

**ENERGY IMBALANCE MARKET  
IMPLEMENTATION AGREEMENT**

This Implementation Agreement ("Agreement") is entered into upon the date of execution by and between the City of Los Angeles, acting by and through the Department of Water and Power ("DWP") and the California Independent System Operator Corporation, a California nonprofit public benefit corporation ("ISO"). DWP and the ISO are sometimes referred to in the Agreement individually as a "Party" and, collectively, as the "Parties."

**RECITALS**

- A. WHEREAS, DWP has determined there is an opportunity to secure benefits for DWP's customers through improved dispatch and operation of DWP's generation fleet and through the efficient use and continued reliable operation of existing and future transmission facilities and desires to participate on a voluntary basis in the energy imbalance market operated by the ISO ("EIM");
- B. WHEREAS, the ISO has determined there are benefits to ISO market participants through greater access to energy imbalance resources in real-time and through the efficient use and reliable operation of the transmission facilities and markets operated by the ISO, and desires to expand operation of the EIM to include DWP;
- C. WHEREAS, DWP acknowledges that the rules and procedures governing the EIM are set forth in the provisions of the ISO tariff as filed with the Federal Energy Regulatory Commission ("FERC") and that participation in the EIM requires corresponding revisions to DWP's Open Access Transmission Tariff ("DWP Tariff") and the execution of associated service agreements;
- D. WHEREAS, DWP is exempt from the jurisdiction of the FERC pursuant to 16 U.S.C §824(f) and by entering into and performing this Agreement neither Party intends to waive this exemption;
- E. WHEREAS, the Parties are entering into this Agreement to set forth the terms upon which the ISO will timely configure its systems to incorporate DWP into the EIM ("Project") on or before April 1, 2019 or a different date mutually agreed to by both Parties; and
- F. WHEREAS, DWP's decision whether or not to participate voluntarily in the EIM is within DWP's sole discretion, and DWP will only participate in the EIM so long as such participation is on a voluntary basis and on terms and conditions acceptable to DWP, including DWP's unilateral right to terminate this Agreement as set forth below.

NOW THEREFORE, in consideration of the mutual covenants contained herein, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

**AGREEMENT****1. Effective Date, Term, and Authority.**

(a) The Parties acknowledge that as an entity subject to FERC jurisdiction, the ISO may be required to file this Agreement with FERC. This Agreement shall become effective upon the date the executed Agreement is accepted, approved or otherwise permitted to take effect by FERC after its filing with FERC by the ISO, without condition or modification unsatisfactory to either Party in its sole discretion as more specifically provided in Section 1(b) ("Effective Date").

(b) In the event FERC requires the ISO to make any modification to the Agreement or imposes any other modification or condition upon its acceptance or approval of the Agreement, each Party shall have ten (10) days from the date the Party is notified of such modifications or conditions to notify the other Party that any such modification or condition is unacceptable to that Party as determined in that Party's sole discretion. If no Party provides such notice, then the Agreement, as modified or conditioned by FERC, shall take effect as of the date determined under Section 1(a). If either Party provides such notice to the other Party, the Parties may take any one or more of the following actions : (i) meet and confer and agree to accept any modifications or conditions imposed by such FERC order; (ii) jointly seek further administrative or legal remedies with respect to such FERC order, including a request for rehearing or clarification in which case all further FERC orders on rehearing, clarification or similar orders will be subject to the same rights of the Parties under this Section as the original FERC order; or (iii) enter into negotiations with respect to accommodation of such FERC order, provided however, if the Parties have not agreed to accept or accommodate any modifications or conditions imposed by such FERC order under clauses (i)-(iii) of this Section 1(b) within thirty (30) days after the date on which such FERC order becomes a final and non-appealable order, such order shall be deemed an adverse order and this Agreement will immediately terminate without further action of the Parties and the Parties shall have no further rights and obligations under the Agreement. Notwithstanding the foregoing, either Party may at its sole discretion terminate this Agreement in the event FERC requires any modification to the Agreement or imposes any other condition upon its acceptance or approval of the Agreement upon notification within ten (10) days to the other Party.

