements for the provision of Interconnection Financial Security shall be deemed a breach of this Agreement and a condition of Default of this Agreement.

11.5.1 Notwithstanding any other provision of this Agreement for notice of Default and opportunity to cure such Default, the CAISO or the Participating TO shall provide the Interconnection Customer with written notice of any Default due to timely failure to post Financial Security, and the Interconnection Customer shall have five (5) Business Days from the date of such notice to cure such Default by posting the required Financial Security. If the Interconnection Customer fails to cure the Default, then this Agreement shall be deemed terminated.

* * *

ARTICLE 17. DEFAULT

17.1 Default.

17.1.1 General. No Default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of Force Majeure as defined in this LGIA or the result of an act or omission of the other Party. Upon a Breach, the affected non-Breaching Party(ies) shall give written notice of such Breach to the Breaching Party. Except as provided in Articles 11.5.1 and 17.1.2, the Breaching Party shall have thirty (30) Calendar Days from receipt of the Default notice within which to cure such Breach; provided however, if such Breach is not capable of cure within thirty (30) Calendar Days, the Breaching Party shall commence such cure within thirty (30) Calendar Days after notice and continuously and diligently complete such cure within ninety (90) Calendar Days from receipt of the Default notice; and, if cured within such time, the Breach specified in such notice shall cease to exist.

* * *

ARTICLE 24. INFORMATION REQUIREMENTS

* * *

24.3 Updated Information Submission by Interconnection Customer. The updated information submission by the Interconnection Customer, including manufacturer information, shall occur no later than one hundred eighty (180) Calendar Days prior to the Trial Operation. The Interconnection Customer shall submit a completed copy of the Electric Generating Unit data requirements contained in Appendix 1 to the GIP. It shall also include any additional information provided to the Participating TO and the CAISO for the Interconnection Studies. Information in this submission shall be the most current Electric Generating Unit design or expected performance data. Information submitted for stability models shall be compatible with the

Participating TO and CAISO standard models. If there is no compatible model, the Interconnection Customer will work with a consultant mutually agreed to by the Parties to develop and supply a standard model and associated information.

If the Interconnection Customer's data is materially different from what was originally provided to the Participating TO and the CAISO for the Interconnection Studies, then the Participating TO and the CAISO will conduct appropriate studies pursuant to the GIP to determine the impact on the Participating TO's Transmission System and affected portions of the CAISO Controlled Grid based on the actual data submitted pursuant to this Article 24.3. The Interconnection Customer shall not begin Trial Operation until such studies are completed and all other requirements of this LGIA are satisfied.

* * *

ARTICLE 30. MISCELLANEOUS

* * *

30.3 Rules of Interpretation. This LGIA, unless a clear contrary intention appears, shall be construed and interpreted as follows: (1) the singular number includes the plural number and vice versa; (2) reference to any person includes such person's successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this LGIA, and reference to a person in a particular capacity excludes such person in any other capacity or individually; (3) reference to any agreement (including this LGIA), document, instrument or tariff means such agreement, document, instrument, or tariff as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof; (4) reference to any Applicable Laws and Regulations means such Applicable Laws and Regulations as amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated thereunder; (5) unless expressly stated otherwise, reference to any Article, Section or Appendix means such Article of this LGIA or such Appendix to this LGIA, or such Section to the GIP or such Appendix to the GIP, as the case may be; (6) "hereunder", "hereof", "herein", "hereto" and words of similar import shall be deemed references to this LGIA as a whole and not to any particular Article or other provision hereof or thereof; (7) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; and (8) relative to the determination of any period of time, "from" means "from and including", "to" means "to but excluding" and "through" means "through and including".

* * *

Attachment B – Marked Tariff Changes
Generator Interconnection Procedures Compliance Filing
California Independent System Operator Corporation
Fifth Replacement FERC Electric Tariff

* * *

Appendix A
Master Definition Supplement

* * *

Generator Interconnection Agreement (GIA)

The form of Interconnection Agreement applicable to an Interconnection Request pertaining to a Generating Facility processed under the interconnection procedures set forth in Appendix Y. For a Large Generating Facility, a pro forma version of the Interconnection Agreement is set forth in Appendix CCZ. For a Small Generating Facility, a pro forma version of the Interconnection Agreement is set forth in Appendix T.

* * *

Appendix T
Small Generator Interconnection Agreement

* * *

Article 1. Scope And Limitations Of Agreement

1.5 Responsibilities of the Parties

1.5.1 The Parties shall perform all obligations of this Agreement in accordance with all Applicable Laws and Regulations, Operating Requirements, and Good Utility Practice. The Parties shall use the Large Generator Interconnection Agreement (CAISO Tariff Appendix V or Appendix CCZ, as applicable) to interpret the responsibilities of the Parties under this Agreement.

* * *

Appendix Y GIP For Interconnection Requests
Generator Interconnection Procedures (GIP)

* * *

3.5 Processing of Interconnection Requests

3.5.1 Initiating an Interconnection Request.

To initiate an Interconnection Request, except as set forth in GIP Section 5, the Interconnection Customer must submit all of the following during a Cluster Application Window, or at any time during the year for proposed Generating Facilities applying for processing under the Independent Study Process:

- (i) An a \$250,000 Interconnection Study Deposit equal to \$50,000 plus \$1,000 per MW of electrical output of the Generating Facility, up to a maximum of \$250,000. With respect to Interconnection Customers that have submitted Interconnection Requests: (1) if such customers, for whom the Phase I Interconnection Studies

have not yet commenced, or are in the ISO's third Queue Cluster, have posted an Interconnection Study Deposit that is less than the amount required by this section, such Interconnection Customers must post the difference between the amount posted and the amount required by this section within thirty (30) calendar days of a FERC order accepting this provision; (2) if such customers, for whom the Phase I Interconnection Studies have not yet commenced, or are in the ISO's third Queue Cluster, have posted an Interconnection Study Deposit that is greater than the amount required by this section, such Interconnection Customers will receive a refund equal to the difference between the amount originally posted and the amount required under this section within thirty (30) calendar days of a FERC order accepting this provision.

