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Appendix W

Amendment 39 Interconnection Procedures

Interconnection Procedures in Effect Prior to July 1, 2005 (“Amendment 39 Procedures”)

1 Applicability.

These Amendment 39 Procedures are applicable to Small Generating Facilities interconnecting to the CAISO Controlled Grid in accordance with Section 1.3 of the SGIP in Appendix S and to Large Generating Facilities in accordance with Section 5.1 of the LGIP in Appendix U. The owner of a planned New Facility, or its designee, is referred to for purposes of this Appendix as a New Facility Operator.

2 Definitions.

2.1 Master Definitions Supplement.

Unless the context otherwise requires, any word or expression defined in the Master Definitions Supplement to the CAISO Tariff shall have the same meaning where used in this Appendix.

2.2 Special Definitions for this Appendix.

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

Completed Application

Date For purposes of this Appendix, the date on which a New Facility Operator submits an Interconnection Application to the CAISO that satisfies the requirements of the CAISO Tariff and the TO Tariff of the Interconnecting PTO.

Completed Interconnection Application

An Interconnection Application that meets the information requirements as specified by the CAISO and posted on the CAISO Website.

Data Adequacy Requirement Any applicable minimum data requirements of the state agency responsible for generation siting or of any Local Regulatory Authority.

Delivery Upgrade

The transmission facilities, other than Direct Assignment Facilities and Reliability Upgrades, necessary to relieve constraints on the CAISO Controlled Grid and to ensure the delivery of energy from a New Facility to Load.

Designated Contact Person

The person designated by each Participating TO to coordinate with the CAISO on the processing and completion of all Interconnection Applications.

Direct Assignment Facility

The transmission facilities necessary to physically and electrically interconnect a New Facility Operator to the CAISO Controlled Grid at the point of interconnection.

Expedited Interconnection Agreement

A contract between a party which has submitted a Request for Expedited Interconnection Procedures and an Interconnection PTO under which the CAISO and an Interconnecting PTO agree to process, on an expedited basis, the Interconnection

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Application of a New Facility Operator and which sets forth the terms, conditions, and cost responsibilities for such interconnection.

Good Faith Deposit	The deposit paid to the CAISO by a New Facility Operator with submission of its Interconnection Application in accordance with Section 3.2 of this Appendix, in an amount equal to \$10,000, including any interest that accrues on the original amount, less any bank fees or other charges assessed on the escrow account. A New Facility Operator may satisfy its deposit obligation through any commercially available financial instrument determined to be satisfactory by the CAISO.
Interconnecting PTO	For purposes of this Appendix, the Participating TO that will supply the connection to the New Facility.
Interconnection Application	An application that requests interconnection of a New Facility to the CAISO Controlled Grid and that meets the information requirements as specified by the CAISO and posted on the CAISO Website.
New Facility	A planned or Existing Generating Unit that requests, pursuant to this Appendix, to interconnect or modify its interconnection to the CAISO Controlled Grid.
New Facility License	A license issued by a federal, state or Local Regulatory Authority that enables an entity to build and operate a Generating Unit.
New Facility Operator	The owner of a planned New Facility, or its designee.
Planning Procedures	Procedures governing the planning, expansion and reliable interconnection to the CAISO Controlled Grid that the CAISO may, from time to time, develop.
Reliability Upgrade	The transmission facilities, other than Direct Assignment Facilities, beyond the first point of interconnection necessary to interconnect a New Facility safely and reliably to the CAISO Controlled Grid, which would not have been necessary but for the interconnection of a New Facility, including network upgrades necessary to remedy short circuit or stability problems resulting from the interconnection of a New Facility to the CAISO Controlled Grid. Reliability Upgrades also include, consistent with WSCC practice, the facilities necessary to mitigate any adverse impact a New Facility's interconnection may have on a path's WSCC path rating.
Request for Expedited Interconnection Procedures	A written request, submitted pursuant to Section 3.1.1 of this Appendix, by which a New Facility Operator can request expedited processing of its Interconnection Application.
System Impact Study	An engineering study conducted to determine whether a New Facility Operator's request for interconnection to the CAISO Controlled Grid would require new transmission additions, upgrades or other mitigation measures.

