

California Independent System Operator Corporation

**Request for Bids
to Provide Demand Relief for Summer 2000**

MARCH 24, 2000

California Independent System Operator Corporation, a California non-profit public benefit corporation (the "ISO") is hereby soliciting Bids from all Loads interested in providing the ISO with the services specified herein for the period from June 15, 2000 to October 15, 2000.¹ Responses to this Request for Bids ("RFB") must be received at the address below no later than **5:00 PM (PST) on April 13, 2000**. Responses to the RFB must adhere to the specifications herein. The responses must be submitted to:

California Independent System Operator Corporation
151 Blue Ravine Road
Folsom, CA 95630

Attention: Michael Dozier (e-mail: mdozier@caiso.com)
Contracts and Compliance
RFB for Summer 2000 Demand Relief Program

Any questions concerning the interpretation of this RFB should be submitted electronically or in writing to the above address.

The ISO expressly reserves the right to modify, or withdraw from, the process initiated and described herein. No rights shall be vested in any party, individual or entity by virtue of its preparation to participate in, or its participation in, such process. The ISO expressly reserves the right to modify, for any reason, the schedule and any provision contained herein. The ISO reserves to itself the selection of winning Respondents, if any, in the exercise of its sole discretion. No binding commitment shall arise between the ISO and a winning Respondent under this Request for Bids until and unless the parties sign documents of agreement that become effective in accordance with their terms. Respondents are advised that this RFB is an ISO Document and hence ISO ADR Procedures apply to any dispute arising hereunder in accordance with Article 13 of the ISO Tariff.

¹ Capitalized terms not otherwise defined herein are defined in the Master Definitions Supplement, ISO Tariff Appendix A.

California Independent System Operator Corporation

Request for Bids to Provide Demand Relief for Summer 2000

March 24, 2000

I. Introduction

The California Independent System Operator Corporation (the "ISO") is initiating this Request for Bids ("RFB") on a pilot basis to solicit bids from Loads ("Respondents") to provide to the ISO the services described herein. The ISO is proposing through this RFB program to solicit Load participation in the ISO's "Summer 2000 Demand Relief Program" (the "Program"), as generally described in "Exhibit A" attached hereto and incorporated herein by reference, for up to 1,000 MW. The ISO is implementing this Program on a trial basis only with the limited duration period from June 15, 2000 to October 15, 2000. The ISO will then evaluate the success of the Program and determine the viability of such a program for future years.

II. Background

Demand responsiveness in the California markets is important, not only to provide additional depth in the markets, but also to provide necessary resources to the grid that are critical during periods of high Demand. Demand responsiveness can play a critical role in the ISO's management of potential System Emergency conditions. This role was acknowledged by the ISO Governing Board resolution on price caps adopted in August 1999, which conditioned the level of price caps in summer 2000 on the availability of practicable Demand side management options.

Both Loads and Generators are currently able to participate in the ISO's markets under the terms of the ISO Tariff and ISO standards for telemetry, metering, and other requirements. However, there has been little participation to date by Loads, and representatives of Loads have expressed concerns regarding the ISO's standards for telemetry and metering for Participating Loads. As a result, the ISO has implemented through a separate effort the "Summer 2000 Market Participating Load Trial Program" announced in the ISO's e-mail Market Notice issued on February 29, 2000 providing additional interim flexibility on a trial basis to encourage Loads to participate in the ISO's markets for summer 2000.

As a supplement to that effort to increase participation by Loads in the ISO's markets, Respondents to this RFB are asked to bid the amount of capacity they would propose to participate in the ISO's Summer 2000 Demand Relief Program, up to 1,000 MW. That capacity should be separate from any capacity that the Respondent may propose to bid into the ISO's markets for Non-Spinning Reserve, Replacement Reserve, and Supplemental Energy, as well as any capacity committed by Respondent to any other Load curtailment or interruption program(s), including, without limitation, current or proposed UDC interruptible

programs. If the ISO receives requests to participate from Loads in excess of 1,000 MW, the ISO will consider whether increased participation in the Program is warranted in light of potential operating and reliability concerns.

III. Eligible Respondents

Eligible Respondents must satisfy all the following criteria:

1. Must provide an average Demand reduction for the single Load or aggregated Loads greater than or equal to 1.0 MW.
2. Must not presently be a participant in any of the existing or proposed UDC interruptible and curtailable Load programs or the ISO Summer 2000 Market Participating Load Trial Program (also referred to as the Ancillary Services or Supplemental Energy Load Participation Program) for the same Load offered in this Program, in order to avoid overlap between Demand reduction programs.
3. Must not have a Participating Load Agreement (PLA) or a Participating Generator Agreement (PGA) with the ISO for the same Load offered under this Program, in order to avoid overlap between Demand reduction programs.
4. Must not have a Generating Unit on-site that has a PGA with the ISO or is operating in parallel with the ISO Controlled Grid.
5. Must be or must utilize an ISO-certified Scheduling Coordinator.
6. Must have an interval meter approved by the Local Regulatory Authority on each Load participating in the Program.

Under no circumstance will Respondents be allowed to curtail Demand at one meter and increase consumption at another meter for the same Load.

All responses should take into account the metering and settlement requirements set forth for separately identified resources in the ISO Tariff. Winning Respondents will be required to comply with the metering, scheduling, and settlement requirements set forth in the ISO Tariff. The requirements for participation in the ISO's Summer 2000 Demand Relief Program are set forth more specifically in the *Pro Forma* Demand Relief Agreement ("DRA") attached hereto as "Exhibit B" and incorporated herein by reference.

