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December 6, 2011

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

**Re: California Independent System Operator Corporation
Docket No. ER12-____-000**

**CAISO Service Agreement No. 2355, Non-Conforming Large
Generator Interconnection Agreement**

Dear Secretary Bose:

The California Independent System Operator Corporation (“CAISO”) submits, for Commission filing and acceptance,¹ the non-conforming Large Generator Interconnection Agreement (“LGIA”) between the CAISO, San Diego Gas & Electric Company (“SDG&E”), CSOLAR IV South and LLC CSOLAR IV East, LLC (collectively “CSOLAR” or “Interconnection Customer”), and Tenaska Solar Management, LLC relating to the Imperial Solar Energy Center (the “CSOLAR Project”).²

¹ This filing is submitted pursuant to Section 205 of the Federal Power Act, 16 U.S.C. § 824d and Part 35 of the Commission’s regulations, 18 C.F.R. Part 35, and in compliance with Order No. 714, Electronic Tariff Filings, FERC Stats. & Regs. ¶ 31,276 (2008). The ISO is also sometimes referred to as the CAISO.

² Under this LGIA, CSOLAR IV South and CSOLAR IV East will own the Interconnection Facilities specified in the LGIA as tenants-in-common, and will be jointly and severally liable for all interconnection customer obligations set forth in the LGIA. Tenaska Solar Management will not have any interest as the interconnection customer but will serve as the customers’ authorized agent and representative for purposes of administering the LGIA. Because the provisions setting forth this co-tenancy arrangement in Appendix C of the LGIA do not affect the pro-forma obligations of the LGIA, the CAISO does not consider them to be non-conforming in nature.

As explained below, the CSOLAR LGIA includes variances from the CAISO's pro forma LGIA, the current version of which is set forth in Appendix CC to the CAISO Tariff, in order to account for the unique circumstances surrounding the interconnection of the CSOLAR facility. Specifically, this LGIA includes terms that permit the interconnection customer, under certain circumstances, to partially terminate the LGIA with respect to some but not all phases of the phased generating project. These terms, which are nearly identical to those included in previous non-conforming LGIAs that were approved by the Commission, are necessary to provide the projects with a reasonable chance of achieving commercial operation in light of the unique challenges that they face, consistent with federal and state policies promoting the increased integration of renewable resources. At the same time, these provisions protect against the risk of harm to third parties by including appropriate safeguards to prevent stranded transmission investment.

SDG&E submitted this same LGIA as a non-conforming service agreement under SDG&E's FERC Electric Tariff in a filing made on October 21, 2011 in Docket No. ER12-170. The only comments filed were those of CSOLAR, who expressed support for the SDG&E filing. On November 29, the Commission issued a letter order accepting the SDG&E filing of the CSOLAR LGIA.

I. Description of CSOLAR Project

The CSOLAR Project is a 200 MW solar generating facility that will consist of two generating systems: (1) a 130 MW solar photovoltaic generating system developed and owned by CSOLAR IV South and (2) a 70 MW photovoltaic generating system developed and owned by CSOLAR IV East. Both facilities will be located near El Centro, California and connect at the same point of interconnection to the CAISO Controlled Grid at SDGE's Imperial Valley Substation.

The CSOLAR Project is part of the CAISO's "Cluster 1" interconnection cluster, the second grouping of projects processed under the CAISO's large generator interconnection procedures for requests in a queue cluster window ("cluster LGIP"). When it submitted the interconnection request for the CSOLAR Project in 2007, CSOLAR requested that its project be studied for full capacity deliverability status, and proposed a commercial operation date for the generating facility of July 1, 2012.³ Subsequent to the issuance of the Phase II interconnection study report for Cluster 1 projects, the commercial operation date was modified to January 2, 2016.

The cluster LGIP interconnection study performed for CSOLAR and other Cluster 1 projects identified system modifications and/or additions to SDG&E's

³ The interconnection request for the CSOLAR Project was originally submitted by LightSource Renewable, LLC, which was subsequently changed to CSOLAR Development, LLC.

and Southern California Edison's ("SCE") electrical system that are necessary to interconnect the CSOLAR Project. As explained in Section II below, based on the results of those studies and the timeline for constructing the transmission network upgrades necessary to provide full capacity deliverability status to the entire CSOLAR Project, the LGIA parties agreed to permit CSOLAR to construct the generating facility in two phases.

II. Variation from the *Pro Forma* LGIA

The CSOLAR LGIA utilizes the CAISO's pro forma LGIA as set forth in Appendix CC to the CAISO Tariff, but includes a number of modifications and additional provisions that differ from the pro forma LGIA. These variations will provide CSOLAR with the ability, under certain circumstances, to "partially terminate" the LGIA with respect to one or more generating units comprising the project, while preserving the LGIA with respect to the generating units that will achieve commercial operation. As explained below, these variations from the CAISO's pro forma LGIA are justified, due to the unique circumstances and novel legal issues surrounding the CSOLAR Project interconnection.⁴ Moreover, the Commission has already approved these types of variations in two LGIAs previously filed by the CAISO, which relate to the Blythe and Palen and Genesis McCoy solar projects.⁵ The rationale for including these variations in the CSOLAR LGIA is the same as in the Blythe, Palen, and Genesis McCoy LGIAs.

A. Overview and Explanation of Need for Partial Termination Provisions

In order to accommodate special circumstances relating to the interconnection of the CSOLAR Project, and to provide the best chance of at least some portion of the project achieving commercial operation, the CAISO, SDG&E and CSOLAR agreed to modify the pro forma LGIA to incorporate the ability for CSOLAR to terminate its obligations under the LGIA with respect to Phase II of its project without terminating the entire LGIA.

The CSOLAR LGIA defines "Partial Termination" as termination of the LGIA with respect to one or more generating units of a phased generating facility where the LGIA shall continue to remain in force and effect with respect to the first generating unit to be placed into service and any subsequent generating

⁴ See PJM Interconnection, LLC, 111 FERC ¶ 61,098 at PP 8-9 (2005) (noting that that the Commission expected there would be a certain number of interconnections "where reliability concerns, novel legal issues or other unique factors would call for the filing of a non-conforming agreement").

⁵ *Southern California Edison Company, et al.*, 134 FERC ¶ 61,087 (2011) ("Blythe Order"); *Southern California Edison Company, et al.* 134 FERC ¶ 61,108 (2011) ("Palen Order"), *California Edison Company, et al.*, 137 FERC ¶ 61,055 (2011) ("Genesis McCoy Order").

units that are not the subject of the partial termination, and that no disconnection shall occur with respect to those generating units that are not terminated. In practice, this means that CSOLAR will have the contractual right to terminate the second phase of the project, while the first phase remains connected and continues to obtain interconnection service per the terms of the LGIA.⁶

The CSOLAR LGIA also permits the CAISO and SDG&E to exercise partial termination (jointly, by mutual agreement) under certain circumstances. As explained in detail below, if CSOLAR elects to use the partial termination option, it will be responsible for paying a partial termination charge, which must be fully secured in order to obtain the right to exercise the option in the first place.

The reason for including the partial termination provisions is the amount of time needed for permitting and construction of the network upgrades necessary to meet CSOLAR's request for full capacity deliverability of the CSOLAR Project. Specifically, the network upgrades identified on the SCE system will be constructed in two distinct phases, with estimated time to construct of six and seven years, respectively. These SCE facilities include major new power lines as to which permitting and environmental work have not yet been completed. Therefore, the in-service date for those facilities and therefore the date on which the CSOLAR project will obtain full capacity deliverability status is not yet certain.

After CSOLAR was informed that SCE's network upgrades would not be completed until as much as seven years after execution of the LGIA, or longer depending on permitting and environmental work, CSOLAR agreed to modify the timelines for constructing the CSOLAR Project and to split construction thereof into two phases, an initial 130 MW phase and a subsequent 70 MW phase. The proposed milestone dates applicable to Phase II have been modified to reflect the fact that obtaining a power purchase agreement for that phase may take additional time until more progress has been made on SCE's proposed upgrades and more certainty exists as the in-service date of those facilities and therefore the ability of Phase II of the CSOLAR Project to achieve full capacity deliverability status. Additionally, the owner of Phase I, CSOLAR IV South, currently intends to apply for a cash grant in lieu of investment tax credit pursuant to the terms of the American Reinvestment and Recovery Act of 2009 ("ARRA"). Qualifying for that grant requires that certain actions be taken in 2011, including commencing construction and/or making a firm commitment for a significant quantity of equipment needed to complete the project. To assure that those steps can be taken without exposing the project to delay, CSOLAR IV South desires to close on its financing before the end of the year. Given the timing needs associated with ARRA and the associated need to close on the project's financing, and the

⁶ If the Interconnection Customer were to terminate the LGIA at any point prior to commercial operation of the first unit, then this situation would constitute a termination of the LGIA in its entirety, and the partial termination provision would generally not apply.

fact that CSOLAR IV South has a binding power purchase agreement with SDG&E with certain milestones, it is not a viable option for the CSOLAR projects to wait until execution of a power purchase agreement for Phase II before execution of the LGIA and commencement of work on Phase I.

Because of these circumstances, CSOLAR requested the addition of the Partial Termination provisions to the LGIA to allow it the flexibility to construct Phase I without having to place the entire project into commercial operation. CSOLAR considered such Partial Termination provisions to be necessary because there is no provision under the CAISO's *pro forma* LGIA permitting termination as to only one phase of a generating facility. Accordingly, failure to complete Phase II of the project could result in the customer's default of the LGIA, which creates the potential that such default may trigger forfeiture of some or all of the interconnection financial security posted by the customer and potential termination of the entire LGIA with loss of interconnection service for the entire project.

B. Discussion of Specific Partial Termination Provisions

The modifications to the pro forma CAISO LGIA necessary to provide for partial termination for CSOLAR are primarily found in the definitions section, Section 2.4, specifically a new section 2.4.4 entitled "Partial Termination," and Appendix B, Sections B.5 and Table 3B, and Appendix C. Section 2.4.4 allows CSOLAR the option to exercise partial termination with respect to one or more of generating units 2, 3 and 4. However, as a prerequisite to being eligible to exercise this option, CSOLAR must first post with the CAISO financial security to cover the full amount of the partial termination charge (known as "partial termination charge security"). Per Section C.7(b) of Appendix C, this posting must be made within thirty calendar days following the effective date of the LGIA. If the partial termination charge security is not posted in accordance with these requirements, CSOLAR will have no right to exercise partial termination under the LGIA.

The partial termination charge itself is equal to the product of ten percent of CSOLAR's cost responsibility for network upgrades for the entire facility, as determined by the CAISO's cluster LGIP, multiplied by the ratio of the megawatt capacity of the portion of the facility that is terminated to the megawatt capacity of the entire facility.⁷ Under this formula, if CSOLAR wishes to have the option to partially terminate Phase II of the Project, it must post \$104,000.

The CAISO will continue to hold the partial termination charge security for any generating units that CSOLAR decides to secure the option to partially terminate until such units achieve commercial operation. Within 14 days

⁷ CSOLAR LGIA at Section 2.4.4.1

following commercial operation of Phase II, the CAISO will release to the customer the security covering that unit.⁸ Also, if the LGIA is terminated in its entirety, pursuant to the existing termination provisions of the pro forma LGIA, the CAISO will release the partial termination security to CSOLAR.⁹

The parties arrived at the ten percent multiplier based on an evaluation of the facts and circumstances relating to the CSOLAR interconnection, in particular the risk of stranded investment costs that could occur if CSOLAR were to terminate Phase II of the Project. In this situation, the ten percent multiplier was chosen due to the large amount of capacity behind CSOLAR in the interconnection queue. Even if CSOLAR elects to partially terminate Phase II, there are a number of other developers seeking to interconnect in the same area that could make use of the same transmission upgrades that are necessary to provide deliverability to the CSOLAR project, thus lowering the risk of any stranded investment.

Partial termination may be exercised at the sole discretion of CSOLAR any time after it posts the required security. Partial termination may also be exercised mutually by the CAISO and SDG&E if CSOLAR misses certain generation project development milestones as set forth in Table 3B of Appendix B.

If CSOLAR or the CAISO/SDG&E elects to exercise the partial termination option, the CAISO will liquidate the financial security with respect to those electric generating units that have been partially terminated, and cause a credit to be made for this amount to SDG&E's Transmission Revenue Balancing Account.¹⁰ Because this credit will reduce SDG&E's overall Transmission Revenue Requirement, CAISO customers will realize the entire benefit of the partial termination charge, with a reduction in CAISO transmission rates corresponding to the reduction of the revenue requirement on which the rate is set. The LGIA specifies that this credit to the Transmission Revenue Balancing Account will serve as the entire recourse against CSOLAR for costs associated with the network upgrades specified in the LGIA.¹¹

⁸ *Id.* at Appendix C, Section C.7(c).

⁹ *Id.* at Section 2.4.4.6. The partial termination provisions of the CSOLAR LGIA do not apply if the LGIA is terminated in its entirety, except in one situation. If the customer partially terminates as to Phase II and then subsequently terminates the entire LGIA and does not interconnect any units to the CAISO-controlled grid, the customer does not receive a refund of the partial termination charge paid for the earlier partial termination. This arrangement is just and reasonable because the customer received the benefit of partial termination and the flexibility to continue to develop and interconnect the remaining units until such time as the condition arose that caused termination of the LGIA in its entirety.

¹⁰ *Id.* at Section 2.4.4.5.

¹¹ *Id.* at Section 2.4.4.7.

The CSOLAR LGIA provides that, upon partial termination, the parties will amend the LGIA to remove terms and conditions relating to the terminated phase, and to specify the continuing rights and obligations of the parties with respect to the portion of the Project which remain the subject of the LGIA. The amended LGIA will reflect the lower generation capacity of the CSOLAR Project following partial termination, and, to the extent that the interconnection configuration has been modified as a result, shall set forth the modified configuration in amended and restated Appendices to the LGIA.¹²

Finally, the CSOLAR LGIA adds several new defined terms to the definitions section to reflect the partial termination provisions. The definition of “Partial Termination” is discussed above. “Partial Termination Charge” is defined as the sum paid by the Interconnection Customer upon Partial Termination, and Partial Termination Charge Security is defined as security issued in favor of the CAISO, in a form determined to be acceptable to the CAISO, for an amount equal to the Partial Termination Charge. This definition also specifies that this security is separate and distinct from the financial security required under the CAISO cluster LGIP relating to network upgrade costs. In addition, the term “Phased Generation Facility” has been included, which means a generating facility that is structured to be completed and to achieve commercial operation in two or more successive phases as specified in the LGIA, such that each phase comprises a portion of the total megawatt generation capacity of the entire facility.

C. The Partial Termination Provisions Meet the Commission’s Standard for Non-conforming LGIAs Because They Address the Unique Circumstances Facing the CSOLAR Interconnection in a Reasonable Manner

In Order No. 2003 and subsequent decisions, the Commission has recognized that there would be a number of interconnections where “reliability concerns, novel legal issues or other unique factors would call for the filing of a non-conforming agreement.”¹³ The Commission explained that it would analyze the proposed variations from a transmission provider’s pro forma LGIA in order “to ensure that operational or other reasons necessitate the non-conforming agreement” and the Commission further explained that simply stating that the parties had negotiated the variations is not a sufficient justification.¹⁴

The partial termination provisions meet this standard because they address the distinctive issues surrounding the interconnection of the CSOLAR Project in the same manner as they do in the LGIAs for the Blythe, Palen and Genesis McCoy projects. Moreover, they do so in a manner that balances

¹² *Id.* at Section 2.4.4.4

¹³ See PJM Interconnection, LLC, 111 FERC ¶ 61,098 at PP 8-9 (2005).

¹⁴ *Id.* at PP 9-10, n. 13.

multiple objectives, including: encouraging the viability of critical renewable generation in a timely manner to meet California's renewable energy goals, protecting ratepayers against the risks of stranded investment, and creating, through the mechanism of the partial termination charge, an incentive to avoid abandonment of projects, while recognizing the commercial development and financial lending setting in which an interconnection customer conducts the business of renewable development. For these reasons, the Commission should approve the partial termination provisions in the CSOLAR LGIA, just as did in the Blythe, Palen and Genesis McCoy LGIAs.

As stated above, the primary factor creating the need for the partial termination provisions was the uncertainty regarding the difference between the planned commercial operation date of the CSOLAR Project and the expected in-service date of transmission network upgrades necessary to provide the project with full capacity deliverability, and thus the significant likelihood that, without the inclusion of a partial termination option, an interconnection customer such as CSOLAR might be faced with the choice of abandoning later phases of a large scale renewable project at the LGIA execution stage in order to build adequate commercial protections around the initial phase.

The inclusion of partial termination provisions in the CSOLAR LGIA provides the Interconnection Customer with a platform to complete the financing and business arrangements for both phases of the project. This result provides a definite benefit not only for the interconnection customer, but to the state of California as a whole. This is the case because of the challenges associated with fulfilling California's Renewable Portfolio Standard ("RPS"), which targets meeting 33% of California retail energy demand from renewable resources by 2020. This is an ambitious goal, given that there is currently a projected "net short" of more than 50,000 GWh/year in renewable resources required to meet the 33% RPS mandate for 2020.¹⁵ This represents nearly triple the amount of energy delivered by renewable electricity resources during 2007. As a result, there is a pressing need to interconnect large quantities of renewable resources in California over the next decade, which has spurred market participants, system operators, and federal, state and local governmental branches and agencies to search for ways in which to address barriers to, and encourage the expeditious deployment of, renewable capacity in California.

At 200 MW, the CSOLAR Project represents a substantial addition of renewable capacity in California. Even if Phase II was to be terminated, the 130

¹⁵ This figure is derived from analyses conducted by the California Transmission Planning Group ("CTPG"). The larger estimate of 53,605 GWh/yr is contained in CTPG's initial (Phase I) report, 2010 Phase 1 California Transmission Planning Group 2020 Study Report (Feb 2010) at pp. 7-10, 20-27, available at http://www.ctpg.us/public/images/stories/downloads/2010-02-17_ctpg_phase_1_2020_study_report_final.pdf.

MW that will be constructed in Phase I still represents a significant amount of capacity.

Moreover, the CSOLAR Project, along with other renewable customers in the current CAISO interconnection queue, represents the leading edge of the effort to install large amounts of renewable capacity in California. Ten years is not a great deal of time in terms of developing and constructing both generators and the necessary transmission infrastructure to allow them to deliver their output to load. It is therefore particularly important that as many as possible of the units already in the queue successfully negotiate the interconnection process and achieve commercial operation, as this success will encourage additional renewable development by creating a more robust marketplace for renewable generation.

Also, many of these customers, including CSOLAR, are seeking to finance a portion of their projects through the federal grants and incentives available to renewable projects under the American Recovery and Reinvestment Act of 2009 ("ARRA"). The ARRA funds represent a substantial boon to renewable developers, but they can only practically be utilized by interconnection customers already in the queue such as CSOLAR. In the context of its request for waiver of certain interconnection financial security requirements for projects whose upgrades are being up-front funded by a Participating Transmission Owner, which the Commission approved earlier this year, the CAISO explained that preserving the ability of developers to make use of ARRA incentives was of critical importance because these incentives have the potential to allow developers that might otherwise face difficulties in securing adequate financing to construct their facilities and to remain financially viable and reach commercial operation. At a minimum, the ARRA funds provide a strong financial impetus for renewable projects to enter and stay in the CAISO's interconnection queue. Thus, the partial termination provisions, by addressing the problems described above raised by the pro forma LGIA provisions, will further the ability of CSOLAR and California ratepayers to benefit from the ARRA incentives.

With respect to concerns that ratepayers could be exposed to adverse financial consequences as a result of under-utilized transmission upgrades in the event that CSOLAR elected to terminate a portion of its project, the partial termination provisions address these concerns in several respects. First, the partial termination charge will be allocated to the CAISO's transmission ratepayers through a credit against SDG&E's transmission revenue rate requirement. As explained above, the parties agreed to a partial termination charge formula that appropriately accounts for the risk that the partial termination of Phase II of the CSOLAR Project will result in the construction of under-utilized transmission assets. Moreover, the option to exercise partial termination in the first place is contingent upon CSOLAR posting security to cover the entire amount of the partial termination charges for Phase II.

Second, although the partial termination charge is reasonable in light of the relatively low risk of stranded transmission costs, it is certainly not insignificant. As noted above, the amount of partial termination charge security that CSOLAR must post to secure the right to terminate Phase II is \$104,000. This cost creates a substantial and appropriate deterrent against low-cost abandonment of Phase II of the project, such that CSOLAR will have an incentive to develop the entire project unless it becomes truly commercially unviable.

The Commission agreed with this analysis in its order accepting the inclusion of partial termination provisions in the Blythe, Palen, and Genesis McCoy LGIAs. In those orders, the Commission concurred with SCE and the CAISO that the protracted time period that would elapse before completion of all the transmission upgrades necessary to achieve full capacity deliverability status, combined with the termination provisions of CAISO's pro forma LGIA, creates a risk that could jeopardize the ability of even the first phases of the Blythe, Palen, and Genesis McCoy projects to achieve commercial operation.¹⁶ The Commission also agreed that the partial termination charge would help to mitigate any stranded costs caused by unused network upgrades.¹⁷ Because the partial termination provisions included in the CSOLAR LGIA are nearly identical to those in Blythe, Palen, and Genesis McCoy LGIAs, and are being proposed for the same reasons, the Commission should accept them here under the same rationale that it articulated in the Blythe, Palen, and Genesis McCoy Orders.

III. Effective Date

In its filing of the CSOLAR LGIA, SDG&E requested, and the Commission approved, an effective date of October 22, 2011. The CAISO requests that the Commission specify that same effective date for the CAISO's filing of this same LGIA. To accommodate the foregoing requested effective date, the CAISO respectfully requests waiver, pursuant to Section 35.11 of the Commission's regulations (18 C.F.R. § 35.11), of the 60-day notice requirement contained in Section 35.3 of the Commission's regulations (18 C.F.R. § 35.3), in order to permit the LGIA to become effective as of the requested effective date. As described in SDG&E's filing of this LGIA, good cause exists for waiver. Granting the waiver will be consistent with prior Commission orders and the implementation by all parties to the LGIA pursuant to those orders. No harm will result to any entity from the specified effective date for the LGIA. Granting the requested waiver, therefore, is appropriate.

IV. Expenses

¹⁶ Blythe Order at P 50; Palen Order at P 51, Genesis McCoy Order at P 16.

¹⁷ *Id.*

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

V. Attachments

In addition to this transmittal letter, the following documents support the instant filing:

Attachment A	Clean Version of Service Agreement No. 2355
Attachment B	Service Agreement No. 2355 blacklined against pro forma CAISO Cluster LGIA (CAISO Tariff App CC)

V. Service

Copies of this filing have been served upon CSOLAR, SDG&E, the California Public Utilities Commission, and the California Energy Commission. In addition, the filing has been served upon all CAISO scheduling coordinators and posted on the CAISO website.

VI. Correspondence

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

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Sidney M. Davies
Assistant General Counsel
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18 C.F.R. § 385.203(b)(3)

VII. Conclusion

The CAISO respectfully requests that the Commission accept this filing and permit the LGIA for CSOLAR to be effective as of the date requested. If there are any questions concerning this filing, please contact the undersigned.

Respectfully submitted,

/s/ Michael Kunselman
Michael Kunselman

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Attachment A

Clean Version of Service Agreement No. 2355

California Independent System Operator Corporation
Non-Conforming Service Agreements
Tariff Record Title: Service Agreement No. 2355

**LARGE GENERATOR INTERCONNECTION AGREEMENT (LGIA)
AMONG**

**CSOLAR IV SOUTH, LLC
AND**

**CSOLAR IV EAST, LLC
AND**

**TENASKA SOLAR MANAGEMENT, LLC
AND**

**SAN DIEGO GAS & ELECTRIC COMPANY
AND**

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

PROJECT: Imperial Valley Substation South (Q#510)

Tariff Record Proposed Effective Date: 10/22/11
Version Number: 0.0.0
Option Code: A

TABLE OF CONTENTS

ARTICLE 1. DEFINITIONS	2
ARTICLE 2. EFFECTIVE DATE, TERM AND TERMINATION	11
2.1 Effective Date	11
2.2 Term of Agreement	11
2.3 Termination Procedures	12
2.3.1 Written Notice	12
2.3.2 Default	12
2.3.3 Suspension of Work	12
2.3.4	12
2.3.5 Partial Termination	12
2.4 Termination Costs	12
2.4.1	13
2.4.2	14
2.4.3	14
2.4.4 Partial Termination	14
2.4.4.1	14
2.4.4.2	15
2.4.4.3	15
2.4.4.4	15
2.4.4.5	16
2.4.4.6	16
2.4.4.7	16
2.5 Disconnection	16
2.6 Survival	16
ARTICLE 3. REGULATORY FILINGS AND CAISO TARIFF COMPLIANCE	17
3.1 Filing	17
3.2 Agreement Subject to CAISO Tariff	17
3.3 Relationship Between this LGIA and the CAISO Tariff	17
3.4 Relationship Between this LGIA and the QF PGA	17
ARTICLE 4. SCOPE OF SERVICE	17
4.1 Interconnection Service	17
4.2 Provision of Service	18
4.3 Performance Standards	18
4.4 No Transmission Service	18
4.5 Interconnection Customer Provided Services	18
ARTICLE 5. INTERCONNECTION FACILITIES ENGINEERING, PROCUREMENT, AND CONSTRUCTION	18
5.1 Options	18
5.1.1 Standard Option	19
5.1.2 Alternate Option	19
5.1.3 Option to Build	19

5.1.4	Negotiated Option	20
5.2	General Conditions Applicable to Option to Build	20
5.3	Liquidated Damages	22
5.4	Power System Stabilizers	23
5.5	Equipment Procurement	24
	5.5.1.....	24
	5.5.2.....	24
	5.5.3.....	24
5.6	Construction Commencement	24
	5.6.1.....	24
	5.6.2.....	24
	5.6.3.....	24
	5.6.4.....	24
5.7	Work Progress	25
5.8	Information Exchange	25
5.9	Limited Operation	25
5.10	Interconnection Customer's Interconnection Facilities	25
	5.10.1 Large Generating Facility and Interconnection Customer's Interconnection Facilities Specifications.....	25
	5.10.2 Participating TO's and CAISO's Review.....	26
	5.10.3 Interconnection Customer's Interconnection Facilities Construction	26
	5.10.4 Interconnection Customer to Meet Requirements of the Participating TO's Interconnection Handbook	27
5.11	Participating TO's Interconnection Facilities Construction	27
5.12	Access Rights	27
5.13	Lands of Other Property Owners	28
5.14	Permits.....	28
5.15	Early Construction of Base Case Facilities	28
5.16	Suspension	28
5.17	Taxes	29
	5.17.1 Interconnection Customer Payments Not Taxable	29
	5.17.2 Representations and Covenants	29
	5.17.3 Indemnification for the Cost Consequences of Current Tax Liability Imposed Upon the Participating TO	30
	5.17.4 Tax Gross-Up Amount	31
	5.17.5 Private Letter Ruling or Change or Clarification of Law.....	31
	5.17.6 Subsequent Taxable Events	32
	5.17.7 Contests.....	32
	5.17.8 Refund	33
	5.17.9 Taxes Other Than Income Taxes.....	35
5.18	Tax Status	35
5.19	Modification.....	35
	5.19.1 General	35
	5.19.2 Standards.....	36
	5.19.3 Modification Costs.....	36

ARTICLE 6. TESTING AND INSPECTION	36
6.1 Pre-Commercial Operation Date Testing and Modifications	36
6.2 Post-Commercial Operation Date Testing and Modifications.....	37
6.3 Right to Observe Testing	37
6.4 Right to Inspect.....	37
ARTICLE 7. METERING	37
7.1 General	37
7.2 Check Meters.....	38
7.3 Participating TO Retail Metering	38
ARTICLE 8. COMMUNICATIONS	38
8.1 Interconnection Customer Obligations	38
8.2 Remote Terminal Unit.....	39
8.3 No Annexation	39
ARTICLE 9. OPERATIONS	39
9.1 General	39
9.2 Balancing Authority Area Notification.....	39
9.3 CAISO and Participating TO Obligations	40
9.4 Interconnection Customer Obligations	40
9.5 Start-Up and Synchronization	40
9.6 Reactive Power.....	41
9.6.1 Power Factor Design Criteria	41
9.6.2 Voltage Schedules	41
9.6.2.1 Governors and Regulators.....	41
9.6.3 Payment for Reactive Power.....	42
9.7 Outages and Interruptions	42
9.7.1 Outages	42
9.7.1.1 Outage Authority and Coordination.....	42
9.7.1.2 Outage Schedules	43
9.7.1.3 Outage Restoration.....	43
9.7.2 Interruption of Service	43
9.7.2.1	44
9.7.2.2	44
9.7.2.3	44
9.7.2.4	44
9.7.2.5	44
9.7.3 Under-Frequency and Over-Frequency Conditions.....	44
9.7.4 System Protection and Other Control Requirements	45
9.7.4.1 System Protection Facilities.....	45
9.7.4.2	45
9.7.4.3	45
9.7.4.4	45
9.7.4.5	46
9.7.4.6	46
9.7.5 Requirements for Protection	46

9.7.6	Power Quality	47
9.8	Switching and Tagging Rules	47
9.9	Use of Interconnection Facilities by Third Parties	47
9.9.1	Purpose of Interconnection Facilities	47
9.9.2	Third Party Users	47
9.10	Disturbance Analysis Data Exchange	48
ARTICLE 10.	MAINTENANCE	48
10.1	Participating TO Obligations	48
10.2	Interconnection Customer Obligations	48
10.3	Coordination	48
10.4	Secondary Systems	48
10.5	Operating and Maintenance Expenses	48
ARTICLE 11.	PERFORMANCE OBLIGATION	49
11.1	Interconnection Customer's Interconnection Facilities	49
11.2	Participating TO's Interconnection Facilities	49
11.3	Network Upgrades and Distribution Upgrades	49
11.4	Transmission Credits	49
11.4.1	Repayment of Amounts Advanced for Network Upgrades	49
11.4.2	Special Provisions for Affected Systems	50
11.4.3	.....	51
11.5	Provision of Security	51
11.5.1	.....	51
11.5.2	.....	51
11.5.3	.....	51
11.6	Interconnection Customer Compensation	51
11.6.1	Interconnection Customer Compensation for Actions During Emergency Condition	51
ARTICLE 12.	INVOICE	52
12.1	General	52
12.2	Final Invoice	52
12.3	Payment	52
12.4	Disputes	53
ARTICLE 13.	EMERGENCIES	53
13.1	[Reserved]	53
13.2	Obligations	53
13.3	Notice	53
13.4	Immediate Action	54
13.5	CAISO and Participating TO Authority	54
13.5.1	General	54
13.5.2	Reduction and Disconnection	55
13.6	Interconnection Customer Authority	55
13.7	Limited Liability	55

ARTICLE 14. REGULATORY REQUIREMENTS AND GOVERNING LAWS	56
14.1 Regulatory Requirements	56
14.2 Governing Law.....	56
14.2.1.....	56
14.2.2.....	56
14.2.3.....	56
ARTICLE 15. NOTICES	56
15.1 General	56
15.2 Billings and Payments.....	57
15.3 Alternative Forms of Notice.....	57
15.4 Operations and Maintenance Notice.....	57
ARTICLE 16. FORCE MAJEURE	57
16.1 Force Majeure	57
16.1.1.....	57
16.1.2.....	57
ARTICLE 17. DEFAULT	57
17.1 Default	57
17.1.1 General	57
17.1.2 Right to Terminate.....	58
ARTICLE 18. INDEMNITY, CONSEQUENTIAL DAMAGES, AND INSURANCE	58
18.1 Indemnity	58
18.1.1 Indemnified Party	58
18.1.2 Indemnifying Party	58
18.1.3 Indemnity Procedures	58
18.2 Consequential Damages.....	59
18.3 Insurance	60
18.3.1.....	60
18.3.2.....	60
18.3.3.....	60
18.3.4.....	60
18.3.5.....	60
18.3.6.....	61
18.3.7.....	61
18.3.8.....	61
18.3.9.....	61
18.3.10.....	61
18.3.11.....	62
ARTICLE 19. ASSIGNMENT	62
19.1 Assignment	62
ARTICLE 20. SEVERABILITY	62
20.1 Severability	62

ARTICLE 21. COMPARABILITY	63
21.1 Comparability	63
ARTICLE 22. CONFIDENTIALITY	63
22.1 Confidentiality	63
22.1.1 Term	63
22.1.2 Scope	63
22.1.3 Release of Confidential Information	64
22.1.4 Rights	64
22.1.5 No Warranties	64
22.1.6 Standard of Care	64
22.1.7 Order of Disclosure	65
22.1.8 Termination of Agreement	65
22.1.9 Remedies	65
22.1.10 Disclosure to FERC, its Staff, or a State	65
22.1.11	66
ARTICLE 23. ENVIRONMENTAL RELEASES	66
23.1	66
ARTICLE 24. INFORMATION REQUIREMENTS	67
24.1 Information Acquisition	67
24.2 Information Submission by Participating TO	67
24.3 Updated Information Submission by Interconnection Customer	67
24.4 Information Supplementation	68
ARTICLE 25. INFORMATION ACCESS AND AUDIT RIGHTS	69
25.1 Information Access	69
25.2 Reporting of Non-Force Majeure Events	69
25.3 Audit Rights	69
25.3.1	69
25.3.2	70
25.4 Audit Rights Periods	70
25.4.1 Audit Rights Period for Construction-Related Accounts and Records	70
25.4.2 Audit Rights Period for All Other Accounts and Records	70
25.5 Audit Results	70
25.5.1	70
ARTICLE 26. SUBCONTRACTORS	71
26.1 General	71
26.2 Responsibility of Principal	71
26.3 No Limitation by Insurance	71
ARTICLE 27. DISPUTES	71
27.1 Submission	71
27.2 External Arbitration Procedures	72

27.3	Arbitration Decisions	72
27.4	Costs.....	72
ARTICLE 28.	REPRESENTATIONS, WARRANTIES AND COVENANTS	73
28.1	General	73
28.1.1	Good Standing	73
28.1.2	Authority.....	73
28.1.3	No Conflict	73
28.1.4	Consent and Approval.....	73
ARTICLE 29.	[RESERVED].....	73
ARTICLE 30.	MISCELLANEOUS.....	74
30.1	Binding Effect.....	74
30.2	Conflicts	74
30.3	Rules of Interpretation.....	74
30.4	Entire Agreement.....	74
30.5	No Third Party Beneficiaries	74
30.6	Waiver.....	75
30.7	Headings.....	75
30.8	Multiple Counterparts.....	75
30.9	Amendment	75
30.10	Modification by the Parties.....	75
30.11	Reservation of Rights.....	75
30.12	No Partnership.....	76
30.13	Joint and Several Obligations	77
Appendices	.....	80
	Appendix A Interconnection Facilities, Network Upgrades and Distribution Upgrades	
	Appendix B Milestones	
	Appendix C Interconnection Details	
	Appendix D Security Arrangements Details	
	Appendix E Commercial Operation Date	
	Appendix F Addresses for Delivery of Notices and Billings	
	Appendix G Interconnection Customer's Proportional Share of Costs of Network Upgrades for Applicable Project Group	
	Appendix H Interconnection Requirements for an Asynchronous Generating Facility	

LARGE GENERATOR INTERCONNECTION AGREEMENT**CSOLAR IV SOUTH, LLC****CSOLAR IV EAST, LLC****SAN DIEGO GAS & ELECTRIC COMPANY****CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

THIS LARGE GENERATOR INTERCONNECTION AGREEMENT (“LGIA”) is made and entered into this _____ day of _____, 20____, by and among CSOLAR IV South, LLC and CSOLAR IV East, LLC, each of which is a limited liability company organized and existing under the laws of the State of Delaware, as tenants – in – common (collectively, the “**Interconnection Customer**”), Tenaska Solar Management, LLC, a limited liability company organized and existing under the laws of the State of Delaware, as agent for the Interconnection Customer (the “**Manager**”), San Diego Gas & Electric Company, a corporation organized and existing under the laws of the State of California (“**Participating TO**”), and California Independent System Operator Corporation, a California nonprofit public benefit corporation organized and existing under the laws of the State of California (“**CAISO**”). Interconnection Customer, Participating TO, and CAISO each may be referred to as a “**Party**” or collectively as the “**Parties**.”

RECITALS

WHEREAS, CAISO exercises Operational Control over the CAISO Controlled Grid; and

WHEREAS, the Participating TO owns, operates, and maintains the Participating TO’s Transmission System; and

WHEREAS, Interconnection Customer(or Affiliates thereof) intends to own, lease and/or control and operate the Generating Facility identified as a Large Generating Facility in Appendix C to this LGIA; and

WHEREAS, Interconnection Customer, Manager, Participating TO, and CAISO have agreed to enter into this LGIA for the purpose of interconnecting the Large Generating Facility with the Participating TO’s Transmission System;

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein, it is agreed:

When used in this LGIA, terms with initial capitalization that are not defined in Article 1 shall have the meanings specified in the Article in which they are used.

ARTICLE 1. DEFINITIONS

Adverse System Impact shall mean the negative effects due to technical or operational limits on conductors or equipment being exceeded that may compromise the safety and reliability of the electric system.

Affected System shall mean an electric system other than the CAISO Controlled Grid that may be affected by the proposed interconnection, including the Participating TO's electric system that is not part of the CAISO Controlled Grid.

Affiliate shall mean, with respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.

Applicable Laws and Regulations shall mean all duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

Applicable Reliability Council shall mean the Western Electricity Coordinating Council or its successor.

Applicable Reliability Standards shall mean the requirements and guidelines of NERC, the Applicable Reliability Council, and the Balancing Authority Area of the Participating TO's Transmission System to which the Generating Facility is directly connected, including requirements adopted pursuant to Section 215 of the Federal Power Act.

Asynchronous Generating Facility shall mean an induction, doubly-fed, or electronic power generating unit(s) that produces 60 Hz (nominal) alternating current

Balancing Authority shall mean the responsible entity that integrates resource plans ahead of time, maintains load-interchange-generation balance within a Balancing Authority Area, and supports Interconnection frequency in real time.

Balancing Authority Area shall mean the collection of generation, transmission, and loads within the metered boundaries of the Balancing Authority. The Balancing Authority maintains load-resource balance within this area.

Base Case shall mean the base case power flow, short circuit, and stability data bases used for the Interconnection Studies.

Breach shall mean the failure of a Party to perform or observe any material term or condition of this LGIA.

Breaching Party shall mean a Party that is in Breach of this LGIA.

Business Day shall mean Monday through Friday, excluding federal holidays and the day after Thanksgiving Day.

CAISO Controlled Grid shall mean the system of transmission lines and associated facilities of the parties to the Transmission Control Agreement that have been placed under the CAISO's Operational Control.

CAISO Tariff shall mean the CAISO's tariff, as filed with FERC, and as amended or supplemented from time to time, or any successor tariff.

Calendar Day shall mean any day including Saturday, Sunday or a federal holiday.

Commercial Operation shall mean the status of an Electric Generating Unit or project phase at a Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation.

Commercial Operation Date of an Electric Generating Unit or project phase shall mean the date on which the Electric Generating Unit or project phase at the Generating Facility commences Commercial Operation as agreed to by the applicable Participating TO, the CAISO, and the Interconnection Customer pursuant to Appendix E to this LGIA, and in accordance with the implementation plan agreed to by the Participating TO and the CAISO for multiple individual Electric Generating Units or project phases at a Generating Facility where an Interconnection Customer intends to establish separate Commercial Operation Dates for those Electric Generating Units or project phases.

Confidential Information shall mean any confidential, proprietary or trade secret information of a plan, specification, pattern, procedure, design, device, list, concept, policy or compilation relating to the present or planned business of a Party, which is designated as confidential by the Party supplying the information, whether conveyed orally, electronically, in writing, through inspection, or otherwise, subject to Article 22.1.2.

Default shall mean the failure of a Breaching Party to cure its Breach in accordance with Article 17 of this LGIA.

Distribution System shall mean those non-CAISO-controlled transmission and distribution facilities owned by the Participating TO.

Distribution Upgrades shall mean the additions, modifications, and upgrades to the Participating TO's Distribution System. Distribution Upgrades do not include Interconnection Facilities.

Effective Date shall mean the date on which this LGIA becomes effective upon execution by all Parties subject to acceptance by FERC, or if filed unexecuted, upon the date specified by FERC.

Electric Generating Unit shall mean an individual electric generator and its associated plant and apparatus whose electrical output is capable of being separately identified and metered.

Emergency Condition shall mean a condition or situation: (1) that in the judgment of the Party making the claim is imminently likely to endanger life or property; or (2) that, in the case of the CAISO, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the CAISO Controlled Grid or the electric systems of others to which the CAISO Controlled Grid is directly connected; (3) that, in the case of the Participating TO, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Participating TO's Transmission System, Participating TO's Interconnection Facilities, Distribution System, or the electric systems of others to which the Participating TO's electric system is directly connected; or (4) that, in the case of the Interconnection Customer, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Generating Facility or Interconnection Customer's Interconnection Facilities. System restoration and black start shall be considered Emergency Conditions; provided, that Interconnection Customer is not obligated by this LGIA to possess black start capability.

Environmental Law shall mean Applicable Laws or Regulations relating to pollution or protection of the environment or natural resources.

Federal Power Act shall mean the Federal Power Act, as amended, 16 U.S.C. §§ 791a et seq.

FERC shall mean the Federal Energy Regulatory Commission or its successor.

Force Majeure shall mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's

control. A Force Majeure event does not include acts of negligence or intentional wrongdoing by the Party claiming Force Majeure.

Generating Facility shall mean the Interconnection Customer's Electric Generating Unit(s) used for the production of electricity identified in the Interconnection Customer's Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

Generating Facility Capacity shall mean the net capacity of the Generating Facility and the aggregate net capacity of the Generating Facility where it includes multiple energy production devices.

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 or Small 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.

Good Utility Practice shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be any one of a number of the optimum practices, methods, or acts to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

Governmental Authority shall mean any federal, state, local or other governmental, regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include the Interconnection Customer, CAISO, Participating TO, or any Affiliate thereof.

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.

Hazardous Substances shall mean any chemicals, materials or substances defined as or included in the definition of “hazardous substances,” “hazardous wastes,” “hazardous materials,” “hazardous constituents,” “restricted hazardous materials,” “extremely hazardous substances,” “toxic substances,” “radioactive substances,” “contaminants,” “pollutants,” “toxic pollutants” or words of similar meaning and regulatory effect under any applicable Environmental Law, or any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law.

Initial Synchronization Date shall mean the date upon which an Electric Generating Unit is initially synchronized and upon which Trial Operation begins.

In-Service Date shall mean the date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Participating TO’s Interconnection Facilities to obtain back feed power.

Interconnection Customer's Interconnection Facilities shall mean all facilities and equipment, as identified in Appendix A of this LGIA, that are located between the Generating Facility and the Point of Change of Ownership, including any modification, addition, or upgrades to such facilities and equipment necessary to physically and electrically interconnect the Generating Facility to the Participating TO’s Transmission System. Interconnection Customer's Interconnection Facilities are sole use facilities.

Interconnection Facilities shall mean the Participating TO’s Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Generating Facility to the Participating TO’s Transmission System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

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 Handbook shall mean a handbook, developed by the Participating TO and posted on the Participating TO’s web site or otherwise made available by the Participating TO, describing technical and operational requirements for wholesale generators and loads connected to the Participating TO's portion of the

CAISO Controlled Grid, as such handbook may be modified or superseded from time to time. Participating TO's standards contained in the Interconnection Handbook shall be deemed consistent with Good Utility Practice and Applicable Reliability Standards. In the event of a conflict between the terms of this LGIA and the terms of the Participating TO's Interconnection Handbook, the terms in this LGIA shall apply.

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

Interconnection Service shall mean the service provided by the Participating TO and CAISO associated with interconnecting the Interconnection Customer's Generating Facility to the Participating TO's Transmission System and enabling the CAISO Controlled Grid to receive electric energy and capacity from the Generating Facility at the Point of Interconnection, pursuant to the terms of this LGIA, the Participating TO's Transmission Owner Tariff, and the CAISO Tariff.

Interconnection Study shall mean

- (i) For Interconnection Requests processed under the cluster study process described in the Generation 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 Generation 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 Generation 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.

IRS shall mean the Internal Revenue Service.

Large Generating Facility shall mean a Generating Facility having a Generating Facility Capacity of more than 20 MW.

Loss shall mean any and all damages, losses, and claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties.

Material Modification shall mean those modifications that have a material impact on the cost or timing of any Interconnection Request or any other valid interconnection request with a later queue priority date.

Metering Equipment shall mean all metering equipment installed or to be installed for measuring the output of the Generating Facility pursuant to this LGIA at the metering points, including but not limited to instrument transformers, MWh-meters, data acquisition equipment, transducers, remote terminal unit, communications equipment, phone lines, and fiber optics.

NERC shall mean the North American Electric Reliability Corporation or its successor organization.

Network Upgrades shall be Participating TO's Delivery Network Upgrades and Participating TO's Reliability Network Upgrades.

Operational Control shall mean the rights of the CAISO under the Transmission Control Agreement and the CAISO Tariff to direct the parties to the Transmission Control Agreement how to operate their transmission lines and facilities and other electric plant affecting the reliability of those lines and facilities for the purpose of affording comparable non-discriminatory transmission access and meeting applicable reliability criteria.

Partial Termination shall refer to termination of this LGIA as described in Article 2.4.4 where i) this LGIA shall be terminated under Article 2.4.4 only with respect to one or more Electric Generating Units of a Phased Generating Facility; ii) this LGIA shall continue to remain in force and effect with respect to the first Electric Generating Unit to be placed into service and any subsequent Electric Generating Units of the Phased Generating Facility that are not the subject of the Partial Termination, and iii) no disconnection shall occur with respect to those phases of or Electric Generating Units within the Phased Generating Facility that are not terminated.

Partial Termination Charge shall mean that sum paid by the Interconnection Customer upon Partial Termination as provided for in Article 2.4.4.

Partial Termination Charge Security shall mean a form of security, issued in favor of the CAISO, naming the CAISO as the beneficiary for an amount equal to the maximum Partial Termination Charge that may become payable upon Partial Termination as provided for in Article 2.4.4. The Partial Termination Charge Security shall be in a form determined to be acceptable by the CAISO, of the type listed in CAISO Cluster GIP (CAISO Tariff Appendix Y) Section 9.1 (a) –(f), but which security shall be held in favor of the CAISO. Partial Termination Charge Security is separate and distinct from the Interconnection Financial Security.

Participating TO's Delivery Network Upgrades shall mean the additions, modifications, and upgrades to the Participating TO's Transmission System at or beyond the Point of Interconnection, other than Reliability Network Upgrades, identified

in the Interconnection Studies, as identified in Appendix A, to relieve constraints on the CAISO Controlled Grid.

Participating TO's Interconnection Facilities shall mean all facilities and equipment owned, controlled or operated by the Participating TO from the Point of Change of Ownership to the Point of Interconnection as identified in Appendix A to this LGIA, including any modifications, additions or upgrades to such facilities and equipment. Participating TO's Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Participating TO's Reliability Network Upgrades shall mean the additions, modifications, and upgrades to the Participating TO's Transmission System at or beyond the Point of Interconnection, identified in the Interconnection Studies, as identified in Appendix A, necessary to interconnect the Large Generating Facility safely and reliably to the Participating TO's Transmission System, which would not have been necessary but for the interconnection of the Large Generating Facility, including additions, modifications, and upgrades necessary to remedy short circuit or stability problems resulting from the interconnection of the Large Generating Facility to the Participating TO's Transmission System. Participating TO's Reliability Network Upgrades also include, consistent with Applicable Reliability Standards and Applicable Reliability Council practice, the Participating TO's facilities necessary to mitigate any adverse impact the Large Generating Facility's interconnection may have on a path's Applicable Reliability Council rating. Participating TO's Reliability Network Upgrades do not include any Participating TO's Delivery Network Upgrades.

Participating TO's Transmission System shall mean the facilities owned and operated by the Participating TO and that have been placed under the CAISO's Operational Control, which facilities form part of the CAISO Controlled Grid.

Party or Parties shall mean the Participating TO, CAISO, Interconnection Customer or the applicable combination of the above.

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.

Phase II Interconnection Study shall mean an engineering and operational study conducted or caused to be performed by the CAISO once per calendar year, in coordination with the applicable Participating TO(s), to determine the Point of Interconnection and a list of facilities (including the Participating TO's Interconnection Facilities, Network Upgrades, Distribution Upgrades, and Stand Alone Network Upgrades), the cost of those facilities, and the time required to interconnect the Generating Facility(ies) with the Participating TO's Transmission System.

Phased Generating Facility shall mean a Generating Facility that is structured to be completed and to achieve Commercial Operation in two or more successive phases that are specified in this LGIA, such that each phase comprises a portion of the total megawatt generation capacity of the entire Generating Facility.

Point of Change of Ownership shall mean the point, as set forth in Appendix A to this LGIA, where the Interconnection Customer's Interconnection Facilities connect to the Participating TO's Interconnection Facilities.

Point of Interconnection shall mean the point, as set forth in Appendix A to this LGIA, where the Interconnection Facilities connect to the Participating TO's Transmission System.

QF PGA shall mean a Qualifying Facility Participating Generator Agreement specifying the special provisions for the operating relationship between a Qualifying Facility and the CAISO, a pro forma version of which is set forth in Appendix B.3 of the CAISO Tariff.

Qualifying Facility shall mean a qualifying cogeneration facility or qualifying small power production facility, as defined in the Code of Federal Regulations, Title 18, Part 292 (18 C.F.R. §292).

Reasonable Efforts shall mean, with respect to an action required to be attempted or taken by a Party under this LGIA, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

Scoping Meeting shall mean the meeting among representatives of the Interconnection Customer, the Participating TO(s), other Affected Systems, and the CAISO conducted for the purpose of discussing alternative interconnection options, to exchange information including any transmission data and earlier study evaluations that would be reasonably expected to impact such interconnection options, to analyze such information, and to determine the potential feasible Points of Interconnection.

Stand Alone Network Upgrades shall mean Network Upgrades that the Interconnection Customer may construct without affecting day-to-day operations of the CAISO Controlled Grid or Affected Systems during their construction. The Participating TO, the CAISO, and the Interconnection Customer must agree as to what constitutes Stand Alone Network Upgrades and identify them in Appendix A to this LGIA.

System Protection Facilities shall mean the equipment, including necessary protection signal communications equipment, that protects (1) the Participating TO's Transmission System, Participating TO's Interconnection Facilities, CAISO Controlled Grid, and Affected Systems from faults or other electrical disturbances occurring at the Generating Facility and (2) the Generating Facility from faults or other electrical system disturbances occurring on the CAISO Controlled Grid, Participating TO's Interconnection Facilities, and Affected Systems or on other delivery systems or other generating systems to which the CAISO Controlled Grid is directly connected.

Transmission Control Agreement shall mean CAISO FERC Electric Tariff No. 7.

Trial Operation shall mean the period during which the Interconnection Customer is engaged in on-site test operations and commissioning of an Electric Generating Unit prior to Commercial Operation.

ARTICLE 2. EFFECTIVE DATE, TERM AND TERMINATION

- 2.1 Effective Date.** This LGIA shall become effective upon execution by all Parties subject to acceptance by FERC (if applicable), or if filed unexecuted, upon the date specified by FERC. The CAISO and Participating TO shall promptly file this LGIA with FERC upon execution in accordance with Article 3.1, if required.
- 2.2 Term of Agreement.** Subject to the provisions of Article 2.3, this LGIA shall remain in effect for a period of ten (10) years from the Effective Date and shall be automatically renewed for each successive one-year period thereafter.
- 2.3 Termination Procedures.**
- 2.3.1 Written Notice.** This LGIA may be terminated by the Interconnection Customer after giving the CAISO and the Participating TO ninety (90) Calendar Days advance written notice, or by the CAISO and the Participating TO notifying FERC after the Generating Facility permanently ceases Commercial Operation.
- 2.3.2 Default.** A Party may terminate this LGIA in accordance with Article 17.

2.3.3 Suspension of Work. This LGIA may be deemed terminated in accordance with Article 5.16.

2.3.4 Notwithstanding Articles 2.3.1, 2.3.2, and 2.3.3, no termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination, including the filing with FERC of a notice of termination of this LGIA (if applicable), which notice has been accepted for filing by FERC, and the Interconnection Customer has fulfilled its termination cost obligations under Article 2.4.

2.3.5 Partial Termination. The Parties have included within this LGIA a provision for Partial Termination of this LGIA, the terms of which are set forth in Article 2.4.4. Notwithstanding any other term of this LGIA, Partial Termination shall be determined to have occurred in any and all circumstances where (i) one or more phases or Electric Generating Units for which the Interconnection Customer has secured Partial Termination eligibility are terminated, and (ii) this LGIA has not been terminated in its entirety and (iii) all phases or Electric Generating Units have not been disconnected pursuant to Article 2.5.

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.

(a) Interrelationship of Termination of the Entire LGIA under Article 2.4 and Partial Termination under 2.4.4: Nothing in this Article 2.4 shall limit the operation of those provisions pertaining to Partial Termination or the Partial Termination Charge contained in Article 2.4.4. In the event of Partial Termination, the provisions of Article 2.4.4 shall govern.

2.4.1 Notwithstanding the foregoing, in the event of termination by a Party, all Parties shall use commercially Reasonable Efforts to mitigate the costs, damages and charges arising as a consequence of termination. With respect to any portion of the Participating TO's Interconnection Facilities that have not yet been constructed or installed, the Participating TO shall to the extent possible and with the Interconnection Customer's authorization cancel any pending orders of, or return, any materials or equipment for, or contracts for construction of, such facilities; provided that in the event the Interconnection Customer elects not to authorize such cancellation, the Interconnection Customer shall assume all payment obligations with respect to such materials, equipment, and contracts, and the Participating TO shall deliver such material and equipment, and, if necessary, assign such contracts, to the Interconnection Customer as soon as practicable, at the Interconnection Customer's expense. To the extent that the Interconnection Customer has already paid the Participating TO for any or all such costs of materials or equipment not taken by the Interconnection Customer, the Participating TO shall promptly refund such amounts to the Interconnection Customer, less any

costs, including penalties, incurred by the Participating TO to cancel any pending orders of or return such materials, equipment, or contracts.

- 2.4.2** The Participating TO may, at its option, retain any portion of such materials, equipment, or facilities that the Interconnection Customer chooses not to accept delivery of, in which case the Participating TO shall be responsible for all costs associated with procuring such materials, equipment, or facilities.
- 2.4.3** With respect to any portion of the Interconnection Facilities, and any other facilities already installed or constructed pursuant to the terms of this LGIA, Interconnection Customer shall be responsible for all costs associated with the removal, relocation or other disposition or retirement of such materials, equipment, or facilities.
- 2.4.4 Partial Termination.** The Parties agree that this LGIA shall provide for Partial Termination on the terms and conditions of this Article 2.4.4. This Article 2.4.4 shall apply only in the event of Partial Termination and shall not apply if this LGIA is terminated with respect to the entire Generating Facility. Partial Termination shall be deemed to have occurred, and the terms of this Article 2.4.4 shall apply in any and all situations of termination under this LGIA where the LGIA is not terminated in its entirety with the corresponding disconnection of all Electric Generating Units or phases of the Generating Facility that are the subject of this LGIA; provided, however, that Partial Termination may occur only with respect to those Electric Generating Units for which the Interconnection Customer has previously provided Partial Termination Charge Security, such that no Partial Termination of an Electric Generating Unit may occur for which the Partial Termination right has not been secured.
- 2.4.4.1** Except as set forth in Appendix B, Table 3B, in the event of Partial Termination, the Interconnection Customer shall pay a Partial Termination Charge. The Partial Termination Charge shall be payable to the CAISO and shall be secured by the Partial Termination Charge Security. The amount of the Partial Termination Charge shall be an amount equal to the product of ten percent (10%) of the dollar amount of the Interconnection Customer's cost responsibility for the Network Upgrades for the entire Phased Generating Facility times (multiplied by) the ratio of the megawatt capacity of the portion of the Phased Generating Facility that is terminated to the megawatt capacity of the entire Phased Generating Facility. The following specific items related to Partial Termination are set forth in Appendix C, Section 7: the amount of the Partial Termination Charge and Partial Termination Charge Security; the timing for posting of the security,

and the details for reduction of the security for Electric Generating Units that achieve Commercial Operation prior to Partial Termination.

2.4.4.2 Partial Termination may be exercised following the delivery of the Partial Termination Charge Security for the Electric Generating Units for which the Interconnection Customer has elected to make the Partial Termination available either: (i) at the option of the Interconnection Customer, exercisable in its sole discretion; or, (ii) at the mutual discretion of the Participating TO's and the CAISO, upon the failure of the Interconnection Customer to meet any of the milestones set forth in Appendix B. The notice referenced in this Article may run concurrently with any other notice provided by the Party under this LGIA (including notices pertaining to Default, or failure to meet milestones relating to decision points) and shall not provide the noticed Parties with any additional period of time for cure in such other notices.

2.4.4.3 Upon written notice by either (i) the Interconnection Customer to the other Parties; or (ii) the Participating TO and the CAISO to the Interconnection Customer; that the noticing Party has invoked Partial Termination, the Partial Termination Charge shall become immediately due and owing, and the CAISO shall liquidate the Partial Termination Charge Security for collection of the applicable Partial Termination Charge, and apply the Partial Termination funds as specified in Section 2.4.4.5.

2.4.4.4 Upon Partial Termination, the Parties shall amend this LGIA to remove from this LGIA the terms and conditions specifying continuing rights and obligations of the Parties with respect to the applicable Electric Generating Unit(s) of the Phased Generating Facility which have been the subject of the Partial Termination, and to specify the continuing rights and obligations of the Parties with respect to the Electric Generating Units which remain the subject of the LGIA. The amended LGIA shall reflect that the Parties have partially terminated the LGIA as to the terminated Electric Generating Unit(s), but not as to any provisions relevant to the Electric Generating Unit(s) for which Partial Termination has not been exercised. The amended LGIA shall further reflect the lower generation capacity of the Generating Facility in its new condition following Partial Termination, and, to the extent that the interconnection configuration that has been modified as a result of the Partial Termination, shall set forth the modified configuration in the amended and restated Appendices to this LGIA.

- 2.4.4.5** After written notice of Partial Termination under Article 2.4.4.5, and the expiration of any opportunity to cure relating to any concurrent notices (such as notices of Default or notices relating to milestones and decision points) the CAISO shall cause the Partial Termination Charge funds to be applied and disbursed in such a manner as to cause a credit toward the Transmission Revenue Balancing Account ("TRBA") of the Participating TO. The Parties agree to cooperate and execute such agreements and undertake such actions as may be necessary to apply the funds to credit this account.
- 2.4.4.6** If this LGIA is terminated in its entirety prior to any event of Partial Termination, then any Partial Termination Charge Security which was provided to the CAISO prior to the Partial Termination shall be returned to the Interconnection Customer. The Parties acknowledge that there could be a situation where the LGIA was partially terminated in one transaction, followed by a termination of the entire LGIA in a subsequent transaction, in that event, the amount of Partial Termination Charge Security associated with such previous Partial Termination shall not be returned to the Interconnection Customer.
- 2.4.4.7** In the event of Partial Termination, the Partial Termination Charge and application of such charge as a credit to the Participating TO's TRBA shall serve as the recourse of the CAISO and the Participating TO for any costs associated with the Network Upgrades as described in this LGIA, and the Interconnection Customer shall not be responsible for payment to the CAISO or the Participating TO for any further costs, charges or expenses attributable to the Network Upgrades.
- 2.5 Disconnection.** Upon termination of this LGIA, the Parties will take all appropriate steps to disconnect the Large Generating Facility from the Participating TO's Transmission System. All costs required to effectuate such disconnection shall be borne by the terminating Party, unless such termination resulted from the non-terminating Party's Default of this LGIA or such non-terminating Party otherwise is responsible for these costs under this LGIA.
- 2.6 Survival.** This LGIA shall continue in effect after termination to the extent necessary to provide for final billings and payments and for costs incurred hereunder, including billings and payments pursuant to this LGIA; to permit the determination and enforcement of liability and indemnification obligations arising from acts or events that occurred while this LGIA was in effect; and to permit each Party to have access to the lands of the other Parties pursuant to this LGIA or other applicable agreements, to disconnect, remove or salvage its own facilities and equipment.

ARTICLE 3. REGULATORY FILINGS AND CAISO TARIFF COMPLIANCE

- 3.1 Filing.** The Participating TO and the CAISO shall file this LGIA (and any amendment hereto) with the appropriate Governmental Authority(ies), if required. The Interconnection Customer may request that any information so provided be subject to the confidentiality provisions of Article 22. If the Interconnection Customer has executed this LGIA, or any amendment thereto, the Interconnection Customer shall reasonably cooperate with the Participating TO and CAISO with respect to such filing and to provide any information reasonably requested by the Participating TO or CAISO needed to comply with applicable regulatory requirements.
- 3.2 Agreement Subject to CAISO Tariff.** The Interconnection Customer will comply with all applicable provisions of the CAISO Tariff, including the GIP.
- 3.3 Relationship Between this LGIA and the CAISO Tariff.** With regard to rights and obligations between the Participating TO and the Interconnection Customer, if and to the extent a matter is specifically addressed by a provision of this LGIA (including any appendices, schedules or other attachments to this LGIA), the provisions of this LGIA shall govern. If and to the extent a provision of this LGIA is inconsistent with the CAISO Tariff and dictates rights and obligations between the CAISO and the Participating TO or the CAISO and the Interconnection Customer, the CAISO Tariff shall govern.
- 3.4 Relationship Between this LGIA and the QF PGA.** With regard to the rights and obligations of a Qualifying Facility that has entered into a QF PGA with the CAISO and has entered into this LGIA, if and to the extent a matter is specifically addressed by a provision of the QF PGA that is inconsistent with this LGIA, the terms of the QF PGA shall govern.

ARTICLE 4. SCOPE OF SERVICE

- 4.1 Interconnection Service.** Interconnection Service allows the Interconnection Customer to connect the Large Generating Facility to the Participating TO's Transmission System and be eligible to deliver the Large Generating Facility's output using the available capacity of the CAISO Controlled Grid. To the extent the Interconnection Customer wants to receive Interconnection Service, the Participating TO shall construct facilities identified in Appendices A and C that the Participating TO is responsible to construct.

Interconnection Service does not necessarily provide the Interconnection Customer with the capability to physically deliver the output of its Large Generating Facility to any particular load on the CAISO Controlled Grid without

incurring congestion costs. In the event of transmission constraints on the CAISO Controlled Grid, the Interconnection Customer's Large Generating Facility shall be subject to the applicable congestion management procedures in the CAISO Tariff in the same manner as all other resources.