3 Interconnection Application.

Unless the New Facility Operator has submitted a Completed Interconnection Application to the CAISO prior to July 1, 2005, any New Facility Operators shall submit two (2) copies of a Completed Interconnection Application to the CAISO in the form specified by the CAISO. The CAISO will date stamp all copies of the Interconnection Application, retain one executed copy, and, within one (1) Business Day, send the other copy to the Designated Contact Person of the Interconnecting PTO. Within ten (10) Business Days after the Interconnecting PTO receives an Interconnection Application, the CAISO and the Interconnecting PTO shall determine whether the application is complete and the CAISO will notify the New Facility Operator that its Interconnection Application is complete; or, in the event that the CAISO, in consultation with the Interconnecting PTO, determines that the Interconnection Application is incomplete, the CAISO will notify the New Facility Operator of the deficiencies or omissions in its application.

3.1 Expedited Procedures For New Facilities.

A New Facility Operator may submit a Request for Expedited Interconnection Procedures in accordance with Section 3.1.1 of this Appendix. The CAISO will develop and post on the CAISO Website the Planning Procedures applicable to such expedited processing of Interconnection Applications.

3.1.1 Request for Expedited Interconnection Procedures.

- (a) If it elects to expedite processing of its Completed Interconnection Application, a New Facility Operator shall submit a Request for Expedited Interconnection Procedures within 10 Business Days after receiving a copy of the System Impact Study for the proposed interconnection. The request should be submitted in writing to the CAISO and the Interconnecting PTO.
- (b) Within ten (10) Business Days after receiving a Request for Expedited Interconnection Procedures, the CAISO and Interconnecting PTO shall provide to applicant the results of any studies required in addition to the System Impact Study, and shall tender an Expedited Interconnection Agreement that requires the applicant to compensate the Interconnecting PTO for all costs reasonably incurred pursuant to the terms of the CAISO Tariff and the Interconnecting PTO's applicable TO Tariff for processing the Completed Interconnection Application and providing the requested interconnection.
- (c) Concurrent with the provision, by the CAISO and the Interconnecting PTO, of the studies referenced in subsection b, above, the Interconnecting PTO and the CAISO shall provide to applicant their best estimate of the cost of any needed Direct Assignment Facilities and Reliability Upgrades, Delivery Upgrades, if requested by the New Facility Operator, and other costs that may be incurred in processing the Interconnection Application and providing the requested interconnection, however, unless otherwise agreed by the CAISO, and the Interconnecting PTO, and the applicant, such cost estimate shall not be binding and the New Facility Operator shall compensate the CAISO and the Interconnecting PTO for all actual interconnection costs reasonably incurred pursuant to the provisions of this Appendix and the Interconnecting PTO's TO Tariff.
- (d) The New Facility Operator shall execute and return to the Interconnecting PTO, with a copy to the CAISO, such Expedited Interconnection Agreement within ten (10) Business Days of its receipt or the New Facility Operator's Interconnection Application will be deemed withdrawn. In that event, the New Facility Operator shall reimburse the CAISO and the Interconnecting PTO for all costs reasonably incurred in the processing of the Interconnection Application, including the Request for Expedited Interconnection.

3.2 Good Faith Deposit.

- (a) Each New Facility Operator that submits an Interconnection Application will on the date of submission also provide a Good Faith Deposit to the CAISO. The CAISO shall hold the Good Faith Deposit in trust for each applicant in a separate, interest-bearing account.
- (b) The CAISO shall refund the Good Faith Deposit, with accrued Interest, in the event that:
 - (i) The CAISO determines that the New Facility is not responsible for any interconnection costs, other than study costs; or
 - (ii) The applicant withdraws its Interconnection Application or its Interconnection Application is deemed withdrawn.

3.3 Posting of Interconnection Applications and Non-disclosure.

The CAISO will maintain on its OASIS site an updated list of all pending Interconnection Applications. As soon as practicable after the CAISO receives a Completed Interconnection Application, the CAISO will post the nearest substation, the capacity (MW) of the New Facility and the year the New Facility is proposed to begin operations. At the time it submits its Interconnection Application, a New Facility Operator may request in writing that the CAISO and Interconnecting PTO not publicly disclose the identity of such New Facility Operator. Upon such request, the CAISO and Interconnecting PTO will not disclose the identity of the applicant while its Interconnection Application is pending, unless disclosure is permitted under Section 20.1 of the CAISO Tariff or in the event that an applicant's identity becomes otherwise publicly known.

