

August 24, 2012

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

**Re: California Independent System Operator Corporation
Filing of Amended Service Agreement No. 2157 and Request
for Waiver of Notice Requirements
Docket No. ER12-____-000**

Dear Secretary Bose:

The California Independent System Operator Corporation (“ISO”) submits for Commission filing and acceptance the First Amended Intra-Hour Scheduling Pilot Agreement (“Amended Pilot Agreement”) with the Bonneville Power Administration (“BPA”).¹ This agreement provides for a one-year extension of a limited pilot program between the ISO and BPA.² The ISO requests waiver of the Commission’s notice requirements to permit the Amended Pilot Agreement to be made effective on October 1, 2012 and thus allow the pilot program to continue uninterrupted.

I. The Purpose of and Background of the Pilot Program

The purpose of the Intra-Hour Scheduling Pilot Agreement is to facilitate a program that generally involves using dynamic e-Tags and electronic communications to facilitate intra-hour changes, on a half-hour basis, to transmission schedules for wind generation facilities in BPA’s balancing authority area that are scheduling into the ISO’s balancing authority area.³ The ISO’s

¹ The ISO submits the Intra-Hour Scheduling Pilot Agreement pursuant to Section 205 of the Federal Power Act, 16 U.S.C. § 824d and Part 35 of the Commission’s regulations, 18 C.F.R. Part 35, and in compliance with *Electronic Tariff Filings*, Order No. 714, FERC Stats. & Regs. ¶ 31,276 (2009).

² See, Commission Letter Order dated October 4, 2011 in Docket No. ER11-4243-000 (accepting the Intra-Hour Scheduling Pilot Agreement as ISO Service Agreement No. 2157).

³ See *generally* Comments of the California Independent System Operator Corporation, Docket No. RM10-11-000 (outlining the ISO’s efforts to address issues associated with variable energy resources and noting the intra-hour pilot program and related efforts with BPA at page

transmittal letter in Docket No. ER11-4243-000 provided information concerning the pilot program.⁴ The parties are not proposing any changes other than a one-year extension and that background is not repeated here. Rather, the ISO briefly describes some lessons learned and explains how the pilot program fits within the context of other related efforts.

The benefits of the ISO and BPA pilot project include, but are not limited to, sharing in the balancing services required for variable energy resources that are produced in one balancing authority area, but serve load in another. The pilot project also continues to provide the ISO, BPA, and the pilot program participants with experience in the use of transmission reservations and intra-hour scheduling changes. For example, the pilot program is providing the ISO and BPA with information they can adapt to integrate programs for flexible scheduling that BPA is developing with opportunities created by the ISO's five-minute energy dispatch within the ISO's balancing authority area, as well as to use these products to complement other balancing authority areas' integration of variable energy resources. The pilot program has identified necessary changes to the ISO's and BPA's business systems to manage intra-hour scheduling, and the need to integrate market scheduling systems with related processes such as unscheduled flow mitigation. Without the pilot program, the output of variable energy resources within BPA's balancing authority area could be imported to the ISO only through static hourly schedules, for which the host balancing authority area must hold balancing reserve capacity, or through fully dynamic scheduling, which faces already-constrained limits on dynamic transfer capability in the region. Extension of the pilot program for another year will provide an opportunity to refine the lessons learned and may offer new ones.

The information developing from intra-hour scheduling in this pilot program will also offer critical lessons for purposes of complying with the Commission's final rule concerning the integration of variable energy resources.⁵ In this final rule, the Commission adopted reforms to its *pro forma* open access transmission tariff to require, among other things, that all transmission customers be afforded the option of using more frequent transmission scheduling intervals within each operating hour, at 15-minute intervals. The Commission directed public utility transmission providers to modify their tariffs within 12 months from the effective date of the final rule, or by September 11, 2013, to demonstrate that existing or alternative tariff provisions are consistent with or superior to the provisions adopted by the Commission.

42).

⁴ The ISO incorporates that information in this filing by reference to the record of Docket No. ER11-4243.

