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REDACTED VERSION FOR PUBLIC RELEASE

PRIVILEGED INFORMATION CONTAINED IN SEPARATE VOLUME

October 20, 2005

The Honorable Magalie Roman Salas
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

**Re: California Independent System Operator Corporation
Docket No. ER06-____-000**

Non-Conforming Service Agreement No. 628

Dear Secretary Salas:

Pursuant to Section 205 of the Federal Power Act ("FPA"), 16 U.S.C. § 824d, the California Independent System Operator Corporation ("ISO") submits for Commission filing and acceptance a Dynamic Scheduling Host Control Area Operating Agreement ("DSHCAOA") between the ISO and Portland General Electric Company ("PGE") as a "non-conforming" service agreement.¹ The enclosed PGE DSHCAOA has been designated as Service

¹ Capitalized terms not otherwise defined herein have the meanings set forth in the Master Definitions Supplement, Appendix A to the ISO Tariff, and in the DSHCAOA.

Agreement No. 628. The ISO requests a waiver of the 60-day prior notice requirement to allow the DSHCAOA to be made effective on December 1, 2005.²

I. Purpose of the DSHCAOA

The DSHCAOA is applicable to the operators of Control Areas hosting resources located outside the ISO's Control Area that wish to schedule dynamic imports of Energy, Supplemental Energy, and Energy associated with non-Regulation Ancillary Services (Spinning Reserve and Non-Spinning Reserve) into the ISO Control Area. The DSHCAOA establishes the framework of operating requirements for the dynamic scheduling functionality and requires the Host Control Area responsible for the functionality to comply with the applicable provisions of the ISO Tariff, including the ISO Dynamic Scheduling Protocol ("DSP"). The DSP contains several important operating and scheduling provisions that are derived primarily from applicable North American Electric Reliability Council ("NERC") policies and Western Electricity Coordinating Council ("WECC") requirements.

II. Variation from the *Pro Forma* DSHCAOA

There are a number of differences between the enclosed PGE DSHCAOA and the *pro forma* DSHCAOA, which include the following:³

- Recital C has been modified to include a reference to the incorporation of provisions regarding imports of Regulation as part of the purpose of the PGE DSHCAOA, which service is not addressed in the *pro forma* DSHCAOA, in addition to other dynamic schedules.
- Section 1.2 has been modified to substitute the word "termination" for the word "default," which is used incorrectly in the *pro forma* DSHCAOA.
- In Section 2, a definition of Applicable Standards (*i.e.*, the DSP and the ISO's Standards for Imports of Regulation) has been added to recognize that the PGE DSHCAOA addresses imports of Regulation in addition to

² The ISO and PGE have also executed a Dynamic Scheduling Agreement for Scheduling Coordinators ("DSASC"), to become effective on December 1, 2005, but because that agreement does not differ in any respect from the ISO's *pro forma* DSASC it will not be filed.

³ Many of the differences described below were also proposed in a filing the ISO submitted on April 6, 2005 in Docket No. ER05-784-000, which contained a non-conforming DSHCAOA between the ISO and British Columbia Transmission Corporation. The Commission accepted that filing by a letter order issued on June 3, 2005 in Docket Nos. ER05-784-000, *et al.*

other dynamic schedules. Further, a definition of Dynamic Scheduling Functionality has been added to emphasize the distinctions between PGE's responsibilities as the Host Control Area operator for the dynamic scheduling functionality and the responsibilities of the Scheduling Coordinator for dynamic scheduling. Moreover, a definition of Standards for Imports of Regulation has been added to recognize that the PGE DSHCAOA addresses imports of Regulation in addition to other dynamic schedules. Also, the definition of System Resource has been modified to reference the Standards for Imports of Regulation.