IV. Acceptance of Bids

The ISO intends to select winning Respondents to this RFB, if any, by April 28, 2000 and enter into resulting commitments on or before **May 15, 2000**. In order to meet this deadline, the ISO will work with successful Respondents to complete a Demand Relief Agreement substantially in the form of the *Pro Forma* DRA attached as "Exhibit B."

The ISO will endeavor to protect the specific identity of each Respondent and to refrain from providing information that would make such identity easily ascertainable.

Further, the ISO will not disclose to the public information provided by a Respondent under Section V.2 of this RFB, except in describing overall costs and other aspects of the Program, nor will the ISO use the information provided by a Respondent in response to this RFB for any purpose other than in connection with its evaluation of Respondent's Bid in the RFB process described herein.

The ISO reserves to itself the selection of winning Respondents, if any, in the exercise of its sole discretion.

V. BIDDING INSTRUCTIONS

Respondents may submit Bids only in accordance with the following instructions. Failure to comply with these instructions may disqualify the Respondent from further consideration.

1. Bid Submission Dates

The Bid submission date is specified in the ISO cover sheet for this RFB. Only Bids received on or before the submission date will be considered. The ISO reserves the right to change its requirements prior to the Bid submission date for Respondents. Any such change will be provided as an addendum to this RFB.

2. Bid Contents

Each Bid shall contain: (1) a Respondent Information Section; and (2) a Technical Section.

2.1 The Respondent Information Section Shall Contain the Following Information:

A. General Information: Name of Respondent, principal contact person, title of principal contact person, street address, mailing address, telephone number, fax number, and e-mail address for each.

B. Authority: Respondent must state (and, if the ISO so requests, demonstrate to the ISO's reasonable satisfaction) that the execution, delivery, and performance of an agreement with the ISO resulting from this RFB will be within its lawful powers; that such an agreement when entered into will be duly authorized by all necessary business entity action and will not violate or conflict with any of the terms or conditions in its governing documents, any contract or other agreement to which it is a party or any law applicable to it; and that such an agreement when entered into will constitute its legally valid and binding obligation enforceable against it in accordance with its terms, subject to any equitable defense.

2.2 The Technical Section Shall Contain the Following Information:

- A. A cover letter with an inventory of the contents of this Technical Section. The agent representing the Respondent shall sign this letter;
- B. A complete, detailed, and clear description of the Load and its operating

characteristics, as detailed in Attachment 1 to this RFB;

- C. The Committed Capacity (as defined in the *Pro Forma* DRA) proposed, up to 1,000 MW; and
- D. The Fixed Price Amount (as defined in the *Pro Forma* DRA).

2.3 Terms and Conditions of Service:

All Respondents submitting successful Bids must execute a Demand Relief Agreement substantially in the form of the *Pro Forma* DRA attached as "Exhibit B."

3. Acceptance of Bids

The ISO reserves the right to reject any and all Bids, and any portion of a specific Bid, as well as the right to waive any informality or irregularity in any Bid received by it. The ISO also reserves the right to award an agreement to a Respondent based on factors other than Fixed Price Amount or Committed Capacity. The ISO assumes no obligation under this RFB, and is not bound to procure the service from any Respondent to this RFB. The ISO assumes no obligation to provide a reason for rejection of a Respondent's Bid. The ISO reserves the right to amend or withdraw this RFB at any time. Respondents assume the risk that the ISO may reject Bids for any reason, may reject all Bids, may make no award, and may withdraw the RFB without incurring any liability.

The ISO reserves the right to accept the Bid(s) that in its sole judgment best serves its interests.

Bidders are advised that the ISO's acceptance of a Bid, should it decide to accept one, will not be binding upon the ISO, and the ISO will incur no obligation by accepting a Bid, until all conditions are satisfied, including, without limitation, each of the following: (a) approval of the selection(s) by the ISO Governing Board; (b) satisfaction by the Respondent of any conditions described in the ISO's selection and/or the resolution of the ISO Governing Board approving the selection(s); (c) execution of all necessary contracts; (d) approval by the Federal Energy Regulatory Commission of the proposed amendments to the ISO Tariff regarding recovery by the ISO of costs incurred by the ISO pursuant to the Program; and (e) satisfaction of any other conditions stated by the ISO in connection with the acceptance of the Bid.

4. Evaluation Criteria

The ISO will evaluate each Bid based on the following criteria, among others:

- A. The Load's capability to commence providing the services proposed on June 15, 2000;

- B. The Load's operating characteristics, including capability to provide the proposed services and to fully meet the reliability concerns described in this RFB;
- C. Respondent's agreement to execute a Demand Relief Agreement substantially in the form of the *Pro Forma* attached as "Exhibit B;"
- D. Whether any of the individual Loads are already participating in an existing or proposed Load curtailment or interruption program; and
- E. The Fixed Price Amount and Committed Capacity.

5. Delivery of Bids

Bids shall be submitted in a sealed envelope at the following mail and courier address:

California Independent System Operator Corporation
151 Blue Ravine Road
Folsom, CA 95630

Attention: Mr. Michael Dozier
Contracts and Compliance
RFB for Summer 2000 Demand Relief Program

6. Questions

Questions regarding this RFB should be directed to Michael Dozier, ISO Manager of Contracts, preferably by e-mail at mdozier@caiso.com.

