



**THE HYDRO COMPANY, INC.**

DBA THE NEVADA HYDRO COMPANY, INC.

April 21, 2009

Mr. Phil Pettingill  
Manager of Infrastructure Policy and Contracts  
**California Independent System Operator**  
151 Blue Ravine Road  
Folsom, CA, 95630

RE: The Nevada Hydro Company Participating Transmission Owner ("PTO") Application  
Draft Tariff Resubmittal  
FERC Dockets PN-11858, ER06-278 and ER08-654

Dear Mr. Pettingill,

As you recall, in February 2007 The Nevada Hydro Company ("TNHC") submitted its application to become a PTO under the California Independent System Operator Corporation ("CAISO") Tariff in connection with its Talega-Escondido/Valley-Serrano 500 kV Interconnect ("Project"). After making that filing, the CAISO noted that a number of issues remained undecided, particularly issues relating to TNHC's filing at Federal Energy Regulatory Commission ("FERC") in Docket ER06-278. Now that FERC has acted in ER06-278, and as TNHC also has executed its interconnect agreement with SDG&E in FERC Docket ER08-654, TNHC hereby respectfully re-submits its draft TO Tariff in accordance with FERC's directives in ER06-278.

TNHC requests that this re-submittal be completed and approved by CAISO at the next available opportunity. The TE/VS Interconnect has been designated as a critical Statewide transmission resource in the California Energy Commission's ("CEC") 2007 Strategic Transmission Investment Plan, CEC-700-2007-018-CMF." In that report, the CEC advised that this, and other recommended projects "are strategic resources that require specific, swift, and priority consideration by state regulators." Further, the Federal government, under the authority granted to it in Section 1221(a) of the Energy Policy Act of 2005, has identified that area of Southern California in which the Project sits as a "national interest electric transmission corridor." In so doing, Federal regulators allow state and federal agencies a one-year window in which to act on projects within these designated areas.

Please contact the undersigned if you have any questions. Thank you for your attention to this matter.

Respectfully submitted,

Rexford Wait  
Vice President  
For The Nevada Hydro Company, Inc.  
FERC Dockets PN-11858, ER06-278 and ER08-654

cc: Daune Kirrene, Sr. Contracts Negotiator, CAISO

## **Attachment C**

# **The Nevada Hydro Company Transmission Owner Tariff Draft**

FERC Dockets P-11858 / ER06-278 / ER08-654

April 21, 2009

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# **The Nevada Hydro Company Transmission Owner Tariff – Draft –**

## **1. Preamble.**

The Nevada Hydro Company (“TNHC”) hereby sets forth in this Transmission Owner Tariff (“TO Tariff”) the Transmission Revenue Requirements (“TRR”) for its Transmission System Rights (“TSR”) related to the high Voltage Transmission Facilities placed under the CAISO’s Operational Control, and certain terms and conditions relating to the operation, expansion of and interconnection with the Talega–Escondido/Valley–Serrano 500 kV Interconnect Project (“Project”). While TNHC does not presently contemplate owning TSRs related to Low Voltage Transmission Facilities or the use of the High Voltage Transmission Facilities to provide Wheeling services, this TO Tariff includes relevant provisions should either situation change.

## **2. Effective Date.**

This TO Tariff is effective on the date on which TNHC becomes a Participating TO and shall continue to be effective so long as TNHC is a party to the Transmission Control Agreement.

### **2.1 Termination.**

This TO Tariff may be terminated by TNHC upon such advance notice and with such authorization as FERC may require.

## **3. Definitions.**

Certain capitalized terms used in this TO Tariff that are set out immediately below shall have the meanings set out below. Capitalized terms used in this tariff and not defined below shall have the meanings set out in the ISO Tariff as it may be amended from time to time.

**Access Charge.** A charge paid by all UDCs and MSS Operators with Gross Load in a PTO Service Territory, as set forth in Section 7.1 of the ISO Tariff. The Access Charge includes the High Voltage Access Charge, the Transition Charge, and the Low Voltage Access Charge, as applicable. The Access Charge will recover the Participating TO’s Transmission Revenue Requirement in accordance with Appendix F, Schedule 3 of the ISO Tariff.

**AGC.** Generation equipment that automatically responds to signals from the ISO’s EMS control in real time to control the power output of electric generators within a prescribed area in response to a change in system frequency, tieline loading, or the relation of these to each other, so as to maintain the target system frequency and/or the established interchange with other areas within the predetermined limits.

**Ancillary Services.** Regulation, Spinning Reserve, Non-Spinning Reserve, Replacement Reserve, Voltage Support, Fast Response Generation/Storage and

Regulation, and Black Start together with such other interconnected operation services as the ISO may develop in cooperation with Market Participants to support the transmission of Energy from generation resources to Loads while maintaining reliable operation of the ISO Controlled Grid in accordance with Good Utility Practice.

**Applicable Reliability Criteria.** The reliability standards established by NERC, WSCC, and Local Reliability Criteria as amended from time to time, including any requirement of the Nuclear Regulatory Commission.

**Available Transfer Capacity.** For a given transmission path, the capacity rating in MW of the path established consistent the ISO and WSCC transmission capacity rating guidelines, less any reserved uses applicable to the path.

**Base Transmission Revenue Requirement.** The Transmission Revenue Requirement which does not reflect amounts for the TRBAA, Standby Transmission Demand Revenues or the Reliability Services Balancing Account.

**Black Start.** The procedure by which a Generating Unit self-starts without an external source of electricity, thereby restoring power to the ISO Controlled Grid following system or local area blackouts.

**Business Day.** A day on which banks are open to conduct general banking business in California.

**Completed Application Date.** The date on which a party submits an Interconnection Application that satisfies the requirements of a Completed Interconnection Application.

**Completed Interconnection Application.** An Interconnection Application that satisfies all of the information and other requirements of Section 10.3 of this TO Tariff and, if applicable, the information requirements as specified by the ISO and posted on the ISO Home Page.

**Congestion.** A condition that occurs when there is insufficient Available Transfer Capacity to implement all Preferred Schedules simultaneously or, in real-time, to serve all Generation and Demand. “Congested” shall be construed accordingly.

**Congestion Management.** The alleviation of Congestion in accordance with applicable ISO Protocols and Good Utility Practice.

**Converted Rights.** Those transmission service rights determined in accordance with Section 2.4.4.2.1 of the ISO Tariff.

**CPUC.** The California Public Utilities Commission, or its successor.

**Delivery Upgrade.** The transmission facilities, other than Direct Assignment Facilities and Reliability Upgrades, necessary to relieve Congestion on the ISO Controlled Grid and to ensure the delivery of Energy from a New Facility to Load.

**Demand.** The rates at which Energy is delivered to Load and Scheduling Points by Generation, transmission or distribution facilities. It is the product of voltage and the in-phase component of alternating current measured in units of watts or standard multiples therefore, e.g. 1000 W = 1 kW, 1000 kW = 1 MW, etc.

**Direct Assignment Facilities.** Facilities or portions of facilities that are constructed or owned by the Participating TO necessary to physically and electrically interconnect a particular party requesting interconnection under this TO Tariff to the ISO Controlled Grid at the point of interconnection. Direct Assignment Facilities shall be specified in the Interconnection Agreement that governs Interconnection service to such party and shall be subject to FERC approval.

**Dispatch.** The operating control of an integrated electric system to i) assign specific Generation Units and other sources of supply to effect the supply to meet the relevant area Demand taken as Load rises or falls; ii) control operations and maintenance of high voltage lines, substations, and equipment, including administration of safety procedures; iii) operate Interconnections; iv) manage Energy transactions with other interconnected Control Areas; and v) curtail Demand.

**Distribution System.** The distribution assets of a TO, UDC, or MSS.

**Eligible Customer.** (i) Any utility (including any Participating TO, Market Participant or power marketer), Federal power marketing agency, or any person generating Energy for sale or resale; Energy sold or produced by such entity may be Energy produced in the United States, Canada or Mexico; however, such entity is not eligible for transmission service that would be prohibited by FPA Section 212(h)(2); and (ii) any retail customer taking unbundled transmission service pursuant to a state retail access program or pursuant to a voluntary offer of unbundled retail transmissions service by the Participating TO.

**Encumbrance.** A legal restriction or covenant binding on the Participating TO that affects the operation of any transmission lines or associated facilities and which the ISO needs to take into account in exercising Operational Control over such transmission lines or associated facilities if the Participating TO is not to risk incurring significant liability. Encumbrances shall include Existing Contracts and may include: (1) other local restrictions or covenants meeting the definition of Encumbrance and arising under other arrangements entered into before the ISO Operations Date, if any; and (2) legal restrictions or covenants meeting the definition of Encumbrance and arising under a contract or other arrangement entered into after the ISO Operations Date

**End-Use Customer or End-User.** A purchaser of electric power that purchases such power to satisfy a Load directly connected to the ISO Controlled Grid or to a Distribution System and who does not resell the power.