⁵ See *Integration of Variable Energy Resources*, Order No. 764, 139 FERC ¶ 61,246 (2012).

The ISO is currently preparing to initiate a stakeholder process to examine implementation of the Commission's final rule concerning the integration of variable energy resources. Extending the pilot program will allow the ISO to gather additional information that will help inform and guide the compliance efforts with respect to impacts on scheduling and market systems that result from moving to a more granular intra-hour scheduling timeline. Nothing in the Amended Pilot Agreement will foreclose changes to scheduling practices that are necessary to comply with the Commission's final rule. The ISO expects, moreover, that the one-year term of the Amended Pilot Agreement will expire prior to full implementation of any scheduling changes to comply with the Commission's final rule.

II. Effective Date and Request for Waiver of Notice Requirements

The ISO requests that the Amended Pilot Agreement included in the instant filing be made effective on October 1, 2012. To permit that effective date, the ISO requests waiver, pursuant to Section 35.11 of the Commission's regulations (18 C.F.R. § 35.11), of the 60-day notice requirement set forth in Section 35.3 of the Commission's regulations (18 C.F.R. § 35.3), and to the extent necessary, the ISO respectfully requests that the Commission grant any other waivers of Part 35 of its regulations that may be required in connection with the requested effective date. October 1, 2012 is the date the Intra-Hour Scheduling Pilot Agreement would otherwise expire, and is the date the ISO and BPA have agreed upon. Granting the requested effective date would allow the pilot program to continue uninterrupted for another year and is therefore reasonable.

III. Service

The ISO has served copies of this filing upon Bonneville Power Administration, the pilot program participants listed in Exhibit A to the Amended Pilot Agreement, the California Public Utilities Commission, and the California Energy Commission. In addition, the ISO has posted the filing on the ISO website.

Enclosed for filing is each of the following:

- (1) this letter of transmittal;
- (2) the First Amended Intra-Hour Scheduling Pilot Agreement (Attachment A); and
- (3) a black-line showing changes from the Intra-Hour Scheduling Pilot Agreement (Attachment B).

IV. Correspondence

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

John C. Anders*
Senior Counsel
California Independent System
Operator Corporation
250 Outcropping Way
Folsom, CA 95630
Tel: (916) 608-7287
Fax: (916) 608-7222
E-mail: janders@caiso.com

* Individual designated for service pursuant to Rule 203(b)(3),
18 C.F.R. § 203(b)(3).

V. Conclusion

The ISO respectfully requests that the Commission accept this filing and permit the ISO's submittal of the Amended Pilot Agreement to be effective as of the date requested. If there are any questions concerning this filing, please contact the undersigned.

Respectfully submitted,

By: /s/ John C. Anders

Nancy Saracino
General Counsel
Sidney M. Davies
Assistant General Counsel
John C. Anders
Senior Counsel
California Independent System
Operator Corporation
250 Outcropping Way
Folsom, CA 95630
Tel: (916) 608-7287
Fax: (916) 608-7222
janders@caiso.com

Attorneys for the California Independent
System Operator Corporation

**FIRST AMENDED
INTRA-HOUR SCHEDULING PILOT AGREEMENT**

**executed by the
UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
acting by and through the
BONNEVILLE POWER ADMINISTRATION
and
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

This INTRA-HOUR SCHEDULING PILOT AGREEMENT (Agreement) is executed by the UNITED STATES OF AMERICA, Department of Energy, acting by and through the BONNEVILLE POWER ADMINISTRATION (BPA), and the CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION (CAISO). BPA and the CAISO are sometimes referred to individually as "Party" and collectively as "Parties."