- 4.2 Provision of Service.** The Participating TO and the CAISO shall provide Interconnection Service for the Large Generating Facility.
- 4.3 Performance Standards.** Each Party shall perform all of its obligations under this LGIA in accordance with Applicable Laws and Regulations, Applicable Reliability Standards, and Good Utility Practice, and to the extent a Party is required or prevented or limited in taking any action by such regulations and standards, such Party shall not be deemed to be in Breach of this LGIA for its compliance therewith. If such Party is the CAISO or Participating TO, then that Party shall amend the LGIA and submit the amendment to FERC for approval.
- 4.4 No Transmission Service.** The execution of this LGIA does not constitute a request for, nor the provision of, any transmission service under the CAISO Tariff, and does not convey any right to deliver electricity to any specific customer or point of delivery.
- 4.5 Interconnection Customer Provided Services.** The services provided by Interconnection Customer under this LGIA are set forth in Article 9.6 and Article 13.5.1. Interconnection Customer shall be paid for such services in accordance with Article 11.6.

ARTICLE 5. FACILITIES ENGINEERING, PROCUREMENT, AND CONSTRUCTION

Interconnection Facilities, Network Upgrades, and Distribution Upgrades shall be studied, designed, and constructed pursuant to Good Utility Practice. Such studies, design and construction shall be based on the assumed accuracy and completeness of all technical information received by the Participating TO and the CAISO from the Interconnection Customer associated with interconnecting the Large Generating Facility.

- 5.1 Options.** Unless otherwise mutually agreed among the Parties, the Interconnection Customer shall select the In-Service Date, Initial Synchronization Date, and Commercial Operation Date; and either Standard Option or Alternate Option set forth below for completion of the Participating TO's Interconnection Facilities and Network Upgrades as set forth in Appendix A, Interconnection Facilities, Network Upgrades, and Distribution Upgrades, and such dates and selected option shall be set forth in Appendix B, Milestones.

5.1.1 Standard Option. The Participating TO shall design, procure, and construct the Participating TO's Interconnection Facilities, Network Upgrades, and Distribution Upgrades, using Reasonable Efforts to complete the Participating TO's Interconnection Facilities, Network Upgrades, and Distribution Upgrades by the dates set forth in Appendix B, Milestones. The Participating TO shall not be required to undertake any action which is inconsistent with its standard safety practices, its material and equipment specifications, its design criteria and construction procedures, its labor agreements, and Applicable Laws and Regulations. In the event the Participating TO reasonably expects that it will not be able to complete the Participating TO's Interconnection Facilities, Network Upgrades, and Distribution Upgrades by the specified dates, the Participating TO shall promptly provide written notice to the Interconnection Customer and the CAISO and shall undertake Reasonable Efforts to meet the earliest dates thereafter.

5.1.2 Alternate Option. If the dates designated by the Interconnection Customer are acceptable to the Participating TO, the Participating TO shall so notify the Interconnection Customer within thirty (30) Calendar Days, and shall assume responsibility for the design, procurement and construction of the Participating TO's Interconnection Facilities by the designated dates.

If the Participating TO subsequently fails to complete the Participating TO's Interconnection Facilities by the In-Service Date, to the extent necessary to provide back feed power; or fails to complete Network Upgrades by the Initial Synchronization Date to the extent necessary to allow for Trial Operation at full power output, unless other arrangements are made by the Parties for such Trial Operation; or fails to complete the Network Upgrades by the Commercial Operation Date, as such dates are reflected in Appendix B, Milestones; the Participating TO shall pay the Interconnection Customer liquidated damages in accordance with Article 5.3, Liquidated Damages, provided, however, the dates designated by the Interconnection Customer shall be extended day for day for each day that the CAISO refuses to grant clearances to install equipment.

5.1.3 Option to Build. If the dates designated by the Interconnection Customer are not acceptable to the Participating TO, the Participating TO shall so notify the Interconnection Customer within thirty (30) Calendar Days, and unless the Parties agree otherwise, the Interconnection Customer shall have the option to assume responsibility for the design, procurement and construction of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades. If the Interconnection Customer elects to exercise its option to assume responsibility for the design, procurement

and construction of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades, it shall so notify the Participating TO within thirty (30) Calendar Days of receipt of the Participating TO's notification that the designated dates are not acceptable to the Participating TO. The Participating TO, CAISO, and Interconnection Customer must agree as to what constitutes Stand Alone Network Upgrades and identify such Stand Alone Network Upgrades in Appendix A to this LGIA. Except for Stand Alone Network Upgrades, the Interconnection Customer shall have no right to construct Network Upgrades under this option.

5.1.4 Negotiated Option. If the Interconnection Customer elects not to exercise its option under Article 5.1.3, Option to Build, the Interconnection Customer shall so notify the Participating TO within thirty (30) Calendar Days of receipt of the Participating TO's notification that the designated dates are not acceptable to the Participating TO, and the Parties shall in good faith attempt to negotiate terms and conditions (including revision of the specified dates and liquidated damages, the provision of incentives or the procurement and construction of a portion of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades by the Interconnection Customer) pursuant to which the Participating TO is responsible for the design, procurement and construction of the Participating TO's Interconnection Facilities and Network Upgrades. If the Parties are unable to reach agreement on such terms and conditions, the Participating TO shall assume responsibility for the design, procurement and construction of the Participating TO's Interconnection Facilities and Network Upgrades pursuant to Article 5.1.1, Standard Option.

5.2 General Conditions Applicable to Option to Build. If the Interconnection Customer assumes responsibility for the design, procurement and construction of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades,

(1) The Interconnection Customer shall engineer, procure equipment, and construct the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades (or portions thereof) using Good Utility Practice and using standards and specifications provided in advance by the Participating TO;

(2) The Interconnection Customer's engineering, procurement and construction of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades shall comply with all requirements of law to which the Participating TO would be subject in the engineering,

procurement or construction of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades;

(3) the Participating TO shall review, and the Interconnection Customer shall obtain the Participating TO's approval of, the engineering design, equipment acceptance tests, and the construction of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades, which approval shall not be unreasonably withheld, and the CAISO may, at its option, review the engineering design, equipment acceptance tests, and the construction of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades;

(4) prior to commencement of construction, the Interconnection Customer shall provide to the Participating TO, with a copy to the CAISO for informational purposes, a schedule for construction of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades, and shall promptly respond to requests for information from the Participating TO;

(5) at any time during construction, the Participating TO shall have the right to gain unrestricted access to the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades and to conduct inspections of the same;

(6) at any time during construction, should any phase of the engineering, equipment procurement, or construction of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades not meet the standards and specifications provided by the Participating TO, the Interconnection Customer shall be obligated to remedy deficiencies in that portion of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades;

(7) The Interconnection Customer shall indemnify the CAISO and Participating TO for claims arising from the Interconnection Customer's construction of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades under the terms and procedures applicable to Article 18.1 Indemnity;

(8) The Interconnection Customer shall transfer control of the Participating TO's Interconnection Facilities to the Participating TO and shall transfer Operational Control of Stand Alone Network Upgrades to the CAISO;

(9) Unless the Parties otherwise agree, the Interconnection Customer shall transfer ownership of the Participating TO's Interconnection Facilities

and Stand Alone Network Upgrades to the Participating TO. As soon as reasonably practicable, but within twelve months after completion of the construction of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades, the Interconnection Customer shall provide an invoice of the final cost of the construction of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades to the Participating TO, which invoice shall set forth such costs in sufficient detail to enable the Participating TO to reflect the proper costs of such facilities in its transmission rate base and to identify the investment upon which refunds will be provided;

(10) the Participating TO shall accept for operation and maintenance the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades to the extent engineered, procured, and constructed in accordance with this Article 5.2; and

(11) The Interconnection Customer's engineering, procurement and construction of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades shall comply with all requirements of the "Option to Build" conditions set forth in Appendix C. Interconnection Customer shall deliver to the Participating TO "as-built" drawings, information, and any other documents that are reasonably required by the Participating TO to assure that the Interconnection Facilities and Stand-Alone Network Upgrades are built to the standards and specifications required by the Participating TO.

5.3 Liquidated Damages. The actual damages to the Interconnection Customer, in the event the Participating TO's Interconnection Facilities or Network Upgrades are not completed by the dates designated by the Interconnection Customer and accepted by the Participating TO pursuant to subparagraphs 5.1.2 or 5.1.4, above, may include Interconnection Customer's fixed operation and maintenance costs and lost opportunity costs. Such actual damages are uncertain and impossible to determine at this time. Because of such uncertainty, any liquidated damages paid by the Participating TO to the Interconnection Customer in the event that the Participating TO does not complete any portion of the Participating TO's Interconnection Facilities or Network Upgrades by the applicable dates, shall be an amount equal to $\frac{1}{2}$ of 1 percent per day of the actual cost of the Participating TO's Interconnection Facilities and Network Upgrades, in the aggregate, for which the Participating TO has assumed responsibility to design, procure and construct.

However, in no event shall the total liquidated damages exceed 20 percent of the actual cost of the Participating TO's Interconnection Facilities and Network Upgrades for which the Participating TO has assumed responsibility to design,

procure, and construct. The foregoing payments will be made by the Participating TO to the Interconnection Customer as just compensation for the damages caused to the Interconnection Customer, which actual damages are uncertain and impossible to determine at this time, and as reasonable liquidated damages, but not as a penalty or a method to secure performance of this LGIA. Liquidated damages, when the Parties agree to them, are the exclusive remedy for the Participating TO's failure to meet its schedule.

No liquidated damages shall be paid to the Interconnection Customer if: (1) the Interconnection Customer is not ready to commence use of the Participating TO's Interconnection Facilities or Network Upgrades to take the delivery of power for the Electric Generating Unit's Trial Operation or to export power from the Electric Generating Unit on the specified dates, unless the Interconnection Customer would have been able to commence use of the Participating TO's Interconnection Facilities or Network Upgrades to take the delivery of power for Electric Generating Unit's Trial Operation or to export power from the Electric Generating Unit, but for the Participating TO's delay; (2) the Participating TO's failure to meet the specified dates is the result of the action or inaction of the Interconnection Customer or any other interconnection customer who has entered into an interconnection agreement with the CAISO and/or Participating TO, action or inaction by the CAISO, or any cause beyond the Participating TO's reasonable control or reasonable ability to cure; (3) the Interconnection Customer has assumed responsibility for the design, procurement and construction of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades; or (4) the Parties have otherwise agreed.

In no event shall the CAISO have any responsibility or liability to the Interconnection Customer for liquidated damages pursuant to the provisions of this Article 5.3.

- 5.4 Power System Stabilizers.** The Interconnection Customer shall procure, install, maintain and operate Power System Stabilizers in accordance with Applicable Reliability Standards, the guidelines and procedures established by the Applicable Reliability Council, and the provisions of Section 4.6.5.1 of the CAISO Tariff. The CAISO reserves the right to establish reasonable minimum acceptable settings for any installed Power System Stabilizers, subject to the design and operating limitations of the Large Generating Facility. If the Large Generating Facility's Power System Stabilizers are removed from service or not capable of automatic operation, the Interconnection Customer shall immediately notify the CAISO and the Participating TO and restore the Power System Stabilizers to operation as soon as possible. The CAISO shall have the right to order the reduction in output or disconnection of the Large Generating Facility if the reliability of the CAISO Controlled Grid would be adversely affected as a result of improperly tuned Power System Stabilizers. The requirements of this

Article 5.4 shall apply to Asynchronous Generating Facilities in accordance with Appendix H.

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 Process 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.

5.6 Construction Commencement. The Participating TO shall commence construction of the Participating TO's Interconnection Facilities and Network Upgrades for which it is responsible as soon as practicable after the following additional conditions are satisfied:

5.6.1 Approval of the appropriate Governmental Authority has been obtained for any facilities requiring regulatory approval;

5.6.2 Necessary real property rights and rights-of-way have been obtained, to the extent required for the construction of a discrete aspect of the Participating TO's Interconnection Facilities and Network Upgrades;

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

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

- 5.7 Work Progress.** The Parties will keep each other advised periodically as to the progress of their respective design, procurement and construction efforts. Any Party may, at any time, request a progress report from another Party. If, at any time, the Interconnection Customer determines that the completion of the Participating TO's Interconnection Facilities will not be required until after the specified In-Service Date, the Interconnection Customer will provide written notice to the Participating TO and CAISO of such later date upon which the completion of the Participating TO's Interconnection Facilities will be required.
- 5.8 Information Exchange.** As soon as reasonably practicable after the Effective Date, the Parties shall exchange information regarding the design and compatibility of the Interconnection Customer's Interconnection Facilities and Participating TO's Interconnection Facilities and compatibility of the Interconnection Facilities with the Participating TO's Transmission System, and shall work diligently and in good faith to make any necessary design changes.
- 5.9 Limited Operation.** If any of the Participating TO's Interconnection Facilities or Network Upgrades are not reasonably expected to be completed prior to the Commercial Operation Date of the Electric Generating Unit, the Participating TO and/or CAISO, as applicable, shall, upon the request and at the expense of the Interconnection Customer, perform operating studies on a timely basis to determine the extent to which the Electric Generating Unit and the Interconnection Customer's Interconnection Facilities may operate prior to the completion of the Participating TO's Interconnection Facilities or Network Upgrades consistent with Applicable Laws and Regulations, Applicable Reliability Standards, Good Utility Practice, and this LGIA. The Participating TO and CAISO shall permit Interconnection Customer to operate the Electric Generating Unit and the Interconnection Customer's Interconnection Facilities in accordance with the results of such studies.
- 5.10 Interconnection Customer's Interconnection Facilities.** The Interconnection Customer shall, at its expense, design, procure, construct, own and install the Interconnection Customer's Interconnection Facilities, as set forth in Appendix A.
- 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.

5.10.2 Participating TO's and CAISO's Review. The Participating TO's and the CAISO's review of the Interconnection Customer's final specifications shall not be construed as confirming, endorsing, or providing a warranty as to the design, fitness, safety, durability or reliability of the Large Generating Facility, or the Interconnection Customer's Interconnection Facilities. Interconnection Customer shall make such changes to the Interconnection Customer's Interconnection Facilities as may reasonably be required by the Participating TO or the CAISO, in accordance with Good Utility Practice, to ensure that the Interconnection Customer's Interconnection Facilities are compatible with the technical specifications, Operational Control, and safety requirements of the Participating TO or the CAISO.

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.

5.10.4 Interconnection Customer to Meet Requirements of the Participating TO's Interconnection Handbook. The Interconnection Customer shall comply with the Participating TO's Interconnection Handbook.

5.11 Participating TO's Interconnection Facilities Construction. The Participating TO's Interconnection Facilities shall be designed and constructed in accordance with Good Utility Practice. Upon request, 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 Participating TO shall deliver to the Interconnection Customer and the CAISO the following "as-built" drawings, information and documents for the Participating TO's Interconnection Facilities. No as-built drawings will be provided.

The Participating TO will obtain control for operating and maintenance purposes of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades upon completion of such facilities. Pursuant to Article 5.2, the CAISO will obtain Operational Control of the Stand Alone Network Upgrades prior to the Commercial Operation Date.

5.12 Access Rights. Upon reasonable notice and supervision by a Party, and subject to any required or necessary regulatory approvals, a Party ("Granting Party") shall furnish at no cost to the other Party ("Access Party") any rights of use, licenses, rights of way and easements with respect to lands owned or controlled by the Granting Party, its agents (if allowed under the applicable agency agreement), or any Affiliate, that are necessary to enable the Access Party to obtain ingress and egress to construct, operate, maintain, repair, test (or witness testing), inspect, replace or remove facilities and equipment to: (i) interconnect the Large Generating Facility with the Participating TO's Transmission System; (ii) operate and maintain the Large Generating Facility, the Interconnection Facilities and the Participating TO's Transmission System; and (iii) disconnect or remove the Access Party's facilities and equipment upon termination of this LGIA. In exercising such licenses, rights of way and easements, the Access Party shall not unreasonably disrupt or interfere with normal operation of the Granting Party's business and shall adhere to the safety rules and procedures established in advance, as may be changed from time to time, by the Granting Party and provided to the Access Party.

- 5.13 Lands of Other Property Owners.** If any part of the Participating TO's Interconnection Facilities and/or Network Upgrades are to be installed on property owned by persons other than the Interconnection Customer or Participating TO, the Participating TO shall at the Interconnection Customer's expense use efforts, similar in nature and extent to those that it typically undertakes on its own behalf or on behalf of its Affiliates, including use of its eminent domain authority, and to the extent consistent with state law, to procure from such persons any rights of use, licenses, rights of way and easements that are necessary to construct, operate, maintain, test, inspect, replace or remove the Participating TO's Interconnection Facilities and/or Network Upgrades upon such property.
- 5.14 Permits.** Participating TO and Interconnection Customer shall cooperate with each other in good faith in obtaining all permits, licenses and authorization that are necessary to accomplish the interconnection in compliance with Applicable Laws and Regulations. With respect to this paragraph, the Participating TO shall provide permitting assistance to the Interconnection Customer comparable to that provided to the Participating TO's own, or an Affiliate's generation.
- 5.15 Early Construction of Base Case Facilities.** The Interconnection Customer may request the Participating TO to construct, and the Participating TO shall construct, using Reasonable Efforts to accommodate Interconnection Customer's In-Service Date, all or any portion of any Network Upgrades required for Interconnection Customer to be interconnected to the Participating TO's Transmission System which are included in the Base Case of the Interconnection Studies for the Interconnection Customer, and which also are required to be constructed for another interconnection customer, but where such construction is not scheduled to be completed in time to achieve Interconnection Customer's In-Service Date.
- 5.16 Suspension.** The Interconnection Customer reserves the right, upon written notice to the Participating TO and the CAISO, to suspend at any time all work associated with the construction and installation of the Participating TO's Interconnection Facilities, Network Upgrades, and/or Distribution Upgrades required under this LGIA, other than Network Upgrades identified in the Phase II Interconnection Study as common to multiple Generating Facilities, with the condition that the Participating TO's electrical system and the CAISO Controlled Grid shall be left in a safe and reliable condition in accordance with Good Utility Practice and the Participating TO's safety and reliability criteria and the CAISO's Applicable Reliability Standards. In such event, the Interconnection Customer shall be responsible for all reasonable and necessary costs which the Participating TO (i) has incurred pursuant to this LGIA prior to the suspension and (ii) incurs in suspending such work, including any costs incurred to perform such work as may be necessary to ensure the safety of persons and property

and the integrity of the Participating TO's electric system during such suspension and, if applicable, any costs incurred in connection with the cancellation or suspension of material, equipment and labor contracts which the Participating TO cannot reasonably avoid; provided, however, that prior to canceling or suspending any such material, equipment or labor contract, the Participating TO shall obtain Interconnection Customer's authorization to do so.

The Participating TO shall invoice the Interconnection Customer for such costs pursuant to Article 12 and shall use due diligence to minimize its costs. In the event Interconnection Customer suspends work required under this LGIA pursuant to this Article 5.16, and has not requested the Participating TO to recommence the work or has not itself recommenced work required under this LGIA in time to ensure that the new projected Commercial Operation Date for the full Generating Facility Capacity of the Large Generating Facility is no more than three (3) years from the Commercial Operation Date identified in Appendix B hereto, this LGIA shall be deemed terminated and the Interconnection Customer's responsibility for costs will be determined in accordance with Article 2.4 of this LGIA. The suspension period shall begin on the date the suspension is requested, or the date of the written notice to the Participating TO and the CAISO, if no effective date is specified.

5.17 Taxes.

5.17.1 Interconnection Customer Payments Not Taxable. The Parties intend that all payments or property transfers made by the Interconnection Customer to the Participating TO for the installation of the Participating TO's Interconnection Facilities and the Network Upgrades shall be non-taxable, either as contributions to capital, or as a refundable advance, in accordance with the Internal Revenue Code and any applicable state income tax laws and shall not be taxable as contributions in aid of construction or otherwise under the Internal Revenue Code and any applicable state income tax laws.

5.17.2 Representations And Covenants. In accordance with IRS Notice 2001-82 and IRS Notice 88-129, the Interconnection Customer represents and covenants that (i) ownership of the electricity generated at the Large Generating Facility will pass to another party prior to the transmission of the electricity on the CAISO Controlled Grid, (ii) for income tax purposes, the amount of any payments and the cost of any property transferred to the Participating TO for the Participating TO's Interconnection Facilities will be capitalized by the Interconnection Customer as an intangible asset and recovered using the straight-line method over a useful life of twenty (20) years, and (iii) any portion of the Participating TO's Interconnection Facilities that is a "dual-use intertie," within the meaning of IRS Notice 88-

129, is reasonably expected to carry only a de minimis amount of electricity in the direction of the Large Generating Facility. For this purpose, “de minimis amount” means no more than 5 percent of the total power flows in both directions, calculated in accordance with the “5 percent test” set forth in IRS Notice 88-129. This is not intended to be an exclusive list of the relevant conditions that must be met to conform to IRS requirements for non-taxable treatment.

At the Participating TO’s request, the Interconnection Customer shall provide the Participating TO with a report from an independent engineer confirming its representation in clause (iii), above. The Participating TO represents and covenants that the cost of the Participating TO’s Interconnection Facilities paid for by the Interconnection Customer without the possibility of refund or credit will have no net effect on the base upon which rates are determined.

5.17.3 Indemnification for the Cost Consequence of Current Tax Liability Imposed Upon the Participating TO. Notwithstanding Article 5.17.1, the Interconnection Customer shall protect, indemnify and hold harmless the Participating TO from the cost consequences of any current tax liability imposed against the Participating TO as the result of payments or property transfers made by the Interconnection Customer to the Participating TO under this LGIA for Interconnection Facilities, as well as any interest and penalties, other than interest and penalties attributable to any delay caused by the Participating TO.

The Participating TO shall not include a gross-up for the cost consequences of any current tax liability in the amounts it charges the Interconnection Customer under this LGIA unless (i) the Participating TO has determined, in good faith, that the payments or property transfers made by the Interconnection Customer to the Participating TO should be reported as income subject to taxation or (ii) any Governmental Authority directs the Participating TO to report payments or property as income subject to taxation; provided, however, that the Participating TO may require the Interconnection Customer to provide security for Interconnection Facilities, in a form reasonably acceptable to the Participating TO (such as a parental guarantee or a letter of credit), in an amount equal to the cost consequences of any current tax liability under this Article 5.17. The Interconnection Customer shall reimburse the Participating TO for such costs on a fully grossed-up basis, in accordance with Article 5.17.4, within thirty (30) Calendar Days of receiving written notification from the Participating TO of the amount due, including detail about how the amount was calculated.

The indemnification obligation shall terminate at the earlier of (1) the expiration of the ten year testing period and the applicable statute of limitation, as it may be extended by the Participating TO upon request of the IRS, to keep these years open for audit or adjustment, or (2) the occurrence of a subsequent taxable event and the payment of any related indemnification obligations as contemplated by this Article 5.17.

5.17.4 Tax Gross-Up Amount. The Interconnection Customer's liability for the cost consequences of any current tax liability under this Article 5.17 shall be calculated on a fully grossed-up basis. Except as may otherwise be agreed to by the parties, this means that the Interconnection Customer will pay the Participating TO, in addition to the amount paid for the Interconnection Facilities and Network Upgrades, an amount equal to (1) the current taxes imposed on the Participating TO ("Current Taxes") on the excess of (a) the gross income realized by the Participating TO as a result of payments or property transfers made by the Interconnection Customer to the Participating TO under this LGIA (without regard to any payments under this Article 5.17) (the "Gross Income Amount") over (b) the present value of future tax deductions for depreciation that will be available as a result of such payments or property transfers (the "Present Value Depreciation Amount"), plus (2) an additional amount sufficient to permit the Participating TO to receive and retain, after the payment of all Current Taxes, an amount equal to the net amount described in clause (1).

For this purpose, (i) Current Taxes shall be computed based on the Participating TO's composite federal and state tax rates at the time the payments or property transfers are received and the Participating TO will be treated as being subject to tax at the highest marginal rates in effect at that time (the "Current Tax Rate"), and (ii) the Present Value Depreciation Amount shall be computed by discounting the Participating TO's anticipated tax depreciation deductions as a result of such payments or property transfers by the Participating TO's current weighted average cost of capital. Thus, the formula for calculating the Interconnection Customer's liability to the Participating TO pursuant to this Article 5.17.4 can be expressed as follows: $(\text{Current Tax Rate} \times (\text{Gross Income Amount} - \text{Present Value of Tax Depreciation})) / (1 - \text{Current Tax Rate})$. Interconnection Customer's estimated tax liability in the event taxes are imposed shall be stated in Appendix A, Interconnection Facilities, Network Upgrades and Distribution Upgrades.

5.17.5 Private Letter Ruling or Change or Clarification of Law. At the Interconnection Customer's request and expense, the Participating TO shall file with the IRS a request for a private letter ruling as to whether any

property transferred or sums paid, or to be paid, by the Interconnection Customer to the Participating TO under this LGIA are subject to federal income taxation. The Interconnection Customer will prepare the initial draft of the request for a private letter ruling, and will certify under penalties of perjury that all facts represented in such request are true and accurate to the best of the Interconnection Customer's knowledge. The Participating TO and Interconnection Customer shall cooperate in good faith with respect to the submission of such request, provided, however, the Interconnection Customer and the Participating TO explicitly acknowledge (and nothing herein is intended to alter) Participating TO's obligation under law to certify that the facts presented in the ruling request are true, correct and complete.

The Participating TO shall keep the Interconnection Customer fully informed of the status of such request for a private letter ruling and shall execute either a privacy act waiver or a limited power of attorney, in a form acceptable to the IRS, that authorizes the Interconnection Customer to participate in all discussions with the IRS regarding such request for a private letter ruling. The Participating TO shall allow the Interconnection Customer to attend all meetings with IRS officials about the request and shall permit the Interconnection Customer to prepare the initial drafts of any follow-up letters in connection with the request.

5.17.6 Subsequent Taxable Events. If, within 10 years from the date on which the relevant Participating TO's Interconnection Facilities are placed in service, (i) the Interconnection Customer Breaches the covenants contained in Article 5.17.2, (ii) a "disqualification event" occurs within the meaning of IRS Notice 88-129, or (iii) this LGIA terminates and the Participating TO retains ownership of the Interconnection Facilities and Network Upgrades, the Interconnection Customer shall pay a tax gross-up for the cost consequences of any current tax liability imposed on the Participating TO, calculated using the methodology described in Article 5.17.4 and in accordance with IRS Notice 90-60.

5.17.7 Contests. In the event any Governmental Authority determines that the Participating TO's receipt of payments or property constitutes income that is subject to taxation, the Participating TO shall notify the Interconnection Customer, in writing, within thirty (30) Calendar Days of receiving notification of such determination by a Governmental Authority. Upon the timely written request by the Interconnection Customer and at the Interconnection Customer's sole expense, the Participating TO may appeal, protest, seek abatement of, or otherwise oppose such determination. Upon the Interconnection Customer's written request and sole expense, the Participating TO may file a claim for refund with respect

to any taxes paid under this Article 5.17, whether or not it has received such a determination. The Participating TO reserve the right to make all decisions with regard to the prosecution of such appeal, protest, abatement or other contest, including the selection of counsel and compromise or settlement of the claim, but the Participating TO shall keep the Interconnection Customer informed, shall consider in good faith suggestions from the Interconnection Customer about the conduct of the contest, and shall reasonably permit the Interconnection Customer or an Interconnection Customer representative to attend contest proceedings.

The Interconnection Customer shall pay to the Participating TO on a periodic basis, as invoiced by the Participating TO, the Participating TO's documented reasonable costs of prosecuting such appeal, protest, abatement or other contest, including any costs associated with obtaining the opinion of independent tax counsel described in this Article 5.17.7. The Participating TO may abandon any contest if the Interconnection Customer fails to provide payment to the Participating TO within thirty (30) Calendar Days of receiving such invoice.

At any time during the contest, the Participating TO may agree to a settlement either with the Interconnection Customer's consent or, if such consent is refused, after obtaining written advice from independent nationally-recognized tax counsel, selected by the Participating TO, but reasonably acceptable to the Interconnection Customer, that the proposed settlement represents a reasonable settlement given the hazards of litigation. The Interconnection Customer's obligation shall be based on the amount of the settlement agreed to by the Interconnection Customer, or if a higher amount, so much of the settlement that is supported by the written advice from nationally-recognized tax counsel selected under the terms of the preceding paragraph. The settlement amount shall be calculated on a fully grossed-up basis to cover any related cost consequences of the current tax liability. The Participating TO may also settle any tax controversy without receiving the Interconnection Customer's consent or any such written advice; however, any such settlement will relieve the Interconnection Customer from any obligation to indemnify the Participating TO for the tax at issue in the contest (unless the failure to obtain written advice is attributable to the Interconnection Customer's unreasonable refusal to the appointment of independent tax counsel).

5.17.8 Refund. In the event that (a) a private letter ruling is issued to the Participating TO which holds that any amount paid or the value of any property transferred by the Interconnection Customer to the Participating TO under the terms of this LGIA is not subject to federal income taxation,

(b) any legislative change or administrative announcement, notice, ruling or other determination makes it reasonably clear to the Participating TO in good faith that any amount paid or the value of any property transferred by the Interconnection Customer to the Participating TO under the terms of this LGIA is not taxable to the Participating TO, (c) any abatement, appeal, protest, or other contest results in a determination that any payments or transfers made by the Interconnection Customer to the Participating TO are not subject to federal income tax, or (d) if the Participating TO receives a refund from any taxing authority for any overpayment of tax attributable to any payment or property transfer made by the Interconnection Customer to the Participating TO pursuant to this LGIA, the Participating TO shall promptly refund to the Interconnection Customer the following:

(i) any payment made by Interconnection Customer under this Article 5.17 for taxes that is attributable to the amount determined to be non-taxable, together with interest thereon,

(ii) interest on any amounts paid by the Interconnection Customer to the Participating TO for such taxes which the Participating TO did not submit to the taxing authority, calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. §35.19a(a)(2)(iii) from the date payment was made by the Interconnection Customer to the date the Participating TO refunds such payment to the Interconnection Customer, and

(iii) with respect to any such taxes paid by the Participating TO, any refund or credit the Participating TO receives or to which it may be entitled from any Governmental Authority, interest (or that portion thereof attributable to the payment described in clause (i), above) owed to the Participating TO for such overpayment of taxes (including any reduction in interest otherwise payable by the Participating TO to any Governmental Authority resulting from an offset or credit); provided, however, that the Participating TO will remit such amount promptly to the Interconnection Customer only after and to the extent that the Participating TO has received a tax refund, credit or offset from any Governmental Authority for any applicable overpayment of income tax related to the Participating TO's Interconnection Facilities.

The intent of this provision is to leave the Parties, to the extent practicable, in the event that no taxes are due with respect to any payment for Interconnection Facilities and Network Upgrades hereunder, in the same position they would have been in had no such tax payments been made.

5.17.9 Taxes Other Than Income Taxes. Upon the timely request by the Interconnection Customer, and at the Interconnection Customer's sole expense, the CAISO or Participating TO may appeal, protest, seek abatement of, or otherwise contest any tax (other than federal or state income tax) asserted or assessed against the CAISO or Participating TO for which the Interconnection Customer may be required to reimburse the CAISO or Participating TO under the terms of this LGIA. The Interconnection Customer shall pay to the Participating TO on a periodic basis, as invoiced by the Participating TO, the Participating TO's documented reasonable costs of prosecuting such appeal, protest, abatement, or other contest. The Interconnection Customer, the CAISO, and the Participating TO shall cooperate in good faith with respect to any such contest. Unless the payment of such taxes is a prerequisite to an appeal or abatement or cannot be deferred, no amount shall be payable by the Interconnection Customer to the CAISO or Participating TO for such taxes until they are assessed by a final, non-appealable order by any court or agency of competent jurisdiction. In the event that a tax payment is withheld and ultimately due and payable after appeal, the Interconnection Customer will be responsible for all taxes, interest and penalties, other than penalties attributable to any delay caused by the Participating TO.

5.18 Tax Status. Each Party shall cooperate with the others to maintain the other Parties' tax status. Nothing in this LGIA is intended to adversely affect the CAISO's or any Participating TO's tax exempt status with respect to the issuance of bonds including, but not limited to, Local Furnishing Bonds.

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.

5.19.2 Standards. Any additions, modifications, or replacements made to a Party's facilities shall be designed, constructed and operated in accordance with this LGIA and Good Utility Practice.

5.19.3 Modification Costs. The Interconnection Customer shall not be directly assigned the costs of any additions, modifications, or replacements that the Participating TO makes to the Participating TO's Interconnection Facilities or the Participating TO's Transmission System to facilitate the interconnection of a third party to the Participating TO's Interconnection Facilities or the Participating TO's Transmission System, or to provide transmission service to a third party under the CAISO Tariff. The Interconnection Customer shall be responsible for the costs of any additions, modifications, or replacements to the Interconnection Facilities that may be necessary to maintain or upgrade such Interconnection Facilities consistent with Applicable Laws and Regulations, Applicable Reliability Standards or Good Utility Practice.

ARTICLE 6. TESTING AND INSPECTION

6.1 Pre-Commercial Operation Date Testing and Modifications. Prior to the Commercial Operation Date, the Participating TO shall test the Participating TO's Interconnection Facilities, Network Upgrades, and Distribution Upgrades and the Interconnection Customer shall test the Large Generating Facility and the Interconnection Customer's Interconnection Facilities to ensure their safe and reliable operation. Similar testing may be required after initial operation. Each Party shall make any modifications to its facilities that are found to be necessary as a result of such testing. The Interconnection Customer shall bear the cost of all such testing and modifications. The Interconnection Customer shall not commence initial parallel operation of an Electric Generating Unit with the

Participating TO's Transmission System until the Participating TO provides prior written approval, which approval shall not be unreasonably withheld, for operation of such Electric Generating Unit. The Interconnection Customer shall generate test energy at the Large Generating Facility only if it has arranged for the delivery of such test energy.

- 6.2 Post-Commercial Operation Date Testing and Modifications.** Each Party shall at its own expense perform routine inspection and testing of its facilities and equipment in accordance with Good Utility Practice as may be necessary to ensure the continued interconnection of the Large Generating Facility with the Participating TO's Transmission System in a safe and reliable manner. Each Party shall have the right, upon advance written notice, to require reasonable additional testing of the other Party's facilities, at the requesting Party's expense, as may be in accordance with Good Utility Practice.
- 6.3 Right to Observe Testing.** Each Party shall notify the other Parties at least fourteen (14) Calendar Days in advance of its performance of tests of its Interconnection Facilities or Generating Facility. The other Parties have the right, at their own expense, to observe such testing.
- 6.4 Right to Inspect.** Each Party shall have the right, but shall have no obligation to: (i) observe another Party's tests and/or inspection of any of its System Protection Facilities and other protective equipment, including Power System Stabilizers; (ii) review the settings of another Party's System Protection Facilities and other protective equipment; and (iii) review another Party's maintenance records relative to the Interconnection Facilities, the System Protection Facilities and other protective equipment. A Party may exercise these rights from time to time as it deems necessary upon reasonable notice to the other Party. The exercise or non-exercise by a Party of any such rights shall not be construed as an endorsement or confirmation of any element or condition of the Interconnection Facilities or the System Protection Facilities or other protective equipment or the operation thereof, or as a warranty as to the fitness, safety, desirability, or reliability of same. Any information that a Party obtains through the exercise of any of its rights under this Article 6.4 shall be deemed to be Confidential Information and treated pursuant to Article 22 of this LGIA.

ARTICLE 7. METERING

- 7.1 General.** Each Party shall comply with any Applicable Reliability Standards and the Applicable Reliability Council requirements. The Interconnection Customer and CAISO shall comply with the provisions of the CAISO Tariff regarding metering, including Section 10 of the CAISO Tariff. Unless otherwise agreed by the Participating TO and the Interconnection Customer, the Participating TO may

install additional Metering Equipment at the Point of Interconnection prior to any operation of any Electric Generating Unit and shall own, operate, test and maintain such Metering Equipment. Power flows to and from the Large Generating Facility shall be measured at or, at the CAISO's or Participating TO's option for its respective Metering Equipment, compensated to, the Point of Interconnection. The CAISO shall provide metering quantities to the Interconnection Customer upon request in accordance with the CAISO Tariff by directly polling the CAISO's meter data acquisition system. The Interconnection Customer shall bear all reasonable documented costs associated with the purchase, installation, operation, testing and maintenance of the Metering Equipment.

- 7.2 Check Meters.** The Interconnection Customer, at its option and expense, may install and operate, on its premises and on its side of the Point of Interconnection, one or more check meters to check the CAISO-pollled meters or the Participating TO's meters. Such check meters shall be for check purposes only and shall not be used for the measurement of power flows for purposes of this LGIA, except in the case that no other means are available on a temporary basis at the option of the CAISO or the Participating TO. The check meters shall be subject at all reasonable times to inspection and examination by the CAISO or Participating TO or their designees. The installation, operation and maintenance thereof shall be performed entirely by the Interconnection Customer in accordance with Good Utility Practice.
- 7.3 Participating TO Retail Metering.** The Participating TO may install retail revenue quality meters and associated equipment, pursuant to the Participating TO's applicable retail tariffs.

ARTICLE 8. COMMUNICATIONS

- 8.1 Interconnection Customer Obligations.** The Interconnection Customer shall maintain satisfactory operating communications with the CAISO in accordance with the provisions of the CAISO Tariff and with the Participating TO's dispatcher or representative designated by the Participating TO. The Interconnection Customer shall provide standard voice line, dedicated voice line and facsimile communications at its Large Generating Facility control room or central dispatch facility through use of either the public telephone system, or a voice communications system that does not rely on the public telephone system. The Interconnection Customer shall also provide the dedicated data circuit(s) necessary to provide Interconnection Customer data to the CAISO and Participating TO as set forth in Appendix D, Security Arrangements Details. The data circuit(s) shall extend from the Large Generating Facility to the location(s) specified by the CAISO and Participating TO. Any required maintenance of such communications equipment shall be performed by the Interconnection Customer.

Operational communications shall be activated and maintained under, but not be limited to, the following events: system paralleling or separation, scheduled and unscheduled shutdowns, equipment clearances, and hourly and daily load data.

- 8.2 Remote Terminal Unit.** Prior to the Initial Synchronization Date of each Electric Generating Unit, a Remote Terminal Unit, or equivalent data collection and transfer equipment acceptable to the Parties, shall be installed by the Interconnection Customer, or by the Participating TO at the Interconnection Customer's expense, to gather accumulated and instantaneous data to be telemetered to the location(s) designated by the CAISO and by the Participating TO through use of a dedicated point-to-point data circuit(s) as indicated in Article 8.1.

Telemetry to the CAISO shall be provided in accordance with the CAISO's technical standards for direct telemetry. For telemetry to the Participating TO, the communication protocol for the data circuit(s) shall be specified by the Participating TO. Instantaneous bi-directional real power and reactive power flow and any other required information must be telemetered directly to the location(s) specified by the Participating TO.

Each Party will promptly advise the other Parties if it detects or otherwise learns of any metering, telemetry or communications equipment errors or malfunctions that require the attention and/or correction by another Party. The Party owning such equipment shall correct such error or malfunction as soon as reasonably feasible.

- 8.3 No Annexation.** Any and all equipment placed on the premises of a Party shall be and remain the property of the Party providing such equipment regardless of the mode and manner of annexation or attachment to real property, unless otherwise mutually agreed by the Parties.

ARTICLE 9. OPERATIONS

- 9.1 General.** Each Party shall comply with Applicable Reliability Standards and the Applicable Reliability Council requirements. Each Party shall provide to the other Party all information that may reasonably be required by the other Party to comply with Applicable Laws and Regulations and Applicable Reliability Standards.
- 9.2 Balancing Authority Area Notification.** At least three months before Initial Synchronization Date, the Interconnection Customer shall notify the CAISO and Participating TO in writing of the Balancing Authority Area in which the Large Generating Facility intends to be located. If the Interconnection Customer

intends to locate the Large Generating Facility in a Balancing Authority Area other than the Balancing Authority Area within whose electrically metered boundaries the Large Generating Facility is located, and if permitted to do so by the relevant transmission tariffs, all necessary arrangements, including but not limited to those set forth in Article 7 and Article 8 of this LGIA, and remote Balancing Authority Area generator interchange agreements, if applicable, and the appropriate measures under such agreements, shall be executed and implemented prior to the placement of the Large Generating Facility in the other Balancing Authority Area.

- 9.3 CAISO and Participating TO Obligations.** The CAISO and Participating TO shall cause the Participating TO's Transmission System to be operated and controlled in a safe and reliable manner and in accordance with this LGIA. The Participating TO at the Interconnection Customer's expense shall cause the Participating TO's Interconnection Facilities to be operated, maintained and controlled in a safe and reliable manner and in accordance with this LGIA. The CAISO and Participating TO may provide operating instructions to the Interconnection Customer consistent with this LGIA and Participating TO and CAISO operating protocols and procedures as they may change from time to time. The Participating TO and CAISO will consider changes to their operating protocols and procedures proposed by the Interconnection Customer.
- 9.4 Interconnection Customer Obligations.** The Interconnection Customer shall at its own expense operate, maintain and control the Large Generating Facility and the Interconnection Customer's Interconnection Facilities in a safe and reliable manner and in accordance with this LGIA. The Interconnection Customer shall operate the Large Generating Facility and the Interconnection Customer's Interconnection Facilities in accordance with all applicable requirements of the Balancing Authority Area of which it is part, including such requirements as set forth in Appendix C, Interconnection Details, of this LGIA. Appendix C, Interconnection Details, will be modified to reflect changes to the requirements as they may change from time to time. A Party may request that another Party provide copies of the requirements set forth in Appendix C, Interconnection Details, of this LGIA. The Interconnection Customer shall not commence Commercial Operation of an Electric Generating Unit with the Participating TO's Transmission System until the Participating TO provides prior written approval, which approval shall not be unreasonably withheld, for operation of such Electric Generating Unit.
- 9.5 Start-Up and Synchronization.** Consistent with the Parties' mutually acceptable procedures, the Interconnection Customer is responsible for the proper synchronization of each Electric Generating Unit to the CAISO Controlled Grid.

9.6 Reactive Power.

9.6.1 Power Factor Design Criteria. For all Generating Facilities other than Asynchronous Generating Facilities, the Interconnection Customer shall design the Large Generating Facility to maintain a composite power delivery at continuous rated power output at the terminals of the Electric Generating Unit at a power factor within the range of 0.95 leading to 0.90 lagging, unless the CAISO has established different requirements that apply to all generators in the Balancing Authority Area on a comparable basis. For Asynchronous Generating Facilities, the Interconnection Customer shall design the Large Generating Facility to maintain power factor criteria in accordance with Appendix H of this LGIA.

9.6.2 Voltage Schedules. Once the Interconnection Customer has synchronized an Electric Generating Unit with the CAISO Controlled Grid, the CAISO or Participating TO shall require the Interconnection Customer to maintain a voltage schedule by operating the Electric Generating Unit to produce or absorb reactive power within the design limitations of the Electric Generating Unit set forth in Article 9.6.1 (Power Factor Design Criteria). CAISO's voltage schedules shall treat all sources of reactive power in the Balancing Authority Area in an equitable and not unduly discriminatory manner. The Participating TO shall exercise Reasonable Efforts to provide the Interconnection Customer with such schedules at least one (1) day in advance, and the CAISO or Participating TO may make changes to such schedules as necessary to maintain the reliability of the CAISO Controlled Grid or the Participating TO's electric system. The Interconnection Customer shall operate the Electric Generating Unit to maintain the specified output voltage or power factor within the design limitations of the Electric Generating Unit set forth in Article 9.6.1 (Power Factor Design Criteria), and as may be required by the CAISO to operate the Electric Generating Unit at a specific voltage schedule within the design limitations set forth in Article 9.6.1. If the Interconnection Customer is unable to maintain the specified voltage or power factor, it shall promptly notify the CAISO and the Participating TO.

9.6.2.1 Governors and Regulators. Whenever an Electric Generating Unit is operated in parallel with the CAISO Controlled Grid and the speed governors (if installed on the Electric Generating Unit pursuant to Good Utility Practice) and voltage regulators are capable of operation, the Interconnection Customer shall operate the Electric Generating Unit with its speed governors and voltage regulators in automatic operation. If the Electric Generating Unit's speed governors and voltage regulators are not capable of such automatic operation, the Interconnection Customer

shall immediately notify the CAISO and the Participating TO and ensure that the Electric Generating Unit operates as specified in Article 9.6.2 through manual operation and that such Electric Generating Unit's reactive power production or absorption (measured in MVARs) are within the design capability of the Electric Generating Unit(s) and steady state stability limits. The Interconnection Customer shall restore the speed governors and voltage regulators to automatic operation as soon as possible. If the Large Generating Facility's speed governors and voltage regulators are improperly tuned or malfunctioning, the CAISO shall have the right to order the reduction in output or disconnection of the Large Generating Facility if the reliability of the CAISO Controlled Grid would be adversely affected. The Interconnection Customer shall not cause its Large Generating Facility to disconnect automatically or instantaneously from the CAISO Controlled Grid or trip any Electric Generating Unit comprising the Large Generating Facility for an under or over frequency condition unless the abnormal frequency condition persists for a time period beyond the limits set forth in ANSI/IEEE Standard C37.106, or such other standard as applied to other generators in the Balancing Authority Area on a comparable basis.

9.6.3 Payment for Reactive Power. CAISO is required to pay the Interconnection Customer for reactive power that Interconnection Customer provides or absorbs from an Electric Generating Unit when the CAISO requests the Interconnection Customer to operate its Electric Generating Unit outside the range specified in Article 9.6.1, provided that if the CAISO pays other generators for reactive power service within the specified range, it must also pay the Interconnection Customer. Payments shall be pursuant to Article 11.6 or such other agreement to which the CAISO and Interconnection Customer have otherwise agreed.

9.7 Outages and Interruptions.

9.7.1 Outages.

9.7.1.1 Outage Authority and Coordination. Each Party may in accordance with Good Utility Practice in coordination with the other Parties remove from service any of its respective Interconnection Facilities or Network Upgrades that may impact another Party's facilities as necessary to perform maintenance or testing or to install or replace equipment. Absent an Emergency Condition, the Party scheduling a removal of such facility(ies) from service will use Reasonable Efforts to schedule such removal on a date and time

mutually acceptable to all Parties. In all circumstances any Party planning to remove such facility(ies) from service shall use Reasonable Efforts to minimize the effect on the other Parties of such removal.

9.7.1.2 Outage Schedules. The CAISO shall post scheduled outages of CAISO Controlled Grid facilities in accordance with the provisions of the CAISO Tariff. The Interconnection Customer shall submit its planned maintenance schedules for the Large Generating Facility to the CAISO in accordance with the CAISO Tariff. The Interconnection Customer shall update its planned maintenance schedules in accordance with the CAISO Tariff. The CAISO may request the Interconnection Customer to reschedule its maintenance as necessary to maintain the reliability of the CAISO Controlled Grid in accordance with the CAISO Tariff. Such planned maintenance schedules and updates and changes to such schedules shall be provided by the Interconnection Customer to the Participating TO concurrently with their submittal to the CAISO. The CAISO shall compensate the Interconnection Customer for any additional direct costs that the Interconnection Customer incurs as a result of having to reschedule maintenance in accordance with the CAISO Tariff. The Interconnection Customer will not be eligible to receive compensation, if during the twelve (12) months prior to the date of the scheduled maintenance, the Interconnection Customer had modified its schedule of maintenance activities.

9.7.1.3 Outage Restoration. If an outage on a Party's Interconnection Facilities or Network Upgrades adversely affects another Party's operations or facilities, the Party that owns or controls the facility that is out of service shall use Reasonable Efforts to promptly restore such facility(ies) to a normal operating condition consistent with the nature of the outage. The Party that owns or controls the facility that is out of service shall provide the other Parties, to the extent such information is known, information on the nature of the Emergency Condition, if the outage is caused by an Emergency Condition, an estimated time of restoration, and any corrective actions required. Initial verbal notice shall be followed up as soon as practicable with written notice explaining the nature of the outage, if requested by a Party, which may be provided by e-mail or facsimile.

9.7.2 Interruption of Service. If required by Good Utility Practice to do so, the CAISO or the Participating TO may require the Interconnection Customer to interrupt or reduce deliveries of electricity if such delivery of electricity

could adversely affect the CAISO's or the Participating TO's ability to perform such activities as are necessary to safely and reliably operate and maintain the Participating TO's electric system or the CAISO Controlled Grid. The following provisions shall apply to any interruption or reduction permitted under this Article 9.7.2:

- 9.7.2.1** The interruption or reduction shall continue only for so long as reasonably necessary under Good Utility Practice;
- 9.7.2.2** Any such interruption or reduction shall be made on an equitable, non-discriminatory basis with respect to all generating facilities directly connected to the CAISO Controlled Grid, subject to any conditions specified in this LGIA;
- 9.7.2.3** When the interruption or reduction must be made under circumstances which do not allow for advance notice, the CAISO or Participating TO, as applicable, shall notify the Interconnection Customer by telephone as soon as practicable of the reasons for the curtailment, interruption, or reduction, and, if known, its expected duration. Telephone notification shall be followed by written notification, if requested by the Interconnection Customer, as soon as practicable;
- 9.7.2.4** Except during the existence of an Emergency Condition, the CAISO or Participating TO shall notify the Interconnection Customer in advance regarding the timing of such interruption or reduction and further notify the Interconnection Customer of the expected duration. The CAISO or Participating TO shall coordinate with the Interconnection Customer using Good Utility Practice to schedule the interruption or reduction during periods of least impact to the Interconnection Customer, the CAISO, and the Participating TO;
- 9.7.2.5** The Parties shall cooperate and coordinate with each other to the extent necessary in order to restore the Large Generating Facility, Interconnection Facilities, the Participating TO's Transmission System, and the CAISO Controlled Grid to their normal operating state, consistent with system conditions and Good Utility Practice.
- 9.7.3 Under-Frequency and Over Frequency Conditions.** The CAISO Controlled Grid is designed to automatically activate a load-shed program as required by Applicable Reliability Standards and the Applicable Reliability Council in the event of an under-frequency system disturbance.

The Interconnection Customer shall implement under-frequency and over-frequency protection set points for the Large Generating Facility as required by Applicable Reliability Standards and the Applicable Reliability Council to ensure “ride through” capability. Large Generating Facility response to frequency deviations of pre-determined magnitudes, both under-frequency and over-frequency deviations, shall be studied and coordinated with the Participating TO and CAISO in accordance with Good Utility Practice. The term “ride through” as used herein shall mean the ability of a Generating Facility to stay connected to and synchronized with the CAISO Controlled Grid during system disturbances within a range of under-frequency and over-frequency conditions, in accordance with Good Utility Practice. Asynchronous Generating Facilities shall be subject to frequency ride through capability requirements in accordance with Appendix H to this LGIA.

9.7.4 System Protection and Other Control Requirements.

9.7.4.1 System Protection Facilities. The Interconnection Customer shall, at its expense, install, operate and maintain System Protection Facilities as a part of the Large Generating Facility or the Interconnection Customer’s Interconnection Facilities. The Participating TO shall install at the Interconnection Customer’s expense any System Protection Facilities that may be required on the Participating TO’s Interconnection Facilities or the Participating TO’s Transmission System as a result of the interconnection of the Large Generating Facility and the Interconnection Customer’s Interconnection Facilities.

9.7.4.2 The Participating TO’s and Interconnection Customer’s protection facilities shall be designed and coordinated with other systems in accordance with Applicable Reliability Standards, Applicable Reliability Council criteria, and Good Utility Practice.

9.7.4.3 The Participating TO and Interconnection Customer shall each be responsible for protection of its facilities consistent with Good Utility Practice.

9.7.4.4 The Participating TO’s and Interconnection Customer’s protective relay design shall incorporate the necessary test switches to perform the tests required in Article 6. The required test switches will be placed such that they allow operation of lockout relays while preventing breaker failure schemes from operating and causing unnecessary breaker operations and/or the

tripping of the Interconnection Customer's Electric Generating Units.

9.7.4.5 The Participating TO and Interconnection Customer will test, operate and maintain System Protection Facilities in accordance with Good Utility Practice and, if applicable, the requirements of the Participating TO's Interconnection Handbook.

9.7.4.6 Prior to the in-service date, and again prior to the Commercial Operation Date, the Participating TO and Interconnection Customer or their agents shall perform a complete calibration test and functional trip test of the System Protection Facilities. At intervals suggested by Good Utility Practice, the standards and procedures of the Participating TO, including, if applicable, the requirements of the Participating TO's Interconnection Handbook, and following any apparent malfunction of the System Protection Facilities, each Party shall perform both calibration and functional trip tests of its System Protection Facilities. These tests do not require the tripping of any in-service generation unit. These tests do, however, require that all protective relays and lockout contacts be activated.

9.7.5 Requirements for Protection. In compliance with Good Utility Practice and, if applicable, the requirements of the Participating TO's Interconnection Handbook, the Interconnection Customer shall provide, install, own, and maintain relays, circuit breakers and all other devices necessary to remove any fault contribution of the Large Generating Facility to any short circuit occurring on the Participating TO's Transmission System not otherwise isolated by the Participating TO's equipment, such that the removal of the fault contribution shall be coordinated with the protective requirements of the Participating TO's Transmission System. Such protective equipment shall include, without limitation, a disconnecting device with fault current-interrupting capability located between the Large Generating Facility and the Participating TO's Transmission System at a site selected upon mutual agreement (not to be unreasonably withheld, conditioned or delayed) of the Parties. The Interconnection Customer shall be responsible for protection of the Large Generating Facility and the Interconnection Customer's other equipment from such conditions as negative sequence currents, over- or under-frequency, sudden load rejection, over- or under-voltage, and generator loss-of-field. The Interconnection Customer shall be solely responsible to disconnect the Large Generating Facility and the Interconnection Customer's other equipment if conditions on the CAISO Controlled Grid could adversely affect the Large Generating Facility.

- 9.7.6 Power Quality.** Neither the Participating TO's nor the Interconnection Customer's facilities shall cause excessive voltage flicker nor introduce excessive distortion to the sinusoidal voltage or current waves as defined by ANSI Standard C84.1-1989, in accordance with IEEE Standard 519, any applicable superseding electric industry standard, or any alternative Applicable Reliability Standard or Applicable Reliability Council standard. In the event of a conflict among ANSI Standard C84.1-1989, any applicable superseding electric industry standard, or any alternative Applicable Reliability Standard or Applicable Reliability Council standard, the alternative Applicable Reliability Standard or Applicable Reliability Council standard shall control.
- 9.8 Switching and Tagging Rules.** Each Party shall provide the other Parties a copy of its switching and tagging rules that are applicable to the other Parties' activities. Such switching and tagging rules shall be developed on a non-discriminatory basis. The Parties shall comply with applicable switching and tagging rules, as amended from time to time, in obtaining clearances for work or for switching operations on equipment.
- 9.9 Use of Interconnection Facilities by Third Parties.**
- 9.9.1 Purpose of Interconnection Facilities.** Except as may be required by Applicable Laws and Regulations, or as otherwise agreed to among the Parties, the Interconnection Facilities shall be constructed for the sole purpose of interconnecting the Large Generating Facility to the Participating TO's Transmission System and shall be used for no other purpose.
- 9.9.2 Third Party Users.** If required by Applicable Laws and Regulations or if the Parties mutually agree, such agreement not to be unreasonably withheld, to allow one or more third parties to use the Participating TO's Interconnection Facilities, or any part thereof, the Interconnection Customer will be entitled to compensation for the capital expenses it incurred in connection with the Interconnection Facilities based upon the pro rata use of the Interconnection Facilities by the Participating TO, all third party users, and the Interconnection Customer, in accordance with Applicable Laws and Regulations or upon some other mutually-agreed upon methodology. In addition, cost responsibility for ongoing costs, including operation and maintenance costs associated with the Interconnection Facilities, will be allocated between the Interconnection Customer and any third party users based upon the pro rata use of the Interconnection Facilities by the Participating TO, all third party users, and the Interconnection Customer, in accordance with Applicable Laws and Regulations or upon some other mutually agreed upon methodology. If

the issue of such compensation or allocation cannot be resolved through such negotiations, it shall be submitted to FERC for resolution.

- 9.10 Disturbance Analysis Data Exchange.** The Parties will cooperate with one another in the analysis of disturbances to either the Large Generating Facility or the CAISO Controlled Grid by gathering and providing access to any information relating to any disturbance, including information from oscillography, protective relay targets, breaker operations and sequence of events records, and any disturbance information required by Good Utility Practice.

ARTICLE 10. MAINTENANCE

- 10.1 Participating TO Obligations.** The Participating TO shall maintain the Participating TO's Transmission System and the Participating TO's Interconnection Facilities in a safe and reliable manner and in accordance with this LGIA.
- 10.2 Interconnection Customer Obligations.** The Interconnection Customer shall maintain the Large Generating Facility and the Interconnection Customer's Interconnection Facilities in a safe and reliable manner and in accordance with this LGIA.
- 10.3 Coordination.** The Parties shall confer regularly to coordinate the planning, scheduling and performance of preventive and corrective maintenance on the Large Generating Facility and the Interconnection Facilities.
- 10.4 Secondary Systems.** The Participating TO and Interconnection Customer shall cooperate with the other Parties in the inspection, maintenance, and testing of control or power circuits that operate below 600 volts, AC or DC, including, but not limited to, any hardware, control or protective devices, cables, conductors, electric raceways, secondary equipment panels, transducers, batteries, chargers, and voltage and current transformers that directly affect the operation of a Party's facilities and equipment which may reasonably be expected to impact the other Parties. Each Party shall provide advance notice to the other Parties before undertaking any work on such circuits, especially on electrical circuits involving circuit breaker trip and close contacts, current transformers, or potential transformers.
- 10.5 Operating and Maintenance Expenses.** Subject to the provisions herein addressing the use of facilities by others, and except for operations and maintenance expenses associated with modifications made for providing interconnection or transmission service to a third party and such third party pays for such expenses, the Interconnection Customer shall be responsible for all reasonable expenses including overheads, associated with: (1) owning,

operating, maintaining, repairing, and replacing the Interconnection Customer's Interconnection Facilities; and (2) operation, maintenance, repair and replacement of the Participating TO's Interconnection Facilities.

ARTICLE 11. PERFORMANCE OBLIGATION

- 11.1 Interconnection Customer's Interconnection Facilities.** The Interconnection Customer shall design, procure, construct, install, own and/or control the Interconnection Customer's Interconnection Facilities described in Appendix A at its sole expense.
- 11.2 Participating TO's Interconnection Facilities.** The Participating TO shall design, procure, construct, install, own and/or control the Participating TO's Interconnection Facilities described in Appendix A at the sole expense of the Interconnection Customer. Unless the Participating TO elects to fund the capital for the Participating TO's Interconnection Facilities, they shall be solely funded by the Interconnection Customer.
- 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 the 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 Transmission Credits.** No later than thirty (30) Calendar Days prior to the Commercial Operation Date, the Interconnection Customer may make a one-time election by written notice to the CAISO and the Participating TO to receive Congestion Revenue Rights as defined in and as available under the CAISO Tariff at the time of the election in accordance with the CAISO Tariff, in lieu of a refund of the cost of Network Upgrades in accordance with Article 11.4.1.
- 11.4.1 Repayment of Amounts Advanced for Network Upgrades.** Upon the Commercial Operation Date, the Interconnection Customer shall be entitled to a repayment, equal to the total amount paid to the Participating TO for the costs of Network Upgrades for which it is responsible, as set forth in Appendix G. Such amount shall include any tax gross-up or other tax-related payments associated with Network Upgrades not refunded to the Interconnection Customer pursuant to Article 5.17.8 or otherwise, and

shall be paid to the Interconnection Customer by the Participating TO on a dollar-for-dollar basis either through (1) direct payments made on a levelized basis over the five-year period commencing on the Commercial Operation Date; or (2) any alternative payment schedule that is mutually agreeable to the Interconnection Customer and Participating TO, provided that such amount is paid within five (5) years from the Commercial Operation Date. Notwithstanding the foregoing, if this LGIA terminates within five (5) years from the Commercial Operation Date, the Participating TO's obligation to pay refunds to the Interconnection Customer shall cease as of the date of termination. Any repayment shall include interest calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. §35.19a(a)(2)(iii) from the date of any payment for Network Upgrades through the date on which the Interconnection Customer receives a repayment of such payment. Interest shall continue to accrue on the repayment obligation so long as this LGIA is in effect. The Interconnection Customer may assign such repayment rights to any person.

If the Large Generating Facility fails to achieve Commercial Operation, but it or another Generating Facility is later constructed and makes use of the Network Upgrades, the Participating TO shall at that time reimburse Interconnection Customer for the amounts advanced for the Network Upgrades. Before any such reimbursement can occur, the Interconnection Customer, or the entity that ultimately constructs the Generating Facility, if different, is responsible for identifying and demonstrating to the Participating TO the appropriate entity to which reimbursement must be made in order to implement the intent of this reimbursement obligation.

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.

11.4.3 Notwithstanding any other provision of this LGIA, nothing herein shall be construed as relinquishing or foreclosing any rights, including but not limited to firm transmission rights, capacity rights, Congestion Revenue Rights, or transmission credits, that the Interconnection Customer shall be entitled to, now or in the future under any other agreement or tariff as a result of, or otherwise associated with, the transmission capacity, if any, created by the Network Upgrades, including the right to obtain cash reimbursements, merchant transmission Congestion Revenue Rights in accordance with Section 36.11 of the CAISO Tariff, or transmission credits for transmission service that is not associated with the Large Generating Facility.

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 in this agreement for notice of Default and opportunity to cure such Default, the CAISO or the Participating TO shall provide 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 Interconnection Financial Security. If the Interconnection Customer fails to cure the Default, then this Agreement shall be deemed terminated.

11.6 Interconnection Customer Compensation. If the CAISO requests or directs the Interconnection Customer to provide a service pursuant to Articles 9.6.3 (Payment for Reactive Power) or 13.5.1 of this LGIA, the CAISO shall compensate the Interconnection Customer in accordance with the CAISO Tariff.

11.6.1 Interconnection Customer Compensation for Actions During Emergency Condition. The CAISO shall compensate the Interconnection Customer in accordance with the CAISO Tariff for its provision of real and reactive power and other Emergency Condition services that the Interconnection Customer provides to support the CAISO Controlled Grid during an Emergency Condition in accordance with Article 11.6.