**Energy.** The electrical energy produced, flowing, or supplied by Generation, transmission, or distribution facilities, being the integral with respect to time of the instantaneous power, measured in units of watt-hours or standard multiples thereof. E.g. 1000 Wh = 1 kWh, 1000 kWh = 1 MWh, etc.

**Entitlement.** The right of a Participating TO obtained through contract or other means to use another entity's transmission facilities for the transmission of Energy.

**Existing Contracts.** Those transmission service agreements or other contracts which grant transmission service rights in existence on the ISO Operations Date

(including any contracts entered into pursuant to such contracts) as may be amended in accordance with their terms or by agreement between the parties thereto from time to time.

**Existing Rights.** Those transmission service rights defined in Section 2.4.4.1.1 of the ISO Tariff.

**Expedited Interconnection Agreement.** A contract between a party which has submitted a Request for Expedited Interconnection Procedures and the Participating TO under which the Participating TO agrees to process, on an expedited basis, the Completed Interconnection Application of such party and which sets forth the terms, conditions, and cost responsibilities for such Interconnection.

**Facilities Study Agreement.** An agreement between a Participating TO and either a party requesting Interconnection to the ISO Controlled Grid, Market Participants, Project Sponsor, or identified principal beneficiaries agrees to reimburse the Participating TO for the cost of performing or reviewing a Facilities Study.

**Facility or Facilities Study.** An engineering study conducted to determine required modifications to the Participating TO's transmission system, including the estimated cost and scheduled completion date for such modifications that will be required to provide needed services.

**FERC.** The Federal Energy Regulatory Commission, or its successor.

**FPA.** The Federal Power Act, 16 U.S.C. § 791a et seq., as it may be amended from time to time.

**Firm Transmission Right (“FTR”).** A contractual right, subject to the terms and conditions of the ISO Tariff, that entitles the FTR Holder to receive, for each hour of the term of the FTR, a portion of the Usage Charges received by the ISO for transmission of Energy from a specific originating Zone to a specific receiving Zone and, in the event of an uneconomic curtailment to manage Day-Ahead Congestion, to a Day-Ahead scheduling priority higher than that of a schedule using Converted Rights capacity that does not have an FTR.

**FTR Holder.** The owner of an FTR, as registered with the ISO.

**Generating Unit.** An individual electric generator and its associated plant and apparatus whose electrical output is capable of being separately identified and metered or a Physical Scheduling Plant, that, in either case, is: (a) located within the ISO Control Area; (b) connected to the ISO Controlled Grid, either directly or via interconnected transmission or distribution facilities; and (c) that is capable of producing and delivering net Energy (Energy in excess of a generation stations' internal power requirements).

**Generation.** Energy delivered from a Generating Unit.

**Good Utility Practice.** 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.

**Gross Load.** All Energy (adjusted for distribution losses) delivered for the supply of End-User Loads directly connected to the transmission facilities or Distribution System of the Participating TO. Gross Load shall exclude the portion of the load of an individual End-Use Customer of the Participating TO that is served by a Generating Unit that: (a) is located on the customer's site or provides service to the customer's site through over-the-fence arrangements as authorized by Section 218 of the California Public Utilities Code; (b) is a qualifying small power production facility or qualifying cogeneration facility, as those terms are defined in the FERC's regulations implementing Section 201 of the Public Utility Regulatory Policies Act of 1978; (c) was serving the customer's Load on or before March 31, 2000; and (d) secured Standby Service from the Participating TO under terms approved by a Local Regulatory Authority or FERC, as applicable, as of March 31, 2000 and continues to secure Standby Service from the Participating TO or can be curtailed concurrently with an outage of the Generating Unit serving the Load.

**High Voltage Access Charge.** The Access Charge applicable under Section 7.1 of the ISO Tariff to recover the High Voltage Transmission Revenue Requirement of each Participating TO in the TAC Area.

**High Voltage Transmission Facility.** A transmission facility under the operational control of the ISO that is owned by the Participating TO or to which the Participating TO has an Entitlement that may be associated with a Converted Right, which operates at a voltage at or above 200 kilovolts, and supporting facilities, and the costs of which are not directly assigned to one or more specific customers.

**High Voltage Transmission Revenue Requirement.** The portion of the Participating TO's TRR associated with and allocable to the Participating TO's High Voltage Transmission Facilities and Converted Rights associated with High Voltage Transmission Facilities.

**High Voltage Utility-Specific Rate.** The Participating TO's High Voltage Transmission Revenue Requirement divided by the Participating TO's forecast of its Gross Load.

**High Voltage Wheeling Access Charge.** The Wheeling Access Charge assessed by the ISO associated with the recovery of the Participating TO's High Voltage Transmission Revenue Requirement in accordance with Section 7.1 of the ISO Tariff.

**Inter-Zonal Interface.** The (i) group of transmission paths between two adjacent Zones of the ISO Controlled Grid, for which a physical, non-simultaneous transmission capacity rating (the rating of the interface) has been established or will be established prior to the use of the interface for Congestion Management; (ii) group of transmission paths between an ISO Zone and an adjacent Scheduling Point, for which a physical, non-simultaneous transmission capacity rating (the rating of the interface) has been established or will be established prior to the use of the interface for Congestion Management, or (iii) group of transmission paths between

two adjacent Scheduling Points, where the group of paths has an established transfer capability and established transmission rights.

**Interconnection.** Transmission facilities, other than additions or replacements to existing facilities that: (i) connect one system to another system where the facilities emerge from one and only one substation of the two systems and are functionally separate from the ISO Controlled Grid facilities such that the facilities are, or can be, operated and planned as a single facility; (ii) are identified as retail transmission lines pursuant to contract; or (iii) produce Generation at a single point on the ISO Controlled Grid; provided that such interconnection does not include facilities that, if not owned by the Participating TO, would result in a reduction in the ISO's Operational Control of the Participating TO's portion of the ISO Controlled Grid.

**Interconnection Agreement.** A contract between a party requesting Interconnection and the Participating TO that owns the transmission facility with which the requesting party wishes to interconnect.

**Interconnection Application.** An application that requests Interconnection to the ISO Controlled Grid.

**Interest.** Interest shall be calculated in accordance with the methodology specified for interest on refunds in the regulations of FERC at 18 C.F.R. § 35.19(a)(2)(iii)(2004). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt.

**Independent System Operator (“ISO”).** The California Independent System Operator Corporation, a state chartered, nonprofit corporation that controls the transmission facilities of all Participating TOs and dispatches certain Generating Units and Loads.

**ISO ADR Procedures.** The procedures for resolution of disputes or differences set out in Section 13 of the ISO Tariff, as amended from time to time.

**ISO Controlled Grid.** The system of transmission lines and associated facilities of the Participating TOs that have been placed under the ISO's Operational Control.

**ISO Protocols.** The rules, protocols, procedures and standards attached to the ISO Tariff and Appendix L, promulgated by the ISO (as amended from time to time) to be complied with by the ISO Scheduling Coordinators, Participating TOs and all other Market Participants in relation to the operation of the ISO Controlled Grid and the participation in the markets for Energy and Ancillary Services in accordance with the ISO Tariff.

**ISO Tariff.** The California Independent System Operator Agreement and Tariff, dated March 31, 1997, as it may be modified from time to time.

**Load.** An end-use device of an End-Use Customer that consumes power. Load should not be confused with Demand, which is the measure of power that a Load receives or requires.

**Local Publicly Owned Electric Utility.** A municipality or municipal corporation operating as a public utility furnishing electric service, a municipal district

furnishing electric services, or a joint power authority that includes one or more of these agencies and that owns Generation or transmission facilities, or furnishes electric services over its own or its members' electric Distribution System.

**Local Regulatory Authority.** The state or local governmental authority responsible for the regulation or oversight of a utility.

**Local Reliability Criteria.** Reliability criteria established by the ISO, unique to the transmission systems of each of the Participating TOs, as they may be updated from time to time.

**Low Voltage Access Charge.** The Access Charge applicable under Section 7.1 of the ISO Tariff to recover the Low Voltage Transmission Revenue Requirement of a Participating TO.

**Low Voltage Transmission Facility.** A transmission facility owned by a Participating TO or to which a Participating TO has an Entitlement that is represented by a Converted Right, which is not a High Voltage Transmission Facility, that is under the ISO's Operational Control.

**Low Voltage Transmission Revenue Requirement.** The portion of a Participating TO's TRR associated with and allocable to the Participating TO's Low Voltage Transmission Facilities and Converted Rights associated with Low Voltage Transmission Facilities that are under the ISO's Operational Control.

**Low Voltage Wheeling Access Charge.** The Wheeling Access Charge associated with the recovery of a Participating TO's Low Voltage Transmission Revenue Requirement in accordance with Section 7.1 of the ISO Tariff.

**Market Participant.** An entity, including a Scheduling Coordinator, who participates in the energy market through the buying, selling, transmission, or distribution of energy or ancillary services into, out of, or through the ISO controlled grid.