WHEREAS, BPA and the CAISO intend to conduct a temporary pilot program (the Pilot) for the purposes of facilitating intra-hour scheduling of transmission from wind generation facilities in BPA's balancing authority area to the CAISO's balancing authority area and to assess the costs, benefits, and any operational impacts associated with such scheduling;

WHEREAS, the Pilot is expected to commence on or about October 1, 2011, and to last for a period of two years, unless extended by agreement of the Parties;

WHEREAS, the Parties entered into the original Intra-Hour Scheduling Pilot Agreement in order to identify their roles and responsibilities with respect to the Pilot;

WHEREAS, the Parties wish to enter into this First Amended Intra-Hour Scheduling Pilot Agreement to extend the duration of the Pilot, to update the reference to the CAISO Tariff – Appendix M in Section 2, and to update the contact information in Exhibit B. The Parties intend this First Amended Agreement to replace the original agreement in its entirety.

The Parties agree to conduct the Pilot subject to the terms and conditions below:

1. TERM AND TERMINATION

This Agreement will take effect as of the date accepted for filing and made effective by the Federal Energy Regulatory Commission (FERC). Once this Agreement takes effect, it will remain in effect for a period of two years unless terminated prior to that date by either Party. Once this Agreement takes effect, either Party may terminate the Agreement by providing thirty (30) days advance written notice to the other Party.

2. DESCRIPTION OF THE PILOT

The following is a non-binding description of the Pilot included for informational purposes only and could change as the technical development of the Pilot progresses. This Section of the Agreement does not create any right or obligation for any Party:

The Pilot generally will involve using dynamic e-Tag and communication capability to facilitate intra-hour changes to transmission schedules for wind generation facilities in BPA's balancing authority area that are scheduling into the CAISO's balancing authority area. Exhibit A to this Agreement identifies the participants in the Pilot, the resources for which participants will submit schedules during the pilot, and the Resource ID assigned to each resource. Exhibit A also identifies the amount of megawatts participants will be limited to scheduling in the Pilot.

Before each operating hour, participants in the Pilot will submit hourly e-Tags for transmission of energy from their respective resources identified in Exhibit A to this Agreement to the CAISO balancing authority area. For purposes of scheduling in the CAISO markets, participants may submit economic bids in the day-ahead market and must submit self-schedules in the hour-ahead scheduling process. Participants will submit and update e-Tags for the Pilot in accordance with agreements signed with BPA and the CAISO and in accordance with BPA business practices and CAISO tariff provisions. BPA will use the hourly e-Tags submitted by participants to create a transmission schedule with the CAISO for the operating hour. During the operating hour for which a participant submits an e-Tag for the Pilot, the participant may update the e-Tag one time during the operating hour to reflect increases or decreases in generation. Once a participant updates an e-Tag, BPA will adjust the schedule to the CAISO in accordance with the update. The intra-hour dynamic schedule will ramp during predefined time periods, consisting of 20 minutes across the top of the hour and 10 minutes across the bottom of the hour. For all other periods, the intra-hour dynamic schedule will remain constant unless congestion dictates a reduction.

The energy profile on the dynamic e-Tag supplied by the participant prior to each half hour will represent the amount of the intra-hour dynamic schedule. BPA will utilize the e-Tag information and provide the anticipated intra-hour dynamic schedule to the CAISO electronically using agreed upon communication protocols, which the CAISO will input to its real-time market dispatch. The CAISO will return its accepted maximum dispatch operating target for the intra-hour dynamic schedule to BPA and the participant, resulting from its real-time market dispatch processes. In addition, BPA will communicate electronically to the CAISO, using agreed upon communication protocols, the actual delivery of energy as a result of the intra-hour dynamic schedule. The energy delivered through the intra-hour dynamic schedule will be a combination of the energy from the resource identified in Exhibit A, plus or minus balancing services provided by BPA. The CAISO's financial settlements with participants will determine instructed and uninstructed energy for the dynamic schedules reflecting the CAISO's dispatch operating targets and the actual energy as communicated by BPA during the operating hour and in final e-Tag updates.