ARTICLE 12. INVOICE

- 12.1 General.** The Participating TO shall submit to the Interconnection Customer, on a monthly basis, invoices of amounts due pursuant to this LGIA for the preceding month. Each invoice shall state the month to which the invoice applies and fully describe the services and equipment provided. The Parties may discharge mutual debts and payment obligations due and owing to each other on the same date through netting, in which case all amounts a Party owes to the other Party under this LGIA, including interest payments or credits, shall be netted so that only the net amount remaining due shall be paid by the owing Party. Notwithstanding the foregoing, any invoices between the CAISO and another Party shall be submitted and paid in accordance with the CAISO Tariff.
- 12.2 Final Invoice.** As soon as reasonably practicable, but within twelve months after completion of the construction of the Participating TO's Interconnection Facilities, Network Upgrades, and Distribution Upgrades, the Participating TO shall provide an invoice of the final cost of the construction of the Participating TO's Interconnection Facilities, Network Upgrades, and Distribution Upgrades, and shall set forth such costs in sufficient detail to enable the Interconnection Customer to compare the actual costs with the estimates and to ascertain deviations, if any, from the cost estimates. With respect to costs associated with the Participating TO's Interconnection Facilities and Distribution Upgrades, the Participating TO shall refund to the Interconnection Customer any amount by which the actual payment by the Interconnection Customer for estimated costs exceeds the actual costs of construction within thirty (30) Calendar Days of the issuance of such final construction invoice; or, in the event the actual costs of construction exceed the Interconnection Customer's actual payment for estimated costs, then the Interconnection Customer shall pay to the Participating TO any amount by which the actual costs of construction exceed the actual payment by the Interconnection Customer for estimated costs within thirty (30) Calendar Days of the issuance of such final construction invoice. With respect to costs associated with Network Upgrades, the Participating TO shall refund to the Interconnection Customer any amount by which the actual payment by the Interconnection Customer for estimated costs exceeds the actual costs of construction multiplied by the Interconnection Customer's percentage share of those costs, as set forth in Appendix G to this LGIA within thirty (30) Calendar Days of the issuance of such final construction invoice. In the event the actual costs of construction multiplied by the Interconnection Customer's percentage share of those costs exceed the Interconnection Customer's actual payment for estimated costs, then the Participating TO shall recover such difference through its transmission service rates.
- 12.3 Payment.** Invoices shall be rendered to the Interconnection Customer at the address specified in Appendix F. The Interconnection Customer shall pay, or

Participating TO shall refund, the amounts due within thirty (30) Calendar Days of the Interconnection Customer's receipt of the invoice. All payments shall be made in immediately available funds payable to the Interconnection Customer or Participating TO, or by wire transfer to a bank named and account designated by the invoicing Interconnection Customer or Participating TO. Payment of invoices by any Party will not constitute a waiver of any rights or claims any Party may have under this LGIA.

- 12.4 Disputes.** In the event of a billing dispute between the Interconnection Customer and the Participating TO, the Participating TO and the CAISO shall continue to provide Interconnection Service under this LGIA as long as the Interconnection Customer: (i) continues to make all payments not in dispute; and (ii) pays to the Participating TO or into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If the Interconnection Customer fails to meet these two requirements for continuation of service, then the Participating TO may provide notice to the Interconnection Customer of a Default pursuant to Article 17. Within thirty (30) Calendar Days after the resolution of the dispute, the Party that owes money to the other Party shall pay the amount due with interest calculated in accordance with the methodology set forth in FERC's Regulations at 18 C.F.R. § 35.19a(a)(2)(iii). Notwithstanding the foregoing, any billing dispute between the CAISO and another Party shall be resolved in accordance with the provisions of Article 27 of this LGIA.

ARTICLE 13. EMERGENCIES

- 13.1 [Reserved]**
- 13.2 Obligations.** Each Party shall comply with the Emergency Condition procedures of the CAISO, NERC, the Applicable Reliability Council, Applicable Reliability Standards, Applicable Laws and Regulations, and any emergency procedures set forth in this LGIA.
- 13.3 Notice.** The Participating TO or the CAISO shall notify the Interconnection Customer promptly when it becomes aware of an Emergency Condition that affects the Participating TO's Interconnection Facilities or Distribution System or the CAISO Controlled Grid, respectively, that may reasonably be expected to affect the Interconnection Customer's operation of the Large Generating Facility or the Interconnection Customer's Interconnection Facilities. The Interconnection Customer shall notify the Participating TO and the CAISO promptly when it becomes aware of an Emergency Condition that affects the Large Generating Facility or the Interconnection Customer's Interconnection Facilities that may reasonably be expected to affect the CAISO Controlled Grid or the Participating

TO's Interconnection Facilities. To the extent information is known, the notification shall describe the Emergency Condition, the extent of the damage or deficiency, the expected effect on the operation of the Interconnection Customer's or Participating TO's facilities and operations, its anticipated duration and the corrective action taken and/or to be taken. The initial notice shall be followed as soon as practicable with written notice, if requested by a Party, which may be provided by electronic mail or facsimile, or in the case of the CAISO may be publicly posted on the CAISO's internet web site.

13.4 Immediate Action. Unless, in the Interconnection Customer's reasonable judgment, immediate action is required, the Interconnection Customer shall obtain the consent of the CAISO and the Participating TO, such consent to not be unreasonably withheld, prior to performing any manual switching operations at the Large Generating Facility or the Interconnection Customer's Interconnection Facilities in response to an Emergency Condition declared by the Participating TO or CAISO or in response to any other emergency condition.

13.5 CAISO and Participating TO Authority.

13.5.1 General. The CAISO and Participating TO may take whatever actions or inactions, including issuance of dispatch instructions, with regard to the CAISO Controlled Grid or the Participating TO's Interconnection Facilities or Distribution System they deem necessary during an Emergency Condition in order to (i) preserve public health and safety, (ii) preserve the reliability of the CAISO Controlled Grid or the Participating TO's Interconnection Facilities or Distribution System, and (iii) limit or prevent damage, and (iv) expedite restoration of service.

The Participating TO and the CAISO shall use Reasonable Efforts to minimize the effect of such actions or inactions on the Large Generating Facility or the Interconnection Customer's Interconnection Facilities. The Participating TO or the CAISO may, on the basis of technical considerations, require the Large Generating Facility to mitigate an Emergency Condition by taking actions necessary and limited in scope to remedy the Emergency Condition, including, but not limited to, directing the Interconnection Customer to shut-down, start-up, increase or decrease the real or reactive power output of the Large Generating Facility; implementing a reduction or disconnection pursuant to Article 13.5.2; directing the Interconnection Customer to assist with black start (if available) or restoration efforts; or altering the outage schedules of the Large Generating Facility and the Interconnection Customer's Interconnection Facilities. Interconnection Customer shall comply with all of the CAISO's and Participating TO's operating instructions concerning Large Generating Facility real power and reactive power output within the

manufacturer's design limitations of the Large Generating Facility's equipment that is in service and physically available for operation at the time, in compliance with Applicable Laws and Regulations.

13.5.2 Reduction and Disconnection. The Participating TO or the CAISO may reduce Interconnection Service or disconnect the Large Generating Facility or the Interconnection Customer's Interconnection Facilities when such reduction or disconnection is necessary under Good Utility Practice due to Emergency Conditions. These rights are separate and distinct from any right of curtailment of the CAISO pursuant to the CAISO Tariff. When the CAISO or Participating TO can schedule the reduction or disconnection in advance, the CAISO or Participating TO shall notify the Interconnection Customer of the reasons, timing and expected duration of the reduction or disconnection. The CAISO or Participating TO shall coordinate with the Interconnection Customer using Good Utility Practice to schedule the reduction or disconnection during periods of least impact to the Interconnection Customer and the CAISO and Participating TO. Any reduction or disconnection shall continue only for so long as reasonably necessary under Good Utility Practice. The Parties shall cooperate with each other to restore the Large Generating Facility, the Interconnection Facilities, and the CAISO Controlled Grid to their normal operating state as soon as practicable consistent with Good Utility Practice.

13.6 Interconnection Customer Authority. Consistent with Good Utility Practice, this LGIA, and the CAISO Tariff, the Interconnection Customer may take actions or inactions with regard to the Large Generating Facility or the Interconnection Customer's Interconnection Facilities during an Emergency Condition in order to (i) preserve public health and safety, (ii) preserve the reliability of the Large Generating Facility or the Interconnection Customer's Interconnection Facilities, (iii) limit or prevent damage, and (iv) expedite restoration of service. Interconnection Customer shall use Reasonable Efforts to minimize the effect of such actions or inactions on the CAISO Controlled Grid and the Participating TO's Interconnection Facilities. The CAISO and Participating TO shall use Reasonable Efforts to assist Interconnection Customer in such actions.

13.7 Limited Liability. Except as otherwise provided in Article 11.6.1 of this LGIA, no Party shall be liable to any other Party for any action it takes in responding to an Emergency Condition so long as such action is made in good faith and is consistent with Good Utility Practice.

ARTICLE 14. REGULATORY REQUIREMENTS AND GOVERNING LAW

14.1 Regulatory Requirements. Each Party's obligations under this LGIA shall be subject to its receipt of any required approval or certificate from one or more Governmental Authorities in the form and substance satisfactory to the applying Party, or the Party making any required filings with, or providing notice to, such Governmental Authorities, and the expiration of any time period associated therewith. Each Party shall in good faith seek and use its Reasonable Efforts to obtain such other approvals. Nothing in this LGIA shall require the Interconnection Customer to take any action that could result in its inability to obtain, or its loss of, status or exemption under the Federal Power Act or the Public Utility Holding Company Act of 1935, as amended, or the Public Utility Regulatory Policies Act of 1978, or the Energy Policy Act of 2005.

14.2 Governing Law.

14.2.1 The validity, interpretation and performance of this LGIA and each of its provisions shall be governed by the laws of the state where the Point of Interconnection is located, without regard to its conflicts of law principles.

14.2.2 This LGIA is subject to all Applicable Laws and Regulations.

14.2.3 Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, rules, or regulations of a Governmental Authority.

ARTICLE 15. NOTICES

15.1 General. Unless otherwise provided in this LGIA, any notice, demand or request required or permitted to be given by a Party to another and any instrument required or permitted to be tendered or delivered by a Party in writing to another shall be effective when delivered and may be so given, tendered or delivered, by recognized national courier, or by depositing the same with the United States Postal Service with postage prepaid, for delivery by certified or registered mail, addressed to the Party, or personally delivered to the Party, at the address set out in Appendix F, Addresses for Delivery of Notices and Billings.

A Party must update the information in Appendix F as information changes. A Party may change the notice information in this LGIA by giving five (5) Business Days written notice prior to the effective date of the change. Such changes shall not constitute an amendment to this LGIA.

- 15.2 Billings and Payments.** Billings and payments shall be sent to the addresses set out in Appendix F.
- 15.3 Alternative Forms of Notice.** Any notice or request required or permitted to be given by a Party to another and not required by this LGIA to be given in writing may be so given by telephone, facsimile or e-mail to the telephone numbers and e-mail addresses set out in Appendix F.
- 15.4 Operations and Maintenance Notice.** Each Party shall notify the other Parties in writing of the identity of the person(s) that it designates as the point(s) of contact with respect to the implementation of Articles 9 and 10.

ARTICLE 16. FORCE MAJEURE

16.1 Force Majeure.

16.1.1 Economic hardship is not considered a Force Majeure event.

16.1.2 No Party shall be considered to be in Default with respect to any obligation hereunder, (including obligations under Article 4), other than the obligation to pay money when due, if prevented from fulfilling such obligation by Force Majeure. A Party unable to fulfill any obligation hereunder (other than an obligation to pay money when due) by reason of Force Majeure shall give notice and the full particulars of such Force Majeure to the other Party in writing or by telephone as soon as reasonably possible after the occurrence of the cause relied upon. Telephone notices given pursuant to this Article shall be confirmed in writing as soon as reasonably possible and shall specifically state full particulars of the Force Majeure, the time and date when the Force Majeure occurred and when the Force Majeure is reasonably expected to cease. The Party affected shall exercise due diligence to remove such disability with reasonable dispatch, but shall not be required to accede or agree to any provision not satisfactory to it in order to settle and terminate a strike or other labor disturbance.

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 Article 17.1.2, and in Article 11.5.1, 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.

17.1.2 Right to Terminate. If a Breach is not cured as provided in this Article, or if a Breach is not capable of being cured within the period provided for herein, the affected non-Breaching Party(ies) shall have the right to declare a Default and terminate this LGIA by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not such Party(ies) terminates this LGIA, to recover from the Breaching Party all amounts due hereunder, plus all other damages and remedies to which it is entitled at law or in equity. The provisions of this Article will survive termination of this LGIA.

ARTICLE 18. INDEMNITY, CONSEQUENTIAL DAMAGES AND INSURANCE

18.1 Indemnity. Each Party shall at all times indemnify, defend, and hold the other Parties harmless from, any and all Losses arising out of or resulting from another Party's action or inactions of its obligations under this LGIA on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the Indemnified Party.

18.1.1 Indemnified Party. If an Indemnified Party is entitled to indemnification under this Article 18 as a result of a claim by a third party, and the Indemnifying Party fails, after notice and reasonable opportunity to proceed under Article 18.1, to assume the defense of such claim, such Indemnified Party may at the expense of the Indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.

18.1.2 Indemnifying Party. If an Indemnifying Party is obligated to indemnify and hold any Indemnified Party harmless under this Article 18, the amount owing to the Indemnified Party shall be the amount of such Indemnified Party's actual Loss, net of any insurance or other recovery.

18.1.3 Indemnity Procedures. Promptly after receipt by an Indemnified Party of any claim or notice of the commencement of any action or administrative

or legal proceeding or investigation as to which the indemnity provided for in Article 18.1 may apply, the Indemnified Party shall notify the Indemnifying Party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the indemnifying Party.

The Indemnifying Party shall have the right to assume the defense thereof with counsel designated by such Indemnifying Party and reasonably satisfactory to the Indemnified Party. If the defendants in any such action include one or more Indemnified Parties and the Indemnifying Party and if the Indemnified Party reasonably concludes that there may be legal defenses available to it and/or other Indemnified Parties which are different from or additional to those available to the Indemnifying Party, the Indemnified Party shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on its own behalf. In such instances, the Indemnifying Party shall only be required to pay the fees and expenses of one additional attorney to represent an Indemnified Party or Indemnified Parties having such differing or additional legal defenses.

The Indemnified Party shall be entitled, at its expense, to participate in any such action, suit or proceeding, the defense of which has been assumed by the Indemnifying Party. Notwithstanding the foregoing, the Indemnifying Party (i) shall not be entitled to assume and control the defense of any such action, suit or proceedings if and to the extent that, in the opinion of the Indemnified Party and its counsel, such action, suit or proceeding involves the potential imposition of criminal liability on the Indemnified Party, or there exists a conflict or adversity of interest between the Indemnified Party and the Indemnifying Party, in such event the Indemnifying Party shall pay the reasonable expenses of the Indemnified Party, and (ii) shall not settle or consent to the entry of any judgment in any action, suit or proceeding without the consent of the Indemnified Party, which shall not be unreasonably withheld, conditioned or delayed.

18.2 Consequential Damages. Other than the liquidated damages heretofore described in Article 5.3, in no event shall any Party be liable under any provision of this LGIA for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to another Party under

another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

18.3 Insurance. Each Party shall, at its own expense, maintain in force throughout the period of this LGIA, and until released by the other Parties, the following minimum insurance coverages, with insurers rated no less than A- (with a minimum size rating of VII) by Bests' Insurance Guide and Key Ratings and authorized to do business in the state where the Point of Interconnection is located, except in the case of the CAISO, the State of California:

18.3.1 Employer's Liability and Workers' Compensation Insurance providing statutory benefits in accordance with the laws and regulations of the state in which the Point of Interconnection is located, except in the case of the CAISO, the State of California.

18.3.2 Commercial General Liability Insurance including premises and operations, personal injury, broad form property damage, broad form blanket contractual liability coverage (including coverage for the contractual indemnification) products and completed operations coverage, coverage for explosion, collapse and underground hazards, independent contractors coverage, coverage for pollution to the extent normally available and punitive damages to the extent normally available and a cross liability endorsement, with minimum limits of One Million Dollars (\$1,000,000) per occurrence/One Million Dollars (\$1,000,000) aggregate combined single limit for personal injury, bodily injury, including death and property damage.

18.3.3 Business Automobile Liability Insurance for coverage of owned and non-owned and hired vehicles, trailers or semi-trailers designed for travel on public roads, with a minimum, combined single limit of One Million Dollars (\$1,000,000) per occurrence for bodily injury, including death, and property damage.

18.3.4 Excess Public Liability Insurance over and above the Employer's Liability Commercial General Liability and Business Automobile Liability Insurance coverage, with a minimum combined single limit of Twenty Million Dollars (\$20,000,000) per occurrence/Twenty Million Dollars (\$20,000,000) aggregate.

18.3.5 The Commercial General Liability Insurance, Business Automobile Insurance and Excess Public Liability Insurance policies shall name the other Parties, their parents, associated and Affiliate companies and their respective directors, officers, agents, servants and employees ("Other Party Group") as additional insured. All policies shall contain provisions

whereby the insurers waive all rights of subrogation in accordance with the provisions of this LGIA against the Other Party Group and provide thirty (30) Calendar Days advance written notice to the Other Party Group prior to anniversary date of cancellation or any material change in coverage or condition.

- 18.3.6** The Commercial General Liability Insurance, Business Automobile Liability Insurance and Excess Public Liability Insurance policies shall contain provisions that specify that the policies are primary and shall apply to such extent without consideration for other policies separately carried and shall state that each insured is provided coverage as though a separate policy had been issued to each, except the insurer's liability shall not be increased beyond the amount for which the insurer would have been liable had only one insured been covered. Each Party shall be responsible for its respective deductibles or retentions.
- 18.3.7** The Commercial General Liability Insurance, Business Automobile Liability Insurance and Excess Public Liability Insurance policies, if written on a Claims First Made Basis, shall be maintained in full force and effect for two (2) years after termination of this LGIA, which coverage may be in the form of tail coverage or extended reporting period coverage if agreed by the Parties.
- 18.3.8** The requirements contained herein as to the types and limits of all insurance to be maintained by the Parties are not intended to and shall not in any manner, limit or qualify the liabilities and obligations assumed by the Parties under this LGIA.
- 18.3.9** Within ten (10) Calendar Days following execution of this LGIA, and as soon as practicable after the end of each fiscal year or at the renewal of the insurance policy and in any event within ninety (90) Calendar Days thereafter, each Party shall provide certification of all insurance required in this LGIA, executed by each insurer or by an authorized representative of each insurer.
- 18.3.10** Notwithstanding the foregoing, each Party may self-insure to meet the minimum insurance requirements of Articles 18.3.2 through 18.3.8 to the extent it maintains a self-insurance program; provided that, such Party's senior unsecured debt or issuer rating is BBB-, or better, as rated by Standard & Poor's and that its self-insurance program meets the minimum insurance requirements of Articles 18.3.2 through 18.3.8. For any period of time that a Party's senior unsecured debt rating and issuer rating are both unrated by Standard & Poor's or are both rated at less than BBB- by Standard & Poor's, such Party shall comply with the

insurance requirements applicable to it under Articles 18.3.2 through 18.3.9. In the event that a Party is permitted to self-insure pursuant to this Article 18.3.10, it shall notify the other Parties that it meets the requirements to self-insure and that its self-insurance program meets the minimum insurance requirements in a manner consistent with that specified in Article 18.3.9.

18.3.11 The Parties agree to report to each other in writing as soon as practical all accidents or occurrences resulting in injuries to any person, including death, and any property damage arising out of this LGIA.

ARTICLE 19. ASSIGNMENT

19.1 Assignment. This LGIA may be assigned by a Party only with the written consent of the other Parties; provided that a Party may assign this LGIA without the consent of the other Parties to any Affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this LGIA; and provided further that the Interconnection Customer shall have the right to assign this LGIA, without the consent of the CAISO or Participating TO, for collateral security purposes to aid in providing financing for the Large Generating Facility, provided that the Interconnection Customer will promptly notify the CAISO and Participating TO of any such assignment. Any financing arrangement entered into by the Interconnection Customer pursuant to this Article will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify the CAISO and Participating TO of the date and particulars of any such exercise of assignment right(s), including providing the CAISO and Participating TO with proof that it meets the requirements of Articles 11.5 and 18.3. Any attempted assignment that violates this Article is void and ineffective. Any assignment under this LGIA shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

ARTICLE 20. SEVERABILITY

20.1 Severability. If any provision in this LGIA is finally determined to be invalid, void or unenforceable by any court or other Governmental Authority having jurisdiction, such determination shall not invalidate, void or make unenforceable any other provision, agreement or covenant of this LGIA; provided that if the Interconnection Customer (or any third party, but only if such third party is not

acting at the direction of the Participating TO or CAISO) seeks and obtains such a final determination with respect to any provision of the Alternate Option (Article 5.1.2), or the Negotiated Option (Article 5.1.4), then none of the provisions of Article 5.1.2 or 5.1.4 shall thereafter have any force or effect and the Parties' rights and obligations shall be governed solely by the Standard Option (Article 5.1.1).

ARTICLE 21. COMPARABILITY

- 21.1 Comparability.** The Parties will comply with all applicable comparability and code of conduct laws, rules and regulations, as amended from time to time.

ARTICLE 22. CONFIDENTIALITY

- 22.1 Confidentiality.** Confidential Information shall include, without limitation, all information relating to a Party's technology, research and development, business affairs, and pricing, and any information supplied by any of the Parties to the other Parties prior to the execution of this LGIA.

Information is Confidential Information only if it is clearly designated or marked in writing as confidential on the face of the document, or, if the information is conveyed orally or by inspection, if the Party providing the information orally informs the Parties receiving the information that the information is confidential.

If requested by any Party, the other Parties shall provide in writing, the basis for asserting that the information referred to in this Article 22 warrants confidential treatment, and the requesting Party may disclose such writing to the appropriate Governmental Authority. Each Party shall be responsible for the costs associated with affording confidential treatment to its information.

- 22.1.1 Term.** During the term of this LGIA, and for a period of three (3) years after the expiration or termination of this LGIA, except as otherwise provided in this Article 22, each Party shall hold in confidence and shall not disclose to any person Confidential Information.

- 22.1.2 Scope.** Confidential Information shall not include information that the receiving Party can demonstrate: (1) is generally available to the public other than as a result of a disclosure by the receiving Party; (2) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (3) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the

receiving Party after due inquiry, was under no obligation to the disclosing Party to keep such information confidential; (4) was independently developed by the receiving Party without reference to Confidential Information of the disclosing Party; (5) is, or becomes, publicly known, through no wrongful act or omission of the receiving Party or Breach of this LGIA; or (6) is required, in accordance with Article 22.1.7 of this LGIA, Order of Disclosure, to be disclosed by any Governmental Authority or is otherwise required to be disclosed by law or subpoena, or is necessary in any legal proceeding establishing rights and obligations under this LGIA. Information designated as Confidential Information will no longer be deemed confidential if the Party that designated the information as confidential notifies the other Parties that it no longer is confidential.

22.1.3 Release of Confidential Information. No Party shall release or disclose Confidential Information to any other person, except to its employees, consultants, Affiliates (limited by the Standards of Conduct requirements set forth in Part 358 of FERC's Regulations, 18 C.F.R. 358), subcontractors, or to parties who may be or considering providing financing to or equity participation with the Interconnection Customer, or to potential purchasers or assignees of the Interconnection Customer, on a need-to-know basis in connection with this LGIA, unless such person has first been advised of the confidentiality provisions of this Article 22 and has agreed to comply with such provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall remain primarily responsible for any release of Confidential Information in contravention of this Article 22.

22.1.4 Rights. Each Party retains all rights, title, and interest in the Confidential Information that each Party discloses to the other Parties. The disclosure by each Party to the other Parties of Confidential Information shall not be deemed a waiver by a Party or any other person or entity of the right to protect the Confidential Information from public disclosure.

22.1.5 No Warranties. The mere fact that a Party has provided Confidential Information does not constitute a warranty or representation as to its accuracy or completeness. In addition, by supplying Confidential Information, no Party obligates itself to provide any particular information or Confidential Information to the other Parties nor to enter into any further agreements or proceed with any other relationship or joint venture.

22.1.6 Standard of Care. Each Party shall use at least the same standard of care to protect Confidential Information it receives as it uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination. Each Party may use Confidential Information solely to fulfill

its obligations to the other Parties under this LGIA or its regulatory requirements.

22.1.7 Order of Disclosure. If a court or a Government Authority or entity with the right, power, and apparent authority to do so requests or requires any Party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide the other Parties with prompt notice of such request(s) or requirement(s) so that the other Parties may seek an appropriate protective order or waive compliance with the terms of this LGIA. Notwithstanding the absence of a protective order or waiver, the Party may disclose such Confidential Information which, in the opinion of its counsel, the Party is legally compelled to disclose. Each Party will use Reasonable Efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.

22.1.8 Termination of Agreement. Upon termination of this LGIA for any reason, each Party shall, within ten (10) Calendar Days of receipt of a written request from another Party, use Reasonable Efforts to destroy, erase, or delete (with such destruction, erasure, and deletion certified in writing to the other Party) or return to the other Party, without retaining copies thereof, any and all written or electronic Confidential Information received from the other Party.

22.1.9 Remedies. The Parties agree that monetary damages would be inadequate to compensate a Party for another Party's Breach of its obligations under this Article 22. Each Party accordingly agrees that the other Parties shall be entitled to equitable relief, by way of injunction or otherwise, if the first Party Breaches or threatens to Breach its obligations under this Article 22, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law. Such remedy shall not be deemed an exclusive remedy for the Breach of this Article 22, but shall be in addition to all other remedies available at law or in equity. The Parties further acknowledge and agree that the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental, or consequential or punitive damages of any nature or kind resulting from or arising in connection with this Article 22.

22.1.10 Disclosure to FERC, its Staff, or a State. Notwithstanding anything in this Article 22 to the contrary, and pursuant to 18 C.F.R. section 1b.20, if FERC or its staff, during the course of an investigation or otherwise,

requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to this LGIA, the Party shall provide the requested information to FERC or its staff, within the time provided for in the request for information. In providing the information to FERC or its staff, the Party must, consistent with 18 C.F.R. section 388.112, request that the information be treated as confidential and non-public by FERC and its staff and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Parties to this LGIA prior to the release of the Confidential Information to FERC or its staff. The Party shall notify the other Parties to the LGIA when it is notified by FERC or its staff that a request to release Confidential Information has been received by FERC, at which time any of the Parties may respond before such information would be made public, pursuant to 18 C.F.R. section 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner if consistent with the applicable state rules and regulations.

22.1.11 Subject to the exception in Article 22.1.10, Confidential Information shall not be disclosed by the other Parties to any person not employed or retained by the other Parties, except to the extent disclosure is (i) required by law; (ii) reasonably deemed by the disclosing Party to be required to be disclosed in connection with a dispute between or among the Parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the other Parties, such consent not to be unreasonably withheld; or (iv) necessary to fulfill its obligations under this LGIA or as a transmission service provider or a Balancing Authority including disclosing the Confidential Information to an RTO or ISO or to a regional or national reliability organization. The Party asserting confidentiality shall notify the other Parties in writing of the information it claims is confidential. Prior to any disclosures of another Party's Confidential Information under this subparagraph, or if any third party or Governmental Authority makes any request or demand for any of the information described in this subparagraph, the disclosing Party agrees to promptly notify the other Party in writing and agrees to assert confidentiality and cooperate with the other Party in seeking to protect the Confidential Information from public disclosure by confidentiality agreement, protective order or other reasonable measures.

ARTICLE 23. ENVIRONMENTAL RELEASES

23.1 Each Party shall notify the other Parties, first orally and then in writing, of the release of any Hazardous Substances, any asbestos or lead abatement activities, or any type of remediation activities related to the Large Generating

Facility or the Interconnection Facilities, each of which may reasonably be expected to affect the other Parties. The notifying Party shall: (i) provide the notice as soon as practicable, provided such Party makes a good faith effort to provide the notice no later than twenty-four hours after such Party becomes aware of the occurrence; and (ii) promptly furnish to the other Parties copies of any publicly available reports filed with any Governmental Authorities addressing such events.

ARTICLE 24. INFORMATION REQUIREMENTS

- 24.1 Information Acquisition.** The Participating TO and the Interconnection Customer shall submit specific information regarding the electrical characteristics of their respective facilities to each other as described below and in accordance with Applicable Reliability Standards.
- 24.2 Information Submission by Participating TO.** The initial information submission by the Participating TO shall occur no later than one hundred eighty (180) Calendar Days prior to Trial Operation and shall include the Participating TO's Transmission System information necessary to allow the Interconnection Customer to select equipment and meet any system protection and stability requirements, unless otherwise agreed to by the Participating TO and the Interconnection Customer. On a monthly basis the Participating TO shall provide the Interconnection Customer and the CAISO a status report on the construction and installation of the Participating TO's Interconnection Facilities and Network Upgrades, including, but not limited to, the following information: (1) progress to date; (2) a description of the activities since the last report; (3) a description of the action items for the next period; and (4) the delivery status of equipment ordered.
- 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.

24.4 Information Supplementation. Prior to the Trial Operation date, the Parties shall supplement their information submissions described above in this Article 24 with any and all "as-built" Electric Generating Unit information or "as-tested" performance information that differs from the initial submissions or, alternatively, written confirmation that no such differences exist. The Interconnection Customer shall conduct tests on the Electric Generating Unit as required by Good Utility Practice such as an open circuit "step voltage" test on the Electric Generating Unit to verify proper operation of the Electric Generating Unit's automatic voltage regulator.

Unless otherwise agreed, the test conditions shall include: (1) Electric Generating Unit at synchronous speed; (2) automatic voltage regulator on and in voltage control mode; and (3) a five percent (5 percent) change in Electric Generating Unit terminal voltage initiated by a change in the voltage regulators reference voltage. The Interconnection Customer shall provide validated test recordings showing the responses of Electric Generating Unit terminal and field voltages. In the event that direct recordings of these voltages is impractical, recordings of other voltages or currents that mirror the response of the Electric Generating Unit's terminal or field voltage are acceptable if information necessary to translate these alternate quantities to actual Electric Generating Unit terminal or field voltages is provided. Electric Generating Unit testing shall be conducted and results provided to the Participating TO and the CAISO for each individual Electric Generating Unit in a station.

Subsequent to the Commercial Operation Date, the Interconnection Customer shall provide the Participating TO and the CAISO any information changes due to equipment replacement, repair, or adjustment. The Participating TO shall provide the Interconnection Customer any information changes due to equipment replacement, repair or adjustment in the directly connected substation or any adjacent Participating TO-owned substation that may affect the Interconnection Customer's Interconnection Facilities equipment ratings, protection or operating requirements. The Parties shall provide such information pursuant to Article 5.19.

ARTICLE 25. INFORMATION ACCESS AND AUDIT RIGHTS

- 25.1 Information Access.** Each Party (the “disclosing Party”) shall make available to the other Party information that is in the possession of the disclosing Party and is necessary in order for the other Party to: (i) verify the costs incurred by the disclosing Party for which the other Party is responsible under this LGIA; and (ii) carry out its obligations and responsibilities under this LGIA. The Parties shall not use such information for purposes other than those set forth in this Article 25.1 and to enforce their rights under this LGIA. Nothing in this Article 25 shall obligate the CAISO to make available to a Party any third party information in its possession or control if making such third party information available would violate a CAISO Tariff restriction on the use or disclosure of such third party information.
- 25.2 Reporting of Non-Force Majeure Events.** Each Party (the “notifying Party”) shall notify the other Parties when the notifying Party becomes aware of its inability to comply with the provisions of this LGIA for a reason other than a Force Majeure event. The Parties agree to cooperate with each other and provide necessary information regarding such inability to comply, including the date, duration, reason for the inability to comply, and corrective actions taken or planned to be taken with respect to such inability to comply. Notwithstanding the foregoing, notification, cooperation or information provided under this Article shall not entitle the Party receiving such notification to allege a cause for anticipatory breach of this LGIA.
- 25.3 Audit Rights.** Subject to the requirements of confidentiality under Article 22 of this LGIA, the Parties’ audit rights shall include audits of a Party’s costs pertaining to such Party’s performance or satisfaction of obligations owed to the other Party under this LGIA, calculation of invoiced amounts, the CAISO’s efforts to allocate responsibility for the provision of reactive support to the CAISO Controlled Grid, the CAISO’s efforts to allocate responsibility for interruption or reduction of generation on the CAISO Controlled Grid, and each such Party’s actions in an Emergency Condition.
- 25.3.1** The Interconnection Customer and the Participating TO shall each have the right, during normal business hours, and upon prior reasonable notice to the other Party, to audit at its own expense the other Party’s accounts and records pertaining to either such Party’s performance or either such Party’s satisfaction of obligations owed to the other Party under this LGIA. Subject to Article 25.3.2, any audit authorized by this Article shall be performed at the offices where such accounts and records are maintained and shall be limited to those portions of such accounts and records that relate to each such Party’s performance and satisfaction of obligations

under this LGIA. Each such Party shall keep such accounts and records for a period equivalent to the audit rights periods described in Article 25.4.

25.3.2 Notwithstanding anything to the contrary in Article 25.3, each Party's rights to audit the CAISO's accounts and records shall be as set forth in Section 22.1 of the CAISO Tariff.

25.4 Audit Rights Periods.

25.4.1 Audit Rights Period for Construction-Related Accounts and Records.

Accounts and records related to the design, engineering, procurement, and construction of Participating TO's Interconnection Facilities, Network Upgrades, and Distribution Upgrades constructed by the Participating TO shall be subject to audit for a period of twenty-four months following the Participating TO's issuance of a final invoice in accordance with Article 12.2. Accounts and records related to the design, engineering, procurement, and construction of Participating TO's Interconnection Facilities and/or Stand Alone Network Upgrades constructed by the Interconnection Customer shall be subject to audit and verification by the Participating TO and the CAISO for a period of twenty-four months following the Interconnection Customer's issuance of a final invoice in accordance with Article 5.2(8).

25.4.2 Audit Rights Period for All Other Accounts and Records. Accounts and records related to a Party's performance or satisfaction of all obligations under this LGIA other than those described in Article 25.4.1 shall be subject to audit as follows: (i) for an audit relating to cost obligations, the applicable audit rights period shall be twenty-four months after the auditing Party's receipt of an invoice giving rise to such cost obligations; and (ii) for an audit relating to all other obligations, the applicable audit rights period shall be twenty-four months after the event for which the audit is sought; provided that each Party's rights to audit the CAISO's accounts and records shall be as set forth in Section 22.1 of the CAISO Tariff.

25.5 Audit Results. If an audit by the Interconnection Customer or the Participating TO determines that an overpayment or an underpayment has occurred with respect to the other Party, a notice of such overpayment or underpayment shall be given to the other Party together with those records from the audit which supports such determination. The Party that is owed payment shall render an invoice to the other Party and such invoice shall be paid pursuant to Article 12 hereof.

25.5.1 Notwithstanding anything to the contrary in Article 25.5, the Interconnection Customer's and Participating TO's rights to audit the

CAISO's accounts and records shall be as set forth in Section 22.1 of the CAISO Tariff, and the CAISO's process for remedying an overpayment or underpayment shall be as set forth in the CAISO Tariff.

ARTICLE 26. SUBCONTRACTORS

- 26.1 General.** Nothing in this LGIA shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this LGIA; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this LGIA in providing such services and each Party shall remain primarily liable to the other Party for the performance of such subcontractor.
- 26.2 Responsibility of Principal.** The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this LGIA. The hiring Party shall be fully responsible to the other Parties for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the CAISO or Participating TO be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under Article 5 of this LGIA. Any applicable obligation imposed by this LGIA upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.
- 26.3 No Limitation by Insurance.** The obligations under this Article 26 will not be limited in any way by any limitation of subcontractor's insurance.

ARTICLE 27. DISPUTES

All disputes arising out of or in connection with this LGIA whereby relief is sought by or from the CAISO shall be settled in accordance with the provisions of Article 13 of the CAISO Tariff, except that references to the CAISO Tariff in such Article 13 of the CAISO Tariff shall be read as references to this LGIA. Disputes arising out of or in connection with this LGIA not subject to provisions of Article 13 of the CAISO Tariff shall be resolved as follows:

- 27.1 Submission.** In the event either Party has a dispute, or asserts a claim, that arises out of or in connection with this LGIA or its performance, such Party (the "disputing Party") shall provide the other Party with written notice of the dispute or claim ("Notice of Dispute"). Such dispute or claim shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Party. In the event the designated representatives are unable to resolve the

claim or dispute through unassisted or assisted negotiations within thirty (30) Calendar Days of the other Party's receipt of the Notice of Dispute, such claim or dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such claim or dispute to arbitration, each Party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of this LGIA.

- 27.2 External Arbitration Procedures.** Any arbitration initiated under this LGIA shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) Calendar Days of the submission of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) Calendar Days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("Arbitration Rules") and any applicable FERC regulations; provided, however, in the event of a conflict between the Arbitration Rules and the terms of this Article 27, the terms of this Article 27 shall prevail.
- 27.3 Arbitration Decisions.** Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) Calendar Days of appointment and shall notify the Parties in writing of such decision and the reasons therefore. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this LGIA and shall have no power to modify or change any provision of this Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the arbitrator(s) must also be filed with FERC if it affects jurisdictional rates, terms and conditions of service, Interconnection Facilities, or Network Upgrades.
- 27.4 Costs.** Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or (2) one half the cost of the single arbitrator jointly chosen by the Parties.

ARTICLE 28. REPRESENTATIONS, WARRANTIES AND COVENANTS

28.1 General. Each Party makes the following representations, warranties and covenants:

28.1.1 Good Standing. Such Party is duly organized, validly existing and in good standing under the laws of the state in which it is organized, formed, or incorporated, as applicable; that it is qualified to do business in the state or states in which the Large Generating Facility, Interconnection Facilities and Network Upgrades owned by such Party, as applicable, are located; and that it has the corporate power and authority to own its properties, to carry on its business as now being conducted and to enter into this LGIA and carry out the transactions contemplated hereby and perform and carry out all covenants and obligations on its part to be performed under and pursuant to this LGIA.

28.1.2 Authority. Such Party has the right, power and authority to enter into this LGIA, to become a Party hereto and to perform its obligations hereunder. This LGIA is a legal, valid and binding obligation of such Party, enforceable against such Party in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally and by general equitable principles (regardless of whether enforceability is sought in a proceeding in equity or at law).

28.1.3 No Conflict. The execution, delivery and performance of this LGIA does not violate or conflict with the organizational or formation documents, or bylaws or operating agreement, of such Party, or any judgment, license, permit, order, material agreement or instrument applicable to or binding upon such Party or any of its assets.

28.1.4 Consent and Approval. Such Party has sought or obtained, or, in accordance with this LGIA will seek or obtain, each consent, approval, authorization, order, or acceptance by any Governmental Authority in connection with the execution, delivery and performance of this LGIA, and it will provide to any Governmental Authority notice of any actions under this LGIA that are required by Applicable Laws and Regulations.

ARTICLE 29. [RESERVED]

ARTICLE 30. MISCELLANEOUS

- 30.1 Binding Effect.** This LGIA and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties hereto.
- 30.2 Conflicts.** In the event of a conflict between the body of this LGIA and any attachment, appendices or exhibits hereto, the terms and provisions of the body of this LGIA shall prevail and be deemed the final intent of the Parties.
- 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".
- 30.4 Entire Agreement.** This LGIA, including all Appendices and Schedules attached hereto, constitutes the entire agreement among the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between or among the Parties with respect to the subject matter of this LGIA. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, any Party's compliance with its obligations under this LGIA.
- 30.5 No Third Party Beneficiaries.** This LGIA is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons,

corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and, where permitted, their assigns.

- 30.6 Waiver.** The failure of a Party to this LGIA to insist, on any occasion, upon strict performance of any provision of this LGIA will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

Any waiver at any time by either Party of its rights with respect to this LGIA shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this LGIA. Termination or Default of this LGIA for any reason by the Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the Participating TO. Any waiver of this LGIA shall, if requested, be provided in writing.

- 30.7 Headings.** The descriptive headings of the various Articles of this LGIA have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this LGIA.

- 30.8 Multiple Counterparts.** This LGIA may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

- 30.9 Amendment.** The Parties may by mutual agreement amend this LGIA by a written instrument duly executed by all of the Parties. Such amendment shall become effective and a part of this LGIA upon satisfaction of all Applicable Laws and Regulations.

- 30.10 Modification by the Parties.** The Parties may by mutual agreement amend the Appendices to this LGIA by a written instrument duly executed by all of the Parties. Such amendment shall become effective and a part of this LGIA upon satisfaction of all Applicable Laws and Regulations.

- 30.11 Reservation of Rights.** The CAISO and Participating TO shall each have the right to make a unilateral filing with FERC to modify this LGIA pursuant to section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder with respect to the following Articles and Appendices of this LGIA and with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation covered by these Articles and Appendices:

Recitals, 1, 2.1, 2.2, 2.3, 2.4, 2.6, 3.1, 3.3, 4.1, 4.2, 4.3, 4.4, 5 preamble, 5.4, 5.7, 5.8, 5.9, 5.12, 5.13, 5.18, 5.19.1, 7.1, 7.2, 8, 9.1, 9.2, 9.3, 9.5,

9.6, 9.7, 9.8, 9.10, 10.3, 11.4, 12.1, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24.3, 24.4, 25.1, 25.2, 25.3 (excluding subparts), 25.4.2, 26, 28, 29, 30, Appendix D, Appendix F, Appendix G, and any other Article not reserved exclusively to the Participating TO or the CAISO below.

The Participating TO shall have the exclusive right to make a unilateral filing with FERC to modify this LGIA pursuant to section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder with respect to the following Articles and Appendices of this LGIA and with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation covered by these Articles and Appendices:

2.5, 5.1, 5.2, 5.3, 5.5, 5.6, 5.10, 5.11, 5.14, 5.15, 5.16, 5.17, 5.19 (excluding 5.19.1), 6, 7.3, 9.4, 9.9, 10.1, 10.2, 10.4, 10.5, 11.1, 11.2, 11.3, 11.5, 12.2, 12.3, 12.4, 24.1, 24.2, 25.3.1, 25.4.1, 25.5 (excluding 25.5.1), 27 (excluding preamble), Appendix A, Appendix B, Appendix C, and Appendix E.

The CAISO shall have the exclusive right to make a unilateral filing with FERC to modify this LGIA pursuant to section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder with respect to the following Articles of this LGIA and with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation covered by these Articles:

3.2, 4.5, 11.6, 25.3.2, 25.5.1, and 27 preamble.

The Interconnection Customer, the CAISO, and the Participating TO shall have the right to make a unilateral filing with FERC to modify this LGIA pursuant to section 206 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by another Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this LGIA shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.

30.12 No Partnership. This LGIA shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership among the Parties or to impose any partnership obligation or partnership liability upon any Party. No Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, another Party.

30.13 Joint and Several Obligations. Except as otherwise provided in this LGIA, the obligations of the CAISO, the Participating TO, and the Interconnection Customer are several, and are neither joint nor joint and several.

IN WITNESS WHEREOF, the Parties have executed this LGIA in multiple originals, each of which shall constitute and be an original effective agreement among the Parties.

CSOLAR IV South, LLC

By: Scott M. Hef

Title: Vice President, Transmission

Date: 10/21/11

CSOLAR IV East, LLC

By: Scott M. Hef

Title: Vice President, Transmission

Date: 10/21/11

Tenaska Solar Management, LLC

By: Scott M. Hef

Title: Vice President, Transmission

Date: 10/21/11

San Diego Gas & Electric Company

By: _____

Title: _____

Date: _____

IN WITNESS WHEREOF, the Parties have executed this LGIA in multiple originals, each of which shall constitute and be an original effective agreement among the Parties.

CSOLAR IV South, LLC

By: _____

Title: _____

Date: _____

CSOLAR IV East, LLC

By: _____

Title: _____

Date: _____

Tenaska Solar Management, LLC

By: _____

Title: _____

Date: _____

San Diego Gas & Electric Company

By:  _____

Title: Senior Vice President – Power Supply

Date: October 21, 2011

California Independent System Operator Corporation

By: 

Title: KEITH E. CASEY, PH.D., VICE PRESIDENT
MARKET & INFRASTRUCTURE DEVELOPMENT

Date: 10/21/11

Appendices to LGIA

Appendix A Interconnection Facilities, Network Upgrades and Distribution Upgrades

Appendix B Milestones

Appendix C Interconnection Details

Appendix D Security Arrangements Details

Appendix E Commercial Operation Date

Appendix F Addresses for Delivery of Notices and Billings

Appendix G Interconnection Customer's Proportional Share of Costs of Network Upgrades for Applicable Project Group

Appendix H Interconnection Requirements for Asynchronous Generating Facilities

Appendix A To LGIA

Interconnection Facilities, Network Upgrades and Distribution Upgrades

Appendix A describes and indicates the estimated costs of the facilities for the Interconnection Facilities work and Network Upgrade work for the Imperial Valley (IV) Substation South (the “Project”), identified as position #510 in the CAISO’s Controlled Grid Generation Queue, as presented in the final Cluster 1 Phase II Interconnection report issued on August 24, 2011 to CSOLAR Development, LLC (“CSOLAR”).

Point of Interconnection (“POI”)

The Point of Interconnection is at the 230 kV bus in Imperial Valley (IV) Substation. (See Appendix C, Figure 2)

Point of Change of Ownership (“POCO”)

The Point of Change of Ownership is where the 230 kV Interconnection Customer Interconnection Facilities cross the vertical plane between the Interconnection Customer’s property and the Participating TO’s right-of-way.

A.1 Interconnection Facilities¹:

A.1.1 Interconnection Customer's Interconnection Facilities

The Interconnection Customer’s Interconnection Facilities are all the sole use facilities and equipment owned, controlled, or operated by the Interconnection Customer from the Generating Facility to the Point of Change of Ownership that are required to establish this interconnection and shall include the revenue meter to be located at the Project switchyard facilities.

A.1.2 Participating TO’s Interconnection Facilities

The Participating TO’s Interconnection Facilities are all the sole use facilities and equipment owned, controlled, or operated by Participating TO from the Point of

¹ The final scope, cost and schedule details for the Interconnection Facilities are being developed between the Interconnection Customer and Participating TO. The Participating TO is to submit the 230kV Interconnection Facilities from the POI to the POCO as Location Constrained Resource Interconnection Facilities (LCRIF) to the CAISO. Upon approval by the CAISO of LCRIF treatment for those Interconnection Facilities, the Parties hereto agree to accept such LCRIF treatment consistent with the CAISO approval, provided that the financial impact of LCRIF treatment on the Interconnection Customer is positive on a cash flow and net present value basis, as determined by the Interconnection Customer in its sole discretion, reasonably exercised. Upon such determination by the Interconnection Customer, the Parties hereto shall amend this LGIA as appropriate to reflect LCRIF treatment of those facilities.

Interconnection to the Point of Change of Ownership that are required to establish this interconnection. The Participating TO's Interconnection Facilities necessary to interconnect the Project to the Imperial Valley Substation at 230 kV include:

(i) Within the IV Substation:

The facilities necessary for the 230 kV interconnection at IV substation include the extension of the Project's Interconnection Facilities from the Participating TO property line to the 230 kV bus inside the IV substation.

- Approximately, 900 circuit feet of bundled 900 ACSS/AW conductor from the dead-end structure #Z46474 (located outside substation fence) to the open bay position # 11
- Required relay protection equipment
- Two (2) 400 foot spans of Overhead Optical Ground Wire (OPGW) shield wire with two (2) dead-ends each.

(ii) Outside the IV Substation:

A. North – South Connector

The north-south (N-S) connector refers to the existing transmission line on the western-end arm of the existing double circuit SDG&E transmission line structures from the first dead-end structure (#Z46474) located outside the IV substation fence to the southernmost structure # Z46499 (connection point with the East West Connector).

- The existing 900 ACSS/AW conductor on the western-end arms of double circuit structures (approximately 24,400 feet) on existing double circuit SDG&E transmission line structures from structure #Z46474 to #Z46499. The existing conductor is to be used as the North- South connector which is part of the Participating TO Interconnection Facilities necessary to interconnect the project.
- Participating TO's Interconnection Facilities fifty percent (50%) allocation of:
 - Remove existing single circuit wooden pole design (5 structures) from and including structure # Z46474 (located outside the IV substation fence) up to and including structure # Z46478 (first structure south of the 500 kV line crossing)
 - Install five (5) new double circuit steel pole structures.
 - Install new OPGW from the first dead-end structure located outside the IV substation fence (#Z46474) to structure #Z46477 (last structure north of the 500 kV line crossing) and from structure #Z46478 (first structure south of the 500 kV line crossing) to structure #Z46503 (last dead-end structure north of the US border)

with Mexico).

- Install new ADSS fiber optic wire from structure #Z46477 (last structure north of the 500 kV line crossing) to structure #Z46478 (first structure south of the 500 kV line crossing).

B. East – West Connector

The east-west (E-W) connector includes the transmission line from the Point of Change of Ownership (POCO) outside the Generating Facility to structure #Z46499 of the existing TL 23050 SDG&E transmission line and will cross underneath all existing overhead lines to connect to the western arm of structure #Z46499 (connection point with the North-South Connector). The total length of east-west connector is approximately 8,500 feet of overhead circuit and 500 feet of underground duct bank. (Approximately 3,700 feet of E-W connector will be located on privately owned lands).

- Overhead portion: includes running angle/tangent and dead-end cable terminating structures at both ends of underground duct bank. All overhead structures will be of monopole design.
- Conductor will be bundled 636 kcmil ACSS/AW “Rook”
- Undergrounding duct banks (approximately 500 feet in length) for crossing under the existing 230kV transmission lines. The East-West Connector will be designed and emanate from the POCO and will cross underneath all existing overhead lines to connect to the western arm of structure #Z46499 (connection point with the North-South Connector). The underground duct bank will be sized to carry one (1) bundled circuit as per above specifications.
- New dead-end structure required before connecting to existing SDG&E structure # Z46499. After U/G crossing of the existing 230kV transmission lines, the East-West connector transmission line will be connected to western-end arm of existing (North-South) double circuit SDG&E transmission line structures (TL 23050).

Interconnection Customer shall design and construct the East-West Connector in consultation with Participating TO and shall assure that the design, engineering and construction of the East-West Connector complies with Participating TO’s design and facility standards. Upon completion of the East-West Connector, Interconnection Customer shall convey such facility to Participating TO. Such conveyance shall be subject to normal and customary documentation and shall be subject to Participating TO’s right to verify that title, form of easements, design and construction of such East-West Connector is satisfactory to Participating TO in its sole discretion, reasonably exercised.

A.2 Network Upgrades

A.2.1 Participating TO's Reliability Network Upgrades

(i) Within the IV Substation:

A. Modification of the existing Special Protection System ("SPS") at Imperial Valley ("IV") to include the Project.

- SDG&E communication interface for IV SPS
- Communication equipment between SDG&E and the Project

B. Implement SPS to protect Bernardo-Felicita Tap 69kV line.

- SDG&E protection and communication interface for Bernardo Substation, Escondido Substation and Palomar Energy Center SPS
- Communication equipment between SDG&E and the Project

C. Implement SPS to protect Mission-Old Town 230kV line.

- SDG&E communication interface for Mission Substation, Old Town Substation and Silvergate Substation SPS
- Communication equipment between SDG&E and the Project

(ii) Outside the IV Substation North – South Connector

The existing transmission line on western-end arm of the existing double circuit SDG&E transmission line structures from the first dead-end structure (#Z46474) located outside the IV substation fence to the southernmost structure # Z46499 (connection point with the East West Connector).

- Participating TO's Reliability Network Upgrade fifty percent (50%) allocation of:
 - Remove existing single circuit wooden pole design (5 structures) from and including structure # Z46474 (located outside the IV substation fence) up to and including structure # Z46478 (first structure south of the 500 kV line crossing)
 - Install five (5) new double circuit engineered steel pole structures.
 - Install new OPGW from the first dead-end structure located outside the IV substation fence (#Z46474) to structure #Z46477 (last structure north of the 500 kV line crossing) and from structure #Z46478 (first structure south of the 500 kV line crossing) to structure #Z46503 (last dead-end structure north of the US border with Mexico).
 - Install new ADSS fiber optic wire from structure #Z46477 (last structure north of the 500 kV line crossing) to structure #Z46478 (first structure south of the 500 kV line crossing).
- Construct two (2) new dead-end structures to transition from the east side to the west side where TL23050 connects to CFE at structure #Z46503

- String new bundled 900 ACSS/AW conductor to construct a new 230 kV transmission circuit (approximately 5.4 miles) on the vacant side (eastern-end arms) of the double circuit structures from the first dead-end structure #Z46474 located outside the IV substation fence to last dead-end structure #Z46503 north of the US border with Mexico.

A.2.2 Delivery Network Upgrades (DNU)

- (i) Reconfigure TL23041 and TL23042 at Miguel Substation to create two Otay Mesa-Miguel 230 kV lines
 - For TL23041, Otay Mesa-Miguel-Sycamore 230 kV line::
 - Install 1-230 kV breaker, 2-230 kV disconnects, and relaying
 - Install a new anchor-bolted dead end steel pole
 - Install approximately 600 feet of bundled 900 ACSS/AW
 - For TL23042, Miguel-Otay Mesa-Bay Boulevard 230 kV line:
 - Install 1-230 kV breaker and relaying
- (ii) Reconductor Escondido-Palomar Energy 230 kV lines #1 and #2
 - Reconductor the spans of 605 ACSS/AW to 900 ACSS/AW on Escondido-Palomar Energy 230 kV lines #1 and #2
 - Install new cross arms for 230 kV pole Z202015
 - Relocate two overhead 69 kV circuits and convert to underground
 - Remove one existing 69 kV cable pole, extend the underground trench package 600 feet into the substation, remove cable and splice in new cable, terminate at two underground rack positions in Escondido Substation
 - Install 8-230 kV disconnects and adjust relaying at Escondido

A.3 Distribution Upgrades:

None

A.4 Cost Estimates:

The estimated cost for the Participating TO's Interconnection Facilities, Delivery Network Upgrades, and Reliability Network Upgrades are shown in Table 1. Descriptions of these facilities are provided in Appendix C.

Table 1: Cost Estimates for Facilities Necessary to Interconnect the Project

Type	Description	Estimated Cost ² x \$1000
Participating TO's Interconnection Facilities	Within the IV Substation: Extend Interconnection Facilities from the Participating TO property line to the 230 kV bus <ul style="list-style-type: none"> • Install approximately 900 circuit feet of bundled 900 ACSS/AW from the substation rack to the property line • Install two (2)-200 feet spans of shield wire with two (2) dead-ends each • Required relay protection 	211
Participating TO's Interconnection Facilities	Outside the IV Substation: North – South Connector <ul style="list-style-type: none"> • Depreciated cost of the existing transmission conductor on the western-end arms of double circuit structures (approximately 5.4 miles) on existing double circuit SDG&E transmission line structures from structure #Z46474 to #Z46499.³ 	1,439
Participating TO's Interconnection Facilities	Outside the IV Substation: North – South Connector <ul style="list-style-type: none"> • Participating TO Interconnection Facilities 50% allocation of: <ul style="list-style-type: none"> ○ Remove existing single circuit wooden structure design (5 structures) ○ Install five (5) new double circuit engineered steel pole structures. ○ Install new OPGW from the first dead-end structure located outside the IV substation fence to the last structure north of the 500 kV line crossing) and from the first structure 	5,869

² Estimated costs in “as year spent” dollars and in thousands of \$ dollars, excluding Allowance for Funds Used During Construction (AFUDC). Taxes, landscaping, under grounding, walls, gates, driveways, CAISO and environmental and licensing related costs are not included.

³ The depreciated cost of the existing conductor represents the cost value of the North- South connector which is part of the Participating TO's Interconnection Facilities necessary to interconnect the project.

	<p>south of the 500 kV line crossing to the last dead-end structure north of the US border with Mexico.</p> <ul style="list-style-type: none"> ○ Install new ADSS fiber optic wire from the last structure north of the 500 kV line crossing to the first structure south of the 500 kV line crossing. ○ Construct two (2) new dead-end structures to transition from the east side to the west side where TL23050 connects to CFE at structure #Z46503 	
Participating TO's Interconnection Facilities	<p>Outside the IV Substation: East – West Connector⁴</p> <p>Transmission line (approximately 8,500 feet of overhead circuit and 500 feet of underground duct bank) from the Point of Change of Ownership (outside the Generating Facility) to the tower #Z46499 of the existing TL23050</p> <ul style="list-style-type: none"> • Overhead portion: includes steel monopole and/or H-frame and dead-end structures • Undergrounding duct banks (approximately 500 feet) for crossing the existing 230kV transmission lines • New dead-end structure - required before connecting to the SDG&E North-South Connector 	4,800
Reliability Network Upgrade	<p>Within the IV Substation:</p> <p>Modification of the existing IV SPS to include the Project</p> <ul style="list-style-type: none"> • SDG&E protection and communication interface for IV SPS 	46
	<p>Within the IV Substation:</p> <p>Modification of the existing IV SPS to include the Project</p> <ul style="list-style-type: none"> • Protection and communication equipment between SDG&E and the Project 	200

⁴ The Interconnection Customer will acquire the necessary permits and Right Of Ways and construct the E-W Connector.

Reliability Network Upgrade	Within the IV Substation: Implement SPS to protect Bernardo-Felicita Tap 69kV line <ul style="list-style-type: none"> • SDG&E protection and communication for Bernardo Substation, Escondido Substation and Palomar Energy Center 	36
	Within the IV Substation: Implement SPS to protect Bernardo-Felicita Tap 69kV line <ul style="list-style-type: none"> • Communication equipment between SDG&E and the Project (included in IV SPS costs above) 	0
Reliability Network Upgrade	Within the IV Substation: Implement SPS to protect Mission-Old Town 230kV line <ul style="list-style-type: none"> • SDG&E protection and communication for Mission Substation, Old Town Substation and Silvergate Substation 	50
	Within the IV Substation: Implement SPS to protect Mission-Old Town 230kV line <ul style="list-style-type: none"> • Communication equipment between SDG&E and the Project (included in IV SPS costs above) 	0
Reliability Network Upgrade	Outside the IV Substation: North – South Connector <ul style="list-style-type: none"> • String new bundled 900 ACSS/AW conductor (approximately 24,400 feet) on the eastern-end arms of the new double circuit SDG&E transmission line structures from the first dead-end structure located outside the IV substation fence, #Z46474, to the last dead-end structure north of the US border with Mexico, #Z46503. • <u>Reliability Network Upgrades 50% allocation of:</u> <ul style="list-style-type: none"> ○ Remove existing single circuit wooden structure design (5 structures) ○ Install five (5) new double circuit steel pole structures. Construct two (2) new dead-end structures to transition from the east side to 	9,459

	<p>the west side where TL23050 connects to CFE at structure #Z46503</p> <ul style="list-style-type: none"> ○ Install new OPGW from the first dead-end structure located outside the IV substation fence to the last structure north of the 500 kV line crossing) and from the first structure south of the 500 kV line crossing to the last dead-end structure north of the US border with Mexico. ○ Install new ADSS fiber optic wire from the last structure north of the 500 kV line crossing to the first structure south of the 500 kV line crossing. 	
Delivery Network Upgrade	Reconfigure TL23041 and TL23042 at Miguel Substation to create two Otay Mesa-Miguel 230 kV lines	156
Delivery Network Upgrade	Reconductor Escondido-Palomar Energy 230 kV lines #1 and #2	482
Total: Interconnection Costs to Interconnection Customer		22,748
Total: Up Front Costs to Interconnection Customer	<p>= Total Interconnection Costs excluding Depreciated Cost of existing North-South Conductor (existing facility) AND excluding East West Connector (IC will incur cost to construct)</p> <p>= 22,748 - 1,439 – 4,800</p>	16,509
Total: Participating TO Reimbursement to IC upon COD	<p>= Network Upgrade Costs excluding Depreciated Cost of existing North-South Conductor (Participating TO expensed)</p> <p>= 10,429 – 1,439</p>	8,990

A.4.1 Licensing and Permitting

The Interconnection Customer will be responsible for obtaining all permits necessary for the Project and the Interconnection Customer's Interconnection Facilities including the E-W Connector.

The Participating TO will be responsible for obtaining all permits and licenses necessary for the Participating TO Interconnection Facilities, including the N-S Connector, and Delivery Network Upgrades.

A.4.2 Affected Systems:

- (i) Southern California Edison
- (ii) Imperial Irrigation District (IID)
- (iii) Comision Federal de Electricidad (CFE) in Mexico. ⁵

A.4.3 Monthly Cost of Ownership Charge for Operation and Maintenance (“O&M”)

In accordance with the billing and payment procedures commencing with the In-Service Date, the Participating TO shall bill annually, and the Interconnection Customer shall pay annually, an operation and maintenance (“O&M”) charge to compensate the Participating TO for the operation and maintenance associated with the Participating TO’s Interconnection Facilities that are operated and maintained by the Participating TO on behalf of the Interconnection Customer that are not part of network facilities.

When the Interconnection Facilities are placed In-Service, the monthly O&M charges shall be equal to the Participating TO’s transmission O&M rate⁶ (currently “0.0051417”) multiplied by the installed cost of the Interconnection Facilities that that are identified as the Participating TO’s Interconnection Facilities and a portion of the IC’s Interconnection Facilities from the POCO to the first transmission structure outside the POCO which the Participating TO will maintain on behalf of the Interconnection Customer.

Participating TO will own and install the Interconnection Facilities conductor from the POCO located at the Participating TO’s property line, to the POI located inside the Imperial Valley Substation.

When completed, the Participating TO will operate and maintain the Interconnection Facilities between the POI and the POCO and also the segment of Interconnection Facilities conductor between the Interconnection Customer’s

⁵ CFE in Mexico is affected by this project interconnection at the Imperial Valley substation. However the addition of the IV Substation South project to the existing IV SPS will mitigate the impact to CFE. (See Appendix C.3).

⁶ SDG&E may make revisions to the SDG&E transmission O&M rate via a FERC 205 filing, as necessary to adjust for significant changes in actual O&M costs and shall make such revisions available to CSOLAR in a prompt and timely manner. SDG&E’s Transmission O&M rate does not include replacement cost.

(IC's) first overhead structure located outside the Participating TO's property line up to the POCO. The operating and maintenance activities shall apply to the conductor, insulators and the termination hardware and fittings located at the Interconnection Customer's first overhead structure outside the POCO.

The Monthly Cost of Ownership for operations and maintenance (O&M) charge applied to the Interconnection Facilities that the Participating TO will maintain includes maintenance and trouble shooting of these Interconnection Facilities. The Interconnection Customer shall be solely responsible for all costs of any future replacement of the Interconnection Facilities that the Participating TO will maintain on behalf of the Interconnection Customer unless the replacement of such Interconnection Facilities is required as of the result of SDG&E's failure to properly operate or maintain such Interconnection Facilities, or such Interconnection Facilities are required to be replaced due to the interconnection or upgrade of any other facility located beyond the POCO.

The following *example*, using costs from Table 1, illustrates how the monthly O&M charge is calculated.

Cost of the Interconnection Facilities which the Participating TO will maintain	\$12,329,000 ⁷
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The resulting monthly O&M charge is calculated as follows:

$$0.0051417 \times (\$12,329,000) = \$63,392$$

⁷ The installed cost of the Interconnection Facilities which the Participating TO will maintain are equivalent to the estimated cost of the Participating TO's Interconnection Facilities in Table 1, plus \$10,000, which is the exemplary cost to purchase and install the section of conductor between the POCO and the first overhead structure outside SDG&E's property line (\$12,319,000 plus \$10,000 equates to \$12,329,000). This segment of conductor is owned by the Interconnection Customer but operated and maintained by the Participating TO.