**Metered Subsystem ("MSS").** A geographically contiguous system of a New Participating TO, located within a single Zone which has been operating for a number of years prior to the ISO Operations Date, subsumed within the ISO Control Area and encompassed by ISO certified revenue quality meters at each interface point with the ISO Controlled Grid and ISO-certified revenue quality meters on all Generating Units internal to the system, which is operated in accordance with an agreement described in Section 3.3.1 of the ISO Tariff.

**NERC.** The North American Electric Reliability Council or its successor.

**New Facility.** (a) Each generating unit that proposes to sell its Generation at wholesale and that seeks to directly interconnect to the ISO Controlled Grid; (b) each existing generating unit directly interconnected to the ISO Controlled Grid that will be repowered and increases the total capability of the power plant; or (c) each existing generating unit directly interconnected to the ISO Controlled Grid that will be repowered without increasing the total capability of the power plant but had changed the electrical characteristics of the power plant such that its re-energization

may violate Applicable Reliability Criteria and require additional Direct Assignment Facilities or Reliability Upgrades.

**New Facility Operator.** The owner of a planned New Facility, or its designee.

**New High Voltage Transmission Facility.** A High Voltage Transmission Facility of the Participating TO that enters service on or after the Transition Date described in Section 4 of Appendix F, Schedule 3 of the ISO Tariff, or a capital addition made on or after the Transition Date described in Section 4.1. of Appendix F, Schedule 3 of the ISO Tariff to a High Voltage Transmission Facility that existed prior to the Transition Date.

**New Participating TO.** A Participating TO that is not an Original Participating TO.

**Non-Participating TO.** A TO that is not a party to the TCA or, for the purpose of Sections 2.4.3 and 2.4.4 of the ISO Tariff, the holder of transmission service rights under an Existing Contract that is not a Participating TO.

**Non-Spinning Reserve.** The portion of off-line generating capacity that is capable of being synchronized and ramping to a specified load in ten minutes (or load that is capable of being interrupted in ten minutes) and that is capable of running (or being interrupted) for at least two hours.

**Operational Control.** The rights of the ISO under the Transmission Control Agreement and the ISO Tariff to direct Participating TOs 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.

**Original Participating TO.** A Participating TO that was a Participating TO as of January 1, 2000. The Original Participating TOs are Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company.

**Participating TO (“PTO”).** A party to the TCA whose application under Section 2.2 of the TCA has been accepted and who has placed its transmission assets and/or Entitlements under the ISO’s Operational Control in accordance with the TCA. A PTO may be an Original Participating TO or a New Participating TO. For the purposes of this Tariff, the Participating TO is TNHC.

**Participation Agreement.** An agreement between a Participating TO and a Project Sponsor that specifies the terms and conditions under which the Participating TO will construct a transmission addition or upgrade on behalf of the Project Sponsor.

**Physical Scheduling Plant.** A group of two or more related Generating Units each of which is individually capable of producing Energy, but which either by physical necessity or operational design must be operated as if they were a single Generating Unit and any Generating Unit or Units containing related multiple generating components which meet one or more of the following criteria: (i) multiple generating components are related by a common flow of fuel which cannot be interrupted without substantial loss of efficiency of the combined output of all components; (ii) the Energy production from one component necessarily causes

Energy production from other components; (iii) the operational arrangement of related multiple generating components determines the overall physical efficiency of the combined output of all components; (iv) the level of coordination required to schedule individual generating components would cause the ISO to incur scheduling costs far in excess of the benefits of having scheduled such individual components separately; or (v) metered output is available only for the combined output of related multiple generation components and separate generating component metering is either impractical or economically inefficient.

**Project.** The approximately thirty–two mile high voltage transmission line and associated facilities to provide the only 500 kV connection between Southern California Edison (“SCE”) and its Valley-Serrano 500 kV line and San Diego Gas & Electric (“SDG&E”) and its Talega-Escondido 230 kV transmission systems. The Project will consist of two substations (one 500 kV to 230 kV, and one 500 kV to 115 kV), one 500 kV switchyard and includes approximately 2.7 miles of 500 kV underground.

**Project Proponent.** A Market Participant or group of Market Participants that (i) advocates a transmission addition or upgrade; (ii) is unwilling to pay the full cost of the proposed transmission addition or upgrade, and thus is not a Project Sponsor; and (iii) initiates proceedings under the ISO ADR Procedures to determine the need for the proposed transmission addition or upgrade.

**Project Sponsor.** A Market Participant or group of Market Participants or a Participating TO that proposes the construction of a transmission addition or upgrade in accordance with Section 3.2 of the ISO Tariff.

**Regional Transmission Group (“RTO”).** A voluntary organization approved by FERC and composed of transmission owners, transmission users, and other entities, organized to efficiently coordinate the planning, expansion, and use of transmission on a regional and inter-regional basis.

**Regulation.** The service provided by Generating Units equipped and operating with AGC which will enable such units to respond to the ISO’s direct digital control signals in an upward and downward direction to match, on a real time basis, Demand and resources, consistent with established NERC and WSCC operating criteria. Regulation is used to control the power output of electric generators within a prescribed area in response to a change in system frequency, tieline loading, or the relation of these to each other so as to maintain the target system frequency and/or the established interchange with other areas within the predetermined limits.

**Regulatory Authority.** In the case of TNHC, the FERC.

**Reliability Criteria.** Pre-established criteria that are to be followed in order to maintain desired performance of the ISO Controlled Grid under contingency or steady state conditions.

**Reliability Upgrade.** The transmission facilities other than Direct Assignment Facilities beyond the first point of Interconnection necessary to interconnect a New Facility or wholesale load safely and reliability to the ISO Controlled Grid, which would not have been necessary but for the Interconnection of a New Facility or

wholesale load, including network upgrades necessary to remedy short circuit or stability problems resulting from the Interconnection of the new Facility or wholesale load to the ISO Controlled Grid. Reliability Upgrades also include, consistent with WSCC practice, the facilities necessary to mitigate any adverse impact a New Facility's or wholesale load's interconnection may have on a path's WSCC path rating. Reliability Upgrades shall be specified in the Interconnection Agreement that governs Interconnection service to the New Facility Operator or wholesale load and shall be subject to FERC approval.

**Replacement Reserve.** Generating capacity that is dedicated to the ISO, capable of starting up if not already operating, being synchronized to the ISO Controlled Grid, and ramping to a specified load point within a sixty (60) minute period, the output of which can be continuously maintained for a two hour period. Also, Curtailable Demand that is capable of being curtailed within sixty minutes and that can remain curtailed for two hours.

**Request for Expedited Interconnection Procedures.** A written request by which an applicant for Interconnection can request expedited processing of its interconnection Application.

**Scheduling Coordinator.** An entity certified by the ISO for the purpose of undertaking the functions specified in Section 2.2.6 of the ISO Tariff.

**Scheduling Point.** A location at which the ISO Controlled Grid is connected, by a group of transmission paths for which a physical, non-simultaneous transmission capacity rating has been established for Congestion Management, to transmission facilities that are outside the ISO's Operational Control. A Scheduling Point typically is physically located at an "outside" boundary of the ISO Controlled Grid (e.g., at the point of Interconnection between a Control Area utility and the ISO Controlled Grid). For most practical purposes, A Scheduling Point can be considered to be a Zone that is outside the ISO's Controlled Grid.

**Spinning Reserve.** The portion of unloaded synchronized generating capacity that is immediately responsive to system frequency and that is capable of being loaded in ten minutes, and that is capable of running for at least two hours.

**System Impact Study.** An engineering study conducted to determine whether a request for Interconnection to the ISO Controlled Grid would require new transmission additions, upgrades, or other mitigation measures.

**System Impact Study Agreement.** An agreement between a Participating TO and an entity that has requested Interconnection to the Participating TO's transmission system pursuant to which the entity requesting Interconnection agrees to reimburse the Participating TO for the cost of performing or reviewing a System Impact Study.

**The Nevada Hydro Company ("TNHC").** The Nevada corporation that is the Participating TO under this TO Tariff.

**TO Tariff.** This Transmission Owner Tariff, as it may be amended or superseded.

**Transition Charge.** A component of the Access Charge determined by the ISO and assessed by the Participating TO along with the High Voltage Access Charge in accordance with Section 5.7 of Appendix F, Schedule 3 of the ISO Tariff.

**Transmission Control Agreement (“TCA”).** The agreement between the ISO and Participating TOs establishing the terms and conditions under which TOs will become Participating TOs and how the ISO and each Participating TO will discharge its respective duties and responsibilities, as may be modified from time to time.

**Transmission Owner (“TO”).** An entity owning transmission facilities or having firm contractual rights to use transmission facilities.