ATTACHMENT 1

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

REQUEST FOR BIDS

INFORMATION REQUIRED FOR DESCRIPTION OF LOAD

1. Describe the Load curtailment arrangement, including:
 - a) Name of the Contracted Load contact person;
 - b) Scheduling Coordinator name/identification code;
 - c) Identification of existing rate schedule for the Contracted Load for purposes of determining participation in existing or proposed UDC interruptible or curtailable programs;
 - d) Name, location, Demand zone and meter number of the Contracted Load. If the Demand reduction is being provided by a group of Loads, the ISO requires a list of the names, locations, and meter numbers of all the Loads, as specified below;
 - e) Type (industrial, agricultural pumping, commercial, residential, etc.) of Loads involved;
 - f) Total amount of Committed Capacity represented by the Contracted Load (this amount must be at least 1 MW);
 - g) Projected average Demand for the Contracted Load during the hours 1200 – 2000 in the period between June 15, through October 15, 2000, and for the actual average Demand in the corresponding period for the calendar year 1999;
 - h) Average Contracted Load offered in MW;
 - i) Expected time to implement the Demand reduction program;
 - j) How the Contracted Load will comply with requirements for receipt of Dispatch Notices (as defined in the *Pro Forma* DRA attached as “Exhibit B” hereto) from the ISO and how the Contracted Load will subsequently be curtailed;
 - k) Maximum time, in minutes, between issuance of a Dispatch Notice and full Load curtailment;
 - l) Details regarding any on-site Generating Units (both primary and backup) at the facility(ies); and
 - m) Bid price in \$/MW-month for participating in the Demand reduction program. The total capacity payment for participation in the program will be four times the bid price, times the Committed Capacity, subject to adjustments for compliance.

2. Describe each individual Load to be included in any aggregated Contracted Load, including:
 - a) Name and address of the customer responsible for the Load;
 - b) Name, location, Demand zone and meter number of the Load;
 - c) Identification of existing rate schedule for purposes of determining participation in existing or proposed UDC interruptible or curtailable programs;
 - d) Scheduling Coordinator name/identification Code; and
 - e) Amount of Committed Capacity and how the Committed Capacity will be Delivered (as defined in the *Pro Forma* DRA attached as "Exhibit B" hereto).
3. Describe all contractual requirements, operating constraints, and other limitations that impact the operation and/or load profile of the Contracted Load.
4. Provide any other relevant information.

EXHIBIT A

CALIFORNIA INDEPENDENT SYSTEM OPERATOR

SUMMER 2000 DEMAND RELIEF PROGRAM

PROGRAM SUMMARY

The objective of the California Independent System Operator (ISO) Summer 2000 Demand Relief Program is to enlist individuals or groups willing to provide a net Demand reduction (DR) in a specified time upon request per ISO Tariff Section 2.3.5.1.3. This will be a trial program for summer 2000. The ISO will be seeking a net cumulative Demand reduction of approximately 1000 MW during the summer 2000 peak period. The ISO proposes to contract for DR service during the period between June 15, 2000 through October 15, 2000.

A general summary of the program as presented to the ISO Governing Board is set forth below. However, the specific implementation of the program will be in accordance with the Request for Bids (RFB) and the terms of the *Pro Forma* Demand Reduction Agreement attached as "Exhibit B" to the RFB, which documents shall control in the event of any inconsistency with this summary.

Eligibility Criteria

Eligible participants must satisfy all the following criteria:

1. Must provide an average Demand reduction for the single facility or aggregated facilities greater than or equal to 1.0 MW.
2. Must not presently be a participant in any existing or proposed UDC interruptible and curtailable Load programs or the ISO Summer 2000 Market Participating Load Trial Program (also referred to as the Ancillary Services or Supplemental Energy Load Participation Program) for the same Load offered in this program, in order to avoid overlap between Demand reduction programs.
3. Must not have a Participating Load Agreement (PLA) or Participating Generator Agreement (PGA) with the ISO for the same Load offered under this program, in order to avoid overlap between Demand reduction programs.
4. Must not have a Generating Unit on-site that has a PGA with the ISO or is operating in parallel with the ISO Controlled Grid.

The DR program is intended to be a Load program. Allowing Generators that have a PGA or are operating in parallel to the ISO Controlled Grid to participate in this program will essentially equate to removing that capacity from the California Energy market. Eligibility criterion # 4 is required to eliminate this undesirable effect.

Under no circumstance should the participants be allowed to curtail Demand at one meter and increase consumption at another meter at the same facility.

Call Periods and Conditions

The ISO can call upon the participants in this DR program to provide the specified Demand reduction in case of or to avert System Emergencies. The program may be implemented following the ISO's declaration of a Warning or Stage 1 Emergency Condition and prior to the activation of the existing UDC curtailable and interruptible Load management programs. The ISO will exercise its right to implement this program on weekdays only, up to 30 hours per month.

Participants in this trial program will not be called for Inter or Intra-Zonal Congestion.

Call Mechanism

All groups or individuals selected to participate in the DR program must secure the services of a MDAS certified Scheduling Coordinator (SC). The SC will be required to maintain a dedicated phone line connected to a dedicated fax machine, an electronic mail (e-mail) address, and a pager capable of receiving an electronic page (e-page). The ISO will send a mass fax, e-mail, and an e-page to the appropriate program SCs signaling the start of the DR program.

The ISO will only send one fax, e-mail, and e-page per SC. It will be the responsibility of the SC to ensure that all affected facilities scheduled by that SC are informed of the details of the Demand reduction instruction. All the participants in the DR program will be obligated to reduce the metered Demand at their facility (facilities) by the contracted amount within thirty (30) minutes of receipt of the ISO notice by their SC. The time stamp on the fax notice will be used in the Settlement process for verification.

The call for Demand reduction can be made at any point during the hour. Each call will last for a period of no less than two (2) hours, but could last up to a maximum of eight (8) hours. In general, the ISO will provide a start and end time for each call.