4 Interconnection.

4.1 Detailed Planning Procedures.

The provisions set forth in this Appendix shall govern the interconnection of New Facilities to the CAISO Controlled Grid, including the costs of such interconnection. The CAISO shall also maintain on the CAISO Website detailed Planning Procedures and interconnection standards for all such interconnections.

4.2 Studies.

- (a) Except as provided in Section 4.2(d) of this Appendix, for each Completed Interconnection Application, the CAISO will direct the Interconnecting PTO to perform the required System Impact Study and Facility Study, and any additional studies the CAISO determines to be reasonably necessary.
- (b) The Interconnecting PTO will complete or cause to be completed all studies directed by the CAISO within the timelines provided in this section. Any studies performed by the CAISO or by a third party at the direction of the CAISO shall also be completed within the timelines provided in this section.
- (c) Each New Facility Operator shall pay the reasonable costs of all System Impact and Facility Studies performed by or at the direction of the CAISO or the Interconnecting PTO, and any additional studies the CAISO determines to be reasonably necessary in response to the Interconnection Application, including any iterative study costs required for other New Facility Operator's 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 procedures in Section 4.4 of this Appendix. A New Facility Operator shall also pay the reasonable cost of Interconnecting PTO review of any System Impact Study or Facility Study that is performed by a New

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Facility Operator or its designee pursuant to subsection (d).

- (d) A New Facility Operator may perform its own System Impact Study and Facility Study, or contract with a third party to perform the System Impact Study and Facility Study, and shall so notify the CAISO and the Interconnecting PTO of this election at the time it submits its Interconnection Application. Any such study or studies performed by a New Facility Operator or third party must be completed within the timelines identified in Sections 4.2.1 and 4.2.2 of this Appendix. To the extent that the CAISO and Interconnecting PTO disagree on the adequacy of the New Facility Operator or third party-sponsored study, the CAISO will determine the adequacy of the study, subject to the CAISO's ADR Procedures. The CAISO and Interconnecting PTO shall complete their review of the New Facility Operator's study within thirty (30) calendar days of receipt of the completed study. The results of any study or studies performed by a New Facility Operator or third party must be approved by both the CAISO and the Interconnecting PTO.

4.2.1 System Impact Study Procedures.

Within ten (10) Business Days after receiving a Completed Interconnection Application by the Interconnecting PTO, the CAISO and the Interconnecting PTO will determine, on a non-discriminatory basis, whether a System Impact Study is required. The CAISO and the Interconnecting PTO will make such determination based on the CAISO Grid Planning Criteria and the transmission assessment practices outlined in the CAISO Planning Procedures posted on the CAISO Website. The CAISO and Interconnecting PTO will utilize, to the extent possible, existing transmission studies. The System Impact Study will identify whether any Direct Assignment Facilities and Reliability Upgrades are needed, as well as, if requested by the New Facility Operator, any Delivery Upgrades necessary to deliver a New Facility's full output over the CAISO Controlled Grid. The System Impact Study will also identify any adverse impact on Encumbrances existing as of the Completed Application Date.

If the CAISO and the Interconnecting PTO determine that a System Impact Study is necessary, the Interconnecting PTO shall within twenty (20) Business Days of receipt of Completed Interconnection Application, tender a System Impact Study Agreement that defines the scope, content, assumptions and terms of reference for such study, the estimated time required to complete it, and pursuant to which the applicant shall agree to reimburse the Interconnecting PTO for the reasonable actual costs of performing the required study. The New Facility Operator shall execute the System Impact Study Agreement and return it to the Interconnecting PTO within ten (10) Business Days, together with payment for the reasonable estimated cost, as provided by the Interconnecting PTO, of the System Impact Study. Alternatively, a New Facility Operator can request that the Interconnecting PTO proceed with the System Impact Study and abide by the terms, conditions, and cost assignment of the System Impact Study Agreement as determined through the CAISO ADR Procedures, provided that such request is accompanied by payment for the reasonable estimated cost, as provided by the Interconnecting PTO, of the System Impact Study. If a New Facility Operator elects neither to execute the System Impact Study Agreement nor to rely upon the CAISO ADR Procedures, such New Facility Operator's Completed Application will be deemed withdrawn. If the New Facility Operator's application is deemed withdrawn, the New Facility Operator will compensate the Interconnecting PTO for all reasonable costs incurred to that date in processing the Completed Interconnection Application.