**Transmission Revenue Balancing Account Adjustment (“TRBAA”).** A mechanism established by the Participating TO which will ensure that all Transmission Revenue Credits and other credits specified in Section 6 and 8 of Appendix F, Schedule 3 of the ISO Tariff, flow through to the ISO Tariff and TO Tariff Transmission customers.

**Transmission Revenue Credit.** The revenues received by the Participating TO from the ISO for Wheeling service, Usage Charges (excluding any Usage Charges received by the Participating TO as an FTR Holder), and from the sale of FTRs plus the shortfall or surplus resulting from any costs differences between Transmission Losses and Ancillary Service requirements associated with Existing Rights and the ISO’s rules and protocols. For a New Participating TO during the 10–year transition period described in Section 4 of Schedule 3 of Appendix F of the ISO Tariff, the proceeds received from the ISO for Wheeling service and Net FTR Revenue, plus the shortfall or surplus resulting from any costs differences between Transmission Losses and Ancillary Service requirements associated with Existing Rights and the ISO’s rules and protocols. After the 10-year transition period, the New Participating TO Transmission Revenue Credit shall be calculated the same as the Transmission Revenue Credit for an Original Participating TO.

**Transmission Revenue Requirement (“TRR”).** The total annual authorized revenue requirement associated with transmission facilities and Entitlements turned over to the Operational Control of the ISO by the Participating TO. The costs of any transmission facility turned over to the Operational Control of the ISO shall be fully included in the Participating TO’s TRR. The TRR includes the cost of transmission facilities and Entitlements and deducts Transmission Revenue Credits. The TRR is shown in Appendix I.

**Transmission System Rights (“TSR”).** The exclusive right to use the incremental transmission capacity created by the Project, including the rights associated with Firm Transmission Rights as such term is used in the ISO tariff.

**Uncontrollable Force.** Any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm, flood, earthquake, explosion, any curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities or any other cause beyond the reasonable control of

the ISO or Market Participant, as the case may be, which could not be avoided through the exercise of Good Utility Practice.

**Usage Charge.** The amount of money, per 1 kW of scheduled flow, that the ISO charges a Scheduling Coordinator for use of a specific congested Inter-Zonal Interface during a given hour.

**Utility Distribution Company (“UDC”).** An entity that owns a Distribution System for the delivery of Energy to and from the ISO Controlled Grid, and/or that provides regulated retail electric service to End-Users.

**Voltage Support.** Services provided by Generating Units or other equipment such as shunt capacitors, static var compensators, or synchronous condensers that are required to maintain established grid voltage criteria. This service is required under normal or system emergency conditions.

**Western Electricity Coordinating Council (WECC).** The Western Electricity Coordinating Council or its successor.

**Wheeling Access Charge.** The charge assessed by the ISO that is paid by a Scheduling Coordinator for Wheeling in accordance with Section 7.1 of the ISO Tariff. Wheeling Access Charges shall not apply for Wheeling under a bundled non-economy Energy coordination agreement of a Participating TO executed prior to July 9, 1996. The Wheeling Access Charge consists of a High Voltage Wheeling Access Charge and, if applicable, a Low Voltage Wheeling Access Charge.

**Wheeling Out.** Except for Existing Rights exercised under an Existing Contract in accordance with Sections 2.4.3 and 2.4.4 of the ISO Tariff, the use of the ISO Controlled Grid for the transmission of Energy from a Generating Unit located within the ISO Controlled Grid to serve a Load located outside the transmission and Distribution System of a Participating TO.

**Wheeling Through.** Except for Existing Rights exercised under an Existing Contract in accordance with Sections 2.4.3 and 2.4.4 of the ISO Tariff, the use of the ISO Controlled Grid for the transmission of Energy from a resource located outside the ISO Controlled Grid to serve a Load located outside the transmission and Distribution System of a Participating TO.

**Wheeling.** Wheeling Out or Wheeling Through.

**Wholesale Customer.** A person wishing to purchase Energy and Ancillary Services at a Bulk Supply Point or a Scheduling Point for resale.

**Zone.** A portion of the ISO Controlled Grid within which Congestion is expected to be small in magnitude or to occur infrequently. “Zonal” should be construed accordingly.

#### **4. Eligibility.**

Transmission service over TNHC’s High Voltage Transmission Facilities and Entitlements placed under the ISO’s Operational Control shall be provided only to Eligible Customers as defined by the ISO Tariff. Any dispute as to whether a customer is eligible for service



under this TO Tariff shall be resolved by the FERC. At the present time, there are no TNHC End-Use Customers eligible for service under this Tariff.

## **5. Access Charges and Transmission Rates.**

The applicable Access Charges are provided in the ISO Tariff.

### **5.1 Low Voltage Access Charge.**

The Low Voltage Access Charge shall be determined in accordance with the ISO Tariff. The Low Voltage Access Charge customer shall pay the Participating TO a Low Voltage Access Charge equal to the product of the Participating TO's Low Voltage Access Charge rate and the kilowatt hours of transmission service provided under the ISO Tariff to the Low Voltage Access Charge customer. The Participating TO shall not assess the Low Voltage Access Charge to any other Participating TO for transmission service over Low Voltage Transmission Facilities that such other Participating TO receives and pays for under an Existing Contract. Where a customer receives deliveries of Energy at voltage levels both above and below 200 kV, the Low Voltage Access Charge shall be applied only to kilowatt hours of energy delivered at voltage levels lower than 200 kV.

### **5.2 Wheeling Access Charge.**

The Wheeling Access Charge shall be determined in accordance with the ISO Tariff. The Wheeling Access Charge assessed by the ISO consists of a High Voltage Wheeling Access Charge and, if applicable, a Low Voltage Wheeling Access Charge. The High Voltage Wheeling Access Charge is set forth in the ISO Tariff.

### **5.3 Transmission Revenue Requirement.**

As set forth in the ISO Tariff, the TRR for each Participating TO shall be used to develop the Access Charge set forth in the ISO Tariff. TNHC's preliminary estimated Transmission Revenue Requirement, as proposed to be filed with and approved by the FERC, is set forth in **Appendix I**.

### **5.4 Transmission System Rights.**

TSRs represent TNHC's exclusive transmission entitlement with respect to the Project. TNHC, as holder of the TSRs, is entitled to all associated rights, including Firm Transmission Rights, if any, (and the revenue derived therefrom), as the term is used by the ISO Tariff and Protocols. The use of this definition does not limit TNHC from seeking any additional revenues or rights that are authorized by FERC due to a beneficial increase in the capacity of the ISO Controlled Grid resulting from the Project.

### **5.5 Transmission Revenue Balancing Account Adjustment.**

The Participating TO shall maintain a TRBAA that will ensure that all Transmission Revenue Credits and the refunds, if any, specified in Section 6 and 8 of Appendix F,

Schedule 3 of the ISO Tariff, flow through to transmission customers. The TRBAA shall be equal to:

$TRBAA = TRC_T + TRC_F + I$ , where  $TRC_T$  = The balance representing the prior period difference between the projected Transmission Revenue Credits and the actual credits.

$TRC_F$  = The forecast of Transmission Revenue Credits for the following calendar year; and

$I$  = The interest balance for the TRBA, which shall be calculated using the interest rates pursuant to Section 35.19(a) of FERC's regulations under the Federal Power Act (18 CFR Section 35.19(a)). Interest shall be calculated based on the average TRBAA principal balance each month, compounded quarterly.

The TNHC TRBAA, calculated in accordance with the ISO Tariff and approved by the FERC, is stated in Appendix I.

**6. Ancillary Services – Applicability and Charges.**

Ancillary Services are needed to maintain reliability within the ISO Controlled Grid. If any Ancillary Services are required, TNHC will not provide such services, but the transmission customer will be required to meet any such requirement in accordance with the ISO Tariff.

**7. Billing and Payment.**

The ISO, in accordance with the ISO Tariff, shall pay the Participating TO, among other things, Wheeling, Usage, Access Charge Revenues, FTR and or CRR auction proceeds (excluding Usage charge revenues payable to FTR Holders or CRR holders), and Net Revenue in accordance with the ISO Tariff.

Users of TNHC's High Voltage Transmission Facilities and Entitlements placed under the ISO's Operational Control shall pay to the ISO all applicable charges in accordance with the ISO Tariff.

**[Note to Commenters: Prior to filing with the FERC, the provisions of Sections 8, 9 and 10 will be modified to be consistent with FERC orders addressing the Large and Small Generator Interconnection filings made by the ISO.]**

**8. Obligation to Interconnect or Construct Transmission Expansions and Facility Upgrades.**

**8.1 Participating TO Obligation to Interconnect.**

The Participating TO shall, at the request of a third party, interconnect its system to the generation or load of such third party, or modify an existing interconnection. Interconnections under this TO Tariff shall be available to entities eligible to request interconnection consistent with the provisions of Section 210(a) of the FPA.

Interconnections requested by entities or individuals that are not so eligible shall be governed by the Local Regulatory Authority.