Compliance - Calculation to Confirm Demand Reduction

The amount of Committed Capacity Delivered by Contracted Load pursuant to any given Dispatch Notice shall be determined as follows:

The Average Demand ("AD") in any given hour "i" is calculated by taking the average of the MWh consumed during that particular hour for 10 previous Business Days, excluding those days for which a Dispatch Notice was issued, or

$$AD_i = (\sum_{i=1..10} MWh_i) / 10$$

Delivery or demand reduced ("DR") during a given hour "i" under the Dispatch Notice is calculated by taking the difference between the Average Demand for that hour and the Total MWh consumed during that hour on the Business Day for which the Dispatch Notice was issued, or

$$DR_i = AD_i - \text{Total MWh}_i$$

Scheduling, Metering, Billing, and Settlement

Capacity awards will be paid by the ISO on a monthly basis. Payments for the Energy component of the DR program will be settled at the Instructed Imbalance Energy Price through the normal market Settlements for Load deviations.

Scheduling, metering and reporting of Settlement Quality Meter Data (SQMD) for DR program participants must be undertaken separately from other Loads scheduled by the SC. It will be the responsibility of the SC to provide the ISO SQMD under the same timelines and standards as described in ISO Tariff and Metering Protocol. The SC will be required to submit SQMD for each scheduled resource participating in its DR contract portfolio. The participants in the program must have interval meters approved by the Local Regulatory Authority.

To establish the required data to calculate the Demand reduction amount, the SC shall Schedule the DR contract portfolio separately from their other Loads at least 14 days before the beginning of the DR contract period and throughout the remainder of the contract period. The Demand data will be used to verify compliance of the Demand reduction as well as for Settlement purposes.

Compliance Information

Compliance with ISO requests for DR will be mandatory. The ISO will audit the performance with respect to the average Demand offered for each participant on a monthly basis. The full monthly capacity payment will be paid when the performance exceeds 90%. For performance less than or equal to 90%, the capacity payment will be reduced as follows:

<u>Performance</u>	<u>Capacity Payment Reduction</u>
75% - 90%	25%
50% - 75%	50%
25% - 50%	75%
0% - 25%	100%

If the ISO has issued multiple requests for DR within a single month, the average performance will be used to determine compliance. In the calculation of this average performance, the performance of any individual request for DR will be capped at 100%. Superior performance for one request will not offset deficient performance in another.

EXHIBIT B

CALIFORNIA INDEPENDENT SYSTEM OPERATOR

AND

[CONTRACTED LOAD]

PRO FORMA

DEMAND RELIEF AGREEMENT

PRO FORMA DEMAND RELIEF AGREEMENT (DRA)

THIS AGREEMENT is dated this _____ day of _____, _____ and is entered into, by and between:

- (1) **[Full legal name]**, having its registered and principal place of business located at [legal address] (the "Contracted Load");

and
- (2) **California Independent System Operator Corporation**, a California nonprofit public benefit corporation having a principal executive office located at such place in the State of California as the ISO Governing Board may from time to time designate, initially 151 Blue Ravine Road, Folsom, California 95630 (the "ISO").

Whereas:

- A.** Under Section 345 of the California Public Utilities Code, ISO is responsible for the efficient use and reliable operation of the ISO Controlled Grid.
- B.** The ISO Tariff provides that ISO may enter into Load curtailment contracts giving ISO the right to reduce the Loads of those parties that win the contracts when there is insufficient Generation capacity to satisfy those Loads in addition to all other Loads.
- C.** ISO issued a Request for Bids ("RFB") on March 24, 2000 to solicit bids from Loads for participation in ISO's "Summer 2000 Demand Relief Program" for up to 1,000 MW between June 15, 2000 and October 15, 2000 (the "Program").
- D.** Contracted Load submitted a bid at the Fixed Price Amount in response to ISO's RFB and acknowledges that ISO desires to rely on the Committed Capacity supplied by Contracted Load to support the reliable operation of the ISO Controlled Grid.

E. The Parties are entering into this Agreement in order to establish the terms and conditions on which ISO and Contracted Load will discharge their respective duties and responsibilities under the Program.

NOW THEREFORE, in consideration of the mutual covenants set forth herein, **THE PARTIES AGREE** as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

Terms, when used with initial capitalization in this Agreement and the attached Schedules shall have the meanings set out below. Terms used with initial capitalization in this Agreement and the attached Schedules, but not defined below, shall, if defined in Appendix A to the ISO Tariff, have the meanings set forth therein. The singular shall include the plural and vice versa. "Includes" or "including" shall mean "including without limitation." References to a Section, Article or Schedule shall mean a Section, Article or Schedule of this Agreement, unless another agreement or instrument is specified. Unless the context otherwise requires, references to any law shall be deemed references to such law as amended, replaced or restated from time to time. Unless the context otherwise requires, any reference to a "person" includes any individual, partnership, firm, company, corporation, joint venture, trust, association, organization or other entity, in each case whether or not having separate legal identity. References to "Contracted Load" or "ISO" shall, unless the context otherwise requires, mean Contracted Load and ISO respectively and their permitted assigns and successors. References to sections or provisions of the ISO Tariff include any succeeding sections or provisions of the ISO Tariff.

"Business Day" means any of Monday through Friday, excluding any day which is a federal bank holiday.

"Contracted Load" means the Party entering into this Agreement, other than ISO, and, for purposes of individual Loads aggregated to form a Contracted Load, references to Contracted Load in Sections 5.3 and 12.2 this Agreement shall include each individual Load.