Nothing in this Agreement is intended to change, supersede, or alter either Party's obligations to abide by NERC or WECC reliability standards, BPA business practice or tariff provisions, CAISO tariff provision or business practice manuals, including the CAISO Dynamic Scheduling Protocol (CAISO Tariff – Appendix M), or other agreements

between the Parties; provided, however, the CAISO will issue dispatch operating targets to participants as described in the paragraph above.

3. COMMENCEMENT AND DURATION OF THE PILOT

The Pilot will start on October 1, 2011, or as otherwise agreed by the Parties, but in no event will the Pilot start prior to the date this Agreement is accepted for filing and made effective by FERC. Once the Pilot starts, it will remain in effect for a period of two years, unless extended by agreement of the Parties.

4. REVIEW OF PILOT RESULTS

The Parties will meet from time to time to discuss how the Pilot is progressing, to discuss potential changes to the Pilot, to consider including additional participant(s) in the Pilot, and to address other matters that may need attention. The Parties will make good faith efforts to hold the first such meeting within 60 days of the start date of the Pilot and to hold a second meeting within 120 days of the start date of the Pilot. If the Parties agree to include additional participants in the Pilot or to modify the terms of participation for current participants, BPA will prepare a revised Exhibit A to this Agreement identifying the revised information specified in Exhibit A. Nothing in this section will obligate BPA or the CAISO to accept schedules under the Pilot from an additional participant until the additional participant has signed any agreements required by BPA or the CAISO.

5. COSTS

Each Party will bear its own costs associated with the Pilot, including but not limited to, costs of procuring and installing any equipment or infrastructure required for the Pilot.

6. NO FERC JURISDICTION WITH RESPECT TO BPA

Nothing in this Agreement shall be construed to grant FERC jurisdiction over BPA or its contracts.

7. NO THIRD PARTY BENEFICIARY

This Agreement is made and entered into for the sole benefit of the Parties, and the Parties intend that no other person or entity shall be a direct or indirect beneficiary of this Agreement, specifically including the participants in the Pilot.

8. ASSIGNMENT

This Agreement is binding on any successors and assigns of the Parties. Neither Party may otherwise transfer or assign this Agreement, in whole or in part, without the other Party's written consent. Such consent shall not be unreasonably withheld.

9. CONFIDENTIALITY

Any information that may be considered confidential (Confidential Information) will be defined and treated in accordance with the Adjacent Balancing Authority Operating Agreement entered into between the CAISO and BPA and dated August 14, 2009 (Agreement No. 09TX-14447).

10. ENTIRE AGREEMENT

This Agreement, including documents expressly incorporated by reference, constitutes the entire agreement between the Parties. It supersedes all previous communications, representations, or contracts, either written or oral, which purport to describe or embody the subject matter of this Agreement.

11. AMENDMENT

Except where this Agreement explicitly allows one Party to unilaterally amend a provision or revise an Exhibit, no Amendment or Exhibit revision to this Agreement shall be of any force or effect unless set forth in a written instrument signed by authorized representatives of each Party.

12. GOVERNING LAW

This Agreement shall be interpreted, construed, and enforced in accordance with Federal law.

13. EXHIBITS.

Exhibits A (Participants and Resources Information) and B (Notices) are incorporated herein and made a part hereof.

14. SIGNATURES

The Parties have caused this Agreement to be executed as of the date both Parties have signed this Agreement.

**CALIFORNIA INDEPENDENT
SYSTEM OPERATOR CORPORATION**

**UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration**

By: _____



By: _____

Name: _____

Eric J. Schmitt
(Print/Type)
Vice President, Operations

Name: _____

Young S. Linn
(Print/Type)

Title: _____

Title: _____

Transmission Account Executive

Date: _____

August 17, 2012

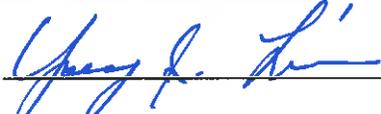
Date: _____

- 11. AMENDMENT**
Except where this Agreement explicitly allows one Party to unilaterally amend a provision or revise an Exhibit, no Amendment or Exhibit revision to this Agreement shall be of any force or effect unless set forth in a written instrument signed by authorized representatives of each Party.
- 12. GOVERNING LAW**
This Agreement shall be interpreted, construed, and enforced in accordance with Federal law.
- 13. EXHIBITS.**
Exhibits A (Participants and Resources Information) and B (Notices) are incorporated herein and made a part hereof.
- 14. SIGNATURES**
The Parties have caused this Agreement to be executed as of the date both Parties have signed this Agreement.