- Section 3.1 has been modified to include a reference to the incorporation of provisions regarding imports of Regulation as part of the purpose of the PGE DSHCAOA, which service is not addressed in the *pro forma* DSHCAOA, in addition to other dynamic schedules.
- Section 3.3 has been modified to state that the PGE DSHCAOA incorporates, by reference, the Standards for Imports of Regulation.
- In Section 4, a reference to "bi-directional" communications links has been added for clarity. Also, a reference to the Applicable Standards replaces a reference to the DSP.
- In Section 5.1, a reference to "other agreed upon protocols" has been added to recognize that the ISO and PGE may use a communications protocol superior to the standard inter-control center communications protocol ("ICCP") for EMS data exchange. Also, a reference to the Applicable Standards has been added to the section.
- Section 5.2 has been added to incorporate into the PGE DSHCAOA the terms governing the ISO's issuance of control signals to PGE for imports of Regulation, which terms the ISO has implemented with other Control Areas from which imports of Regulation are to be provided, but which service is not addressed in the *pro forma* DSHCAOA.
- Section 6.1 has been modified to incorporate into the PGE DSHCAOA terms governing imports of Regulation, which terms the ISO has implemented with other Control Areas from which imports of Regulation are to be provided, but which service is not addressed in the *pro forma* DSHCAOA, and to add further clarification regarding the specifics of the requirements applicable to Regulation imports and dynamic scheduling.
- Section 6.2 has been modified to incorporate into the PGE DSHCAOA terms governing the effect on PGE's "Area Control Error" of its facilitation of imports of Regulation, which terms the ISO has implemented with other

Control Areas from which imports of Regulation are to be provided, but which service is not addressed in the *pro forma* DSHCAOA.

- Section 6.5 has been modified to explain limits on the purposes for which access to information is permitted.
- In Section 7.2, a reference to the Applicable Standards replaces a reference to the DSP.
- In Section 8.4, a reference to the Applicable Standards replaces a reference to the DSP.
- Section 10.3 has been modified to expand on and clarify the inability of the parties to obtain consequential and related types of damages from each other.
- Section 11.1 has been modified to provide that either party may assign the enclosed DSHCAOA without consent of the other party to any person or entity succeeding to all or substantially all of its assets.

III. Request for Privileged Treatment

Included in a separate volume along with the enclosed DSHCAOA, pursuant to Commission Order Nos. 630 and 630-A,⁴ is a sealed copy of the non-public portions of the DSHCAOA, specifically, Schedule 1. The ISO is seeking privileged treatment for Schedule 1 under 18 C.F.R. § 388.112 because it contains confidential telephone numbers of operating personnel, the public disclosure of which could unnecessarily reveal sensitive information. Therefore, the ISO submits that these materials should be exempt from public exposure and should be granted privileged treatment.

⁴ *Critical Energy Infrastructure Information*, Order No. 630, FERC Stats. and Regs. ¶ 31,140, *order on reh'g*, Order No. 630-A, FERC Stats. and Regs. ¶ 31,147 (2003).

IV. Request for Waiver

The ISO respectfully requests a waiver of the Commission's 60-day prior notice requirement, pursuant to Section 35.11 of the Commission's regulations, 18 C.F.R. § 35.11, to allow the enclosed materials to become effective as of December 1, 2005. Granting the waiver will permit the ISO to implement the dynamic scheduling functionality and allow participation in the ISO markets under the new arrangement in a timely manner, and on the same date that a number of ISO systems changes are scheduled to be implemented.⁵ Granting the requested waiver, therefore, is appropriate.

Further, the information submitted with this filing substantially complies with the requirements of Part 35 of the Commission's regulations applicable to filings of this type. The ISO therefore requests waiver of any applicable requirement of Part 35 for which waiver is not specifically requested, if necessary, in order to permit this filing to become effective as proposed.

V. Expenses

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

VI. Service

Copies of this filing have been served upon PGE, the California Public Utilities Commission, and the California Electricity Oversight Board. In addition, the filing has been posted on the ISO's website.

Enclosed for filing are six copies of each of the following:

- (1) this letter of transmittal; and
- (2) the public version of the PGE DSHCAOA, provided in a format that complies with Order No. 614, *Designation of Electric Rate Schedule Sheets*, FERC Stats. and Regs. ¶ 31,096 (2000) (Attachment A).

The filing also includes a separate volume that contains the non-public portions of the PGE DSHCAOA described above.

⁵ The ISO systems changes are to accommodate planned modifications to the ISO Control Area footprint that are described in the ISO's September 30, 2005 filing in Docket No. ER05-1522-000, at page 2.

Also enclosed are two additional copies of this filing to be date-stamped and returned to our messenger.