(c) The term of the Agreement ("Term") shall commence on the Effective Date and shall terminate upon the earliest to occur of (1) the date FERC permits all necessary revisions to the ISO Tariff that are required by law or requested by the ISO to be approved or accepted by FERC to take effect and the service agreements under such tariff for the commencement of DWP's participation in the EIM have taken effect, and the date DWP permits all necessary revisions to the DWP Tariff to take effect and the service agreements under such tariff for the commencement of DWP's participation in the EIM have taken effect; (2) termination in accordance with Section 2 of this Agreement; or (3) such other date as mutually agreed to by the Parties ("Termination Date").

(d) This Agreement shall automatically terminate on the Termination Date and shall have no further force or effect.

(e) Nothing in this Agreement waives or will be deemed to waive, limit or impair to any extent the exemption of DWP from FERC's jurisdiction under the Federal Power Act or to submit DWP to the jurisdiction of FERC.

## 2. Termination.

(a) The Parties may mutually agree to terminate this Agreement in writing at any time. In addition, either Party may terminate this Agreement in its sole discretion after conclusion of the negotiation period in Section 2(b) or as provided in Section 2(d) or 2(e) as applicable.

(b) Subject to this Section 2(b), either Party may seek to unilaterally terminate this Agreement by notifying the other Party in writing of its intent to do so ("Notice of Intent to Terminate"). Upon receipt of such notice, the Parties shall negotiate in good faith for thirty (30) days in an effort to resolve the notifying Party's concerns. If both Parties agree that the concerns of the Party issuing the Notice of Intent to Terminate have been resolved, then the Party that issued such notice shall notify the other Party in writing of the withdrawal of such Notice ("Notice of Resolution").

(c) At the time the Notice of Intent to Terminate is provided, or any time thereafter unless a Notice of Resolution is issued, DWP may provide written notice directing the ISO to suspend performance on any or all work on the Project for a specified period of time ("Notice to Suspend Work"). Upon receipt of a Notice to Suspend Work, the ISO shall: (1) discontinue work on the Project; (2) place no further orders with subcontractors related to the Project; (3) take commercially reasonable actions to suspend all orders and subcontracts; (4) protect and maintain the work on the Project; (5) otherwise mitigate DWP's costs and liabilities for the areas of work suspended. The ISO will not invoice DWP pursuant to Section 4(c) of this Agreement for any milestone payment following the issuance of a Notice to Suspend Work. To the extent a Notice of Resolution is issued pursuant to Section 2(b), the Notice to Suspend Work in effect at the time shall be deemed withdrawn and the ISO shall be entitled to invoice DWP for any milestone completed as specified in Section 4(c) of this Agreement and DWP shall pay such invoice pursuant to Section 4.

(d) Any time after thirty (30) days from the date of a Notice of Intent to Terminate under Section 2(b) issued by either Party, and prior to the date of a Notice of Resolution, the ISO may terminate this Agreement by providing written notice to DWP that it is terminating this Agreement ("Termination Notice") effective immediately. The ISO may terminate this Agreement under the terms of this Section 2(d) at its sole discretion.

(e) Any time after 30 days from the date of the Notice of Intent to Terminate under Section 2(b), issued by either Party, and prior to the date of a Notice of Resolution, DWP may terminate this Agreement by providing written notice to the ISO

that it is terminating this Agreement ("Termination Notice") effective immediately. DWP may terminate this Agreement under the terms of this Section 2(e) at its sole discretion.

(f) In the event this Agreement is terminated by either or both of the Parties pursuant to its terms, this Agreement will become wholly void and of no further force and effect, without further action by either Party, and the liabilities and obligations of the Parties hereunder will terminate, and each Party shall be fully released and discharged from any liability or obligation under or resulting from this Agreement as of the date of the Termination Notice provided in Section 2(d) or 2(e), as applicable, notwithstanding the requirement for the ISO to submit the filing specified in Section 2(g).

Notwithstanding the foregoing, the rights and obligations set forth in Sections 5 and 7(n) shall survive the termination of this Agreement and remain in full force and effect as specified in Section 5, and any milestone payment obligation pursuant to Section 4(c) that arose prior to the Termination Notice in accordance with Section 2(d) or 2(e) shall survive until satisfied or resolved in accordance with Section 10.

(g) Although DWP is exempt from FERC jurisdiction pursuant to 16 U.S.C §824(f), DWP acknowledges that the ISO is required to file a timely notice of termination with FERC; and such acknowledgement by DWP does not deem a waiver of said exemption.