- (ii) A completed application in the form of GIP Appendix 1, including requested deliverability status, requested study process (either Queue Cluster or Independent Study Process), preferred Point of Interconnection and voltage level, and all other required technical data.
- (iii) Demonstration of Site Exclusivity or, for Interconnection Requests in a Queue Cluster, a posting of a Site Exclusivity Deposit of \$100,000 for a Small Generating Facility or \$250,000 for a Large Generating Facility. The demonstration of Site Exclusivity, at a minimum, must be through the Commercial Operation Date of the new Generating Facility or increase in capacity of the existing Generating Facility.

* * *

5.1 Applicability and Initiation of Fast Track Process Request

An Interconnection Customer may request interconnection of a proposed Generating Facility to the CAISO Controlled Grid under the Fast Track Process if the Generating Facility is no larger than 5 MW and is requesting Energy-Only Deliverability Status and if the Interconnection Customer's proposed Generating Facility meets the codes, standards, and certification requirements of Appendices 9 and 10 of this GIP, or if the applicable Participating TO notifies the CAISO that it has reviewed the design for or tested the proposed Small Generating Facility and has determined that the proposed Generating Facility may interconnect consistent with Reliability Criteria and Good Utility Practice.

To initiate an Interconnection Request under the Fast Track Process, the Interconnection Customer must provide the CAISO with:

- (i) a completed Interconnection Request as set forth in Appendix 1 to the GIP;
- (ii) a non-refundable processing fee of \$500 and a study deposit of \$1,000; and
- (iii) a demonstration of Site Exclusivity. For the Fast Track Process, such demonstration may include documentation reasonably demonstrating a right to locate the Generating Facility on real estate or real property improvements owned, leased, or otherwise legally held by another.

The CAISO shall review and validate the Fast Track Process Interconnection Request pursuant to GIP Section 5.2.

All provisions of this GIP will apply unless superseded by provisions in this GIP Section 5.

* * *

9.2 Initial Posting Of Interconnection Financial Security

* * *

9.2.6 Effect of Decrease in Output on Initial Posting Requirement. If an Interconnection Customer decreases the electrical output of its facility after the completion of the Phase I Interconnection Study, pursuant to Section 6.9.2, and the ISO, in consultation with the applicable Participating TO(s), is able to reasonably determine, prior to the date for initial posting of Interconnection Financial Security, that as a result of such decrease (solely or in combination with other modifications made by Interconnection Customers in the same Study Group) some of the Network Upgrades and/or Participating TO Interconnection Facilities identified in the Phase I Interconnection Study will no longer be required, then the calculation of the initial posting of Interconnection Financial Security will not include those Network Upgrades and/or Participating TO Interconnection Facilities. Such determination will be made based on the ISO's best engineering judgment and will not include any re-studies.

9.3 Additional Posting Of Interconnection Financial Security

* * *

9.3.1.5 Consequences for Failure to Post. The failure by an Interconnection Customer to timely post the Interconnection Financial Security required by this GIP Section 9.3.1 shall constitute grounds for termination of the GIA pursuant to LGIAGIA Article 2.3 or SGIA Article 3.3, whichever is applicable.

9.3.2 Third Posting of Interconnection Financial Security.

On or before the start of Construction Activities for Network Upgrades or Participating TO's Interconnection Facilities on behalf of the Interconnection Customer, whichever is earlier, the Interconnection Customer shall modify the two separate Interconnection Financial Security instruments posted pursuant to GIP Section 9.3.1 as follows. With respect to the Interconnection Financial Security Instrument for Network Upgrades, the Interconnection Customer shall modify this Instrument so that it equals one hundred percent (100%) of the total cost responsibility assigned to the Interconnection Customer for Network Upgrades in either the final Phase I Interconnection Study or Phase II Interconnection Study for Interconnection Customers in a Queue Cluster, or the final System Impact Study, or Facilities Study for Interconnection Customers in the Independent Study Process, whichever is lower. With respect to the Interconnection Financial Security Instrument for Participating TO Interconnection Facilities, the Interconnection Customer shall modify this instrument so that it equals one hundred percent (100%) of the total cost responsibility assigned to the Interconnection Customer for Participating TO Interconnection Facilities in the final Phase II Interconnection Study for Interconnection Customers in a Queue Cluster, or the final Facilities Study for Interconnection Customers in the Independent Study Process.

The failure by an Interconnection Customer to timely post the Interconnection Financial Security required by this GIP Section 9.3.2 shall constitute grounds for termination of the GIA pursuant to LGIAGIA Article 2.3 or SGIA Article 3.3, whichever is applicable.

* * *

11.1 Tender

11.1.1 Within thirty (30) Calendar Days after the CAISO provides the final Phase II Interconnection Study report, or the Facilities Study report (or System Impact Study

report if the Facilities Study is waived) to the Interconnection Customer, the applicable Participating TO(s) and the CAISO shall tender a draft GIA, together with draft appendices. The draft GIA shall be in the form of the FERC-approved form of ~~GIA~~GIA set forth in CAISO Tariff Appendix T, ~~Appendix Z~~, or Appendix CC, as applicable. The Interconnection Customer shall provide written comments, or notification of no comments, to the draft appendices to the applicable Participating TO(s) and the CAISO within (30) calendar days of receipt.

* * *

12.3 Network Upgrades

12.3.1 Initial Funding

Unless the applicable Participating TO(s) elects to fund the full capital for identified Reliability and Delivery Network Upgrades, they shall be funded by the Interconnection Customer(s) either by means of drawing down the Interconnection Financial Security or by the provision of additional capital, at each Interconnection Customer's election, up to a maximum amount no greater than that established by the cost responsibility assigned to each Interconnection Customer(s) under GIP Sections 7.3 and 7.4.

Where the applicable Participating TO(s) does not elect to fund the full capital for specific Reliability and Delivery Network Upgrades, the applicable Participating TO(s) shall be responsible for funding any capital costs for the Reliability and Delivery Network Upgrades that exceed the total cost responsibility assigned to the Interconnection Customer(s) under GIP Sections 7.3 and 7.4.