VII. Correspondence

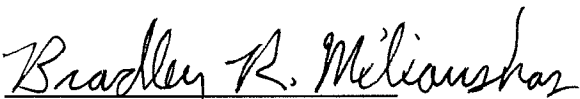
The ISO requests that all correspondence, pleadings and other communications concerning this filing be served upon the following:

John Anders*
Corporate Counsel
California Independent System
Operator Corporation
151 Blue Ravine Road
Folsom, CA 95630
Tel: (916) 351-4400
Fax: (916) 608-7222

Bradley R. Miliauskas*
Alston & Bird LLP
601 Pennsylvania Avenue, NW
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Washington, DC 20004-2601
Tel: (202) 756-3300
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* Individuals designated for service pursuant to Rule 203(b)(3),
18 C.F.R. § 203(b)(3).

Respectfully submitted,



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Bradley R. Miliauskas
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Charles F. Robinson
General Counsel
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California Independent System
Operator Corporation
151 Blue Ravine Road
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Attorneys for the California Independent
System Operator Corporation

ATTACHMENT A

**DYNAMIC SCHEDULING HOST CONTROL AREA OPERATING AGREEMENT
BETWEEN THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
AND PORTLAND GENERAL ELECTRIC COMPANY**

**CALIFORNIA INDEPENDENT SYSTEM
OPERATOR**

AND

**PORTLAND GENERAL ELECTRIC
COMPANY**

**DYNAMIC SCHEDULING HOST CONTROL
AREA OPERATING AGREEMENT**

DYNAMIC SCHEDULING HOST CONTROL AREA **OPERATING AGREEMENT**

THIS DYNAMIC SCHEDULING HOST CONTROL AREA OPERATING AGREEMENT ("AGREEMENT") is established this 19TH day of OCTOBER, 2005 and is accepted by and between:

Portland General Electric Company ("Host Control Area"), having its registered and principal executive office at 121 SW Salmon Street, Portland, Oregon 97204,

and

California Independent System Operator Corporation ("ISO"), 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 Host Control Area and the ISO are hereinafter referred to individually as a "Party" or collectively as the "Parties".

Whereas:

- A. The Parties named above operate Control Areas.
- B. The Parties wish to coordinate operation of Dynamic Scheduling Functionality to satisfy North American Electric Reliability Council ("NERC") policies, Western Electricity Coordinating Council ("WECC") Minimum Operating Reliability Criteria ("MORC"), and Good Utility Practice.
- C. The Host Control Area does not have an Interconnected Control Area Operating Agreement ("ICAOA") with the ISO and desires to implement an agreement to facilitate dynamic scheduling and regulation service from System Resources in its Control Area to the ISO Control Area without an ICAOA.
- D. The Parties wish to enter into this Agreement to establish the terms and conditions for the operation of the Dynamic Scheduling Functionality from Host Control Area's Control Area to the ISO Control Area.
- E. The ISO has certain statutory obligations under California law to maintain power system reliability.

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

1. Term and Termination

1.1 Effective Date

This Agreement shall be effective as of the date set forth above, unless this Agreement is accepted for filing and made effective by the Federal Energy Regulatory Commission ("FERC") on some other date, if FERC filing is required, and shall continue in effect until terminated.

1.2 Termination

This Agreement may be terminated by either Party upon thirty (30) days written notice to the other Party or upon mutual consent of both Parties. For entities subject to FERC jurisdiction, termination will be effective upon acceptance by FERC of notice of termination, if this Agreement has been filed with FERC, or thirty (30) days after the date of the notice of termination, if terminated in accordance with the requirements of FERC Order No. 2001 and related FERC orders. The ISO shall timely file any required notice of termination with FERC. The filing of the notice of termination by the ISO will be considered timely if: (1) the request to file a notice of termination is made after the preconditions for termination have been met, and (2) the ISO files the notice of termination within sixty (60) days after issuance of the notice of termination.

2. Definitions

2.1.1 WECC Definitions

Except as defined below, terms and expressions used in this Agreement shall have the same meanings as those contained in the WECC MORC Definitions.

2.2.1 Specific Definitions

2.2.2 Applicable Standards: The ISO Dynamic Scheduling Protocol and the ISO's Standards for Imports of Regulation.

2.2.3 Dynamic Scheduling Functionality: The systems and processes necessary to facilitate delivery of energy, supplemental energy, ancillary services (and associated energy), and/or regulation service that is scheduled dynamically to the ISO from the System Resource in the Host Control Area.