### 3. Implementation Scope and Schedule.

(a) The Parties shall complete the Project as described in Exhibit A, subject to modification only as described in Section 4(e) below.

(b) The Parties shall undertake the activities described in Exhibit A with the objective of completing the Project and implementing the EIM no later than April 1, 2019, including all milestones listed under Exhibit A for the date the implementation is to be completed, subject to modification only as described in Section 3(c) below.

(c) Either Party may propose a change in Exhibit A or the April 1, 2019 date to the other Party. If a Party proposes a change in Exhibit A or the April 1, 2019 date, the Parties shall negotiate in good faith to attempt to reach agreement on the proposal and any necessary changes in Exhibit A and any other affected provision of this Agreement, provided that any change in Exhibit A, or any change to the April 1, 2019 date, must be mutually agreed to by the Parties. The agreement of the Parties to a change in Exhibit A, or a change to the date the implementation is to be completed, shall be memorialized in a revision to Exhibit A, which will then be binding on the Parties and shall be posted on the internet web sites of the ISO and DWP, without the need for execution of an amendment to this Agreement. Changes that require revision of any provision of this Agreement other than Exhibit A shall be reflected in an executed amendment to this Agreement. Without waiving any rights or exemptions, the Parties acknowledge that the ISO is required to file this Agreement with FERC for acceptance.

(d) At least once per calendar month during the Term, the Parties' Designated Executives, or their designees, will meet telephonically or in person (at a mutually

agreed to location) to discuss the status of the performance of the tasks necessary to achieve the milestones in Exhibit A and the continued appropriateness of Exhibit A to ensure that the Project can meet the April 1, 2019 date. For purposes of this section, "Designated Executive" shall mean the individual identified in Section 7(g), or her or his designee or successor.

4. Implementation Charges, Invoicing and Milestone Payments.

(a) As itemized in Section 4(c) below, DWP shall pay the ISO a fixed fee of \$925,000 for costs incurred by the ISO to implement the Project ("Implementation Fee"), subject to completion of the milestones specified in Section 4(c) and subject to adjustment only as described in Section 4(b).

(b) The ISO will provide prompt written notice to DWP when the sum of its actual costs through the date of such notice and its projected costs to accomplish the balance of the Project exceed the Implementation Fee. The Implementation Fee shall be subject to adjustment only by mutual agreement of the Parties if the Parties agree to a change in Exhibit A, or a change to the date the implementation is to be completed, in accordance with Section 3(c) and the Parties agree that an adjustment to the Implementation Fee is warranted in light of such change; provided, however, the cost of additional instructor-led training of the ISO and EIM courses beyond that which is provided for in this Agreement shall not exceed \$5,000 per day plus reasonable travel expenses.

(c) Upon completion of the milestones identified in Exhibit A, the ISO shall invoice DWP for the Implementation Fee as follows:

- i. \$155,000 upon the Effective Date as further described in Section 1 of this Agreement and Exhibit A as Milestone 1;
- ii. \$155,000 upon deployment into the ISO test environment of the full network model database that includes the topology of the DWP system as further described in Exhibit A as Milestone 2;
- iii. \$155,000 upon ISO promotion of market network model including DWP area to non-production system with DWP connection and data exchange data in advance of market simulation as further described in Exhibit A as Milestone 3;
- iv. \$155,000 upon commencement of EIM market simulation as further described in Exhibit A as Milestone 4;
- v. \$155,000 upon start of parallel operations as further described in Exhibit A as Milestone 5; and

- vi. \$150,000 upon the date the implementation is completed as further described in Exhibit A as Milestone 6.

(d) Following the completion of each milestone identified in Section 4(c)(i) through (v), the ISO will deliver to DWP an invoice which will show the amount due, together with reasonable documentation supporting the completion of the milestone being invoiced. DWP shall pay the invoice no later than ninety (90) days after the date of receipt. Any milestone payment past due will accrue interest, per annum, calculated in accordance with the methodology specified for interest in the FERC regulations at 18 C.F.R. § 35.19a(a)(2)(iii) (the "FERC Methodology"), except that interest will be compounded annually. Either Party shall have sole discretion at the completion of, and payment for in the case of DWP, each milestone identified in Section 4 (c) to terminate the Agreement with ten (10) days notice to other Party. After expiration of this notice period, the Parties may terminate this Agreement pursuant to the termination procedures in Section 2.