The Interconnecting PTO will use due diligence to complete the System Impact Study within sixty (60) calendar days of receipt of payment and the System Impact Study Agreement or initiation of the CAISO ADR Procedures. If the Interconnecting PTO cannot complete the System Impact Study within sixty (60) calendar days, the Interconnecting PTO will notify the New Facility Operator, in writing, of the reason why additional time is required to complete the required study and the estimated completion date.

4.2.2 Facility Study Procedures.

If a System Impact Study indicates that additions or upgrades to the CAISO Controlled Grid are needed to satisfy a New Facility Operator's request for interconnection, the Interconnecting PTO shall, within fifteen (15) Business Days of the completion of the System Impact Study, tender to a New Facility Operator a Facility Study Agreement that defines the scope, content, assumptions and terms of reference for such study, the estimated time to complete the required study, and pursuant to which the applicant agrees to reimburse the Interconnecting PTO for the actual costs of performing the required Facility Study. The New Facility Operator shall execute the Facility Study Agreement and return it to the Interconnecting PTO within ten (10) Business Days, together with payment for the reasonable estimated cost, as provided by the Interconnecting PTO, of the Facility Study. Alternatively, a New Facility Operator may request that the Interconnecting PTO proceed with the Facility Study and abide by the terms, conditions, and cost assignment of the Facility Study Agreement ultimately determined through the CAISO ADR Procedures, provided that such request is accompanied by payment for the reasonable estimated cost, as provided by the Interconnecting PTO, of the Facility Study. If a New Facility Operator elects either to not execute the Facility Study Agreement or to rely upon the CAISO ADR Procedures, such New Facility Operator's Completed Application will be deemed withdrawn. If the New Facility Operator's application is deemed withdrawn, the New Facility Operator will compensate the Interconnecting PTO for all reasonable costs incurred to that date in processing the Completed Application.

The Interconnecting PTO will use due diligence to complete the Facility Study within sixty (60) calendar days of receipt of payment and the Facility Study Agreement or initiation of the CAISO ADR Procedures. If the Interconnecting PTO cannot complete the Facility Study within sixty (60) calendar days, the Interconnecting PTO will notify the New Facility Operator, in writing, of the reason why additional time is required to complete the required study and the estimated completion date.

A New Facility Operator shall be entitled to amend its Completed Interconnection Application once without losing its queue position. Such amendment shall occur on or before ten (10) Business Days following the Date the Interconnecting PTO tenders a Facility Study Agreement. Specifically, as an alternative to executing and returning a Facility Study Agreement, a New Facility Operator may submit an amendment to its Completed Interconnection Application to reflect a revised configuration for its New Facility. The amended Completed Interconnection Application shall be treated in accordance with Section 4.2.1 of this Appendix and the New Facility Operator's Completed Interconnection Application shall not be deemed withdrawn, and it shall maintain its exiting queue position, if (a) the amended Completed Interconnection Application is received by the Interconnecting PTO within ten (10) Business Days of the Interconnecting PTO's tender of a Facility Study Agreement; and (b) the New Facility Operator has not submitted a previous amendment to the Completed Interconnection Application. In the event a New Facility Operator amends its Completed Interconnection Application, it will be responsible for any additional study costs that result from that amendment, including costs associated with revisions to studies for other applicants holding later queue positions.