2.2.4 Good Utility Practice: Any of the practices, methods, and acts engaged in or approved by a significant portion of the electric utility industry in the WECC region during the relevant time period, or any of the practices, methods, and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the

desired result at a reasonable cost consistent with good business practices, reliability, safety, and expedition. Good Utility Practice is not intended to be any one of a number of the optimum practices, methods, or acts to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

2.2.5 ISO Dynamic Scheduling Protocol: The ISO's Dynamic Scheduling Protocol, which is part of the ISO Tariff.

2.2.6 ISO Tariff: ISO Operating Agreement, Protocols, and Tariff as amended from time to time, together with any appendices or attachments thereto.

2.2.7 Point of Contact: A person or entity having the authority to receive and act upon scheduling or dispatch communications from the other Control Area operator and available through a communications device mutually agreed upon on a 24-hour, 7-day basis.

2.2.8 Scheduling Coordinator: An entity certified by the ISO for the purposes of undertaking the functions of: submitting schedules for energy, generation, transmission losses, and ancillary services; coordinating generation; tracking, billing, and settling trades with other Scheduling Coordinators; submitting forecast information; paying the ISO's charges; and ensuring compliance with ISO protocols.

2.2.9 Standards for Imports of Regulation: The ISO's "Standards for Imports of Regulation", which document is posted on the ISO internet home page (www.caiso.com).

2.2.10 System Resource: "System Resource" is defined in the ISO Tariff and, in the context of this Agreement, may include combinations of resources as described in the ISO Dynamic Scheduling Protocol and Standards for Imports of Regulation.

3. General

3.1 Purpose

This Agreement sets forth the requirements that must be satisfied by the Host Control Area should it elect to support Scheduling Coordinators' requests for implementation of a Dynamic Scheduling Functionality and delivery of energy, supplemental energy, and energy associated with ancillary services and regulation service into the ISO Control Area. The requirements encompass technical (energy management system ("EMS")/ automatic generation control ("AGC") and communications), interchange scheduling, telemetry, and aspects of Control Area operations.

3.2 NERC/WECC Operating Standards Observed

Nothing in this Agreement is intended to change, supercede, or alter either Party's obligations to abide by NERC standards and policies and WECC criteria.

3.3 Applicable Standards

This Agreement incorporates, by reference, the ISO Dynamic Scheduling Protocol and the Standards for Imports of Regulation.

3.4 Communication

The ISO and the Host Control Area shall each operate and maintain a 24-hour, 7-day control center with real time scheduling and control functions. Appropriate control center staff will be provided by each Party who shall be responsible for operational communications and who shall have sufficient authority to commit and bind that Party. The ISO and the Host Control Area shall jointly develop communication procedures necessary to support scheduling and dispatch functions. The Points of Contact and the procedures for insuring reliable communication are identified in Schedule 1.

4. Telecommunications Requirements

The ISO and Host Control Area shall establish and maintain real time, redundant, diversely routed, bi-directional communications links between the ISO EMS and the Host Control Area EMS, with the primary link utilizing the standard inter-control center communications protocol ("ICCP") in accordance with the Applicable Standards for the dynamically scheduled System Resources listed in Schedule 2.

5. Telemetry and Control

5.1 Telemetry

For each operating hour for which a System Resource is scheduled to deliver energy, supplemental energy, and/or energy associated with any of the non-regulating ancillary services to the ISO Control Area, the Host Control Area shall provide, via the ICCP or other agreed upon protocols and communication links to the ISO EMS, the data for each System Resource, as set forth in the Applicable Standards.

5.2 Control for Regulation Service

To facilitate provision of regulation service to the ISO, the Host Control Area EMS shall be able to receive control signals, in real time, from the ISO EMS, via the ICCP or other agreed upon protocols and communications links, causing the System Resource to vary its energy production when issued a new set-point signal by the ISO. Further detailed information regarding control requirements may be found in the Applicable Standards.