(e) If a milestone has not been completed as described in Section 4(c)(i), (ii), (iii), (iv), or (v) and in Exhibit A by the date specified therein, as Exhibit A may have been modified in accordance with Section 3(c), the Parties shall negotiate in good faith an agreed upon change to the Project Delivery Dates (as defined in Exhibit A) consistent with Section 3(c) such that the timing of milestone payments in Section 4(c) can be adjusted to correspond to the updated Exhibit A.

(f) If DWP disputes any portion of any amount specified in an invoice delivered by the ISO in accordance with Section 4(c), DWP shall pay the amount of the invoice not in dispute when due and identify the disputed amount. Any disputed amount shall be resolved pursuant to the provisions of Section 10. Upon resolution of the dispute pursuant to Section 11 and it has been determined and mutually agreed to by both Parties that disputed amount is correct DWP shall promptly pay the amount of the underpayment to the ISO. Any underpayment shall include interest calculated in the manner prescribed for calculating interest in Section 4(d) for the period from the date of underpayment, or incorrect allocation, until such amount has been paid.

(g) All costs necessary to implement the Project not provided for in this Agreement shall be borne separately by each Party, which in the case of the ISO will be recovered through rates as may be authorized by its regulatory authorities.

(h) All milestone payments required to be made under the terms of this Agreement shall be made to the account or accounts designated by the Party which the milestone payment is owed, by wire transfer (in immediately available funds in the lawful currency of the United States).

## 5. Confidentiality.

(a) All written or oral information received from the other Party in connection with this Agreement (but not this Agreement after it is filed with FERC) necessary to complete the Project and marked or otherwise identified at the time of communication

by such Party as containing information that Party considers commercially sensitive or confidential shall constitute "Confidential Information" subject to the terms and conditions herein.

(b) If DWP publicly releases DWP's Confidential Information in connection with a public process or a regulatory filing, or if the ISO publicly releases the ISO's Confidential Information in connection with a public process or a regulatory filing, then the information released shall no longer constitute Confidential Information; provided, however, that Confidential Information disclosed under seal (or in such other manner as to be treated confidentially) in connection with a regulatory filing shall retain its status as Confidential Information under this Agreement. In addition, Confidential Information does not include information that (i) is or becomes generally available to the public other than as a result of disclosure by either Party, its officers, directors, employees, agents, or representatives; (ii) is or becomes available to such Party on a non-confidential basis from other sources or their agents or representatives when such sources are not known by such Party to be prohibited from making the disclosure; (iii) is already known to such Party or has been independently acquired or developed by such Party without violating any of such Party's obligations under this Section 5; (iv) is the subject of a mutual written agreement between the Parties, including an agreement evidenced through an exchange of electronic or other communications, with regard to information for discussion at any stakeholder meetings or during the stakeholder process or with any regulatory authority; or (v) is the subject of a mutual written agreement between the Parties, including an agreement evidenced through an exchange of electronic or other communications, to allow for such disclosure and designation as non-confidential or public information on a case-by-case basis in accordance with Section 9 of this Agreement.

(c) The Confidential Information will be kept confidential by each Party and each Party agrees to protect the Confidential Information using the same degree of care, but no less than a reasonable degree of care, as a Party uses to protect its own confidential information of a like nature. Notwithstanding the preceding sentence, a Party may disclose the Confidential Information or portions thereof to those of such Party's officers, employees, contractors and attorneys who need to know such information for the purpose of analyzing or performing an obligation related to the Project. Notwithstanding the foregoing, a Party is not authorized to disclose such Confidential Information to any officers, employees, contractors or attorneys without (i) informing such officer, employee, contractor or attorney of the confidential nature of the Confidential Information and (ii) ensuring that such officer, employee, contractor or attorney is subject to confidentiality duties or obligations to the applicable Party that are no less restrictive than the terms and conditions of this Agreement. Each Party will be liable for any disclosure of Confidential Information not permitted by this Agreement.