- (a) Where the funding responsibility for any Reliability Network Upgrade or Delivery Network Upgrade has been assigned to a single Interconnection Customer in accordance with this GIP, and the applicable Participating TO(s) has elected not to fund the full capital of the Reliability Network Upgrade or Delivery Network Upgrade, the applicable Participating TO(s) shall invoice the Interconnection Customer under ~~LGIAGIA Article 12.1 or SGIA Article 6.1, whichever is applicable~~, up to a maximum amount no greater than that established by the cost responsibility assigned to each Interconnection Customer(s) under GIP Sections 7.3 and 7.4 for the Reliability Network Upgrade or Delivery Network Upgrade, respectively.
- (b) Where the funding responsibility for a Reliability Network Upgrade has been assigned to more than one Interconnection Customer in accordance with this GIP, and the applicable Participating TO(s) has elected not to fund the full capital of the Reliability Network Upgrade, the applicable Participating TO(s) shall invoice each Interconnection Customer under ~~LGIAGIA Article 12.1 or SGIA Article 6.1, whichever is applicable~~, for such Reliability Network Upgrade based on the ratio of the maximum megawatt electrical output of each new Generating Facility or the amount of megawatt increase in the generating capacity of each existing Generating Facility as listed the Generating Facility's Interconnection Request to the aggregate maximum megawatt electrical output of all such new Generating Facilities and increases in the generating capacity of existing Generating Facilities assigned responsibility for such Reliability Network Upgrade. Each Interconnection Customer may be invoiced up to a maximum amount no greater than that established by the cost responsibility assigned to that Interconnection Customer under GIP Section 7.3.
- (c) Where the funding responsibility for a Delivery Network Upgrade has been assigned to more than one Interconnection Customer in accordance with this GIP, and the applicable Participating TO(s) has elected not to fund the full capital

of the Delivery Network Upgrade, the applicable Participating TO(s) shall invoice each Interconnection Customer under LGIA Article 12.1 or SGIA Article 6.1, whichever is applicable, for such Delivery Network Upgrade based on the percentage flow impact of each assigned Generating Facility on each Delivery Network Upgrade as determined by the Generation distribution factor methodology used in the On-Peak and Off-Peak Deliverability Assessments performed in the Phase II Interconnection Study. Each Interconnection Customer may be invoiced up to a maximum amount no greater than that established by the cost responsibility assigned to that Interconnection Customer under GIP Section 7.4.

Any permissible extension of the Commercial Operation Date of a Generating Facility will not alter the Interconnection Customer's obligation to finance Network Upgrades where the Network Upgrades are required to meet the earlier Commercial Operation Date(s) of other Generating Facilities that have also been assigned cost responsibility for the Network Upgrades.

* * *

Appendix 2 LGIP Relating To The LGIP Transition Cluster

Section 1. Objective, Applicability and Definitions

1.1 Objective and Applicability

The objective of this Appendix 2 to the ~~Large-Generator~~ Interconnection Procedures (GIPLGIP) is to implement the requirements for interconnecting to the CAISO Controlled Grid those Generating Facilities assigned to the LGIP Transition Cluster. All Interconnection Requests assigned to the LGIP Transition Cluster shall be deemed to have been assigned to a Queue Cluster Window for purposes of GIPLGIP Section 1.1 and therefore all provisions of the GIPLGIP apply to Generating Facilities included in the LGIP Transition Cluster, except as set forth herein.

1.2 Definitions

1.2.1 Master Definitions Supplement and Other General Definition Rules

Unless the context otherwise requires, any word or expression defined in the Master Definitions Supplement, Appendix A to the CAISO Tariff, shall have the same meaning where used in this Appendix 2 to the GIPLGIP. Further, unless the context otherwise requires, any word or expression defined in GIPLGIP Section 1.2 shall have the same meaning where used in this Appendix 2 to the GIPLGIP. References to GIPLGIP in this Appendix 2 are to Appendix Y of the CAISO Tariff.

1.2.2 Special Definitions for this GIPLGIP Appendix 2

In this Appendix 2 to the GIPLGIP, the following words and expressions shall have the meanings set opposite them:

"Serial Study Group" shall mean the collection of valid Interconnection Requests with an assigned Queue Position on or before June 1, 2008 studied in accordance with the interconnection

procedures set forth in the version of the GIPLGIP set forth in CAISO Tariff Appendix U as permitted by the decision of FERC in Docket No. ER08-960-000.

"LGIP Transition Cluster" shall mean the collection of valid Interconnection Requests with an assigned Queue Position on or before June 1, 2008 that were not included as part of the Serial Study Group by the decision of FERC in Docket No. ER08-960-000.

"LGIP Transition Cluster Interconnection Study Deposit" shall mean, for each Interconnection Request in the LGIP Transition Cluster other than those subject to Section 3.2 of this Appendix 2 to the GIPLGIP, the difference between (i) \$250,000 and (ii) the total amount the Interconnection Customer has been charged for Interconnection Studies performed under an Interconnection Feasibility Study Agreement, Interconnection System Impact Study Agreement, or Interconnection Facilities Study Agreement plus the balance of any remaining deposit provided under an Interconnection Feasibility Study Agreement, Interconnection System Impact Study Agreement, or Interconnection Facilities Study Agreement. For an Interconnection Request subject to Section 3.2 of this Appendix 2 to the GIPLGIP, the amount of the LGIP Transition Cluster Interconnection Study Deposit shall be the difference between (i) \$100,000 and (ii) the total amount the Interconnection Customer has been charged for Interconnection Studies performed under an Interconnection Feasibility Study Agreement, Interconnection System Impact Study Agreement, or Interconnection Facilities Study Agreement plus the balance of any remaining deposit provided under an Interconnection Feasibility Study Agreement, Interconnection System Impact Study Agreement, or Interconnection Facilities Study Agreement.