6. Interchange Scheduling Requirements

6.1 Dynamic Scheduling

The Host Control Area shall support Scheduling Coordinators' requests to arrange dynamic interchange schedules for the delivery of regulation service to the ISO Control Area, reflecting the System Resource's instantaneous energy production or allocation level as caused by real time control signals issued by the ISO EMS/AGC and taking into account available transmission capacity. The Host Control Area shall support Scheduling Coordinators' requests to arrange dynamic interchange schedules for the delivery of energy to the ISO Control Area, reflecting the System Resource's instantaneous energy production or allocation level and taking into account available transmission capacity.

6.2 Treatment of Area Control Error ("ACE")

For the provision of regulation service to the ISO, the Host Control Area shall instantaneously compensate its AGC for the System Resource's variable energy output level such that the System Resource energy production or allocation changes, caused by the ISO EMS/AGC control signals, have an equal in magnitude and opposite in sign effect on the Host Control Area's ACE. For other dynamic schedules, the Host Control Area shall instantaneously compensate its AGC for the System Resource's energy output that is generated or allocated for establishing the dynamic schedule to the ISO such that the System Resource energy production or allocation changes have an equal in magnitude and opposite in sign effect on the Host Control Area's ACE.

6.3 Integration of Dynamic Scheduling

For each operating hour during which energy was dynamically scheduled for delivery to the ISO Control Area, the Host Control Area shall compute an integrated amount of interchange based on the System Resource's integrated energy production, by integrating the instantaneous System Resource production levels. Such integrated MWH value shall be agreed to hourly by the real time schedulers.

6.4 Delivery of Megawatts ("MW")

The Host Control Area shall not be obligated to make up any difference between the dynamic energy schedule and the MW being generated or allocated by the System Resource.

6.5 Access to Information

The Parties agree to exchange information related to telemetry sent and received with respect to the delivery of energy (i) at the request of the other Party for purposes of after-the-fact interchange accounting or (ii) on demand for any other purpose as may be allowed pursuant to Section 11.5 of this Agreement and Good Utility Practice.

7. Other Host Control Area Responsibilities

7.1 Operational Jurisdiction

The Host Control Area will have, at a minimum, the level of operational jurisdiction over the System Resource and the associated dynamic schedule that NERC and WECC vest in Host Control Areas.

7.2 E-Tagging

The Host Control Area must support associated e-tagging as described in the Applicable Standards and deemed to be consistent with NERC and/or WECC requirements.

7.3 Real-Time Adjustments

The Host Control Area must have a means to manually override and/or otherwise adjust the dynamic signal in real time, if needed.

7.4 Coordination with Other Control Areas

The Host Control Area must provide in real time the instantaneous value of each dynamic schedule to every intermediary Control Area through whose systems such dynamic schedule may be implemented to the ISO.

8. Other

8.1 Losses

The ISO shall not be responsible for transmission losses caused by transmitting energy dynamically within or across the Host Control Area for delivery to the ISO.

8.2 Certification

Only ISO-certified System Resource/Host Control Area arrangements will be allowed to bid or self provide ancillary services in the ISO's ancillary services market through an ISO-certified Scheduling Coordinator.

8.3 No Guarantee of Award

Certification of a System Resource/Host Control Area arrangement allows for bidding of supplemental energy and/or certain ancillary services into the ISO market; it does not, however, guarantee selection of such bid.

8.4 Performance Assessment

The ISO will monitor and measure dynamically imported ancillary services, whether bid or self-provided, against the performance benchmarks described in the Applicable Standards.

8.5 Description of System Resources

Each dynamically scheduled System Resource permitted pursuant to this Agreement is described in Schedule 2.

9. Notifications

The ISO and the Host Control Area shall jointly develop methods for coordinating the notification of all affected scheduling entities within their respective Control Areas regarding schedule changes in emergency or curtailment conditions.

10. LIABILITY

10.1 Uncontrollable Forces

An Uncontrollable Force means any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm, flood, earthquake, explosion, any curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond the reasonable control of a Control Area operator which could not be avoided through the exercise of Good Utility Practice.

Neither the ISO nor the Host Control Area will be considered in default of any obligation under this Agreement or liable to the other for direct, indirect, and consequential damages if prevented from fulfilling that obligation due to the occurrence of an Uncontrollable Force. Neither the ISO nor the Host Control Area will be considered in default of any obligation under this Agreement to the extent caused by any act, or failure to act, of any intermediary Control Area.