**8.1.1 Interconnection to Transmission System.**

Interconnection must be consistent with Good Utility Practice, in conformance with all Applicable Reliability Criteria, all applicable statutes, regulations, and ISO reliability criteria for the ISO Controlled Grid. The Participating TO will not accommodate the Interconnection if doing so would impair systems reliability, or would otherwise impair the ability of the Participating TO to honor its Encumbrances existing as of the time an entity submits its Interconnection Application. The Participating TO shall identify any such adverse effect on its Encumbrances in the System Impact Study performed pursuant to Section 10.7 of this TO Tariff. To the extent the Participating TO determines that the Interconnection will have an adverse effect on Encumbrances, the party requesting interconnection shall mitigate such adverse effect.

**8.1.2 Costs Associated with Interconnection.**

Each party requesting Interconnection shall pay the costs of planning, installing, owning, operating, and maintaining any Direct Assignment Facilities and, if applicable, any Reliability Upgrades required to provide the requested Interconnection. In addition, such party shall implement all existing operating procedures necessary to safely and reliability interconnect such party's generation or wholesale load to the facilities of the Participating TO and to ensure the ISO Controlled Grid's conformance with the ISO Grid Planning Criteria, and shall bear all costs of implementing such operating procedures. A New Facility Operator shall be responsible for the costs of Reliability Upgrades only if these necessary facilities are not included in the ISO Controlled Grid Transmission Expansion Plan approved as of the New Facility Operator's Completed Application Date, or the date for the installation of a facility is advanced by the interconnection for the New Facility, in which case the New Facility Operator shall be responsible only for the incremental costs associated with the earlier installation of the facility. Each new Facility Operator may, at its own discretion, sponsor, pursuant to Section 3.2 of the ISO Tariff and Section 9 of this To Tariff, any Delivery Upgrades. Any additional costs associated with accommodating the Interconnection shall be allocated in accordance with the cost responsibility methodology set forth in the ISO Tariff for transmission expansions or upgrades.

**8.1.3 Interconnection Agreement.**

Pursuant to Section 10.4, 10.7.1, or 10.9.1, a party requesting an Interconnection shall request in writing that the Participating TO tender to such party an Interconnection Agreement that will be filed with FERC, or the Local Regulatory Authority, in the case of a Local Publicly Owned Electric Utility. The Interconnection Agreement will include, without

limitation, cost responsibilities for any engineering, equipment, and construction, ownership, operation and maintenance costs for any Direct Assignment Facilities, any Reliability Upgrades, any Delivery Upgrades, if applicable, and for any other mitigation measures. For an Interconnection request to remain a Completed Interconnection Application, the party requesting the Interconnection shall execute the Interconnection Agreement and return it to the Participating TO within thirty (30) Business Days of receipt. Alternatively, if an Eligible Customer requesting the Interconnection requests the Participating TO to file an unexecuted Interconnection Agreement and commits to abide by the terms, conditions, and cost assignments determined to be just and reasonable under the ISO ADR Procedures, including any determination by FERC or on appeal of a FERC determination in accordance with that process, the participating TO shall promptly file an unexecuted Interconnection Agreement. Provided, however, that if the ISO ADR Procedures concerns whether the requesting entity is an Eligible Customer, the Participating TO shall not be obligated to file an unexecuted interconnection Agreement or commence construction of the Interconnection facilities or incur other costs under the Interconnection Agreement until a final order determining the just and reasonable rates, terms, and conditions for such Interconnection Agreement has been issued by the applicable court or regulatory authority. The Interconnection Agreement will set forth a payment schedule that enables the Participating TO to recover its costs. If the applicant elects not to execute the Interconnection Agreement and does not request the Participating TO to file an unexecuted Interconnection Agreement, its Completed Interconnection Agreement shall be deemed withdrawn, and the applicant shall reimburse to the Participating TO all costs reasonably incurred in processing the application not covered by any System Impact Study Agreement or Facilities Study Agreement. To maintain its queue position, the New Facility Operator must timely comply with the Interconnection requirements of Section 5.76 of the ISO Tariff and Sections 8.1 and 10 of this TO Tariff. If the New Facility Operator fails to timely comply with such Interconnection requirements, such new Facility Operator shall pay the reasonable costs of revising the System Impact Studies for other New Facility Operators that have established a new queue position due to the New Facility Operator either withdrawing its Interconnection Application or because its queue position has been modified pursuant to the queuing provisions in Section 5.7.4.4 of the ISO Tariff.

#### **8.1.4 Due Diligence to Construct.**

The participating TO shall use due diligence to construct, within a reasonable time, any Direct Assignment Facilities and any Reliability Upgrades that it is obligated to construct pursuant to this TO Tariff and, as applicable, Section 5.7 of the ISO Tariff. The Participating TO's obligation to build will be subject to: (1) its ability, after making a good faith effort, to obtain any necessary approvals and property rights under applicable federal,

state, and local laws; (2) the presence of a cost recovery mechanism with cost responsibility assigned to accordance with the ISO Tariff or applicable FERC precedent; and (3) a signed Interconnection Agreement or a signed Expedited interconnection Agreement, or, by mutual agreement of the parties, FERC acceptance for filing of an unexecuted Interconnection Agreement.

#### **8.1.5 Energization.**

The Participating TO shall not be obligated to energize, nor shall the New Facility Operator or wholesale load be entitled to have its interconnection to the ISO Controlled Grid energized, unless and until an Interconnection Agreement has been executed, or filed at FERC pursuant to Section 8.1.3, and become effective and such New facility Operator or wholesale load has demonstrated to the ISO's reasonable satisfaction that it has complied with all of the requirements of Section 5.7 of the ISO Tariff and the requirements of this TO Tariff.

#### **8.1.6 Coordination with ISO on Interconnection Requests.**

The Participating TO shall coordinate with the ISO, pursuant to the provisions of the TCA, in developing interconnection standards and guidelines for processing interconnection request under this TO Tariff.

### **8.2 Participating TO Obligation to Construct Transmission Expansions or Facility Upgrades.**

The Participating TO shall be obligated to: (1) perform System Impact or Facility Studies where the Project Sponsor or the ISO agrees to pay the study cost and specifies the project objectives to be achieved, and (2) build transmission additions and facility upgrades where the Participating TO is obligated to construct or expand facilities in accordance with and subject to the limitations under Section 3.2 of the ISO Tariff and this TO Tariff.

#### **8.2.1 Obligation to Construct.**

A Participating To shall not be obligated to construct or expand transmission facilities o system upgrades unless and until the conditions states in Section 9.2.1 hereof have been satisfied.

## **9. Expansion Process.**

### **9.1 Determination of Facilities.**

A Participating TO shall perform a Facilities Study where (1) the Participating TO is obligated to construct or expand facilities in accordance with Section 3.2 of the ISO Tariff and this TO Tariff; (2) a Market Participant agrees to pay the costs of the Facilities Study and specifies the project objectives to be achieved in terms of increase capacity or reduce congestion; or (3) the Participating TO is required to perform a facilities Study pursuant to the ISO Tariff.

### **9.1.1 Payment of Facilities Study’s Cost.**

#### **9.1.1.1 Market Participant to Pay for Facilities Study.**

Where a Market Participant requests a Facilities Study and the need for the transmission addition or upgrade has not yet been established in accordance with the procedures established herein and the ISO Tariff, the Market Participant shall pay the cost of the Facilities Study.

#### **9.1.1.2 Project Sponsor or Project Proponent to Pay for Facilities Study.**

Where the facilities to be added or upgraded have been determined to be needed in accordance with the procedures established herein, the Project Sponsor, Project Proponent, or the ISO requesting the study shall pay in advance the reasonable cost of the Facilities Study.

When the Participating TO is the Project Sponsor in accordance with the ISO Tariff, the costs of the Facilities Study shall be recovered through its Access Charges and transmission rates.

#### **9.1.1.3 Principal Beneficiaries to Pay for Facilities Study.**

Where the facilities to be added or upgraded have been determined to be needed and the principal beneficiaries have been identified by the ISO or ISO ADR Procedures in accordance with the ISO Tariff, the Project Sponsor and the identified principal beneficiaries shall pay in advance the reasonable cost of the Facilities Study, in such proportions as may be agreed, or, failing agreement, as determined in accordance with the ISO ADR Procedures.

### **9.1.2 Payment Procedure.**

Where a Facilities Study is being conducted pursuant to this TO Tariff, the Participating TO shall, as soon as practicable, tender to the Market Participant, Project Sponsor, Project Proponent, ISO, or identified principal beneficiaries, as the case may be, a Facilities Study Agreement that defines the scope, content, assumptions, and terms of reference for such study, the estimated time required to complete it, and such other provisions as the parties may reasonably require and pursuant to which such Market Participant, Project Sponsor, Project Proponent, the ISO, or identified principal beneficiaries agree to reimburse the Participating TO the reasonable cost of performing the required Facilities Study. If the Market Participant, Project Sponsor, Project Proponent, ISO, or identified principal beneficiaries, as the case may be, agree to the terms of the Facilities Study Agreement, they shall execute the Facilities Study Agreement and return it to the Participating TO within ten (10) Business Days. If such Market Participant, Project Sponsor, Project Proponent, ISO, or identified principal beneficiaries elect not to execute a Facilities Study Agreement, the participating TO shall have no obligation to complete a Facilities Study.