A.5 Local Furnishing Bonds:

The Participating TO is the sole owner of a system of electric utility facilities which are directly connected to retail customers who receive electric energy supply service and/or electric energy delivery service from the Participating TO (such customers, the “Local Retail Customers”; such facilities, the “Local System Facilities”). The Participating TO has financed or refinanced substantial portions of its Local System Facilities with proceeds from \$686,000,000 of outstanding Local Furnishing Bonds (LFBs) issued by the City of Chula Vista. This includes approximately \$168 million that financed the costs of the Participating TO’s wholly-owned electric transmission facilities located in San Diego, Orange and Imperial Counties, and approximately \$518 million of Participating TO’s wholly-owned electric distribution facilities located in San Diego and Orange Counties. Interest on these LFBs is tax-exempt and the Participating TO claims income tax deductions for interest expense on the LFBs.

If the proposed Project (identified as position #510 in the CAISO’s Controlled Grid Generation Queue) would impair the tax-exempt status of interest on these LFBs or the deductibility of interest expense on the LFBs to the Participating TO under the Internal Revenue Code, Treasury Regulations and/or applicable IRS rulings (“Impairment”), the Interconnection Customer will be required to pay the costs properly allocable to the proposed Project that the Participating TO necessarily and prudently incurs in mitigating such an Impairment if the Interconnection Customer fails for any reason to follow the CAISO-directed remedial measure, if any, applicable to the Interconnection Customer to avoid or mitigate an Impairment.

Under existing IRS rulings issued to the Participating TO, a proposed interconnection might result in an Impairment if the proposed interconnection either (1) will cause the Participating TO to fail to be an annual net importer of electric energy (the “Annual Net Importer Test”), or (2) will require the Participating TO to acquire any component of the Local System Facilities sooner, or will cause any component of the Local System Facilities to be built larger, more costly or with a different design than is reasonably expected to be needed to provide reliable service to Local Retail Customers (the “Character Test”). The CAISO Tariff Section 3 states that:

Nothing in this CAISO Tariff or the TCA shall compel (and the CAISO is not authorized to request) any Local Furnishing Participating TO or other Tax Exempt Participating TO to violate: (1) restrictions applicable to facilities which are part of a system that was financed in whole or part with Local Furnishing Bonds or other Tax Exempt Debt or (2) the contractual restrictions and covenants regarding the use of any transmission facilities specified in Appendix B to the TCA.

The Transmission Control Agreement provides at Appendix B, Section A that:

Notwithstanding anything to the contrary contained in the Agreement, including SDG&E's agreement to be bound by the terms of the ... ISO Tariff and the ... TO Tariff, SDG&E may not take (nor may SDG&E allow the ISO to take) any action that would jeopardize the tax-exempt status of interest on Local Furnishing Bonds issued or to be issued for its benefit, including (without limitation) the actions specified below.

The Transmission Control Agreement provides at Appendix B, Section B that:

Absent an approving written opinion of nationally recognized bond counsel selected by SDG&E, taking into account the adjustments outlined in paragraph C below, SDG&E will not operate its facilities (or allow its facilities to be operated) so as to cause or permit a cumulative annual net outbound flow of electric energy during any year from the point of interconnection . . .

The Transmission Control Agreement provides at Appendix B, Section E that:

Upon SDG&E's receipt of a written request by the ISO to take (or to refrain from taking) any action that SDG&E believes might jeopardize the tax-exempt status of interest on Local Furnishing Bonds issued for benefit, SDG&E in good faith shall promptly seek to obtain an opinion (of the type generally regarded in the municipal bond market as unqualified) from a nationally recognized bond counsel selected by SDG&E that the requested action (or inaction) will not adversely affect such tax-exempt status. Until the opinion of bond counsel described above is obtained, SDG&E shall not be required to take (or to refrain from taking) the specified action, and the ISO shall exercise its Operation Control consistent with such limitation.

(1) Annual Net Importer Test

In conjunction with studies the Participating TO completed on behalf of the CAISO pursuant to the LGIP, a GridView production modeling analysis was undertaken. Based on this analysis, and applying the annual net importer methodology set forth in a supplemental IRS letter ruling issued to the Participating TO dated July 7, 2009, the Participating TO has determined that the Project does not appear at this time to cause an Impairment by reason of the Annual Net Importer Test. This was determined by considering, *inter alia*, the following:

The Participating TO has no direct or indirect ownership interest in the Project.

The Project does not connect directly to the Local System Facilities and thus is not considered internal generation to the Local System Facilities and does not contribute to the Participating TO's calculated outbound flow.

Even if the Participating TO enters into a contract to purchase all electric energy produced by the Project, the Participating TO presently anticipates that electric energy from the Project and other electric generating resources which are owned or controlled by or for the benefit of the Participating TO in each calendar year will not exceed the total amount of electric energy supplied by the Participating TO to Local Retail Customers, adjusted as set forth in the supplemental IRS letter ruling issued to the Participating TO dated July 7, 2009.

The Interconnection Customer is subject to all applicable and lawful tariffs, protocols, orders, and directives of the CAISO issued pursuant to the terms of its Tariff to protect the exclusion from gross income of interest on the LFBs.

If in the future the Participating TO acquires an ownership interest in the Project for federal tax purposes or the Project comes to connect directly to the Local System Facilities, these events will impact the analysis of the Annual Net Importer Test. If either event occurs, The Participating TO will monitor the Project's output of electric energy and other matters to determine if an Impairment may arise by reason of the Participating TO's failure to meet the Amended Annual Net Importer Test set forth in the IRS supplemental letter ruling dated July 7, 2009. If, contrary to the Participating TO's current expectations, the Participating TO otherwise might fail to meet the Amended Annual Net Importer Test set forth in the IRS supplemental letter ruling dated July 7, 2009, at any time after the Project is placed in service, the means by which such Impairment will be resolved is set forth in "SDG&E Appendix B (SDG&E Encumbrances)" to the Transmission Control Agreement.

(2) Character Test

Even if the Annual Net Importer Test is met, an Impairment can arise if additions or improvements are made to the Local System Facilities sooner, larger, more costly or built with a different design than is reasonably expected to be needed to provide reliable service to the Local Retail Customers. This Character Test generally will be met so long as (i) the Project never connects directly to the Participating TO's Local System Facilities, and (ii) the Participating TO never acquires an ownership interest in the Project for federal tax purposes. Presently, the Participating TO has no ownership interest in the Project for federal tax purposes, and the Project does not connect directly to the Local System Facilities. Thus, consideration of the Character Test presently is not required.

If in the future the Participating TO acquires an ownership interest in the Project for federal tax purposes or the Project comes to connect directly to the Local System Facilities, then an Impairment might arise unless electric energy from the Project is sold exclusively to the Participating TO. The means by which such an Impairment will be

resolved is set forth in “SDG&E Appendix B (SDG&E Encumbrances)” to the Transmission Control Agreement.

The Participating TO will provide timely notification to the Interconnection Customer of any assertion or determination that an Impairment pertaining wholly or in part to the Project has arisen or is likely to arise and provide to Interconnection Customer the Participating TO’s submissions to the CAISO and thereafter, if any, to the IRS pertaining to such Impairment. The Interconnection Customer agrees that it will treat any material provided by Participating TO to the IRS involving an Impairment as Confidential Information.

Presently, the Project does not connect directly to the Local System Facilities and, thus, consideration of the Character Test is not required.

A.6 Insurance

All certificates of insurance coverage, endorsements, cancellations, terminations, alterations, and material changes of such insurance shall be issued and submitted to the following:

For San Diego Gas & Electric Company:

Manager, Transmission Planning
8316 Century Park Court CP52A
San Diego, CA 92123-1593

For CSOLAR Development, LLC:

c/o Tenaska, Inc.
Attention: Doug Troupe
1044 N. 115th Street, Suite 400
Omaha, NE 68154

For California ISO:

Judy Brown
250 Outcropping Way
Folsom, CA 95630

A.7 Future Use of Participating TO's Interconnection Facilities

The Parties are aware of other interconnection customers with valid interconnection requests in the ISO's Controlled Grid Generation Queue which may request the use of the Participating TO's Interconnection Facilities. Should a Party receive such a request from a New Generator to use the Participating TO's Interconnection Facilities, the Party receiving such request will notify the other Parties within 30 days of receipt.

Parties must agree to allow the use of the Participating TO's Interconnection Facilities by such other interconnection customer. Should the ISO and Participating TO agree to allow the use of the Participating TO's Interconnection Facilities, the Parties shall amend this LGIA to accommodate use of the Participating TO Interconnection Facilities by such other interconnection customer. Such an amendment to this LGIA will include an obligation of the Participating TO to reimburse the Interconnection Customer a pro rata portion, as defined below, of the amount previously paid by Interconnection Customer under this Agreement for the Participating TO's Interconnection Facilities. Any repayment shall include interest calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. §35.19a(a)(2)(iii) from the date of any payment for the Participating TO's Interconnection Facilities through the date on which the Interconnection Customer receives a repayment of such payment (the "Reimbursable Costs").

Such pro-rata portion shall be calculated as follows: each time a New Generator interconnects utilizing the Participating TO's Interconnection Facilities, the Participating TO shall make a payment to Interconnection Customer such that after receipt of such payment the amount of total payments received by Interconnection Customer pursuant to the amendment then being entered into and all prior amendments entered into with previous New Generators, not taking into account any interest component of such payments, shall equal the Reimbursable Costs multiplied times a fraction the numerator of which is the aggregate capacity of all the New Generators in MW and the denominator of which is the aggregate capacity of all the New Generators in MW plus 200 MW (the IV Substation South project's capacity). The Reimbursable Costs amount shall be paid by the Participating TO to the Interconnection Customer within 30 days of the In-Service Date when any New Generator interconnects with the Participating TO's Interconnection Facilities, irrespective of whether the New Generator is assessed any charge by the Participating TO.

The calculation of the Monthly Cost of Ownership Charge for Operation and Maintenance ("O&M") as described at A.4.3 above will also adjusted to reflect the sharing of the Participating TO's Interconnection Facilities with the other Interconnection Customer(s).

Appendix B To LGIA

Milestones

B.1 Interconnection Customer's Selected Option:

The Interconnection Customer has selected the Standard Option in accordance with Article 5.1.1 of the LGIA.

B.2 Interconnection Milestones and Dates:

The milestones provided in Table 2 below shall apply to each phase of the Project unless specific dates are provided for each Phase.

Table 2: Interconnection Milestones

<u>Item</u>	<u>Milestone</u>	<u>Responsible Party</u>	<u>Due Date</u>
(a)	Submittal of approval from the appropriate Governmental Authority for any facilities requiring regulatory approval, as applicable, to Participating TO and CAISO, pursuant to Article 5.6.1 of the LGIA	Interconnection Customer	At least 30 Calendar Days prior to the commencement of Construction Activities of the Participating TO's Interconnection Facilities and Network Upgrades
(b)	Submittal of written authorization to proceed with design, procurement and construction of Participating TO's Interconnection Facilities and Network Upgrades, as applicable and identified in this Agreement, to Participating TO and CAISO pursuant to Articles 5.5.2 and 5.6.3 of the LGIA	Interconnection Customer	On or before March 31, 2012 ⁸ , and at least 30 Calendar Days prior to the commencement of the Construction Activities of the Participating TO's Interconnection Facilities and Network Upgrades
(c)	Submittal of security for Participating TO's	Interconnection Customer	On or before March 31, 2012 ⁸ , and at least

⁸ On or before this date, the Interconnection Customer must provide the Participating TO with written authorization to proceed and financial security so the Participating TO can proceed with design, procurement, and Construction Activities necessary to complete the Interconnection Facilities and Network Upgrades to meet the proposed April 1, 2012 In-Service Date. Failure by the Interconnection Customer to comply with this milestone (provide written

<u>Item</u>	<u>Milestone</u>	<u>Responsible Party</u>	<u>Due Date</u>
	Interconnection Facilities and Network Upgrades, as applicable and as identified in this Agreement, to Participating TO pursuant to Articles 5.5.3, 5.6.4 and 11.5 of the LGIA and as outlined in Appendix A at A.4		30 Calendar Days prior to the commencement of the Construction Activities of the Participating TO's Interconnection Facilities and Network Upgrades
(d)	Submittal of security for the estimated tax liability, if necessary, to Participating TO pursuant to Article 5.17.4 of the LGIA	Interconnection Customer	At least 30 Calendar Days prior to the commencement of Construction Activities of the Participating TO's Interconnection Facilities and Network Upgrades
(e)	Completion of Participating TO's Interconnection Facilities, Reliability Network Upgrades and Delivery Network Upgrade facilities	Participating TO	Within 18 months after the completion of Items (b) and (c) above
(f)	Submittal of initial specifications for the Interconnection Customer's Interconnection Facilities and Large Generating Facility, including System Protection Facilities, to the Participating TO and the CAISO as specified in Article 5.10.1 of the LGIA	Interconnection Customer	Within 180 Calendar Days prior to the Initial Synchronization date
(g)	Initial information submission, including Participating TO's Transmission System information necessary to allow the Interconnection Customer to select equipment, in accordance with Article 24.2 of the LGIA	Participating TO	Within 180 Calendar Days prior to the Trial Operation date
(h)	Updated information submission	Interconnection	Within 180 Calendar

authorization to proceed and security by this date) shall represent breach of this LGIA, and CAISO and the Participating TO will move to immediately terminate the LGIA.

<u>Item</u>	<u>Milestone</u>	<u>Responsible Party</u>	<u>Due Date</u>
	by Interconnection Customer, including manufacturer information in accordance with Article 24.3 of the LGIA	Customer	Days prior to the Trial Operation date
(i)	Review of and comment on Interconnection Customer's initial specifications as specified in Article 5.10.1 of the LGIA	Participating TO and ISO	Within 30 Calendar Days of the Interconnection Customer's submission of initial specifications
(j)	Submittal of final specifications for the Interconnection Customer's Interconnection Facilities and Large Generating Facility, including System Protection Facilities, to the Participating TO and the CAISO as specified in Article 5.10.1 of the LGIA	Interconnection Customer	Within 90 Calendar Days prior to the Initial Synchronization date

<u>Item</u>	<u>Milestone</u>	<u>Responsible Party</u>	<u>Due Date</u>
(k)	Review of and comment on Interconnection Customer's final specifications as specified in Article 5.10.1 of the LGIA	Participating TO and CAISO	Within 30 Calendar Days of the Interconnection Customer's submission of final specifications
(l)	Notification of Balancing Authority Area in which the Interconnection Customer intends to be located to Participating TO and CAISO pursuant to Article 9.2	Interconnection Customer	At least 90 Calendar Days prior to the Initial Synchronization Date
(m)	Performance of a complete calibration test and functional trip test of the System Protection Facilities prior to the In-Service Date, pursuant to Article 9.7.4.6 of the LGIA	Interconnection Customer and Participating TO	Within 60 Calendar Days prior to the In-Service Date,
(n)	In-Service Date	Interconnection Customer	June 1, 2013,
(o)	Performance of a complete calibration test and functional trip test of the System Protection Facilities prior to the Commercial Operation Date, pursuant to Article 9.7.4.6 of the LGIA	Interconnection Customer and Participating TO	Within 60 Calendar Days prior to the Commercial Operation Date
(p)	Testing of the Participating TO's Interconnection Facilities and Network Upgrades, and testing of the Interconnection Customer's Large Generating Facility and Interconnection Facilities in accordance with Article 6.1 of the LGIA	Interconnection Customer and Participating TO	Within 60 Calendar Days prior to the Commercial Operation Date
(q)	Provide written approval to Interconnection Customer for the operation of the Large Generating Facilities in accordance with Article 6.1 of the LGIA	Participating TO	Within 15 Calendar Days prior to the Commercial Operation Date
(r)	Phase I Initial Synchronization	Interconnection	Phase I - October 1,

<u>Item</u>	<u>Milestone</u>	<u>Responsible Party</u>	<u>Due Date</u>
	Date (Interconnection Customer to provide notification in writing to Participating TO) ⁹	Customer	2013
(s)	Phase II Initial Synchronization Date (Interconnection Customer to provide notification in writing to Participating TO) ⁹	Interconnection Customer	Phase II – October 1, 2015
(t)	Phase I Trial Operation date	Interconnection Customer	Phase I - November 1, 2013
(u)	Phase II Trial Operation date	Interconnection Customer	Phase II – November 1, 2015
(v)	Phase I Commercial Operation Date	Interconnection Customer	December 31, 2013
(w)	Phase II Commercial Operation Date	Interconnection Customer	January 2, 2016
(x)	Submittal of “as-built” drawings, information and documents for the Interconnection Customer’s Interconnection Facilities and the Electric Generating Units in accordance with Article 5.10.3 of the LGIA to the Participating TO and CAISO	Interconnection Customer	Within 120 Calendar Days after the Commercial Operation Date.

⁹ The Parties recognize and agree that the Interconnection Customer will be allowed to synchronize, test, and declare Commercial Operation for any portions of the Project upon completion prior to the dates specified in Table 2, however the Participating TO will reimburse the Interconnection Customer for the actual cost of Network Upgrades upon the Commercial Operation Date of the project’s entire 200 MW capacity.

B.3 Estimated Construction Schedule

Table 3: Estimated Time to Design and Construct Participating TO's Interconnection Facilities and Reliability Network Upgrade

Type	Description	Estimated time to Design & Construct ¹⁰
Participating TO's Interconnection Facilities	<p>Within the IV Substation: Extend Interconnection Facilities from the Participating TO property line to the 230 kV bus</p> <ul style="list-style-type: none"> • Install approximately 900 circuit feet of bundled 900ACSS/AW from the substation rack to the property line • Install two (2)-200 feet spans of shield wire with two (2) dead-ends each • Required relay protection 	6 Months
Participating TO's Interconnection Facilities	<p>Outside the IV Substation: North – South Connector</p> <ul style="list-style-type: none"> • Participating TO Interconnection Facilities allocation of: <ul style="list-style-type: none"> ○ Remove existing single circuit wooden structure design (5 structures) ○ Install five (5) new double circuit steel pole structures. ○ Install new OPGW from the first dead-end structure located outside the IV substation fence to the last structure north of the 500 kV line crossing) and from the first structure south of the 500 kV line crossing to the last dead-end structure north of the US border with Mexico. ○ Install new ADSS fiber optic wire from the last structure north of the 500 kV line crossing to the first structure south of the 500 kV line crossing. ○ Construct two (2) new dead-end structures to transition from the east side to the west side where TL23050 connects to CFE at structure #Z46503 	16 Months

¹⁰ Estimated time to construct includes time for design, equipment procurement, and construction. Excludes time for environmental review and permitting.

Reliability Network Upgrades	<p>Within the IV Substation:</p> <p>Modification of the existing SPS to include the Project</p> <ul style="list-style-type: none"> • SDG&E communication interface for IV SPS • Communication equipment between SDG&E and the Project 	12 Months
Reliability Network Upgrades	<p>Within the IV Substation:</p> <p>Implement SPS to protect Bernardo-Felicita Tap 69kV line</p> <ul style="list-style-type: none"> • SDG&E protection and communication for Bernardo Substation, Escondido Substation and Palomar Energy Center • Communication equipment between SDG&E and the Project 	12 Months
Reliability Network Upgrades	<p>Within the IV Substation:</p> <p>Implement SPS to protect Mission-Old Town 230kV line</p> <ul style="list-style-type: none"> • SDG&E protection and communication for Mission Substation, Old Town Substation and Silvergate Substation • Communication equipment between SDG&E and the Project 	12 Months
Reliability Network Upgrades	<p>Outside the IV Substation: North – South Connector</p> <ul style="list-style-type: none"> • String new bundled 900 ACSS/AW conductor (approximately 5.4 miles) on the eastern-end arms of the new double circuit SDG&E transmission line structures from the first dead-end structure located outside the IV substation fence, #Z46474, to the last dead-end structure north of the US border with Mexico, #Z46503. • Reliability Network Upgrades portion of: <ul style="list-style-type: none"> ○ Remove existing single circuit wooden structure design (5 structures) ○ Install five (5) new double circuit steel pole structures. ○ Install new OPGW from the first dead-end structure located outside the IV substation fence to the last structure north of the 500 kV 	16 Months

	line crossing) and from the first structure south of the 500 kV line crossing to the last dead-end structure north of the US border with Mexico. <ul style="list-style-type: none"> ○ Install new ADSS fiber optic wire from the last structure north of the 500 kV line crossing to the first structure south of the 500 kV line crossing. ○ Construct two (2) new dead-end structures to transition from the east side to the west side where TL23050 connects to CFE at structure #Z46503 	
Delivery Network Upgrades	Reconfigure TL23041 and TL23042 at Miguel Substation to create two Otay Mesa-Miguel 230 kV lines	18 Months
Delivery Network Upgrades	Reconductor Escondido-Palomar Energy 230 kV lines #1 and #2	12 Months

The construction schedule estimates to design, procure, and construct the facilities do not include the time required for environmental review and the permitting processes, if applicable.

Table 4 – Estimated Project Timeline:

Month	Date	Remarks
-1	January 1, 2012	IV Solar provides written notice to proceed and required security
0	February 1, 2012	SDG&E begins engineering.
2	April 1, 2012	SDG&E orders long lead equipment.
8	October 1, 2012	SDG&E begins construction.
16	June 1, 2013	SDG&E Construction Complete - In Service

B.4 Suspension of the Work

If the Interconnection Customer suspends work pursuant to Article 5.16 of the LGIA, then all milestones for each Party set forth in this Appendix B shall be suspended during the suspension period. Upon the Interconnection Customer's request to recommence the work, the Parties shall negotiate in good faith on revised milestone due dates for each milestone that takes into account the period of suspension. Appendix B and any terms and conditions associated with the estimated costs shall be amended following the establishment of such revised milestone due dates.

B.5 Partial Termination

In the event the IC exercises Partial Termination with regard to Phase II: (A) the LGIA shall remain in full force and effect with respect to Phase I; (B) the IC's eligibility for repayment pursuant to GIP Section 12.3.2 for Phase I shall not be diminished and (C) the Parties shall amend this LGIA to reflect the lower interconnection capacity.

The IC must exercise its Partial Termination Right within one hundred eighty (180) days after receipt of Notice from Southern California Edison Company ("SCE") who is the Participating TO whose Transmission System is part of the CAISO Controlled Grid and who is responsible for construction of the Network Upgrades necessary for Phase II to obtain Full Capacity Deliverability Status to the CAISO Controlled Grid that: (A) SCE reasonably intends to commence Construction Activities in one hundred eighty (180) days of the Network Upgrades on SCE's Transmission System necessary for Phase II to obtain Full Capacity Deliverability Status to the CAISO Controlled Grid or (B) SCE does not intend to construct Network Upgrades on SCE's Transmission System because they are not necessary for Phase II to obtain Full Capacity Deliverability Status to the CAISO Controlled Grid.

Under no circumstance shall the IC exercise its Partial Termination Right after commencement of the Construction Activities of the Network Upgrades on SCE's Transmission System.

Unless a date set forth in Table 2 or Table 3 above is otherwise extended per the terms of the LGIA, the following options apply:

Table 3A- Participating TO General Option: The Participating TO has the following options:

If the Interconnection Customer is not current in meeting its milestones as set forth in Table 2 (as such milestones may be adjusted due to the Interconnection Customer exercising Option 2 in Table 3B below or its suspension rights under Article 5.16 of this LGIA), the Participating TO has the following options:

1. Extend the applicable deadline for Interconnection Customer to satisfy the milestone requirement for the Electric Generating Units.
2. Terminate this LGIA, subject to the termination and Partial Termination provisions of this LGIA.
3. Other actions mutually agreeable to the Parties.

The Participating TO will provide written notification to the Interconnection Customer of the option selected.

With the exception of Interconnection Customer exercising its Partial Termination rights pursuant to Article 2.4.4, if the Interconnection Customer does not meet any one of the milestones specified in Table 2 above (as such milestones may be adjusted due to the Interconnection Customer exercising option 2 in Table 3B below or its suspension rights under Article 5.16 of this LGIA), this failure shall be considered a Breach of this LGIA, subject to the Default and Right to Terminate provisions under Article 17 of this LGIA.

Table 3B – Interconnection Customer General Option: The Interconnection Customer has the following options:

On each date set forth in Table 2 or Table 3 above, if the Participating TO is current in meeting its milestones in Table 2 or Table 3 above, the Interconnection Customer shall confirm its non-binding intention to develop the Electric Generating Units for which the milestone has been met.

If the Participating TO is not current in meeting its milestones as set forth in Table 2 or Table 3, the Interconnection Customer has the following options:

1. Continue to develop the Electric Generating Units for which the milestone has not been met (but have no obligation to do so).
2. Adjust its milestones for the applicable Electric Generating Units in Table 2 above, on a day-for-day basis, as appropriate, to the Participating TO's new timetable(s).

3. (a) If the Participating TO is not current in meeting its milestones with respect to Phase I which is 130 MW, the Interconnection Customer shall have the right to (1) terminate the LGIA in its entirety, with resulting disconnection of Phase I, and cause the refund of any Partial Termination Charge Security in full to Interconnection Customer, or (2) invoke Partial Termination of this LGIA with respect to Phase II which is 70 MW pursuant to Article 2.4.4, provided that the Interconnection Customer has previously posted Partial Termination Charge Security for Phase II.

(b) If the Participating TO is not current in meeting its milestones with respect to Phase II, the Interconnection Customer shall have the right to invoke Partial Termination of this LGIA in accordance with Article 2.4.4 with respect to Phase II.*

4. Terminate this LGIA, subject to the termination and Partial Termination provisions of this LGIA.

5. Other actions mutually agreeable to the Parties.

The Interconnection Customer will provide written notification to both the CAISO and the Participating TO of the option selected.

If the Participating TO is unable to complete the Network Upgrades necessary to provide full deliverability to the entire Generating Facility, the Participating TO shall use commercially Reasonable Efforts to pursue alternatives to provide full deliverability to the entire Generating Facility.

* The termination provisions provided above (Option 3(a) and (b)) reflect that the Interconnection Customer may invoke a Partial Termination under Section 2.4.4 with respect to those Electric Generating Units for which the Interconnection Customer has previously provided Partial Termination Charge Security, which right of Partial Termination is alternative to the Interconnection Customer's choice of termination of the entire LGIA under Article 2.3 of this LGIA.

If, by April 15, 2012, the Participating TO has not (i) commenced construction of the Network Upgrades or (ii) made commercially Reasonable Efforts to provide an alternative solution for ensuring timely full capacity deliverability status for the Generating Facility, and either (a) the Interconnection Customer (or an owner/lessee thereof who has signed the Co-Tenancy Agreement referred to in Appendix C, Section C.5) is in default of a power purchase agreement or cannot perform under a power purchase agreement as a result thereof, or (b) the Parties otherwise reasonably agree that the Interconnection Customer (or any owner/lessee thereof who has signed the Co-Tenancy Agreement referred to in Appendix C, Section C.5) has been harmed as a result of the Participating TO's failure to complete the Network Upgrades (or otherwise provide full capacity deliverability status for the Generating Facility) in a timely manner,

then the Interconnection Customer shall have the right to invoke a Partial Termination of this LGIA with respect to the Electric Generating Units that the Interconnection Customer reasonably demonstrates to the other Parties it is unable to construct. If Partial Termination is exercised under the terms of the foregoing sentence, the Participating TO and the CAISO shall return the Partial Termination Charge Security applicable to such terminated Electric Generating Units to the Interconnection Customer. Any Partial Termination exercised by the Interconnection Customer, other than in accordance with this paragraph, shall result in the CAISO and the Participating TO liquidating the Partial Termination Charge Security applicable to the terminated Electric Generating Units in accordance with Article 2.4.4.5 of this LGIA.

Appendix C To LGIA

Interconnection Details

Interconnection Customer proposes to interconnect its Project to the California Independent System Operator Corporation (“CAISO”) Controlled Grid at the 230 kV bus in SDG&E’s existing Imperial Valley Substation. The Project site is located near El Centro, California in the unincorporated area of Imperial County on properties located at the intersection of Pullman Road and Cook Road, and approximately seven miles southeast of the Imperial Valley Substation (IV). The Project will be interconnected via dedicated 230 kV interconnection facilities consisting of overhead and underground transmission line. The Project is a 200 MW nominal solar photovoltaic (PV) power generating facility, with a maximum net electrical output to grid of 200 MW, with 318 - 630 kW inverters, a 34.5 kV power collection system and a 230/34.5 kV project substation. The Project will be constructed in two phases with the output of each phase being:

Phase I – 130 MW
Phase II – 70 MW

Based on a request from the El Centro Office of the Bureau of Land Management to minimize environmental impacts in the area, SDG&E will allow the Project to share part of existing SDG&E transmission line structures that run from Imperial Valley substation to Mexican Border. On the existing 230 kV Circuit TL23050 (that connects IV substation, El Centro, CA, to La Rosita substation in Mexico), SDG&E will allow the Interconnection Customer to use of the vacant side of the existing 230 kV transmission line structures. In order to accommodate the Project, SDG&E must complete the work to replace five (5) structures (of single circuit wooden pole design) outside of Imperial Valley substation within the existing IV-La Rosita 230 kV line with double circuit steel pole structures. By utilizing existing SDG&E transmission line structures, Interconnection Customer will be able to avoid building 24 new structures on BLM lands.

Prior to the Interconnection Customer’s request to interconnect the Project at the IV substation, the eastern-end arms of the existing SDG&E transmission line structures along the existing IV-La Rosita 230 kV line transmission line structures were not in use and open for future expansion. Based upon a previously approved SDG&E project, TL 23050 will be moved to bay position #11 at SDG&E’s IV substation.

SDG&E will change bay positions for the existing IV – La Rosita 230 kV Circuit TL23050 in the IV Substation. SDG&E will move the existing western-end arms 230 KV circuit TL23050 (from bay #11 at IV) to the open position of eastern-end arms (to bay#12 at IV). After installing the new double circuit steel pole structures, SDG&E will then string new conductor wire for the IV – La Rosita 230 kV Circuit transmission line TL23050 on the

eastern-end arm of existing SDG&E transmission line structures, approximately five (5) miles south from the IV Substation. SDG&E will then connect the existing conductor for the Project to bay 11 position of IV substation.

The new conductor for the IV – La Rosita 230 kV Circuit transmission line TL23050 will then occupy the eastern-end arms of the existing SDG&E transmission line structures which will transition back to western-end arms once it extends south beyond the proposed project's East-West connector. The existing vacated conductor on the western-end arms will then be used to connect the Project into the IV substation.

The POI and POCO are as defined in Appendix A of this Agreement. For the one-line diagrams, refer to Figure 1 below.

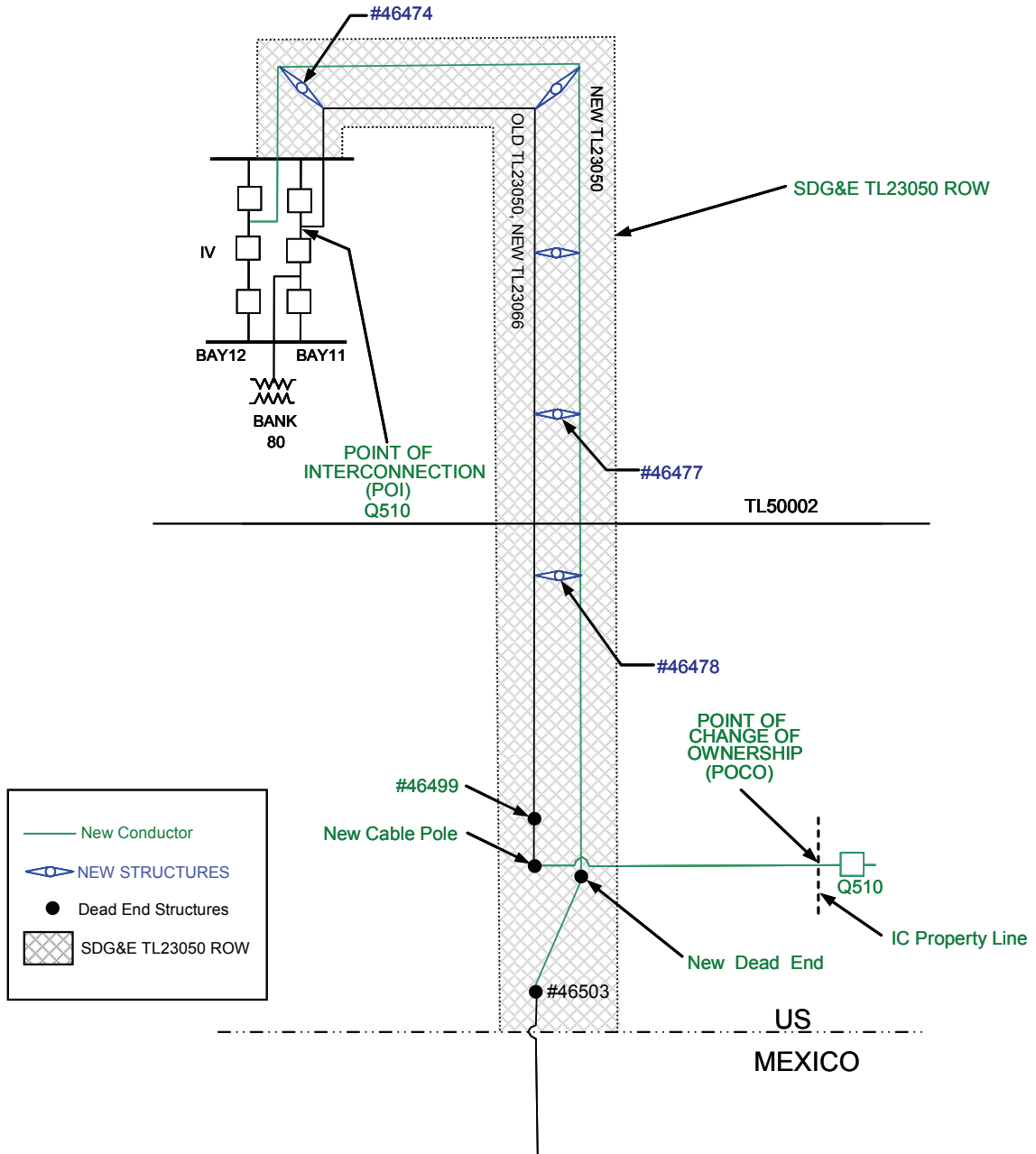
CSOLAR proposes the following dates for the Phase I portion of the Project:

Proposed In-Service Date for Interconnection Facilities (ISD):	June 1, 2013
Proposed Trial Operation date (TOD):	November 1, 2013
Proposed Commercial Operation Date (COD):	December 31, 2013

CSOLAR proposes the following dates for the Phase II portion of the Project:

Proposed In-Service Date for Interconnection Facilities (ISD):	N/A
Proposed Trial Operation date (TOD):	November 1, 2015
Proposed Commercial Operation Date (COD):	January 2, 2016

Figure 1: Project Point of Interconnection and Point of Change of Ownership



C.1 Interconnection Facilities

Imperial Valley (IV) Substation Interconnection Facilities

(i) Within the IV Substation:

The Participating TO will own a section of the Interconnection Facility conductor from the Point of Change of Ownership (POCO) to the Point of Interconnection (POI).

The facilities necessary for the 230 kV interconnection within the IV substation include the extension of the Project's Interconnection Facilities from dead-end structure located near the Participating TO property line at the IV Substation approximately 400 feet to bay position #11 on the 230 kV bus inside the IV substation using bundled 900 ACSS/AW conductor. The Participating TO will also install two (2) spans of Overhead Optical Ground Wire (OPGW) with one (1) dead-end each.

(ii) Outside the IV Substation:

A. North – South Connector

The North-South (N-S) connector refers to the transmission line that will be strung on existing double circuit SDG&E transmission line structures from #Z46474 to # Z46499. The portion of the N-S connector design, procurement and construction to interconnect the project is considered Interconnection Facilities. The length of N-S connector will be approximately 24,400 feet. Prior to the activities to interconnect the Project to the IV Substation, the previous existing SDG&E transmission line (outside IV) changed to a single circuit wooden pole design after the steel lattice structure # Z46479. Further, the single circuit pole structures ran under existing 500 KV Southwest Power link transmission line.

SDG&E will permit and construct the N-S Connector. SDG&E will replace the existing single circuit wooden pole design to a double circuit steel pole design. SDG&E will install five (5) new double circuit steel pole structures.

- The Participating TO's Interconnection Facilities will be allocated a 50 percent portion of the costs of the following activities:
 - Remove existing single circuit wooden structure design (5 structures)
 - Install five (5) new double circuit steel pole structures.
 - Install new OPGW from the first dead-end structure located outside the IV substation fence to the last structure north of the 500 kV line crossing) and from the first structure south of the 500 kV line crossing to the last dead-end structure north of the US border with Mexico.
 - Install new ADSS fiber optic wire from the last structure north of the 500 kV line crossing to the first structure south of the 500 kV line crossing.

After installing new double circuit structures, the existing vacated conductor on the western-end arms will then be used to connect the Project into bay 11 position of IV substation. The project will utilize the existing 900 ACSS/AW conductor on the western-end arms of double circuit structures (approximately 24,400 feet) on existing double circuit SDG&E transmission line structures from structure #Z46474 to #Z46499. As explained above, SDG&E must first move the existing single circuit TL23050 to the eastern-end arms of the double circuit steel poles.

B. East West Connector

The East-West (E-W) connector will be owned by the Participating TO and includes the 230 kV transmission line from the POCO at the Participating TO's property line to the new cable pole at tower #Z46499 of the existing TL23050 SDG&E transmission line. The total length of E-W connector is approximately 8,500 feet of overhead facilities and 500 feet of underground facilities. The overhead portion of E-W Connector includes steel monopoles and dead-end structures. Approximately 3,700 feet of E-W connector is located on privately owned lands. The IC will acquire the necessary permits and Right Of Ways ((ROWs), including BLM) and construct the E-W Connector. The design, construction and installation of E-W connector up to shall be in accordance with the Participating TO's design and construction standards and approved by the Participating TO's Electric Transmission and Distribution Engineering Department. All work performed on the E-W connector shall be performed by the Participating TO's approved contractors or employees.

Further, the E-W connector assumes undergrounding duct bank for crossing existing Sempra (generation) and Intergen (generation) transmission lines (TL23050). The underground duct bank will be approximately 9.5 feet wide, approximately 500 feet in length and will be buried approximately 6 feet below the ground. The design would insure that the underground (U/G) duct bank would avoid previously identified environmentally sensitive areas. After U/G crossing of Sempra and Intergen lines (TL23050), the E-W connector will be connected to western-end arm of existing double circuit SDG&E transmission line structures. A new dead-end structure will be required before connecting to existing SDG&E structures. The new dead-end structure will be located in the ROW of SDG&E and/or Intergen transmission lines(TL23050).

All IC work performed on the E-W connector Interconnection Facilities shall be performed by the Participating TO's approved contractors or employees. Maintenance and testing of the E-W connector Interconnection Facilities shall be coordinated between the Participating TO and the IC and performed in accordance with operating procedures established between the IC and Participating TO prior to the Interconnection Facilities being energized for Trial Operation and the Commercial Operation.

NOTE: SDG&E has submitted to CAISO that all the 230 kV Interconnection Facilities from the POI to the POCO, are Location Constrained Resource Interconnection Facilities (LCRIF), in accordance with Section 26.6 of the CAISO tariff. Subject to Section A.1, footnote 1 hereinafter CAISO approval of the LCRIF (expected in early 2012), the ROWs and facilities for the E-W Connector shall be part of the LCRIF. Regardless of any determination(s) as to LCRIF, however, upon completion of construction and prior to energization, the IC shall assign the ROWs and facilities for the E-W Connector to SDG&E.

(iii) Maintenance and Testing:

Upon completion of the Interconnection Facilities, the Participating TO will operate and maintain the Participating TO's Interconnection Facilities between the POCO and the POI. The maintenance activity shall include the conductor, insulators and the termination hardware and fittings located at the POCO and include the facilities up to the Participating TO's dead-end structure located inside the Participating TO's substation (IV) (the POI).

The Monthly Cost of Ownership for Operations and Maintenance (O&M) charge applies to the Interconnection Facilities which the Participating TO will maintain (as identified in this agreement) and includes maintenance and trouble shooting of these interconnection facilities. The IC shall be solely responsible for all costs of any future replacement of the Participating TO's Interconnection Facilities unless the need to replace such Interconnection Facilities is the result of SDG&E's failure to properly operate or maintain such Interconnection Facilities, or such Interconnection Facilities are required to be replaced due to the interconnection or upgrade of any other facility located beyond the POCO.

Design and installation of the E-W connector shall be in accordance with the Participating TO's design and construction standards and approved by the Participating TO's Electric Transmission and Distribution Engineering Department.

All work performed on the Participating TO's Interconnection Facilities shall be performed by the Participating TO's approved contractors or employees.

Maintenance and testing of the Interconnection Facilities shall be coordinated between the Participating TO and the IC and performed in accordance with operating procedures established between the IC and Participating TO prior to the Interconnection Facilities being energized for Trial Operation and the Commercial Operation.

The IC will install, operate, and maintain (including replacement when necessary), the Interconnection Customer's Interconnection Facilities, including the IC's first overhead transmission structure located outside the IC's property.

C.2 Reliability Network Upgrades

(i) Within the IV Substation:

SPS Special Protection System (“SPS”)

a) Modification of the existing Special Protection System (“SPS”) at Imperial Valley (“IV”) to include the Project.

Because the Project will be injecting power to the Imperial Valley Substation which is also the POI for other Imperial Valley generation projects that participate in the IV SPS, the Project will be required to participate in the IV SPS (See Section C.4 below). Modification of the existing Special Protection System (“SPS”) at Imperial Valley (“IV”) to include the Project requires:

- SDG&E communication interface for IV SPS
- Communication equipment between SDG&E and the Project

b) Implement SPS to protect Bernardo-Felicita Tap 69kV line

- SDG&E protection and communication interface for Bernardo Substation, Escondido Substation and Palomar Energy Center SPS
- Communication equipment between SDG&E and the Project

c) Implement SPS to protect Mission-Old Town 230kV line

- SDG&E communication interface for Mission Substation, Old Town Substation and Silvergate Substation SPS
- Communication equipment between SDG&E and the Project

(ii) Outside the IV Substation:

North – South (N-S) Connector

The portion of the N-S connector design, procurement and construction to related to TL23050 to accommodate the project is considered a Reliability Network Upgrade. This includes:

- String new bundled 900 ACSS/AW conductor (approximately 24,400 feet) on the eastern-end arms of the new double circuit SDG&E transmission line structures from the first dead-end structure located outside the IV substation fence, #Z46474, to the last dead-end structure north of the US border with Mexico, #Z46503.
- Construct two (2) new dead-end structures to transition from the east side to the west side where TL23050 connects to CFE at structure #Z46503
- The Reliability Network Upgrades will be allocated a 50 percent portion of the costs of the following activities:
 - Remove existing single circuit wooden structure design (5 structures)
 - Install five (5) new double circuit steel pole structures.
 - Install new OPGW from the first dead-end structure located outside the IV substation fence to the last structure north of the 500 kV line crossing) and from the first structure south of the 500 kV line crossing to the last dead-end structure north of the US border with Mexico.

- Install new ADSS fiber optic wire from the last structure north of the 500 kV line crossing to the first structure south of the 500 kV line crossing.

C.3 Delivery Network Upgrades

- (i) Reconfigure TL23041 and TL23042 at Miguel Substation to create two Otay Mesa-Miguel 230 kV lines
 - a) For TL23041, Otay Mesa-Miguel-Sycamore 230 kV line:
 - Install 1-230 kV breaker, 2-230 kV disconnects, and relaying
 - Install a new anchor-bolted dead end steel pole
 - Install approximately 600 feet of bundled 900 ACSS/AW
 - b) For TL23042, Miguel-Otay Mesa-Bay Boulevard 230 kV line:
 - **Install 1-230 kV breaker and relaying**
- (ii) Reconductor Escondido-Palomar Energy 230 kV lines #1 and #2
 - Reconductor the spans of 605 ACSS/AW to 900 ACSS/AW on Escondido-Palomar Energy 230 kV lines #1 and #2
 - Install new cross arms for 230 kV pole Z202015
 - Relocate two overhead 69 kV circuits and convert to underground
 - Remove one existing 69 kV cable pole, extend the underground trench package 600 feet into the substation, remove cable and splice in new cable, terminate at two underground rack positions in Escondido Substation
 - Install 8-230 kV disconnects and adjust relaying at Escondido

C.4 IV SPS Background and Description and Planned Modifications

Described below are the Imperial Valley Special Protection System (SPS) and the planned modifications to these SPS. Upon the integration of the Project into the subject SPS, the Project shall be subject to reductions in deliveries in accordance with the CAISO Tariff. All modifications are subject to review by affected parties and members of the Imperial Valley SPS Technical Committee.

C.4.1 Existing SPSs: Existing SPSs that impact generation connected to the Imperial Valley 230 kV Bus consist of the following four (4) separate Special Protection Systems:

- (i) TL 50001 (Imperial Valley – Miguel 500 kV line) outage,
- (ii) Miguel 230 kV N-2 Line Outages,
- (iii) Miguel 500/230 kV Transformer Bank 80/81 Outage, and
- (iv) TL 230S (Imperial Valley – El Centro (IID) 230 kV Line Protection.

Only the TL50001 and TL230S high-level overload component of the Imperial Valley Generator SPS trips all of the existing Imperial Valley generation as one action. The other SPS sequentially trips Imperial Valley generation, unit by unit, until the loading issue is mitigated. The SPS shall be implemented in accordance with the CAISO Tariff and applicable CAISO and CAISO approved the Participating TO'S operating procedures.

C.4.2 Modifications to Existing SPSs: The modifications to the four existing SPSs, necessary to accommodate the Project, are described below.

(i) TL 50001 (Imperial Valley – Miguel 500 kV line) outage

Upon the tripping of TL 50001 between the East County Substation and Miguel Substation, an instantaneous trip signal will be sent to all existing Imperial Valley generation similar to today. The SPS will be modified to also send an instantaneous trip signal to the Project, which will isolate Project from the Participating TO's system.

(ii) Miguel 230 kV N-2 Line Outages

For any common structure outage of two 230 kV lines north of Miguel and overload on TL lines from Miguel into the Participating TO's system, a trip signal will be sent to the Project and the other Imperial Valley generators, which will be tripped sequentially until the overload is mitigated. The order of tripping will be decided by the Imperial Valley SPS Technical Committee, subject to resolution of disagreements as described in C.5.2

(iii) Miguel 500/230 kV Transformer Bank 80/81 Outage

The modifications necessary, pending final design, review, and approval by cognizant entities, include modifying the existing Miguel Nomogram such that the Imperial Valley generation axis would extend to the total installed capacity connecting to Imperial Valley 230 kV bus.

Following the outage of Bank 80 or 81 at Miguel, and overload on the remaining bank, a trip signal will be sent to the Project and the other Imperial Valley generators, which will be tripped sequentially until the overload is mitigated. The order of tripping will be decided by the Imperial Valley SPS Technical Committee, subject to resolution of disagreements as described in C.5.2.

(iv) TL 230S (Imperial Valley – El Centro (IID) 230 kV Line Protection

When an overload is detected on TL 230S, a trip signal will be sent to all existing Imperial Valley generation similar to today. In addition, a trip signal will be sent to the Project, which will isolate the Project from the Participating TO's system.

C.4.3 Remedial Action Scheme Requirements

A detailed description of the SPS operational details will be amended into this Appendix C upon resolution by the Imperial Valley SPS Technical Committee.

The necessary additions and modifications, pending final design, review, and approval by the Imperial Valley SPS Technical Committee and affected parties, include:

- (i) Determination/verification of existing/new operational thresholds and limits,
- (ii) Addition of SPS panels with tele-protection units at the Project,
- (iii) Addition of logic processor outputs and PLC module at Miguel Substation,
- (iv) Addition of one additional SPS panel with tele-protection units at Imperial Valley Substation,
- (v) Creation of a communication link with the Project
- (vi) Modification of software and equipment settings to integrate the Project into the pool of available generation for trip/curtailment, and
- (vii) Submittal to WECC and CAISO for review and approval, and testing

Note: Since the existing Imperial Valley generation was interconnected, the “Miguel SPS” have changed several times. These SPS modifications have been prompted by system changes and more modifications should be anticipated as they will inevitably occur, and are to be addressed by the Imperial Valley SPS Technical Committee.

C.5 Imperial Valley SPS Technical Committee**C.5.1 Activities of SPS Technical Committee**

The SPS Technical Committee is composed of the Parties, one individual from each organization and any other similar situated owner or operator of generation affected by the operation of the SPS. The SPS Technical Committee shall meet

as necessary, but in no event less than every six months unless otherwise mutually agreed among committee members, to review and evaluate the impact of the operation of the existing SPS and to develop means by which such impact can be mitigated. The SPS Technical Committee members shall exchange information with one another to attempt to reach consensus on any changes believed by a committee member to be required to the SPS. To the extent any member of the SPS Technical Committee believes it would be useful to share commercially sensitive information with any other committee members, the parties agree to work out such arrangements with the other committee members as are appropriate to avoid compromising the information.

C.5.2 Resolution of Disagreements

To the extent the committee members disagree over whether a proposed committee member is a similarly situated owner or operator of generation affected by the operation of the SPS or fails to reach consensus on any change believed by a committee member to be required to the SPS, such disputes will be resolved if possible, and if the CAISO elects to do so, by a representative of the CAISO acting as a mediator. If such mediation efforts are unsuccessful, any unresolved issues shall be resolved through arbitration provisions set forth in the CAISO Tariff LGIA, Article 27 (Disputes).

C.6 Co-Tenancy:

(a) The Interconnection Customer's rights and obligations under this LGIA and certain of the Interconnection Customer's Interconnection Facilities shall be held by CSOLAR IV South, LLC and CSOLAR IV East, LLC (each, a "Co-Tenant") as tenants-in-common. Each Co-Tenant owns solar photovoltaic (PV) power generating and other assets that, collectively, comprise the Project. The rights and obligations of the Co-Tenants as against each other with respect to certain of the Interconnection Customer's Interconnection Facilities and this LGIA are set forth in the Large Generator Interconnection Agreement Co-Tenancy Agreement, dated as of September 20, 2011, among the Co-Tenants and Tenaska Solar Management, LLC ("Manager") ("Co-Tenancy Agreement").

(b) Each Co-Tenant shall be jointly and severally liable for all obligations required of the Interconnection Customer set forth in this LGIA, including all affirmative covenants and all monetary obligations, the latter of which includes the financing of all Interconnection Facilities that are required to be financed by the Interconnection Customer in order to accommodate the interconnection of the entire Project.

(c) Except as expressly provided in this Section C.5(c), there shall be no more than two (2) Co-Tenants comprising Interconnection Customer, and neither Interconnection

Customer nor any Co-Tenant may further subdivide in any manner or form its interests in this LGIA. The Parties acknowledge that Interconnection Customer and each Co-Tenant may assign its rights in the Interconnection Customer's Interconnection Facilities and this LGIA for collateral security purposes in accordance with Article 19 of this LGIA.

(d) No Co-Tenant may assign its interests as tenant-in-common in the Interconnection Customer's Interconnection Facilities, and other rights and obligations under this LGIA, independently of its interest in the Project. Subject to the foregoing, and subject to the limitations in Section C.5(c), Interconnection Customer may assign its rights and obligations under this LGIA, and each Co-Tenant may assign its rights and obligations under this LGIA, in accordance with Article 19 of the LGIA, provided that such assignment does not result in an increase in the number of Co-Tenants.

(e) In accordance with the terms of the Co-Tenancy Agreement, the Co-Tenants shall appoint the Manager, who shall have no interest as the Interconnection Customer but shall serve as the Interconnection Customer's authorized agent and representative for purposes of administering this LGIA. The Manager will be a single point of contact for CAISO and Participating TO and will represent Interconnection Customer for notice purposes and all other communications between and among CAISO, Participating TO and Interconnection Customer. All payments, insurance and security to be provided by the Interconnection Customer to the Participating TO or the CAISO pursuant to this LGIA shall be provided only by the Manager on behalf of all Co-Tenants, and any invoices or refunds due to the Interconnection Customer by the Participating TO shall be made only to the Manager on behalf of all Co-Tenants. Manager shall bear all responsibility for disseminating notices, communications and all interactions among the Co-Tenants, and each Co-Tenant hereby waives any right to individual notice or communication from CAISO or Participating TO. The CAISO and the Participating TO will not be obligated to act on any instructions from a Co-Tenant. The Manager's actions and representations to CAISO and Participating TO shall be binding upon the Interconnection Customer and each individual Co-Tenant. Interconnection Customer and each individual Co-Tenant shall be jointly and severally liable and responsible for the Manager's actions.

(f) Subject to Partial Termination, the Parties agree that, for the purposes of this LGIA, the entire 200 MW comprising the Project shall be considered to be a single Generating Facility. No Co-Tenant may have any expectation that the CAISO will treat any portion of the Project as a stand-alone Generating Facility or differently from any other portion of the Generating Facility. Except as otherwise provided in this Section C.5, Co-Tenants shall act as a single entity in undertaking the obligations of Interconnection Customer under this LGIA. Except as otherwise provided in this Section C.5, CAISO and Participating TO shall treat all Co-Tenants comprising the Interconnection Customer as a single entity under this LGIA and bear no obligation or responsibility to any individual Co-Tenant. Performance of the Interconnection Customer's obligations under this LGIA

shall not be excused by reason of any Co-Tenant's failure to agree with respect to any obligation of the Interconnection Customer hereunder or thereunder.

C.7 Security Amount for Partial Termination Charge:

(a) **Amount:** The amount of the Partial Termination Charge Security shall equal \$104,000 if the Interconnection Customer elects to be eligible for Partial Termination of Phase II which is 70 MW. With respect to the Phased Generating Facility, Interconnection Customer shall be entitled (upon providing the Partial Termination Security to the CAISO) to secure Partial Termination rights with respect to Phase II, for a maximum Partial Termination Charge Security of \$104,000. The Parties acknowledge that Partial Termination shall not be available for Phase I which is 130 MW, and that Phase I shall not be the subject of a Partial Termination pursuant to this LGIA.

(b) **Timing for Posting of Partial Termination Charge Security:** The entire amount of the Partial Termination Charge Security for Phase II shall be posted no later than thirty (30) Calendar Days following the execution of this LGIA, however, that under no circumstances shall the Partial Termination Charge Security be delivered after 5:00 PM Pacific Standard Time on December 19, 2011. In the event that the Interconnection Customer fails to timely post the Partial Termination Charge Security, then, as specified in Article 2.4.4, the provisions of this LGIA permitting Partial Termination shall not be operative and termination of this LGIA may only occur with respect to the entire Generating Facility.

(c) **Release of Partial Termination Charge Security upon Achieving Commercial Operation of Phase II:** Within fifteen (15) Calendar Days following Commercial Operation of Phase II which is 70 MW, the Partial Termination Charge Security shall be reduced to \$0. If the Interconnection Customer had posted security in the form of a cash deposit, such cash funds shall be released and/or returned to the Interconnection Customer. If the Interconnection Customer posts another form of financial security of the type specified in CAISO Cluster LGIP (CAISO Tariff App. Y) Section 9.1, the Parties shall cooperate and execute such necessary documents as to release the Partial Termination Charge Security.

Appendix D To LGIA

Security Arrangements Details

Infrastructure security of CAISO Controlled Grid equipment and operations and control hardware and software is essential to ensure day-to-day CAISO Controlled Grid reliability and operational security. FERC will expect the CAISO, all Participating TOs, market participants, and Interconnection Customers interconnected to the ISO Controlled Grid to comply with the recommendations offered by the President's Critical Infrastructure Protection Board and, eventually, best practice recommendations from the electric reliability authority. All public utilities will be expected to meet basic standards for system infrastructure and operational security, including physical, operational, and cyber-security practices.

The Interconnection Customer shall meet the requirements for security implemented pursuant to the CAISO Tariff, including the CAISO's Information Security Agreements and Information Security Requirements and Specifications posted on the CAISO's internet web site at the following internet address:
<http://www.caiso.com/271f/271fcbd45ca60.html>.

Physical Security

The SDG&E switchyard within the Imperial Valley Substation will remain fenced and each gate locked with SDG&E substation locks. SDG&E will continue to maintain switchyard security cameras and personnel reporting into the switchyard procedures. The Interconnection Customer will maintain a fence with locked gates around the Project substation.

OPERATING COMMUNICATIONS AND NOTIFICATIONS

D.1. Designated Representatives

The Parties agree to exchange the following information ten (10) Calendar Days prior to the Initial Synchronization Date of the Project.

The CAISO, Participating TO and the Interconnection Customer shall provide for operating communications through their respective designated representatives as follows:

CALIFORNIA ISO	PARTICIPATING TO (San Diego Gas & Electric Company)	INTERCONNECTION CUSTOMER (CSOLAR Development, LLC)
ISO Real Time Desk/24 Hour Desk: CAISO to provide	Control Center: 24-hour Telephone: SDG&E to provide	Operator Name and/or Title: IC to provide

D.2. Communication with the Participating TO's Transmission System Control Center

Interconnection Customer shall maintain operating communications with the CAISO and Participating TO's Transmission System control centers.

The operating communications shall include, but not be limited to, advising the control center promptly, and in advance if possible, of any paralleling with or separation from the Participating TO's Transmission System and any scheduled and unscheduled shutdowns, equipment clearances, and changes in levels of operating voltage or power factors.

Interconnection Customer promptly shall notify the control center of, and any changes in, the following:

- The current names and 24-hour phone numbers of the personnel responsible for operating and maintaining the Generating Facility.
- Any Emergency Condition or any request that Participating TO de-energize a portion of the Participating TO's Transmission System under its control.
- Any changes in the mechanical or electric condition of the Generating Facility or Interconnection Facilities that may affect the reliability of either the Generating Facility or the Participating TO's Transmission System.
- Immediately upon discovery, any misoperation or inoperable condition of an interconnection relay or circuit breaker.
- Immediately upon discovery, the operation of any circuit breaker that has operated by an interconnection relay, along with the relay targets that caused the circuit breaker to operate.
- Plans to manually parallel with or separate from the Participating TO's Transmission System and the times of actual manual parallels and

separations. Emergency Condition separations shall be reported as soon as possible.

D.3 Oral Communications

All oral operating communications shall be conducted through the control centers. Interconnection Customer agrees to maintain 24-hour direct phone service so that the control centers can give instructions to Interconnection Customer or its designated operator. All communications will be in English.

D.4 Operating Procedures

Operating Procedures will be developed before synchronizing. Neither Party is to deviate from these Operating Procedures. Any changes will have to be mutually agreed upon. These procedures will address switching operations, voltage control, SPS functionality, outage request, specific operating restrictions and other matters as necessary.

**Appendix E
To LGIA****Commercial Operation Date**

[This Appendix E sets forth a form of letter to be provided by the Interconnection Customer to the CAISO and Participating TO to provide formal notice of the Commercial Operation of an Electric Generating Unit.]

[Date]

Mr. Stephen Rutty
Director of Grid Assets
California Independent System Operator Corporation
250 Outcropping Way
Folsom, CA 95630

Mr. Robert Kott
Manager of Model & Contract Implementation
California Independent System Operator Corporation
250 Outcropping Way
Folsom, CA 95630

Grid Operations Services Manager
Grid Operations, Mission Control
San Diego Gas & Electric Company
SD1160
P.O. Box 129831
San Diego, CA 92112-9831

Re: IV Substation South Electric Generating Unit
Dear _____:

On **[Date]** **CSOLAR Development, LLC** has completed Trial Operation of Unit No. _____. This letter confirms that **CSOLAR Development, LLC** commenced Commercial Operation of Unit No. ____ at the Electric Generating Unit, effective as of **[Date plus one day]** and that **CSOLAR Development, LLC** provided the CAISO's operations personnel advance notice of its intended Commercial Operation Date no less than five Business Days prior to that date.

Thank you.

[Signature]

Scott Helyer
CSOLAR Development, LLC
c/o Tenaska, Inc.
1701 E. Lamar Blvd., Suite 100
Arlington, TX 76006

CC: Judy Brown (CAISO)

Appendix F To LGIA

Address for Delivery of Notices and Billings

Any notice in accordance with this LGIA, unless otherwise provided in this LGIA, shall be in writing and shall be deemed properly served, given, or made : (a) upon delivery if delivered in person, (b) five (5) days after deposit in the mail if sent by first class United States mail, postage prepaid, (c) upon receipt of confirmation by return facsimile if sent by facsimile, (d) upon receipt of confirmation by return e-mail, or (e) upon delivery if delivered by prepaid commercial delivery courier service.

Notices:

CAISO:

California ISO
Ms. Linda Wright
250 Outcropping Way
Folsom, CA 95630

Participating TO:

Transmission Planning Manager
San Diego Gas & Electric Company
8316 Century Park Court; CP52A
San Diego, CA 92123-1593
Phone: 858-654-6477
Fax: 858-654-1692

Interconnection Customer:

CSOLAR Development, LLC
c/o Tenaska, Inc.
Attention: Scott Helyer
1701 E. Lamar Blvd., Suite 100
Arlington, TX 76006
Phone: 817-462-1512
Fax: 817-462-1510

Billings and Payments:Participating TO:

SDG&E shall bill Interconnection Customer the costs of Participating TO's Interconnection Facilities, and all other amounts due under this LGIA as set forth in Article 12 of the LGIA. Interconnection Customer shall remit payment via wire transfer in immediately available funds to SDG&E for amounts invoiced in accordance with Article 12:

San Diego Gas & Electric Company

Bank Name: Union Bank of California

Bank ABA: 122 000 496

Account No.: The Participating TO agrees to provide the Parties with the bank account information within five (5) business days of the Effective Date of this LGIA.

Interconnection Customer:

CSOLAR Development, LLC
c/o Tenaska, Inc.
Attention: Lisa Jones
1044 N. 115th Street, Suite 400
Omaha, NE 68154

Bank Name: IC to provide

Bank ABA: IC to provide

Account No.: The Interconnection Customer agrees to provide the Parties with the bank information within five (5) business days of the Effective Date of this LGIA.