In the event of the occurrence of an Uncontrollable Force, which prevents either the ISO or the Host Control Area from performing any obligations under this Agreement, the affected entity shall not be entitled to suspend performance of its obligations in any greater scope or for any longer duration than is required by the Uncontrollable Force. The ISO and the Host Control Area shall each use its best efforts to mitigate the effects of such Uncontrollable Force, remedy its inability to perform, and resume full performance of its obligations hereunder.

10.2 Liability To Third Parties

Except as otherwise expressly provided herein, nothing in this Agreement shall be construed or deemed to confer any right or benefit on, or to create any duty to, or standard of care with reference to any third party, or any liability or obligation, contractual or otherwise, on the part of ISO or the Host Control Area.

10.3 Liability Between the Parties

The Parties' duties and standard of care with respect to each other, and the benefits and rights conferred on each other, shall be no greater than as explicitly stated herein. Neither Party, its directors, officers, employees, or agents, shall be liable to the other Party for any loss, damage, claim, cost, charge, or expense arising from the Party's performance or nonperformance under this Agreement, except to the extent caused by a Party's own gross negligence, or willful misconduct.

IN NO EVENT SHALL A PARTY BE LIABLE TO THE OTHER PARTY HERETO FOR ANY LOST OR PROSPECTIVE PROFITS OR ANY OTHER SPECIAL, PUNITIVE, EXEMPLARY, CONSEQUENTIAL, INCIDENTAL OR INDIRECT LOSSES OR DAMAGES (IN TORT, CONTRACT OR OTHERWISE) UNDER OR IN RESPECT OF THIS AGREEMENT OR FOR ANY FAILURE OF PERFORMANCE RELATED HERETO HOWSOEVER CAUSED, WHETHER OR NOT ARISING FROM A PARTY'S SOLE, JOINT OR CONCURRENT NEGLIGENCE.

11. MISCELLANEOUS

11.1 Assignments

Either Party to this Agreement may assign its obligations under this Agreement, with the other Party's prior written consent. Such consent shall not be unreasonably withheld. Notwithstanding the foregoing, either Party may assign this Agreement without consent of the other Party to any person or entity succeeding to all or substantially all of its assets.

Obligations and liabilities under this Agreement shall be binding on the successors and assigns of the Parties. No assignment of this Agreement shall relieve the assigning Party from any obligation or liability under this Agreement arising or accruing prior to the date of assignment.

11.2 Notices

Any notice, demand, or request which may be given to or made upon either Party regarding this Agreement shall be made in writing and shall be deemed properly served, given, or made: (a) upon delivery if delivered in person, (b) five (5) days after deposit in the mail if sent by first class United States mail, postage prepaid, (c) upon receipt of confirmation by return facsimile if sent by facsimile, or (d) upon delivery if delivered by prepaid commercial courier service. A Party must update the information in Schedule 3 relating to its address as that information changes. Such changes shall not constitute an amendment to this Agreement.

11.3 Waivers

Any waiver 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 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.

11.4 Governing Law and Forum

Subject to ICAA 11.5, 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. The Parties irrevocably consent that any legal action or proceeding arising under or relating to this Agreement shall be brought in any of the following forums, as appropriate: a court of the State of California or 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. No provision of this Agreement shall be deemed to waive the right of any Party to protest, or challenge in any manner, whether this Agreement, or any action or proceeding arising under or relating to this Agreement, is subject to the jurisdiction of the Federal Energy Regulatory Commission.

11.5 Consistency with Federal Laws and Regulations

(a) Nothing in this Agreement shall compel any person or federal entity to: (1) violate federal statutes or regulations; or (2) in the case of a federal agency, to exceed its statutory authority, as defined by any applicable federal statutes, regulations, or orders lawfully promulgated thereunder. If any provision of this Agreement is inconsistent with any obligation imposed on any person or federal entity by federal law or regulation to that extent, it shall be inapplicable to that person or federal entity. No person or federal entity shall incur any liability by failing to comply with any provision of this Agreement that is inapplicable to it by reason of being inconsistent with any federal statutes, regulations, or orders lawfully promulgated thereunder; provided, however, that such person or federal entity shall use its best efforts to comply with the ISO Tariff to the extent that applicable federal laws, regulations, and orders lawfully promulgated thereunder permit it to do so.