**CALIFORNIA INDEPENDENT
SYSTEM OPERATOR CORPORATION**

**UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration**

By: _____
Name: _____
(Print/Type)
Title: _____
Date: _____

By:  _____
Name: Young S. Linn
(Print/Type)
Title: Transmission Account Executive
Date: 8/21/2012

**EXHIBIT A
PARTICIPANTS AND RESOURCES INFORMATION**

Upon mutual agreement, the Parties may add participants to the Pilot up to a total of 400 MW capacity.

1	Participant	Powerex
	Resource	Name: Wheat Field Wind Facility Location: Jones Canyon 230 kV Substation Nameplate Capacity: 96.6 MW Maximum Capacity for Scheduling in Pilot: 96.6 MW
	Resource ID	MALIN_5_INHRPX

2	Participant	Southern California Edison
	Resource	Name: North Hurlburt (Caithness Shepherds Flat) Location: Slatt 230 kV Substation Nameplate Capacity: 265 MW Maximum Capacity for Scheduling in Pilot: 50 MW
	Resource ID	MALIN_5_INHRED

3	Participant	Portland General Electric
	Resource	Name: Biglow Canyon Location: Biglow Canyon 230 kV Substation Nameplate Capacity: 450 MW Maximum Capacity for Scheduling in Pilot: 50 MW
	Resource ID	MALIN_5_INHRPG

**EXHIBIT B
NOTICES****1. ADMINISTRATIVE CONTACTS**

Any notice or other communication related to this Agreement, other than notices of an operating nature (section 2 below), shall be in writing and shall be deemed to have been received if delivered in person, by First Class mail, by facsimile or sent by overnight delivery service.

Administrative contacts under this Agreement are as follows:

If to CAISO:

Attention: Regulatory Contracts
Address: 250 Outcropping Way
City/State/Zip Code: Folsom, CA 95630
Email Address:
 regulatorycontracts@caiso.com
Phone: (916) 351-4400
Fax No: N/A

If to BPA:

Attention: Transmission Account Executive for
California Independent System Operator
Corporation – TSE/TPP-2
Phone: (360) 619-6016
Fax: (360) 619-6940

If by First Class Mail:

Bonneville Power Administration
P.O. Box 61409
Vancouver, WA 98666-1409

If by Overnight Delivery Service:

Bonneville Power Administration – TSE/TPP-2
7500 NE 41st Street, Suite 130
Vancouver, WA 98662-7905

2. NOTICES OF AN OPERATING NATURE

The Parties each operate and maintain a 24-hour, 7-day control center with real-time scheduling and control functions pursuant to the Adjacent Balancing Authority Operating Agreement between the CAISO and BPA dated August 14, 2009 (Agreement No. 09TX-14447). Appropriate control center staff will be provided by each Party who shall be responsible for operational communications and who shall have sufficient authority to make operational decisions within the scope of this Agreement. The Parties shall jointly develop communication procedures necessary to support scheduling and dispatch functions associated with this Agreement. The Parties agree to exchange operational contact information for insuring reliable communication in a format provided below and completed as of the effective date of this Agreement.

If to CAISO:**If to BPA:****Primary Contact:****Primary Contact:****Secondary Contact:****Secondary Contact:****Outage Coordination:****Outage Coordination:****3. CHANGES IN NOTICES**

If either Party changes its contact(s), that Party shall notify the other Party by voice phone, facsimile transmission, or other means immediately. The Party making the change shall send written notice of the change to the other Party within 3 business days. BPA shall revise this Exhibit upon such notice.