4.3 Execution of Interconnection Agreement.

Following completion of the Facility Study, a New Facility Operator proposing to interconnect a Large Generating Facility shall continue the interconnection process in accordance with Section 11.2 of the LGIP. Within ten (10) Business Days of receipt of a completed Facility Study, a New Facility Operator proposing to interconnect a Small Generating Facility shall request the Interconnecting PTO to provide to such applicant an Interconnection Agreement. The Interconnecting PTO shall provide an Interconnection Agreement to an applicant within thirty (30) Business Days of receipt of the request for an Interconnection Agreement. If the CAISO and Interconnecting PTO determine, pursuant to Sections 4.2.1 and 4.2.2 of this Appendix, that either:

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- (a) a New Facility Operator's Interconnection Application can be accommodated and that such New Facility Operator will not incur costs for Reliability Upgrades, the New Facility Operator shall execute the Interconnection Agreement within ten (10) Business Days of receipt of the Interconnection Agreement; or
- (b) a New Facility Operator's Interconnection Application will necessitate Reliability Upgrades, the New Facility Operator shall execute the Interconnection Agreement within thirty (30) Business Days of receipt of the Interconnection Agreement or, if a New Facility Operator and the Interconnecting PTO are unable to agree on the rates, terms and conditions of the Interconnection Agreement, the New Facility Operator may request that the Interconnecting PTO file an unexecuted Interconnection Agreement at FERC. If a New Facility Operator does request that the Interconnecting PTO file an unexecuted Interconnection Agreement at FERC, the New Facility Operator shall agree to abide by the rates, terms and conditions of such Interconnection Agreement ultimately determined by FERC to be just and reasonable.

4.4 Queuing.

- (a) The CAISO and Interconnecting PTO will process all Interconnection Applications based on the New Facility's Completed Application Date.
- (b) The queue position for each New Facility that has submitted an Interconnection Application will be established according to the Completed Application Date and the New Facility's compliance with the milestones set forth in Section 4.4.1 of this Appendix.
- (c) For any New Facility Operator that submitted a request to interconnect to a Interconnecting PTO prior to June 1, 2002 (the effective date of the Amendment 39 Procedures), such New Facility Operator's position in the queue will be based on its Completed Application Date as that term was defined in the Interconnecting PTOs TO Tariff in effect at the time the New Facility Operator submitted a request to interconnect to the Interconnecting PTO.

4.4.1 Queuing Milestones.

- (a) To maintain its queue position, each New Facility Operator must timely comply with the requirements of the CAISO Tariff and the TO Tariff of the Interconnecting PTO and must, within six (6) months of its Completed Application Date, satisfy all applicable Data Adequacy Requirements of state and local siting and other regulatory authorities. Any New Facility Operator not subject to state siting requirements must satisfy the information requirements set forth in 18 C.F.R. § 2.20. The CAISO will permit a New Facility Operator to retain its queue position if such New Facility Operator requests an extension of the six (6)-month period at least five (5) Business Days prior to the expiration of such period. Such extension will be limited to one period of thirty (30) Business Days and additional extensions shall not be granted. A New Facility Operator that does not maintain its queue position, but later satisfies the Data Adequacy Requirements, or the requirements of 18 C.F.R. § 2.20 if applicable, will be placed in a queue position comparable to that of other New Facility Operators that have satisfied the Data Adequacy Requirements, or the requirements of 18 C.F.R. § 2.20, as of the same date. At that time, the CAISO and the Interconnecting PTO will determine whether a new System Impact Study must be performed based on the revised queue position of such New Facility Operator.
- (b) Upon satisfaction of the Data Adequacy Requirements, or the requirements of 18 C.F.R. § 2.20 if applicable, each New Facility Operator, in order to maintain its queue position, must obtain a New Facility License within fifteen (15) months after satisfying the Data Adequacy Requirements. A New Facility Operator that does not obtain a New Facility

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License within the allowed time and does not maintain its queue position, but later obtains a New Facility License, will be placed in a queue position comparable to other New Facility Operators that have satisfied comparable milestones as of that date.

- (c) Any New Facility whose New Facility License or building permit expires or is rescinded will not maintain its queue position.
- (d) A New Facility Operator that has submitted a dispute under Article 13 of the CAISO Tariff regarding any part of this Appendix may request that the presiding judge, arbitrator, or mediator of the dispute suspend its obligation to meet milestones in order to maintain its queue position. In the event such a suspension is granted, the New Facility Operator must satisfy the missed milestones specified in this Section 4.4.1 of this Appendix within thirty (30) calendar days of the date the decision on the dispute becomes final.