(b) If any provision of this Agreement requiring any person or federal entity to give an indemnity or impose a sanction on any person is unenforceable against a federal entity, the ISO shall submit to the Secretary of Energy or other appropriate Departmental Secretary a report of any circumstances that would, but for this provision, have rendered a federal entity liable to indemnify any person or incur a sanction and may request the Secretary of Energy or other appropriate Departmental Secretary to take such steps as are necessary to give

effect to any provisions of this Agreement that are not enforceable against the federal entity.

11.6 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.

11.7 Section Headings

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

11.8 Amendments

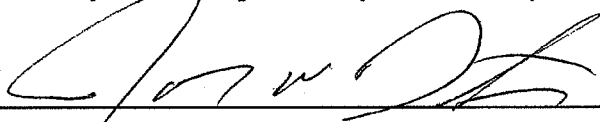
This Agreement and the Schedules attached hereto may be amended from time to time by the mutual agreement of the Parties in writing. Amendments that are subject to FERC approval shall not take effect until FERC has accepted such amendments for filing and has made them effective. If the amendment does not require FERC approval, the amendment will be filed with FERC for information. Nothing contained herein shall be construed as affecting in any way the right of the ISO or the Host Control Area to unilaterally make application to FERC for a change in the rates, terms and conditions of this Agreement under Section 205 of the FPA and pursuant to FERC's rules and regulations promulgated thereunder.

11.9 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, the Parties hereto have caused this Agreement to be duly executed on behalf of each by and through their authorized representatives as of the date first written above.

California Independent System Operator Corporation

By: 
Name: Jim Detmers
Title: Vice President, Grid Operations
Acting Chief Operations Officer
Date: 10/19/05

Portland General Electric Company

By: 
Name: FRANK AFRANJI
Title: Director, Transmission & Reliability services
Date: OCT. 17, 2005

SCHEDULE 1

**[PRIVILEGED MATERIAL REDACTED PURSUANT TO
18 C.F.R. § 388.112]**

SCHEDULE 2**DESCRIPTION OF DYNAMICALLY SCHEDULED SYSTEM RESOURCES
[Section 4]**

System Resource ID	PGESYS_5_PGEDYN
System Resource Scheduling Limit at the Associated ISO Intertie ¹	200 MW
Associated ISO Intertie ID	MALIN_5_RNDMTN
Generating Resource(s) Comprising the System Resource, with General Location Information	Various generation resources within the Portland General Electric (PGE) system
Host Control Area	Portland General Electric ("PGE")
Intermediary Control Area(s)	Bonneville Power Administration ("BPA")

¹ This value represents the maximum amount of power that can be scheduled by the System Resource into the ISO Control Area, and is subject to limitation by Congestion on the scheduling path or System Emergencies that could reduce or eliminate the ability to schedule and transfer power from time-to-time.

SCHEDULE 3**NOTICES
[Section 11.2]****Host Control Area**

Name of Primary
Representative: Frank Afranji

Title: Manager, Transmission Services

Company: Portland General Electric

Address: 121 SW Salmon Street

City/State/Zip Code Portland, Oregon 97204

Email Address: frank.afranji@pgn.com

Phone: (503) 464-7033

Fax No: (503) 464-8134

Name of Alternative
Representative: Mike Ryan

Title: Manager, Control Area Operations

Company: Portland General Electric

Address: 121 SW Salmon Street

City/State/Zip Code Portland, Oregon 97204

Email Address: mike.ryan@pgn.com

Phone: (503) 464-8793

Fax No: (503) 464-8134

ISO


Name of Primary Representative: Michael D. Dozier
Title: Lead Contracts Negotiator
Address: 151 Blue Ravine Road
City/State/Zip Code: Folsom, CA 95630
Email Address: mdozier@caiso.com
Phone: (916) 608-5708
Fax No: (916) 351-2487

Name of Alternative Representative: Philip D. Pettingill
Title: Manager of Infrastructure Policy & Contract Negotiation
Address: 151 Blue Ravine Road
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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing documents as described in those documents, in accordance with Rule 2010 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.2010.

Dated at Folsom, California, on this 20th day of October, 2005.



John Anders