FIRST AMENDED**INTRA-HOUR SCHEDULING PILOT AGREEMENT**

executed by the

UNITED STATES OF AMERICA**DEPARTMENT OF ENERGY**

acting by and through the

BONNEVILLE POWER ADMINISTRATION

and

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

This INTRA-HOUR SCHEDULING PILOT AGREEMENT (Agreement) is executed by the UNITED STATES OF AMERICA, Department of Energy, acting by and through the BONNEVILLE POWER ADMINISTRATION (BPA), and the CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION (CAISO). BPA and the CAISO are sometimes referred to individually as "Party" and collectively as "Parties."

WHEREAS, BPA and the CAISO intend to conduct a temporary pilot program (the Pilot) for the purposes of facilitating intra-hour scheduling of transmission from wind generation facilities in BPA's balancing authority area to the CAISO's balancing authority area and to assess the costs, benefits, and any operational impacts associated with such scheduling;

WHEREAS, the Pilot is expected to commence on or about October 1, 2011, and to last for a period of ~~one year~~two years, unless extended by agreement of the Parties;

WHEREAS, the Parties ~~wish to enter into this~~entered into the original Intra-Hour Scheduling Pilot Agreement in order to identify their roles and responsibilities with respect to the Pilot;

WHEREAS, the Parties wish to enter into this First Amended Intra-Hour Scheduling Pilot Agreement to extend the duration of the Pilot, to update the reference to the CAISO Tariff – Appendix M in Section 2, and to update the contact information in Exhibit B. The Parties intend this First Amended Agreement to replace the original agreement in its entirety.

The Parties agree to conduct the Pilot subject to the terms and conditions below:

1. TERM AND TERMINATION

This Agreement will take effect as of the date accepted for filing and made effective by the Federal Energy Regulatory Commission (FERC). Once this Agreement takes effect, it will remain in effect for a period of ~~one year~~two years unless terminated prior to that date by either Party. Once this Agreement takes effect, either Party may terminate the Agreement by providing thirty (30) days advance written notice to the other Party.

2. DESCRIPTION OF THE PILOT

The following is a non-binding description of the Pilot included for informational purposes only and could change as the technical development of the Pilot progresses. This Section of the Agreement does not create any right or obligation for any Party:

The Pilot generally will involve using dynamic e-Tag and communication capability to facilitate intra-hour changes to transmission schedules for wind generation facilities in BPA's balancing authority area that are scheduling into the CAISO's balancing authority area. Exhibit A to this Agreement identifies the participants in the Pilot, the resources for which participants will submit schedules during the pilot, and the Resource ID assigned to each resource. Exhibit A also identifies the amount of megawatts participants will be limited to scheduling in the Pilot.

Before each operating hour, participants in the Pilot will submit hourly e-Tags for transmission of energy from their respective resources identified in Exhibit A to this Agreement to the CAISO balancing authority area. For purposes of scheduling in the CAISO markets, participants may submit economic bids in the day-ahead market and must submit self-schedules in the hour-ahead scheduling process. Participants will submit and update e-Tags for the Pilot in accordance with agreements signed with BPA and the CAISO and in accordance with BPA business practices and CAISO tariff provisions. BPA will use the hourly e-Tags submitted by participants to create a transmission schedule with the CAISO for the operating hour. During the operating hour for which a participant submits an e-Tag for the Pilot, the participant may update the e-Tag one time during the operating hour to reflect increases or decreases in generation. Once a participant updates an e-Tag, BPA will adjust the schedule to the CAISO in accordance with the update. The intra-hour dynamic schedule will ramp during predefined time periods, consisting of 20 minutes across the top of the hour and 10 minutes across the bottom of the hour. For all other periods, the intra-hour dynamic schedule will remain constant unless congestion dictates a reduction.