(d) In the event that a Party is required by a court of competent jurisdiction or governmental regulatory authority (by law, rule, regulation, order, deposition, interrogatory, request for documents, data request issued by a governmental regulatory authority, subpoena, civil investigative demand or similar request or process), or by law to disclose any of the Confidential Information, such Party shall (to the extent legally

permitted) provide the other Party with prompt written notice of such requirement. The Party subject to the requirement shall allow the other Party a reasonable amount of time prior to making the required disclosure so that the other Party may seek a protective order or other appropriate remedy and/or waive compliance with the terms of this Section 5, and if such Party is not legally permitted to provide the other Party with notice, such Party shall seek a protective order or other appropriate remedy to protect the Confidential Information to be furnished. In the event that such protective order or other remedy is not obtained, the disclosing Party hereby waives compliance with the provisions hereof with respect to such Confidential Information. In such event, the Party compelled to disclose shall (i) furnish only that portion of the Confidential Information which, in accordance with the advice of its own counsel (which may include internal counsel), is legally required to be furnished, and (ii) exercise reasonable efforts to obtain assurances that confidential treatment will be accorded the Confidential Information so furnished.

(e) Each Party is entitled to seek equitable relief, by injunction or otherwise, to enforce its rights under this Section 5 to prevent the release of Confidential Information without bond or proof of damages, and may seek other remedies available at law or in equity for breach of this provision.

(f) Upon written request by a Party, the other Party shall promptly return to the requesting Party or destroy all Confidential Information it received, including all copies of its analyses, compilations, studies or other documents prepared by or for it, that contain the Confidential Information in a manner that would allow its extraction or that would allow the identification of the requesting Party as the source of the Confidential Information or inputs to the analysis. Notwithstanding the foregoing, neither Party shall be required to destroy or alter any computer archival and backup tapes or archival and backup files (collectively, "Computer Tapes"), provided that such Computer Tapes shall be kept confidential in accordance with the terms of this Agreement.

(g) Nothing in this Agreement shall be deemed to restrict either Party from engaging with third parties with respect to any matter and for any reason, specifically including the EIM, provided Confidential Information is treated in accordance with this Section 5.

(h) This Section 5, Confidentiality, applies for ten years after the Termination Date or the date of any expiration or termination of this Agreement.

(i) The ISO acknowledges that DWP is a department of the City of Los Angeles, California and as such that DWP is subject to the California Public Records Act and the Ralph M. Brown Act, Cal. Gov.'t Code §§ 54950 et seq. ("Brown Act"). In the event DWP in its sole discretion concludes that a conflict exists between a confidentiality obligation in this Section 5 of the Agreement and an obligation of DWP under the California Public Records Act or the Brown Act, the California Public Records Act or the Brown Act shall prevail. DWP will promptly notify the ISO if DWP concludes that such a conflict arises.



6. Limitation of Liability; Indemnity.

(a) The Parties acknowledge and agree that, except as otherwise specified in Sections 4(f) and 5(e) of this Agreement, neither Party shall be liable to the other Party for any claim, loss, cost, liability, damage or expense, including any direct damage or any special, indirect, exemplary, punitive, incidental or consequential loss or damage (including any loss of revenue, income, profits or investment opportunities or claims of third party customers), arising out of or directly or indirectly related to such other Party's decision to enter into this Agreement, such other Party's performance under this Agreement, or any other decision by such Party with respect to the Project.

(b) Each Party shall hold harmless the other Party and its officers, directors, employees, agents, from and against all claims, judgments, losses, liabilities, costs, expenses (including reasonable attorneys' fees) and damages for personal injury, death or property damage claimed by third-parties and related to this Agreement ("Third-Party Claim").

7. General Provisions.

(a) This Agreement, including Exhibit A to this Agreement, constitutes the entire agreement between the Parties, and supersedes any prior written or oral agreements or understandings between the Parties, relating to the subject matter of this Agreement; provided, that nothing in this Agreement shall limit, repeal, or in any manner modify the existing legal rights, privileges, and duties of each of the Parties as provided by any other agreement between the Parties, or by any statute or any other law or applicable court or regulatory decision by which such Party is bound.

(b) This Agreement may not be amended except in writing hereafter signed by both of the Parties; provided, however, the Parties may mutually agree to changes in Exhibit A in accordance with Section 4(e).

(c) Any waiver by a Party to this Agreement of any provision or condition of this Agreement must be in writing signed by the Party to be bound by such waiver, shall be effective only to the extent specifically set forth in such writing and shall not limit or affect any rights with respect to any other or future circumstance.