4.5 Coordination of Critical Protective Systems.

New Facility Operators shall coordinate with the CAISO, Participating TOs and UDCs to ensure that a New Facility Operator's Critical Protective Systems, including relay systems, are installed and maintained in order to function on a coordinated and complementary basis with CAISO Controlled Grid Critical Protective Systems and the protective systems of the Participating TOs and UDCs. The CAISO and Participating TOs will make available all information necessary for a New Facility Operator to determine whether its Critical Protective Systems are compatible with those of the CAISO, Participating TOs and UDCs. The CAISO and New Facility Operators shall also coordinate with entities that own, operate or control facilities outside of the CAISO Controlled Grid to ensure that a New Facility's Critical Protective Systems function on a coordinated and complementary basis with such entities Critical Protective Systems.

5 Cost Responsibility of New Facility Operators.

- (a) Each New Facility Operator shall pay the costs of required studies in accordance with Section 4.2 of this Appendix and the costs identified in this Section 5. The CAISO and Interconnecting PTO will provide each New Facility Operator an estimate of its total cost responsibility under this Section. A New Facility Operator shall be responsible for the actual costs of all Direct Assignment Facilities and Reliability Upgrades necessitated by its Completed Interconnection Application. The Interconnecting PTO will provide each New Facility Operator a detailed record of the actual costs assessed to it under this Section. A New Facility Operator may request the Interconnecting PTO to provide any additional information reasonably necessary to audit the actual costs the New Facility Operator is assessed.
- (b) The CAISO and Interconnecting PTO will process all Interconnection Applications, and determine the cost responsibility of each New Facility Operator based on the New Facility Operator's Completed Application Date or, if applicable, based on the queue position determined by the procedure described in Section 4.4.1(b) of this Appendix. The CAISO and Interconnecting PTO will process simultaneously all interconnection requests with the same Completed Application Date.
- (c) Each New Facility Operator shall pay the costs of planning, installing, operating and maintaining the following facilities: (i) Direct Assignment Facilities, and, if applicable, (ii) Reliability Upgrades. In addition, each New Facility Operator shall implement all existing operating procedures necessary to safely and reliably connect the New Facility to the facilities of the Interconnecting PTO and to ensure the CAISO Controlled Grid's conformance with the CAISO Grid Planning Criteria, and shall bear all costs of implementing such operating procedures. The New Facility Operator shall be responsible for the costs of Reliability Upgrades only if the necessary facilities are not included in the CAISO Controlled Grid Transmission Expansion Plan approved as of the

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New Facility Operator's Completed Application Date, or the date for the installation of a facility is advanced by the interconnection of 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.

- (d) Each New Facility Operator may, at its own discretion, sponsor, pursuant to Section 24 of the CAISO Tariff, any Delivery Upgrades.

5.1 Maintenance of Encumbrances.

No New Facility shall adversely affect the ability of the Interconnecting PTO to honor its Encumbrances existing as of the time a New Facility submits its Interconnection Application to the CAISO. The Interconnecting PTO, in consultation with the CAISO, shall identify any such adverse effect on its Encumbrances in the System Impact Study performed under Section 4.2.1 of this Appendix. To the extent the Interconnecting PTO determines that the connection of the New Facility will have an adverse effect on Encumbrances, the New Facility Operator shall mitigate such adverse effect.

5.2 Settlement of Interconnection Costs.

Payment for Direct Assignment Facilities and Reliability Upgrades shall be made by the New Facility Operator to the Interconnecting PTO pursuant to the terms of payment set forth in the Interconnection Agreement between the parties.

6 Energization.

Neither the CAISO nor the Interconnecting PTO shall be obligated to energize, nor shall the New Facility Operator be entitled to have its interconnection to the CAISO Controlled Grid energized, unless and until an Interconnection Agreement has been executed, or filed at FERC pursuant to Section 4.3 of this Appendix, and becomes effective and such New Facility Operator has demonstrated to the CAISO's reasonable satisfaction that it has complied with all of the requirements of this Appendix.