The energy profile on the dynamic e-Tag supplied by the participant prior to each half hour will represent the amount of the intra-hour dynamic schedule. BPA will utilize the e-Tag information and provide the anticipated intra-hour dynamic schedule to the CAISO electronically using agreed upon communication protocols, which the CAISO will input to its real-time market dispatch. The CAISO will return its accepted maximum dispatch operating target for the intra-hour dynamic schedule to BPA and the participant, resulting from its real-time market dispatch processes. In addition, BPA will communicate electronically to the CAISO, using agreed upon communication protocols, the actual delivery of energy as a result of the intra-hour dynamic schedule. The energy delivered through the intra-hour dynamic schedule will be a combination of the energy from the resource identified in Exhibit A, plus or minus balancing services provided by BPA. The CAISO's financial settlements with participants will determine instructed and uninstructed energy for the dynamic schedules reflecting the CAISO's dispatch operating targets and the actual energy as communicated by BPA during the operating hour and in final e-Tag updates.

Nothing in this Agreement is intended to change, supersede, or alter either Party's obligations to abide by NERC or WECC reliability standards, BPA business practice or tariff provisions, CAISO tariff provision or business practice manuals, including the CAISO Dynamic Scheduling Protocol (CAISO Tariff – Appendix ~~X~~M), or other

agreements between the Parties; provided, however, the CAISO will issue dispatch operating targets to participants as described in the paragraph above.

3. COMMENCEMENT AND DURATION OF THE PILOT

The Pilot will start on October 1, 2011, or as otherwise agreed by the Parties, but in no event will the Pilot start prior to the date this Agreement is accepted for filing and made effective by FERC. Once the Pilot starts, it will remain in effect for a period of ~~one~~ two years, unless extended by agreement of the Parties.

4. REVIEW OF PILOT RESULTS

The Parties will meet from time to time to discuss how the Pilot is progressing, to discuss potential changes to the Pilot, to consider including additional participant(s) in the Pilot, and to address other matters that may need attention. The Parties will make good faith efforts to hold the first such meeting within 60 days of the start date of the Pilot and to hold a second meeting within 120 days of the start date of the Pilot. If the Parties agree to include additional participants in the Pilot or to modify the terms of participation for current participants, BPA will prepare a revised Exhibit A to this Agreement identifying the revised information specified in Exhibit A. Nothing in this section will obligate BPA or the CAISO to accept schedules under the Pilot from an additional participant until the additional participant has signed any agreements required by BPA or the CAISO.

5. COSTS

Each Party will bear its own costs associated with the Pilot, including but not limited to, costs of procuring and installing any equipment or infrastructure required for the Pilot.

6. NO FERC JURISDICTION WITH RESPECT TO BPA

Nothing in this Agreement shall be construed to grant FERC jurisdiction over BPA or its contracts.

7. NO THIRD PARTY BENEFICIARY

This Agreement is made and entered into for the sole benefit of the Parties, and the Parties intend that no other person or entity shall be a direct or indirect beneficiary of this Agreement, specifically including the participants in the Pilot.

8. ASSIGNMENT

This Agreement is binding on any successors and assigns of the Parties. Neither Party may otherwise transfer or assign this Agreement, in whole or in part, without the other Party's written consent. Such consent shall not be unreasonably withheld.

9. CONFIDENTIALITY

Any information that may be considered confidential (Confidential Information) will be defined and treated in accordance with the Adjacent Balancing Authority Operating Agreement entered into between the CAISO and BPA and dated August 14, 2009 (Agreement No. 09TX-14447).

10. ENTIRE AGREEMENT

This Agreement, including documents expressly incorporated by reference, constitutes the entire agreement between the Parties. It supersedes all previous communications, representations, or contracts, either written or oral, which purport to describe or embody the subject matter of this Agreement.

11. AMENDMENT

Except where this Agreement explicitly allows one Party to unilaterally amend a provision or revise an Exhibit, no Amendment or Exhibit revision to this Agreement shall be of any force or effect unless set forth in a written instrument signed by authorized representatives of each Party.

12. GOVERNING LAW

This Agreement shall be interpreted, construed, and enforced in accordance with Federal law.