### **9.1.3 Facilities Study Procedures.**

Upon receipt of an executed Facilities Study Agreement, a copy of which has been provided to the ISO by the party requesting the Facilities Study, the Participating TO will use due diligence to complete the required Facilities Study in accordance with the terms of the Facilities Study Agreement.

## **9.2 Obligation to Build.**

### **9.2.1 Due Diligence to Construct.**

Subject to Section 9.2 of this TO Tariff, the Participating TO shall use due diligence to construct, within a reasonable time, additions or upgrades to the Project that it is obligated to construct pursuant to the ISO Tariff and this TO Tariff. The Participating TO's obligation to build will be subject to: (1) its ability, after making a good faith effort, to obtain the necessary approvals and property rights under applicable federal, state and local laws; (2) the presence of a cost recovery mechanism with cost responsibility assigned in accordance with the ISO Tariff; and (3) a signed Participation Agreement. The Participating TO will not construct or expand its existing or planned transmission system, if doing so would impair system reliability as determined through system analysis based on the Applicable Reliability Criteria.

### **9.2.2 Delay in Construction or Expansion.**

If any event occurs that will materially affect the time for completion of new facilities, or the ability to complete them, the participating TO shall promptly notify: (1) the Project Sponsor with regard to facilities determined to be needed; (2) the Parties to the Participation Agreement with regard to facilities determined to be needed pursuant to the ISO Tariff where principal beneficiaries were identified; and (3) the ISO. In such circumstances, the Participating TO shall, within thirty (30) days of notifying such Project Sponsor, Parties to the Participation Agreement, and the ISO of such delays, convene a technical meeting with such Project Sponsor, Parties to the Participation Agreement, and the ISO to discuss the circumstances which have arisen and evaluate any options available. The Participating TO also shall make available to such Project Sponsor, Parties to the Participation Agreement, and the ISO, as the case may be, studies and work papers related to the cause and extent of the delay and the Participating TO's ability to complete the new facilities, including information that is in the possession of the Participating TO that is reasonably needed to evaluate the alternatives.

#### **9.2.2.1 Alternatives to the Original Facility Additions.**

If the review process of Section 9.2.2 determines that one or more alternatives exist to the originally planned construction project, the Participating TO shall present such alternatives for consideration to the Project Sponsor, Parties to the Participation Agreement, and the

ISO, as the case may be. If upon review of any alternatives, such Project Sponsor, the ISO, or Parties to the Participation Agreement wish to evaluate or to proceed with one of the alternative additions or upgrades, such Project Sponsor, the ISO, or Parties to the Participation Agreement may request that the participating TO prepare a revised Facility Study pursuant to Sections 9.1.1, 9.1.2, and 9.1.3 of this TO Tariff.

#### **9.2.2.2 Refund Obligation for Unfinished Facility Additions.**

If the Participating TO and the Project Sponsor, the ISO, or Parties to the Participation Agreement, as the case may be, mutually agree that no other reasonable alternatives exist, the obligation to construct the requested additions or upgrades shall terminate and any deposit not yet applied toward the expended project costs shall be returned with interest pursuant to FERC Regulation 35.19(a)(2)(iii). However, the Project Sponsor and any identified principal beneficiaries, as the case may be, shall be responsible for all costs prudently incurred by the participating TO through the time the construction was suspended.

### **9.3 Provisions Relating to Transmission Construction On the Systems of Other TOs.**

#### **9.3.1 Responsibility for Third Party Additions.**

A Participating To shall not be responsible for making arrangements for any engineering, permitting, and construction of transmission or distribution facilities on the system(s) of any other entity or for obtaining any regulatory approval for such facilities. The Participating TO will undertake reasonable efforts through the coordinated planning process to assist in making such arrangements, including, without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

#### **9.3.2 Coordination of Third-Party System Additions.**

Where transmission additions or upgrades being built pursuant to the ISO Tariff require additions or upgrades on other systems, to the extent consistent with Section 9.2 of this TO Tariff, the Participating TO shall coordinate construction on its own system with the construction required by others. The Participating TO, after consultation with the ISO, the Project Sponsor, and Parties to the Participation Agreement, as the case may be, may defer construction if the new transmission facilities on another system cannot be completed in a timely manner. The Participating TO shall notify such Project Sponsor, Parties to the Participation Agreement, and the ISO, in writing of the basis for any decision to defer construction and the specific problems which must be resolved before it will initiate or resume construction of the new facilities. Within forty Business Days of receiving written notification by the Participating TO of its intent to defer construction pursuant to this section, such Project Sponsor, Parties to the Participation



Agreement, or the ISO may challenge the decision in accordance with the ISO ADR Procedure.

## **10. Interconnection Process.**

### **10.1 Applicability.**

All requests for Interconnection directly to the ISO Controlled Grid from parties eligible to request such Interconnection consistent with Section 210(a) of the FPA shall be processed pursuant to the provisions of this Section 10. All requests for Interconnection of wholesale generation directly to the ISO Controlled Grid shall be processed pursuant to the provisions of the ISO Tariff.

### **10.2 Applications.**

Except as provided in Section 10.2.1 of this TO Tariff, a party requesting Interconnection shall submit a written Interconnection Application which provides the information required in Section 10.3 to the Participating TO and shall send a copy of the application to the ISO. The Participating TO shall time-stamp the application to establish study priority.

#### **10.2.1 New Facility Operator.**

If the party requesting Interconnection to the ISO Controlled Grid is a New Facility Operator, such party shall submit a written interconnection Application to the ISO pursuant to Section 5.7.3 of the ISO Tariff that shall include the information required in Section 10.3 of this TO Tariff.

### **10.3 Interconnection Application.**

An Interconnection Application shall provide all the information listed in 18 CFR§2.20, including, but not limited to, the following: (i) the identity, address, telephone number, and facsimile number of the entity requesting interconnection; (ii) the Interconnection point(s) to the ISO Controlled Grid contemplated by the applicant; (iii) the resultant (or new) maximum amount of Interconnection capacity contemplated by the applicant; (iv) the proposed date for energizing the Interconnection and the term of the Interconnection service, (v) If the applicant is a New Facility Operator, completed generator data sheets pursuant to the requirements of the Participating TO, (vi) such other information as the Participating TO reasonably required to process the application . In addition to the information specified above, the following information may also be provided in order to properly evaluate system conditions: (vii) If the applicant is a wholesale load, the electrical location of the source of the power (if known) to be transmitted pursuant to applicant's request for Interconnection. If the source of the power is not known, a system purchase will be assumed; (viii) If the applicant is a New Facility Operator, the electrical location of the ultimate load (if known). If the location of the load is not known, a system sale will be assumed; and, in addition, if a New Facility Operator proposes to perform or cause a third party to perform any required System Impact Study or any required Facilities Study, it shall so indicate in its

Interconnection Application. The results of any study or studies performed by a New Facility Operator must be approved by both the ISO and the Participating TO. Within ten (10) Business Days after receipt of an Interconnection Application, the Participating TO and the ISO if applicable shall determine whether the application is complete (“Completed Interconnection Agreement”). Whenever possible, the participating TO will attempt to remedy deficiencies in the Interconnection Application through informal communications with the applicant. If such efforts are unsuccessful, the Participating TO shall return the Interconnection Application to the applicant or to the ISO if the applicant is a New Facility Operator. The Participating TO will treat the information in the Interconnection Agreement, including the applicant’s identity, as confidential at the request of the applicant except to the extent that disclosure of the information is required by this TO Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice, or pursuant to RTG or ISO transmission information sharing agreements. The Participating TO shall treat this information consistent with the standards of conduct contained in Part 37 of FERC’s regulations.

#### **10.4 Review of Completed Interconnection Application.**

After receiving a Completed Interconnection Application, the Participating TO and the ISO, if applicable, will determine on a nondiscriminatory basis whether a System Impact Study is required. Whenever the Participating TO, and the ISO, if applicable, determines that a System Impact Study is not required and that neither Reliability Upgrades nor changes in existing operating procedures are required, the Participating TO shall notify the applicant within fifteen (15) Business Days of the Completed Application Date. If the Interconnection can be accommodated without any Direct Assignment Facilities, then within thirty (30) Business Days of such notice from the Participating TO, the applicant shall request the participating TO to tender to the applicant an Interconnection Agreement within thirty (30) Business Days of such request. The Participating TO shall tender to the applicant an Interconnection Agreement as provide in Section 8.1.3. If the Participating TO determines upon review of the Completed Interconnection Application, that Direct Assignment Facilities are required, the Participating TO shall tender to the applicant a Facilities Study Agreement within twenty (20) Business Days of the Completed Application Date and continue the Interconnection process pursuant to Section 10.8.