(d) This Agreement is for the sole and exclusive benefit of the Parties and shall not create a contractual relationship with, or cause of action in favor of, any third party.

(e) Neither Party shall have the right to voluntarily assign its interest in this Agreement, including its rights, duties, and obligations hereunder, without the prior written consent of the other Party, which consent may be withheld by the other Party in

its sole and absolute discretion. Any assignment made in violation of the terms of this Section 8(e) shall be null and void and shall have no force and effect.

(f) In the event that any provision of this Agreement is determined to be invalid or unenforceable for any reason, in whole or part, the remaining provisions of this Agreement shall be unaffected thereby and shall remain in full force and effect to the fullest extent permitted by law, and such invalid or unenforceable provision shall be replaced by the Parties with a provision that is valid and enforceable and that comes closest to expressing the Parties' intention with respect to such invalid or unenforceable provision.

(g) Whenever this Agreement requires or provides that (i) a notice be given by a Party to the other Party or (ii) a Party's action requires the approval or consent of the other Party, such notice, consent or approval shall be given in writing and shall be given by personal delivery, by recognized overnight courier service, or by certified mail (return receipt requested), postage prepaid, to the recipient thereof at the address given for such Party as set forth below, or to such other address as may be designated by notice given by any Party to the other Party in accordance with the provisions of this Section 7(g):

If to DWP:

Department of Water and Power  
111 Noth Hope St., Rm. 1246  
Los Angles, California 91723  
Attention: Eric Montag, Power Engineering Manager  
E-mail: [eric.montag@ladwp.com](mailto:eric.montag@ladwp.com)

Alternate recipients for LADWP

Simon Zewdu, Power Engineering Manager  
E-mail: [simon.zewdu@ladwp.com](mailto:simon.zewdu@ladwp.com)

Jan Lukjaniec, Manager of Transmission Contracts  
E-mail: [jan.lukjaniec@ladwp.com](mailto:jan.lukjaniec@ladwp.com)

If to the ISO:

California Independent System Operator Corporation  
250 Outcropping Way  
Folsom, CA 95630  
Attention: Petar Ristanovic, Vice President, Technology  
E-mail: [PRistanovic@caiso.com](mailto:PRistanovic@caiso.com)

Each notice, consent or approval shall be conclusively deemed to have been given (i) on the day of the actual delivery thereof, if given by personal delivery, or overnight delivery, or (ii) date of delivery shown on the receipt, if given by certified mail (return

receipt requested). It is the responsibility of each Party to provide, in accordance with this Section, written notice to the other Party of any necessary change in the contact or address information herein.

(h) This Agreement may be executed in one or more counterparts (including by facsimile or a scanned image), each of which when so executed shall be deemed to be an original, and all of which shall together constitute one and the same instrument.

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

(j) The decision to execute an EIM service agreement and participate in the EIM remains within the sole discretion of DWP and the decision whether to continue to offer EIM services (subject to Sections 1(c) and 2) remains within the sole discretion of the ISO.

(k) Nothing in this Agreement shall preclude a Party from exercising any rights or taking any action (or having its affiliates take any action) with respect to any other project, provided that neither Party may use any Confidential Information acquired in connection with this Agreement for any other purpose but for performing its obligations under this Agreement.

(l) Nothing contained in this Agreement grants or confers to either Party any license or right to any intellectual property and this Agreement does not limit the right of either Party to contest the scope, validity, or alleged infringement of any intellectual property.

(m) Unless otherwise expressly provided, for purposes of this Agreement, the following rules of interpretation shall apply: (i) any reference in this Agreement to gender includes all genders, and the meaning of defined terms applies to both the singular and the plural of those terms; (ii) the insertion of headings are for convenience of reference only and do not affect, and will not be utilized in construing or interpreting, this Agreement; (iii) all references in this Agreement to any "Section" are to the corresponding Section of this Agreement unless otherwise specified; (iv) words such as "herein," "hereinafter," "hereof," and "hereunder" refer to this Agreement (including Exhibit A to this Agreement) as a whole and not merely to a subdivision in which such words appear, unless the context otherwise requires; (v) the word "including" or any variation thereof means "including, without limitation" and does not limit any general statement that it follows to the specific or similar items or matters immediately following it; (vi) the Parties have participated jointly in the negotiation and drafting of this Agreement and, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by the Parties and no presumption or burden of proof favoring or disfavoring any Party will exist or arise by virtue of the authorship of any provision of this Agreement; and (vii) the term "sole discretion" means

with respect to any determination made by a Party, the sole and absolute discretion of that Party, for any reason or no reason, without regard to any standard of reasonableness or other standard which shall not be challenged by the other Party.