2. Queue Position

The Queue Position of any Interconnection Request included in the LGIP Transition Cluster shall be deemed to be lower than that of any Interconnection Request included in the Serial Study Group for purposes of performing Interconnection Studies for Large Generating Facilities whose Interconnection Requests are in the Serial Study Group.

3. Requirements to Remain in the LGIP Transition Cluster

3.1 General Requirements for Large Generating Facilities

An Interconnection Request deemed to be included in the LGIP Transition Cluster in accordance with the decision of FERC in Docket No. ER08-960-000 will be deemed to have been withdrawn from the LGIP Transition Cluster unless the Interconnection Customer provides, within sixty (60) calendar days from the effective date of this Appendix 2 to the GIPLGIP, all of the following: (i) a LGIP Transition Cluster Interconnection Study Deposit, (ii) a statement of the requested deliverability status, (iii) a preferred Point of Interconnection and voltage level and all other technical data required by the GIPLGIP, if not already submitted to the CAISO, and (iv) demonstration of Site Exclusivity or a posting of a Site Exclusivity Deposit of \$250,000. The demonstration of Site Exclusivity must be, at a minimum, through the anticipated Commercial Operation Date of the new Large Generating Facility or increase in capacity of the existing Generating Facility.

Section 3.8 of the GIPLGIP shall not apply to a failure to satisfy the requirements of this Section 3.1 of this Appendix 2 to the GIPLGIP.

3.2 Special Requirements for Certain Small and Existing Large Generating Facilities

An Interconnection Customer with an Interconnection Request in the LGIP Transition Cluster relating to (a) a Small Generating Facility seeking a Deliverability Assessment or (b) a Generating Facility, subject to the GIPLGIP in accordance with CAISO Tariff Section 25.1.1, that has

achieved Commercial Operation prior to the date of the Interconnection Request, and is seeking to increase the capacity of the Generating Facility by less than 20 MW, will be deemed to have withdrawn its Interconnection Request from the LGIP Transition Cluster unless it provides, within sixty (60) calendar days from the effective date of this Appendix 2 to the GIPLGIP, all of the following: (i) a LGIP Transition Cluster Interconnection Study Deposit, (ii) a statement of the requested deliverability status, (iii) a preferred Point of Interconnection and voltage level and all other technical data required by the GIPLGIP, if not already submitted to the CAISO, and (iv) demonstration of Site Exclusivity or a posting of a Site Exclusivity Deposit of \$250,000. The demonstration of Site Exclusivity, at a minimum, must be through the Commercial Operation Date of the new Large Generating Facility or increase in capacity of the existing Generating Facility.

Section 3.8 of the GIPLGIP shall not apply to a failure to satisfy the requirements of this Section 3.2 of this Appendix 2 to the GIPLGIP.

3.3 Communication of LGIP Transition Cluster Interconnection Study Deposit Amount

The CAISO shall provide each Interconnection Customer with the amount of its LGIP Transition Cluster Interconnection Study Deposit within five (5) Business Days after the effective date of this Appendix 2 to the GIPLGIP.

3.4 Use of the LGIP Transition Cluster Interconnection Study Deposit

The CAISO shall deposit all LGIP Transition Cluster Interconnection Study Deposits in an interest bearing account at a bank or financial institution designated by the CAISO. The LGIP Transition Cluster Interconnection Study Deposit shall be applied to pay for prudent costs incurred by the CAISO, the Participating TOs, or third parties at the direction of the CAISO or Participating TOs, as applicable, to perform and administer the Interconnection Studies. The LGIP Transition Cluster Interconnection Study Deposit is not refundable.

Upon execution of a GIA by an Interconnection Customer, the CAISO and the applicable Participating TO(s), or the approval by FERC of an unexecuted GIA, the CAISO shall refund to the Interconnection Customer any portion of the Interconnection Customer's LGIP Transition Cluster Interconnection Study Deposit, including interest earned at the rate provided for in the interest-bearing account from the date of deposit to the date of withdrawal, that exceed the costs the CAISO, Participating TOs, or third parties have incurred on the Interconnection Customer's behalf.

Notwithstanding the foregoing, an Interconnection Customer that withdraws or is deemed to have withdrawn its Interconnection Request during an Interconnection Study Cycle shall be obligated to pay to the CAISO all costs in excess of the LGIP Transition Cluster Interconnection Study Deposit that have been prudently incurred or irrevocably have been committed to be incurred with respect to that Interconnection Request prior to withdrawal. The CAISO will reimburse the applicable Participating TO(s) or third parties, as applicable, for all work performed associated with the Interconnection Request at the CAISO's direction. The Interconnection Customer must pay all monies due before it is allowed to obtain any Interconnection Study data or results.

All non-refundable portions of the LGIP Transition Cluster Interconnection Study Deposit that exceed the costs the CAISO, Participating TOs, or third parties have incurred on the Interconnection Customer's behalf shall be treated in accordance with CAISO Tariff Section 37.9.4.

3.5 Obligation for Study Costs

The CAISO shall charge and the Interconnection Customer shall pay the actual costs of the Interconnection Studies. The CAISO shall issue invoices for Interconnection Studies that shall include a detailed and itemized accounting of the cost of each Interconnection Study. The CAISO shall draw from the LGIP Transition Cluster Interconnection Study Deposit any undisputed costs within thirty (30) calendar days after issuance of an invoice therefor. Whenever the actual cost of performing the Interconnection Studies exceeds the LGIP Transition Cluster Interconnection Study Deposit, the Interconnection Customer shall pay the undisputed difference in accordance with the CAISO issued invoice within thirty (30) calendar days. The CAISO shall not be obligated to continue to have any studies conducted unless the Interconnection Customer has paid all undisputed amounts in compliance herewith. In the event an Interconnection Study is performed by the CAISO, the Interconnection Customer shall pay only the costs of those activities performed by the Participating TO to adequately review or validate that Interconnection Study.