“Committed Capacity” means the Load Reduction in Demand expressed in MWs set forth in Schedule A, which must be at least one (1) MW, that the Contracted Load agrees to Deliver in accordance with Dispatch Notices in a manner that reduces loadings on the ISO Controlled Grid equivalent to the production of Energy by an electric generating facility.

“Deliver” means to reduce Demand by an amount of Committed Capacity on the ISO Controlled Grid pursuant to a Dispatch Notice, and the terms “Delivered” and “Delivering” shall be construed accordingly.

“Dispatch Notice” means a notice issued for Peak Hours by ISO to Contracted Load’s Scheduling Coordinator in accordance with Section 4.1 requesting dispatch of the Contracted Load to provide the Requested MW of Committed Capacity under this Agreement.

“Fixed Price Amount” means the price at which Contracted Load has agreed to provide Committed Capacity during the Peak Period, expressed in \$/MW-Month. The Fixed Price Amount is set forth on Schedule 1.

“Invoice” means an invoice issued by ISO to Scheduling Coordinator under Section 6.5.

“ISO Tariff” means the California Independent System Operator Tariff, including the ISO Protocols, on file with Federal Energy Regulatory Commission (FERC) and in effect from time to time.

“Load Reduction” means the provision of Committed Capacity through the reduction of Demand of at least the amount of MW specified in Schedule A, such amount to remain applicable throughout the term of this Agreement.

“MDAS” means a Meter Data Acquisition Server.

“Month” or “Monthly” means a calendar month.

“Monthly Capacity Payment” is defined in Section 6.1.

“MW” means megawatt or megawatts.

“MWh” means megawatt hour or megawatt hours.

“Non-Performance Payment Offset” means an amount computed pursuant to Section 6.2.

“Party” means either ISO or Contracted Load, and “Parties” means ISO and Contracted Load.

“**Peak Hour**” means an hour within Peak Hours.

“**Peak Hours**” means each of the hours from 12:00 noon to 8:00 p.m. on any given Business Day during the Peak Period.

“**Peak Period**” means the period from June 15 to October 15 of calendar year 2000.

“**Requested MW**” means the MW of Committed Capacity ISO requests Contracted Load to Deliver pursuant to a Dispatch Notice.

“**Requested Operation Period(s)**” means the consecutive Peak Hours specified in a Dispatch Notice during which ISO requests Delivery of Committed Capacity from the Contracted Load. A Requested Operation Period(s) shall commence with the Peak Hour specified by ISO in the Dispatch Notice and shall have a duration as so specified, provided that such duration shall not be less than two (2) consecutive hours.

“**Scheduling Coordinator**” shall mean a Scheduling Coordinator that is MDAS certified.

ARTICLE 2

TERM

- 2.1 Term.** This Agreement shall become effective as of the date it is executed by the Parties and shall continue in full force and effect until October 15, 2000 or until terminated in accordance with the provisions of Section 2.2 of this Agreement.
- 2.2 Termination.** This Agreement may be terminated:
- (i) by ISO pursuant to Article 11 in the event of default by Contracted Load; or
 - (ii) by Contracted Load pursuant Article 11 in the event of default by ISO.
- 2.3 Effect of Expiration or Termination.** Expiration or termination of this Agreement shall not affect the accrued rights and obligations of either Party, including either Party’s obligations to make all payments to the other Party pursuant to this Agreement.

ARTICLE 3

TESTING

Demonstration of Committed Capacity of the Contracted Load. On a date to be mutually agreed upon between Contracted Load and ISO between June 1, 2000 and June 15, 2000, ISO shall issue a

test Dispatch Notice to Contracted Load's Scheduling Coordinator. Scheduling Coordinator shall confirm receipt of the test Dispatch Notice by Contracted Load within thirty (30) minutes of the issuance of the test Dispatch Notice by ISO. Contracted Load is not required to Deliver Committed Capacity in the amount of the Requested MW specified in the test Dispatch Notice. If Contracted Load fails to demonstrate its receipt of the Dispatch Notice, ISO shall repeat the test no more than two times. If such repeated test(s) fail to demonstrate the Contracted Load's capability to receive the test Dispatch Notice(s), ISO shall have the right to terminate this Agreement pursuant to Article 11 (Termination for Default).

ARTICLE 4

DISPATCH OF PROJECT

- 4.1 ISO's Right To Dispatch.** Subject to the limitations set forth in this Agreement, ISO shall have the right to direct the dispatch of Committed Capacity from the Contracted Load up to thirty (30) hours per Month by issuing Dispatch Notices to Contracted Load's Scheduling Coordinator. ISO's right to direct the dispatch of Committed Capacity as described in this Section 4.1. shall be reduced to fifteen (15) hours for the Months of June 2000 and October 2000. Each Requested Operation Period(s) under a Dispatch Notice issued under this Section 4.1 shall be of a duration of not less than two (2) consecutive hours and not more than eight (8) consecutive hours.
- 4.2 Timing of Dispatch Notices.** ISO may issue a Dispatch Notice at any time consistent with ISO Tariff Section 2.3.5.1.3, and will endeavor without obligation to issue Dispatch Notices prior to declaration by ISO of a Stage 2 Emergency in the ISO Control Area.
- 4.3 Form and Content of Dispatch Notices.**
- (a) All Dispatch Notices shall be in writing, if circumstances permit, and shall be sent to Contracted Load's Scheduling Coordinator by facsimile, electronic mail (e-mail) and electronic page (e-page). Contracted Load's Scheduling Coordinator must maintain a dedicated phone line connected to a dedicated facsimile machine, an e-mail address, and a pager capable of receiving an e-page for such purposes. If circumstances

require that a Dispatch Notice be given or changed orally, the Dispatch Notice shall be confirmed in writing by ISO within twenty-four (24) hours after the oral notice or change was given. ISO will issue only one Dispatch Notice per Scheduling Coordinator; the Scheduling Coordinator shall be responsible to ensure that Contracted Load is informed of the details of the Dispatch Notice.