(n) The provisions of Sections 2(f), 5, 6, 7(f), 7(k), 7(l), 8 and 10 will survive any termination of this Agreement.

8. Governing Law. This Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of California without regard to its principles of conflicts of laws.

9. Communication. The Parties shall develop a communication protocol for the dissemination of material information associated with the Project, which shall be approved by DWP and the ISO. Pursuant to the communication protocol, the individual identified in Section 7(g), or their designee or successor, shall provide reasonable advance notice to the other Party of planned press releases, public statements, and meetings with the public or governmental authorities in which material information concerning the Project or DWP's involvement will be shared. The Parties shall mutually consult with each other as provided in the communication protocol prior to making such public statements or disclosures; provided that nothing herein shall prevent, limit, or delay either Party from making any disclosure required by applicable law or regulation, subject to the provisions of Section 5 hereof. In the event either Party engages in material unplanned communications about the Project that otherwise should have been subject to this Section and the communication protocol, such Party shall provide notice to the other Party as promptly as possible of the nature and content of such communication.

10. Dispute Resolution and Venue. Unless otherwise provided herein, each of the provisions of this Agreement shall be enforceable independently of any other provision of this Agreement and independent of any other claim or cause of action. In the event of any dispute arising under this Agreement, the Parties shall first attempt to resolve the matter through direct good faith negotiation between the Parties, including a full opportunity for escalation to executive management within the Parties' respective organizations. If the Parties are unable to resolve the issue within thirty (30) days after such escalation of the dispute, then the Parties may thereafter exercise their right to enforce this Agreement. For matters subject to FERC jurisdiction, either Party shall have the right to file a complaint under Section 206 of the Federal Power Act. For all other matters, the Parties may bring an action before any State or Federal court in the County of Los Angeles in the State of California and for such actions irrevocably agree to submit to the exclusive venue of such courts in the State of California and waive any defense of *forum non conveniens*.

11. Third Party Agreements. Subject to the provisions of Section 5, the Parties may engage in discussions with third parties, either jointly or unilaterally, to facilitate the Project. Each Party may adopt or modify tariffs or enter into or modify binding agreements between such Party and third parties to implement the approved terms and conditions of the Project or EIM as necessary and appropriate.

12. Compliance. This Agreement is not intended to modify, change or otherwise amend the Parties' functional responsibilities associated with compliance with WECC and NERC Reliability Standards; provided, however, the Parties may enter into separate mutually agreed to arrangements to clarify roles and responsibilities associated with compliance with WECC and NERC Reliability Standards in respect of this Agreement.

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APPROVED AND FORWARDED:  
[Signature]

[Signature]  
[Title]  
[Date]

IN WITNESS WHEREOF, each of the Parties has caused its duly authorized officer to execute this Implementation Agreement as of the date first above written.

DEPARTMENT OF WATER AND POWER  
BY THE CITY OF LOS ANGELES BY  
BOARD OF WATER AND POWER COMMISSIONERS

By: *David H. Wright* *for 5/24/17*  
Name: David H. Wright  
Title: General Manager

And: *Barbara E. Moschos*  
Name: Barbara E. Moschos  
Title: Board Secretary

California Independent System Operator Corporation

By: *Petar Ristanovic*  
Name: Petar Ristanovic  
Title: Vice President, Technology

**017190**  
**AUTHORIZED BY RES.**  
**MAR 21 2017**

APPROVED AS TO FORM AND LEGALITY  
MICHAEL N. FEUER, CITY ATTORNEY

**MAR 17 2017**  
BY *Felix Lebron*  
FELIX LEBRON  
DEPUTY CITY ATTORNEY

## EXHIBIT A: PROJECT SCOPE AND SCHEDULE

The Project consists of the activities and delivery dates identified in this Exhibit A, implemented in accordance with the Agreement. The Parties have included a schedule for the date the implementation is to be completed to coordinate their efforts required for completion of the Project on a milestone track. Each of the Project activities below shall include (to the greatest extent possible at each respective stage of the Project) analysis and implementation actions sufficient to allow DWP to properly attribute and assign costs to its Balancing Authority Area and Transmission Customers.