4. Phase I Interconnection Study

4.1 Grouping Interconnection Requests and Base Cases

Interconnection Requests in the LGIP Transition Cluster shall be grouped in accordance with GIPLGIP Section 6.1. Rather than Generation submitted during a Queue Cluster Window, the Interconnection Base Case Data for the LGIP Transition Cluster shall reflect the Generation from those Interconnection Requests that satisfy the requirements of Sections 3.1 and 3.2 of this Appendix 2 to the GIPLGIP.

4.2 Schedule

The Phase I Interconnection Study, as described in GIPLGIP Section 6, including the grouping and Interconnection Base Case Data development, for the LGIP Transition Cluster shall commence no later than December 1, 2008 or sixty (60) calendar days after the effective date of this Appendix 2 to the GIPLGIP, whichever is later. Results of the Phase I Interconnection Study shall be provided to the Interconnection Customer within two hundred forty (240) calendar days after commencement under this Section.

4.3 Results Meeting

Within sixty (60) calendar days after providing the Phase I Interconnection Study report to the Interconnection Customer, the applicable Participating TO(s), the CAISO and the Interconnection Customer shall meet to discuss the results of the Phase I Interconnection Study, including assigned cost responsibility.

4.3.1 Modifications

Proposed modifications to the Interconnection Request shall be evaluated as set forth in GIPLGIP Section 6.7.2, except that for projects in the LGIP Transition Cluster (i) the modifications permitted under this Section shall also include: (d) an increase in the MW value above the Generating Facility Capacity set forth in the Interconnection Request, not to exceed thirty percent (30%) of the original amount (i.e. not to exceed 130% of the Generation Facility Capacity set forth in the original Interconnection Request); and (e) a change in the requested deliverability status set forth in the Interconnection Request from Energy Only to full capacity, and (ii) any modifications requested for projects in the LGIP Transition Cluster must be made within five (5) business days of the effective date of this tariff sheet.

To the extent that modifications made by one or more Interconnection Customers for either of the reasons specified in this Section 4.3.1 causes the need for additional upgrades within the

applicable LGIP Transition Cluster study group beyond those identified in the Phase I Interconnection Study, the responsibility for financing such incremental upgrades shall be assigned solely to those Interconnection Customers making such modifications, pro rata in accordance with applicable provisions of the LGIP and this Appendix 2.

4.4 Cost Allocation Methods for Reliability Network Upgrades in Phase I Interconnection Study

The estimated costs for Reliability Network Upgrades identified in the Phase I Interconnection Study for the LGIP Transition Cluster shall be allocated as set forth in GIPLGIP Section 6.3.1, except that the estimated costs of short circuit related Reliability Network Upgrades identified through the Phase I Interconnection Study shall be assigned to all Interconnection Requests in that Study pro rata on the basis of the maximum megawatt electrical output of each proposed new Large Generating Facility or the amount of megawatt increase in the generating capacity of each existing Generating Facility as listed by the Interconnection Customer in its Interconnection Request.

5. Phase II Interconnection Study

5.1 Phase II Interconnection Study Procedures

The Phase II Interconnection Study, as described in GIPLGIP Section 7, for the LGIP Transition Cluster shall commence no later than one hundred twenty (120) calendar days after publication of the Phase I Interconnection Study report. Results of the Phase II Interconnection Study shall be provided to the Interconnection Customer within three hundred thirty (330) calendar days after commencement under this Section.

5.2 Coordination of the Phase II Interconnection Study with the Transmission Planning Process

As part of the Uniform Planning Assumptions and Study Plan developed under Section 24 of the CAISO Tariff during calendar year 2009, the CAISO shall include technical analyses intended to identify, at a minimum, conceptual transmission upgrades that may access proposed Large Generating Facilities included in the LGIP Transition Cluster that are located in Energy Resource Areas.

5.3 Financing of Reliability Network Upgrades Identified in Phase II Interconnection Study

The responsibility for financing final Reliability Network Upgrades identified in the Phase II Interconnection Study for the LGIP Transition Cluster shall be determined as set forth in GIPLGIP Section 7.3, except that the responsibility for financing final short circuit related Reliability Network Upgrades identified in the Phase II Interconnection Study shall be assigned to all Interconnection Requests in that Study pro rata on the basis of the maximum megawatt electrical output of each proposed new Large Generating Facility or the amount of megawatt increase in the generating capacity of each existing Generating Facility as listed by the Interconnection Customer in its Interconnection Request, up to the cost assignment for Reliability Network Upgrades under GIPLGIP Section 6.3.1 and Section 4.4 of this Appendix 2.

6. Interconnection Financial Security

The provisions of GIPLGIP Section 9 shall apply to the LGIP Transition Cluster, except that (i) the initial posting of Interconnection Financial Security under GIPLGIP Section 9.2 in Appendix Y shall be required on or before the later of ten (10) business days after the effective date of this tariff sheet or one hundred twenty (120) calendar days after publication of the Phase I Interconnection Study report, but in no event

earlier than November 30, 2009 or later than December 18, 2009; and (ii) any Interconnection Customer who has been permitted a modification for either of the reasons specified in Section 4.3.1 of this Appendix 2 shall make its first posting of Interconnection Financial Security for Network Upgrades pursuant to GIP Section 9.2 in an amount equal to the lesser of \$20,000 per megawatt of electrical output of the Large Generating Facility, including any modifications thereto, or \$7,500,000, but in no event less than \$500,000, and shall make its second and third postings of Interconnection Financial Security for Network Upgrades pursuant to GIP Section 9.3 based on the total cost responsibility assigned to the Interconnection Customer for Network Upgrades in the Phase II Interconnection Study.

* * *

Appendix 8

Transition of Existing SGIP Interconnection Requests to the GIP

Generator Interconnection Procedures (GIP)

Relating to the SGIP Serial Study Group and SGIP Transition Cluster

* * *

- 2.2** An Interconnection Request deemed to be included in the SGIP Serial Study Group that wishes to be studied as a Full Capacity Deliverability Status Generating Facility will continue to be processed per the procedures set forth in Appendix S to the CAISO Tariff for Energy-Only Deliverability Status, with a Full Capacity Delivery Status Deliverability Assessment to be performed as part of the next Interconnection Study Cycle following the completion of the serial portion of the Generating Facility's studies pursuant to Appendix S. Interconnection Customers electing this one-time option will be required to post a study deposit in the amount set forth in Section 3.5.1 of this GIP, less any study deposit amounts already paid and any study deposit reasonably anticipated to be paid.