#### **10.5 Notice of Need for System Impact Study.**

If the Participating TO, and the ISO, if applicable, determines that a System Impact Study is necessary to accommodate the requested Interconnection, the Participating TO shall so inform the applicant, as soon as practicable. In such cases, the Participating TO shall within twenty (20) Business Days of receipt of a Completed Interconnection Application, tender a System Impact Study Agreement that defines the scope, content, assumptions and terms of reference for such study to be completed by the Participating TO, the estimated time required to complete it, and such other provisions as the parties may reasonably require, and pursuant to which the applicant shall agree to reimburse the Participating TO for the reasonable actual costs of performing the required System Impact Study. A description of the

Participating TO's transmission assessment practices for completing a System Impact Study shall be provided in the Participating TO's FERC Form 715. Alternatively, if the New Facility Operator will perform the System Impact Study, the Participating TO shall within twenty (20) Business Days of receipt of a Completed Interconnection Application, tender a System Impact Study Agreement that defines the scope, content, assumptions and terms of reference for such study to be reviewed by the Participating TO; the estimated time required to complete it; and such other provisions as the parties may reasonably require, and pursuant to which the applicant shall agree to reimburse the Participating TO for the reasonable actual costs of reviewing the required System Impact Study. For an Interconnection request to remain a Completed Interconnection Application, the applicant shall execute the System Impact Study Agreement and return it to the Participating TO within ten (10) Business Days together with payment for the reasonable estimated cost of performing the System Impact Study or reviewing the New Facility Operator's System Impact Study. Alternatively, if the applicant request the participating TO to proceed with the System Impact Study or review thereof and commits to abide by the terms, conditions, and cost assignments ultimately determined under the ISO ADR Procedures, including any determination by FERC or appeal of a FERC determination in accordance with that process, the Participating TO shall promptly proceed with the System Impact Study provided that such request is accompanied by payment of the reasonable estimated cost of the System Impact Study, and the parties shall submit the disputed terms for resolution under the ISO's ADR Procedures. If the applicant elects not to execute a System Impact Study Agreement, and does not request that the Participating TO proceed with the System Impact Study or review thereof, its application shall be deemed withdrawn, and the applicant shall reimburse to the Participating TO all costs reasonably incurred in processing the application.

## **10.6 Impact Study Cost Reimbursement.**

### **10.6.1 Cost Reimbursement.**

The System Impact Study Agreement shall clearly specify the charge, based on the Participating TO's estimate of the cost and time for completion of the System Impact Study. The charge shall not exceed the reasonable actual cost of the study. In performing the System Impact Study, the Participating TO shall rely, to the extent reasonably practicable, on existing transmission planning studies. The applicant will not be assessed a charge for such existing studies; however, the applicant will be responsible for the reasonable charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact on the applicant's request.

### **10.6.2 Multiple Parties.**

If multiple parties request Interconnection at the same location, the participating TO may conduct a single System Impact Study. The costs of that study shall be pro-rated among the parties requesting Interconnection.

## **10.7 System Impact Study Procedures.**

Upon receipt of an executed System Impact Study Agreement or initiation of the ISO ADR Procedures and receipt of payment for estimated study costs, the Participating TO will use due diligence to either (a) complete the required System Impact Study within a sixty (60) calendar day period or (b) complete its review of a New Facility Operator's System Impact Study within thirty (30) calendar days of its receipt of the completed study. The System Impact Study will identify whether any Direct Assignment Facilities or Reliability Upgrades are necessary to deliver a New Facility's full output over the ISO Controlled Grid, or any transmission additions or upgrades are necessary to serve a wholesale load. The System Impact Study will also identify any adverse impact on Encumbrances existing as of the applicant's Completed Application Date. In the event that the Participating TO is unable to complete the required System Impact Study within such time period, it shall so notify the applicant, in writing, and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the applicant and the ISO. The Participating TO shall notify the applicant and the ISO immediately upon completion of the System Impact Study.

### **10.7.1 Procedures Upon Completion of System Impact Study.**

Within fifteen (15) Business Days of completion of the System Impact Study or review and approval of a New Facility Operator's System Impact Study, the Participating TO shall notify the applicant whether the transmission system will be adequate to accommodate all of a request for Interconnection. If no costs are likely to be incurred for any Direct Assignment Facilities, any Reliability Upgrades, or implementing any operating procedures, then within thirty (30) Business Days of receipt of written approval of the New Facility Operator's System Impact Study from the participating To and the ISO the applicant shall request the Participating TO to tender an Interconnection Agreement within thirty (30) Business Days of such request. The Participating TO shall tender to the applicant an Interconnection Agreement as provided in Section 8.1.3. If costs are likely to be incurred to accommodate a request for Interconnection, the Participating TO shall tender to the applicant a Facilities Study Agreement pursuant to Section 10.8.

## **10.8 Notice of Need for Facilities Study.**

If a System Impact Study indicates that additions or upgrades to the ISO Controlled Grid are needed to satisfy an applicant's request for Interconnection, the Participating TO shall, within fifteen (15) Business Days of the date of the System Impact Study or the completion of review and approval of the New Facility Operator's System Impact Study by the Participating TO, tender to the applicant a Facilities Study Agreement that defines the scope, content, assumptions and terms of reference for such study to be completed by the Participating TO; the estimated time required to complete the required study; and such other provisions as the

parties may reasonably require, and pursuant to which the applicant agrees to reimburse the Participating TO for the reasonable actual costs of performing the required Facilities Study. Alternatively, if the New Facility Operator will perform the Facilities Study, the Participating TO shall within fifteen (15) Business Days of the completion date of the System Impact Study or the completion of review and approval of the New Facility Operator's System Impact Study, tender a Facilities Study Agreement that defines the scope, content, assumptions and terms of reference for such study to be reviewed by the Participating TO; the estimated time required to complete the required review; and such other provisions as the parties may reasonably require, and pursuant to which the applicant agrees to reimburse the Participating TO for the reasonable actual costs of reviewing the required Facilities study. For an Interconnection request to remain a Completed Interconnection Application, the applicant shall execute the Facility Studies Agreement and return it to the Participating TO within ten (10) Business Days together with payment for the reasonable estimated costs of performing the Facilities Study or reviewing the New Facility Operator's Facilities Study. Alternatively, if the applicant request the Participating TO to proceed with the Facilities Study or review thereof and commits to abide by the terms, conditions, and cost assignments ultimately determined under the ISO ADR Procedures, including any determination by FERC or appeal of a FERC determination in accordance with that process, the Participating TO shall promptly proceed with the Facilities Study provided that such request is accompanied by payment for the reasonable estimated cost of the Facilities Study, and the parties shall submit the disputed terms for resolution under the ISO ADR Procedures.. If the applicant elects not to execute a Facilities Study Agreement and does not request that the Participating TO proceed with the Facilities Study or review thereof, its application shall be deemed withdrawn and the applicant shall reimburse to the Participating TO all costs reasonably incurred in processing the application not covered by the System Impact Study Agreement.

## **10.9 Facilities Study Procedures.**

Upon receipt of an executed Facilities Study Agreement or initiation of the ISO ADR Procedures and receipt of payment for the estimated study costs, the Participating TO will use due diligence to either (a) complete the required Facilities Study within a sixty (60) calendar day period or (b) complete its review of a new Facility Operator's Facilities Study within thirty (30) calendar days of its receipt of the Completed Study. In the event that the Participating TO is unable to complete the required Facilities Study within such time period, it shall so notify the applicant, in writing, and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed Facilities Study shall be made available to the applicant.

### **10.9.1 Execution of Interconnection Agreement.**

Within thirty (30) Business Days of receipt of the completed Facilities Study performed by the Participating TO or receipt of written approval of the New Facility Operator's Facilities Study from the Participating TO, the applicant shall request the participating TO to tender an Interconnection Agreement

within thirty (30) Business Days of such request. The Participating TO shall tender to the applicant an Interconnection Agreement as provided in Section 8.1.3.

#### **10.10 Partial Interim Service.**

If the Participating TO determines that there will not be adequate transmission capability to satisfy the full amount requested in a Completed Interconnection Application, the Participating TO nonetheless shall be obligated to offer and provide the portion of the requested Interconnection that can be accommodated without any additional Direct Assignments Facilities or Reliability Upgrades. However, the Participating TO shall not be obligated to provide the incremental amount of requested Interconnection that requires such additional facilities or upgrades until such facilities or upgrades have been placed in service.