13. EXHIBITS.

Exhibits A (Participants and Resources Information) and B (Notices) are incorporated herein and made a part hereof.

14. SIGNATURES

The Parties have caused this Agreement to be executed as of the date both Parties have signed this Agreement.

**CALIFORNIA INDEPENDENT
SYSTEM OPERATOR CORPORATION****UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration**

By: _____

By: _____

Name: _____
*(Print/Type)*Name: _____
(Print/Type)

Title: _____

Title: _____

Date: _____

Date: _____

**EXHIBIT A
PARTICIPANTS AND RESOURCES INFORMATION**

Upon mutual agreement, the Parties may add participants to the Pilot up to a total of 400 MW capacity.

1	Participant	Powerex
	Resource	Name: Wheat Field Wind Facility Location: Jones Canyon 230 kV Substation Nameplate Capacity: 96.6 MW Maximum Capacity for Scheduling in Pilot: 96.6 MW
	Resource ID	MALIN_5_INHRPX

2	Participant	Southern California Edison
	Resource	Name: North Hurlburt (Caithness Shepherds Flat) Location: Slatt 230 kV Substation Nameplate Capacity: 265 MW Maximum Capacity for Scheduling in Pilot: 50 MW
	Resource ID	MALIN_5_INHRED

3	Participant	Portland General Electric
	Resource	Name: Biglow Canyon Location: Biglow Canyon 230 kV Substation Nameplate Capacity: 450 MW Maximum Capacity for Scheduling in Pilot: 50 MW
	Resource ID	MALIN_5_INHRPG

**EXHIBIT B
NOTICES****1. ADMINISTRATIVE CONTACTS**

Any notice or other communication related to this Agreement, other than notices of an operating nature (section 2 below), shall be in writing and shall be deemed to have been received if delivered in person, by First Class mail, by facsimile or sent by overnight delivery service.

Administrative contacts under this Agreement are as follows:

If to CAISO:

~~Attention: Ms. Roni L. Reese~~

~~Title~~ ~~Attention: Sr. Regulatory~~ Contracts-
~~Analyst~~

Address: 250 Outcropping Way

City/State/Zip Code: Folsom, CA 95630

Email Address:

~~rreeseregulatorycontracts~~@caiso.c

om

Phone: (916) ~~608351-70274400~~

Fax No: ~~(916) 608-7292N/A~~

If to BPA:

Attention: Transmission Account Executive for
California Independent System Operator
Corporation – TSE/TPP-2

Phone: (360) 619-6016

Fax: (360) 619-6940

If by First Class Mail:

Bonneville Power Administration

P.O. Box 61409

Vancouver, WA 98666-1409

If by Overnight Delivery Service:

Bonneville Power Administration – TSE/TPP-2

7500 NE 41st Street, Suite 130

Vancouver, WA 98662-7905

2. NOTICES OF AN OPERATING NATURE

The Parties each operate and maintain a 24-hour, 7-day control center with real-time scheduling and control functions pursuant to the Adjacent Balancing Authority Operating Agreement between the CAISO and BPA dated August 14, 2009 (Agreement No. 09TX-14447). Appropriate control center staff will be provided by each Party who shall be responsible for operational communications and who shall have sufficient authority to make operational decisions within the scope of this Agreement. The Parties shall jointly develop communication procedures necessary to support scheduling and dispatch functions associated with this Agreement. The Parties agree to exchange operational contact information for insuring reliable communication in a format provided below and completed as of the effective date of this Agreement.

If to CAISO:**If to BPA:****Primary Contact:****Primary Contact:****Secondary Contact:****Secondary Contact:****Outage Coordination:****Outage Coordination:****3. CHANGES IN NOTICES**

If either Party changes its contact(s), that Party shall notify the other Party by voice phone, facsimile transmission, or other means immediately. The Party making the change shall send written notice of the change to the other Party within 3 business days. BPA shall revise this Exhibit upon such notice.