* * *

- 3.3** An Interconnection Customer in the SGIP Transition Cluster must post, within thirty (30) calendar days of the effective date of this Appendix 8, all of the following: (i) an Interconnection Study Deposit equal to the amount set forth in Section 3.5.1 of Appendix Y, if it has not done so already; and (ii) a demonstration of Site Exclusivity, if it has not done so already. An Interconnection Customer that does not satisfy these posting requirements will be withdrawn from the SGIP Transition Cluster. An Interconnection Customer who withdraws from the SGIP Transition Cluster will be refunded the entire amount of its Interconnection Study Deposit upon withdrawal, less any amounts that the CAISO ~~and~~ Participating TO(s), ~~and third parties~~ have incurred in performing studies on the Interconnection Customer's behalf.

* * *

CAISO TARIFF APPENDIX CC

Large Generator Interconnection Agreement

for Interconnection Requests in a Queue Cluster Window

that are tendered a Large Generator Interconnection Agreement on or after July 3, 2010

* * *

ARTICLE 1. DEFINITIONS

* * *

Generator Interconnection Procedures (GIP) shall mean the CAISO protocol that sets forth the interconnection procedures applicable to an Interconnection Request pertaining to a Large Generating Facility that is included in CAISO Tariff Appendix Y.

Generator Interconnection Study Process Agreement shall mean the agreement between the Interconnection Customer and the CAISO for the conduct of the Interconnection Studies.

* * *

Governing Independent Study Process Interconnection Studies shall mean the engineering study(ies) conducted or caused to be performed by the CAISO, in coordination with the applicable Participating TO(s), that evaluates the impact of the proposed interconnection on the safety and reliability of the Participating TO's Transmission System and, if applicable, an Affected System, which shall consist primarily of a Facilities Study as described in Section 4.5 of the Generation Interconnection Procedures or a System Impact Study as described in Section 4.4 of the Generation Interconnection Procedures.

* * *

Interconnection Financial Security shall mean any of the financial instruments listed meaning assigned to it in Section 9.1.2 of the GIP that are posted by an Interconnection Customer LGIP.

* * *

Interconnection Request shall mean a request, in the form of Appendix 1 to the Large Generator Interconnection Procedures, in accordance with the CAISO Tariff.

* * *

Interconnection Study shall mean

- (i) For Interconnection Requests processed under the Cluster Study Process described in the Generator Interconnection Procedures, either of the following studies: the Phase I Interconnection Study or the Phase II Interconnection Study conducted or caused to be performed by the CAISO, in coordination with the applicable Participating TO(s), pursuant to the Large Generator Interconnection Procedures;
- (ii) For Interconnection Requests processed under the Independent Study Process described in the Generator Interconnection Procedures, the governing study(ies) conducted or caused to be performed by the CAISO, in coordination with the applicable Participating TO(s), pursuant to the Generator Interconnection Procedures, which shall consist primarily of a Facilities Study as described in Section 4.5 of the GIP or a System Impact Study as described in Section 4.4 of the GIP.

* * *

~~**Large Generator Interconnection Procedures (LGIP)** shall mean the CAISO protocol that sets forth the interconnection procedures applicable to an Interconnection Request pertaining to a Large Generating Facility that is included in CAISO Tariff Appendix Y.~~

~~**Large Generator Interconnection Study Process Agreement** shall mean the agreement between the Interconnection Customer and the CAISO for the conduct of the Interconnection Studies.~~

* * *

Phase I Interconnection Study shall mean the engineering study conducted or caused to be performed by the CAISO, in coordination with the applicable Participating TO(s), that evaluates the impact of the proposed interconnection on the safety and reliability of the Participating TO's Transmission System and, if applicable, an Affected System. The study shall identify and detail the system impacts that

would result if the Generating Facility(ies) were interconnected without identified project modifications or system modifications, as provided in the On-Peak Deliverability Assessment (as defined in the CAISO Tariff), and other potential impacts, including but not limited to those identified in the Scoping Meeting as described in the Large-Generator Interconnection Procedures. The study will also identify the approximate total costs, based on per unit costs, of mitigating these impacts, along with an equitable allocation of those costs to Interconnection Customers for their individual Generating Facilities.

* * *

ARTICLE 2. EFFECTIVE DATE, TERM AND TERMINATION

* * *

2.4 Termination Costs. Immediately upon the other Parties' receipt of a notice of the termination of this LGIA pursuant to Article 2.3 above, the CAISO and the Participating TO will determine the total cost responsibility of the Interconnection Customer. If, as of the date of the other Parties' receipt of the notice of termination, the Interconnection Customer has not already paid its share of Network Upgrade costs, as set forth in Appendix G to this LGIA, the Participating TO will liquidate the Interconnection Customer's Interconnection Financial Security associated with its cost responsibility for Network Upgrades, in accordance with Section 9.4 of the GIPLGIP.

The Interconnection Customer will also be responsible for all costs incurred or irrevocably committed to be incurred in association with the construction of the Participating TO's Interconnection Facilities (including any cancellation costs relating to orders or contracts for Interconnection Facilities and equipment) and other such expenses, including any Distribution Upgrades for which the Participating TO or CAISO has incurred expenses or has irrevocably committed to incur expenses and has not been reimbursed by the Interconnection Customer, as of the date of the other Parties' receipt of the notice of termination, subject to the limitations set forth in this Article 2.4. Nothing in this Article 2.4 shall limit the Parties' rights under Article 17. If, as of the date of the other Parties' receipt of the notice of termination, the Interconnection Customer has not already reimbursed the Participating TO and the CAISO for costs incurred to construct the Participating TO's Interconnection Facilities, the Participating TO will liquidate the Interconnection Customer's Interconnection Financial Security associated with the construction of the Participating TO's Interconnection Facilities, in accordance with Section 9.4 of the GIPLGIP. If the amount of the Interconnection Financial Security liquidated by the Participating TO under this Article 2.4 is insufficient to compensate the CAISO and the Participating TO for actual costs associated with the construction of the Participating TO's Interconnection Facilities contemplated in this Article, any additional amounts will be the responsibility of the Interconnection Customer, subject to the provisions of Section 9.4 of the GIPLGIP. Any such additional amounts due from the Interconnection Customer beyond the amounts covered by its Interconnection Financial Security will be due to the Participating TO immediately upon termination of this LGIA in accordance with Section 9.4 of the GIPLGIP.