#### **10.11 Expedited Interconnection Procedures.**

In lieu of the procedures set forth above, the applicant shall have the option to expedite the processing of its Completed Interconnection Application. In order to exercise this option, the applicant shall submit in writing a Request for Expedited Interconnection Procedures to the Participating TO, and to the ISO if the applicant is a New Facility Operator, within ten (10) Business Days after receiving a copy of the System Impact Study for the proposed Interconnection. Within ten (10) Business Days after receiving a Request for Expedited Procedures, the Participating TO shall tender an Expedited Interconnection Agreement that requires the applicant to compensate the Participating TO for all costs reasonably incurred pursuant to the terms of this To Tariff for processing the Completed Interconnection Application and providing the requested Interconnection. While the Participating TO agrees to provide the applicant with its best estimate of the costs of any needed Direct Assignment Facilities and, if applicable, Reliability Upgrades, and such other charges that may be incurred, unless otherwise agreed by the parties, such estimate shall not be binding and the applicant must agree in writing to compensate the Participating TO for all actual Interconnection costs reasonably incurred pursuant to the provisions of this TO Tariff. The applicant shall execute and return such Expedited Service Agreement within ten (10) Business Days of its receipt or the applicant's request for Interconnection will cease to be a Completed Interconnection Application and will be deemed terminated and withdrawn. In that event, the applicant shall reimburse the Participating TO for all costs reasonably incurred in processing the application not covered by the terms of the System Impact Study Agreement.

### **11. Uncontrollable Forces and Indemnification.**

#### **11.1 Procedures to Follow of Uncontrollable Force Occurs.**

In the event of the occurrence of an Uncontrollable Force which prevents a Party from performing any of its obligations under this TO Tariff, such Party shall (i) immediately notify the other Parties in writing of the occurrence of such Uncontrollable Force, (ii) not be entitled to suspend performance in any greater or

longer duration that is required by the Uncontrollable Force, (iii) use its best efforts to mitigate the effects of such Uncontrollable Force, remedy its inability to perform, and resume full performance hereunder, (iv) keep the other Parties apprised of such efforts on a continual basis and (v) provide written notice of the resumption of performance hereunder. Notwithstanding any of the foregoing, the settlement of any strike, lockout, or labor dispute constituting an Uncontrollable Force shall be within the sole discretion of the Party to this TO Tariff involved in such strike, lockout, or labor dispute, and the requirement that a Party must use its best efforts to remedy the cause of the Uncontrollable Force and mitigate its effects and resume full performance hereunder shall not apply to strikes, lockouts, or labor disputes. No Party will be considered in default as to any obligation under this TO Tariff if prevented from fulfilling the obligation due to the occurrence of an Uncontrollable Force.

### **11.2 Indemnification.**

A Market Participant shall at all times indemnify, defend, and save the Participating TO harmless from any and all damages, losses, claims (including claims and actions relating to injury or to death of any person or damage to property), demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the Participating TO's performance of its obligations under this TO Tariff on behalf of a Market Participant, except in cases of negligence or intentional wrongdoing by the Participating TO.

### **12. Regulatory Filings.**

Nothing contained herein shall be construed as affecting, in any way, the right of TNHC unilaterally to make application to FERC as it deems necessary and appropriate to recover its TRR, or for a change in its rates, or in its terms and conditions, including changes in rate methodology, or for a change in designation of TSRs to be placed under the ISO's control, pursuant to the applicable FERC rules, regulations, policies, and governing statutes.

### **13. Absence of Low Voltage Transmission Facilities.**

TNHC does not anticipate owning any low voltage transmission facilities.

### **14. Disputes.**

Except as limited by law, the ISO ADR Procedures shall apply to all disputes between parties which arise under this TO Tariff. The ISO ADR Procedures set forth in Section 13 of the ISO Tariff shall not apply to disputes as to whether rates set forth in this TO Tariff (other than charges for studies) are just and reasonable under the FPA.

### **15. Miscellaneous.**

#### **15.1 Notices.**

Any notices, demands, or request in accordance with the TO Tariff, unless otherwise provided in this TO Tariff, shall be in writing and shall be deemed

properly served, given or made; (i) upon delivery if delivered in person, (ii) five days after deposit in the mail if sent by first class United States mail, postage prepaid, (iii) upon receipt of confirmation by return electronic facsimile if sent by facsimile, or (iv) upon delivery if delivered by prepaid commercial courier service, in each case addressed to a Party at the address set forth in Appendix II. Any Party may at any time, by notice to the other Parties, change the designation or address of the person specified in Appendix II to receive notice on its behalf. Any notice of a routine character in connection with service under this TO Tariff shall be given in such a manner as the Parties may determine from time to time, unless otherwise provided in this TO Tariff.

## **15.2 Waiver.**

Any waiver at any time by any entity of any rights under this TO Tariff shall not constitute or be deemed a waiver of such entity's entitlement to assert such rights in connection with subsequent matters under this TO Tariff. Any delay short of the statutory period of limitations in asserting or enforcing any rights hereunder shall not constitute or be deemed a waiver, or result in laches or other equitable defense.

## **15.3 Confidentiality**

**Maintaining Confidentiality if Not for Public Disclosure.** The Participating TO shall maintain the confidentiality of all of the documents, data, and information provided to it by any other Party that such Party may designate as confidential, provided, however, that the information shall not be held confidential by the receiving Party if (1) the designating Party is required to provide such information for public disclosure pursuant to this TO Tariff or applicable regulatory requirements, or (2) the information becomes available to the Public on a non-confidential basis (other than from the receiving Party).

**Disclosure of Confidential Information.** Notwithstanding anything in this Section to the contrary, if any Party is required by applicable laws or regulations, or in the course of administrative or regulations, or in the course of administrative or judicial proceedings, to disclose information that is otherwise required to be maintained in confidence pursuant to this Section 15.3.2, the Party may disclose such information; provided, however, that as soon as such Party learns of the disclosure requirement and prior to making such disclosure, such Party shall notify the affected Party or Parties of the requirement and the terms thereof. The affected Party or Parties may, at their sole discretion and own costs, direct any challenge to or defense against the disclosure requirement and the disclosing Party shall cooperate with such affected Party or Parties to the maximum extent practicable to minimize the disclosure of the information consistent with applicable law. The disclosing Party shall cooperate with the affected Parties to obtain proprietary or confidential treatment of confidential information by the person to whom such information is disclosed prior to any such disclosure.



**15.4 Titles.**

The captions and headings in this TO Tariff are inserted solely to facilitate reference and shall have no bearing upon the interpretation of any of the rates, terms, and conditions of this TO Tariff.

**15.5 Severability.**

If any term, covenant, or condition of this TO Tariff or the application or effect of any such term, covenant, or condition is held invalid as to any person, entity, or circumstance, or is determined to be unjust, unreasonable, unlawful, imprudent, or otherwise not in the public interest, by any court or government agency of competent jurisdiction, then such term, covenant, or condition shall remain in force and effect to the maximum extent permitted by law, and all other terms, covenants, and conditions of this TO Tariff and their application shall not be affected thereby but shall remain in force and effect. The Parties shall be relieved of their obligations only to the extent necessary to eliminate such regulatory or other determination, unless a court or governmental agency of competent jurisdiction holds that such provisions are not severable from all other provisions of this TO Tariff.

**15.6 Preservation of Obligations.**

Upon termination of this TO Tariff, all unsatisfied obligations of each Party shall be preserved until satisfied.

**15.7 Governing Law.**

This TO Tariff shall be interpreted, governed by, and construed under the laws of the State of California, without regard to the principles of conflict of laws thereof, or the laws of the United States, as applicable, as if executed and to be performed wholly within the State of California.

**15.8 Appendices Incorporated.**

The appendices to this TO Tariff are attached to this TO Tariff and are incorporated by reference as if fully set forth herein.

**15.9 Consistency with ISO Tariff.**

This TO Tariff is intended to be consistent with the ISO Tariff, and, if necessary, shall be amended to conform with any changes authorized or required in any final order in a FERC proceeding mandating such changes in the ISO Tariff.

**15.10 Disputes.**

Except as limited by law, the ISO ADR Procedures shall apply to all disputes between parties which arise under this TO Tariff. The ISO ADR Procedures set forth in Section 13 of the ISO Tariff shall not apply to disputes as to whether rates and charges set forth in this TO Tariff are just and reasonable under the Federal Power Act.

## **APPENDIX I**

### **Transmission Revenue Requirement and TRBAA**

The YMH Base Transmission Revenue Requirement is estimated to be approximately \$66 million and shall be fixed for the first three years following the Effective Date. The estimated Base Transmission Revenue Requirement is based on an estimate of the total Project costs of \$350 million. Although there is contingency in that cost estimate, there are a number of costs that will be finalized over the upcoming months, including the costs of interconnecting with SCE and SDG&E, site preparations, installation of underground cables, among others.

The TRBAA is estimated to be \$5,000 for initial year of Project operation, as computed in accordance with ISO Tariff.

The TRBAA will be recalculated periodically consistent with the ISO Tariff, approved by the FERC, and provided to the ISO.

## **APPENDIX II**

### **NOTICES**

#### **Designated Representative:**

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#### **Alternate Representatives:**

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