The Parties understand that input received from stakeholders during the course of implementing the Project, conditions imposed or questions raised in the regulatory approval process, and the activities of the Parties in implementing the Project may cause the Parties to determine that changes in the Project are necessary or desirable. Accordingly, this Exhibit A may be modified in accordance with Section 3(c) of the Agreement.

Each Party is responsible for performing a variety of tasks necessary to achieve the milestones on the scheduled dates specified in the table below ("Project Delivery Dates") and shall plan accordingly. The Parties shall communicate and coordinate as provided in the Agreement to support the planning and execution to complete the Project.

Project Scope and Milestones	Project Delivery Dates supporting April 2019
<b>Detailed Project Management Plan</b> – The Parties will develop and initiate a final project management plan that describes specific project tasks each Party must perform, delivery dates, project team members, meeting requirements, and a process for approving changes to support completion of the Project.	June 2017
<ul style="list-style-type: none"> <li>• <b>Milestone 1</b> – This milestone is completed when the Agreement has been executed and made effective in accordance with Section 1 of the Agreement.</li> </ul>	July 2017
<b>Full Network Model Expansion</b> – Full Network Model expansion for DWP and EMS/SCADA, including, proof of concept of export/import of EMS data; complete model into the ISO test environment; complete validation for all SCADA points from DWP; testing of the new market model; and validation of the Outage and State Estimator applications.	Dec 2017

<ul style="list-style-type: none"> <li>• <b>Milestone 2</b> - This milestone is completed upon modeling DWP into the ISO Full Network Model through the EMS using the ISO's network and resource modeling process.</li> </ul>	July 2018
<p><b>System Implementation and Connectivity Testing</b> – System requirements and software design, the execution of necessary software vendor contracts, development of Market network model including DWP, allow DWP to connect to a non-production test system.</p>	Aug 2018
<ul style="list-style-type: none"> <li>• <b>Milestone 3</b> - ISO to promote market network model including DWP area to non-production system as an internal test prior to allowing DWP to connect and exchange data in advance of Market Simulation.</li> </ul>	Sept 2018
<p><b>Construction, Testing and Training in Preparation for Market Simulation</b> - This task includes IT infrastructure upgrades, security testing, training, Day-in-life simulation, and functional testing.</p>	Sept 2018
<ul style="list-style-type: none"> <li>• <b>Milestone 4a</b> – Start of Connectivity to ISO Testing in a non-production test environment, Interface testing with minimum data requirements and functional integration testing. ISO will make the test environment available for LADWP connectivity testing prior to the delivery date assuming LADWP has provided all requisite data and non-production system availability does not conflict with ISO production system Spring Release schedule.</li> </ul>	Sept 2018
<ul style="list-style-type: none"> <li>• <b>Milestone 4b</b> –Begin 'Day in the Life' scenario testing</li> </ul>	Oct 2018
<ul style="list-style-type: none"> <li>• <b>Milestone 4c</b> – Begin Structured Market simulation</li> </ul>	Nov 2018
<p><b>Activate Parallel Operations</b> - Beginning two months prior to the first market trade date for DWP, the ISO will activate a parallel operation environment to practice production grade systems integration as well as market processes and operating procedures in anticipation of the impending DWP activation as an EIM Entity and to confirm compliance with the EIM readiness criteria set forth in the ISO tariff.</p>	Jan 2019
<ul style="list-style-type: none"> <li>• <b>Milestone 5</b> – Start of parallel operations</li> </ul>	Feb 2019



<p><b>System Deployment and Go Live</b> – Implementing the Project and going live will include resource registration, operating procedures and updates, execution of service agreements, completion of the DWP tariff process, applicable board approvals, the filing and acceptance of service agreements and tariff changes with FERC, and completion and filing of a readiness criteria certification in accordance with the ISO tariff.</p>	<p>Mar 2019</p>
<ul style="list-style-type: none"> <li>• <b>Milestone 6</b> – This milestone is complete upon the first production DWP energy imbalance market trade date.</li> </ul>	<p>April 1,2019</p>