Account Name: IC to provide

Tax ID.: IC to provide

CAISO:

California ISO
Finance Dept.
Dennis Estrada
250 Outcropping Way
Folsom, CA 95630

Alternative Forms of Delivery of Notices (telephone, facsimile or e-mail):CAISO:lwright@caiso.comjbrown@caiso.comParticipating TO:

Grid Operations Services Manager
San Diego Gas & Electric Company
Phone: 619-725-8637
Fax: 619-683-3291

Interconnection Customer:SHelyer@tnsk.com

Appendix G To LGIA

Interconnection Customer's Proportional Share of Costs of Network Upgrades for Applicable Project Group

**Table 4: Proportional Share of Costs for Network Upgrades Allocated to the
Project**

Type	Description	Cost Allocation Factor
Reliability Network Upgrade	Within the IV Substation: Modification of the existing IV SPS to include the Project <ul style="list-style-type: none"> • SDG&E protection and communication interface for IV SPS 	15%
Reliability Network Upgrade	Within the IV Substation: Implement SPS to protect Bernardo-Felicita Tap 69kV line <ul style="list-style-type: none"> • SDG&E protection and communication for Bernardo Substation, Escondido Substation and Palomar Energy Center 	12%
Reliability Network Upgrade	Within the IV Substation: Implement SPS to protect Mission-Old Town 230kV line <ul style="list-style-type: none"> • SDG&E protection and communication for Mission Substation, Old Town Substation and Silvergate Substation 	17%
Delivery Network Upgrade	Reconfigure TL23041 and TL23042 at Miguel Substation to create two Otay Mesa-Miguel 230 kV lines	4%
Delivery Network Upgrade	Reconductor Escondido-Palomar Energy 230 kV lines #1 and #2	11%

Appendix H To LGIA

INTERCONNECTION REQUIREMENTS FOR AN ASYNCHRONOUS GENERATION FACILITY

Appendix H sets forth interconnection requirements specific to all Asynchronous Generating Facilities. Existing individual generating units of an Asynchronous Generating Facility that are, or have been, interconnected to the CAISO Controlled Grid at the same location are exempt from the requirements of this Appendix H for the remaining life of the existing generating unit. Generating units that are replaced, however, shall meet the requirements of this Appendix H.

A. Technical Requirements Applicable to Asynchronous Generating Facilities

An Asynchronous Generating Facility shall be able to remain online during voltage disturbances up to the time periods and associated voltage levels set forth in the requirements below.

i. Low Voltage Ride-Through (LVRT) Capability

1. An Asynchronous Generating Facility shall remain online for the voltage disturbance caused by any fault on the transmission grid, or within the Asynchronous Generating Facility between the Point of Interconnection and the high voltage terminals of the Asynchronous Generating Facility's step up transformer, having a duration equal to the lesser of the normal three-phase fault clearing time (4-9 cycles) or one-hundred fifty (150) milliseconds, plus any subsequent post-fault voltage recovery to the final steady-state post-fault voltage. Clearing time shall be based on the maximum normal clearing time associated with any three-phase fault location that reduces the voltage at the Asynchronous Generating Facility's Point of Interconnection to 0.2 per-unit of nominal voltage or less, independent of any fault current contribution from the Asynchronous Generating Facility.
2. An Asynchronous Generating Facility shall remain online for any voltage disturbance caused by a single-phase fault on the transmission grid, or within the Asynchronous Generating Facility between the Point of Interconnection and the high voltage terminals of the Asynchronous Generating Facility's step up transformer, with delayed clearing, plus any subsequent post-fault voltage recovery to the final steady-state post-fault voltage. Clearing time shall be based on the maximum backup clearing time associated with a single point of failure (protection or breaker failure) for any single-phase fault location that reduces any phase-to-ground or phase-to-phase voltage at the Asynchronous

Generating Facility's Point of Interconnection to 0.2 per-unit of nominal voltage or less, independent of any fault current contribution from the Asynchronous Generating Facility.

3. Remaining on-line shall be defined as continuous connection between the Point of Interconnection and the Asynchronous Generating Facility's units, without any mechanical isolation. Asynchronous Generating Facilities may cease to inject current into the transmission grid during a fault.
4. The Asynchronous Generating Facility is not required to remain on line during multi-phased faults exceeding the duration described in Section A.i.1 of this Appendix H or single-phase faults exceeding the duration described in Section A.i.2 of this Appendix H.
5. The requirements of this Section A.i. of this Appendix H do not apply to faults that occur between the Asynchronous Generating Facility's terminals and the high side of the step-up transformer to the high-voltage transmission system.
6. Asynchronous Generating Facilities may be tripped after the fault period if this action is intended as part of a special protection system.
7. Asynchronous Generating Facilities may meet the requirements of this Section A.i of this Appendix H through the performance of the generating units or by installing additional equipment within the Asynchronous Generating Facility, or by a combination of generating unit performance and additional equipment.
8. The provisions of this Section A.i of this Appendix H apply only if the voltage at the Point of Interconnection has remained within the range of 0.9 and 1.10 per-unit of nominal voltage for the preceding two seconds, excluding any sub-cycle transient deviations.

The requirements of this Section A.i in this Appendix H shall not apply to any Asynchronous Generating Facility that can demonstrate to the CAISO a binding commitment, as of July 3, 2010, to purchase inverters for thirty (30) percent or more of the Generating Facility's maximum Generating Facility Capacity that are incapable of complying with the requirements of this Section A.i in this Appendix H. The Interconnection Customer must include a statement from the inverter manufacturer confirming the inability to comply with this requirement in addition to any information requested by the CAISO to determine the applicability of this exemption.

ii. Frequency Disturbance Ride-Through Capability

An Asynchronous Generating Facility shall comply with the off nominal frequency requirements set forth in the WECC Under Frequency Load Shedding Relay Application Guide or successor requirements as they may be amended from time to time.

iii. Power Factor Design and Operating Requirements (Reactive Power)

An Asynchronous Generating Facility shall operate within a power factor within the range of 0.95 leading to 0.95 lagging, measured at the Point of Interconnection as defined in this LGIA in order to maintain a specified voltage schedule, if the Phase II Interconnection Study shows that such a requirement is necessary to ensure safety or reliability. The power factor range standard can be met by using, for example, power electronics designed to supply this level of reactive capability (taking into account any limitations due to voltage level, real power output, etc.) or fixed and switched capacitors, or a combination of the two, if agreed to by the Participating TO and CAISO. The Interconnection Customer shall not disable power factor equipment while the Asynchronous Generating Facility is in operation. Asynchronous Generating Facilities shall also be able to provide sufficient dynamic voltage support in lieu of the power system stabilizer and automatic voltage regulation at the generator excitation system if the Phase II Interconnection Study shows this to be required for system safety or reliability.

iv. Supervisory Control and Data Acquisition (SCADA) and Automated Dispatch System (ADS) Capability

An Asynchronous Generating Facility shall provide SCADA capability to transmit data and receive instructions from the Participating TO and CAISO to protect system reliability. The Participating TO and CAISO and the Asynchronous Generating Facility Interconnection Customer shall determine what SCADA information is essential for the proposed Asynchronous Generating Facility, taking into account the size of the plant and its characteristics, location, and importance in maintaining generation resource adequacy and transmission system reliability.

v. Power System Stabilizers (PSS)

Power system stabilizers are not required for Asynchronous Generating Facilities.

Attachment B

Service Agreement No. 2355 blacklined against pro forma ISO Cluster LGIA

(CAISO Appendix CC)

**LARGE GENERATOR INTERCONNECTION AGREEMENT (LGIA)
AMONG**

~~INTERCONNECTION CUSTOMER~~

CSOLAR IV SOUTH, LLC

AND

CSOLAR IV EAST, LLC

~~[PARTICIPATING TO]~~

AND

TENASKA SOLAR MANAGEMENT, LLC

AND

SAN DIEGO GAS & ELECTRIC COMPANY

AND

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

PROJECT: Imperial Valley Substation South (Q#510)

~~PROJECT: Project Name (Q#)~~

TABLE OF CONTENTS

<u>ARTICLE 1. DEFINITIONS.....</u>	<u>2</u>
<u>ARTICLE 2. EFFECTIVE DATE, TERM AND TERMINATION.....</u>	<u>11</u>
<u>2.1 Effective Date.....</u>	<u>11</u>
<u>2.2 Term of Agreement.....</u>	<u>11</u>
<u>2.3 Termination Procedures.....</u>	<u>12</u>
<u>2.3.1 Written Notice.....</u>	<u>12</u>
<u>2.3.2 Default.....</u>	<u>12</u>
<u>2.3.3 Suspension of Work.....</u>	<u>12</u>
<u>2.3.4.....</u>	<u>12</u>
<u>2.3.5 Partial Termination.....</u>	<u>12</u>
<u>2.4 Termination Costs.....</u>	<u>12</u>
<u>2.4.1.....</u>	<u>13</u>
<u>2.4.2.....</u>	<u>14</u>
<u>2.4.3.....</u>	<u>14</u>
<u>2.4.4 Partial Termination.....</u>	<u>14</u>
<u>2.4.4.1.....</u>	<u>14</u>
<u>2.4.4.2.....</u>	<u>15</u>
<u>2.4.4.3.....</u>	<u>15</u>
<u>2.4.4.4.....</u>	<u>15</u>
<u>2.4.4.5.....</u>	<u>16</u>
<u>2.4.4.6.....</u>	<u>16</u>
<u>2.4.4.7.....</u>	<u>16</u>
<u>2.5 Disconnection.....</u>	<u>16</u>
<u>2.6 Survival.....</u>	<u>16</u>
<u>ARTICLE 3. REGULATORY FILINGS AND CAISO TARIFF COMPLIANCE.....</u>	<u>17</u>
<u>3.1 Filing.....</u>	<u>17</u>
<u>3.2 Agreement Subject to CAISO Tariff.....</u>	<u>17</u>
<u>3.3 Relationship Between this LGIA and the CAISO Tariff.....</u>	<u>17</u>
<u>3.4 Relationship Between this LGIA and the QF PGA.....</u>	<u>17</u>
<u>ARTICLE 4. SCOPE OF SERVICE.....</u>	<u>17</u>
<u>4.1 Interconnection Service.....</u>	<u>17</u>
<u>4.2 Provision of Service.....</u>	<u>18</u>
<u>4.3 Performance Standards.....</u>	<u>18</u>
<u>4.4 No Transmission Service.....</u>	<u>18</u>
<u>4.5 Interconnection Customer Provided Services.....</u>	<u>18</u>
<u>ARTICLE 5. INTERCONNECTION FACILITIES ENGINEERING, PROCUREMENT, AND CONSTRUCTION.....</u>	<u>18</u>
<u>5.1 Options.....</u>	<u>18</u>
<u>5.1.1 Standard Option.....</u>	<u>19</u>

5.1.2	<u>Alternate Option</u>	<u>19</u>
5.1.3	<u>Option to Build</u>	<u>19</u>
5.1.4	<u>Negotiated Option</u>	<u>20</u>
5.2	<u>General Conditions Applicable to Option to Build</u>	<u>20</u>
5.3	<u>Liquidated Damages</u>	<u>22</u>
5.4	<u>Power System Stabilizers</u>	<u>23</u>
5.5	<u>Equipment Procurement</u>	<u>24</u>
5.5.1		<u>24</u>
5.5.2		<u>24</u>
5.5.3		<u>24</u>
5.6	<u>Construction Commencement</u>	<u>24</u>
5.6.1		<u>24</u>
5.6.2		<u>24</u>
5.6.3		<u>24</u>
5.6.4		<u>24</u>
5.7	<u>Work Progress</u>	<u>25</u>
5.8	<u>Information Exchange</u>	<u>25</u>
5.9	<u>Limited Operation</u>	<u>25</u>
5.10	<u>Interconnection Customer's Interconnection Facilities</u>	<u>25</u>
5.10.1	<u>Large Generating Facility and Interconnection Customer's Interconnection Facilities Specifications</u>	<u>25</u>
5.10.2	<u>Participating TO's and CAISO's Review</u>	<u>26</u>
5.10.3	<u>Interconnection Customer's Interconnection Facilities Construction</u>	<u>26</u>
5.10.4	<u>Interconnection Customer to Meet Requirements of the Participating TO's Interconnection Handbook</u>	<u>27</u>
5.11	<u>Participating TO's Interconnection Facilities Construction</u>	<u>27</u>
5.12	<u>Access Rights</u>	<u>27</u>
5.13	<u>Lands of Other Property Owners</u>	<u>28</u>
5.14	<u>Permits</u>	<u>28</u>
5.15	<u>Early Construction of Base Case Facilities</u>	<u>28</u>
5.16	<u>Suspension</u>	<u>28</u>
5.17	<u>Taxes</u>	<u>29</u>
5.17.1	<u>Interconnection Customer Payments Not Taxable</u>	<u>29</u>
5.17.2	<u>Representations and Covenants</u>	<u>29</u>
5.17.3	<u>Indemnification for the Cost Consequences of Current Tax Liability Imposed Upon the Participating TO</u>	<u>30</u>
5.17.4	<u>Tax Gross-Up Amount</u>	<u>31</u>
5.17.5	<u>Private Letter Ruling or Change or Clarification of Law</u>	<u>31</u>
5.17.6	<u>Subsequent Taxable Events</u>	<u>32</u>
5.17.7	<u>Contests</u>	<u>32</u>
5.17.8	<u>Refund</u>	<u>33</u>
5.17.9	<u>Taxes Other Than Income Taxes</u>	<u>35</u>
5.18	<u>Tax Status</u>	<u>35</u>
5.19	<u>Modification</u>	<u>35</u>
5.19.1	<u>General</u>	<u>35</u>
5.19.2	<u>Standards</u>	<u>36</u>

5.19.3 Modification Costs.....	36
ARTICLE 6. TESTING AND INSPECTION.....	36
6.1 Pre-Commercial Operation Date Testing and Modifications.....	36
6.2 Post-Commercial Operation Date Testing and Modifications.....	37
6.3 Right to Observe Testing.....	37
6.4 Right to Inspect.....	37
ARTICLE 7. METERING.....	37
7.1 General.....	37
7.2 Check Meters.....	38
7.3 Participating TO Retail Metering.....	38
ARTICLE 8. COMMUNICATIONS.....	38
8.1 Interconnection Customer Obligations.....	38
8.2 Remote Terminal Unit.....	39
8.3 No Annexation.....	39
ARTICLE 9. OPERATIONS.....	39
9.1 General.....	39
9.2 Balancing Authority Area Notification.....	39
9.3 CAISO and Participating TO Obligations.....	40
9.4 Interconnection Customer Obligations.....	40
9.5 Start-Up and Synchronization.....	40
9.6 Reactive Power.....	41
9.6.1 Power Factor Design Criteria.....	41
9.6.2 Voltage Schedules.....	41
9.6.2.1 Governors and Regulators.....	41
9.6.3 Payment for Reactive Power.....	42
9.7 Outages and Interruptions.....	42
9.7.1 Outages.....	42
9.7.1.1 Outage Authority and Coordination.....	42
9.7.1.2 Outage Schedules.....	43
9.7.1.3 Outage Restoration.....	43
9.7.2 Interruption of Service.....	43
9.7.2.1.....	44
9.7.2.2.....	44
9.7.2.3.....	44
9.7.2.4.....	44
9.7.2.5.....	44
9.7.3 Under-Frequency and Over-Frequency Conditions.....	44
9.7.4 System Protection and Other Control Requirements.....	45
9.7.4.1 System Protection Facilities.....	45
9.7.4.2.....	45
9.7.4.3.....	45

9.7.4.4	45
9.7.4.5	46
9.7.4.6	46
9.7.5 Requirements for Protection	46
9.7.6 Power Quality	47
9.8 Switching and Tagging Rules	47
9.9 Use of Interconnection Facilities by Third Parties	47
9.9.1 Purpose of Interconnection Facilities	47
9.9.2 Third Party Users	47
9.10 Disturbance Analysis Data Exchange	48
ARTICLE 10. MAINTENANCE	48
10.1 Participating TO Obligations	48
10.2 Interconnection Customer Obligations	48
10.3 Coordination	48
10.4 Secondary Systems	48
10.5 Operating and Maintenance Expenses	48
ARTICLE 11. PERFORMANCE OBLIGATION	49
11.1 Interconnection Customer's Interconnection Facilities	49
11.2 Participating TO's Interconnection Facilities	49
11.3 Network Upgrades and Distribution Upgrades	49
11.4 Transmission Credits	49
11.4.1 Repayment of Amounts Advanced for Network Upgrades	49
11.4.2 Special Provisions for Affected Systems	50
11.4.3	51
11.5 Provision of Security	51
11.5.1	51
11.5.2	51
11.5.3	51
11.6 Interconnection Customer Compensation	51
11.6.1 Interconnection Customer Compensation for Actions During Emergency Condition	51
ARTICLE 12. INVOICE	52
12.1 General	52
12.2 Final Invoice	52
12.3 Payment	52
12.4 Disputes	53
ARTICLE 13. EMERGENCIES	53
13.1 [Reserved]	53
13.2 Obligations	53
13.3 Notice	53
13.4 Immediate Action	54
13.5 CAISO and Participating TO Authority	54
13.5.1 General	54

13.5.2	Reduction and Disconnection.....	55
13.6	Interconnection Customer Authority	55
13.7	Limited Liability	55
ARTICLE 14.	REGULATORY REQUIREMENTS AND GOVERNING LAWS.....	56
14.1	Regulatory Requirements	56
14.2	Governing Law.....	56
14.2.1	.....	56
14.2.2	.....	56
14.2.3	.....	56
ARTICLE 15.	NOTICES.....	56
15.1	General	56
15.2	Billings and Payments.....	57
15.3	Alternative Forms of Notice	57
15.4	Operations and Maintenance Notice.....	57
ARTICLE 16.	FORCE MAJEURE.....	57
16.1	Force Majeure	57
16.1.1	.....	57
16.1.2	.....	57
ARTICLE 17.	DEFAULT	57
17.1	Default.....	57
17.1.1	General.....	57
17.1.2	Right to Terminate	58
ARTICLE 18.	INDEMNITY, CONSEQUENTIAL DAMAGES,AND INSURANCE	58
18.1	Indemnity.....	58
18.1.1	Indemnified Party.....	58
18.1.2	Indemnifying Party.....	58
18.1.3	Indemnity Procedures	58
18.2	Consequential Damages	59
18.3	Insurance.....	60
18.3.1	.....	60
18.3.2	.....	60
18.3.3	.....	60
18.3.4	.....	60
18.3.5	.....	60
18.3.6	.....	61
18.3.7	.....	61
18.3.8	.....	61
18.3.9	.....	61
18.3.10	.....	61
18.3.11	.....	62

<u>ARTICLE 19. ASSIGNMENT</u>	<u>62</u>
<u>19.1 Assignment</u>	<u>62</u>
<u>ARTICLE 20. SEVERABILITY</u>	<u>62</u>
<u>20.1 Severability</u>	<u>62</u>
<u>ARTICLE 21. COMPARABILITY</u>	<u>63</u>
<u>21.1 Comparability</u>	<u>63</u>
<u>ARTICLE 22. CONFIDENTIALITY</u>	<u>63</u>
<u>22.1 Confidentiality</u>	<u>63</u>
<u>22.1.1 Term</u>	<u>63</u>
<u>22.1.2 Scope</u>	<u>63</u>
<u>22.1.3 Release of Confidential Information</u>	<u>64</u>
<u>22.1.4 Rights</u>	<u>64</u>
<u>22.1.5 No Warranties</u>	<u>64</u>
<u>22.1.6 Standard of Care</u>	<u>64</u>
<u>22.1.7 Order of Disclosure</u>	<u>65</u>
<u>22.1.8 Termination of Agreement</u>	<u>65</u>
<u>22.1.9 Remedies</u>	<u>65</u>
<u>22.1.10 Disclosure to FERC, its Staff, or a State</u>	<u>65</u>
<u>22.1.11</u>	<u>66</u>
<u>ARTICLE 23. ENVIRONMENTAL RELEASES</u>	<u>66</u>
<u>23.1</u>	<u>66</u>
<u>ARTICLE 24. INFORMATION REQUIREMENTS</u>	<u>67</u>
<u>24.1 Information Acquisition</u>	<u>67</u>
<u>24.2 Information Submission by Participating TO</u>	<u>67</u>
<u>24.3 Updated Information Submission by Interconnection Customer</u>	<u>67</u>
<u>24.4 Information Supplementation</u>	<u>68</u>
<u>ARTICLE 25. INFORMATION ACCESS AND AUDIT RIGHTS</u>	<u>69</u>
<u>25.1 Information Access</u>	<u>69</u>
<u>25.2 Reporting of Non-Force Majeure Events</u>	<u>69</u>
<u>25.3 Audit Rights</u>	<u>69</u>
<u>25.3.1</u>	<u>69</u>
<u>25.3.2</u>	<u>70</u>
<u>25.4 Audit Rights Periods</u>	<u>70</u>
<u>25.4.1 Audit Rights Period for Construction-Related</u> <u>Accounts and Records</u>	<u>70</u>
<u>25.4.2 Audit Rights Period for All Other</u> <u>Accounts and Records</u>	<u>70</u>
<u>25.5 Audit Results</u>	<u>70</u>
<u>25.5.1</u>	<u>70</u>

<u>ARTICLE 26. SUBCONTRACTORS</u>	<u>71</u>
<u>26.1 General</u>	<u>71</u>
<u>26.2 Responsibility of Principal</u>	<u>71</u>
<u>26.3 No Limitation by Insurance</u>	<u>71</u>
<u>ARTICLE 27. DISPUTES</u>	<u>71</u>
<u>27.1 Submission</u>	<u>71</u>
<u>27.2 External Arbitration Procedures</u>	<u>72</u>
<u>27.3 Arbitration Decisions</u>	<u>72</u>
<u>27.4 Costs</u>	<u>72</u>
<u>ARTICLE 28. REPRESENTATIONS, WARRANTIES AND COVENANTS</u>	<u>73</u>
<u>28.1 General</u>	<u>73</u>
<u>28.1.1 Good Standing</u>	<u>73</u>
<u>28.1.2 Authority</u>	<u>73</u>
<u>28.1.3 No Conflict</u>	<u>73</u>
<u>28.1.4 Consent and Approval</u>	<u>73</u>
<u>ARTICLE 29. [RESERVED]</u>	<u>73</u>
<u>ARTICLE 30. MISCELLANEOUS</u>	<u>74</u>
<u>30.1 Binding Effect</u>	<u>74</u>
<u>30.2 Conflicts</u>	<u>74</u>
<u>30.3 Rules of Interpretation</u>	<u>74</u>
<u>30.4 Entire Agreement</u>	<u>74</u>
<u>30.5 No Third Party Beneficiaries</u>	<u>74</u>
<u>30.6 Waiver</u>	<u>75</u>
<u>30.7 Headings</u>	<u>75</u>
<u>30.8 Multiple Counterparts</u>	<u>75</u>
<u>30.9 Amendment</u>	<u>75</u>
<u>30.10 Modification by the Parties</u>	<u>75</u>
<u>30.11 Reservation of Rights</u>	<u>75</u>
<u>30.12 No Partnership</u>	<u>76</u>
<u>30.13 Joint and Several Obligations</u>	<u>77</u>
<u>Appendices</u>	<u>80</u>
<u>Appendix A Interconnection Facilities, Network Upgrades and Distribution Upgrades</u>	
<u>Appendix B Milestones</u>	
<u>Appendix C Interconnection Details</u>	
<u>Appendix D Security Arrangements Details</u>	
<u>Appendix E Commercial Operation Date</u>	

[Appendix F Addresses for Delivery of Notices and Billings](#)

[Appendix G Interconnection Customer's Proportional Share of Costs of Network Upgrades for Applicable Project Group](#)

[Appendix H Interconnection Requirements for an Asynchronous Generating Facility](#)

LARGE GENERATOR INTERCONNECTION AGREEMENT~~[INTERCONNECTION CUSTOMER]~~~~[PARTICIPATING TO]~~**CSOLAR IV SOUTH, LLC****CSOLAR IV EAST, LLC****SAN DIEGO GAS & ELECTRIC COMPANY****CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

THIS LARGE GENERATOR INTERCONNECTION AGREEMENT ("**LGIA**") is made and entered into this ____ day of _____, 20____, by and among _____, a _____ organized **CSOLAR IV South, LLC** and existing under the laws **CSOLAR IV East, LLC, each** of the State/Commonwealth of _____ (**which is a limited liability company organized and existing under the laws of the State of Delaware, as tenants – in – common (collectively, the "Interconnection Customer" with**), **Tenaska Solar Management, LLC, a Large Generating Facility**), _____ **limited liability company organized and existing under the laws of the State of Delaware, as agent for the Interconnection Customer (the "Manager"), San Diego Gas & Electric Company**, a corporation organized and existing under the laws of the State of California ("**Participating TO**"), and California Independent System Operator Corporation, a California nonprofit public benefit corporation organized and existing under the laws of the State of California ("**CAISO**"). Interconnection Customer, Participating TO, and CAISO each may be referred to as a "**Party**" or collectively as the "**Parties**."

RECITALS

WHEREAS, CAISO exercises Operational Control over the CAISO Controlled Grid; and

WHEREAS, the Participating TO owns, operates, and maintains the Participating TO's Transmission System; and

WHEREAS, Interconnection Customer (or Affiliates thereof) intends to own, lease and/or control and operate the Generating Facility identified as a Large Generating Facility in Appendix C to this LGIA; and

WHEREAS, Interconnection Customer, Manager, Participating TO, and CAISO have agreed to enter into this LGIA for the purpose of interconnecting the Large Generating Facility with the Participating TO's Transmission System;

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein, it is agreed:

When used in this LGIA, terms with initial capitalization that are not defined in Article 1 shall have the meanings specified in the Article in which they are used.

ARTICLE 1. DEFINITIONS

Adverse System Impact shall mean the negative effects due to technical or operational limits on conductors or equipment being exceeded that may compromise the safety and reliability of the electric system.

Affected System shall mean an electric system other than the CAISO Controlled Grid that may be affected by the proposed interconnection, including the Participating TO's electric system that is not part of the CAISO Controlled Grid.

Affiliate shall mean, with respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.

Applicable Laws and Regulations shall mean all duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

Applicable Reliability Council shall mean the Western Electricity Coordinating Council or its successor.

Applicable Reliability Standards shall mean the requirements and guidelines of NERC, the Applicable Reliability Council, and the Balancing Authority Area of the Participating TO's Transmission System to which the Generating Facility is directly connected, including requirements adopted pursuant to Section 215 of the Federal Power Act.

Asynchronous Generating Facility shall mean an induction, doubly-fed, or electronic power generating unit(s) that produces 60 Hz (nominal) alternating current.

Balancing Authority shall mean the responsible entity that integrates resource plans ahead of time, maintains load-interchange-generation balance within a Balancing Authority Area, and supports Interconnection frequency in real time.

Balancing Authority Area shall mean the collection of generation, transmission, and loads within the metered boundaries of the Balancing Authority. The Balancing Authority maintains load-resource balance within this area.

Base Case shall mean the base case power flow, short circuit, and stability data bases used for the Interconnection Studies.

Breach shall mean the failure of a Party to perform or observe any material term or condition of this LGIA.

Breaching Party shall mean a Party that is in Breach of this LGIA.

Business Day shall mean Monday through Friday, excluding federal holidays and the day after Thanksgiving Day.

CAISO Controlled Grid shall mean the system of transmission lines and associated facilities of the parties to the Transmission Control Agreement that have been placed under the CAISO's Operational Control.

CAISO Tariff shall mean the CAISO's tariff, as filed with FERC, and as amended or supplemented from time to time, or any successor tariff.

Calendar Day shall mean any day including Saturday, Sunday or a federal holiday.

Commercial Operation shall mean the status of an Electric Generating Unit or project phase at a Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation.

Commercial Operation Date of an Electric Generating Unit or project phase shall mean the date on which the Electric Generating Unit or project phase at the Generating Facility commences Commercial Operation as agreed to by the applicable Participating TO, the CAISO, and the Interconnection Customer pursuant to Appendix E to this LGIA, and in accordance with the implementation plan agreed to by the Participating TO and the CAISO for multiple individual Electric Generating Units or project phases at a Generating Facility where an Interconnection Customer intends to

establish separate Commercial Operation Dates for those Electric Generating Units or project phases.

Confidential Information shall mean any confidential, proprietary or trade secret information of a plan, specification, pattern, procedure, design, device, list, concept, policy or compilation relating to the present or planned business of a Party, which is designated as confidential by the Party supplying the information, whether conveyed orally, electronically, in writing, through inspection, or otherwise, subject to Article 22.1.2.

Default shall mean the failure of a Breaching Party to cure its Breach in accordance with Article 17 of this LGIA.

Distribution System shall mean those non-CAISO-controlled transmission and distribution facilities owned by the Participating TO.

Distribution Upgrades shall mean the additions, modifications, and upgrades to the Participating TO's Distribution System. Distribution Upgrades do not include Interconnection Facilities.

Effective Date shall mean the date on which this LGIA becomes effective upon execution by all Parties subject to acceptance by FERC, or if filed unexecuted, upon the date specified by FERC.

Electric Generating Unit shall mean an individual electric generator and its associated plant and apparatus whose electrical output is capable of being separately identified and metered.

Emergency Condition shall mean a condition or situation: (1) that in the judgment of the Party making the claim is imminently likely to endanger life or property; or (2) that, in the case of the CAISO, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the CAISO Controlled Grid or the electric systems of others to which the CAISO Controlled Grid is directly connected; (3) that, in the case of the Participating TO, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Participating TO's Transmission System, Participating TO's Interconnection Facilities, Distribution System, or the electric systems of others to which the Participating TO's electric system is directly connected; or (4) that, in the case of the Interconnection Customer, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Generating Facility or Interconnection Customer's Interconnection Facilities. System restoration and black start shall be considered Emergency Conditions; provided, that Interconnection Customer is not obligated by this LGIA to possess black start capability.

Environmental Law shall mean Applicable Laws or Regulations relating to pollution or protection of the environment or natural resources.

Federal Power Act shall mean the Federal Power Act, as amended, 16 U.S.C. §§ 791a et seq.

FERC shall mean the Federal Energy Regulatory Commission or its successor.

Force Majeure shall mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include acts of negligence or intentional wrongdoing by the Party claiming Force Majeure.

Generating Facility shall mean the Interconnection Customer's Electric Generating Unit(s) used for the production of electricity identified in the Interconnection Customer's Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

Generating Facility Capacity shall mean the net capacity of the Generating Facility and the aggregate net capacity of the Generating Facility where it includes multiple energy production devices.

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 or Small 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.

Good Utility Practice shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be any one of a number of the optimum practices, methods, or acts to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

Governmental Authority shall mean any federal, state, local or other governmental, regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include the Interconnection Customer, CAISO, Participating TO, or any Affiliate thereof.

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.

Hazardous Substances shall mean any chemicals, materials or substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "hazardous constituents," "restricted hazardous materials," "extremely hazardous substances," "toxic substances," "radioactive substances," "contaminants," "pollutants," "toxic pollutants" or words of similar meaning and regulatory effect under any applicable Environmental Law, or any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law.

Initial Synchronization Date shall mean the date upon which an Electric Generating Unit is initially synchronized and upon which Trial Operation begins.

In-Service Date shall mean the date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Participating TO's Interconnection Facilities to obtain back feed power.

Interconnection Customer's Interconnection Facilities shall mean all facilities and equipment, as identified in Appendix A of this LGIA, that are located between the Generating Facility and the Point of Change of Ownership, including any modification, addition, or upgrades to such facilities and equipment necessary to physically and electrically interconnect the Generating Facility to the Participating TO's Transmission System. Interconnection Customer's Interconnection Facilities are sole use facilities.

Interconnection Facilities shall mean the Participating TO's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Generating

Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Generating Facility to the Participating TO's Transmission System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

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 Handbook shall mean a handbook, developed by the Participating TO and posted on the Participating TO's web site or otherwise made available by the Participating TO, describing technical and operational requirements for wholesale generators and loads connected to the Participating TO's portion of the CAISO Controlled Grid, as such handbook may be modified or superseded from time to time. Participating TO's standards contained in the Interconnection Handbook shall be deemed consistent with Good Utility Practice and Applicable Reliability Standards. In the event of a conflict between the terms of this LGIA and the terms of the Participating TO's Interconnection Handbook, the terms in this LGIA shall apply.

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

Interconnection Service shall mean the service provided by the Participating TO and CAISO associated with interconnecting the Interconnection Customer's Generating Facility to the Participating TO's Transmission System and enabling the CAISO Controlled Grid to receive electric energy and capacity from the Generating Facility at the Point of Interconnection, pursuant to the terms of this LGIA, the Participating TO's Transmission Owner Tariff, and the CAISO Tariff.

- Interconnection Study** shall mean
- (i) For Interconnection Requests processed under the cluster study process described in the Generation 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 Generation 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 Generation 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.

IRS shall mean the Internal Revenue Service.

Large Generating Facility shall mean a Generating Facility having a Generating Facility Capacity of more than 20 MW.

Loss shall mean any and all damages, losses, and claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties.

Material Modification shall mean those modifications that have a material impact on the cost or timing of any Interconnection Request or any other valid interconnection request with a later queue priority date.

Metering Equipment shall mean all metering equipment installed or to be installed for measuring the output of the Generating Facility pursuant to this LGIA at the metering points, including but not limited to instrument transformers, MWh-meters, data acquisition equipment, transducers, remote terminal unit, communications equipment, phone lines, and fiber optics.

NERC shall mean the North American Electric Reliability Corporation or its successor organization.

Network Upgrades shall be Participating TO's Delivery Network Upgrades and Participating TO's Reliability Network Upgrades.

Operational Control shall mean the rights of the CAISO under the Transmission Control Agreement and the CAISO Tariff to direct the parties to the Transmission Control Agreement how to operate their transmission lines and facilities and other electric plant affecting the reliability of those lines and facilities for the purpose of affording comparable non-discriminatory transmission access and meeting applicable reliability criteria.

Partial Termination shall refer to termination of this LGIA as described in Article 2.4.4 where i) this LGIA shall be terminated under Article 2.4.4 only with respect to one or more Electric Generating Units of a Phased Generating Facility; ii) this LGIA shall continue to remain in force and effect with respect to the first Electric Generating Unit to be placed into service and any subsequent Electric Generating Units of the Phased Generating Facility that are not the subject of the Partial Termination, and iii) no disconnection shall occur with respect to those phases of or Electric Generating Units within the Phased Generating Facility that are not terminated.

Partial Termination Charge shall mean that sum paid by the Interconnection Customer upon Partial Termination as provided for in Article 2.4.4.

Partial Termination Charge Security shall mean a form of security, issued in favor of the CAISO, naming the CAISO as the beneficiary for an amount equal to the maximum Partial Termination Charge that may become payable upon Partial Termination as provided for in Article 2.4.4. The Partial Termination Charge Security shall be in a form determined to be acceptable by the CAISO, of the type listed in CAISO Cluster GIP (CAISO Tariff Appendix Y) Section 9.1 (a) –(f), but which security shall be held in favor of the CAISO. Partial Termination Charge Security is separate and distinct from the Interconnection Financial Security.

Participating TO's Delivery Network Upgrades shall mean the additions, modifications, and upgrades to the Participating TO's Transmission System at or beyond the Point of Interconnection, other than Reliability Network Upgrades, identified in the Interconnection Studies, as identified in Appendix A, to relieve constraints on the CAISO Controlled Grid.

Participating TO's Interconnection Facilities shall mean all facilities and equipment owned, controlled or operated by the Participating TO from the Point of Change of Ownership to the Point of Interconnection as identified in Appendix A to this LGIA, including any modifications, additions or upgrades to such facilities and equipment. Participating TO's Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Participating TO's Reliability Network Upgrades shall mean the additions, modifications, and upgrades to the Participating TO's Transmission System at or beyond the Point of Interconnection, identified in the Interconnection Studies, as identified in Appendix A, necessary to interconnect the Large Generating Facility safely and reliably to the Participating TO's Transmission System, which would not have been necessary but for the interconnection of the Large Generating Facility, including additions, modifications, and upgrades necessary to remedy short circuit or stability problems resulting from the interconnection of the Large Generating Facility to the Participating TO's Transmission System. Participating TO's Reliability Network Upgrades also include, consistent with Applicable Reliability Standards and Applicable Reliability Council practice, the Participating TO's facilities necessary to mitigate any adverse impact the Large Generating Facility's interconnection may have on a path's Applicable Reliability Council rating. Participating TO's Reliability Network Upgrades do not include any Participating TO's Delivery Network Upgrades.

Participating TO's Transmission System shall mean the facilities owned and operated by the Participating TO and that have been placed under the CAISO's Operational Control, which facilities form part of the CAISO Controlled Grid.

Party or Parties shall mean the Participating TO, CAISO, Interconnection Customer or the applicable combination of the above.

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.

Phase II Interconnection Study shall mean an engineering and operational study conducted or caused to be performed by the CAISO once per calendar year, in coordination with the applicable Participating TO(s), to determine the Point of Interconnection and a list of facilities (including the Participating TO's Interconnection Facilities, Network Upgrades, Distribution Upgrades, and Stand Alone Network Upgrades), the cost of those facilities, and the time required to interconnect the Generating Facility(ies) with the Participating TO's Transmission System.

Phased Generating Facility shall mean a Generating Facility that is structured to be completed and to achieve Commercial Operation in two or more successive phases that are specified in this LGIA, such that each phase comprises a portion of the total megawatt generation capacity of the entire Generating Facility.

Point of Change of Ownership shall mean the point, as set forth in Appendix A to this LGIA, where the Interconnection Customer's Interconnection Facilities connect to the Participating TO's Interconnection Facilities.

Point of Interconnection shall mean the point, as set forth in Appendix A to this LGIA, where the Interconnection Facilities connect to the Participating TO's Transmission System.

QF PGA shall mean a Qualifying Facility Participating Generator Agreement specifying the special provisions for the operating relationship between a Qualifying

Facility and the CAISO, a pro forma version of which is set forth in Appendix B.3 of the CAISO Tariff.

Qualifying Facility shall mean a qualifying cogeneration facility or qualifying small power production facility, as defined in the Code of Federal Regulations, Title 18, Part 292 (18 C.F.R. §292).

Reasonable Efforts shall mean, with respect to an action required to be attempted or taken by a Party under this LGIA, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

Scoping Meeting shall mean the meeting among representatives of the Interconnection Customer, the Participating TO(s), other Affected Systems, and the CAISO conducted for the purpose of discussing alternative interconnection options, to exchange information including any transmission data and earlier study evaluations that would be reasonably expected to impact such interconnection options, to analyze such information, and to determine the potential feasible Points of Interconnection.

Stand Alone Network Upgrades shall mean Network Upgrades that the Interconnection Customer may construct without affecting day-to-day operations of the CAISO Controlled Grid or Affected Systems during their construction. The Participating TO, the CAISO, and the Interconnection Customer must agree as to what constitutes Stand Alone Network Upgrades and identify them in Appendix A to this LGIA.

System Protection Facilities shall mean the equipment, including necessary protection signal communications equipment, that protects (1) the Participating TO's Transmission System, Participating TO's Interconnection Facilities, CAISO Controlled Grid, and Affected Systems from faults or other electrical disturbances occurring at the Generating Facility and (2) the Generating Facility from faults or other electrical system disturbances occurring on the CAISO Controlled Grid, Participating TO's Interconnection Facilities, and Affected Systems or on other delivery systems or other generating systems to which the CAISO Controlled Grid is directly connected.

Transmission Control Agreement shall mean CAISO FERC Electric Tariff No. 7.

Trial Operation shall mean the period during which the Interconnection Customer is engaged in on-site test operations and commissioning of an Electric Generating Unit prior to Commercial Operation.

ARTICLE 2. EFFECTIVE DATE, TERM AND TERMINATION

2.1 Effective Date. This LGIA shall become effective upon execution by all Parties subject to acceptance by FERC (if applicable), or if filed unexecuted, upon the

date specified by FERC. The CAISO and Participating TO shall promptly file this LGIA with FERC upon execution in accordance with Article 3.1, if required.

2.2 Term of Agreement. Subject to the provisions of Article 2.3, this LGIA shall remain in effect for a period of ~~ten (10)~~ **ten (10)** years from the Effective Date ~~(Term Specified in Individual Agreements to be ten (10) years or such other longer period as the Interconnection Customer may request)~~ and shall be automatically renewed for each successive one-year period thereafter.

2.3 Termination Procedures.

2.3.1 Written Notice. This LGIA may be terminated by the Interconnection Customer after giving the CAISO and the Participating TO ninety (90) Calendar Days advance written notice, or by the CAISO and the Participating TO notifying FERC after the Generating Facility permanently ceases Commercial Operation.

2.3.2 Default. A Party may terminate this LGIA in accordance with Article 17.

2.3.3 Suspension of Work. This LGIA may be deemed terminated in accordance with Article 5.16.

2.3.4 Notwithstanding Articles 2.3.1, 2.3.2, and 2.3.3, no termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination, including the filing with FERC of a notice of termination of this LGIA (if applicable), which notice has been accepted for filing by FERC, and the Interconnection Customer has fulfilled its termination cost obligations under Article 2.4.

2.3.5 Partial Termination. The Parties have included within this LGIA a provision for Partial Termination of this LGIA, the terms of which are set forth in Article 2.4.4. Notwithstanding any other term of this LGIA, Partial Termination shall be determined to have occurred in any and all circumstances where (i) one or more phases or Electric Generating Units for which the Interconnection Customer has secured Partial Termination eligibility are terminated, and (ii) this LGIA has not been terminated in its entirety and (iii) all phases or Electric Generating Units have not been disconnected pursuant to Article 2.5.

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.

(a) Interrelationship of Termination of the Entire LGIA under Article 2.4 and Partial Termination under 2.4.4: Nothing in this Article 2.4 shall limit the operation of those provisions pertaining to Partial Termination or the Partial Termination Charge contained in Article 2.4.4. In the event of Partial Termination, the provisions of Article 2.4.4 shall govern.

- 2.4.1** Notwithstanding the foregoing, in the event of termination by a Party, all Parties shall use commercially Reasonable Efforts to mitigate the costs, damages and charges arising as a consequence of termination. With respect to any portion of the Participating TO's Interconnection Facilities that have not yet been constructed or installed, the Participating TO shall to the extent possible and with the Interconnection Customer's authorization cancel any pending orders of, or return, any materials or equipment for, or contracts for construction of, such facilities; provided that in the event the Interconnection Customer elects not to authorize such cancellation, the Interconnection Customer shall assume all payment obligations with respect to such materials, equipment, and contracts, and the Participating TO shall deliver such material and equipment, and, if necessary, assign such contracts, to the Interconnection Customer as soon as practicable, at the Interconnection Customer's expense. To the extent that the Interconnection Customer has already paid the Participating TO for any or all such costs of materials or equipment not taken by the Interconnection Customer, the Participating TO shall promptly refund such amounts to the Interconnection Customer, less any costs, including penalties, incurred by the Participating TO to cancel any pending orders of or return such materials, equipment, or contracts.
- 2.4.2** The Participating TO may, at its option, retain any portion of such materials, equipment, or facilities that the Interconnection Customer chooses not to accept delivery of, in which case the Participating TO shall be responsible for all costs associated with procuring such materials, equipment, or facilities.
- 2.4.3** With respect to any portion of the Interconnection Facilities, and any other facilities already installed or constructed pursuant to the terms of this LGIA, Interconnection Customer shall be responsible for all costs associated with the removal, relocation or other disposition or retirement of such materials, equipment, or facilities.
- 2.4.4 Partial Termination. The Parties agree that this LGIA shall provide for Partial Termination on the terms and conditions of this Article 2.4.4. This Article 2.4.4 shall apply only in the event of Partial Termination and shall not apply if this LGIA is terminated with respect to the entire Generating Facility. Partial Termination shall be deemed to have occurred, and the terms of this Article 2.4.4 shall apply in any and all situations of termination under this LGIA where the LGIA is not terminated in its entirety with the corresponding disconnection of all Electric Generating Units or phases of the Generating Facility that are the subject of this LGIA;**

provided, however, that Partial Termination may occur only with respect to those Electric Generating Units for which the Interconnection Customer has previously provided Partial Termination Charge Security, such that no Partial Termination of an Electric Generating Unit may occur for which the Partial Termination right has not been secured.

2.4.4.1 Except as set forth in Appendix B, Table 3B, in the event of Partial Termination, the Interconnection Customer shall pay a Partial Termination Charge. The Partial Termination Charge shall be payable to the CAISO and shall be secured by the Partial Termination Charge Security. The amount of the Partial Termination Charge shall be an amount equal to the product of ten percent (10%) of the dollar amount of the Interconnection Customer's cost responsibility for the Network Upgrades for the entire Phased Generating Facility times (multiplied by) the ratio of the megawatt capacity of the portion of the Phased Generating Facility that is terminated to the megawatt capacity of the entire Phased Generating Facility. The following specific items related to Partial Termination are set forth in Appendix C, Section 7: the amount of the Partial Termination Charge and Partial Termination Charge Security; the timing for posting of the security, and the details for reduction of the security for Electric Generating Units that achieve Commercial Operation prior to Partial Termination.

2.4.4.2 Partial Termination may be exercised following the delivery of the Partial Termination Charge Security for the Electric Generating Units for which the Interconnection Customer has elected to make the Partial Termination available either: (i) at the option of the Interconnection Customer, exercisable in its sole discretion; or, (ii) at the mutual discretion of the Participating TO's and the CAISO, upon the failure of the Interconnection Customer to meet any of the milestones set forth in Appendix B. The notice referenced in this Article may run concurrently with any other notice provided by the Party under this LGIA (including notices pertaining to Default, or failure to meet milestones relating to decision points) and shall not provide the noticed Parties with any additional period of time for cure in such other notices.

2.4.4.3 Upon written notice by either (i) the Interconnection Customer to the other Parties; or (ii) the Participating TO and the CAISO to the Interconnection Customer; that the noticing Party has invoked Partial Termination, the Partial Termination Charge shall become immediately due and owing, and the CAISO shall liquidate the Partial

Termination Charge Security for collection of the applicable Partial Termination Charge, and apply the Partial Termination funds as specified in Section 2.4.4.5.

2.4.4.4 Upon Partial Termination, the Parties shall amend this LGIA to remove from this LGIA the terms and conditions specifying continuing rights and obligations of the Parties with respect to the applicable Electric Generating Unit(s) of the Phased Generating Facility which have been the subject of the Partial Termination, and to specify the continuing rights and obligations of the Parties with respect to the Electric Generating Units which remain the subject of the LGIA. The amended LGIA shall reflect that the Parties have partially terminated the LGIA as to the terminated Electric Generating Unit(s), but not as to any provisions relevant to the Electric Generating Unit(s) for which Partial Termination has not been exercised. The amended LGIA shall further reflect the lower generation capacity of the Generating Facility in its new condition following Partial Termination, and, to the extent that the interconnection configuration that has been modified as a result of the Partial Termination, shall set forth the modified configuration in the amended and restated Appendices to this LGIA.

2.4.4.5 After written notice of Partial Termination under Article 2.4.4.5, and the expiration of any opportunity to cure relating to any concurrent notices (such as notices of Default or notices relating to milestones and decision points) the CAISO shall cause the Partial Termination Charge funds to be applied and disbursed in such a manner as to cause a credit toward the Transmission Revenue Balancing Account ("TRBA") of the Participating TO. The Parties agree to cooperate and execute such agreements and undertake such actions as may be necessary to apply the funds to credit this account.

2.4.4.6 If this LGIA is terminated in its entirety prior to any event of Partial Termination, then any Partial Termination Charge Security which was provided to the CAISO prior to the Partial Termination shall be returned to the Interconnection Customer. The Parties acknowledge that there could be a situation where the LGIA was partially terminated in one transaction, followed by a termination of the entire LGIA in a subsequent transaction, in that event, the amount of Partial Termination Charge Security associated with such previous Partial Termination shall not be returned to the Interconnection Customer.

2.4.4.7 In the event of Partial Termination, the Partial Termination Charge and application of such charge as a credit to the Participating TO's TRBA shall serve as the recourse of the CAISO and the Participating TO for any costs associated with the Network Upgrades as described in this LGIA, and the Interconnection Customer shall not be responsible for payment to the CAISO or the Participating TO for any further costs, charges or expenses attributable to the Network Upgrades.

- 2.5 Disconnection.** Upon termination of this LGIA, the Parties will take all appropriate steps to disconnect the Large Generating Facility from the Participating TO's Transmission System. All costs required to effectuate such disconnection shall be borne by the terminating Party, unless such termination resulted from the non-terminating Party's Default of this LGIA or such non-terminating Party otherwise is responsible for these costs under this LGIA.
- 2.6 Survival.** This LGIA shall continue in effect after termination to the extent necessary to provide for final billings and payments and for costs incurred hereunder, including billings and payments pursuant to this LGIA; to permit the determination and enforcement of liability and indemnification obligations arising from acts or events that occurred while this LGIA was in effect; and to permit each Party to have access to the lands of the other Parties pursuant to this LGIA or other applicable agreements, to disconnect, remove or salvage its own facilities and equipment.

ARTICLE 3. REGULATORY FILINGS AND CAISO TARIFF COMPLIANCE

- 3.1 Filing.** The Participating TO and the CAISO shall file this LGIA (and any amendment hereto) with the appropriate Governmental Authority(ies), if required. The Interconnection Customer may request that any information so provided be subject to the confidentiality provisions of Article 22. If the Interconnection Customer has executed this LGIA, or any amendment thereto, the Interconnection Customer shall reasonably cooperate with the Participating TO and CAISO with respect to such filing and to provide any information reasonably requested by the Participating TO or CAISO needed to comply with applicable regulatory requirements.
- 3.2 Agreement Subject to CAISO Tariff.** The Interconnection Customer will comply with all applicable provisions of the CAISO Tariff, including the GIP.
- 3.3 Relationship Between this LGIA and the CAISO Tariff.** With regard to rights and obligations between the Participating TO and the Interconnection Customer, if and to the extent a matter is specifically addressed by a provision of this LGIA

(including any appendices, schedules or other attachments to this LGIA), the provisions of this LGIA shall govern. If and to the extent a provision of this LGIA is inconsistent with the CAISO Tariff and dictates rights and obligations between the CAISO and the Participating TO or the CAISO and the Interconnection Customer, the CAISO Tariff shall govern.

- 3.4 Relationship Between this LGIA and the QF PGA.** With regard to the rights and obligations of a Qualifying Facility that has entered into a QF PGA with the CAISO and has entered into this LGIA, if and to the extent a matter is specifically addressed by a provision of the QF PGA that is inconsistent with this LGIA, the terms of the QF PGA shall govern.

ARTICLE 4. SCOPE OF SERVICE

- 4.1 Interconnection Service.** Interconnection Service allows the Interconnection Customer to connect the Large Generating Facility to the Participating TO's Transmission System and be eligible to deliver the Large Generating Facility's output using the available capacity of the CAISO Controlled Grid. To the extent the Interconnection Customer wants to receive Interconnection Service, the Participating TO shall construct facilities identified in Appendices A and C that the Participating TO is responsible to construct.

Interconnection Service does not necessarily provide the Interconnection Customer with the capability to physically deliver the output of its Large Generating Facility to any particular load on the CAISO Controlled Grid without incurring congestion costs. In the event of transmission constraints on the CAISO Controlled Grid, the Interconnection Customer's Large Generating Facility shall be subject to the applicable congestion management procedures in the CAISO Tariff in the same manner as all other resources.

- 4.2 Provision of Service.** The Participating TO and the CAISO shall provide Interconnection Service for the Large Generating Facility.
- 4.3 Performance Standards.** Each Party shall perform all of its obligations under this LGIA in accordance with Applicable Laws and Regulations, Applicable Reliability Standards, and Good Utility Practice, and to the extent a Party is required or prevented or limited in taking any action by such regulations and standards, such Party shall not be deemed to be in Breach of this LGIA for its compliance therewith. If such Party is the CAISO or Participating TO, then that Party shall amend the LGIA and submit the amendment to FERC for approval.
- 4.4 No Transmission Service.** The execution of this LGIA does not constitute a request for, nor the provision of, any transmission service under the CAISO

Tariff, and does not convey any right to deliver electricity to any specific customer or point of delivery.

- 4.5 Interconnection Customer Provided Services.** The services provided by Interconnection Customer under this LGIA are set forth in Article 9.6 and Article 13.5.1. Interconnection Customer shall be paid for such services in accordance with Article 11.6.

ARTICLE 5. FACILITIES ENGINEERING, PROCUREMENT, AND CONSTRUCTION

Interconnection Facilities, Network Upgrades, and Distribution Upgrades shall be studied, designed, and constructed pursuant to Good Utility Practice. Such studies, design and construction shall be based on the assumed accuracy and completeness of all technical information received by the Participating TO and the CAISO from the Interconnection Customer associated with interconnecting the Large Generating Facility.

- 5.1 Options.** Unless otherwise mutually agreed among the Parties, the Interconnection Customer shall select the In-Service Date, Initial Synchronization Date, and Commercial Operation Date; and either Standard Option or Alternate Option set forth below for completion of the Participating TO's Interconnection Facilities and Network Upgrades as set forth in Appendix A, Interconnection Facilities, Network Upgrades, and Distribution Upgrades, and such dates and selected option shall be set forth in Appendix B, Milestones.

5.1.1 Standard Option. The Participating TO shall design, procure, and construct the Participating TO's Interconnection Facilities, Network Upgrades, and Distribution Upgrades, using Reasonable Efforts to complete the Participating TO's Interconnection Facilities, Network Upgrades, and Distribution Upgrades by the dates set forth in Appendix B, Milestones. The Participating TO shall not be required to undertake any action which is inconsistent with its standard safety practices, its material and equipment specifications, its design criteria and construction procedures, its labor agreements, and Applicable Laws and Regulations. In the event the Participating TO reasonably expects that it will not be able to complete the Participating TO's Interconnection Facilities, Network Upgrades, and Distribution Upgrades by the specified dates, the Participating TO shall promptly provide written notice to the Interconnection Customer and the CAISO and shall undertake Reasonable Efforts to meet the earliest dates thereafter.

5.1.2 Alternate Option. If the dates designated by the Interconnection Customer are acceptable to the Participating TO, the Participating TO

shall so notify the Interconnection Customer within thirty (30) Calendar Days, and shall assume responsibility for the design, procurement and construction of the Participating TO's Interconnection Facilities by the designated dates.

If the Participating TO subsequently fails to complete the Participating TO's Interconnection Facilities by the In-Service Date, to the extent necessary to provide back feed power; or fails to complete Network Upgrades by the Initial Synchronization Date to the extent necessary to allow for Trial Operation at full power output, unless other arrangements are made by the Parties for such Trial Operation; or fails to complete the Network Upgrades by the Commercial Operation Date, as such dates are reflected in Appendix B, Milestones; the Participating TO shall pay the Interconnection Customer liquidated damages in accordance with Article 5.3, Liquidated Damages, provided, however, the dates designated by the Interconnection Customer shall be extended day for day for each day that the CAISO refuses to grant clearances to install equipment.

5.1.3 Option to Build. If the dates designated by the Interconnection Customer are not acceptable to the Participating TO, the Participating TO shall so notify the Interconnection Customer within thirty (30) Calendar Days, and unless the Parties agree otherwise, the Interconnection Customer shall have the option to assume responsibility for the design, procurement and construction of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades. If the Interconnection Customer elects to exercise its option to assume responsibility for the design, procurement and construction of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades, it shall so notify the Participating TO within thirty (30) Calendar Days of receipt of the Participating TO's notification that the designated dates are not acceptable to the Participating TO. The Participating TO, CAISO, and Interconnection Customer must agree as to what constitutes Stand Alone Network Upgrades and identify such Stand Alone Network Upgrades in Appendix A to this LGIA. Except for Stand Alone Network Upgrades, the Interconnection Customer shall have no right to construct Network Upgrades under this option.

5.1.4 Negotiated Option. If the Interconnection Customer elects not to exercise its option under Article 5.1.3, Option to Build, the Interconnection Customer shall so notify the Participating TO within thirty (30) Calendar Days of receipt of the Participating TO's notification that the designated dates are not acceptable to the Participating TO, and the Parties shall in good faith attempt to negotiate terms and conditions (including revision of the specified dates and liquidated damages, the provision of incentives or

the procurement and construction of a portion of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades by the Interconnection Customer) pursuant to which the Participating TO is responsible for the design, procurement and construction of the Participating TO's Interconnection Facilities and Network Upgrades. If the Parties are unable to reach agreement on such terms and conditions, the Participating TO shall assume responsibility for the design, procurement and construction of the Participating TO's Interconnection Facilities and Network Upgrades pursuant to Article 5.1.1, Standard Option.

5.2 General Conditions Applicable to Option to Build. If the Interconnection Customer assumes responsibility for the design, procurement and construction of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades,

(1) ~~the~~The Interconnection Customer shall engineer, procure equipment, and construct the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades (or portions thereof) using Good Utility Practice and using standards and specifications provided in advance by the Participating TO;

(2) The Interconnection Customer's engineering, procurement and construction of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades shall comply with all requirements of law to which the Participating TO would be subject in the engineering, procurement or construction of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades;

(3) the Participating TO shall review, and the Interconnection Customer shall obtain the Participating TO's approval of, the engineering design, equipment acceptance tests, and the construction of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades, which approval shall not be unreasonably withheld, and the CAISO may, at its option, review the engineering design, equipment acceptance tests, and the construction of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades;

(4) prior to commencement of construction, the Interconnection Customer shall provide to the Participating TO, with a copy to the CAISO for informational purposes, a schedule for construction of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades, and shall promptly respond to requests for information from the Participating TO;

(5) at any time during construction, the Participating TO shall have the right to gain unrestricted access to the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades and to conduct inspections of the same;

(6) at any time during construction, should any phase of the engineering, equipment procurement, or construction of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades not meet the standards and specifications provided by the Participating TO, the Interconnection Customer shall be obligated to remedy deficiencies in that portion of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades;

(7) ~~the~~**The** Interconnection Customer shall indemnify the CAISO and Participating TO for claims arising from the Interconnection Customer's construction of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades under the terms and procedures applicable to Article 18.1 Indemnity;

(8) The Interconnection Customer shall transfer control of the Participating TO's Interconnection Facilities to the Participating TO and shall transfer Operational Control of Stand Alone Network Upgrades to the CAISO;

(9) Unless the Parties otherwise agree, the Interconnection Customer shall transfer ownership of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades to the Participating TO. As soon as reasonably practicable, but within twelve months after completion of the construction of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades, the Interconnection Customer shall provide an invoice of the final cost of the construction of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades to the Participating TO, which invoice shall set forth such costs in sufficient detail to enable the Participating TO to reflect the proper costs of such facilities in its transmission rate base and to identify the investment upon which refunds will be provided;

(10) the Participating TO shall accept for operation and maintenance the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades to the extent engineered, procured, and constructed in accordance with this Article 5.2; and

(11) The Interconnection Customer's engineering, procurement and construction of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades shall comply with all requirements of the "Option

to Build” conditions set forth in Appendix C. Interconnection Customer shall deliver to the Participating TO “as-built” drawings, information, and any other documents that are reasonably required by the Participating TO to assure that the Interconnection Facilities and Stand-Alone Network Upgrades are built to the standards and specifications required by the Participating TO.

5.3 Liquidated Damages. The actual damages to the Interconnection Customer, in the event the Participating TO's Interconnection Facilities or Network Upgrades are not completed by the dates designated by the Interconnection Customer and accepted by the Participating TO pursuant to subparagraphs 5.1.2 or 5.1.4, above, may include Interconnection Customer's fixed operation and maintenance costs and lost opportunity costs. Such actual damages are uncertain and impossible to determine at this time. Because of such uncertainty, any liquidated damages paid by the Participating TO to the Interconnection Customer in the event that the Participating TO does not complete any portion of the Participating TO's Interconnection Facilities or Network Upgrades by the applicable dates, shall be an amount equal to $\frac{1}{2}$ of 1 percent per day of the actual cost of the Participating TO's Interconnection Facilities and Network Upgrades, in the aggregate, for which the Participating TO has assumed responsibility to design, procure and construct.

However, in no event shall the total liquidated damages exceed 20 percent of the actual cost of the Participating TO's Interconnection Facilities and Network Upgrades for which the Participating TO has assumed responsibility to design, procure, and construct. The foregoing payments will be made by the Participating TO to the Interconnection Customer as just compensation for the damages caused to the Interconnection Customer, which actual damages are uncertain and impossible to determine at this time, and as reasonable liquidated damages, but not as a penalty or a method to secure performance of this LGIA. Liquidated damages, when the Parties agree to them, are the exclusive remedy for the Participating TO's failure to meet its schedule.

No liquidated damages shall be paid to the Interconnection Customer if: (1) the Interconnection Customer is not ready to commence use of the Participating TO's Interconnection Facilities or Network Upgrades to take the delivery of power for the Electric Generating Unit's Trial Operation or to export power from the Electric Generating Unit on the specified dates, unless the Interconnection Customer would have been able to commence use of the Participating TO's Interconnection Facilities or Network Upgrades to take the delivery of power for Electric Generating Unit's Trial Operation or to export power from the Electric Generating Unit, but for the Participating TO's delay; (2) the Participating TO's failure to meet the specified dates is the result of the action or inaction of the Interconnection Customer or any other interconnection customer who has entered into an

interconnection agreement with the CAISO and/or Participating TO, action or inaction by the CAISO, or any cause beyond the Participating TO's reasonable control or reasonable ability to cure; (3) the Interconnection Customer has assumed responsibility for the design, procurement and construction of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades; or (4) the Parties have otherwise agreed.

In no event shall the CAISO have any responsibility or liability to the Interconnection Customer for liquidated damages pursuant to the provisions of this Article 5.3.

5.4 Power System Stabilizers. The Interconnection Customer shall procure, install, maintain and operate Power System Stabilizers in accordance with Applicable Reliability Standards, the guidelines and procedures established by the Applicable Reliability Council, and the provisions of Section 4.6.5.1 of the CAISO Tariff. The CAISO reserves the right to establish reasonable minimum acceptable settings for any installed Power System Stabilizers, subject to the design and operating limitations of the Large Generating Facility. If the Large Generating Facility's Power System Stabilizers are removed from service or not capable of automatic operation, the Interconnection Customer shall immediately notify the CAISO and the Participating TO and restore the Power System Stabilizers to operation as soon as possible. The CAISO shall have the right to order the reduction in output or disconnection of the Large Generating Facility if the reliability of the CAISO Controlled Grid would be adversely affected as a result of improperly tuned Power System Stabilizers. The requirements of this Article 5.4 shall apply to Asynchronous Generating Facilities in accordance with Appendix H.