- (b) Each Dispatch Notice shall specify the Contracted Load, Peak Hour for commencement and conclusion of the Requested Operation Period(s) and, for each hour of the Requested Operation Period(s), the Requested MW, which shall not exceed the Committed Capacity. A Requested Operation Period(s) may be extended prior to its end by issuance of another Dispatch Notice, provided that each hour within the extended period(s) is a Peak Hour.

4.4 ISO Tariff Authority and Obligations. Nothing in this Agreement shall limit the obligations of Contracted Load under the ISO Tariff to obey any dispatch instructions issued by ISO with respect to Contracted Load.

ARTICLE 5

DELIVERY OF COMMITTED CAPACITY

5.1 Contracted Load's Delivery of Committed Capacity.

- (a) Subject to the limits in this Agreement, Contracted Load shall provide Committed Capacity in the amount of the Requested MW and for the full Requested Operating Period(s) specified in each Dispatch Notice within thirty (30) minutes of receipt of each Dispatch Notice. The time stamp indicated on the facsimile version of the Dispatch Notice will be used as the basis for response time calculations.
- (c) Contracted Load shall comply with the metering and related arrangements set forth in the ISO Tariff and this Agreement.
- (d) Contracted Load's Scheduling Coordinator must schedule, meter and report Settlement Quality Meter Data ("SQMD") for Contracted Load separate from other Loads under the same timelines and standards as described in the ISO Tariff and Metering Protocol.

This separate scheduling, metering and reporting of the Contracted Load by the Scheduling Coordinator must: (i) commence on June 1, 2000; (ii) continue from June 1, 2000 until the termination or expiration of this Agreement; and (iii) include at a minimum the Committed Capacity.

5.2 Contracted Load's Notification of Inability To Deliver Requested MW. Contracted Load shall promptly notify ISO if Contracted Load will not be able to Deliver all or part of the Requested MW identified in the Dispatch Notice for all or any part of the Requested Operation Period or of the occurrence of a Forced Outage or Uncontrollable Force that would affect Contracted Load's ability to Deliver all of the Committed Capacity from the Contracted Load if a Dispatch Notice is issued. Contracted Load's delivery of such notice shall not limit the ability of ISO to issue Dispatch Notices, to assess Non-Performance Payment Offsets, or to exercise any other remedies available under this Agreement.

5.3 Delivery Calculation. The amount of Committed Capacity Delivered by Contracted Load pursuant to any given Dispatch Notice shall be determined as follows:

The Average Demand ("AD") of the Contracted Load in any given hour "i" is calculated by taking the average of the MWh consumed during that particular hour for 10 previous Business Days, excluding those days for which a Dispatch Notice was issued, or

$$AD_i = (\sum_{i=1..10} MWh_i)/10$$

Delivery or demand reduced ("DR") during a given hour "i" under the Dispatch Notice is calculated by taking the difference between the Average Demand for that hour and the Total MWh consumed by the Contracted Load during that hour on the Business Day for which the Dispatch Notice was issued, or

$$DR_i = AD_i - \text{Total MWh}_i$$

ARTICLE 6

BILLING AND SETTLEMENT

6.1 Payment. Subject to Section 6.4, commencing as of June 15, 2000 ISO shall pay Contracted Load for each Month during the term of the Agreement a Monthly Capacity Payment equal to the Fixed Price Amount less the Non-Performance Payment Offset for the corresponding

Month calculated in accordance with Section 6.2. The Fixed Price Amount for the Months of June 2000 and October 2000 shall be one-half (1/2) the Fixed Price Amount for July 2000, August 2000 and September 2000. Payments for the Energy component of the Program will be settled pursuant to the ISO Tariff provisions applicable to market Settlements for Load deviations at the Instructed Imbalance Energy price corresponding to each BEEP Interval for which a Dispatch Notice has been issued. Contracted Load shall not receive payment for Delivery of capacity in excess of Committed Capacity or Requested MW, except as may be due for Energy pursuant to the preceding sentence.

6.2 Non-Performance Payment Offset. Contracted Load shall be assessed a Non-Performance Payment Offset for any Month during the term of this Agreement in which it fails to Deliver on average greater than ninety percent (90%) of the Requested MW for all Dispatch Notices issued in the corresponding Month; otherwise, the Non-Performance Payment Offset for that Month shall be zero. The Non-Performance Payment Offset will be calculated as follows:

- (a) If Contracted Load Delivers on average greater than seventy-five percent (75%) and less than or equal to ninety percent (90%) of the Requested MW for all Dispatch Notices issued in any Month during the Peak Period, the Non-Performance Payment Offset for that Month will be equal to twenty-five percent (25%) of the Monthly Capacity Payment for that Month;
- (b) If Contracted Load Delivers on average greater than fifty percent (50%) and less than or equal to seventy-five percent (75%) of the Requested MW for all Dispatch Notices issued in any Month during the Peak Period, the Non-Performance Payment Offset for that Month will be equal to fifty percent (50%) of the Monthly Capacity Payment for that Month;
- (c) If Contracted Load Delivers on average greater than twenty-five percent (25%) and less than or equal to fifty percent (50%) of the Requested MW for all Dispatch Notices issued in any Month during the Peak Period, the Non-Performance Payment Offset for

that Month will be equal to seventy-five percent (75%) of the Monthly Capacity Payment for that Month; and

- (d) If Contracted Load Delivers on average between zero percent (0%) and less than or equal to twenty-five percent (25%) of the Requested MW for all Dispatch Notices issued in any Month during the Peak Period, the Non-Performance Payment Offset for that Month will be equal to one-hundred percent (100%) of the Monthly Capacity Payment for that Month.