If the amount of the Interconnection Financial Security exceeds the Interconnection Customer's cost responsibility under Section 9.4 of the GIPLGIP, any excess amount will be released to the Interconnection Customer in accordance with Section 9.4 of the GIPLGIP.

* * *

ARTICLE 3. REGULATORY FILINGS AND CAISO TARIFF COMPLIANCE

* * *

3.2 Agreement Subject to CAISO Tariff. The Interconnection Customer will comply with all applicable provisions of the CAISO Tariff, including the GIPLGIP.

* * *

ARTICLE 5. INTERCONNECTION FACILITIES ENGINEERING, PROCUREMENT, AND CONSTRUCTION

* * *

5.5 Equipment Procurement. If responsibility for construction of the Participating TO's Interconnection Facilities or Network Upgrades is to be borne by the Participating TO, then the Participating TO shall commence design of the Participating TO's Interconnection Facilities or Network Upgrades and procure necessary equipment as soon as practicable after all of the following conditions are satisfied, unless the Parties otherwise agree in writing:

5.5.1 The CAISO, in coordination with the applicable Participating TO(s), has completed the Phase II Interconnection Study or Governing Independent Study Interconnection Study pursuant to the applicable Large Generator Interconnection Facilities Study Process Agreement or other applicable study process agreement;

5.5.2 The Participating TO has received written authorization to proceed with design and procurement from the Interconnection Customer by the date specified in Appendix B, Milestones; and

5.5.3 The Interconnection Customer has provided security to the Participating TO in accordance with Article 11.5 by the dates specified in Appendix B, Milestones.

* * *

5.10.1 Large Generating Facility and Interconnection Customer's Interconnection Facilities Specifications. In addition to the Interconnection Customer's responsibility to submit technical data with its Interconnection Request as required by Section 3.5.1 of the GILGIP, the Interconnection Customer shall submit all remaining necessary specifications for the Interconnection Customer's Interconnection Facilities and Large Generating Facility, including System Protection Facilities, to the Participating TO and the CAISO at least one hundred eighty (180) Calendar Days prior to the Initial Synchronization Date; and final specifications for review and comment at least ninety (90) Calendar Days prior to the Initial Synchronization Date. The Participating TO and the CAISO shall review such specifications pursuant to this LGIA and the GILGIP to ensure that the Interconnection Customer's Interconnection Facilities and Large Generating Facility are compatible with the technical specifications, operational control, safety requirements, and any other applicable requirements of the Participating TO and the CAISO and comment on such specifications within thirty (30) Calendar Days of the Interconnection Customer's submission. All specifications provided hereunder shall be deemed confidential.

* * *

5.10.3 Interconnection Customer's Interconnection Facilities Construction. The Interconnection Customer's Interconnection Facilities shall be designed and constructed in accordance with Good Utility Practice. Within one hundred twenty (120) Calendar Days after the Commercial Operation Date, unless the Participating TO and Interconnection Customer agree on another mutually acceptable deadline, the Interconnection Customer shall deliver to the Participating TO and CAISO "as-built" drawings, information and documents for the Interconnection Customer's Interconnection Facilities and the Electric Generating Unit(s), such as: a one-line diagram, a site plan showing the Large Generating Facility and the Interconnection Customer's Interconnection Facilities, plan and elevation drawings showing the layout of the

Interconnection Customer's Interconnection Facilities, a relay functional diagram, relating AC and DC schematic wiring diagrams and relay settings for all facilities associated with the Interconnection Customer's step-up transformers, the facilities connecting the Large Generating Facility to the step-up transformers and the Interconnection Customer's Interconnection Facilities, and the impedances (determined by factory tests) for the associated step-up transformers and the Electric Generating Units. The Interconnection Customer shall provide the Participating TO and the CAISO specifications for the excitation system, automatic voltage regulator, Large Generating Facility control and protection settings, transformer tap settings, and communications, if applicable. Any deviations from the relay settings, machine specifications, and other specifications originally submitted by the Interconnection Customer shall be assessed by the Participating TO and the CAISO pursuant to the appropriate provisions of this LGIA and the GIPLGIP.

* * *

5.19 Modification.

5.19.1 General. The Interconnection Customer or the Participating TO may undertake modifications to its facilities, subject to the provisions of this LGIA and the CAISO Tariff. If a Party plans to undertake a modification that reasonably may be expected to affect the other Parties' facilities, that Party shall provide to the other Parties sufficient information regarding such modification so that the other Parties may evaluate the potential impact of such modification prior to commencement of the work. Such information shall be deemed to be confidential hereunder and shall include information concerning the timing of such modifications and whether such modifications are expected to interrupt the flow of electricity from the Large Generating Facility. The Party desiring to perform such work shall provide the relevant drawings, plans, and specifications to the other Parties at least ninety (90) Calendar Days in advance of the commencement of the work or such shorter period upon which the Parties may agree, which agreement shall not unreasonably be withheld, conditioned or delayed.

In the case of Large Generating Facility modifications that do not require the Interconnection Customer to submit an Interconnection Request, the CAISO or Participating TO shall provide, within thirty (30) Calendar Days (or such other time as the Parties may agree), an estimate of any additional modifications to the CAISO Controlled Grid, Participating TO's Interconnection Facilities, Network Upgrades or Distribution Upgrades necessitated by such Interconnection Customer modification and a good faith estimate of the costs thereof. The Participating TO and the CAISO shall determine if a Large Generating Facility modification is a Material Modification in accordance with the GIPLGIP.