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 Process 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.
- 5.6 Construction Commencement.** The Participating TO shall commence construction of the Participating TO's Interconnection Facilities and Network Upgrades for which it is responsible as soon as practicable after the following additional conditions are satisfied:
- 5.6.1** Approval of the appropriate Governmental Authority has been obtained for any facilities requiring regulatory approval;
- 5.6.2** Necessary real property rights and rights-of-way have been obtained, to the extent required for the construction of a discrete aspect of the Participating TO's Interconnection Facilities and Network Upgrades;
- 5.6.3** The Participating TO has received written authorization to proceed with construction from the Interconnection Customer by the date specified in Appendix B, Milestones; and
- 5.6.4** The Interconnection Customer has provided payment and security to the Participating TO in accordance with Article 11.5 by the dates specified in Appendix B, Milestones.
- 5.7 Work Progress.** The Parties will keep each other advised periodically as to the progress of their respective design, procurement and construction efforts. Any Party may, at any time, request a progress report from another Party. If, at any time, the Interconnection Customer determines that the completion of the Participating TO's Interconnection Facilities will not be required until after the specified In-Service Date, the Interconnection Customer will provide written notice to the Participating TO and CAISO of such later date upon which the completion of the Participating TO's Interconnection Facilities will be required.
- 5.8 Information Exchange.** As soon as reasonably practicable after the Effective Date, the Parties shall exchange information regarding the design and compatibility of the Interconnection Customer's Interconnection Facilities and Participating TO's Interconnection Facilities and compatibility of the Interconnection Facilities with the Participating TO's Transmission System, and shall work diligently and in good faith to make any necessary design changes.
- 5.9 Limited Operation.** If any of the Participating TO's Interconnection Facilities or Network Upgrades are not reasonably expected to be completed prior to the Commercial Operation Date of the Electric Generating Unit, the Participating TO

and/or CAISO, as applicable, shall, upon the request and at the expense of the Interconnection Customer, perform operating studies on a timely basis to determine the extent to which the Electric Generating Unit and the Interconnection Customer's Interconnection Facilities may operate prior to the completion of the Participating TO's Interconnection Facilities or Network Upgrades consistent with Applicable Laws and Regulations, Applicable Reliability Standards, Good Utility Practice, and this LGIA. The Participating TO and CAISO shall permit Interconnection Customer to operate the Electric Generating Unit and the Interconnection Customer's Interconnection Facilities in accordance with the results of such studies.

5.10 Interconnection Customer's Interconnection Facilities. The Interconnection Customer shall, at its expense, design, procure, construct, own and install the Interconnection Customer's Interconnection Facilities, as set forth in Appendix A.

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.

5.10.2 Participating TO's and CAISO's Review. The Participating TO's and the CAISO's review of the Interconnection Customer's final specifications shall not be construed as confirming, endorsing, or providing a warranty as to the design, fitness, safety, durability or reliability of the Large Generating Facility, or the Interconnection Customer's Interconnection Facilities. Interconnection Customer shall make such changes to the Interconnection Customer's Interconnection Facilities as may reasonably be required by the Participating TO or the CAISO, in accordance with Good Utility Practice, to ensure that the Interconnection Customer's Interconnection

Facilities are compatible with the technical specifications, Operational Control, and safety requirements of the Participating TO or the CAISO.

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.

5.10.4 Interconnection Customer to Meet Requirements of the Participating TO's Interconnection Handbook. The Interconnection Customer shall comply with the Participating TO's Interconnection Handbook.

5.11 Participating TO's Interconnection Facilities Construction. The Participating TO's Interconnection Facilities shall be designed and constructed in accordance with Good Utility Practice. Upon request, 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 Participating TO shall deliver to the Interconnection Customer and the CAISO the following "as-built" drawings, information and documents for the Participating TO's Interconnection Facilities ~~[include appropriate drawings and relay diagrams]~~. No as-built drawings will be provided.

The Participating TO will obtain control for operating and maintenance purposes of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades upon completion of such facilities. Pursuant to Article 5.2, the CAISO will obtain Operational Control of the Stand Alone Network Upgrades prior to the Commercial Operation Date.

- 5.12 Access Rights.** Upon reasonable notice and supervision by a Party, and subject to any required or necessary regulatory approvals, a Party ("Granting Party") shall furnish at no cost to the other Party ("Access Party") any rights of use, licenses, rights of way and easements with respect to lands owned or controlled by the Granting Party, its agents (if allowed under the applicable agency agreement), or any Affiliate, that are necessary to enable the Access Party to obtain ingress and egress to construct, operate, maintain, repair, test (or witness testing), inspect, replace or remove facilities and equipment to: (i) interconnect the Large Generating Facility with the Participating TO's Transmission System; (ii) operate and maintain the Large Generating Facility, the Interconnection Facilities and the Participating TO's Transmission System; and (iii) disconnect or remove the Access Party's facilities and equipment upon termination of this LGIA. In exercising such licenses, rights of way and easements, the Access Party shall not unreasonably disrupt or interfere with normal operation of the Granting Party's business and shall adhere to the safety rules and procedures established in advance, as may be changed from time to time, by the Granting Party and provided to the Access Party.
- 5.13 Lands of Other Property Owners.** If any part of the Participating TO's Interconnection Facilities and/or Network Upgrades are to be installed on property owned by persons other than the Interconnection Customer or Participating TO, the Participating TO shall at the Interconnection Customer's expense use efforts, similar in nature and extent to those that it typically undertakes on its own behalf or on behalf of its Affiliates, including use of its eminent domain authority, and to the extent consistent with state law, to procure from such persons any rights of use, licenses, rights of way and easements that are necessary to construct, operate, maintain, test, inspect, replace or remove the Participating TO's Interconnection Facilities and/or Network Upgrades upon such property.
- 5.14 Permits.** Participating TO and Interconnection Customer shall cooperate with each other in good faith in obtaining all permits, licenses and authorization that are necessary to accomplish the interconnection in compliance with Applicable Laws and Regulations. With respect to this paragraph, the Participating TO shall provide permitting assistance to the Interconnection Customer comparable to that provided to the Participating TO's own, or an Affiliate's generation.

- 5.15 Early Construction of Base Case Facilities.** The Interconnection Customer may request the Participating TO to construct, and the Participating TO shall construct, using Reasonable Efforts to accommodate Interconnection Customer's In-Service Date, all or any portion of any Network Upgrades required for Interconnection Customer to be interconnected to the Participating TO's Transmission System which are included in the Base Case of the Interconnection Studies for the Interconnection Customer, and which also are required to be constructed for another interconnection customer, but where such construction is not scheduled to be completed in time to achieve Interconnection Customer's In-Service Date.
- 5.16 Suspension.** The Interconnection Customer reserves the right, upon written notice to the Participating TO and the CAISO, to suspend at any time all work associated with the construction and installation of the Participating TO's Interconnection Facilities, Network Upgrades, and/or Distribution Upgrades required under this LGIA, other than Network Upgrades identified in the Phase II Interconnection Study as common to multiple Generating Facilities, with the condition that the Participating TO's electrical system and the CAISO Controlled Grid shall be left in a safe and reliable condition in accordance with Good Utility Practice and the Participating TO's safety and reliability criteria and the CAISO's Applicable Reliability Standards. In such event, the Interconnection Customer shall be responsible for all reasonable and necessary costs which the Participating TO (i) has incurred pursuant to this LGIA prior to the suspension and (ii) incurs in suspending such work, including any costs incurred to perform such work as may be necessary to ensure the safety of persons and property and the integrity of the Participating TO's electric system during such suspension and, if applicable, any costs incurred in connection with the cancellation or suspension of material, equipment and labor contracts which the Participating TO cannot reasonably avoid; provided, however, that prior to canceling or suspending any such material, equipment or labor contract, the Participating TO shall obtain Interconnection Customer's authorization to do so.

The Participating TO shall invoice the Interconnection Customer for such costs pursuant to Article 12 and shall use due diligence to minimize its costs. In the event Interconnection Customer suspends work required under this LGIA pursuant to this Article 5.16, and has not requested the Participating TO to recommence the work or has not itself recommenced work required under this LGIA in time to ensure that the new projected Commercial Operation Date for the full Generating Facility Capacity of the Large Generating Facility is no more than three (3) years from the Commercial Operation Date identified in Appendix B hereto, this LGIA shall be deemed terminated and the Interconnection Customer's responsibility for costs will be determined in accordance with Article 2.4 of this LGIA. The suspension period shall begin on the date the suspension

is requested, or the date of the written notice to the Participating TO and the CAISO, if no effective date is specified.

5.17 Taxes.

5.17.1 Interconnection Customer Payments Not Taxable. The Parties intend that all payments or property transfers made by the Interconnection Customer to the Participating TO for the installation of the Participating TO's Interconnection Facilities and the Network Upgrades shall be non-taxable, either as contributions to capital, or as a refundable advance, in accordance with the Internal Revenue Code and any applicable state income tax laws and shall not be taxable as contributions in aid of construction or otherwise under the Internal Revenue Code and any applicable state income tax laws.

5.17.2 Representations And Covenants. In accordance with IRS Notice 2001-82 and IRS Notice 88-129, the Interconnection Customer represents and covenants that (i) ownership of the electricity generated at the Large Generating Facility will pass to another party prior to the transmission of the electricity on the CAISO Controlled Grid, (ii) for income tax purposes, the amount of any payments and the cost of any property transferred to the Participating TO for the Participating TO's Interconnection Facilities will be capitalized by the Interconnection Customer as an intangible asset and recovered using the straight-line method over a useful life of twenty (20) years, and (iii) any portion of the Participating TO's Interconnection Facilities that is a "dual-use intertie," within the meaning of IRS Notice 88-129, is reasonably expected to carry only a de minimis amount of electricity in the direction of the Large Generating Facility. For this purpose, "de minimis amount" means no more than 5 percent of the total power flows in both directions, calculated in accordance with the "5 percent test" set forth in IRS Notice 88-129. This is not intended to be an exclusive list of the relevant conditions that must be met to conform to IRS requirements for non-taxable treatment.

At the Participating TO's request, the Interconnection Customer shall provide the Participating TO with a report from an independent engineer confirming its representation in clause (iii), above. The Participating TO represents and covenants that the cost of the Participating TO's Interconnection Facilities paid for by the Interconnection Customer without the possibility of refund or credit will have no net effect on the base upon which rates are determined.

5.17.3 Indemnification for the Cost Consequence of Current Tax Liability Imposed Upon the Participating TO. Notwithstanding Article 5.17.1, the

Interconnection Customer shall protect, indemnify and hold harmless the Participating TO from the cost consequences of any current tax liability imposed against the Participating TO as the result of payments or property transfers made by the Interconnection Customer to the Participating TO under this LGIA for Interconnection Facilities, as well as any interest and penalties, other than interest and penalties attributable to any delay caused by the Participating TO.

The Participating TO shall not include a gross-up for the cost consequences of any current tax liability in the amounts it charges the Interconnection Customer under this LGIA unless (i) the Participating TO has determined, in good faith, that the payments or property transfers made by the Interconnection Customer to the Participating TO should be reported as income subject to taxation or (ii) any Governmental Authority directs the Participating TO to report payments or property as income subject to taxation; provided, however, that the Participating TO may require the Interconnection Customer to provide security for Interconnection Facilities, in a form reasonably acceptable to the Participating TO (such as a parental guarantee or a letter of credit), in an amount equal to the cost consequences of any current tax liability under this Article 5.17. The Interconnection Customer shall reimburse the Participating TO for such costs on a fully grossed-up basis, in accordance with Article 5.17.4, within thirty (30) Calendar Days of receiving written notification from the Participating TO of the amount due, including detail about how the amount was calculated.

The indemnification obligation shall terminate at the earlier of (1) the expiration of the ten year testing period and the applicable statute of limitation, as it may be extended by the Participating TO upon request of the IRS, to keep these years open for audit or adjustment, or (2) the occurrence of a subsequent taxable event and the payment of any related indemnification obligations as contemplated by this Article 5.17.

5.17.4 Tax Gross-Up Amount. The Interconnection Customer's liability for the cost consequences of any current tax liability under this Article 5.17 shall be calculated on a fully grossed-up basis. Except as may otherwise be agreed to by the parties, this means that the Interconnection Customer will pay the Participating TO, in addition to the amount paid for the Interconnection Facilities and Network Upgrades, an amount equal to (1) the current taxes imposed on the Participating TO ("Current Taxes") on the excess of (a) the gross income realized by the Participating TO as a result of payments or property transfers made by the Interconnection Customer to the Participating TO under this LGIA (without regard to any payments under this Article 5.17) (the "Gross Income Amount") over (b)

the present value of future tax deductions for depreciation that will be available as a result of such payments or property transfers (the “Present Value Depreciation Amount”), plus (2) an additional amount sufficient to permit the Participating TO to receive and retain, after the payment of all Current Taxes, an amount equal to the net amount described in clause (1).

For this purpose, (i) Current Taxes shall be computed based on the Participating TO’s composite federal and state tax rates at the time the payments or property transfers are received and the Participating TO will be treated as being subject to tax at the highest marginal rates in effect at that time (the “Current Tax Rate”), and (ii) the Present Value Depreciation Amount shall be computed by discounting the Participating TO’s anticipated tax depreciation deductions as a result of such payments or property transfers by the Participating TO’s current weighted average cost of capital. Thus, the formula for calculating the Interconnection Customer’s liability to the Participating TO pursuant to this Article 5.17.4 can be expressed as follows: $(\text{Current Tax Rate} \times (\text{Gross Income Amount} - \text{Present Value of Tax Depreciation})) / (1 - \text{Current Tax Rate})$. Interconnection Customer’s estimated tax liability in the event taxes are imposed shall be stated in Appendix A, Interconnection Facilities, Network Upgrades and Distribution Upgrades.

5.17.5 Private Letter Ruling or Change or Clarification of Law. At the Interconnection Customer’s request and expense, the Participating TO shall file with the IRS a request for a private letter ruling as to whether any property transferred or sums paid, or to be paid, by the Interconnection Customer to the Participating TO under this LGIA are subject to federal income taxation. The Interconnection Customer will prepare the initial draft of the request for a private letter ruling, and will certify under penalties of perjury that all facts represented in such request are true and accurate to the best of the Interconnection Customer’s knowledge. The Participating TO and Interconnection Customer shall cooperate in good faith with respect to the submission of such request, provided, however, the Interconnection Customer and the Participating TO explicitly acknowledge (and nothing herein is intended to alter) Participating TO’s obligation under law to certify that the facts presented in the ruling request are true, correct and complete.

The Participating TO shall keep the Interconnection Customer fully informed of the status of such request for a private letter ruling and shall execute either a privacy act waiver or a limited power of attorney, in a form acceptable to the IRS, that authorizes the Interconnection Customer to participate in all discussions with the IRS regarding such request for a

private letter ruling. The Participating TO shall allow the Interconnection Customer to attend all meetings with IRS officials about the request and shall permit the Interconnection Customer to prepare the initial drafts of any follow-up letters in connection with the request.

5.17.6 Subsequent Taxable Events. If, within 10 years from the date on which the relevant Participating TO's Interconnection Facilities are placed in service, (i) the Interconnection Customer Breaches the covenants contained in Article 5.17.2, (ii) a "disqualification event" occurs within the meaning of IRS Notice 88-129, or (iii) this LGIA terminates and the Participating TO retains ownership of the Interconnection Facilities and Network Upgrades, the Interconnection Customer shall pay a tax gross-up for the cost consequences of any current tax liability imposed on the Participating TO, calculated using the methodology described in Article 5.17.4 and in accordance with IRS Notice 90-60.

5.17.7 Contests. In the event any Governmental Authority determines that the Participating TO's receipt of payments or property constitutes income that is subject to taxation, the Participating TO shall notify the Interconnection Customer, in writing, within thirty (30) Calendar Days of receiving notification of such determination by a Governmental Authority. Upon the timely written request by the Interconnection Customer and at the Interconnection Customer's sole expense, the Participating TO may appeal, protest, seek abatement of, or otherwise oppose such determination. Upon the Interconnection Customer's written request and sole expense, the Participating TO may file a claim for refund with respect to any taxes paid under this Article 5.17, whether or not it has received such a determination. The Participating TO reserve the right to make all decisions with regard to the prosecution of such appeal, protest, abatement or other contest, including the selection of counsel and compromise or settlement of the claim, but the Participating TO shall keep the Interconnection Customer informed, shall consider in good faith suggestions from the Interconnection Customer about the conduct of the contest, and shall reasonably permit the Interconnection Customer or an Interconnection Customer representative to attend contest proceedings.

The Interconnection Customer shall pay to the Participating TO on a periodic basis, as invoiced by the Participating TO, the Participating TO's documented reasonable costs of prosecuting such appeal, protest, abatement or other contest, including any costs associated with obtaining the opinion of independent tax counsel described in this Article 5.17.7. The Participating TO may abandon any contest if the Interconnection Customer fails to provide payment to the Participating TO within thirty (30) Calendar Days of receiving such invoice.

At any time during the contest, the Participating TO may agree to a settlement either with the Interconnection Customer's consent or, if such consent is refused, after obtaining written advice from independent nationally-recognized tax counsel, selected by the Participating TO, but reasonably acceptable to the Interconnection Customer, that the proposed settlement represents a reasonable settlement given the hazards of litigation. The Interconnection Customer's obligation shall be based on the amount of the settlement agreed to by the Interconnection Customer, or if a higher amount, so much of the settlement that is supported by the written advice from nationally-recognized tax counsel selected under the terms of the preceding paragraph. The settlement amount shall be calculated on a fully grossed-up basis to cover any related cost consequences of the current tax liability. The Participating TO may also settle any tax controversy without receiving the Interconnection Customer's consent or any such written advice; however, any such settlement will relieve the Interconnection Customer from any obligation to indemnify the Participating TO for the tax at issue in the contest (unless the failure to obtain written advice is attributable to the Interconnection Customer's unreasonable refusal to the appointment of independent tax counsel).

5.17.8 Refund. In the event that (a) a private letter ruling is issued to the Participating TO which holds that any amount paid or the value of any property transferred by the Interconnection Customer to the Participating TO under the terms of this LGIA is not subject to federal income taxation, (b) any legislative change or administrative announcement, notice, ruling or other determination makes it reasonably clear to the Participating TO in good faith that any amount paid or the value of any property transferred by the Interconnection Customer to the Participating TO under the terms of this LGIA is not taxable to the Participating TO, (c) any abatement, appeal, protest, or other contest results in a determination that any payments or transfers made by the Interconnection Customer to the Participating TO are not subject to federal income tax, or (d) if the Participating TO receives a refund from any taxing authority for any overpayment of tax attributable to any payment or property transfer made by the Interconnection Customer to the Participating TO pursuant to this LGIA, the Participating TO shall promptly refund to the Interconnection Customer the following:

- (i) any payment made by Interconnection Customer under this Article 5.17 for taxes that is attributable to the amount determined to be non-taxable, together with interest thereon,

(ii) interest on any amounts paid by the Interconnection Customer to the Participating TO for such taxes which the Participating TO did not submit to the taxing authority, calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. §35.19a(a)(2)(iii) from the date payment was made by the Interconnection Customer to the date the Participating TO refunds such payment to the Interconnection Customer, and

(iii) with respect to any such taxes paid by the Participating TO, any refund or credit the Participating TO receives or to which it may be entitled from any Governmental Authority, interest (or that portion thereof attributable to the payment described in clause (i), above) owed to the Participating TO for such overpayment of taxes (including any reduction in interest otherwise payable by the Participating TO to any Governmental Authority resulting from an offset or credit); provided, however, that the Participating TO will remit such amount promptly to the Interconnection Customer only after and to the extent that the Participating TO has received a tax refund, credit or offset from any Governmental Authority for any applicable overpayment of income tax related to the Participating TO's Interconnection Facilities.

The intent of this provision is to leave the Parties, to the extent practicable, in the event that no taxes are due with respect to any payment for Interconnection Facilities and Network Upgrades hereunder, in the same position they would have been in had no such tax payments been made.

5.17.9 Taxes Other Than Income Taxes. Upon the timely request by the Interconnection Customer, and at the Interconnection Customer's sole expense, the CAISO or Participating TO may appeal, protest, seek abatement of, or otherwise contest any tax (other than federal or state income tax) asserted or assessed against the CAISO or Participating TO for which the Interconnection Customer may be required to reimburse the CAISO or Participating TO under the terms of this LGIA. The Interconnection Customer shall pay to the Participating TO on a periodic basis, as invoiced by the Participating TO, the Participating TO's documented reasonable costs of prosecuting such appeal, protest, abatement, or other contest. The Interconnection Customer, the CAISO, and the Participating TO shall cooperate in good faith with respect to any such contest. Unless the payment of such taxes is a prerequisite to an appeal or abatement or cannot be deferred, no amount shall be payable by the Interconnection Customer to the CAISO or Participating TO for such taxes until they are assessed by a final, non-appealable order by any court or agency of competent jurisdiction. In the event that a tax payment

is withheld and ultimately due and payable after appeal, the Interconnection Customer will be responsible for all taxes, interest and penalties, other than penalties attributable to any delay caused by the Participating TO.

5.18 Tax Status. Each Party shall cooperate with the others to maintain the other Parties' tax status. Nothing in this LGIA is intended to adversely affect the CAISO's or any Participating TO's tax exempt status with respect to the issuance of bonds including, but not limited to, Local Furnishing Bonds.

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.

5.19.2 Standards. Any additions, modifications, or replacements made to a Party's facilities shall be designed, constructed and operated in accordance with this LGIA and Good Utility Practice.

5.19.3 Modification Costs. The Interconnection Customer shall not be directly assigned the costs of any additions, modifications, or replacements that the Participating TO makes to the Participating TO's Interconnection Facilities or the Participating TO's Transmission System to facilitate the interconnection of a third party to the Participating TO's Interconnection Facilities or the Participating TO's Transmission System, or to provide transmission service to a third party under the CAISO Tariff. The Interconnection Customer shall be responsible for the costs of any additions, modifications, or replacements to the Interconnection Facilities that may be necessary to maintain or upgrade such Interconnection Facilities consistent with Applicable Laws and Regulations, Applicable Reliability Standards or Good Utility Practice.

ARTICLE 6. TESTING AND INSPECTION

- 6.1 Pre-Commercial Operation Date Testing and Modifications.** Prior to the Commercial Operation Date, the Participating TO shall test the Participating TO's Interconnection Facilities, Network Upgrades, and Distribution Upgrades and the Interconnection Customer shall test the Large Generating Facility and the Interconnection Customer's Interconnection Facilities to ensure their safe and reliable operation. Similar testing may be required after initial operation. Each Party shall make any modifications to its facilities that are found to be necessary as a result of such testing. The Interconnection Customer shall bear the cost of all such testing and modifications. The Interconnection Customer shall not commence initial parallel operation of an Electric Generating Unit with the Participating TO's Transmission System until the Participating TO provides prior written approval, which approval shall not be unreasonably withheld, for operation of such Electric Generating Unit. The Interconnection Customer shall generate test energy at the Large Generating Facility only if it has arranged for the delivery of such test energy.
- 6.2 Post-Commercial Operation Date Testing and Modifications.** Each Party shall at its own expense perform routine inspection and testing of its facilities and equipment in accordance with Good Utility Practice as may be necessary to ensure the continued interconnection of the Large Generating Facility with the Participating TO's Transmission System in a safe and reliable manner. Each Party shall have the right, upon advance written notice, to require reasonable additional testing of the other Party's facilities, at the requesting Party's expense, as may be in accordance with Good Utility Practice.
- 6.3 Right to Observe Testing.** Each Party shall notify the other Parties at least fourteen (14) Calendar Days in advance of its performance of tests of its

Interconnection Facilities or Generating Facility. The other Parties have the right, at their own expense, to observe such testing.

- 6.4 Right to Inspect.** Each Party shall have the right, but shall have no obligation to: (i) observe another Party's tests and/or inspection of any of its System Protection Facilities and other protective equipment, including Power System Stabilizers; (ii) review the settings of another Party's System Protection Facilities and other protective equipment; and (iii) review another Party's maintenance records relative to the Interconnection Facilities, the System Protection Facilities and other protective equipment. A Party may exercise these rights from time to time as it deems necessary upon reasonable notice to the other Party. The exercise or non-exercise by a Party of any such rights shall not be construed as an endorsement or confirmation of any element or condition of the Interconnection Facilities or the System Protection Facilities or other protective equipment or the operation thereof, or as a warranty as to the fitness, safety, desirability, or reliability of same. Any information that a Party obtains through the exercise of any of its rights under this Article 6.4 shall be deemed to be Confidential Information and treated pursuant to Article 22 of this LGIA.

ARTICLE 7. METERING

- 7.1 General.** Each Party shall comply with any Applicable Reliability Standards and the Applicable Reliability Council requirements. The Interconnection Customer and CAISO shall comply with the provisions of the CAISO Tariff regarding metering, including Section 10 of the CAISO Tariff. Unless otherwise agreed by the Participating TO and the Interconnection Customer, the Participating TO may install additional Metering Equipment at the Point of Interconnection prior to any operation of any Electric Generating Unit and shall own, operate, test and maintain such Metering Equipment. Power flows to and from the Large Generating Facility shall be measured at or, at the CAISO's or Participating TO's option for its respective Metering Equipment, compensated to, the Point of Interconnection. The CAISO shall provide metering quantities to the Interconnection Customer upon request in accordance with the CAISO Tariff by directly polling the CAISO's meter data acquisition system. The Interconnection Customer shall bear all reasonable documented costs associated with the purchase, installation, operation, testing and maintenance of the Metering Equipment.
- 7.2 Check Meters.** The Interconnection Customer, at its option and expense, may install and operate, on its premises and on its side of the Point of Interconnection, one or more check meters to check the CAISO-pollled meters or the Participating TO's meters. Such check meters shall be for check purposes

only and shall not be used for the measurement of power flows for purposes of this LGIA, except in the case that no other means are available on a temporary basis at the option of the CAISO or the Participating TO. The check meters shall be subject at all reasonable times to inspection and examination by the CAISO or Participating TO or their designees. The installation, operation and maintenance thereof shall be performed entirely by the Interconnection Customer in accordance with Good Utility Practice.

- 7.3 Participating TO Retail Metering.** The Participating TO may install retail revenue quality meters and associated equipment, pursuant to the Participating TO's applicable retail tariffs.

ARTICLE 8. COMMUNICATIONS

- 8.1 Interconnection Customer Obligations.** The Interconnection Customer shall maintain satisfactory operating communications with the CAISO in accordance with the provisions of the CAISO Tariff and with the Participating TO's dispatcher or representative designated by the Participating TO. The Interconnection Customer shall provide standard voice line, dedicated voice line and facsimile communications at its Large Generating Facility control room or central dispatch facility through use of either the public telephone system, or a voice communications system that does not rely on the public telephone system. The Interconnection Customer shall also provide the dedicated data circuit(s) necessary to provide Interconnection Customer data to the CAISO and Participating TO as set forth in Appendix D, Security Arrangements Details. The data circuit(s) shall extend from the Large Generating Facility to the location(s) specified by the CAISO and Participating TO. Any required maintenance of such communications equipment shall be performed by the Interconnection Customer. Operational communications shall be activated and maintained under, but not be limited to, the following events: system paralleling or separation, scheduled and unscheduled shutdowns, equipment clearances, and hourly and daily load data.
- 8.2 Remote Terminal Unit.** Prior to the Initial Synchronization Date of each Electric Generating Unit, a Remote Terminal Unit, or equivalent data collection and transfer equipment acceptable to the Parties, shall be installed by the Interconnection Customer, or by the Participating TO at the Interconnection Customer's expense, to gather accumulated and instantaneous data to be telemetered to the location(s) designated by the CAISO and by the Participating TO through use of a dedicated point-to-point data circuit(s) as indicated in Article 8.1.

Telemetry to the CAISO shall be provided in accordance with the CAISO's technical standards for direct telemetry. For telemetry to the Participating TO, the communication protocol for the data circuit(s) shall be specified by the

Participating TO. Instantaneous bi-directional real power and reactive power flow and any other required information must be telemetered directly to the location(s) specified by the Participating TO.

Each Party will promptly advise the other Parties if it detects or otherwise learns of any metering, telemetry or communications equipment errors or malfunctions that require the attention and/or correction by another Party. The Party owning such equipment shall correct such error or malfunction as soon as reasonably feasible.

- 8.3 No Annexation.** Any and all equipment placed on the premises of a Party shall be and remain the property of the Party providing such equipment regardless of the mode and manner of annexation or attachment to real property, unless otherwise mutually agreed by the Parties.

ARTICLE 9. OPERATIONS

- 9.1 General.** Each Party shall comply with Applicable Reliability Standards and the Applicable Reliability Council requirements. Each Party shall provide to the other Party all information that may reasonably be required by the other Party to comply with Applicable Laws and Regulations and Applicable Reliability Standards.
- 9.2 Balancing Authority Area Notification.** At least three months before Initial Synchronization Date, the Interconnection Customer shall notify the CAISO and Participating TO in writing of the Balancing Authority Area in which the Large Generating Facility intends to be located. If the Interconnection Customer intends to locate the Large Generating Facility in a Balancing Authority Area other than the Balancing Authority Area within whose electrically metered boundaries the Large Generating Facility is located, and if permitted to do so by the relevant transmission tariffs, all necessary arrangements, including but not limited to those set forth in Article 7 and Article 8 of this LGIA, and remote Balancing Authority Area generator interchange agreements, if applicable, and the appropriate measures under such agreements, shall be executed and implemented prior to the placement of the Large Generating Facility in the other Balancing Authority Area.
- 9.3 CAISO and Participating TO Obligations.** The CAISO and Participating TO shall cause the Participating TO's Transmission System to be operated and controlled in a safe and reliable manner and in accordance with this LGIA. The Participating TO at the Interconnection Customer's expense shall cause the Participating TO's Interconnection Facilities to be operated, maintained and controlled in a safe and reliable manner and in accordance with this LGIA. The

CAISO and Participating TO may provide operating instructions to the Interconnection Customer consistent with this LGIA and Participating TO and CAISO operating protocols and procedures as they may change from time to time. The Participating TO and CAISO will consider changes to their operating protocols and procedures proposed by the Interconnection Customer.

- 9.4 Interconnection Customer Obligations.** The Interconnection Customer shall at its own expense operate, maintain and control the Large Generating Facility and the Interconnection Customer's Interconnection Facilities in a safe and reliable manner and in accordance with this LGIA. The Interconnection Customer shall operate the Large Generating Facility and the Interconnection Customer's Interconnection Facilities in accordance with all applicable requirements of the Balancing Authority Area of which it is part, including such requirements as set forth in Appendix C, Interconnection Details, of this LGIA. Appendix C, Interconnection Details, will be modified to reflect changes to the requirements as they may change from time to time. A Party may request that another Party provide copies of the requirements set forth in Appendix C, Interconnection Details, of this LGIA. The Interconnection Customer shall not commence Commercial Operation of an Electric Generating Unit with the Participating TO's Transmission System until the Participating TO provides prior written approval, which approval shall not be unreasonably withheld, for operation of such Electric Generating Unit.
- 9.5 Start-Up and Synchronization.** Consistent with the Parties' mutually acceptable procedures, the Interconnection Customer is responsible for the proper synchronization of each Electric Generating Unit to the CAISO Controlled Grid.
- 9.6 Reactive Power.**
- 9.6.1 Power Factor Design Criteria.** For all Generating Facilities other than Asynchronous Generating Facilities, the Interconnection Customer shall design the Large Generating Facility to maintain a composite power delivery at continuous rated power output at the terminals of the Electric Generating Unit at a power factor within the range of 0.95 leading to 0.90 lagging, unless the CAISO has established different requirements that apply to all generators in the Balancing Authority Area on a comparable basis. For Asynchronous Generating Facilities, the Interconnection Customer shall design the Large Generating Facility to maintain power factor criteria in accordance with Appendix H of this LGIA.
- 9.6.2 Voltage Schedules.** Once the Interconnection Customer has synchronized an Electric Generating Unit with the CAISO Controlled Grid, the CAISO or Participating TO shall require the Interconnection Customer

to maintain a voltage schedule by operating the Electric Generating Unit to produce or absorb reactive power within the design limitations of the Electric Generating Unit set forth in Article 9.6.1 (Power Factor Design Criteria). CAISO's voltage schedules shall treat all sources of reactive power in the Balancing Authority Area in an equitable and not unduly discriminatory manner. The Participating TO shall exercise Reasonable Efforts to provide the Interconnection Customer with such schedules at least one (1) day in advance, and the CAISO or Participating TO may make changes to such schedules as necessary to maintain the reliability of the CAISO Controlled Grid or the Participating TO's electric system. The Interconnection Customer shall operate the Electric Generating Unit to maintain the specified output voltage or power factor within the design limitations of the Electric Generating Unit set forth in Article 9.6.1 (Power Factor Design Criteria), and as may be required by the CAISO to operate the Electric Generating Unit at a specific voltage schedule within the design limitations set forth in Article 9.6.1. If the Interconnection Customer is unable to maintain the specified voltage or power factor, it shall promptly notify the CAISO and the Participating TO.

9.6.2.1 Governors and Regulators. Whenever an Electric Generating Unit is operated in parallel with the CAISO Controlled Grid and the speed governors (if installed on the Electric Generating Unit pursuant to Good Utility Practice) and voltage regulators are capable of operation, the Interconnection Customer shall operate the Electric Generating Unit with its speed governors and voltage regulators in automatic operation. If the Electric Generating Unit's speed governors and voltage regulators are not capable of such automatic operation, the Interconnection Customer shall immediately notify the CAISO and the Participating TO and ensure that the Electric Generating Unit operates as specified in Article 9.6.2 through manual operation and that such Electric Generating Unit's reactive power production or absorption (measured in MVARs) are within the design capability of the Electric Generating Unit(s) and steady state stability limits. The Interconnection Customer shall restore the speed governors and voltage regulators to automatic operation as soon as possible. If the Large Generating Facility's speed governors and voltage regulators are improperly tuned or malfunctioning, the CAISO shall have the right to order the reduction in output or disconnection of the Large Generating Facility if the reliability of the CAISO Controlled Grid would be adversely affected. The Interconnection Customer shall not cause its Large Generating Facility to disconnect automatically or instantaneously from the CAISO Controlled Grid or trip any Electric Generating Unit comprising the

Large Generating Facility for an under or over frequency condition unless the abnormal frequency condition persists for a time period beyond the limits set forth in ANSI/IEEE Standard C37.106, or such other standard as applied to other generators in the Balancing Authority Area on a comparable basis.

9.6.3 Payment for Reactive Power. CAISO is required to pay the Interconnection Customer for reactive power that Interconnection Customer provides or absorbs from an Electric Generating Unit when the CAISO requests the Interconnection Customer to operate its Electric Generating Unit outside the range specified in Article 9.6.1, provided that if the CAISO pays other generators for reactive power service within the specified range, it must also pay the Interconnection Customer. Payments shall be pursuant to Article 11.6 or such other agreement to which the CAISO and Interconnection Customer have otherwise agreed.

9.7 Outages and Interruptions.

9.7.1 Outages.

9.7.1.1 Outage Authority and Coordination. Each Party may in accordance with Good Utility Practice in coordination with the other Parties remove from service any of its respective Interconnection Facilities or Network Upgrades that may impact another Party's facilities as necessary to perform maintenance or testing or to install or replace equipment. Absent an Emergency Condition, the Party scheduling a removal of such facility(ies) from service will use Reasonable Efforts to schedule such removal on a date and time mutually acceptable to all Parties. In all circumstances any Party planning to remove such facility(ies) from service shall use Reasonable Efforts to minimize the effect on the other Parties of such removal.

9.7.1.2 Outage Schedules. The CAISO shall post scheduled outages of CAISO Controlled Grid facilities in accordance with the provisions of the CAISO Tariff. The Interconnection Customer shall submit its planned maintenance schedules for the Large Generating Facility to the CAISO in accordance with the CAISO Tariff. The Interconnection Customer shall update its planned maintenance schedules in accordance with the CAISO Tariff. The CAISO may request the Interconnection Customer to reschedule its maintenance as necessary to maintain the reliability of the CAISO Controlled Grid in accordance with the CAISO Tariff. Such planned maintenance schedules and updates and changes to such

schedules shall be provided by the Interconnection Customer to the Participating TO concurrently with their submittal to the CAISO. The CAISO shall compensate the Interconnection Customer for any additional direct costs that the Interconnection Customer incurs as a result of having to reschedule maintenance in accordance with the CAISO Tariff. The Interconnection Customer will not be eligible to receive compensation, if during the twelve (12) months prior to the date of the scheduled maintenance, the Interconnection Customer had modified its schedule of maintenance activities.

9.7.1.3 Outage Restoration. If an outage on a Party's Interconnection Facilities or Network Upgrades adversely affects another Party's operations or facilities, the Party that owns or controls the facility that is out of service shall use Reasonable Efforts to promptly restore such facility(ies) to a normal operating condition consistent with the nature of the outage. The Party that owns or controls the facility that is out of service shall provide the other Parties, to the extent such information is known, information on the nature of the Emergency Condition, if the outage is caused by an Emergency Condition, an estimated time of restoration, and any corrective actions required. Initial verbal notice shall be followed up as soon as practicable with written notice explaining the nature of the outage, if requested by a Party, which may be provided by e-mail or facsimile.

9.7.2 Interruption of Service. If required by Good Utility Practice to do so, the CAISO or the Participating TO may require the Interconnection Customer to interrupt or reduce deliveries of electricity if such delivery of electricity could adversely affect the CAISO's or the Participating TO's ability to perform such activities as are necessary to safely and reliably operate and maintain the Participating TO's electric system or the CAISO Controlled Grid. The following provisions shall apply to any interruption or reduction permitted under this Article 9.7.2:

9.7.2.1 The interruption or reduction shall continue only for so long as reasonably necessary under Good Utility Practice;

9.7.2.2 Any such interruption or reduction shall be made on an equitable, non-discriminatory basis with respect to all generating facilities directly connected to the CAISO Controlled Grid, subject to any conditions specified in this LGIA;

9.7.2.3 When the interruption or reduction must be made under circumstances which do not allow for advance notice, the CAISO or

Participating TO, as applicable, shall notify the Interconnection Customer by telephone as soon as practicable of the reasons for the curtailment, interruption, or reduction, and, if known, its expected duration. Telephone notification shall be followed by written notification, if requested by the Interconnection Customer, as soon as practicable;

9.7.2.4 Except during the existence of an Emergency Condition, the CAISO or Participating TO shall notify the Interconnection Customer in advance regarding the timing of such interruption or reduction and further notify the Interconnection Customer of the expected duration. The CAISO or Participating TO shall coordinate with the Interconnection Customer using Good Utility Practice to schedule the interruption or reduction during periods of least impact to the Interconnection Customer, the CAISO, and the Participating TO;

9.7.2.5 The Parties shall cooperate and coordinate with each other to the extent necessary in order to restore the Large Generating Facility, Interconnection Facilities, the Participating TO's Transmission System, and the CAISO Controlled Grid to their normal operating state, consistent with system conditions and Good Utility Practice.

9.7.3 Under-Frequency and Over Frequency Conditions. The CAISO Controlled Grid is designed to automatically activate a load-shed program as required by Applicable Reliability Standards and the Applicable Reliability Council in the event of an under-frequency system disturbance. The Interconnection Customer shall implement under-frequency and over-frequency protection set points for the Large Generating Facility as required by Applicable Reliability Standards and the Applicable Reliability Council to ensure "ride through" capability. Large Generating Facility response to frequency deviations of pre-determined magnitudes, both under-frequency and over-frequency deviations, shall be studied and coordinated with the Participating TO and CAISO in accordance with Good Utility Practice. The term "ride through" as used herein shall mean the ability of a Generating Facility to stay connected to and synchronized with the CAISO Controlled Grid during system disturbances within a range of under-frequency and over-frequency conditions, in accordance with Good Utility Practice. Asynchronous Generating Facilities shall be subject to frequency ride through capability requirements in accordance with Appendix H to this LGIA.

9.7.4 System Protection and Other Control Requirements.

- 9.7.4.1 System Protection Facilities.** The Interconnection Customer shall, at its expense, install, operate and maintain System Protection Facilities as a part of the Large Generating Facility or the Interconnection Customer's Interconnection Facilities. The Participating TO shall install at the Interconnection Customer's expense any System Protection Facilities that may be required on the Participating TO's Interconnection Facilities or the Participating TO's Transmission System as a result of the interconnection of the Large Generating Facility and the Interconnection Customer's Interconnection Facilities.
- 9.7.4.2** The Participating TO's and Interconnection Customer's protection facilities shall be designed and coordinated with other systems in accordance with Applicable Reliability Standards, Applicable Reliability Council criteria, and Good Utility Practice.
- 9.7.4.3** The Participating TO and Interconnection Customer shall each be responsible for protection of its facilities consistent with Good Utility Practice.
- 9.7.4.4** The Participating TO's and Interconnection Customer's protective relay design shall incorporate the necessary test switches to perform the tests required in Article 6. The required test switches will be placed such that they allow operation of lockout relays while preventing breaker failure schemes from operating and causing unnecessary breaker operations and/or the tripping of the Interconnection Customer's Electric Generating Units.
- 9.7.4.5** The Participating TO and Interconnection Customer will test, operate and maintain System Protection Facilities in accordance with Good Utility Practice and, if applicable, the requirements of the Participating TO's Interconnection Handbook.
- 9.7.4.6** Prior to the in-service date, and again prior to the Commercial Operation Date, the Participating TO and Interconnection Customer or their agents shall perform a complete calibration test and functional trip test of the System Protection Facilities. At intervals suggested by Good Utility Practice, the standards and procedures of the Participating TO, including, if applicable, the requirements of the Participating TO's Interconnection Handbook, and following any apparent malfunction

of the System Protection Facilities, each Party shall perform both calibration and functional trip tests of its System Protection Facilities. These tests do not require the tripping of any in-service generation unit. These tests do, however, require that all protective relays and lockout contacts be activated.

9.7.5 Requirements for Protection. In compliance with Good Utility Practice and, if applicable, the requirements of the Participating TO's Interconnection Handbook, the Interconnection Customer shall provide, install, own, and maintain relays, circuit breakers and all other devices necessary to remove any fault contribution of the Large Generating Facility to any short circuit occurring on the Participating TO's Transmission System not otherwise isolated by the Participating TO's equipment, such that the removal of the fault contribution shall be coordinated with the protective requirements of the Participating TO's Transmission System. Such protective equipment shall include, without limitation, a disconnecting device with fault current-interrupting capability located between the Large Generating Facility and the Participating TO's Transmission System at a site selected upon mutual agreement (not to be unreasonably withheld, conditioned or delayed) of the Parties. The Interconnection Customer shall be responsible for protection of the Large Generating Facility and the Interconnection Customer's other equipment from such conditions as negative sequence currents, over- or under-frequency, sudden load rejection, over- or under-voltage, and generator loss-of-field. The Interconnection Customer shall be solely responsible to disconnect the Large Generating Facility and the Interconnection Customer's other equipment if conditions on the CAISO Controlled Grid could adversely affect the Large Generating Facility.

9.7.6 Power Quality. Neither the Participating TO's nor the Interconnection Customer's facilities shall cause excessive voltage flicker nor introduce excessive distortion to the sinusoidal voltage or current waves as defined by ANSI Standard C84.1-1989, in accordance with IEEE Standard 519, any applicable superseding electric industry standard, or any alternative Applicable Reliability Standard or Applicable Reliability Council standard. In the event of a conflict among ANSI Standard C84.1-1989, any applicable superseding electric industry standard, or any alternative Applicable Reliability Standard or Applicable Reliability Council standard, the alternative Applicable Reliability Standard or Applicable Reliability Council standard shall control.

9.8 Switching and Tagging Rules. Each Party shall provide the other Parties a copy of its switching and tagging rules that are applicable to the other Parties' activities. Such switching and tagging rules shall be developed on a non-

discriminatory basis. The Parties shall comply with applicable switching and tagging rules, as amended from time to time, in obtaining clearances for work or for switching operations on equipment.

9.9 Use of Interconnection Facilities by Third Parties.

9.9.1 Purpose of Interconnection Facilities. Except as may be required by Applicable Laws and Regulations, or as otherwise agreed to among the Parties, the Interconnection Facilities shall be constructed for the sole purpose of interconnecting the Large Generating Facility to the Participating TO's Transmission System and shall be used for no other purpose.

9.9.2 Third Party Users. If required by Applicable Laws and Regulations or if the Parties mutually agree, such agreement not to be unreasonably withheld, to allow one or more third parties to use the Participating TO's Interconnection Facilities, or any part thereof, the Interconnection Customer will be entitled to compensation for the capital expenses it incurred in connection with the Interconnection Facilities based upon the pro rata use of the Interconnection Facilities by the Participating TO, all third party users, and the Interconnection Customer, in accordance with Applicable Laws and Regulations or upon some other mutually-agreed upon methodology. In addition, cost responsibility for ongoing costs, including operation and maintenance costs associated with the Interconnection Facilities, will be allocated between the Interconnection Customer and any third party users based upon the pro rata use of the Interconnection Facilities by the Participating TO, all third party users, and the Interconnection Customer, in accordance with Applicable Laws and Regulations or upon some other mutually agreed upon methodology. If the issue of such compensation or allocation cannot be resolved through such negotiations, it shall be submitted to FERC for resolution.

9.10 Disturbance Analysis Data Exchange. The Parties will cooperate with one another in the analysis of disturbances to either the Large Generating Facility or the CAISO Controlled Grid by gathering and providing access to any information relating to any disturbance, including information from oscillography, protective relay targets, breaker operations and sequence of events records, and any disturbance information required by Good Utility Practice.

ARTICLE 10. MAINTENANCE

10.1 Participating TO Obligations. The Participating TO shall maintain the Participating TO's Transmission System and the Participating TO's

Interconnection Facilities in a safe and reliable manner and in accordance with this LGIA.

- 10.2 Interconnection Customer Obligations.** The Interconnection Customer shall maintain the Large Generating Facility and the Interconnection Customer's Interconnection Facilities in a safe and reliable manner and in accordance with this LGIA.
- 10.3 Coordination.** The Parties shall confer regularly to coordinate the planning, scheduling and performance of preventive and corrective maintenance on the Large Generating Facility and the Interconnection Facilities.
- 10.4 Secondary Systems.** The Participating TO and Interconnection Customer shall cooperate with the other Parties in the inspection, maintenance, and testing of control or power circuits that operate below 600 volts, AC or DC, including, but not limited to, any hardware, control or protective devices, cables, conductors, electric raceways, secondary equipment panels, transducers, batteries, chargers, and voltage and current transformers that directly affect the operation of a Party's facilities and equipment which may reasonably be expected to impact the other Parties. Each Party shall provide advance notice to the other Parties before undertaking any work on such circuits, especially on electrical circuits involving circuit breaker trip and close contacts, current transformers, or potential transformers.
- 10.5 Operating and Maintenance Expenses.** Subject to the provisions herein addressing the use of facilities by others, and except for operations and maintenance expenses associated with modifications made for providing interconnection or transmission service to a third party and such third party pays for such expenses, the Interconnection Customer shall be responsible for all reasonable expenses including overheads, associated with: (1) owning, operating, maintaining, repairing, and replacing the Interconnection Customer's Interconnection Facilities; and (2) operation, maintenance, repair and replacement of the Participating TO's Interconnection Facilities.

ARTICLE 11. PERFORMANCE OBLIGATION

- 11.1 Interconnection Customer's Interconnection Facilities.** The Interconnection Customer shall design, procure, construct, install, own and/or control the Interconnection Customer's Interconnection Facilities described in Appendix A at its sole expense.
- 11.2 Participating TO's Interconnection Facilities.** The Participating TO shall design, procure, construct, install, own and/or control the Participating TO's

Interconnection Facilities described in Appendix A at the sole expense of the Interconnection Customer. Unless the Participating TO elects to fund the capital for the Participating TO's Interconnection Facilities, they shall be solely funded by the Interconnection Customer.

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 the 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 Transmission Credits. No later than thirty (30) Calendar Days prior to the Commercial Operation Date, the Interconnection Customer may make a one-time election by written notice to the CAISO and the Participating TO to receive Congestion Revenue Rights as defined in and as available under the CAISO Tariff at the time of the election in accordance with the CAISO Tariff, in lieu of a refund of the cost of Network Upgrades in accordance with Article 11.4.1.

11.4.1 Repayment of Amounts Advanced for Network Upgrades. Upon the Commercial Operation Date, the Interconnection Customer shall be entitled to a repayment, equal to the total amount paid to the Participating TO for the costs of Network Upgrades for which it is responsible, as set forth in Appendix G. Such amount shall include any tax gross-up or other tax-related payments associated with Network Upgrades not refunded to the Interconnection Customer pursuant to Article 5.17.8 or otherwise, and shall be paid to the Interconnection Customer by the Participating TO on a dollar-for-dollar basis either through (1) direct payments made on a levelized basis over the five-year period commencing on the Commercial Operation Date; or (2) any alternative payment schedule that is mutually agreeable to the Interconnection Customer and Participating TO, provided that such amount is paid within five (5) years from the Commercial Operation Date. Notwithstanding the foregoing, if this LGIA terminates within five (5) years from the Commercial Operation Date, the Participating TO's obligation to pay refunds to the Interconnection Customer shall cease as of the date of termination. Any repayment shall include interest calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. §35.19a(a)(2)(iii) from the date of any payment for Network Upgrades through the date on which the Interconnection Customer receives a repayment of such payment. Interest shall continue

to accrue on the repayment obligation so long as this LGIA is in effect. The Interconnection Customer may assign such repayment rights to any person.

If the Large Generating Facility fails to achieve Commercial Operation, but it or another Generating Facility is later constructed and makes use of the Network Upgrades, the Participating TO shall at that time reimburse Interconnection Customer for the amounts advanced for the Network Upgrades. Before any such reimbursement can occur, the Interconnection Customer, or the entity that ultimately constructs the Generating Facility, if different, is responsible for identifying and demonstrating to the Participating TO the appropriate entity to which reimbursement must be made in order to implement the intent of this reimbursement obligation.

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.

11.4.3 Notwithstanding any other provision of this LGIA, nothing herein shall be construed as relinquishing or foreclosing any rights, including but not limited to firm transmission rights, capacity rights, Congestion Revenue Rights, or transmission credits, that the Interconnection Customer shall be entitled to, now or in the future under any other agreement or tariff as a result of, or otherwise associated with, the transmission capacity, if any, created by the Network Upgrades, including the right to obtain cash reimbursements, merchant transmission Congestion Revenue Rights in accordance with Section 36.11 of the CAISO Tariff, or transmission credits

for transmission service that is not associated with the Large Generating Facility.

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 in this agreement for notice of Default and opportunity to cure such Default, the CAISO or the Participating TO shall provide 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 Interconnection Financial Security. If the Interconnection Customer fails to cure the Default, then this Agreement shall be deemed terminated.

11.6 Interconnection Customer Compensation. If the CAISO requests or directs the Interconnection Customer to provide a service pursuant to Articles 9.6.3 (Payment for Reactive Power) or 13.5.1 of this LGIA, the CAISO shall compensate the Interconnection Customer in accordance with the CAISO Tariff.

11.6.1 Interconnection Customer Compensation for Actions During Emergency Condition. The CAISO shall compensate the Interconnection Customer in accordance with the CAISO Tariff for its provision of real and reactive power and other Emergency Condition services that the Interconnection Customer provides to support the CAISO Controlled Grid during an Emergency Condition in accordance with Article 11.6.

ARTICLE 12. INVOICE

12.1 General. The Participating TO shall submit to the Interconnection Customer, on a monthly basis, invoices of amounts due pursuant to this LGIA for the preceding month. Each invoice shall state the month to which the invoice applies and fully describe the services and equipment provided. The Parties may discharge mutual debts and payment obligations due and owing to each other on the same date through netting, in which case all amounts a Party owes to the other Party under this LGIA, including interest payments or credits, shall be netted so that only the net amount remaining due shall be paid by the owing Party. Notwithstanding the foregoing, any invoices between the CAISO and another Party shall be submitted and paid in accordance with the CAISO Tariff.

- 12.2 Final Invoice.** As soon as reasonably practicable, but within twelve months after completion of the construction of the Participating TO's Interconnection Facilities, Network Upgrades, and Distribution Upgrades, the Participating TO shall provide an invoice of the final cost of the construction of the Participating TO's Interconnection Facilities, Network Upgrades, and Distribution Upgrades, and shall set forth such costs in sufficient detail to enable the Interconnection Customer to compare the actual costs with the estimates and to ascertain deviations, if any, from the cost estimates. With respect to costs associated with the Participating TO's Interconnection Facilities and Distribution Upgrades, the Participating TO shall refund to the Interconnection Customer any amount by which the actual payment by the Interconnection Customer for estimated costs exceeds the actual costs of construction within thirty (30) Calendar Days of the issuance of such final construction invoice; or, in the event the actual costs of construction exceed the Interconnection Customer's actual payment for estimated costs, then the Interconnection Customer shall pay to the Participating TO any amount by which the actual costs of construction exceed the actual payment by the Interconnection Customer for estimated costs within thirty (30) Calendar Days of the issuance of such final construction invoice. With respect to costs associated with Network Upgrades, the Participating TO shall refund to the Interconnection Customer any amount by which the actual payment by the Interconnection Customer for estimated costs exceeds the actual costs of construction multiplied by the Interconnection Customer's percentage share of those costs, as set forth in Appendix G to this LGIA within thirty (30) Calendar Days of the issuance of such final construction invoice. In the event the actual costs of construction multiplied by the Interconnection Customer's percentage share of those costs exceed the Interconnection Customer's actual payment for estimated costs, then the Participating TO shall recover such difference through its transmission service rates.
- 12.3 Payment.** Invoices shall be rendered to the Interconnection Customer at the address specified in Appendix F. The Interconnection Customer shall pay, or Participating TO shall refund, the amounts due within thirty (30) Calendar Days of the Interconnection Customer's receipt of the invoice. All payments shall be made in immediately available funds payable to the Interconnection Customer or Participating TO, or by wire transfer to a bank named and account designated by the invoicing Interconnection Customer or Participating TO. Payment of invoices by any Party will not constitute a waiver of any rights or claims any Party may have under this LGIA.
- 12.4 Disputes.** In the event of a billing dispute between the Interconnection Customer and the Participating TO, the Participating TO and the CAISO shall continue to provide Interconnection Service under this LGIA as long as the Interconnection Customer: (i) continues to make all payments not in dispute; and

(ii) pays to the Participating TO or into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If the Interconnection Customer fails to meet these two requirements for continuation of service, then the Participating TO may provide notice to the Interconnection Customer of a Default pursuant to Article 17. Within thirty (30) Calendar Days after the resolution of the dispute, the Party that owes money to the other Party shall pay the amount due with interest calculated in accordance with the methodology set forth in FERC's Regulations at 18 C.F.R. § 35.19a(a)(2)(iii). Notwithstanding the foregoing, any billing dispute between the CAISO and another Party shall be resolved in accordance with the provisions of Article 27 of this LGIA.

ARTICLE 13. EMERGENCIES

13.1 [Reserved]

13.2 Obligations. Each Party shall comply with the Emergency Condition procedures of the CAISO, NERC, the Applicable Reliability Council, Applicable Reliability Standards, Applicable Laws and Regulations, and any emergency procedures set forth in this LGIA.

13.3 Notice. The Participating TO or the CAISO shall notify the Interconnection Customer promptly when it becomes aware of an Emergency Condition that affects the Participating TO's Interconnection Facilities or Distribution System or the CAISO Controlled Grid, respectively, that may reasonably be expected to affect the Interconnection Customer's operation of the Large Generating Facility or the Interconnection Customer's Interconnection Facilities. The Interconnection Customer shall notify the Participating TO and the CAISO promptly when it becomes aware of an Emergency Condition that affects the Large Generating Facility or the Interconnection Customer's Interconnection Facilities that may reasonably be expected to affect the CAISO Controlled Grid or the Participating TO's Interconnection Facilities. To the extent information is known, the notification shall describe the Emergency Condition, the extent of the damage or deficiency, the expected effect on the operation of the Interconnection Customer's or Participating TO's facilities and operations, its anticipated duration and the corrective action taken and/or to be taken. The initial notice shall be followed as soon as practicable with written notice, if requested by a Party, which may be provided by electronic mail or facsimile, or in the case of the CAISO may be publicly posted on the CAISO's internet web site.

13.4 Immediate Action. Unless, in the Interconnection Customer's reasonable judgment, immediate action is required, the Interconnection Customer shall obtain the consent of the CAISO and the Participating TO, such consent to not

be unreasonably withheld, prior to performing any manual switching operations at the Large Generating Facility or the Interconnection Customer's Interconnection Facilities in response to an Emergency Condition declared by the Participating TO or CAISO or in response to any other emergency condition.

13.5 CAISO and Participating TO Authority.

13.5.1 General. The CAISO and Participating TO may take whatever actions or inactions, including issuance of dispatch instructions, with regard to the CAISO Controlled Grid or the Participating TO's Interconnection Facilities or Distribution System they deem necessary during an Emergency Condition in order to (i) preserve public health and safety, (ii) preserve the reliability of the CAISO Controlled Grid or the Participating TO's Interconnection Facilities or Distribution System, and (iii) limit or prevent damage, and (iv) expedite restoration of service.

The Participating TO and the CAISO shall use Reasonable Efforts to minimize the effect of such actions or inactions on the Large Generating Facility or the Interconnection Customer's Interconnection Facilities. The Participating TO or the CAISO may, on the basis of technical considerations, require the Large Generating Facility to mitigate an Emergency Condition by taking actions necessary and limited in scope to remedy the Emergency Condition, including, but not limited to, directing the Interconnection Customer to shut-down, start-up, increase or decrease the real or reactive power output of the Large Generating Facility; implementing a reduction or disconnection pursuant to Article 13.5.2; directing the Interconnection Customer to assist with black start (if available) or restoration efforts; or altering the outage schedules of the Large Generating Facility and the Interconnection Customer's Interconnection Facilities. Interconnection Customer shall comply with all of the CAISO's and Participating TO's operating instructions concerning Large Generating Facility real power and reactive power output within the manufacturer's design limitations of the Large Generating Facility's equipment that is in service and physically available for operation at the time, in compliance with Applicable Laws and Regulations.

13.5.2 Reduction and Disconnection. The Participating TO or the CAISO may reduce Interconnection Service or disconnect the Large Generating Facility or the Interconnection Customer's Interconnection Facilities when such reduction or disconnection is necessary under Good Utility Practice due to Emergency Conditions. These rights are separate and distinct from any right of curtailment of the CAISO pursuant to the CAISO Tariff. When the CAISO or Participating TO can schedule the reduction or disconnection in advance, the CAISO or Participating TO shall notify the

Interconnection Customer of the reasons, timing and expected duration of the reduction or disconnection. The CAISO or Participating TO shall coordinate with the Interconnection Customer using Good Utility Practice to schedule the reduction or disconnection during periods of least impact to the Interconnection Customer and the CAISO and Participating TO. Any reduction or disconnection shall continue only for so long as reasonably necessary under Good Utility Practice. The Parties shall cooperate with each other to restore the Large Generating Facility, the Interconnection Facilities, and the CAISO Controlled Grid to their normal operating state as soon as practicable consistent with Good Utility Practice.

- 13.6 Interconnection Customer Authority.** Consistent with Good Utility Practice, this LGIA, and the CAISO Tariff, the Interconnection Customer may take actions or inactions with regard to the Large Generating Facility or the Interconnection Customer's Interconnection Facilities during an Emergency Condition in order to (i) preserve public health and safety, (ii) preserve the reliability of the Large Generating Facility or the Interconnection Customer's Interconnection Facilities, (iii) limit or prevent damage, and (iv) expedite restoration of service. Interconnection Customer shall use Reasonable Efforts to minimize the effect of such actions or inactions on the CAISO Controlled Grid and the Participating TO's Interconnection Facilities. The CAISO and Participating TO shall use Reasonable Efforts to assist Interconnection Customer in such actions.
- 13.7 Limited Liability.** Except as otherwise provided in Article 11.6.1 of this LGIA, no Party shall be liable to any other Party for any action it takes in responding to an Emergency Condition so long as such action is made in good faith and is consistent with Good Utility Practice.

ARTICLE 14. REGULATORY REQUIREMENTS AND GOVERNING LAW

- 14.1 Regulatory Requirements.** Each Party's obligations under this LGIA shall be subject to its receipt of any required approval or certificate from one or more Governmental Authorities in the form and substance satisfactory to the applying Party, or the Party making any required filings with, or providing notice to, such Governmental Authorities, and the expiration of any time period associated therewith. Each Party shall in good faith seek and use its Reasonable Efforts to obtain such other approvals. Nothing in this LGIA shall require the Interconnection Customer to take any action that could result in its inability to obtain, or its loss of, status or exemption under the Federal Power Act or the Public Utility Holding Company Act of 1935, as amended, or the Public Utility Regulatory Policies Act of 1978, or the Energy Policy Act of 2005.

14.2 Governing Law.

14.2.1 The validity, interpretation and performance of this LGIA and each of its provisions shall be governed by the laws of the state where the Point of Interconnection is located, without regard to its conflicts of law principles.

14.2.2 This LGIA is subject to all Applicable Laws and Regulations.

14.2.3 Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, rules, or regulations of a Governmental Authority.

ARTICLE 15. NOTICES

15.1 General. Unless otherwise provided in this LGIA, any notice, demand or request required or permitted to be given by a Party to another and any instrument required or permitted to be tendered or delivered by a Party in writing to another shall be effective when delivered and may be so given, tendered or delivered, by recognized national courier, or by depositing the same with the United States Postal Service with postage prepaid, for delivery by certified or registered mail, addressed to the Party, or personally delivered to the Party, at the address set out in Appendix F, Addresses for Delivery of Notices and Billings.

A Party must update the information in Appendix F as information changes. A Party may change the notice information in this LGIA by giving five (5) Business Days written notice prior to the effective date of the change. Such changes shall not constitute an amendment to this LGIA.

15.2 Billings and Payments. Billings and payments shall be sent to the addresses set out in Appendix F.

15.3 Alternative Forms of Notice. Any notice or request required or permitted to be given by a Party to another and not required by this LGIA to be given in writing may be so given by telephone, facsimile or e-mail to the telephone numbers and e-mail addresses set out in Appendix F.

15.4 Operations and Maintenance Notice. Each Party shall notify the other Parties in writing of the identity of the person(s) that it designates as the point(s) of contact with respect to the implementation of Articles 9 and 10.

ARTICLE 16. FORCE MAJEURE

16.1 Force Majeure.

16.1.1 Economic hardship is not considered a Force Majeure event.

16.1.2 No Party shall be considered to be in Default with respect to any obligation hereunder, (including obligations under Article 4), other than the obligation to pay money when due, if prevented from fulfilling such obligation by Force Majeure. A Party unable to fulfill any obligation hereunder (other than an obligation to pay money when due) by reason of Force Majeure shall give notice and the full particulars of such Force Majeure to the other Party in writing or by telephone as soon as reasonably possible after the occurrence of the cause relied upon. Telephone notices given pursuant to this Article shall be confirmed in writing as soon as reasonably possible and shall specifically state full particulars of the Force Majeure, the time and date when the Force Majeure occurred and when the Force Majeure is reasonably expected to cease. The Party affected shall exercise due diligence to remove such disability with reasonable dispatch, but shall not be required to accede or agree to any provision not satisfactory to it in order to settle and terminate a strike or other labor disturbance.

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 Article 17.1.2, and in Article 11.5.1, 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.

17.1.2 Right to Terminate. If a Breach is not cured as provided in this Article, or if a Breach is not capable of being cured within the period provided for herein, the affected non-Breaching Party(ies) shall have the right to declare a Default and terminate this LGIA by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not such Party(ies) terminates this LGIA, to recover from the Breaching Party all amounts due hereunder, plus all other damages and remedies to which it is entitled at law or in equity. The provisions of this Article will survive termination of this LGIA.

ARTICLE 18. INDEMNITY, CONSEQUENTIAL DAMAGES AND INSURANCE

18.1 Indemnity. Each Party shall at all times indemnify, defend, and hold the other Parties harmless from, any and all Losses arising out of or resulting from another Party's action or inactions of its obligations under this LGIA on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the Indemnified Party.

18.1.1 Indemnified Party. If an Indemnified Party is entitled to indemnification under this Article 18 as a result of a claim by a third party, and the Indemnifying Party fails, after notice and reasonable opportunity to proceed under Article 18.1, to assume the defense of such claim, such Indemnified Party may at the expense of the Indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.

18.1.2 Indemnifying Party. If an Indemnifying Party is obligated to indemnify and hold any Indemnified Party harmless under this Article 18, the amount owing to the Indemnified Party shall be the amount of such Indemnified Party's actual Loss, net of any insurance or other recovery.

18.1.3 Indemnity Procedures. Promptly after receipt by an Indemnified Party of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in Article 18.1 may apply, the Indemnified Party shall notify the Indemnifying Party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the indemnifying Party.

The Indemnifying Party shall have the right to assume the defense thereof with counsel designated by such Indemnifying Party and reasonably satisfactory to the Indemnified Party. If the defendants in any such action

include one or more Indemnified Parties and the Indemnifying Party and if the Indemnified Party reasonably concludes that there may be legal defenses available to it and/or other Indemnified Parties which are different from or additional to those available to the Indemnifying Party, the Indemnified Party shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on its own behalf. In such instances, the Indemnifying Party shall only be required to pay the fees and expenses of one additional attorney to represent an Indemnified Party or Indemnified Parties having such differing or additional legal defenses.

The Indemnified Party shall be entitled, at its expense, to participate in any such action, suit or proceeding, the defense of which has been assumed by the Indemnifying Party. Notwithstanding the foregoing, the Indemnifying Party (i) shall not be entitled to assume and control the defense of any such action, suit or proceedings if and to the extent that, in the opinion of the Indemnified Party and its counsel, such action, suit or proceeding involves the potential imposition of criminal liability on the Indemnified Party, or there exists a conflict or adversity of interest between the Indemnified Party and the Indemnifying Party, in such event the Indemnifying Party shall pay the reasonable expenses of the Indemnified Party, and (ii) shall not settle or consent to the entry of any judgment in any action, suit or proceeding without the consent of the Indemnified Party, which shall not be unreasonably withheld, conditioned or delayed.

18.2 Consequential Damages. Other than the liquidated damages heretofore described in Article 5.3, in no event shall any Party be liable under any provision of this LGIA for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to another Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

18.3 Insurance. Each Party shall, at its own expense, maintain in force throughout the period of this LGIA, and until released by the other Parties, the following minimum insurance coverages, with insurers rated no less than A- (with a minimum size rating of VII) by Bests' Insurance Guide and Key Ratings and authorized to do business in the state where the Point of Interconnection is located, except in the case of the CAISO, the State of California:

- 18.3.1** Employer's Liability and Workers' Compensation Insurance providing statutory benefits in accordance with the laws and regulations of the state in which the Point of Interconnection is located, except in the case of the CAISO, the State of California.
- 18.3.2** Commercial General Liability Insurance including premises and operations, personal injury, broad form property damage, broad form blanket contractual liability coverage (including coverage for the contractual indemnification) products and completed operations coverage, coverage for explosion, collapse and underground hazards, independent contractors coverage, coverage for pollution to the extent normally available and punitive damages to the extent normally available and a cross liability endorsement, with minimum limits of One Million Dollars (\$1,000,000) per occurrence/One Million Dollars (\$1,000,000) aggregate combined single limit for personal injury, bodily injury, including death and property damage.
- 18.3.3** Business Automobile Liability Insurance for coverage of owned and non-owned and hired vehicles, trailers or semi-trailers designed for travel on public roads, with a minimum, combined single limit of One Million Dollars (\$1,000,000) per occurrence for bodily injury, including death, and property damage.
- 18.3.4** Excess Public Liability Insurance over and above the Employer's Liability Commercial General Liability and Business Automobile Liability Insurance coverage, with a minimum combined single limit of Twenty Million Dollars (\$20,000,000) per occurrence/Twenty Million Dollars (\$20,000,000) aggregate.
- 18.3.5** The Commercial General Liability Insurance, Business Automobile Insurance and Excess Public Liability Insurance policies shall name the other Parties, their parents, associated and Affiliate companies and their respective directors, officers, agents, servants and employees ("Other Party Group") as additional insured. All policies shall contain provisions whereby the insurers waive all rights of subrogation in accordance with the provisions of this LGIA against the Other Party Group and provide thirty (30) Calendar Days advance written notice to the Other Party Group prior to anniversary date of cancellation or any material change in coverage or condition.
- 18.3.6** The Commercial General Liability Insurance, Business Automobile Liability Insurance and Excess Public Liability Insurance policies shall contain provisions that specify that the policies are primary and shall apply to such extent without consideration for other policies separately

carried and shall state that each insured is provided coverage as though a separate policy had been issued to each, except the insurer's liability shall not be increased beyond the amount for which the insurer would have been liable had only one insured been covered. Each Party shall be responsible for its respective deductibles or retentions.

- 18.3.7** The Commercial General Liability Insurance, Business Automobile Liability Insurance and Excess Public Liability Insurance policies, if written on a Claims First Made Basis, shall be maintained in full force and effect for two (2) years after termination of this LGIA, which coverage may be in the form of tail coverage or extended reporting period coverage if agreed by the Parties.
- 18.3.8** The requirements contained herein as to the types and limits of all insurance to be maintained by the Parties are not intended to and shall not in any manner, limit or qualify the liabilities and obligations assumed by the Parties under this LGIA.
- 18.3.9** Within ten (10) Calendar Days following execution of this LGIA, and as soon as practicable after the end of each fiscal year or at the renewal of the insurance policy and in any event within ninety (90) Calendar Days thereafter, each Party shall provide certification of all insurance required in this LGIA, executed by each insurer or by an authorized representative of each insurer.
- 18.3.10** Notwithstanding the foregoing, each Party may self-insure to meet the minimum insurance requirements of Articles 18.3.2 through 18.3.8 to the extent it maintains a self-insurance program; provided that, such Party's senior unsecured debt or issuer rating is BBB-, or better, as rated by Standard & Poor's and that its self-insurance program meets the minimum insurance requirements of Articles 18.3.2 through 18.3.8. For any period of time that a Party's senior unsecured debt rating and issuer rating are both unrated by Standard & Poor's or are both rated at less than BBB- by Standard & Poor's, such Party shall comply with the insurance requirements applicable to it under Articles 18.3.2 through 18.3.9. In the event that a Party is permitted to self-insure pursuant to this Article 18.3.10, it shall notify the other Parties that it meets the requirements to self-insure and that its self-insurance program meets the minimum insurance requirements in a manner consistent with that specified in Article 18.3.9.
- 18.3.11** The Parties agree to report to each other in writing as soon as practical all accidents or occurrences resulting in injuries to any person, including death, and any property damage arising out of this LGIA.

ARTICLE 19. ASSIGNMENT

19.1 Assignment. This LGIA may be assigned by a Party only with the written consent of the other Parties; provided that a Party may assign this LGIA without the consent of the other Parties to any Affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this LGIA; and provided further that the Interconnection Customer shall have the right to assign this LGIA, without the consent of the CAISO or Participating TO, for collateral security purposes to aid in providing financing for the Large Generating Facility, provided that the Interconnection Customer will promptly notify the CAISO and Participating TO of any such assignment. Any financing arrangement entered into by the Interconnection Customer pursuant to this Article will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify the CAISO and Participating TO of the date and particulars of any such exercise of assignment right(s), including providing the CAISO and Participating TO with proof that it meets the requirements of Articles 11.5 and 18.3. Any attempted assignment that violates this Article is void and ineffective. Any assignment under this LGIA shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

ARTICLE 20. SEVERABILITY

20.1 Severability. If any provision in this LGIA is finally determined to be invalid, void or unenforceable by any court or other Governmental Authority having jurisdiction, such determination shall not invalidate, void or make unenforceable any other provision, agreement or covenant of this LGIA; provided that if the Interconnection Customer (or any third party, but only if such third party is not acting at the direction of the Participating TO or CAISO) seeks and obtains such a final determination with respect to any provision of the Alternate Option (Article 5.1.2), or the Negotiated Option (Article 5.1.4), then none of the provisions of Article 5.1.2 or 5.1.4 shall thereafter have any force or effect and the Parties' rights and obligations shall be governed solely by the Standard Option (Article 5.1.1).

ARTICLE 21. COMPARABILITY

- 21.1 Comparability.** The Parties will comply with all applicable comparability and code of conduct laws, rules and regulations, as amended from time to time.

ARTICLE 22. CONFIDENTIALITY

- 22.1 Confidentiality.** Confidential Information shall include, without limitation, all information relating to a Party's technology, research and development, business affairs, and pricing, and any information supplied by any of the Parties to the other Parties prior to the execution of this LGIA.

Information is Confidential Information only if it is clearly designated or marked in writing as confidential on the face of the document, or, if the information is conveyed orally or by inspection, if the Party providing the information orally informs the Parties receiving the information that the information is confidential.

If requested by any Party, the other Parties shall provide in writing, the basis for asserting that the information referred to in this Article 22 warrants confidential treatment, and the requesting Party may disclose such writing to the appropriate Governmental Authority. Each Party shall be responsible for the costs associated with affording confidential treatment to its information.

- 22.1.1 Term.** During the term of this LGIA, and for a period of three (3) years after the expiration or termination of this LGIA, except as otherwise provided in this Article 22, each Party shall hold in confidence and shall not disclose to any person Confidential Information.

- 22.1.2 Scope.** Confidential Information shall not include information that the receiving Party can demonstrate: (1) is generally available to the public other than as a result of a disclosure by the receiving Party; (2) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (3) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party after due inquiry, was under no obligation to the disclosing Party to keep such information confidential; (4) was independently developed by the receiving Party without reference to Confidential Information of the disclosing Party; (5) is, or becomes, publicly known, through no wrongful act or omission of the receiving Party or Breach of this LGIA; or (6) is required, in accordance with Article 22.1.7 of this LGIA, Order of Disclosure, to be disclosed by any Governmental Authority or is otherwise required to be disclosed by law or subpoena, or is necessary in

any legal proceeding establishing rights and obligations under this LGIA. Information designated as Confidential Information will no longer be deemed confidential if the Party that designated the information as confidential notifies the other Parties that it no longer is confidential.

22.1.3 Release of Confidential Information. No Party shall release or disclose Confidential Information to any other person, except to its employees, consultants, Affiliates (limited by the Standards of Conduct requirements set forth in Part 358 of FERC's Regulations, 18 C.F.R. 358), subcontractors, or to parties who may be or considering providing financing to or equity participation with the Interconnection Customer, or to potential purchasers or assignees of the Interconnection Customer, on a need-to-know basis in connection with this LGIA, unless such person has first been advised of the confidentiality provisions of this Article 22 and has agreed to comply with such provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall remain primarily responsible for any release of Confidential Information in contravention of this Article 22.

22.1.4 Rights. Each Party retains all rights, title, and interest in the Confidential Information that each Party discloses to the other Parties. The disclosure by each Party to the other Parties of Confidential Information shall not be deemed a waiver by a Party or any other person or entity of the right to protect the Confidential Information from public disclosure.

22.1.5 No Warranties. The mere fact that a Party has provided Confidential Information does not constitute a warranty or representation as to its accuracy or completeness. In addition, by supplying Confidential Information, no Party obligates itself to provide any particular information or Confidential Information to the other Parties nor to enter into any further agreements or proceed with any other relationship or joint venture.

22.1.6 Standard of Care. Each Party shall use at least the same standard of care to protect Confidential Information it receives as it uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination. Each Party may use Confidential Information solely to fulfill its obligations to the other Parties under this LGIA or its regulatory requirements.

22.1.7 Order of Disclosure. If a court or a Government Authority or entity with the right, power, and apparent authority to do so requests or requires any Party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information,

that Party shall provide the other Parties with prompt notice of such request(s) or requirement(s) so that the other Parties may seek an appropriate protective order or waive compliance with the terms of this LGIA. Notwithstanding the absence of a protective order or waiver, the Party may disclose such Confidential Information which, in the opinion of its counsel, the Party is legally compelled to disclose. Each Party will use Reasonable Efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.

22.1.8 Termination of Agreement. Upon termination of this LGIA for any reason, each Party shall, within ten (10) Calendar Days of receipt of a written request from another Party, use Reasonable Efforts to destroy, erase, or delete (with such destruction, erasure, and deletion certified in writing to the other Party) or return to the other Party, without retaining copies thereof, any and all written or electronic Confidential Information received from the other Party.

22.1.9 Remedies. The Parties agree that monetary damages would be inadequate to compensate a Party for another Party's Breach of its obligations under this Article 22. Each Party accordingly agrees that the other Parties shall be entitled to equitable relief, by way of injunction or otherwise, if the first Party Breaches or threatens to Breach its obligations under this Article 22, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law. Such remedy shall not be deemed an exclusive remedy for the Breach of this Article 22, but shall be in addition to all other remedies available at law or in equity. The Parties further acknowledge and agree that the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental, or consequential or punitive damages of any nature or kind resulting from or arising in connection with this Article 22.

22.1.10 Disclosure to FERC, its Staff, or a State. Notwithstanding anything in this Article 22 to the contrary, and pursuant to 18 C.F.R. section 1b.20, if FERC or its staff, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to this LGIA, the Party shall provide the requested information to FERC or its staff, within the time provided for in the request for information. In providing the information to FERC or its staff, the Party must, consistent with 18 C.F.R. section 388.112, request that the information be treated as confidential and non-public by FERC and its staff and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Parties to this LGIA prior to

the release of the Confidential Information to FERC or its staff. The Party shall notify the other Parties to the LGIA when it is notified by FERC or its staff that a request to release Confidential Information has been received by FERC, at which time any of the Parties may respond before such information would be made public, pursuant to 18 C.F.R. section 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner if consistent with the applicable state rules and regulations.

22.1.11 Subject to the exception in Article 22.1.10, Confidential Information shall not be disclosed by the other Parties to any person not employed or retained by the other Parties, except to the extent disclosure is (i) required by law; (ii) reasonably deemed by the disclosing Party to be required to be disclosed in connection with a dispute between or among the Parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the other Parties, such consent not to be unreasonably withheld; or (iv) necessary to fulfill its obligations under this LGIA or as a transmission service provider or a Balancing Authority including disclosing the Confidential Information to an RTO or ISO or to a regional or national reliability organization. The Party asserting confidentiality shall notify the other Parties in writing of the information it claims is confidential. Prior to any disclosures of another Party's Confidential Information under this subparagraph, or if any third party or Governmental Authority makes any request or demand for any of the information described in this subparagraph, the disclosing Party agrees to promptly notify the other Party in writing and agrees to assert confidentiality and cooperate with the other Party in seeking to protect the Confidential Information from public disclosure by confidentiality agreement, protective order or other reasonable measures.

ARTICLE 23. ENVIRONMENTAL RELEASES

23.1 Each Party shall notify the other Parties, first orally and then in writing, of the release of any Hazardous Substances, any asbestos or lead abatement activities, or any type of remediation activities related to the Large Generating Facility or the Interconnection Facilities, each of which may reasonably be expected to affect the other Parties. The notifying Party shall: (i) provide the notice as soon as practicable, provided such Party makes a good faith effort to provide the notice no later than twenty-four hours after such Party becomes aware of the occurrence; and (ii) promptly furnish to the other Parties copies of any publicly available reports filed with any Governmental Authorities addressing such events.

ARTICLE 24. INFORMATION REQUIREMENTS

- 24.1 Information Acquisition.** The Participating TO and the Interconnection Customer shall submit specific information regarding the electrical characteristics of their respective facilities to each other as described below and in accordance with Applicable Reliability Standards.
- 24.2 Information Submission by Participating TO.** The initial information submission by the Participating TO shall occur no later than one hundred eighty (180) Calendar Days prior to Trial Operation and shall include the Participating TO's Transmission System information necessary to allow the Interconnection Customer to select equipment and meet any system protection and stability requirements, unless otherwise agreed to by the Participating TO and the Interconnection Customer. On a monthly basis the Participating TO shall provide the Interconnection Customer and the CAISO a status report on the construction and installation of the Participating TO's Interconnection Facilities and Network Upgrades, including, but not limited to, the following information: (1) progress to date; (2) a description of the activities since the last report; (3) a description of the action items for the next period; and (4) the delivery status of equipment ordered.
- 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.

24.4 Information Supplementation. Prior to the Trial Operation date, the Parties shall supplement their information submissions described above in this Article 24 with any and all “as-built” Electric Generating Unit information or “as-tested” performance information that differs from the initial submissions or, alternatively, written confirmation that no such differences exist. The Interconnection Customer shall conduct tests on the Electric Generating Unit as required by Good Utility Practice such as an open circuit “step voltage” test on the Electric Generating Unit to verify proper operation of the Electric Generating Unit's automatic voltage regulator.

Unless otherwise agreed, the test conditions shall include: (1) Electric Generating Unit at synchronous speed; (2) automatic voltage regulator on and in voltage control mode; and (3) a five percent (5 percent) change in Electric Generating Unit terminal voltage initiated by a change in the voltage regulators reference voltage. The Interconnection Customer shall provide validated test recordings showing the responses of Electric Generating Unit terminal and field voltages. In the event that direct recordings of these voltages is impractical, recordings of other voltages or currents that mirror the response of the Electric Generating Unit's terminal or field voltage are acceptable if information necessary to translate these alternate quantities to actual Electric Generating Unit terminal or field voltages is provided. Electric Generating Unit testing shall be conducted and results provided to the Participating TO and the CAISO for each individual Electric Generating Unit in a station.

Subsequent to the Commercial Operation Date, the Interconnection Customer shall provide the Participating TO and the CAISO any information changes due to equipment replacement, repair, or adjustment. The Participating TO shall provide the Interconnection Customer any information changes due to equipment replacement, repair or adjustment in the directly connected substation or any adjacent Participating TO-owned substation that may affect the Interconnection Customer's Interconnection Facilities equipment ratings, protection or operating requirements. The Parties shall provide such information pursuant to Article 5.19.

ARTICLE 25. INFORMATION ACCESS AND AUDIT RIGHTS

25.1 Information Access. Each Party (the “disclosing Party”) shall make available to the other Party information that is in the possession of the disclosing Party and is necessary in order for the other Party to: (i) verify the costs incurred by the disclosing Party for which the other Party is responsible under this LGIA; and (ii) carry out its obligations and responsibilities under this LGIA. The Parties shall not use such information for purposes other than those set forth in this Article 25.1 and to enforce their rights under this LGIA. Nothing in this Article 25 shall

obligate the CAISO to make available to a Party any third party information in its possession or control if making such third party information available would violate a CAISO Tariff restriction on the use or disclosure of such third party information.

25.2 Reporting of Non-Force Majeure Events. Each Party (the “notifying Party”) shall notify the other Parties when the notifying Party becomes aware of its inability to comply with the provisions of this LGIA for a reason other than a Force Majeure event. The Parties agree to cooperate with each other and provide necessary information regarding such inability to comply, including the date, duration, reason for the inability to comply, and corrective actions taken or planned to be taken with respect to such inability to comply. Notwithstanding the foregoing, notification, cooperation or information provided under this Article shall not entitle the Party receiving such notification to allege a cause for anticipatory breach of this LGIA.

25.3 Audit Rights. Subject to the requirements of confidentiality under Article 22 of this LGIA, the Parties’ audit rights shall include audits of a Party’s costs pertaining to such Party’s performance or satisfaction of obligations owed to the other Party under this LGIA, calculation of invoiced amounts, the CAISO’s efforts to allocate responsibility for the provision of reactive support to the CAISO Controlled Grid, the CAISO’s efforts to allocate responsibility for interruption or reduction of generation on the CAISO Controlled Grid, and each such Party’s actions in an Emergency Condition.

25.3.1 The Interconnection Customer and the Participating TO shall each have the right, during normal business hours, and upon prior reasonable notice to the other Party, to audit at its own expense the other Party’s accounts and records pertaining to either such Party’s performance or either such Party’s satisfaction of obligations owed to the other Party under this LGIA. Subject to Article 25.3.2, any audit authorized by this Article shall be performed at the offices where such accounts and records are maintained and shall be limited to those portions of such accounts and records that relate to each such Party’s performance and satisfaction of obligations under this LGIA. Each such Party shall keep such accounts and records for a period equivalent to the audit rights periods described in Article 25.4.

25.3.2 Notwithstanding anything to the contrary in Article 25.3, each Party’s rights to audit the CAISO’s accounts and records shall be as set forth in Section 22.1 of the CAISO Tariff.

25.4 Audit Rights Periods.

25.4.1 Audit Rights Period for Construction-Related Accounts and Records. Accounts and records related to the design, engineering, procurement,

and construction of Participating TO's Interconnection Facilities, Network Upgrades, and Distribution Upgrades constructed by the Participating TO shall be subject to audit for a period of twenty-four months following the Participating TO's issuance of a final invoice in accordance with Article 12.2. Accounts and records related to the design, engineering, procurement, and construction of Participating TO's Interconnection Facilities and/or Stand Alone Network Upgrades constructed by the Interconnection Customer shall be subject to audit and verification by the Participating TO and the CAISO for a period of twenty-four months following the Interconnection Customer's issuance of a final invoice in accordance with Article 5.2(8).

25.4.2 Audit Rights Period for All Other Accounts and Records. Accounts and records related to a Party's performance or satisfaction of all obligations under this LGIA other than those described in Article 25.4.1 shall be subject to audit as follows: (i) for an audit relating to cost obligations, the applicable audit rights period shall be twenty-four months after the auditing Party's receipt of an invoice giving rise to such cost obligations; and (ii) for an audit relating to all other obligations, the applicable audit rights period shall be twenty-four months after the event for which the audit is sought; provided that each Party's rights to audit the CAISO's accounts and records shall be as set forth in Section 22.1 of the CAISO Tariff.

25.5 Audit Results. If an audit by the Interconnection Customer or the Participating TO determines that an overpayment or an underpayment has occurred with respect to the other Party, a notice of such overpayment or underpayment shall be given to the other Party together with those records from the audit which supports such determination. The Party that is owed payment shall render an invoice to the other Party and such invoice shall be paid pursuant to Article 12 hereof.

25.5.1 Notwithstanding anything to the contrary in Article 25.5, the Interconnection Customer's and Participating TO's rights to audit the CAISO's accounts and records shall be as set forth in Section 22.1 of the CAISO Tariff, and the CAISO's process for remedying an overpayment or underpayment shall be as set forth in the CAISO Tariff.

ARTICLE 26. SUBCONTRACTORS

26.1 General. Nothing in this LGIA shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this LGIA; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this LGIA in providing such

services and each Party shall remain primarily liable to the other Party for the performance of such subcontractor.

26.2 Responsibility of Principal. The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this LGIA. The hiring Party shall be fully responsible to the other Parties for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the CAISO or Participating TO be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under Article 5 of this LGIA. Any applicable obligation imposed by this LGIA upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

26.3 No Limitation by Insurance. The obligations under this Article 26 will not be limited in any way by any limitation of subcontractor's insurance.

ARTICLE 27. DISPUTES

All disputes arising out of or in connection with this LGIA whereby relief is sought by or from the CAISO shall be settled in accordance with the provisions of Article 13 of the CAISO Tariff, except that references to the CAISO Tariff in such Article 13 of the CAISO Tariff shall be read as references to this LGIA. Disputes arising out of or in connection with this LGIA not subject to provisions of Article 13 of the CAISO Tariff shall be resolved as follows:

27.1 Submission. In the event either Party has a dispute, or asserts a claim, that arises out of or in connection with this LGIA or its performance, such Party (the "disputing Party") shall provide the other Party with written notice of the dispute or claim ("Notice of Dispute"). Such dispute or claim shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Party. In the event the designated representatives are unable to resolve the claim or dispute through unassisted or assisted negotiations within thirty (30) Calendar Days of the other Party's receipt of the Notice of Dispute, such claim or dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such claim or dispute to arbitration, each Party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of this LGIA.

27.2 External Arbitration Procedures. Any arbitration initiated under this LGIA shall be conducted before a single neutral arbitrator appointed by the Parties. If the

Parties fail to agree upon a single arbitrator within ten (10) Calendar Days of the submission of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) Calendar Days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association (“Arbitration Rules”) and any applicable FERC regulations; provided, however, in the event of a conflict between the Arbitration Rules and the terms of this Article 27, the terms of this Article 27 shall prevail.

27.3 Arbitration Decisions. Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) Calendar Days of appointment and shall notify the Parties in writing of such decision and the reasons therefore. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this LGIA and shall have no power to modify or change any provision of this Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the arbitrator(s) must also be filed with FERC if it affects jurisdictional rates, terms and conditions of service, Interconnection Facilities, or Network Upgrades.

27.4 Costs. Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or (2) one half the cost of the single arbitrator jointly chosen by the Parties.

ARTICLE 28. REPRESENTATIONS, WARRANTIES AND COVENANTS

28.1 General. Each Party makes the following representations, warranties and covenants:

28.1.1 Good Standing. Such Party is duly organized, validly existing and in good standing under the laws of the state in which it is organized, formed, or incorporated, as applicable; that it is qualified to do business in the state or states in which the Large Generating Facility,

Interconnection Facilities and Network Upgrades owned by such Party, as applicable, are located; and that it has the corporate power and authority to own its properties, to carry on its business as now being conducted and to enter into this LGIA and carry out the transactions contemplated hereby and perform and carry out all covenants and obligations on its part to be performed under and pursuant to this LGIA.

- 28.1.2 Authority.** Such Party has the right, power and authority to enter into this LGIA, to become a Party hereto and to perform its obligations hereunder. This LGIA is a legal, valid and binding obligation of such Party, enforceable against such Party in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally and by general equitable principles (regardless of whether enforceability is sought in a proceeding in equity or at law).
- 28.1.3 No Conflict.** The execution, delivery and performance of this LGIA does not violate or conflict with the organizational or formation documents, or bylaws or operating agreement, of such Party, or any judgment, license, permit, order, material agreement or instrument applicable to or binding upon such Party or any of its assets.
- 28.1.4 Consent and Approval.** Such Party has sought or obtained, or, in accordance with this LGIA will seek or obtain, each consent, approval, authorization, order, or acceptance by any Governmental Authority in connection with the execution, delivery and performance of this LGIA, and it will provide to any Governmental Authority notice of any actions under this LGIA that are required by Applicable Laws and Regulations.

ARTICLE 29. [RESERVED]

ARTICLE 30. MISCELLANEOUS

- 30.1 Binding Effect.** This LGIA and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties hereto.
- 30.2 Conflicts.** In the event of a conflict between the body of this LGIA and any attachment, appendices or exhibits hereto, the terms and provisions of the body of this LGIA shall prevail and be deemed the final intent of the Parties.

- 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".
- 30.4 Entire Agreement.** This LGIA, including all Appendices and Schedules attached hereto, constitutes the entire agreement among the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between or among the Parties with respect to the subject matter of this LGIA. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, any Party's compliance with its obligations under this LGIA.
- 30.5 No Third Party Beneficiaries.** This LGIA is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and, where permitted, their assigns.
- 30.6 Waiver.** The failure of a Party to this LGIA to insist, on any occasion, upon strict performance of any provision of this LGIA will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

Any waiver at any time by either Party of its rights with respect to this LGIA shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this LGIA. Termination or Default of this LGIA for any reason by the Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the Participating TO. Any waiver of this LGIA shall, if requested, be provided in writing.

30.7 Headings. The descriptive headings of the various Articles of this LGIA have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this LGIA.

30.8 Multiple Counterparts. This LGIA may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

30.9 Amendment. The Parties may by mutual agreement amend this LGIA by a written instrument duly executed by all of the Parties. Such amendment shall become effective and a part of this LGIA upon satisfaction of all Applicable Laws and Regulations.

30.10 Modification by the Parties. The Parties may by mutual agreement amend the Appendices to this LGIA by a written instrument duly executed by all of the Parties. Such amendment shall become effective and a part of this LGIA upon satisfaction of all Applicable Laws and Regulations.

30.11 Reservation of Rights. The CAISO and Participating TO shall each have the right to make a unilateral filing with FERC to modify this LGIA pursuant to section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder with respect to the following Articles and Appendices of this LGIA and with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation covered by these Articles and Appendices:

Recitals, 1, 2.1, 2.2, 2.3, 2.4, 2.6, 3.1, 3.3, 4.1, 4.2, 4.3, 4.4, 5 preamble, 5.4, 5.7, 5.8, 5.9, 5.12, 5.13, 5.18, 5.19.1, 7.1, 7.2, 8, 9.1, 9.2, 9.3, 9.5, 9.6, 9.7, 9.8, 9.10, 10.3, 11.4, 12.1, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24.3, 24.4, 25.1, 25.2, 25.3 (excluding subparts), 25.4.2, 26, 28, 29, 30, Appendix D, Appendix F, Appendix G, and any other Article not reserved exclusively to the Participating TO or the CAISO below.

The Participating TO shall have the exclusive right to make a unilateral filing with FERC to modify this LGIA pursuant to section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder

with respect to the following Articles and Appendices of this LGIA and with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation covered by these Articles and Appendices:

2.5, 5.1, 5.2, 5.3, 5.5, 5.6, 5.10, 5.11, 5.14, 5.15, 5.16, 5.17, 5.19 (excluding 5.19.1), 6, 7.3, 9.4, 9.9, 10.1, 10.2, 10.4, 10.5, 11.1, 11.2, 11.3, 11.5, 12.2, 12.3, 12.4, 24.1, 24.2, 25.3.1, 25.4.1, 25.5 (excluding 25.5.1), 27 (excluding preamble), Appendix A, Appendix B, Appendix C, and Appendix E.

The CAISO shall have the exclusive right to make a unilateral filing with FERC to modify this LGIA pursuant to section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder with respect to the following Articles of this LGIA and with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation covered by these Articles:

3.2, 4.5, 11.6, 25.3.2, 25.5.1, and 27 preamble.

The Interconnection Customer, the CAISO, and the Participating TO shall have the right to make a unilateral filing with FERC to modify this LGIA pursuant to section 206 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by another Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this LGIA shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.

30.12 No Partnership. This LGIA shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership among the Parties or to impose any partnership obligation or partnership liability upon any Party. No Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, another Party.

30.13 Joint and Several Obligations. Except as otherwise provided in this LGIA, the obligations of the CAISO, the Participating TO, and the Interconnection Customer are several, and are neither joint nor joint and several.

IN WITNESS WHEREOF, the Parties have executed this LGIA in multiple originals, each of which shall constitute and be an original effective agreement among the Parties.

~~[Insert name of Interconnection Customer]~~

CSOLAR IV South, LLC

By: _____

Name: _____

Title: _____

Date: _____

~~[Insert name of Participating TO]~~

CSOLAR IV East, LLC

By: _____

Name: _____

Title: _____

Date: _____

Tenaska Solar Management, LLC

By: _____

Title: _____

Date: _____

San Diego Gas & Electric Company

By: _____

Title: _____

Date: _____

California Independent System Operator Corporation

By: _____

Name: _____

Title: _____

Date: _____

~~APPENDICES TO LGIA~~ Appendices to LGIA

Appendix A Interconnection Facilities, Network Upgrades and Distribution Upgrades

Appendix B Milestones

Appendix C Interconnection Details

Appendix D Security Arrangements Details

Appendix E Commercial Operation Date

Appendix F Addresses for Delivery of Notices and Billings

Appendix G Interconnection Customer's Proportional Share of Costs of Network Upgrades for Applicable Project Group

Appendix H Interconnection Requirements for ~~an~~-Asynchronous Generating Facility Facilities

~~CHAPTER 1 APPENDIX A~~

~~TO LGIA~~

~~INTERCONNECTION FACILITIES, NETWORK UPGRADES AND DISTRIBUTION UPGRADES~~

~~1. Interconnection Facilities:~~

~~(a) [insert~~

~~(b) [insert~~

Appendix A
To LGIA

Interconnection Facilities, Network Upgrades and Distribution Upgrades

Appendix A describes and indicates the estimated costs of the facilities for the Interconnection Facilities work and Network Upgrade work for the Imperial Valley (IV) Substation South (the “Project”), identified as position #510 in the CAISO’s Controlled Grid Generation Queue, as presented in the final Cluster 1 Phase II Interconnection report issued on August 24, 2011 to CSOLAR Development, LLC (“CSOLAR”).

Point of Interconnection (“POI”)

The Point of Interconnection is at the 230 kV bus in Imperial Valley (IV) Substation. (See Appendix C, Figure 2)

Point of Change of Ownership (“POCO”)

The Point of Change of Ownership is where the 230 kV Interconnection Customer Interconnection Facilities cross the vertical plane between the Interconnection Customer’s property and the Participating TO’s right-of-way.

A.1 Interconnection Facilities¹ :

A.1.1 Interconnection Customer's Interconnection Facilities¹:

The Interconnection Customer’s Interconnection Facilities are all the sole use facilities and equipment owned, controlled, or operated by the Interconnection Customer from the Generating Facility to the Point of Change of Ownership that are required to establish this interconnection and shall include the revenue meter to be located at the Project switchyard facilities.

¹ The final scope, cost and schedule details for the Interconnection Facilities are being developed between the Interconnection Customer and Participating TO. The Participating TO is to submit the 230kV Interconnection Facilities from the POI to the POCO as Location Constrained Resource Interconnection Facilities (LCRIF) to the CAISO. Upon approval by the CAISO of LCRIF treatment for those Interconnection Facilities, the Parties hereto agree to accept such LCRIF treatment consistent with the CAISO approval, provided that the financial impact of LCRIF treatment on the Interconnection Customer is positive on a cash flow and net present value basis, as determined by the Interconnection Customer in its sole discretion, reasonably exercised. Upon such determination by the Interconnection Customer, the Parties hereto shall amend this LGIA as appropriate to reflect LCRIF treatment of those facilities.

A.1.2 Participating TO's Interconnection Facilities

The Participating TO's Interconnection Facilities are all the sole use facilities and equipment owned, controlled, or operated by Participating TO from the Point of Interconnection to the Point of Change of Ownership that are required to establish this interconnection. The Participating TO's Interconnection Facilities necessary to interconnect the Project to the Imperial Valley Substation at 230 kV include:

(i) Within the IV Substation:

The facilities necessary for the 230 kV interconnection at IV substation include the extension of the Project's Interconnection Facilities from the Participating TO property line to the 230 kV bus inside the IV substation.

- Approximately, 900 circuit feet of bundled 900 ACSS/AW conductor from the dead-end structure #Z46474 (located outside substation fence) to the open bay position # 11
- Required relay protection equipment
- Two (2) 400 foot spans of Overhead Optical Ground Wire (OPGW) shield wire with two (2) dead-ends each.

(ii) Outside the IV Substation:**A. North – South Connector**

The north-south (N-S) connector refers to the existing transmission line on the western-end arm of the existing double circuit SDG&E transmission line structures from the first dead-end structure (#Z46474) located outside the IV substation fence to the southernmost structure # Z46499 (connection point with the East West Connector).

- The existing 900 ACSS/AW conductor on the western-end arms of double circuit structures (approximately 24,400 feet) on existing double circuit SDG&E transmission line structures from structure #Z46474 to #Z46499. The existing conductor is to be used as the North- South connector which is part of the Participating TO Interconnection Facilities necessary to interconnect the project.
- Participating TO's Interconnection Facilities fifty percent (50%) allocation of:
 - o Remove existing single circuit wooden pole design (5 structures) from and including structure # Z46474 (located outside the IV substation fence) up to and including structure # Z46478 (first structure south of the 500 kV line crossing)
 - o Install five (5) new double circuit steel pole structures.
 - o Install new OPGW from the first dead-end structure located

outside the IV substation fence (#Z46474) to structure #Z46477 (last structure north of the 500 kV line crossing) and from structure #Z46478 (first structure south of the 500 kV line crossing) to structure #Z46503 (last dead-end structure north of the US border with Mexico).

- o Install new ADSS fiber optic wire from structure #Z46477 (last structure north of the 500 kV line crossing) to structure #Z46478 (first structure south of the 500 kV line crossing).

B. East – West Connector

The east-west (E-W) connector includes the transmission line from the Point of Change of Ownership (POCO) outside the Generating Facility to structure #Z46499 of the existing TL 23050 SDG&E transmission line and will cross underneath all existing overhead lines to connect to the western arm of structure #Z46499 (connection point with the North-South Connector). The total length of east-west connector is approximately 8,500 feet of overhead circuit and 500 feet of underground duct bank. (Approximately 3,700 feet of E-W connector will be located on privately owned lands).

- Overhead portion: includes running angle/tangent and dead-end cable terminating structures at both ends of underground duct bank. All overhead structures will be of monopole design.
- Conductor will be bundled 636 kcmil ACSS/AW “Rook”
- Undergrounding duct banks (approximately 500 feet in length) for crossing under the existing 230kV transmission lines. The East-West Connector will be designed and emanate from the POCO and will cross underneath all existing overhead lines to connect to the western arm of structure #Z46499 (connection point with the North-South Connector). The underground duct bank will be sized to carry one (1) bundled circuit as per above specifications.
- New dead-end structure required before connecting to existing SDG&E structure # Z46499. After U/G crossing of the existing 230kV transmission lines, the East-West connector transmission line will be connected to western-end arm of existing (North-South) double circuit SDG&E transmission line structures (TL 23050).

Interconnection Customer shall design and construct the East-West Connector in consultation with Participating TO and shall assure that the design, engineering and construction of the East-West Connector complies with Participating TO’s design and facility standards. Upon completion of the East-West Connector, Interconnection Customer shall convey such facility to Participating TO. Such conveyance shall be subject to normal and customary documentation and shall be subject to Participating TO’s right to verify that title, form of easements,

design and construction of such East-West Connector is satisfactory to Participating TO in its sole discretion, reasonably exercised.

A.2 Network Upgrades:

~~(a) [insert Stand Alone Network Upgrades]:~~

~~(b) [insert Other Network Upgrades]:~~

~~(i) [insert A.2.1 Participating TO's Reliability Network Upgrades]~~

~~(ii) [insert~~

~~(i) Within the IV Substation:~~

~~A. Modification of the existing Special Protection System ("SPS") at Imperial Valley ("IV") to include the Project.~~

- ~~• SDG&E communication interface for IV SPS~~
- ~~• Communication equipment between SDG&E and the Project~~

~~B. Implement SPS to protect Bernardo-Felicita Tap 69kV line.~~

- ~~• SDG&E protection and communication interface for Bernardo Substation, Escondido Substation and Palomar Energy Center SPS~~
- ~~• Communication equipment between SDG&E and the Project~~

~~C. Implement SPS to protect Mission-Old Town 230kV line.~~

- ~~• SDG&E communication interface for Mission Substation, Old Town Substation and Silvergate Substation SPS~~
- ~~• Communication equipment between SDG&E and the Project~~

~~(ii) Outside the IV Substation~~

~~North – South Connector~~

~~The existing transmission line on western-end arm of the existing double circuit SDG&E transmission line structures from the first dead-end structure (#Z46474) located outside the IV substation fence to the southernmost structure # Z46499 (connection point with the East West Connector).~~

- ~~• Participating TO's Reliability Network Upgrade fifty percent (50%) allocation of:~~
 - ~~o Remove existing single circuit wooden pole design (5 structures) from and including structure # Z46474 (located outside the IV substation fence) up to and including structure~~

- # Z46478 (first structure south of the 500 kV line crossing)
- o Install five (5) new double circuit engineered steel pole structures.
- o Install new OPGW from the first dead-end structure located outside the IV substation fence (#Z46474) to structure #Z46477 (last structure north of the 500 kV line crossing) and from structure #Z46478 (first structure south of the 500 kV line crossing) to structure #Z46503 (last dead-end structure north of the US border with Mexico).
- o Install new ADSS fiber optic wire from structure #Z46477 (last structure north of the 500 kV line crossing) to structure #Z46478 (first structure south of the 500 kV line crossing).
- Construct two (2) new dead-end structures to transition from the east side to the west side where TL23050 connects to CFE at structure #Z46503
- String new bundled 900 ACSS/AW conductor to construct a new 230 kV transmission circuit (approximately 5.4 miles) on the vacant side (eastern-end arms) of the double circuit structures from the first dead-end structure #Z46474 located outside the IV substation fence to last dead-end structure #Z46503 north of the US border with Mexico.

A.2.2 Delivery Network Upgrades (DNU)

(i) Reconfigure TL23041 and TL23042 at Miguel Substation to create two Otay Mesa-Miguel 230 kV lines

- For TL23041, Otay Mesa-Miguel-Sycamore 230 kV line::
 - o Install 1-230 kV breaker, 2-230 kV disconnects, and relaying
 - o Install a new anchor-bolted dead end steel pole
 - o Install approximately 600 feet of bundled 900 ACSS/AW
- For TL23042, Miguel-Otay Mesa-Bay Boulevard 230 kV line:
 - o Install 1-230 kV breaker and relaying

(ii) Reconductor Escondido-Palomar Energy 230 kV lines #1 and #2

- Reconductor the spans of 605 ACSS/AW to 900 ACSS/AW on Escondido-Palomar Energy 230 kV lines #1 and #2
- Install new cross arms for 230 kV pole Z202015
- Relocate two overhead 69 kV circuits and convert to underground
- Remove one existing 69 kV cable pole, extend the underground trench package 600 feet into the substation, remove cable and splice in new cable, terminate at two underground rack positions in Escondido Substation

- Install 8-230 kV disconnects and adjust relaying at Escondido

A.3 Distribution Upgrades:

None

A.4 Cost Estimates:

The estimated cost for the Participating TO's Interconnection Facilities, Delivery Network Upgrades, and Reliability Network Upgrades are shown in Table 1. Descriptions of these facilities are provided in Appendix C.

Table 1: Cost Estimates for Facilities Necessary to Interconnect the Project

<u>Type</u>	<u>Description</u>	<u>Estimated Cost² x \$1000</u>
<u>Participating TO's Interconnection Facilities</u>	<u>Within the IV Substation:</u> <u>Extend Interconnection Facilities from the Participating TO property line to the 230 kV bus</u> <ul style="list-style-type: none"> • <u>Install approximately 900 circuit feet of bundled 900 ACSS/AW from the substation rack to the property line</u> • <u>Install two (2)-200 feet spans of shield wire with two (2) dead-ends each</u> • <u>Required relay protection</u> 	<u>211</u>
<u>Participating TO's Interconnection Facilities</u>	<u>Outside the IV Substation: North – South Connector</u> <ul style="list-style-type: none"> • <u>Depreciated cost of the existing transmission conductor on the western-end arms of double circuit structures (approximately 5.4 miles) on existing double circuit SDG&E transmission line structures from structure #Z46474 to #Z46499.³</u> 	<u>1,439</u>
<u>Participating TO's Interconnection</u>	<u>Outside the IV Substation: North – South Connector</u>	<u>5,869</u>

² Estimated costs in “as year spent” dollars and in thousands of \$ dollars, excluding Allowance for Funds Used During Construction (AFUDC). Taxes, landscaping, under grounding, walls, gates, driveways, CAISO and environmental and licensing related costs are not included.

³ The depreciated cost of the existing conductor represents the cost value of the North- South connector which is part of the Participating TO's Interconnection Facilities necessary to interconnect the project.

<p><u>Facilities</u></p>	<ul style="list-style-type: none"> • <u>Participating TO Interconnection Facilities</u> <u>50% allocation of:</u> <ul style="list-style-type: none"> o <u>Remove existing single circuit wooden structure design (5 structures)</u> o <u>Install five (5) new double circuit engineered steel pole structures.</u> o <u>Install new OPGW from the first dead-end structure located outside the IV substation fence to the last structure north of the 500 kV line crossing) and from the first structure south of the 500 kV line crossing to the last dead-end structure north of the US border with Mexico.</u> o <u>Install new ADSS fiber optic wire from the last structure north of the 500 kV line crossing to the first structure south of the 500 kV line crossing.</u> o <u>Construct two (2) new dead-end structures to transition from the east side to the west side where TL23050 connects to CFE at structure #Z46503</u> 	
<p><u>Participating TO's Interconnection Facilities</u></p>	<p><u>Outside the IV Substation: East – West Connector⁴</u></p> <p><u>Transmission line (approximately 8,500 feet of overhead circuit and 500 feet of underground duct bank) from the Point of Change of Ownership (outside the Generating Facility) to the tower #Z46499 of the existing TL23050</u></p> <ul style="list-style-type: none"> • <u>Overhead portion: includes steel monopole and/or H-frame and dead-end structures</u> • <u>Undergrounding duct banks (approximately 500 feet) for crossing the existing 230kV transmission lines</u> • <u>New dead-end structure - required before connecting to the SDG&E North-South Connector</u> 	<p><u>4,800</u></p>

⁴ The Interconnection Customer will acquire the necessary permits and Right Of Ways and construct the E-W Connector.

<u>Reliability Network Upgrade</u>	<u>Within the IV Substation:</u> <u>Modification of the existing IV SPS to include the Project</u> <ul style="list-style-type: none"> <u>SDG&E protection and communication interface for IV SPS</u> 	<u>46</u>
	<u>Within the IV Substation:</u> <u>Modification of the existing IV SPS to include the Project</u> <ul style="list-style-type: none"> <u>Protection and communication equipment between SDG&E and the Project</u> 	<u>200</u>
<u>Reliability Network Upgrade</u>	<u>Within the IV Substation:</u> <u>Implement SPS to protect Bernardo-Felicita Tap 69kV line</u> <ul style="list-style-type: none"> <u>SDG&E protection and communication for Bernardo Substation, Escondido Substation and Palomar Energy Center</u> 	<u>36</u>
	<u>Within the IV Substation:</u> <u>Implement SPS to protect Bernardo-Felicita Tap 69kV line</u> <ul style="list-style-type: none"> <u>Communication equipment between SDG&E and the Project (included in IV SPS costs above)</u> 	<u>0</u>
<u>Reliability Network Upgrade</u>	<u>Within the IV Substation:</u> <u>Implement SPS to protect Mission-Old Town 230kV line</u> <ul style="list-style-type: none"> <u>SDG&E protection and communication for Mission Substation, Old Town Substation and Silvergate Substation</u> 	<u>50</u>
	<u>Within the IV Substation:</u> <u>Implement SPS to protect Mission-Old Town 230kV line</u> <ul style="list-style-type: none"> <u>Communication equipment between SDG&E and the Project (included in IV SPS costs above)</u> 	<u>0</u>
<u>Reliability Network Upgrade</u>	<u>Outside the IV Substation: North – South Connector</u> <ul style="list-style-type: none"> <u>String new bundled 900 ACSS/AW conductor (approximately 24,400 feet) on the eastern-</u> 	<u>9,459</u>

	<p><u>end arms of the new double circuit SDG&E transmission line structures from the first dead-end structure located outside the IV substation fence,#Z46474, to the last dead-end structure north of the US border with Mexico, #Z46503.</u></p> <ul style="list-style-type: none"> • <u>Reliability Network Upgrades 50% allocation of:</u> <ul style="list-style-type: none"> o <u>Remove existing single circuit wooden structure design (5 structures)</u> o <u>Install five (5) new double circuit steel pole structures. Construct two (2) new dead-end structures to transition from the east side to the west side where TL23050 connects to CFE at structure #Z46503</u> o <u>Install new OPGW from the first dead-end structure located outside the IV substation fence to the last structure north of the 500 kV line crossing) and from the first structure south of the 500 kV line crossing to the last dead-end structure north of the US border with Mexico.</u> o <u>Install new ADSS fiber optic wire from the last structure north of the 500 kV line crossing to the first structure south of the 500 kV line crossing.</u> 	
<u>Delivery Network Upgrade</u>	<u>Reconfigure TL23041 and TL23042 at Miguel Substation to create two Otay Mesa-Miguel 230 kV lines</u>	<u>156</u>
<u>Delivery Network Upgrade</u>	<u>Reconductor Escondido-Palomar Energy 230 kV lines #1 and #2</u>	<u>482</u>
<u>Total: Interconnection Costs to Interconnection Customer</u>		<u>22,748</u>
<u>Total: Up Front Costs to Interconnection Customer</u>	<u>= Total Interconnection Costs excluding Depreciated Cost of existing North-South Conductor (existing facility) AND excluding East West Connector (IC will incur cost to construct)</u>	<u>16,509</u>

	<u>= 22,748 - 1,439 – 4,800</u>	
<u>Total: Participating TO Reimbursement to IC upon COD</u>	<u>= Network Upgrade Costs excluding Depreciated Cost of existing North-South Conductor (Participating TO expensed) = 10,429 – 1,439</u>	<u>8,990</u>

A.4.1 Licensing and Permitting

The Interconnection Customer will be responsible for obtaining all permits necessary for the Project and the Interconnection Customer’s Interconnection Facilities including the E-W Connector.

The Participating TO will be responsible for obtaining all permits and licenses necessary for the Participating TO Interconnection Facilities, including the N-S Connector, and Delivery Network Upgrades.

A.4.2 Affected Systems:

- (i) Southern California Edison
- (ii) Imperial Irrigation District (IID)
- (iii) Comision Federal de Electricidad (CFE) in Mexico.⁵

A.4.3 Monthly Cost of Ownership Charge for Operation and Maintenance (“O&M”)

In accordance with the billing and payment procedures commencing with the In-Service Date, the Participating TO shall bill annually, and the Interconnection Customer shall pay annually, an operation and maintenance (“O&M”) charge to compensate the Participating TO for the operation and maintenance associated with the Participating TO’s Interconnection Facilities that are operated and maintained by the Participating TO on behalf of the Interconnection Customer that are not part of network facilities.

⁵ CFE in Mexico is affected by this project interconnection at the Imperial Valley substation. However the addition of the IV Substation South project to the existing IV SPS will mitigate the impact to CFE. (See Appendix C.3).

When the Interconnection Facilities are placed In-Service, the monthly O&M charges shall be equal to the Participating TO's transmission O&M rate⁶ (currently "0.0051417") multiplied by the installed cost of the Interconnection Facilities that are identified as the Participating TO's Interconnection Facilities and a portion of the IC's Interconnection Facilities from the POCO to the first transmission structure outside the POCO which the Participating TO will maintain on behalf of the Interconnection Customer.

Participating TO will own and install the Interconnection Facilities conductor from the POCO located at the Participating TO's property line, to the POI located inside the Imperial Valley Substation.

When completed, the Participating TO will operate and maintain the Interconnection Facilities between the POI and the POCO and also the segment of Interconnection Facilities conductor between the Interconnection Customer's (IC's) first overhead structure located outside the Participating TO's property line up to the POCO. The operating and maintenance activities shall apply to the conductor, insulators and the termination hardware and fittings located at the Interconnection Customer's first overhead structure outside the POCO.

The Monthly Cost of Ownership for operations and maintenance (O&M) charge applied to the Interconnection Facilities that the Participating TO will maintain includes maintenance and trouble shooting of these Interconnection Facilities. The Interconnection Customer shall be solely responsible for all costs of any future replacement of the Interconnection Facilities that the Participating TO will maintain on behalf of the Interconnection Customer unless the replacement of such Interconnection Facilities is required as of the result of SDG&E's failure to properly operate or maintain such Interconnection Facilities, or such Interconnection Facilities are required to be replaced due to the interconnection or upgrade of any other facility located beyond the POCO.

The following example, using costs from Table 1, illustrates how the monthly O&M charge is calculated.

Cost of the Interconnection Facilities which the \$12,329,000⁷

⁶ SDG&E may make revisions to the SDG&E transmission O&M rate via a FERC 205 filing, as necessary to adjust for significant changes in actual O&M costs and shall make such revisions available to CSOLAR in a prompt and timely manner. SDG&E's Transmission O&M rate does not include replacement cost.

⁷ The installed cost of the Interconnection Facilities which the Participating TO will maintain are equivalent to the estimated cost of the Participating TO's Interconnection Facilities in Table 1, plus \$10,000, which is the

Participating TO will maintain

The resulting monthly O&M charge is calculated as follows:

$$\underline{0.0051417 \times (\$12,329,000) = \$63,392}$$

A.5 Local Furnishing Bonds:

The Participating TO is the sole owner of a system of electric utility facilities which are directly connected to retail customers who receive electric energy supply service and/or electric energy delivery service from the Participating TO (such customers, the “Local Retail Customers”; such facilities, the “Local System Facilities”). The Participating TO has financed or refinanced substantial portions of its Local System Facilities with proceeds from \$686,000,000 of outstanding Local Furnishing Bonds (LFBs) issued by the City of Chula Vista. This includes approximately \$168 million that financed the costs of the Participating TO’s wholly-owned electric transmission facilities located in San Diego, Orange and Imperial Counties, and approximately \$518 million of Participating TO’s wholly-owned electric distribution facilities located in San Diego and Orange Counties. Interest on these LFBs is tax-exempt and the Participating TO claims income tax deductions for interest expense on the LFBs.

If the proposed Project (identified as position #510 in the CAISO’s Controlled Grid Generation Queue) would impair the tax-exempt status of interest on these LFBs or the deductibility of interest expense on the LFBs to the Participating TO under the Internal Revenue Code, Treasury Regulations and/or applicable IRS rulings (“Impairment”), the Interconnection Customer will be required to pay the costs properly allocable to the proposed Project that the Participating TO necessarily and prudently incurs in mitigating such an Impairment if the Interconnection Customer fails for any reason to follow the CAISO-directed remedial measure, if any, applicable to the Interconnection Customer to avoid or mitigate an Impairment.

Under existing IRS rulings issued to the Participating TO, a proposed interconnection might result in an Impairment if the proposed interconnection either (1) will cause the Participating TO to fail to be an annual net importer of electric energy (the “Annual Net Importer Test”), or (2) will require the Participating TO to acquire any component of the Local System Facilities sooner, or will cause any component of the Local System Facilities to be built larger, more costly or with a different design than is reasonably expected to be needed

exemplary cost to purchase and install the section of conductor between the POCO and the first overhead structure outside SDG&E’s property line (\$12,319,000 plus \$10,000 equates to \$12,329,000). This segment of conductor is owned by the Interconnection Customer but operated and maintained by the Participating TO.

to provide reliable service to Local Retail Customers (the “Character Test”). The CAISO Tariff Section 3 states that:

Nothing in this CAISO Tariff or the TCA shall compel (and the CAISO is not authorized to request) any Local Furnishing Participating TO or other Tax Exempt Participating TO to violate: (1) restrictions applicable to facilities which are part of a system that was financed in whole or part with Local Furnishing Bonds or other Tax Exempt Debt or (2) the contractual restrictions and covenants regarding the use of any transmission facilities specified in Appendix B to the TCA.

The Transmission Control Agreement provides at Appendix B, Section A that:

Notwithstanding anything to the contrary contained in the Agreement, including SDG&E's agreement to be bound by the terms of the ... ISO Tariff and the ... TO Tariff, SDG&E may not take (nor may SDG&E allow the ISO to take) any action that would jeopardize the tax-exempt status of interest on Local Furnishing Bonds issued or to be issued for its benefit, including (without limitation) the actions specified below.

The Transmission Control Agreement provides at Appendix B, Section B that:

Absent an approving written opinion of nationally recognized bond counsel selected by SDG&E, taking into account the adjustments outlined in paragraph C below, SDG&E will not operate its facilities (or allow its facilities to be operated) so as to cause or permit a cumulative annual net outbound flow of electric energy during any year from the point of interconnection . . .

The Transmission Control Agreement provides at Appendix B, Section E that:

Upon SDG&E's receipt of a written request by the ISO to take (or to refrain from taking) any action that SDG&E believes might jeopardize the tax-exempt status of interest on Local Furnishing Bonds issued for benefit, SDG&E in good faith shall promptly seek to obtain an opinion (of the type generally regarded in the municipal bond market as unqualified) from a nationally recognized bond counsel selected by SDG&E that the requested action (or inaction) will not adversely affect such tax-exempt status. Until the opinion of bond counsel described above is obtained, SDG&E shall not be required to take (or to refrain from taking) the specified action, and the ISO shall exercise its Operation Control consistent with such limitation.

(1) Annual Net Importer Test

In conjunction with studies the Participating TO completed on behalf of the CAISO pursuant to the LGIP, a GridView production modeling analysis was undertaken. Based on this analysis, and applying the annual net importer methodology set forth in a supplemental IRS letter ruling issued to the Participating TO dated July 7, 2009, the Participating TO has determined that the Project does not appear at this time to cause an Impairment by reason of the Annual Net Importer Test. This was determined by considering, inter alia, the following:

The Participating TO has no direct or indirect ownership interest in the Project.

The Project does not connect directly to the Local System Facilities and thus is not considered internal generation to the Local System Facilities and does not contribute to the Participating TO's calculated outbound flow.

Even if the Participating TO enters into a contract to purchase all electric energy produced by the Project, the Participating TO presently anticipates that electric energy from the Project and other electric generating resources which are owned or controlled by or for the benefit of the Participating TO in each calendar year will not exceed the total amount of electric energy supplied by the Participating TO to Local Retail Customers, adjusted as set forth in the supplemental IRS letter ruling issued to the Participating TO dated July 7, 2009.

The Interconnection Customer is subject to all applicable and lawful tariffs, protocols, orders, and directives of the CAISO issued pursuant to the terms of its Tariff to protect the exclusion from gross income of interest on the LFBs.

If in the future the Participating TO acquires an ownership interest in the Project for federal tax purposes or the Project comes to connect directly to the Local System Facilities, these events will impact the analysis of the Annual Net Importer Test. If either event occurs, The Participating TO will monitor the Project's output of electric energy and other matters to determine if an Impairment may arise by reason of the Participating TO's failure to meet the Amended Annual Net Importer Test set forth in the IRS supplemental letter ruling dated July 7, 2009. If, contrary to the Participating TO's current expectations, the Participating TO otherwise might fail to meet the Amended Annual Net Importer Test set forth in the IRS supplemental letter ruling dated July 7, 2009, at any time after the Project is placed in service, the means by which such Impairment will be resolved is set forth in "SDG&E Appendix B (SDG&E Encumbrances)" to the Transmission Control Agreement.

(2) Character Test

Even if the Annual Net Importer Test is met, an Impairment can arise if additions or improvements are made to the Local System Facilities sooner, larger, more costly or built with a different design than is reasonably expected to be needed to provide reliable service to the Local Retail Customers. This Character Test generally will be met so long as (i) the Project never connects directly to the Participating TO's Local System Facilities, and (ii) the Participating TO never acquires an ownership interest in the Project for federal tax purposes. Presently, the Participating TO has no ownership interest in the Project for federal tax purposes, and the Project does not connect directly to the Local System Facilities. Thus, consideration of the Character Test presently is not required.

If in the future the Participating TO acquires an ownership interest in the Project for federal tax purposes or the Project comes to connect directly to the Local System Facilities, then an Impairment might arise unless electric energy from the Project is sold exclusively to the Participating TO. The means by which such an Impairment will be resolved is set forth in "SDG&E Appendix B (SDG&E Encumbrances)" to the Transmission Control Agreement.

The Participating TO will provide timely notification to the Interconnection Customer of any assertion or determination that an Impairment pertaining wholly or in part to the Project has arisen or is likely to arise and provide to Interconnection Customer the Participating TO's submissions to the CAISO and thereafter, if any, to the IRS pertaining to such Impairment. The Interconnection Customer agrees that it will treat any material provided by Participating TO to the IRS involving an Impairment as Confidential Information.

Presently, the Project does not connect directly to the Local System Facilities and, thus, consideration of the Character Test is not required.

A.6 Insurance

All certificates of insurance coverage, endorsements, cancellations, terminations, alterations, and material changes of such insurance shall be issued and submitted to the following:

For San Diego Gas & Electric Company:

Manager, Transmission Planning _____
8316 Century Park Court CP52A
San Diego, CA 92123-1593

For CSOLAR Development, LLC:

c/o Tenaska, Inc.
Attention: Doug Troupe
1044 N. 115th Street, Suite 400
Omaha, NE 68154

For California ISO:

Judy Brown
250 Outcropping Way
Folsom, CA 95630

A.7 Future Use of Participating TO's Interconnection Facilities

The Parties are aware of other interconnection customers with valid interconnection requests in the ISO's Controlled Grid Generation Queue which may request the use of the Participating TO's Interconnection Facilities. Should a Party receive such a request from a New Generator to use the Participating TO's Interconnection Facilities, the Party receiving such request will notify the other Parties within 30 days of receipt.

Parties must agree to allow the use of the Participating TO's Interconnection Facilities by such other interconnection customer. Should the ISO and Participating TO agree to allow the use of the Participating TO's Interconnection Facilities, the Parties shall amend this LGIA to accommodate use of the Participating TO Interconnection Facilities by such other interconnection customer. Such an amendment to this LGIA will include an obligation of the Participating TO to reimburse the Interconnection Customer a pro rata portion, as defined below, of the amount previously paid by Interconnection Customer under this Agreement for the Participating TO's Interconnection Facilities. Any repayment shall include interest calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. §35.19a(a)(2)(iii) from the date of any payment for the Participating TO's Interconnection Facilities through the date on which the Interconnection Customer receives a repayment of such payment (the "Reimbursable Costs").

Such pro-rata portion shall be calculated as follows: each time a New Generator interconnects utilizing the Participating TO's Interconnection Facilities, the Participating TO shall make a payment to Interconnection Customer such that after receipt of such payment the amount of total payments received by

Interconnection Customer pursuant to the amendment then being entered into and all prior amendments entered into with previous New Generators, not taking into account any interest component of such payments, shall equal the Reimbursable Costs multiplied times a fraction the numerator of which is the aggregate capacity of all the New Generators in MW and the denominator of which is the aggregate capacity of all the New Generators in MW plus 200 MW (the IV Substation South project's capacity). The Reimbursable Costs amount shall be paid by the Participating TO to the Interconnection Customer within 30 days of the In-Service Date when any New Generator interconnects with the Participating TO's Interconnection Facilities, irrespective of whether the New Generator is assessed any charge by the Participating TO.

The calculation of the Monthly Cost of Ownership Charge for Operation and Maintenance ("O&M") as described at A.4.3 above will also adjusted to reflect the sharing of the Participating TO's Interconnection Facilities with the other Interconnection Customer(s).

**APPENDIX B TO Appendix B
To LGIA**

**MILESTONES
Milestones**

B.1 Interconnection Customer's Selected Option:

The Interconnection Customer has selected the Standard Option in accordance with Article 5.1.1 of the LGIA.

B.2 Interconnection Milestones and Dates:

The milestones provided in Table 2 below shall apply to each phase of the Project unless specific dates are provided for each Phase.

Table 2: Interconnection Milestones

<u>Item</u>	<u>Milestone</u>	<u>Responsible Party</u>	<u>Due Date</u>
<u>(a)</u>	<u>Submittal of approval from the appropriate Governmental Authority for any facilities requiring regulatory approval, as applicable, to Participating TO and CAISO, pursuant to Article 5.6.1 of the LGIA</u>	<u>Interconnection Customer</u>	<u>At least 30 Calendar Days prior to the commencement of Construction Activities of the Participating TO's Interconnection Facilities and Network Upgrades</u>
<u>(b)</u>	<u>Submittal of written authorization to proceed with design, procurement and construction of Participating TO's Interconnection Facilities and Network Upgrades, as applicable and identified in this Agreement, to Participating TO and CAISO pursuant to Articles 5.5.2 and 5.6.3 of the LGIA</u>	<u>Interconnection Customer</u>	<u>On or before March 31, 20128, and at least 30 Calendar Days prior to the commencement of the Construction Activities of the Participating TO's Interconnection Facilities and Network Upgrades</u>

<u>Item</u>	<u>Milestone</u>	<u>Responsible Party</u>	<u>Due Date</u>
<u>(c)</u>	<u>Submittal of security for Participating TO's Interconnection Facilities and Network Upgrades, as applicable and as identified in this Agreement, to Participating TO pursuant to Articles 5.5.3, 5.6.4 and 11.5 of the LGIA and as outlined in Appendix A at A.4</u>	<u>Interconnection Customer</u>	<u>On or before March 31, 2012⁸, and at least 30 Calendar Days prior to the commencement of the Construction Activities of the Participating TO's Interconnection Facilities and Network Upgrades</u>
<u>(d)</u>	<u>Submittal of security for the estimated tax liability, if necessary, to Participating TO pursuant to Article 5.17.4 of the LGIA</u>	<u>Interconnection Customer</u>	<u>At least 30 Calendar Days prior to the commencement of Construction Activities of the Participating TO's Interconnection Facilities and Network Upgrades</u>
<u>(e)</u>	<u>Completion of Participating TO's Interconnection Facilities, Reliability Network Upgrades and Delivery Network Upgrade facilities</u>	<u>Participating TO</u>	<u>Within 18 months after the completion of Items (b) and (c) above</u>
<u>(f)</u>	<u>Submittal of initial specifications for the Interconnection Customer's Interconnection Facilities and Large Generating Facility, including System Protection Facilities, to the Participating TO and the CAISO as specified in Article 5.10.1 of</u>	<u>Interconnection Customer</u>	<u>Within 180 Calendar Days prior to the Initial Synchronization date</u>

⁸ On or before this date, the Interconnection Customer must provide the Participating TO with written authorization to proceed and financial security so the Participating TO can proceed with design, procurement, and Construction Activities necessary to complete the Interconnection Facilities and Network Upgrades to meet the proposed April 1, 2012 In-Service Date. Failure by the Interconnection Customer to comply with this milestone (provide written authorization to proceed and security by this date) shall represent breach of this LGIA, and CAISO and the Participating TO will move to immediately terminate the LGIA.

<u>Item</u>	<u>Milestone</u>	<u>Responsible Party</u>	<u>Due Date</u>
	<u>the LGIA</u>		
<u>(g)</u>	<u>Initial information submission, including Participating TO's Transmission System information necessary to allow the Interconnection Customer to select equipment, in accordance with Article 24.2 of the LGIA</u>	<u>Participating TO</u>	<u>Within 180 Calendar Days prior to the Trial Operation date</u>
<u>(h)</u>	<u>Updated information submission by Interconnection Customer, including manufacturer information in accordance with Article 24.3 of the LGIA</u>	<u>Interconnection Customer</u>	<u>Within 180 Calendar Days prior to the Trial Operation date</u>
<u>(i)</u>	<u>Review of and comment on Interconnection Customer's initial specifications as specified in Article 5.10.1 of the LGIA</u>	<u>Participating TO and ISO</u>	<u>Within 30 Calendar Days of the Interconnection Customer's submission of initial specifications</u>
<u>(j)</u>	<u>Submittal of final specifications for the Interconnection Customer's Interconnection Facilities and Large Generating Facility, including System Protection Facilities, to the Participating TO and the CAISO as specified in Article 5.10.1 of the LGIA</u>	<u>Interconnection Customer</u>	<u>Within 90 Calendar Days prior to the Initial Synchronization date</u>

<u>Item</u>	<u>Milestone</u>	<u>Responsible Party</u>	<u>Due Date</u>
<u>(k)</u>	<u>Review of and comment on Interconnection Customer's final specifications as specified in Article 5.10.1 of the LGIA</u>	<u>Participating TO and CAISO</u>	<u>Within 30 Calendar Days of the Interconnection Customer's submission of final specifications</u>
<u>(l)</u>	<u>Notification of Balancing Authority Area in which the Interconnection Customer intends to be located to Participating TO and CAISO pursuant to Article 9.2</u>	<u>Interconnection Customer</u>	<u>At least 90 Calendar Days prior to the Initial Synchronization Date</u>
<u>(m)</u>	<u>Performance of a complete calibration test and functional trip test of the System Protection Facilities prior to the In-Service Date, pursuant to Article 9.7.4.6 of the LGIA</u>	<u>Interconnection Customer and Participating TO</u>	<u>Within 60 Calendar Days prior to the In-Service Date,</u>
<u>(n)</u>	<u>In-Service Date</u>	<u>Interconnection Customer</u>	<u>June 1, 2013,</u>
<u>(o)</u>	<u>Performance of a complete calibration test and functional trip test of the System Protection Facilities prior to the Commercial Operation Date, pursuant to Article 9.7.4.6 of the LGIA</u>	<u>Interconnection Customer and Participating TO</u>	<u>Within 60 Calendar Days prior to the Commercial Operation Date</u>
<u>(p)</u>	<u>Testing of the Participating TO's Interconnection Facilities and Network Upgrades, and testing of the Interconnection Customer's Large Generating Facility and Interconnection Facilities in accordance with Article 6.1 of the LGIA</u>	<u>Interconnection Customer and Participating TO</u>	<u>Within 60 Calendar Days prior to the Commercial Operation Date</u>
<u>(q)</u>	<u>Provide written approval to Interconnection Customer for the operation of the Large Generating Facilities in accordance with Article 6.1 of the LGIA</u>	<u>Participating TO</u>	<u>Within 15 Calendar Days prior to the Commercial Operation Date</u>

<u>Item</u>	<u>Milestone</u>	<u>Responsible Party</u>	<u>Due Date</u>
<u>(r)</u>	<u>Phase I Initial Synchronization Date (Interconnection Customer to provide notification in writing to Participating TO)⁹</u>	<u>Interconnection Customer</u>	<u>Phase I - October 1, 2013</u>
<u>(s)</u>	<u>Phase II Initial Synchronization Date (Interconnection Customer to provide notification in writing to Participating TO)⁹</u>	<u>Interconnection Customer</u>	<u>Phase II – October 1, 2015</u>
<u>(t)</u>	<u>Phase I Trial Operation date</u>	<u>Interconnection Customer</u>	<u>Phase I - November 1, 2013</u>
<u>(u)</u>	<u>Phase II Trial Operation date</u>	<u>Interconnection Customer</u>	<u>Phase II – November 1, 2015</u>
<u>(v)</u>	<u>Phase I Commercial Operation Date</u>	<u>Interconnection Customer</u>	<u>December 31, 2013</u>
<u>(w)</u>	<u>Phase II Commercial Operation Date</u>	<u>Interconnection Customer</u>	<u>January 2, 2016</u>
<u>(x)</u>	<u>Submittal of “as-built” drawings, information and documents for the Interconnection Customer’s Interconnection Facilities and the Electric Generating Units in accordance with Article 5.10.3 of the LGIA to the Participating TO and CAISO</u>	<u>Interconnection Customer</u>	<u>Within 120 Calendar Days after the Commercial Operation Date.</u>

⁹ The Parties recognize and agree that the Interconnection Customer will be allowed to synchronize, test, and declare Commercial Operation for any portions of the Project upon completion prior to the dates specified in Table 2, however the Participating TO will reimburse the Interconnection Customer for the actual cost of Network Upgrades upon the Commercial Operation Date of the project’s entire 200 MW capacity.

B.3 Estimated Construction Schedule

Table 3: Estimated Time to Design and Construct Participating TO's Interconnection Facilities and Reliability Network Upgrade

<u>Type</u>	<u>Description</u>	<u>Estimated time to Design & Construct¹⁰</u>
<u>Participating TO's Interconnection Facilities</u>	<p><u>Within the IV Substation:</u> <u>Extend Interconnection Facilities from the Participating TO property line to the 230 kV bus</u></p> <ul style="list-style-type: none"> <u>• Install approximately 900 circuit feet of bundled 900ACSS/AW from the substation rack to the property line</u> <u>• Install two (2)-200 feet spans of shield wire with two (2) dead-ends each</u> <u>• Required relay protection</u> 	<u>6 Months</u>
<u>Participating TO's Interconnection Facilities</u>	<p><u>Outside the IV Substation: North – South Connector</u></p> <ul style="list-style-type: none"> <u>• Participating TO Interconnection Facilities allocation of:</u> <ul style="list-style-type: none"> <u>o Remove existing single circuit wooden structure design (5 structures)</u> <u>o Install five (5) new double circuit steel pole structures.</u> <u>o Install new OPGW from the first dead-end structure located outside the IV substation fence to the last structure north of the 500 kV line crossing) and from the first structure south of the 500 kV line crossing to the last dead-end structure north of the US border with Mexico.</u> <u>o Install new ADSS fiber optic wire from the last structure north of the 500 kV line crossing to the first structure south of the 500 kV line crossing.</u> <u>o Construct two (2) new dead-end structures to transition from the east side</u> 	<u>16 Months</u>

¹⁰ Estimated time to construct includes time for design, equipment procurement, and construction. Excludes time for environmental review and permitting.

	<u>to the west side where TL23050 connects to CFE at structure #Z46503</u>	
<u>Reliability Network Upgrades</u>	<p><u>Within the IV Substation:</u></p> <p><u>Modification of the existing SPS to include the Project</u></p> <ul style="list-style-type: none"> • <u>SDG&E communication interface for IV SPS</u> • <u>Communication equipment between SDG&E and the Project</u> 	<u>12 Months</u>
<u>Reliability Network Upgrades</u>	<p><u>Within the IV Substation:</u></p> <p><u>Implement SPS to protect Bernardo-Felicita Tap 69kV line</u></p> <ul style="list-style-type: none"> • <u>SDG&E protection and communication for Bernardo Substation, Escondido Substation and Palomar Energy Center</u> • <u>Communication equipment between SDG&E and the Project</u> 	<u>12 Months</u>
<u>Reliability Network Upgrades</u>	<p><u>Within the IV Substation:</u></p> <p><u>Implement SPS to protect Mission-Old Town 230kV line</u></p> <ul style="list-style-type: none"> • <u>SDG&E protection and communication for Mission Substation, Old Town Substation and Silvergate Substation</u> • <u>Communication equipment between SDG&E and the Project</u> 	<u>12 Months</u>
<u>Reliability Network Upgrades</u>	<p><u>Outside the IV Substation: North – South Connector</u></p> <ul style="list-style-type: none"> • <u>String new bundled 900 ACSS/AW conductor (approximately 5.4 miles) on the eastern-end arms of the new double circuit SDG&E transmission line structures from the first dead-end structure located outside the IV substation fence, #Z46474, to the last dead-end structure north of the US border with Mexico, #Z46503.</u> • <u>Reliability Network Upgrades portion of:</u> <ul style="list-style-type: none"> o <u>Remove existing single circuit wooden structure design (5 structures)</u> o <u>Install five (5) new double circuit steel pole structures.</u> 	<u>16 Months</u>

	<ul style="list-style-type: none"> <u>o Install new OPGW from the first dead-end structure located outside the IV substation fence to the last structure north of the 500 kV line crossing) and from the first structure south of the 500 kV line crossing to the last dead-end structure north of the US border with Mexico.</u> <u>o Install new ADSS fiber optic wire from the last structure north of the 500 kV line crossing to the first structure south of the 500 kV line crossing.</u> <u>o Construct two (2) new dead-end structures to transition from the east side to the west side where TL23050 connects to CFE at structure #Z46503</u> 	
<u>Delivery Network Upgrades</u>	<u>Reconfigure TL23041 and TL23042 at Miguel Substation to create two Otay Mesa-Miguel 230 kV lines</u>	<u>18 Months</u>
<u>Delivery Network Upgrades</u>	<u>Reconductor Escondido-Palomar Energy 230 kV lines #1 and #2</u>	<u>12 Months</u>

The construction schedule estimates to design, procure, and construct the facilities do not include the time required for environmental review and the permitting processes, if applicable.

Table 4 – Estimated Project Timeline:

<u>Month</u>	<u>Date</u>	<u>Remarks</u>
<u>-1</u>	<u>January 1, 2012</u>	<u>IV Solar provides written notice to proceed and required security</u>
		<u>-</u>
<u>0</u>	<u>February 1, 2012</u>	<u>SDG&E begins engineering.</u>
		<u>-</u>
<u>2</u>	<u>April 1, 2012</u>	<u>SDG&E orders long lead equipment.</u>
		<u>-</u>
<u>8</u>	<u>October 1, 2012</u>	<u>SDG&E begins construction.</u>
		<u>-</u>
<u>16</u>	<u>June 1, 2013</u>	<u>SDG&E Construction Complete - In Service</u>

B.4 Suspension of the Work

If the Interconnection Customer suspends work pursuant to Article 5.16 of the LGIA, then all milestones for each Party set forth in this Appendix B shall be suspended during the suspension period. Upon the Interconnection Customer's request to recommence the work, the Parties shall negotiate in good faith on revised milestone due dates for each milestone that takes into account the period of suspension. Appendix B and any terms and conditions associated with the estimated costs shall be amended following the establishment of such revised milestone due dates.

B.5 Partial Termination

In the event the IC exercises Partial Termination with regard to Phase II: (A) the LGIA shall remain in full force and effect with respect to Phase I; (B) the IC's eligibility for repayment pursuant to GIP Section 12.3.2 for Phase I shall not be diminished and (C) the Parties shall amend this LGIA to reflect the lower interconnection capacity.

The IC must exercise its Partial Termination Right within one hundred eighty (180) days after receipt of Notice from Southern California Edison Company ("SCE") who is the Participating TO whose Transmission System is part of the CAISO Controlled Grid and who is responsible for construction of the Network Upgrades necessary for Phase II to obtain Full Capacity Deliverability Status to the CAISO Controlled Grid that: (A) SCE reasonably intends to commence Construction Activities in one hundred eighty (180) days of the Network Upgrades on SCE's Transmission System necessary for Phase II to obtain Full Capacity Deliverability Status to the CAISO Controlled Grid or (B) SCE does not intend to construct Network Upgrades on SCE's Transmission System because they are not necessary for Phase II to obtain Full Capacity Deliverability Status to the CAISO Controlled Grid.

Under no circumstance shall the IC exercise its Partial Termination Right after commencement of the Construction Activities of the Network Upgrades on SCE's Transmission System.

Unless a date set forth in Table 2 or Table 3 above is otherwise extended per the terms of the LGIA, the following options apply:

Table 3A- Participating TO General Option: The Participating TO has the following options:

If the Interconnection Customer is not current in meeting its milestones as set forth in Table 2 (as such milestones may be adjusted due to the Interconnection Customer exercising Option 2 in Table 3B below or its suspension rights under Article 5.16 of this LGIA), the Participating TO has the following options:

- 1. Extend the applicable deadline for Interconnection Customer to satisfy the milestone requirement for the Electric Generating Units.**
- 2. Terminate this LGIA, subject to the termination and Partial Termination provisions of this LGIA.**
- 3. Other actions mutually agreeable to the Parties.**

The Participating TO will provide written notification to the Interconnection Customer of the option selected.

With the exception of Interconnection Customer exercising its Partial Termination rights pursuant to Article 2.4.4, if the Interconnection Customer does not meet any one of the milestones specified in Table 2 above (as such milestones may be adjusted due to the Interconnection Customer exercising option 2 in Table 3B below or its suspension rights under Article 5.16 of this LGIA), this failure shall be considered a Breach of this LGIA, subject to the Default and Right to Terminate provisions under Article 17 of this LGIA.

Table 3B – Interconnection Customer General Option: The Interconnection Customer has the following options:

On each date set forth in Table 2 or Table 3 above, if the Participating TO is current in meeting its milestones in Table 2 or Table 3 above, the Interconnection Customer shall confirm its non-binding intention to develop the Electric Generating Units for which the milestone has been met.

If the Participating TO is not current in meeting its milestones as set forth in Table 2 or Table 3, the Interconnection Customer has the following options:

- 1. Continue to develop the Electric Generating Units for which the milestone has not been met (but have no obligation to do so).**

2. Adjust its milestones for the applicable Electric Generating Units in Table 2 above, on a day-for-day basis, as appropriate, to the Participating TO's new timetable(s).

3. (a) If the Participating TO is not current in meeting its milestones with respect to Phase I which is 130 MW, the Interconnection Customer shall have the right to (1) terminate the LGIA in its entirety, with resulting disconnection of Phase I, and cause the refund of any Partial Termination Charge Security in full to Interconnection Customer, or (2) invoke Partial Termination of this LGIA with respect to Phase II which is 70 MW pursuant to Article 2.4.4, provided that the Interconnection Customer has previously posted Partial Termination Charge Security for Phase II.

(b) If the Participating TO is not current in meeting its milestones with respect to Phase II, the Interconnection Customer shall have the right to invoke Partial Termination of this LGIA in accordance with Article 2.4.4 with respect to Phase II.*

4. Terminate this LGIA, subject to the termination and Partial Termination provisions of this LGIA.

5. Other actions mutually agreeable to the Parties.

The Interconnection Customer will provide written notification to both the CAISO and the Participating TO of the option selected.

If the Participating TO is unable to complete the Network Upgrades necessary to provide full deliverability to the entire Generating Facility, the Participating TO shall use commercially Reasonable Efforts to pursue alternatives to provide full deliverability to the entire Generating Facility.

* The termination provisions provided above (Option 3(a) and (b)) reflect that the Interconnection Customer may invoke a Partial Termination under Section 2.4.4 with respect to those Electric Generating Units for which the Interconnection Customer has previously provided Partial Termination Charge Security, which right of Partial Termination is alternative to the Interconnection Customer's choice of termination of the entire LGIA under Article 2.3 of this LGIA.

If, by April 15, 2012, the Participating TO has not (i) commenced construction of the Network Upgrades or (ii) made commercially Reasonable Efforts to provide an alternative solution for ensuring timely full capacity deliverability status for the Generating Facility, and either (a) the Interconnection Customer (or an owner/lessee thereof who has signed the Co-Tenancy Agreement referred to in Appendix C, Section C.5) is in default of a power purchase agreement or cannot

perform under a power purchase agreement as a result thereof, or (b) the Parties otherwise reasonably agree that the Interconnection Customer (or any owner/lessee thereof who has signed the Co-Tenancy Agreement referred to in Appendix C, Section C.5) has been harmed as a result of the Participating TO's failure to complete the Network Upgrades (or otherwise provide full capacity deliverability status for the Generating Facility) in a timely manner, then the Interconnection Customer shall have the right to invoke a Partial Termination of this LGIA with respect to the Electric Generating Units that the Interconnection Customer reasonably demonstrates to the other Parties it is unable to construct. If Partial Termination is exercised under the terms of the foregoing sentence, the Participating TO and the CAISO shall return the Partial Termination Charge Security applicable to such terminated Electric Generating Units to the Interconnection Customer. Any Partial Termination exercised by the Interconnection Customer, other than in accordance with this paragraph, shall result in the CAISO and the Participating TO liquidating the Partial Termination Charge Security applicable to the terminated Electric Generating Units in accordance with Article 2.4.4.5 of this LGIA.

APPENDIX C TO Appendix C
To LGIA

INTERCONNECTION DETAILS
Interconnection Details

Interconnection Customer proposes to interconnect its Project to the California Independent System Operator Corporation (“CAISO”) Controlled Grid at the 230 kV bus in SDG&E’s existing Imperial Valley Substation. The Project site is located near El Centro, California in the unincorporated area of Imperial County on properties located at the intersection of Pullman Road and Cook Road, and approximately seven miles southeast of the Imperial Valley Substation (IV). The Project will be interconnected via dedicated 230 kV interconnection facilities consisting of overhead and underground transmission line. The Project is a 200 MW nominal solar photovoltaic (PV) power generating facility, with a maximum net electrical output to grid of 200 MW, with 318 - 630 kW inverters, a 34.5 kV power collection system and a 230/34.5 kV project substation. The Project will be constructed in two phases with the output of each phase being:

Phase I – 130 MW

Phase II – 70 MW

Based on a request from the El Centro Office of the Bureau of Land Management to minimize environmental impacts in the area, SDG&E will allow the Project to share part of existing SDG&E transmission line structures that run from Imperial Valley substation to Mexican Border. On the existing 230 kV Circuit TL23050 (that connects IV substation, El Centro, CA, to La Rosita substation in Mexico), SDG&E will allow the Interconnection Customer to use of the vacant side of the existing 230 kV transmission line structures. In order to accommodate the Project, SDG&E must complete the work to replace five (5) structures (of single circuit wooden pole design) outside of Imperial Valley substation within the existing IV-La Rosita 230 kV line with double circuit steel pole structures. By utilizing existing SDG&E transmission line structures, Interconnection Customer will be able to avoid building 24 new structures on BLM lands.

Prior to the Interconnection Customer’s request to interconnect the Project at the IV substation, the eastern-end arms of the existing SDG&E transmission line structures along the existing IV-La Rosita 230 kV line transmission line structures were not in use and open for future expansion. Based upon a previously approved SDG&E project, TL 23050 will be moved to bay position #11at SDG&E’s IV substation.

SDG&E will change bay positions for the existing IV – La Rosita 230 kV Circuit TL23050 in the IV Substation. SDG&E will move the existing western-end arms

230 KV circuit TL23050 (from bay #11 at IV) to the open position of eastern-end arms (to bay #12 at IV). After installing the new double circuit steel pole structures, SDG&E will then string new conductor wire for the IV – La Rosita 230 kV Circuit transmission line TL23050 on the eastern-end arm of existing SDG&E transmission line structures, approximately five (5) miles south from the IV Substation. SDG&E will then connect the existing conductor for the Project to bay 11 position of IV substation.

The new conductor for the IV – La Rosita 230 kV Circuit transmission line TL23050 will then occupy the eastern-end arms of the existing SDG&E transmission line structures which will transition back to western-end arms once it extends south beyond the proposed project's East-West connector. The existing vacated conductor on the western-end arms will then be used to connect the Project into the IV substation.

The POI and POCO are as defined in Appendix A of this Agreement. For the one-line diagrams, refer to Figure 1 below.

CSOLAR proposes the following dates for the Phase I portion of the Project:

Proposed In-Service Date for Interconnection Facilities (ISD): June 1, 2013

Proposed Trial Operation date (TOD): November 1, 2013

Proposed Commercial Operation Date (COD): December 31, 2013

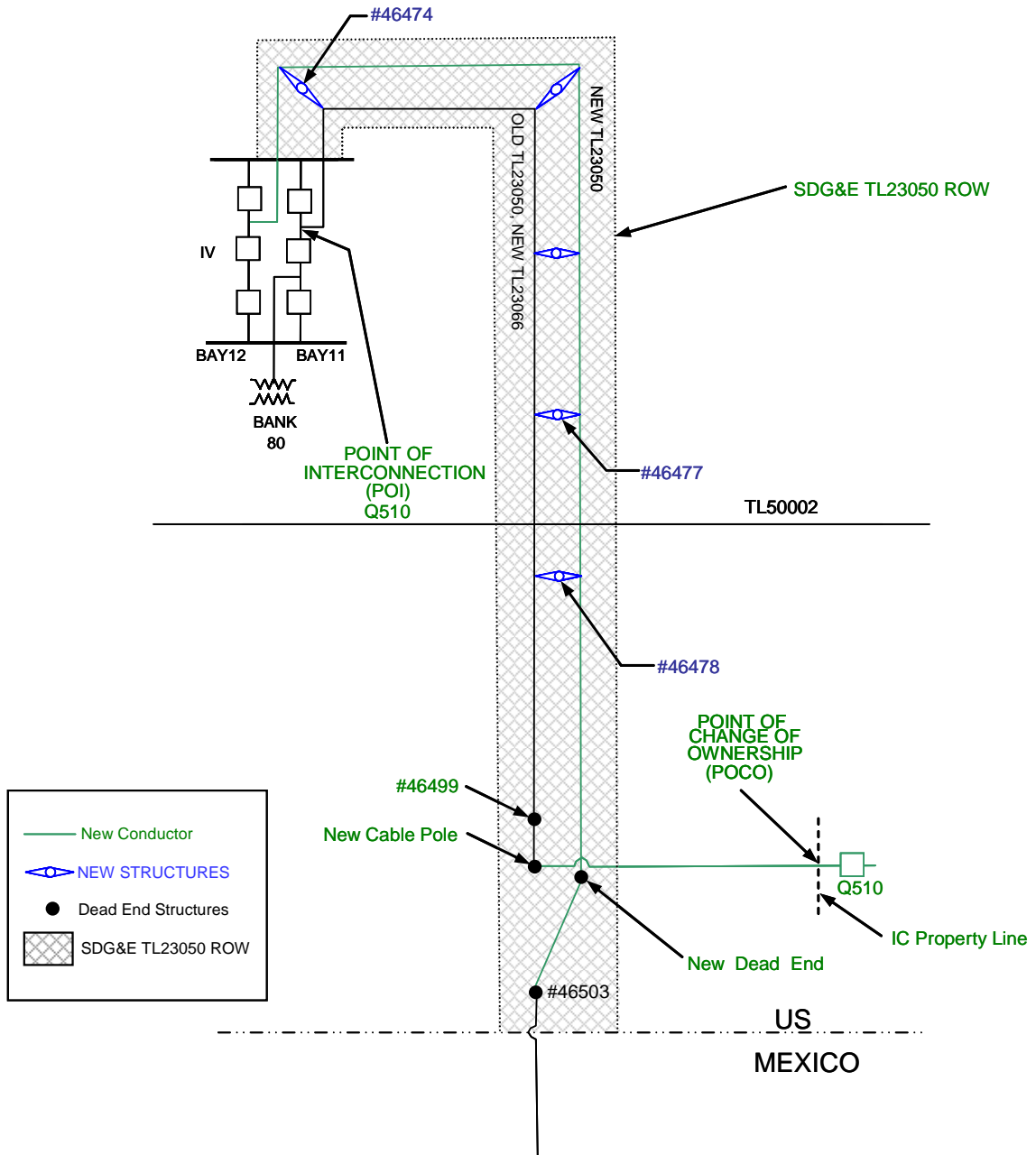
CSOLAR proposes the following dates for the Phase II portion of the Project:

Proposed In-Service Date for Interconnection Facilities (ISD): N/A

Proposed Trial Operation date (TOD): November 1, 2015

Proposed Commercial Operation Date (COD): January 2, 2016

Figure 1: Project Point of Interconnection and Point of Change of Ownership



C.1 Interconnection Facilities

Imperial Valley (IV) Substation Interconnection Facilities

(i) Within the IV Substation:

The Participating TO will own a section of the Interconnection Facility conductor from the Point of Change of Ownership (POCO) to the Point of Interconnection (POI).

The facilities necessary for the 230 kV interconnection within the IV substation include the extension of the Project's Interconnection Facilities from dead-end structure located near the Participating TO property line at the IV Substation approximately 400 feet to bay position #11 on the 230 kV bus inside the IV substation using bundled 900 ACSS/AW conductor. The Participating TO will also install two (2) spans of Overhead Optical Ground Wire (OPGW) with one (1) dead-end each.

(ii) Outside the IV Substation:

A. North – South Connector

The North-South (N-S) connector refers to the transmission line that will be strung on existing double circuit SDG&E transmission line structures from #Z46474 to # Z46499. The portion of the N-S connector design, procurement and construction to interconnect the project is considered Interconnection Facilities. The length of N-S connector will be approximately 24,400 feet. Prior to the activities to interconnect the Project to the IV Substation, the previous existing SDG&E transmission line (outside IV) changed to a single circuit wooden pole design after the steel lattice structure # Z46479. Further, the single circuit pole structures ran under existing 500 KV Southwest Power link transmission line.

SDG&E will permit and construct the N-S Connector. SDG&E will replace the existing single circuit wooden pole design to a double circuit steel pole design. SDG&E will install five (5) new double circuit steel pole structures.

- The Participating TO's Interconnection Facilities will be allocated a 50 percent portion of the costs of the following activities:
 - o Remove existing single circuit wooden structure design (5 structures)
 - o Install five (5) new double circuit steel pole structures.
 - o Install new OPGW from the first dead-end structure located outside the IV substation fence to the last structure north of the 500 kV line crossing) and from the first structure south of the 500 kV line crossing to the last dead-end structure north of the US border with Mexico.

- o Install new ADSS fiber optic wire from the last structure north of the 500 kV line crossing to the first structure south of the 500 kV line crossing.

After installing new double circuit structures, the existing vacated conductor on the western-end arms will then be used to connect the Project into bay 11 position of IV substation. The project will utilize the existing 900 ACSS/AW conductor on the western-end arms of double circuit structures (approximately 24,400 feet) on existing double circuit SDG&E transmission line structures from structure #Z46474 to #Z46499.

As explained above, SDG&E must first move the existing single circuit TL23050 to the eastern-end arms of the double circuit steel poles.

B. East West Connector

The East-West (E-W) connector will be owned by the Participating TO and includes the 230 kV transmission line from the POCO at the Participating TO's property line to the new cable pole at tower #Z46499 of the existing TL23050 SDG&E transmission line. The total length of E-W connector is approximately 8,500 feet of overhead facilities and 500 feet of underground facilities. The overhead portion of E-W Connector includes steel monopoles and dead-end structures. Approximately 3,700 feet of E-W connector is located on privately owned lands. The IC will acquire the necessary permits and Right Of Ways ((ROWs), including BLM) and construct the E-W Connector. The design, construction and installation of E-W connector up to shall be in accordance with the Participating TO's design and construction standards and approved by the Participating TO's Electric Transmission and Distribution Engineering Department. All work performed on the E-W connector shall be performed by the Participating TO's approved contractors or employees.

Further, the E-W connector assumes undergrounding duct bank for crossing existing Sempra (generation) and Intergen (generation) transmission lines (TL23050). The underground duct bank will be approximately 9.5 feet wide, approximately 500 feet in length and will be buried approximately 6 feet below the ground. The design would insure that the underground (U/G) duct bank would avoid previously identified environmentally sensitive areas. After U/G crossing of Sempra and Intergen lines (TL23050), the E-W connector will be connected to western-end arm of existing double circuit SDG&E transmission line structures. A new dead-end structure will be required before connecting to existing SDG&E structures. The new dead-end structure will be located in the ROW of SDG&E and/or Intergen transmission lines(TL23050).

All IC work performed on the E-W connector Interconnection Facilities shall be performed by the Participating TO's approved contractors or employees.

Maintenance and testing of the E-W connector Interconnection Facilities shall be coordinated between the Participating TO and the IC and performed in accordance with operating procedures established between the IC and Participating TO prior to the Interconnection Facilities being energized for Trial Operation and the Commercial Operation.

NOTE: SDG&E has submitted to CAISO that all the 230 kV Interconnection Facilities from the POI to the POCO, are Location Constrained Resource Interconnection Facilities (LCRIF), in accordance with Section 26.6 of the CAISO tariff. Subject to Section A.1, footnote 1 hereinafter CAISO approval of the LCRIF (expected in early 2012), the ROWs and facilities for the E-W Connector shall be part of the LCRIF. Regardless of any determination(s) as to LCRIF, however, upon completion of construction and prior to energization, the IC shall assign the ROWs and facilities for the E-W Connector to SDG&E.

(iii) Maintenance and Testing:

Upon completion of the Interconnection Facilities, the Participating TO will operate and maintain the Participating TO's Interconnection Facilities between the POCO and the POI. The maintenance activity shall include the conductor, insulators and the termination hardware and fittings located at the POCO and include the facilities up to the Participating TO's dead-end structure located inside the Participating TO's substation (IV) (the POI).

The Monthly Cost of Ownership for Operations and Maintenance (O&M) charge applies to the Interconnection Facilities which the Participating TO will maintain (as identified in this agreement) and includes maintenance and trouble shooting of these interconnection facilities. The IC shall be solely responsible for all costs of any future replacement of the Participating TO's Interconnection Facilities unless the need to replace such Interconnection Facilities is the result of SDG&E's failure to properly operate or maintain such Interconnection Facilities, or such Interconnection Facilities are required to be replaced due to the interconnection or upgrade of any other facility located beyond the POCO.

Design and installation of the E-W connector shall be in accordance with the Participating TO's design and construction standards and approved by the Participating TO's Electric Transmission and Distribution Engineering Department.

All work performed on the Participating TO's Interconnection Facilities shall be performed by the Participating TO's approved contractors or employees.

Maintenance and testing of the Interconnection Facilities shall be coordinated between the Participating TO and the IC and performed in accordance with

operating procedures established between the IC and Participating TO prior to the Interconnection Facilities being energized for Trial Operation and the Commercial Operation.

The IC will install, operate, and maintain (including replacement when necessary), the Interconnection Customer's Interconnection Facilities, including the IC's first overhead transmission structure located outside the IC's property.

C.2 Reliability Network Upgrades

(i) Within the IV Substation:

SPS Special Protection System ("SPS")

a) Modification of the existing Special Protection System ("SPS") at Imperial Valley ("IV") to include the Project.

Because the Project will be injecting power to the Imperial Valley Substation which is also the POI for other Imperial Valley generation projects that participate in the IV SPS, the Project will be required to participate in the IV SPS (See Section C.4 below). Modification of the existing Special Protection System ("SPS") at Imperial Valley ("IV") to include the Project requires:

- SDG&E communication interface for IV SPS
- Communication equipment between SDG&E and the Project
- b) Implement SPS to protect Bernardo-Felicita Tap 69kV line
 - SDG&E protection and communication interface for Bernardo Substation, Escondido Substation and Palomar Energy Center SPS
 - Communication equipment between SDG&E and the Project
- c) Implement SPS to protect Mission-Old Town 230kV line
 - SDG&E communication interface for Mission Substation, Old Town Substation and Silvergate Substation SPS
 - Communication equipment between SDG&E and the Project

(ii) Outside the IV Substation:

North – South (N-S) Connector

The portion of the N-S connector design, procurement and construction to related to TL23050 to accommodate the project is considered a Reliability Network Upgrade. This includes:

- String new bundled 900 ACSS/AW conductor (approximately 24,400 feet) on the eastern-end arms of the new double circuit SDG&E transmission line structures from the first dead-end structure located outside the IV substation fence, #Z46474, to the last dead-end structure north of the US border with Mexico, #Z46503.
- Construct two (2) new dead-end structures to transition from the east

side to the west side where TL23050 connects to CFE at structure #Z46503

- The Reliability Network Upgrades will be allocated a 50 percent portion of the costs of the following activities:
 - o Remove existing single circuit wooden structure design (5 structures)
 - o Install five (5) new double circuit steel pole structures.
 - o Install new OPGW from the first dead-end structure located outside the IV substation fence to the last structure north of the 500 kV line crossing) and from the first structure south of the 500 kV line crossing to the last dead-end structure north of the US border with Mexico.
 - o Install new ADSS fiber optic wire from the last structure north of the 500 kV line crossing to the first structure south of the 500 kV line crossing.

C.3 Delivery Network Upgrades

(i) Reconfigure TL23041 and TL23042 at Miguel Substation to create two Otay Mesa-Miguel 230 kV lines

a) For TL23041, Otay Mesa-Miguel-Sycamore 230 kV line::

- Install 1-230 kV breaker, 2-230 kV disconnects, and relaying
- Install a new anchor-bolted dead end steel pole
- Install approximately 600 feet of bundled 900 ACSS/AW

b) For TL23042, Miguel-Otay Mesa-Bay Boulevard 230 kV line:

- Install 1-230 kV breaker and relaying

(ii) Reconductor Escondido-Palomar Energy 230 kV lines #1 and #2

- Reconductor the spans of 605 ACSS/AW to 900 ACSS/AW on Escondido-Palomar Energy 230 kV lines #1 and #2
- Install new cross arms for 230 kV pole Z202015
- Relocate two overhead 69 kV circuits and convert to underground
- Remove one existing 69 kV cable pole, extend the underground trench package 600 feet into the substation, remove cable and splice in new cable, terminate at two underground rack positions in Escondido Substation
- Install 8-230 kV disconnects and adjust relaying at Escondido

C.4 IV SPS Background and Description and Planned Modifications

Described below are the Imperial Valley Special Protection System (SPS) and the planned modifications to these SPS. Upon the integration of the Project into the

subject SPS, the Project shall be subject to reductions in deliveries in accordance with the CAISO Tariff. All modifications are subject to review by affected parties and members of the Imperial Valley SPS Technical Committee.

C.4.1 Existing SPSs: Existing SPSs that impact generation connected to the Imperial Valley 230 kV Bus consist of the following four (4) separate Special Protection Systems:

- (i) TL 50001 (Imperial Valley – Miguel 500 kV line) outage,
- (ii) Miguel 230 kV N-2 Line Outages,
- (iii) Miguel 500/230 kV Transformer Bank 80/81 Outage, and
- (iv) TL 230S (Imperial Valley – El Centro (IID) 230 kV Line Protection.

Only the TL50001 and TL230S high-level overload component of the Imperial Valley Generator SPS trips all of the existing Imperial Valley generation as one action. The other SPS sequentially trips Imperial Valley generation, unit by unit, until the loading issue is mitigated. The SPS shall be implemented in accordance with the CAISO Tariff and applicable CAISO and CAISO approved the Participating TO'S operating procedures.

C.4.2 Modifications to Existing SPSs: The modifications to the four existing SPSs, necessary to accommodate the Project, are described below.

(i) TL 50001 (Imperial Valley – Miguel 500 kV line) outage

Upon the tripping of TL 50001 between the East County Substation and Miguel Substation, an instantaneous trip signal will be sent to all existing Imperial Valley generation similar to today. The SPS will be modified to also send an instantaneous trip signal to the Project, which will isolate Project from the Participating TO's system.

(ii) Miguel 230 kV N-2 Line Outages

For any common structure outage of two 230 kV lines north of Miguel and overload on TL lines from Miguel into the Participating TO's system, a trip signal will be sent to the Project and the other Imperial Valley generators, which will be tripped sequentially until the overload is mitigated. The order of tripping will be decided by the Imperial Valley SPS

Technical Committee, subject to resolution of disagreements as described in C.5.2

(iii) Miguel 500/230 kV Transformer Bank 80/81 Outage

The modifications necessary, pending final design, review, and approval by cognizant entities, include modifying the existing Miguel Nomogram such that the Imperial Valley generation axis would extend to the total installed capacity connecting to Imperial Valley 230 kV bus.

Following the outage of Bank 80 or 81 at Miguel, and overload on the remaining bank, a trip signal will be sent to the Project and the other Imperial Valley generators, which will be tripped sequentially until the overload is mitigated. The order of tripping will be decided by the Imperial Valley SPS Technical Committee, subject to resolution of disagreements as described in C.5.2.

(iv) TL 230S (Imperial Valley – El Centro (IID) 230 kV Line Protection

When an overload is detected on TL 230S, a trip signal will be sent to all existing Imperial Valley generation similar to today. In addition, a trip signal will be sent to the Project, which will isolate the Project from the Participating TO's system.

C.4.3 Remedial Action Scheme Requirements

A detailed description of the SPS operational details will be amended into this Appendix C upon resolution by the Imperial Valley SPS Technical Committee.

The necessary additions and modifications, pending final design, review, and approval by the Imperial Valley SPS Technical Committee and affected parties, include:

- (i) Determination/verification of existing/new operational thresholds and limits,
- (ii) Addition of SPS panels with tele-protection units at the Project,
- (iii) Addition of logic processor outputs and PLC module at Miguel Substation,
- (iv) Addition of one additional SPS panel with tele-protection units at Imperial Valley Substation,

- (v) Creation of a communication link with the Project
- (vi) Modification of software and equipment settings to integrate the Project into the pool of available generation for trip/curtailment, and
- (vii) Submittal to WECC and CAISO for review and approval, and testing

Note: Since the existing Imperial Valley generation was interconnected, the “Miguel SPS” have changed several times. These SPS modifications have been prompted by system changes and more modifications should be anticipated as they will inevitably occur, and are to be addressed by the Imperial Valley SPS Technical Committee.

C.5 Imperial Valley SPS Technical Committee

C.5.1 Activities of SPS Technical Committee

The SPS Technical Committee is composed of the Parties, one individual from each organization and any other similar situated owner or operator of generation affected by the operation of the SPS. The SPS Technical Committee shall meet as necessary, but in no event less than every six months unless otherwise mutually agreed among committee members, to review and evaluate the impact of the operation of the existing SPS and to develop means by which such impact can be mitigated. The SPS Technical Committee members shall exchange information with one another to attempt to reach consensus on any changes believed by a committee member to be required to the SPS. To the extent any member of the SPS Technical Committee believes it would be useful to share commercially sensitive information with any other committee members, the parties agree to work out such arrangements with the other committee members as are appropriate to avoid compromising the information.

C.5.2 Resolution of Disagreements

To the extent the committee members disagree over whether a proposed committee member is a similarly situated owner or operator of generation affected by the operation of the SPS or fails to reach consensus on any change believed by a committee member to be required to the SPS, such disputes will be resolved if possible, and if the CAISO elects to do so, by a representative of the CAISO acting as a mediator. If such mediation efforts are unsuccessful, any unresolved issues shall be resolved through

arbitration provisions set forth in the CAISO Tariff LGIA, Article 27 (Disputes).

C.6 Co-Tenancy:

(a) The Interconnection Customer's rights and obligations under this LGIA and certain of the Interconnection Customer's Interconnection Facilities shall be held by CSOLAR IV South, LLC and CSOLAR IV East, LLC (each, a "Co-Tenant") as tenants-in-common. Each Co-Tenant owns solar photovoltaic (PV) power generating and other assets that, collectively, comprise the Project. The rights and obligations of the Co-Tenants as against each other with respect to certain of the Interconnection Customer's Interconnection Facilities and this LGIA are set forth in the Large Generator Interconnection Agreement Co-Tenancy Agreement, dated as of September 20, 2011, among the Co-Tenants and Tenaska Solar Management, LLC ("Manager") ("Co-Tenancy Agreement").

(b) Each Co-Tenant shall be jointly and severally liable for all obligations required of the Interconnection Customer set forth in this LGIA, including all affirmative covenants and all monetary obligations, the latter of which includes the financing of all Interconnection Facilities that are required to be financed by the Interconnection Customer in order to accommodate the interconnection of the entire Project.

(c) Except as expressly provided in this Section C.5(c), there shall be no more than two (2) Co-Tenants comprising Interconnection Customer, and neither Interconnection Customer nor any Co-Tenant may further subdivide in any manner or form its interests in this LGIA. The Parties acknowledge that Interconnection Customer and each Co-Tenant may assign its rights in the Interconnection Customer's Interconnection Facilities and this LGIA for collateral security purposes in accordance with Article 19 of this LGIA.

(d) No Co-Tenant may assign its interests as tenant-in-common in the Interconnection Customer's Interconnection Facilities, and other rights and obligations under this LGIA, independently of its interest in the Project. Subject to the foregoing, and subject to the limitations in Section C.5(c), Interconnection Customer may assign its rights and obligations under this LGIA, and each Co-Tenant may assign its rights and obligations under this LGIA, in accordance with Article 19 of the LGIA, provided that such assignment does not result in an increase in the number of Co-Tenants.

(e) In accordance with the terms of the Co-Tenancy Agreement, the Co-Tenants shall appoint the Manager, who shall have no interest as the Interconnection Customer but shall serve as the Interconnection Customer's authorized agent and representative for purposes of administering this LGIA. The Manager will be a

single point of contact for CAISO and Participating TO and will represent Interconnection Customer for notice purposes and all other communications between and among CAISO, Participating TO and Interconnection Customer. All payments, insurance and security to be provided by the Interconnection Customer to the Participating TO or the CAISO pursuant to this LGIA shall be provided only by the Manager on behalf of all Co-Tenants, and any invoices or refunds due to the Interconnection Customer by the Participating TO shall be made only to the Manager on behalf of all Co-Tenants. Manager shall bear all responsibility for disseminating notices, communications and all interactions among the Co-Tenants, and each Co-Tenant hereby waives any right to individual notice or communication from CAISO or Participating TO. The CAISO and the Participating TO will not be obligated to act on any instructions from a Co-Tenant. The Manager's actions and representations to CAISO and Participating TO shall be binding upon the Interconnection Customer and each individual Co-Tenant. Interconnection Customer and each individual Co-Tenant shall be jointly and severally liable and responsible for the Manager's actions.

(f) Subject to Partial Termination, the Parties agree that, for the purposes of this LGIA, the entire 200 MW comprising the Project shall be considered to be a single Generating Facility. No Co-Tenant may have any expectation that the CAISO will treat any portion of the Project as a stand-alone Generating Facility or differently from any other portion of the Generating Facility. Except as otherwise provided in this Section C.5, Co-Tenants shall act as a single entity in undertaking the obligations of Interconnection Customer under this LGIA. Except as otherwise provided in this Section C.5, CAISO and Participating TO shall treat all Co-Tenants comprising the Interconnection Customer as a single entity under this LGIA and bear no obligation or responsibility to any individual Co-Tenant. Performance of the Interconnection Customer's obligations under this LGIA shall not be excused by reason of any Co-Tenant's failure to agree with respect to any obligation of the Interconnection Customer hereunder or thereunder.

C.7 Security Amount for Partial Termination Charge:

(a) Amount: The amount of the Partial Termination Charge Security shall equal \$104,000 if the Interconnection Customer elects to be eligible for Partial Termination of Phase II which is 70 MW. With respect to the Phased Generating Facility, Interconnection Customer shall be entitled (upon providing the Partial Termination Security to the CAISO) to secure Partial Termination rights with respect to Phase II, for a maximum Partial Termination Charge Security of \$104,000. The Parties acknowledge that Partial Termination shall not be available for Phase I which is 130 MW, and that Phase I shall not be the subject of a Partial Termination pursuant to this LGIA.

(b) Timing for Posting of Partial Termination Charge Security: The entire amount of the Partial Termination Charge Security for Phase II shall be posted no later than thirty (30) Calendar Days following the execution of this LGIA, however, that under no circumstances shall the Partial Termination Charge Security be delivered after 5:00 PM Pacific Standard Time on December 19, 2011. In the event that the Interconnection Customer fails to timely post the Partial Termination Charge Security, then, as specified in Article 2.4.4, the provisions of this LGIA permitting Partial Termination shall not be operative and termination of this LGIA may only occur with respect to the entire Generating Facility.

(c) Release of Partial Termination Charge Security upon Achieving Commercial Operation of Phase II: Within fifteen (15) Calendar Days following Commercial Operation of Phase II which is 70 MW, the Partial Termination Charge Security shall be reduced to \$0. If the Interconnection Customer had posted security in the form of a cash deposit, such cash funds shall be released and/or returned to the Interconnection Customer. If the Interconnection Customer posts another form of financial security of the type specified in CAISO Cluster LGIP (CAISO Tariff App. Y) Section 9.1, the Parties shall cooperate and execute such necessary documents as to release the Partial Termination Charge Security.

~~APPENDIX D TO~~ Appendix D
To LGIA

~~SECURITY ARRANGEMENT DETAILS~~
Security Arrangements Details

Infrastructure security of CAISO Controlled Grid equipment and operations and control hardware and software is essential to ensure day-to-day CAISO Controlled Grid reliability and operational security. FERC will expect the CAISO, all Participating TOs, market participants, and Interconnection Customers interconnected to the CAISO Controlled Grid to comply with the recommendations offered by the President's Critical Infrastructure Protection Board and, eventually, best practice recommendations from the electric reliability authority. All public utilities will be expected to meet basic standards for system infrastructure and operational security, including physical, operational, and cyber-security practices.

The Interconnection Customer shall meet the requirements for security implemented pursuant to the CAISO Tariff, including the CAISO's ~~standards for information security~~ Information Security Agreements and Information Security Requirements and Specifications posted on the CAISO's internet web site at the following internet address: <http://www.caiso.com/pubinfo/info-security/index271f/271fcbd45ca60.html>.

Physical Security

The SDG&E switchyard within the Imperial Valley Substation will remain fenced and each gate locked with SDG&E substation locks. SDG&E will continue to maintain switchyard security cameras and personnel reporting into the switchyard procedures. The Interconnection Customer will maintain a fence with locked gates around the Project substation.

OPERATING COMMUNICATIONS AND NOTIFICATIONS

D.1. Designated Representatives

The Parties agree to exchange the following information ten (10) Calendar Days prior to the Initial Synchronization Date of the Project.

The CAISO, Participating TO and the Interconnection Customer shall provide for operating communications through their respective designated representatives as follows:

<u>CALIFORNIA ISO</u>	<u>Participating TO</u> <u>(San Diego Gas & Electric Company)</u>	<u>INTERCONNECTION CUSTOMER</u> <u>(CSOLAR Development, LLC)</u>
<u>ISO Real Time Desk/24 Hour Desk: CAISO to provide</u>	<u>Control Center:</u> <u>24-hour Telephone:</u> <u>SDG&E to provide</u>	<u>Operator Name and/or Title: IC to provide</u>

D.2. Communication with the Participating TO's Transmission System Control Center

Interconnection Customer shall maintain operating communications with the CAISO and Participating TO's Transmission System control centers.

The operating communications shall include, but not be limited to, advising the control center promptly, and in advance if possible, of any paralleling with or separation from the Participating TO's Transmission System and any scheduled and unscheduled shutdowns, equipment clearances, and changes in levels of operating voltage or power factors.

Interconnection Customer promptly shall notify the control center of, and any changes in, the following:

- The current names and 24-hour phone numbers of the personnel responsible for operating and maintaining the Generating Facility.
- Any Emergency Condition or any request that Participating TO de-energize a portion of the Participating TO's Transmission System under its control.
- Any changes in the mechanical or electric condition of the Generating Facility or Interconnection Facilities that may affect the reliability of either the Generating Facility or the Participating TO's Transmission System.
- Immediately upon discovery, any misoperation or inoperable condition of an interconnection relay or circuit breaker.
- Immediately upon discovery, the operation of any circuit breaker that has operated by an interconnection relay, along with the relay targets that caused the circuit breaker to operate.
- Plans to manually parallel with or separate from the Participating TO's Transmission System and the times of actual manual parallels and

separations. Emergency Condition separations shall be reported as soon as possible.

D.3 Oral Communications

All oral operating communications shall be conducted through the control centers. Interconnection Customer agrees to maintain 24-hour direct phone service so that the control centers can give instructions to Interconnection Customer or its designated operator. All communications will be in English.

D.4 Operating Procedures

Operating Procedures will be developed before synchronizing. Neither Party is to deviate from these Operating Procedures. Any changes will have to be mutually agreed upon. These procedures will address switching operations, voltage control, SPS functionality, outage request, specific operating restrictions and other matters as necessary.

APPENDIX E TO Appendix E
To LGIA

COMMERCIAL OPERATION DATE
Commercial Operation Date

[This Appendix E sets forth a form of letter to be provided by the Interconnection Customer to the CAISO and Participating TO to provide formal notice of the Commercial Operation of an Electric Generating Unit.]

[Date]

[CAISO Address]

[Participating TO Address]

Mr. Stephen Rutt
Director of Grid Assets
California Independent System Operator Corporation
250 Outcropping Way
Folsom, CA 95630

Mr. Robert Kott
Manager of Model & Contract Implementation
California Independent System Operator Corporation
250 Outcropping Way
Folsom, CA 95630

Grid Operations Services Manager
Grid Operations, Mission Control
San Diego Gas & Electric Company
SD1160
P.O. Box 129831
San Diego, CA 92112-9831

Re: _____ **IV Substation South** Electric Generating Unit

Dear _____:

On [Date] ~~[Interconnection Customer]~~ **CSOLAR Development, LLC** has completed Trial Operation of Unit No. ____.- This letter confirms that ~~[Interconnection Customer]~~ **CSOLAR Development, LLC** commenced Commercial Operation of Unit No. ____ at the Electric Generating Unit, effective as of **[Date plus one day]** and that ~~[Interconnection Customer]~~ **CSOLAR Development, LLC** provided the CAISO's operations personnel



Large Generator Interconnection Agreement

advance notice of its intended Commercial Operation Date no less than five Business Days prior to that date.

Thank you.

[Signature]

~~[Interconnection Customer Representative]~~

Scott Helyer
CSOLAR Development, LLC
c/o Tenaska, Inc.
1701 E. Lamar Blvd., Suite 100
Arlington, TX 76006

CC: Judy Brown (CAISO)

APPENDIX F TO Appendix F
To LGIA

ADDRESSES FOR DELIVERY OF NOTICES AND BILLINGS

Address for Delivery of Notices and Billings

Any notice in accordance with this LGIA, unless otherwise provided in this LGIA, shall be in writing and shall be deemed properly served, given, or made : (a) upon delivery if delivered in person, (b) five (5) days after deposit in the mail if sent by first class United States mail, postage prepaid, (c) upon receipt of confirmation by return facsimile if sent by facsimile, (d) upon receipt of confirmation by return e-mail, or (e) upon delivery if delivered by prepaid commercial delivery courier service.

Notices:

CAISO:

California ISO
Ms. Linda Wright
250 Outcropping Way
Folsom, CA 95630

Participating TO:

[To be supplied.]

Transmission Planning Manager
San Diego Gas & Electric Company
8316 Century Park Court; CP52A
San Diego, CA 92123-1593
Phone: 858-654-6477
Fax: 858-654-1692

Interconnection Customer:

[To be supplied.]

CAISO:

[To be supplied.]

CSOLAR Development, LLC
c/o Tenaska, Inc.
Attention: Scott Helyer
1701 E. Lamar Blvd., Suite 100
Arlington, TX 76006
Phone: 817-462-1512
Fax: 817-462-1510

Billings and Payments:

Participating TO:

~~[To be supplied.]~~

SDG&E shall bill Interconnection Customer the costs of Participating TO's Interconnection Facilities, and all other amounts due under this LGIA as set forth in Article 12 of the LGIA. Interconnection Customer shall remit payment via wire transfer in immediately available funds to SDG&E for amounts invoiced in accordance with Article 12:

San Diego Gas & Electric Company

Bank Name: Union Bank of California

Bank ABA: 122 000 496

Account No.: The Participating TO agrees to provide the Parties with the bank account information within five (5) business days of the Effective Date of this LGIA.

Interconnection Customer:

~~[To be supplied.]~~

CSOLAR Development, LLC
c/o Tenaska, Inc.
Attention: Lisa Jones
1044 N. 115th Street, Suite 400
Omaha, NE 68154

Bank Name: IC to provide

Bank ABA: IC to provide

Account No.: The Interconnection Customer agrees to provide the Parties with the bank information within five (5) business days of the Effective Date of this LGIA.

Account Name: IC to provide

Tax ID.: IC to provide

CAISO:

~~[To be supplied.]~~
California ISO
Finance Dept.
Dennis Estrada
250 Outcropping Way
Folsom, CA 95630

Alternative Forms of Delivery of Notices (telephone, facsimile or e-mail):

CAISO:
lwright@caiso.com
jbrown@caiso.com

Participating TO:

~~[To be supplied.]~~
Grid Operations Services Manager
San Diego Gas & Electric Company
Phone: 619-725-8637
Fax: 619-683-3291

Interconnection Customer:

~~[To be supplied.]~~ SHelyer@tnsk.com

CAISO:
~~[To be supplied.]~~

**APPENDIX G TO Appendix G
To LGIA**

~~INTERCONNECTION CUSTOMER'S PROPORTIONAL SHARE OF COSTS OF NETWORK UPGRADES FOR APPLICABLE PROJECT GROUP~~
Interconnection Customer's Proportional Share of Costs of Network Upgrades for Applicable Project Group

Table 4: Proportional Share of Costs for Network Upgrades Allocated to the _____ Project

<u>Type</u>	<u>Description</u>	<u>Cost Allocation Factor</u>
<u>Reliability Network Upgrade</u>	<u>Within the IV Substation:</u> <u>Modification of the existing IV SPS to include the Project</u> <ul style="list-style-type: none"> <u>SDG&E protection and communication interface for IV SPS</u> 	<u>15%</u>
<u>Reliability Network Upgrade</u>	<u>Within the IV Substation:</u> <u>Implement SPS to protect Bernardo-Felicita Tap 69kV line</u> <ul style="list-style-type: none"> <u>SDG&E protection and communication for Bernardo Substation, Escondido Substation and Palomar Energy Center</u> 	<u>12%</u>
<u>Reliability Network Upgrade</u>	<u>Within the IV Substation:</u> <u>Implement SPS to protect Mission-Old Town 230kV line</u> <ul style="list-style-type: none"> <u>SDG&E protection and communication for Mission Substation, Old Town Substation and Silvergate Substation</u> 	<u>17%</u>
<u>Delivery Network Upgrade</u>	<u>Reconfigure TL23041 and TL23042 at Miguel Substation to create two Otay Mesa-Miguel 230 kV lines</u>	<u>4%</u>
<u>Delivery Network Upgrade</u>	<u>Reconductor Escondido-Palomar Energy 230 kV lines #1 and #2</u>	<u>11%</u>

~~APPENDIX H~~
~~TO~~ Appendix H
To LGIA

**INTERCONNECTION REQUIREMENTS FOR AN ASYNCHRONOUS
~~GENERATING~~ GENERATION FACILITY**

Appendix H sets forth interconnection requirements specific to all Asynchronous Generating Facilities. Existing individual generating units of an Asynchronous Generating Facility that are, or have been, interconnected to the CAISO Controlled Grid at the same location are exempt from the requirements of this Appendix H for the remaining life of the existing generating unit. Generating units that are replaced, however, shall meet the requirements of this Appendix H.

A. Technical Requirements Applicable to Asynchronous Generating Facilities

An Asynchronous Generating Facility shall be able to remain online during voltage disturbances up to the time periods and associated voltage levels set forth in the requirements below.

i. Low Voltage Ride-Through (LVRT) Capability

1. An Asynchronous Generating Facility shall remain online for the voltage disturbance caused by any fault on the transmission grid, or within the Asynchronous Generating Facility between the Point of Interconnection and the high voltage terminals of the Asynchronous Generating Facility's step up transformer, having a duration equal to the lesser of the normal three-phase fault clearing time (4-9 cycles) or one-hundred fifty (150) milliseconds, plus any subsequent post-fault voltage recovery to the final steady-state post-fault voltage. Clearing time shall be based on the maximum normal clearing time associated with any three-phase fault location that reduces the voltage at the Asynchronous Generating Facility's Point of Interconnection to 0.2 per-unit of nominal voltage or less, independent of any fault current contribution from the Asynchronous Generating Facility.
2. An Asynchronous Generating Facility shall remain online for any voltage disturbance caused by a single-phase fault on the transmission grid, or within the Asynchronous Generating Facility between the Point of Interconnection and the high voltage terminals of the Asynchronous Generating Facility's step up transformer, with delayed clearing, plus any subsequent post-fault voltage recovery to the final steady-state post-fault voltage. Clearing time shall be based on the maximum backup clearing time associated with a single point of failure (protection or breaker failure) for any single-phase fault location that

- reduces any phase-to-ground or phase-to-phase voltage at the Asynchronous Generating Facility's Point of Interconnection to 0.2 per-unit of nominal voltage or less, independent of any fault current contribution from the Asynchronous Generating Facility.
3. Remaining on-line shall be defined as continuous connection between the Point of Interconnection and the Asynchronous Generating Facility's units, without any mechanical isolation. Asynchronous Generating Facilities may cease to inject current into the transmission grid during a fault.
 4. The Asynchronous Generating Facility is not required to remain on line during multi-phased faults exceeding the duration described in Section A.i.1 of this Appendix H or single-phase faults exceeding the duration described in Section A.i.2 of this Appendix H.
 5. The requirements of this Section A.i. of this Appendix H do not apply to faults that occur between the Asynchronous Generating Facility's terminals and the high side of the step-up transformer to the high-voltage transmission system.
 6. Asynchronous Generating Facilities may be tripped after the fault period if this action is intended as part of a special protection system.
 7. Asynchronous Generating Facilities may meet the requirements of this Section A.i of this Appendix H through the performance of the generating units or by installing additional equipment within the Asynchronous Generating Facility, or by a combination of generating unit performance and additional equipment.
 8. The provisions of this Section A.i of this Appendix H apply only if the voltage at the Point of Interconnection has remained within the range of 0.9 and 1.10 per-unit of nominal voltage for the preceding two seconds, excluding any sub-cycle transient deviations.

The requirements of this Section A.i in this Appendix H shall not apply to any Asynchronous Generating Facility that can demonstrate to the CAISO a binding commitment, as of July 3, 2010, to purchase inverters for thirty (30) percent or more of the Generating Facility's maximum Generating Facility Capacity that are incapable of complying with the requirements of this Section A.i in this Appendix H. The Interconnection Customer must include a statement from the inverter manufacturer confirming the inability to comply with this requirement in addition to any information requested by the CAISO to determine the applicability of this exemption.

ii. Frequency Disturbance Ride-Through Capability

An Asynchronous Generating Facility shall comply with the off nominal frequency requirements set forth in the WECC Under Frequency Load Shedding Relay Application Guide or successor requirements as they may be amended from time to time.

iii. Power Factor Design and Operating Requirements (Reactive Power)

An Asynchronous Generating Facility shall operate within a power factor within the range of 0.95 leading to 0.95 lagging, measured at the Point of Interconnection as defined in this LGIA in order to maintain a specified voltage schedule, if the Phase II Interconnection Study shows that such a requirement is necessary to ensure safety or reliability. The power factor range standard can be met by using, for example, power electronics designed to supply this level of reactive capability (taking into account any limitations due to voltage level, real power output, etc.) or fixed and switched capacitors, or a combination of the two, if agreed to by the Participating TO and CAISO. The Interconnection Customer shall not disable power factor equipment while the Asynchronous Generating Facility is in operation. Asynchronous Generating Facilities shall also be able to provide sufficient dynamic voltage support in lieu of the power system stabilizer and automatic voltage regulation at the generator excitation system if the Phase II Interconnection Study shows this to be required for system safety or reliability.

iv. Supervisory Control and Data Acquisition (SCADA) and Automated Dispatch System (ADS) Capability

An Asynchronous Generating Facility shall provide SCADA capability to transmit data and receive instructions from the Participating TO and CAISO to protect system reliability. The Participating TO and CAISO and the Asynchronous Generating Facility Interconnection Customer shall determine what SCADA information is essential for the proposed Asynchronous Generating Facility, taking into account the size of the plant and its characteristics, location, and importance in maintaining generation resource adequacy and transmission system reliability.

v. Power System Stabilizers (PSS)

Power system stabilizers are not required for Asynchronous Generating Facilities.