Delivery in excess of the Requested MW for any given Dispatch Notice issued in a Month or the Requested MW on average for all Dispatch Notices issued in a Month shall not result in a Non-Performance Payment Offset; however, Delivery of capacity in excess of the Requested MW for any given Dispatch Notice issued in a Month or the Requested MW on average for all Dispatch Notices issued in a Month shall not affect the Non-Performance Payment Offset calculation set forth above.

6.4 Payment Condition. ISO's obligation to make any payments required under Section 6.1 is expressly conditioned on ISO receiving any and all required regulatory authorizations to bill and receive payment for costs incurred by ISO under the Program, specifically including the proposed amendment to ISO Tariff Sections 2.3.5.1.8 and 11.2.10.

6.5 Invoicing. ISO shall Invoice the amount due Contracted Load for the Month under this Article 6 as part of the Scheduling Coordinator's Settlement Statement issued pursuant to the ISO Tariff.

6.6 Payment. Subject to Section 6.4, ISO shall pay Scheduling Coordinator all Invoiced amounts whether or not disputed by Contracted Load.

ARTICLE 7

COSTS

Operating and Maintenance Costs. The Contracted Load shall be responsible for all its costs incurred in meeting its obligations under this Agreement for the Committed Capacity identified in Schedule A.

ARTICLE 8

UNCONTROLLABLE FORCES

Uncontrollable Forces. The provisions of Section 14 of the ISO Tariff will apply to liability arising under this Agreement, except that all references in Section 14 of the ISO Tariff to Market Participants shall be read as references to the Contracted Load and references to the ISO Tariff shall be read as references to this Agreement.

ARTICLE 9

DISPUTE RESOLUTION

Dispute Resolution. The Parties shall make reasonable efforts to settle all disputes arising out of or in connection with this Agreement. In the event any dispute is not settled, the Parties shall adhere to the ISO ADR Procedures set forth in Section 13 of the ISO Tariff, which is incorporated by reference, except that any reference in Section 13 of the ISO Tariff to Market Participants shall be read as a reference to the Contracted Load and references to the ISO Tariff shall be read as references to this Agreement.

ARTICLE 10

LIABILITY

Liability. The provisions of Section 14 of the ISO Tariff will apply to liability arising under this Agreement, except that all references in Section 14 of the ISO Tariff to Market Participants shall be read as references to Contracted Load and references to the ISO Tariff shall be read as references to this Agreement.

ARTICLE 11

TERMINATION

Termination. If either Party shall fail to perform any material obligation imposed on it by this Agreement and that obligation has not been suspended due to a Uncontrollable Force pursuant to Article 8, the other Party, at its option, may terminate this Agreement by giving the Party in default notice setting out specifically the circumstances constituting the default and declaring its intention to terminate this Agreement. If the Party receiving the notice disputes the notice, it shall notify the other Party within seven (7) days after receipt of the notice setting out specifically the grounds of such dispute. Time is of the essence in remedying a default. If the Party receiving the notice does not, within ten (10) days after receiving the notice, remedy the default or refer the dispute to ADR, the Party not in default shall be entitled by a further notice to terminate this Agreement. The Party not in default shall have a duty to mitigate damages. Termination of this Agreement pursuant to this Article 11 shall be without prejudice to the right of Contracted Load or ISO to collect any amounts due to it prior to the time of termination.

ARTICLE 12

REPRESENTATIONS AND WARRANTIES

12.1 Representations and Warranties of the Parties. Each Party represents and warrants that the execution, delivery and performance of this Agreement by it has been duly authorized by all necessary corporate actions, to the extent authorized by law.

12.2 Additional Representations and Warranties of Contracted Load. Contracted Load additionally represents and warrants to ISO as follows:

- (i) Contracted Load is not a participant in any of the UDC interruptible and curtailable Load programs for the Committed Capacity under this Agreement.
- (ii) Contracted Load is not a participant in the ISO Summer 2000 Market Participating Load Trial Program for the Committed Capacity under this Agreement.
- (iii) Contracted Load does not have a Participating Load Agreement for the Committed Capacity under this Agreement.

- (iv) Contracted Load does not have a Generating Unit on-site that has a Participating Generator Agreement with ISO or is operating in parallel with the ISO Controlled Grid.
- (v) Contracted Load has an interval meter approved by the Local Regulatory Authority.
- (vi) Contracted Load will under no circumstances Deliver Committed Capacity pursuant to this Agreement and, at the same time, increase Demand at another meter to compensate for Delivery of the Committed Capacity.
- (vii) Contracted Load has all necessary leases, approvals, permits, licenses, easements, rights of way or access to install, own and/or operate its Load have been or will be obtained by Contracted Load prior to the effective date of this Agreement.