* * *

ARTICLE 11. PERFORMANCE OBLIGATION

* * *

11.3 Network Upgrades and Distribution Upgrades. The Participating TO shall design, procure, construct, install, and own the Network Upgrades and Distribution Upgrades described in Appendix A. The Interconnection Customer shall be responsible for all costs related to Distribution Upgrades. Unless the Participating TO elects to fund the capital for the Distribution Upgrades and Network Upgrades, they shall be funded by the Interconnection Customer, which for Interconnection Customers processed under Section 6 of the GIP (in queue clusters) shall be in an amount determined pursuant to the methodology set forth in Section 6.543 of the GIPLGIP. This specific amount is set forth in Appendix G to this LGIA.

* * *

11.4.2 Special Provisions for Affected Systems. The Interconnection Customer shall enter into an agreement with the owner of the Affected System and/or other affected owners of portions of the CAISO Controlled Grid, as applicable, in accordance with the ~~GIP~~LGIP. Such agreement shall specify the terms governing payments to be made by the Interconnection Customer to the owner of the Affected System and/or other affected owners of portions of the CAISO Controlled Grid as well as the repayment by the owner of the Affected System and/or other affected owners of portions of the CAISO Controlled Grid. In no event shall the Participating TO be responsible for the repayment for any facilities that are not part of the Participating TO's Transmission System. In the event the Participating TO is a joint owner with an Affected System or with any other co-owner of a facility affected by the Large Generating Facility, the Participating TO's obligation to reimburse the Interconnection Customer for payments made to address the impacts of the Large Generating Facility on the system shall not exceed the proportionate amount of the cost of any upgrades attributable to the proportion of the jointly-owned facility owned by the Participating TO.

* * *

11.5 Provision of Interconnection Financial Security. The Interconnection Customer is obligated to provide all necessary Interconnection Financial Security required under Section 9 of the ~~GIP~~LGIP in a manner acceptable under Section 9 of the ~~GIP~~LGIP. Failure ~~by the Interconnection Customer to timely satisfy the GIP's~~by the Interconnection Customer to timely satisfy the LGIP's requirements for the provision of Interconnection Financial Security shall ~~be result in the Interconnection Request being deemed a breach of this Agreement withdrawn and a condition of Default of this Agreement subject to LGIP Section 3.8.~~result in the Interconnection Request being deemed a breach of this Agreement

11.5.1 Notwithstanding any other provision of this Agreement for notice of Default and opportunity to cure such Default, the CAISO or the Participating TO shall provide the Interconnection Customer with written notice of any Default due to timely failure to post Financial Security, and the Interconnection Customer shall have five (5) Business Days from the date of such notice to cure such Default by posting the required Financial Security. If the Interconnection Customer fails to cure the Default, then this Agreement shall be deemed terminated.

* * *

ARTICLE 17. DEFAULT

17.1 Default.

17.1.1 General. No Default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of Force Majeure as defined in this LGIA or the result of an act or omission of the other Party. Upon a Breach, the affected non-Breaching Party(ies) shall give written notice of such Breach to the Breaching Party. Except as provided in Articles 11.5.1 and Article 17.1.2, the Breaching Party shall have thirty (30) Calendar Days from receipt of the Default notice within which to cure such Breach; provided however, if such Breach is not capable of cure within thirty (30) Calendar Days, the Breaching Party shall commence such cure within thirty (30) Calendar Days after notice and continuously and diligently complete such cure within ninety (90) Calendar Days from receipt of the Default notice; and, if cured within such time, the Breach specified in such notice shall cease to exist.

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ARTICLE 24. INFORMATION REQUIREMENTS

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24.3 Updated Information Submission by Interconnection Customer. The updated information submission by the Interconnection Customer, including manufacturer information, shall occur no later than one hundred eighty (180) Calendar Days prior to the Trial Operation. The Interconnection Customer shall submit a completed copy of the Electric Generating Unit data requirements contained in Appendix 1 to the GIPLGIP. It shall also include any additional information provided to the Participating TO and the CAISO for the Interconnection Studies. Information in this submission shall be the most current Electric Generating Unit design or expected performance data. Information submitted for stability models shall be compatible with the Participating TO and CAISO standard models. If there is no compatible model, the Interconnection Customer will work with a consultant mutually agreed to by the Parties to develop and supply a standard model and associated information.

If the Interconnection Customer's data is materially different from what was originally provided to the Participating TO and the CAISO for the Interconnection Studies, then the Participating TO and the CAISO will conduct appropriate studies pursuant to the GIPLGIP to determine the impact on the Participating TO's Transmission System and affected portions of the CAISO Controlled Grid based on the actual data submitted pursuant to this Article 24.3. The Interconnection Customer shall not begin Trial Operation until such studies are completed and all other requirements of this LGIA are satisfied.

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ARTICLE 30. MISCELLANEOUS

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30.3 Rules of Interpretation. This LGIA, unless a clear contrary intention appears, shall be construed and interpreted as follows: (1) the singular number includes the plural number and vice versa; (2) reference to any person includes such person's successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this LGIA, and reference to a person in a particular capacity excludes such person in any other capacity or individually; (3) reference to any agreement (including this LGIA), document, instrument or tariff means such agreement, document, instrument, or tariff as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof; (4) reference to any Applicable Laws and Regulations means such Applicable Laws and Regulations as amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated thereunder; (5) unless expressly stated otherwise, reference to any Article, Section or Appendix means such Article of this LGIA or such Appendix to this LGIA, or such Section to the GIPLGIP or such Appendix to the GIPLGIP, as the case may be; (6) "hereunder", "hereof", "herein", "hereto" and words of similar import shall be deemed references to this LGIA as a whole and not to any particular Article or other provision hereof or thereof; (7) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; and (8) relative to the determination of any period of time, "from" means "from and including", "to" means "to but excluding" and "through" means "through and including".

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