ARTICLE 13

THIRD PARTY BENEFICIARIES

Third Party Beneficiaries. It is expressly understood that Contracted Load's Scheduling Coordinator shall, to the extent set forth herein, be a third party beneficiary of, and shall have all rights that Contracted Load has under this Agreement, at law, in equity and otherwise, to dispute an Invoice submitted by ISO under this Agreement. The rights of the Scheduling Coordinator as third party beneficiary shall be no greater than Contracted Load's rights against ISO and shall be subject to the ADR provisions of this Agreement. Either Contracted Load or the Scheduling Coordinator, but not both, will be entitled to enforce any claim arising from a related set of facts, and only one such entity will be a disputing party under this Agreement with respect to any such claim so that ISO shall not be subject to duplicate claims or recoveries. Contracted Load shall have the right to intervene for the purpose of participating in the proceeding even if it is not the disputing party. Contracted Load shall cooperate with the Scheduling Coordinator in a timely manner as necessary or appropriate to most fully effectuate the Scheduling Coordinator rights related to such enforcement, including using its best efforts to enforce ISO's payment obligations if, as, to the extent, and within the time frame, requested

by Scheduling Coordinator. Subject to the foregoing, Contracted Load shall intervene and participate where procedurally necessary to the assertion of a claim by the Scheduling Coordinator.

ARTICLE 14

MISCELLANEOUS

- 14.1 Assignments.** Either Party may assign or transfer any or all of its rights and/or obligations under this Agreement with the other Party's prior written consent in accordance with Section 17 of the ISO Tariff. Such consent shall not be unreasonably withheld. Any such transfer or assignment shall be conditioned upon the successor in interest accepting the rights and/or obligations under this Agreement as if said successor in interest was an original Party to this Agreement.
- 14.2 Notices.** Any notice, demand, or request which may be given to or made upon either Party regarding this Agreement shall be made in accordance with Section 20.1 of the ISO Tariff. A Party must update the information in Schedule 2 of this Agreement as information changes. Such changes shall not constitute an amendment to this Agreement.
- 14.3 Audits.** The provisions of Section 10.5 of the ISO Tariff apply to Contracted Load, except that all references in Section 10.5 of the ISO Tariff to ISO Metered Entities shall be read as references to Contracted Load and references to the ISO Tariff shall be read as references to this Agreement.
- 14.4 Waivers.** Any waivers at any time by either Party of its rights with respect to any default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not constitute or be deemed a waiver with respect to any subsequent default or other matter arising in connection with this Agreement. Any delay, short of the statutory period of

limitations, in asserting or enforcing any right under this Agreement shall not constitute or be deemed a waiver of such right.

- 14.5 Confidentiality.** All documents, data and information provided by the Parties to one another pursuant to this Agreement shall be treated in accordance with the confidentiality provisions specified in Section 20.3 of the ISO Tariff.
- 14.6 Governing Law and Forum.** This Agreement shall be deemed to be a contract made under, and for all purposes shall be governed by and construed in accordance with, the laws of the State of California, except its conflict of law provisions. The Parties irrevocably consent that any legal action or proceeding arising under or relating to this Agreement to which the ISO ADR Procedures do not apply, shall be brought in any of the following forums, as appropriate: any court of the State of California, any federal court of the United States of America located in the State of California, or, where subject to its jurisdiction, before the Federal Energy Regulatory Commission.
- 14.7 Consistency with Federal Laws and Regulations.** This Agreement shall incorporate by reference Section 20.8 of the ISO Tariff as if the references to the ISO Tariff were referring to this Agreement.
- 14.8 Merger.** This Agreement constitutes the complete and final agreement of the Parties with respect to the subject matter hereto and supersedes all prior agreements, whether written or oral, with respect to such subject matter.
- 14.9 Severability.** If any term, covenant, or condition of this Agreement 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 Agreement and their application shall not be affected thereby, but shall remain in force and effect and 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 separable from all other provisions of this Agreement.

14.10 Beneficiaries. Except as is specifically set forth in this Agreement, nothing in this Agreement, whether express or implied, confers any rights or remedies under, or by reason of, this Agreement on any persons other than the Parties and their respective successors and assigns, nor is anything in this Agreement intended to relieve or discharge the obligations or liability of any third party, nor give any third person any rights of subrogation or action against any Party.

14.11 Section Headings: Section headings provided in this Agreement are for ease of reading and are not meant to interpret the text in each Section.

14.12 Amendments. This Agreement and the Schedules attached hereto may be amended from time to time by the mutual agreement of the Parties in writing. Nothing contained herein shall be construed as affecting in any way the right of the ISO to unilaterally make application to the Federal Energy Regulatory Commission for a change in the rates, terms and conditions of the ISO Tariff under section 205 of the Federal Power Act and pursuant to the Commission's Rules and Regulations promulgated thereunder.

14.13 Counterparts. This Agreement may be executed in one or more counterparts at different times, each of which shall be regarded as an original and all of which, taken together, shall constitute one and the same Agreement.

IN WITNESS WHEREOF, this Agreement has been executed as of the date first above written.

[CONTRACTED LOAD]

By: _____
Name:
Title:

CALIFORNIA INDEPENDENT SYSTEM
OPERATOR CORPORATION

By: _____
Name:
Title:

SCHEDULE 1
COMMITTED CAPACITY
AND
FIXED PRICE AMOUNT

Committed Capacity: _____

Fixed Price Amount: _____

SCHEDULE 2

NOTICES

Contracted Load

Name of the Primary

Representative:

Address:

City/State/Zip Code

Email Address:

Phone:

Fax No:

Name of Alternative

Representative:

Address:

City/State/Zip Code

Email Address:

Phone:

Fax No:

ISO

Name of the Primary

Representative:

Address:

City/State/Zip Code

Email Address:

Phone:

Fax No:

Name of Alternative

Representative:

Address:

City/State/Zip Code

Email Address:

Phone:

Fax No: